No. 67

THE WORLD BANK URBAN BIAS AND STRUCTURAL ADJUSTMENT

David Cowan

November 1994

Working Paper No. 67

THE WORLD BANK URBAN BIAS AND STRUCTURAL ADJUSTMENT

David Cowan

November 1994

(reprint November 1998)

THE WORLD BANK
URBAN BIAS AND STRUCTURAL ADJUSTMENT

A historical appraisal of why the World Bank believed that structural adjustment programmes could slow down the rate of urbanisation in Sub-Saharan Africa.

An examination of the key theoretical arguments why structural adjustment programmes may not have any impact on the rate of urbanisation in Sub-Saharan Africa.

David Cowan
November 1994

THE WORLD BANK
URBAN BIAS AND STRUCTURAL ADJUSTMENT

CONTENTS

PREFACE

The arguments in this Working Paper form the theoretical heart of the author's PhD thesis entitled *The Effects of Structural Adjustment Programmes on the Rate of Urbanisation in Tanzania*. Having outlined the major theories for and against the World Bank's case, Dr Cowan's fieldwork was an in-depth study of the impact of Tanzania's adjustment programmes on the rate of urbanisation in the country in the 1970s and 1980s. Tanzania, according to World Bank figures, is one of the most rapidly urbanising countries on the continent, as well as having implemented economic policies with a strong urban bias in the 1970s. The results of the study indicated that as well as some of the theoretical reasons why the World Bank may be wrong, there are a whole host of practical reasons for questioning the reliability of much of the urbanisation data in Africa which clouds much of the debate on the issue. Nevertheless, it concludes that it would be unwise to assume that structural adjustment programmes will have any significant impact on the rate of urbanisation in Sub-Saharan Africa as the World Bank has attempted to argue.

THE WORLD BANK
URBAN BIAS AND STRUCTURAL ADJUSTMENT

I The World Bank's Case

1. A Brief Historical Appraisal of African Urbanisation

Although sub-Saharan Africa has a long history of urban settlements, which possibly date from as early as 200AD and ranged across the continent from the modern state of Ghana to that of Zimbabwe, the urban population of the continent has always represented only a small minority of the total population. However, while this is still the case in most sub-Saharan African countries, the urban population of the sub-continent has expanded rapidly throughout the course of the twentieth century. Moreover, although the impetus for this increase in urbanisation is largely credited to the colonisation of Africa from the 1880s onwards, and the Europeans' desire for colonial administrative centres and ports from which to ship raw materials, in reality it was not until 1950 that the rate of urbanisation began to rapidly accelerate, as shown by the figures in Table 1.

In fact, when commenting on this development Mabogunje (1980) writes that as a result of this "remarkable increase in the urban population of a select group of tropical African countries between 1955 and 1970...in nearly all cases the urban population more than doubled" within a mere "fifteen years" (p 179).

Whatever the underlying causes of this rapid rate of urbanisation, no analysis of the phenomena would be accurate if it did not conclude that part of the reason for the increase is no doubt purely statistical. Quite simply, when starting from such a low base, even a small increase in population will be reflected as rather a large increase in the proportion of population living in urban areas. Furthermore, changes in the statistical framework are also often a source of increasing urbanisation. In many countries, the simple redefinition of what constitutes an urban area, or simply the adoption of more sophisticated survey methods, will often lead to a large increase in urbanisation in the statistics. While in some cases, such re-evaluations of what constitutes an urban area are justified, in others, the purpose of the redefinition is far from clear.

However, while statistical manipulation may account for part of the rapid increase in Africa's urban population, this reason alone cannot fully explain the rapid increase. It is also necessary to examine the two fundamental underlying causes of urbanisation. First, an issue which according to Preston (1988) is often overlooked is the increase in population due to the natural rate of increase in the urban population itself. In addition to this, there is the movement of people from rural to urban areas, migration. This usually leads to increased `urbanisation' in a country, or an increase in the proportion of the population living in urban areas, and in the Third World is largely the result of economic growth and development of a country. While the importance of rural to urban migration as a source of increase in the urban population will vary from place to place, as Preston notes, "judging from the unusually rapid urban growth in Africa it is likely that urban-rural migration is a more important source of growth" than natural population increase. This point is also supported by Harris (1990), amongst others, who estimates that for the period 1965 to 1980 the contribution of migration to urban growth[1] was 51% in the case of sub-Saharan Africa; 26% for East Asia; 40% for South Asia; and 36% for Latin America and the Caribbean.

Another important feature of contemporary urbanisation, in both Africa and the Third World, is that the urban population is increasingly concentrated in large cities. Of the world's forty largest cities, defined by Richardson (1989) as those with populations of over eight million, twenty five are in the Third World. However, while only one of these "mega-cities" is in Africa, Cairo, large cities in sub-Saharan Africa are on the increase. Using World Bank figures for sub-Saharan Africa to illustrate the trend, these indicate that in 1960 only an average of 28% of the urban population lived in each country's largest city, but by 1980 this had risen to 36%. Similarly, the number of cities with a population of over half a million increased from a mere three in 1960, to twenty eight in 1980.

Table 1
Urbanisation in Africa 1920 - 2000
(% of total population in cities of at least 20,000 persons)

1920	1930	1940	1950	1960	1970	1980	1990	2000

4.8	5.9	7.2	9.7	13.4	16.0	22.0	25.5	28.3

Source : United Nations - Growth of the World's Urban and Rural Population 1920 - 2000 & World Bank.

Given the rather large figures often associated with rates of urbanisation and the growth of cities in sub-Saharan Africa, it is no wonder that many commentators tend to use cautious terminology to analyse the changes. For example, in his overview of urbanisation in the Third World Preston regularly uses the phrase "unusually rapid growth" in the African context. However, a major problem with such statements is the implicit assumption that there is a "usual" rate of urban growth. Traditionally this has involved a rather ethnocentric debate as to whether contemporary patterns of urbanisation in currently developing countries should mirror that experienced in European countries during the nineteenth century, as argued by various academics such as Davis and Golden (1954) and Hoselitz (1957).

Using Hoselitz work on South East Asia to illustrate this argument, in this it was proposed that many of the countries examined were "over-urbanised", or when compared to the historical examples set by currently more developed countries, contemporary developing countries have a much lower proportion of their labour force engaged in non-agricultural occupations in relation to the size of their urban populations. This in turn raised the possibility that due to "excessive" populations, urban centres would lose much of their dynamism, and their capacity to be engines of change in contemporary developing countries, a role they had supposedly filled in the case of European and American economic development. In addition to this, and combined with the preceding argument, was the prospect that an "excessive" urban population would increase the demand for social and infrastructural projects which were less productive uses for scarce capital resources in a developing economy.

Whatever the merits of the over-urbanisation hypothesis of the 1950s, interestingly enough the idea slipped into relative obscurity in the following decade. As Gugler (1988) notes, "the very notion was all but banned from academic discourse" (p 74), and "the limited work that was done was fragmented to say the least". While it is difficult to say why interest in the idea declined quite so quickly, several possible reasons can be considered. First, several subsequent articles on the subject cast severe doubts on the validity of the concept. Sovani (1964) for example, effectively argued that not only was the definition of over-urbanisation "unsatisfactory and vague" (p 121), but also that the "causes and consequences of over-urbanisation developed so far are tenuous and oversimplified". In particular, there is no real reason as to why countries should follow the European pattern of urbanisation as if this were somehow the correct way for a country to urbanise, assuming that a typical example of European urbanisation can be defined. After all, contemporary urbanisation is occurring in a very different set of global economic conditions than in Europe at the turn of the last century and the start of the current one.

Furthermore, as many countries moved towards independence during this period, especially in Africa, and adopted economic policies aimed at fostering an industrially orientated economic development, governments were simply not interested in the idea of over-urbanisation. Instead, rapid urbanisation in Africa, accompanied by positive economic performances throughout the 1950s and 1960s, seemed to support the modernisation theories that held sway in development economics at the time: that the twin forces of industrialisation and urbanisation would propel currently developing countries on a path to economic development similar to the historical precedent set by currently developed economies.

Finally, a major weakness of the `over-urbanisation' hypothesis was that the concept did not seem to be part of a wider theory of economic development. As Moore (1984) points out, "there was no attempt to link" the idea of `over-urbanisation' "to any overreaching theory of development". This, he argues, put the idea at a severe competitive disadvantage in the academic world of grand theories of development.

2. Initial Responses to the Economic Crisis of the 1970s

While the economic performance of many African countries from independence in the early 1960s, until the early 1970s, held out a considerable degree of optimism for those who believed in the modernisation school of thought, the 1970s were a rude awakening for many sub-Saharan countries. In particular, the gradual deterioration in the economic performance experienced by many African countries in the first half of the decade almost reached a situation of crisis by the end of the decade. In fact, judged by standard economic criteria, most of the economies in the sub-continent experienced a miserable combination of slow, or even negative, economic growth rates; high population growth rates, especially in the light of the slow overall economic growth rates; accelerating rates of inflation; burgeoning external debt; and deteriorating current account deficits for much of the decade[2].

However, economy wide statistics alone cannot illustrate the disastrous impact of such a decline in economic performance on the population at large. It must also be remembered that this deterioration was occurring in a continent which already contained most of the world's poorest countries. In fact, of the thirty countries classified by the United Nations Conference on Trade and Development (UNCTAD) as the "Least Developed Countries", twenty are African, and in such a context the deterioration was compounding situations of chronic poverty.

Rather unsurprisingly in the face of a potential continent wide crisis, both politicians and academics proposed a succession of possible solutions to the problem. Principal amongst these were a series of on-going meetings held by African finance and planning ministers under the auspices of the Economic Commission for Africa (ECA) and the Organisation for African Unity (OAU). These culminated in July 1979 in the Monrovia Declaration, a call for all member countries to support a programme of mutual economic cooperation and development based on the concepts of self reliance and economic integration. This was subsequently adopted by the OAU in an extraordinary session in Lagos in April 1980, and has since been known as the "Lagos Plan for Action" (LPA).

While there can be little doubt that the publication of the LPA will be seen as an important step in African economic history, this will probably be the result of the way it was drawn up, rather than the document's contents. As Browne and Cummings (1984) note, this is because the LPA represents the "first continent wide effort by Africans to forge a comprehensive unified approach to the economic development of their continent" (p 23). In contrast to this promising assessment of the LPA formulation, it is much harder to be positive about the Plan's contents. In particular, although the Plan provides a comprehensive list of tasks that African leaders should aim to achieve, it has little to say on the possible methods by which these end goals are to be reached, the time period for their implementation, their cost, and who meets the bill. As Browne and Cummings argue:

"the LPA, in its present form, specifies a destination for Africa but only a sketchy outline of the directions of getting there. For the journey to take place, the Plan will require considerable refinement which the Africans are, hopefully, in the process of carrying out" (p 24). Unfortunately, as of yet, there seems to be little indication that governments have taken concrete steps to support this view.

Moreover, against the background of economic stagnation and protracted negotiations involved in the framing of the LPA, African finance ministers were forced into seeking external loans in order to offset burgeoning external deficits and keep their economies functioning. In fact, according to Hardy (1986) between "1973 and 1983, African debt increased six-fold" or at an "average annual rate of 22%" (p 454)". The development of African debt during this period debt is also reflected in official World Bank and IMF statistics. These illustrate two important trends. First, in support of Hardy's position they show that IMF lending to sub-Saharan Africa rose from only SDR1.8bn in 1978 to SDR12.4bn in 1981. Second, unlike the case of South America, most of the loans were obtained from official sources on a long term basis. In fact, World Bank data[3] shows that of total external sub-Saharan African debt of US$44.2bn in 1982, $40.2bn was long term and $4.0bn short term and of the long term debt, $32.8bn, or 91%, came from official sources.

However, while lending from official sources does not usually carry the market interest rates imposed by commercial lenders, approval of increased loans from official sources, especially multilateral bodies such as the IMF, does have other important

Table 2
Sub-Saharan Africa's Deteriorating Economic Performance
From 1965 to 1980

	1965-1973	1973-1980

Average Annual GDP Growth Rate	5.9%	2.5%
Average Annual Population Growth Rate	2.4%	2.8%
Average Annual Change in GDP per Capita	2.9%	0.1%
Average Annual Change in Gross Domestic Investment	10.1%	1.3%
Average Annual Growth in Export Volume*	5.5%	0.6%
Average Annual Growth in Import Volume*	5.0%	7.0%
Debt Service as a Percentage of GDP**	1.3%	4.2%
Average Annual Rate of Inflation	4.8%	14.4%

* These figures are for the periods 1960-1970 and 1970-1980 respectively.
** These figures are for 1970 and 1984 respectively.

Sources : World Bank - Various Reports on sub-Saharan Africa and World Development Report.

obligations. In particular, as Killick and Sutton (1982) point out, as African countries borrowed increasing sums of money from the IMF they increasingly moved into the so-called "high conditionality class" (p 11) of countries[4]. This requires them to implement a number of corrective economic policies as proposed by the IMF, which are, in the main, based on standard text book economic theory that to in order to restore external balance a country should devalue its exchange rate, and encourage both trade liberalisation and domestic budgetary discipline.[5]. The increasingly important role of the IMF in formulating economic policies in many African countries is also clearly illustrated in Gulharti's (1990) analysis of economic policy on the continent during this period. In this, he shows that whereas none of the countries examined had an economic policy agreement with the IMF prior to 1978, after Kenya and Mauritius signed the first macro policy agreements in that year the rest quickly followed suit with Zaire, Sudan, and Malawi all initialing agreements in 1979; Madagascar, Somalia, Tanzania in 1980; and finally Zimbabwe and Zambia in 1981.

In addition to obtaining loans from the IMF, finance ministers also turned to the World Bank in their attempt to find a solution to the problems facing their countries. The first step in this process was to submit a request, in their capacity as Governors of the Bank, to the Bank in 1979 for a "special report on the economic development problems of their countries". The Bank's response was a report written by the African Strategy Review Group led by Elliot Berg entitled "Accelerated Development in sub-Saharan Africa; An Agenda for Action", more widely known as "the Berg Report", the finished document was first published in 1981 to coincide with the Annual Meeting of the World Bank and International Monetary Fund.

Although critics of the Berg Report argue that the LPA's stress on structural factors within African economies and poor international commodity prices as the major causes of deteriorating African economic performances in the 1970s, stands in stark contrast to Berg's stress on policy weaknesses as the fundamental problem, this does not mean that the two reports are diametrically opposed. In fact, such a claim is more likely the result of anti-Bank prejudice rather than a careful reading of the Bank's case. Even taking into account Bank diplomacy, it is still churlish to ignore the potentially complementary nature of the two documents as outlined in the introduction to the Berg Report by the then incumbent World Bank President, A W Clausen. In this he argues that "the Report accepts the long term objectives of development as expressed in the.....Lagos Plan for Action" (p V) but the present priority is the need for effective action to solve many of the current problems before embarking on such long-term objectives. An "Agenda for Action" aimed to solving many of Africa's pressing economic problems was then set out over nine chapters.

3. Behind the Berg Report - Sources of the Anti-urban Philosophy of Structural Adjustment

While the Berg Report does not explicitly provide many references to possible sources of intellectual inspiration, there can be little doubt that Berg and his co-authors were inspired by much of the academic literature that had accumulated in the 1970s on the negative effects of urban areas on the economic performance of contemporary developing countries. This work tended to approach the subject on three interrelated, but distinct fronts.

First of all, a group of academics re-examined the work of Hoselitz from the 1950s, reviving the argument that contemporary African countries were characterised by a situation of over-urbanisation. A simple illustration of this return to the thinking of the 1950s on the subject of over-urbanisation in the African context is provided by two pieces of academic work published in the late 1960s and 1970s. In 1968, Gellar wrote a paper entitled "West African Capital Cities as Motors for Development", which in many respects was typical of work being published in academic journals at that time. In stark contrast, in 1977 Gugler and Flanagan published an article on some aspects of the disproportionate flow of resources into cities in African economies. This was followed a year later by a book, "Urbanisation and Social Change in West Africa", in which they explicitly argued that rather than just a situation of urbanisation occurring in West Africa, there was in fact one of `over-urbanisation'.

In addition to renewed interest in the problem of `over-urbanisation' was a growing body of work which started to examine the internal pricing structure of a country as a constraint to development. In particular, an important argument in this work was that economic policy in many developing countries was deliberately biased to favour urban areas over rural economy - urban bias. Furthermore, in a similar vein to the writings on `over-urbanisation', this line of argument was not new to the 1970s. In fact, the work on urban bias, or theories on possible imbalances between the rural and urban sectors is as old as the idea of economics as a separate academic discipline. For example, Moore (1984) in his paper "Political Economy and the Rural Urban Divide. 1767 - 1981" attempts to outline all the major British classical economists views on the appropriate sectoral bias in a then rapidly developing economy.

While Smith, Stueart and Ricardo's views on the correct balance between rural and urban areas are interesting in the historical context, in terms of the current policy debate, the influence of Marx is far more pertinent. This, however, is not because Marx had any great insight into the problem of how to formulate economic policy in order to create or correct rural-urban imbalance in an economy[6]. Instead, the importance of Marx in relation to both the academic writings on urban bias in the 1970s and the arguments of Berg Report, was that his writings inspired an intense debate within the Soviet Union in the late 1920s and early 1930s on the correct sectoral balance that economic policy should have, which in turn has been echoed in all subsequent debates on the issue.

For Soviet economists, the issue of the appropriate balance between the rural/agricultural and urban/industrial sectors of the Soviet economy arose as early as 1923 when the newly founded state experienced what has become known as a "scissors crisis". This was a situation where, as Nove (1982) concludes, the terms of trade between village and town had been seen as too favourable to the former but "were then distorted to the opposite extreme" or "a rapid move in relative prices in a direction unfavourable to the village, so unfavourable indeed as to discourage agricultural marketing" (p 83). While this problem was temporarily resolved with the end of the civil war and the relaxation of vigorous government price control, the problem of the correct intersectoral balance within the economy was to arise again in the late 1920s as a result of falling domestic grain production. In fact, output fell so sharply that the country was transformed from a net grain exporter to a net importer.

As a result of this new crisis, an intense debate arose between various political factions of the Bolshevik regime as to the appropriate sectoral balance within the country. On one hand, there was the school of thought associated with Bukharin and the so-called `right wing' faction, which argued that the principal aim of economic policy ought to be to guarantee a sufficiently high price for the most important foodstuffs produced by the rural sector. This would encourage basic food production. In addition, industry should be encouraged to produce goods relevant to the needs of the rural economy. In fact, without such a radical re-ordering of priorities, the food crisis the Soviet Union was experiencing would remain largely unresolved.

On the other hand, the `left wing' faction led by Preobrazhensky, argued that the only method for the country to advance rapidly was the exploitation[7] of the peasantry to finance industrial development. Furthermore, the best way to achieve this end would be through the systematic manipulation of the country's internal terms of trade in favour of industry, and hence urban areas. In contrast to Bukharin's proposed policy of increasing agricultural prices, policy should aim to transfer the maximum possible rural surplus to help finance rapid industrial development.

While the traditional view of this period of Soviet economic policy argued that, not only did the `left-wing' win the argument, but the policy also led to a large transfer of resources from the agricultural sector to the industrial sector[8], this latter assumption has been increasingly questioned by a number of Soviet scholars. Most notably, Millar (1970) in a path breaking article began to argue that this "commonly accepted formulation on the role of agriculture in Soviet rapid economic development" (p 77) is largely inaccurate because it fails to clarify what is meant by the "analytically ambiguous concept of an agricultural surplus".

Although in subsequent debates with Nove (1971 & 1972) the issue was still largely examined in theoretical terms, new evidence relating to the problem was also coming to light, which made increasing reference to the work of a Soviet historian, Barsov. This was subsequently published in English, and analysed in much greater detail, by Ellman in 1975. Drawing on Barsov's previously unpublished Soviet statistics, Ellman argues that given the extremely large increase in investment in the Soviet Union during this period[9] it was clearly impossible "for agriculture....to have provided the resources for industrialisation" (p 844). Instead, the agricultural sector's main contribution to the changes occurring in the Soviet Union at the time was threefold. First, the sector provided large amounts of labour to work in the newly established industries. Second, it provided basic agricultural products, bread, cabbage, and potatoes, to feed the rapidly growing urban population. Finally, the sector supported the country's external economic balance by both providing exports and saving on imports, largely through increased cotton and tea output. Instead, in this re-evaluation of Soviet industrialisation, the large increase in investment was financed through a large fall in real urban wages created by rapid price inflation.

Along with Millar and Ellman's re-examinations of sectoral balance in the Soviet Union in the 1920s and 1930s, other economists in the late 1960s and early 1970s were starting to examine contemporary problems of economic development along similar lines. Principal academic works to re-discover many of these arguments and apply them in this new context included Malalakis (1969), "The Theory of Sectoral Clashes"; Little, Scitovsky & Scott (1970), "Trade and Employment in Some Developing Countries"; Lipton (1977) "Why Poor People Stay Poor"; and Mitra (1977) "Terms of Trade and Class Relations". Moreover, although these works place different emphasis on various aspects of rural-urban imbalance within the economy, a common thread runs through the studies. This was the attempt to prove, that in some way there was an 'excessive' diversion of resources to either the urban or rural sector of the economy which was responsible for the poor economic performance of many developing countries at the time[10].

An additional point to mention at this stage, is that although the concepts of over-urbanisation and urban bias have so far been treated as largely separate schools of thought, this is in fact a simplification of much of the literature on the subject. In this, the two concepts are often treated as complementary phenomena. In particular, it is often argued that a policy of urban bias encourages excessive migration to cities and in turn creates a situation of over-urbanisation. However, although this intertwining of the two arguments is intuitively appealing, in practise it merely tends to simplify a complex relationship. As Williamson (1988) writes, "while it is easy enough to list the sources of urban bias and its magnitude, it is quite another matter to establish the impact of this bias on Third World city growth. I know of no study which has performed this exercise, and it is central to the policy debate" (p 442). Similarly, it is just as feasible that a situation of over-urbanisation can arise in an economy with a sectorally neutral economic policy. Therefore, although many authors do argue that a policy of urban bias will lead to a situation of over-urbanisation, the link between the two concepts has no strong theoretical base and is certainly not pre-ordained in any sense as many authors tend to assume. In fact, even Lipton (1977) acknowledges that although certain interpretations of his earlier work have argued that policies with an urban bias will contribute to a situation of over-urbanisation in contemporary developing countries, in practise this is both an over-simplification of the issue and a rather ethnocentric approach to the subject (pp 219 and 220).

However, although the work of Lipton has attracted more attention than other literature written on urban bias, it is perhaps more appropriate to start a detailed examination of the subject by outlining some of the key arguments raised against economic policies exhibiting aspects of urban bias by Little, Scitovsky and Scott's study of "Trade and Employment in Some Developing Countries". This is because, not only is this the chronologically correct order to study the problem, but furthermore, the Little, Scott and Scitovsky study tends to (much more closely) illustrate the arguments later adopted by the World Bank in both the Berg Report and subsequent literature published throughout the decade. For example, the authors open their study with the concisely stated view that because industrialisation had been equated with a policy of import substitution, which provided protection against competition through a variety of tariffs and controls, it created a situation whereby "industry has been over-encouraged in relation to agriculture" (p 1). Furthermore, these policies "discourage exports, including agricultural exports; which would promote greater efficiency in the use of resources" (p 1). A decade later, the Bank virtually echoes these views when writing in the Berg Report that, "the import substitution industrialisation policies pursued by most African governments,....through tariff protection for local industry against competing imports,...is in danger of biasing the incentive system against which governments give high priority - agriculture, exports, food production, and rapid industrial development" (p 25).

Just as Bank literature shares many of the concerns expressed by Little, Scitovsky and Scott, all this work also has striking parallels with the arguments raised in the debate on economic policy in the Soviet Union in the 1920s and 1930s: that a bias in the pricing structure against agriculture in contemporary developing countries discouraged both food production and food exports. As Little, Scott and Scitovsky write, "agricultural output is also affected by policies favouring industry...and agricultural production for export has been similarly affected". Striking a remarkably similar chord, the Bank devotes a whole chapter of the Berg Report to this theme entitled `Policies and Priorities in Agriculture'.

Returning to the more detailed examination of Little, Scott, and Scitovsky's work, their argument begins with a brief description of the rationale behind the adoption of import substitution policies in the seven countries[11] examined. This is followed by an in depth analysis of "the magnitude of protection" (p 3). This concludes, that because of high levels of protection built into import substitution policies, domestic prices have escalated to levels well above international prices. As a result, not only are nominal protection rates high because of these price differentials, but real, or effective levels are large, which allows industrial producers to add more value to a product than would be possible under a more open trade regime. Examples of both facets in import substitution policies can be seen in any of the seven economies. Take India and Pakistan. There, effective rates of protection, based on value added in manufacturing, were in the order of 200%, while prices for consumer and agricultural capital goods were substantially over-priced compared to international prices. In addition, farmers suffered under the twin yokes of being paid prices for their goods substantially below international market levels, as well as being neglected in any government allocation of investment[12]. While some of these losses can be offset by various government subsidies to farmers, the authors also argue that when subsidies exist, they are insufficient to "affect the bias against agriculture created by the protection of industry, and its concomitant, an over-valued exchange rate" (p 9).

A final important aspect of protectionism within import substitution policies, and one of particular importance in the African context, is the predominance of administrative controls or licensing schemes to allocate imports and investment funds within the economy. These affect the allocation of finance and goods within an economy in a number of ways. First, governments become increasingly involved in the distribution of investment finance and imports within the economy, creating a situation whereby official discretion, rather than price and profit, becomes the main determinant of the allocation of finances and goods. In turn, this system of allocation increases uncertainty as to whether goods can actually be obtained. Instead, the possibility of obtaining goods and finance is increasingly related to political and bureaucratic patronage, as opposed to a more economically rational system. This uncertainty is further enhanced in countries with unstable political regimes, where changes in government can lead to changes in the priority to whom goods and services are allocated. Distribution of goods and services by command also has an important drawback because the scope for corruption within the system is high, compounded by the fact that the system requires a large bureaucracy to administer the distribution process.

Along with a general outline of the principal features of import substitution policies, the study also offers an insight into some specific consequences of such a policy, in addition to the rather broad claim of urban bias already outlined. In particular, it is argued that the switch in the internal terms of trade has significant effects on:

- the distribution of income within a country;
- the source of savings;
- the nature of employment opportunities within a country;
- the utilisation of capital within an economy; and
- the neglect and subsequently poor performance of agriculture.

Moreover, the policy also means that non-industrial, but nevertheless productive opportunities in which the countries may have a comparative advantage are often ignored. Finally such policies are also a fundamental cause of the chronic current account deficits that affect many developing countries.

However, while such a list of negative consequences of import substitution policies would initially appear to represent a damning indictment of their implementation over the preceding decade, it should be noted that most economists, including Little, Scitovsky and Scott, agree the initial benefits of import substitution policies can be substantial. The problem is that the benefits of the policy tend to be outweighed by the negative aspects of the non-market allocation of key goods and finance.

From this brief summary of their work, it is quite clear that the Little, Scitovsky and Scott study concentrated on the theoretical proposition that many developing countries' economic performance was negatively effected by a policy that biased their internal terms of trade in favour of industry, and hence urban areas. However, because urban bias in their analysis was essentially a pricing phenomena, for many academics it did not convey the fact that urban bias was more than an economic issue, but also one of politics.

The idea that urban bias was both a political and economic issue is most commonly associated with a series of articles by Michael Lipton during the mid-1970s, and in particular the publication of a major book on the subject in 1977, entitled "Why People Stay Poor - A Study of Urban Bias in World Development". However, although Lipton's work was to prove path-finding in many aspects, it is important to note that the arguments outlined in the first half of the book mirrored those that have gone before him. For example, in the chapter, "What is Urban Bias, and is it to Blame?" Lipton attempts to illustrate precisely how urban bias may be economically inefficient in a similar vein to the work by both Little, Scitovsky and Scott and the World Bank. Similarly, in two other chapters, "Tax Policy Towards the Rural Sector" and "Price Twists" he also repeats many of the themes already outlined by Little, Scitovsky and Scott on how the internal terms of trade are biased in favour of urban areas. As a consequence, it is not until he moves on to cover new ground that the work becomes interesting.

Of the new ideas raised by Lipton, probably the most important is the idea that urban bias is to some extent, a "frame of mind" (p 63). To support this view, Lipton lists six supposedly typical quotes to illustrate that people unconsciously schooled in the ideas of urban bias, will implement policies based on the assumption that "the farm sector exists to support the rest of the economy" (p 64). The idea that urban bias is partially an unconscious psychological problem has also been expanded by others within Sussex University, probably most succinctly by Chambers (1983) in his book "Rural Development; Putting the Last First", when he writes about the "urban trap". Here the trap is "by no means only the international system of knowledge and prestige, with its rewards and incentives, that draws professionals away from rural areas and up through the hierarchy of urban and international centres. They are also attracted and held fast by better houses, schools, communications, consumer goods, recreation, social services, facilities for work, salaries and career prospects. In third world countries as elsewhere, academics, bureaucrats, foreigners and journalists are all drawn to towns or based in them. All are victims, though usually willing victims, of the urban trap" (p 7).

The end result of adding this new dimension to the more traditional terms-of-trade argument was neatly summed up by Corbridge (1982) when he wrote, that urban bias in Lipton's analysis is not "simply a synonym for the terms of trade between agriculture and industry" (p 103) but also includes the "sectorally inequitable provision of health and educational facilities, transport, infrastructure, and so on" (p 103). Furthermore, as Lipton alludes to in his later work, for urban bias to be a real phenomenon, the terms of trade should be systematically biased in favour of urban areas over a considerable time period. As Lipton (1982) wrote, "the only way to link the terms of trade to urban bias directly is to take a three or four year moving average and suppose that farmers" instead of trading their goods internally "were able to exchange at world prices a typical bundle of their purchases". It is then possible to find out, "how much more, or less" of the products they would have obtained compared to exchange at national prices (p 72).

In addition to refining the terms of trade argument to include non-economic factors, Lipton also includes a highly contentious argument in his work on urban bias: the idea that urban bias is a political phenomena based on class. In fact, this argument is expressed from the introductory chapter of "Why the Poor Stay Poor" when Lipton writes,

"the most important class conflict in the poor countries of the world today is not between labour and capital. Nor is it between foreign and national interest. It is between the rural classes and the urban classes" (p 13).

While it is beyond the scope of this analysis to provide a detailed comment on whether Lipton's class revisionism is either justifiable or real, it is worthwhile noting that the claim is important in relation to this work because it has led to excessive critical concentration on the class aspects of Lipton's writings, rather than the potentially more important crux of the work: whether urban bias is a real phenomena, or merely an illusory constraint to development. Moreover, this is an inexcusable oversight, because as Lipton (1984) notes, urbanisation under a policy of urban bias could be a healthy phenomena "if, and only if, urban bias were equated with industrialisation and urbanisation" (p 148).

As well as his analysis of the effects of urban bias, Lipton's work also includes a critique of why urban bias cannot be solved simply through allowing further migration. This line of thinking on the issue runs, that if opportunities to earn excessive incomes in urban areas actually existed then migrants to these areas would simply depress wage levels eliminating the differential, or equilibrating any bias. Lipton's response to such a simple solution to the problem of urban bias, is to argue that much present Third World urbanisation is in fact an illusion, or a statistical mirage. What he calls "pseudo-urbanisation". This means that many people only move to urban areas on a temporary basis, and work in informal occupations. As a result they do not exert sufficient downward pressure on urban wages. In addition to this, Lipton also argues there are "powerful equilibrium mechanisms" to choke off such an "`urbanising' response to urban bias" (p 227). These include: demographic factors which will slow the rate of urban population growth in relation to rural areas; the need for efficiently functioning markets for the process to work at all; and economic constraints which will deter the poorest people in rural areas from moving to cities:

According to Lipton, the logical conclusion to this line of thought, is that cities in many Third World countries are `over-urbanised'. However, this is not `over-urbanisation' in the Hoselitz sense, that they are either undynamic or have inappropriate levels of industrial employment to population. Instead, Lipton argues that developing countries have become `over-urbanised' because cities retain their economic advantages, expressed in the form of higher incomes and better social services, at the expense of the rural population. Furthermore, as only the most skilled, educated, and better off villagers move to cities, they are merely adding to this elite minority of the population who benefit under a policy of urban bias, rather than redistributing wealth via any marginalist market mechanism. As Lipton argues, while it is possible to exaggerate the negative effects of rapid urban expansion, most studies convincingly show that individual migrants to the city invariably gain from making the move. Furthermore, the benefits must be partially derived from the "excessive share of development spending in cities" (p 219). The real problem is that the vast majority of the rural population are left behind and neglected in rural poverty.

In many respects, although not expressed quite so dramatically, this argument is very similar to that put forward by Little, Scitovsky and Scott in the summary of Chapter 3. Here, the authors write, "industry has, it is true, provided employment. But it has also helped to stimulate migration from rural areas to the cities". As a result "employment has not kept pace with the increase in urban population, and unemployment in the cities is a more serious social problem than under-employment in rural areas" (p 8). The chapter also highlights another issue in relation to import-substitution policies: that they have not provided large numbers of jobs, but have instead created a limited number of well paid jobs in highly protected industries. This is in part, due to the wholesale adoption of capital intensive production techniques from more developed countries, and the fact that capital is often under-priced within the policy framework.
Moreover, in stark contrast to these `elite' workers, are the vast majority of the population, largely neglected under a policy of urban bias. As the authors write, "there is evidence that standards of living in some rural areas have been declining, although average per capita income in a country concerned may have been increasing" (p 6). Within the context of the above analysis, the reasons for this are also clear: the low prices paid for food and export crops; the high prices paid by farmers for consumer goods and agricultural inputs as a result of over-valued exchange rates; and lack of investment in rural areas.

What emerges from both these studies, is that the best remedy to the problem of urban bias is to adopt a more market based pricing system, which given the nature of the economies of developing countries, will naturally favour the economic activities in which they have a comparative advantage, namely in agricultural and utilising their large rural populations. As Little, Scitovsky and Scott write, "given the disadvantage of present policies...we believe that developing countries would benefit from adopting, in general, a more decentralised approach with greater use of the price mechanism.....We believe that such an approach is both consistent with sufficient industrialisation, and conducive to more efficient industrialisation" (p 21). As would be expected given the broader scope of Lipton's work, he also argues that, "the remedy is not to confine the artificial advantages of urban life to the present beneficiaries by rendering urbanisation difficult, but to remove the arbitrarily assigned advantages that render urbanisation artificially attractive: to neutralise the pricing, investment, educational, medical and other policies that are currently transferring income from villages to towns, and encouraging the ablest villagers to follow". (p 220).

While the work of both Lipton and Little, Scitovsky and Scott drew examples to support their theories from a wide range of countries, many of these were in East Asia, and especially India. In fact, it was not until 1981 when a book "Markets and States in Tropical Africa" by Robert Bates provided a detailed examination of the urban bias argument in relation to sub-Saharan African countries. Although the book was published at approximately the same time as the Berg Report, so it is difficult to know its exact impact on the World Bank views, "Markets and States" and "The Berg Report" are both remarkably similar in their analysis of the problems confronting the sub-continent.

The main difference between the two publications is that, Bates's analysis is far more academic and detailed. Quite simply, it takes Chapter 2 of the Berg Report on the deficiencies in import substitution policies for agricultural growth throughout the sub-continent, and attempts to provide a rational explanation of why governments have continued to pursue such policies, even though it actually seems to be adversely effecting overall economic performance. Bates does this by arguing that farmers are best viewed as operating on the locus of three key markets, all of which the government can have an important influence on. These are:

- Markets for the sale of crops
- Markets for the purchase of inputs
- Markets for the purchase of consumer goods

After setting up this initial analytical structure, Bates then moves on to examine the broad historical development of economic policy. In this he shows that while newly independent governments were strongly committed to promoting rapid industrialisation, in line with prevailing thinking on development policy, they soon found that the existing tax structures of their nations were not sufficient to meet the demand for finance. However, by tapping into funds held by crop marketing institutions set up by colonial authorities they could not only obtain considerable funding for their projects, but without any major political impact on the more politically active urban population.

However, while initial demand for finance was limited, a problem with this approach to development is that demands for funds to finance further industrial developments tend to increase extremely rapidly, forcing the government to seek still greater revenue. To do this, they have to steadily increase the tax burden on farmers, by limiting any increases in producer prices paid to farmers.

Moreover, given that the majority of industrialisation was financed by the government in African states in the post independence period, in addition to raising funds from the agricultural sector to finance industrial development, the government also sought to reduce the costs they faced by attempting to control food costs to workers and wage levels. It did this by allowing the exchange rate to become gradually overvalued, reducing the costs of imports (food in particular) and subsidising both basic food products and essential consumer goods. However, having started to support the urban workforce in this way, governments soon found out that the political potency of this section of the population made it very difficult to reverse this policy.

In contrast, although the majority of the rural population are likely to be adversely effected by government intervention in the marketing and sale of crops, through depressed prices, the government can buy off the majority of this opposition by subsidising the sale of various inputs into the sector, namely fertiliser, seeds and agricultural machinery.

In conclusion, not only does Bates attempt to show that economic policies introduced by many African governments in the post independence era have a strong bias in favour of urban areas, in a similar way to both Lipton and Little Scitovsky and Scott, but that there is logical reason for this situation arising. This is, that it relatively easy for an African government to buy off the vast majority of the rural population with a variety of subsidies on inputs, despite the fact that their overall pricing policy has a negative impact on their welfare. In contrast, the greater unity and political awareness of urban populations made it far harder for governments to appease this minority of the population, so governments opt to favour these in the formulation of overall economic policy - or to introduce policies with an urban bias.

Interestingly, the conclusions made by these authors, are echoes of another important strand of economic theory that became widely accepted in academic circles in the 1970s - the Harris-Todaro[13] model of migration. Furthermore, this model also seems to have been incorporated into the World Bank's analysis of the causes of the economic crisis in sub-Saharan Africa.

Harris and Todaro start their analysis of migration in developing countries from a similar stand-point to that later used by Little, Scitovsky and Scott: that there exists in many developing countries a limited number of well paid jobs in a "modern" industrial sector. This sector broadly corresponds to industries established under a policy of import substitution. In supposedly stark contrast to these jobs, other urban workers are either unemployed or under-employed in the "so-called urban `traditional' sector (p 139). This is defined as all workers "not regularly employed in the "modern" sector, or the overtly unemployed, the underemployed or spasmodically employed, and those who grind out a meagre existence in petty retail trades and services" (footnote 3, p 139). Moreover, by proposing this as a factual description of reality, the authors pose two questions:

First, is migration to urban areas rational, when migrants are unlikely to secure full time modern sector employment?
Second, why do labour markets not clear, when increasing competition for scarce jobs should force wages down?[14]

The answers to these two questions, as presented in the model, assumes that migration can only be fully understood when viewed as a two stage phenomena. Furthermore, in this analysis, movement to urban areas is also a response to two key variables:

1. the differential in real urban and rural incomes;
2. and the probability of obtaining a job in the destination area.

In the first instance, when a migrant moves to an urban centre it is highly unlikely that he or she will immediately obtain a job in the modern sector. Instead the person will join the pool of labour in the traditional sector. While this may not have been their original intention on moving to the city, they are willing to accept the work in the <u>anticipation</u> that a job will become available in the modern sector sometime in the immediate future. In the formal language of the model, jobs in the sector are allocated randomly. What this implies, as Todaro (1984) notes, is that the decision to migrate can depend on "expected rather that actual urban-rural income differentials" (p 261). Furthermore, by assuming urban labour markets behave this way, it is possible to explain how they will not clear in the standard neo-classical sense. Because the market clearing wage is based on expected rather than actual wage levels. As Todaro illustrates the problem, if average rural income is sixty, and average urban income double this at one hundred and twenty, then a 50% unemployment rate would be necessary to stop any further rural-urban migration.

Finally, and an important conclusion to their work, is Harris and Todaro's argument that the only method of curtailing rapid urban growth is through increasing rural income earning opportunities, and not creating more jobs in the urban areas. In fact, the creation of urban jobs as a method of reducing unemployment in Third World cities, within the framework of the Harris-Todaro model, will actually achieve the exact opposite effect. This is because creating more jobs simply increases the probability of obtaining a job in the `modern sector' or as Krueger (1982) comments on this apparent contradiction, "efforts to achieve full employment in the urban sector are doomed to failure" because "creating additional jobs will simply induce more immigrants to the urban sector than the number of jobs created" (p 20). In fact, as a result of this apparently perverse policy response created by the Harris-Todaro analysis of labour markets, in a latter piece of work on the subject Krueger (1990) actually details a series of alternative policies to reduce urban unemployment. The most likely of these to succeed being a policy aimed at "lowering of the urban wage". Failing this, a second best policy might well be to subsidise rural employment. Finally, if neither of these is possible or practical, a last resort to discourage migrants would be a policy that led to a large fall in demand for labour in urban areas.

4. The World Bank and Urban Bias - The Evolution of Theory and Policy

As already argued in this chapter, the Bank's first attempt to incorporate many of the ideas on urban bias in an analysis of the problems of sub-Saharan Africa was the Berg Report. However, this is not the only Bank publication to reflect the growing consensus that the urban bias of past economic policies was an important constraint to economic performance. In addition to the Berg Report, it is possible to examine a number of other key Bank publications in which it is quite clear that academic studies of urban bias have influenced Bank policy. These are: -

[1] A series of World Bank continent-wide policy documents, starting with the Berg Report, and continuing throughout the decade. These include; `Sub-Saharan Africa - Progress Report on Development Prospects and Programs' (1983); `Toward Sustained Development in Sub-Saharan Africa; A Joint Programme of Action:' (1984); `Financing Adjustment with Growth in Sub-Saharan Africa, 1986 - 1990' (1986); `Africa's Adjustment and Growth in the 1980s' (1989); and `Sub-Saharan Africa: From Crisis to Sustainable Growth' (1990). In all of these publications the arguments the Bank has both refined, and expanded, the arguments originally outlined in the Berg Report in light of the continent's on-going crisis.

[2] More general, official Bank publications, such as the Bank's own review of adjustment lending to all continents, "An Evaluation of Ten Years of Experience" (1988). Added to these must also be the bank's annual flagship publication, "The World Development Report".

[3] Information can be obtained from the Bank's own Structural Adjustment Policy Programmes. While these have a restricted circulation, when available they provide extremely useful insights into how the Bank has turned many of the broader policy arguments discussed in continent wide reports into country specific policies[15]. This information on particular aspects of policy being implemented in individual countries can also be supplemented by official government policy pronouncements and documents, along with journalistic and academic reports on policy.

[4] Finally, information can also be obtained from non-official Bank documents. These include `World Bank Working Papers'; and various publications from departments within the Bank such as the Economic Development Institute's "Seminar Series", or the Africa Technical Department's "Discussion Papers". Although most of these publications carry a standard Bank disclaimer disassociating the views of their authors from those of the Bank, as the majority of authors are intimately involved with work within the Bank, such documents must partially reflect some of the ideas circulating within the Bank.[16]

While all these documents cover many different aspects of the problems of economic development in sub-Saharan Africa, it is still possible to identify a common line of argument that runs throughout them. That a policy of import substitution has biased the internal terms of trade in favour of urban areas, or as expressed in the Berg Report, "a trade and exchange rate system that relies heavily on import substitution biases the incentive system against agriculture" (p 25). In particular, the most important policy encouraging this bias is an over-valued exchange rate.

The importance of an over-valued exchange rate in creating a bias against agriculture in the Bank's analysis of the problems facing many African countries is essentially twofold. First, in conjunction with import substitution policies and restrictions on imports, it has led to an increase in both the costs of inputs and machinery for agricultural producers, and the price of consumer goods to the rural population. Second, and more importantly, an over-valued exchange rate in conjunction with attempts by the state to control the marketing and pricing of agricultural products, has sharply reduced the income that peasants can earn from selling crops. Combined, these two factors created a major disincentive to farmers to produce both food and export crops, which in turn has been the major cause of many African countries' deteriorating external balances and increased dependence on food imports. As the Berg Report argues, "it is now widely agreed that insufficient price incentives for agricultural producers are an important factor behind the disappointing growth of African agriculture" (p 55). However, such policies discourage not only agricultural growth, they also have an important impact on the overall performance of the economy. First, given that agriculture is, as the Berg Report notes, "at the heart of African economies..and agricultural output is the single most important determinant of overall economic growth." (p 45), reduced growth in this sector leads to lower rates of GDP growth. Second, given the commodity exports are the most important source of export earnings for African countries, reduced export crop production has led to major contractions of export earnings in many African countries, and was, in most cases, the most important cause of the subsequent external imbalances that arose in the mid to late 1970s.

The Bank's analysis of African economic performance up until 1980 also argues, that while past policy was good at encouraging simple import substitution industries, once these had been established further "industrial development faces an impasse" (p 27) because "few new import substitution opportunities exist based on the internal market" (p 93). Although regional or national African economic integration as outlined in the Lagos Plan for Action could allow further import substitution industrialisation, in reality this is very much a long term prospect. In the immediate future, a far better method of promoting economic growth and industrial development is through the encouragement of exports, an outcome which a traditional import substitution policy regime was biased against. Furthermore, the best exports to promote are those in which the country has a comparative advantage, or economic activities which utilise local raw materials and abundant labour supplies - namely agricultural commodity exports, minerals, or labour intensive industries. Moreover, if such a policy was adopted, the Bank argues that it should benefit not only an urban elite, but the whole economy through a combination of increased "foreign exchange, employment, and skill development" (p 27).

Finally, import substitution polices in Africa had the additional effect of reducing the flexibility of the economies and distorting the allocations of important goods, services, and finance. In the case of goods and services, as exports declined, and foreign exchange earnings fell, governments increasingly resorted to various licensing systems to allocate imports. Similarly, in an economy with subsidized interest rates, demand for investment funds tended to run ahead of the supply of finance, forcing governments to introduce administrative methods to allocate funds. In such a scenario, not only was the allocation of these important products determined by inefficient government dictat which led to substantial wastage of precious resources, but the system was also open to abuse, mainly in the form of corruption. Furthermore, as the Bank writes, "reliance on quantitative restrictions and other administrative measures makes lavish use of administrative capacity, the scarcest resource that many African economies have" (p 28).

Interestingly, although the term `urban bias' is used in the Berg Report, in later documents the Bank tends to subtly change the emphasis of their argument, noting that policies were not so much biased in favour of urban areas, but rather "biased against agriculture". Although examining the problem from the reverse perspective could be seen as what Myrdal calls depreciation of an idea by terminology, it does raise the question whether policies with an `urban bias' are synonymous with policies that are `biased against agriculture'. The Bank certainly tends to argue that the change in emphasis does not change the overall thrust of its arguments.

By the middle of the decade, the Bank was still pushing this rather broad analysis of the problems of African economic development as outlined in the Berg Report. For example, in the 1986 Report, "Financing Adjustment with Growth" (1986), the Bank was still writing, "there is a growing consensus in Africa that policies which discriminate against agriculture and favour the urban sector must be changed" (p 18). Correcting "urban-rural bias" requires not only devaluation of the exchange rate to make exports more competitive, but also "higher farm prices, lower agricultural taxation, more flexible marketing arrangements, wage restraint in the urban sector, and more public expenditure in rural areas" (p 18).

However, having kept the arguments on the role of urban bias in poor economic performance on this broad level for much of the 1980s, in "From Crisis to Sustainable Growth" (1989) the Bank offers a more detailed definition of the theoretical roots of past and future policy prescriptions in sub-Saharan Africa. In particular, the analysis attempts to link the related, but distinct themes of import substitution, urban bias, migration and over-urbanisation. To do this, the Bank starts with the premise that, "the first generation of African leaders adopted economic strategies that echoed the ideas of prominent economists of the day. Industrialisation was believed to be the engine of growth..and..agriculture was relegated to a secondary role of supplying raw materials and providing tax revenues" (p 16). Furthermore, when coupled with a mistrust of private capital and markets, governments opted to "draw up comprehensive five year plans; invest in large, state run core industries; and enact persuasive legislation to control prices, restrict trade and allocate credit and foreign exchange" (p 16). As a result, Africa's post independence industrial strategy "kept farm prices low; encouraged labour and capital to flow into cities; promoted cheap imports of food such as wheat and rice which are preferred by urban consumers; and neglected agricultural research" (p 18).

In addition, the Bank also argues that African governments have not only pursued polices with a "distinct urban bias" (p 42), but that "past trade and credit policies have encouraged the establishment of large-scale, capital intensive industries that locate in large cities, while agricultural procurement, food subsidy, and exchange rate policies have tended to keep food prices low for urban consumers at the expense of farmers. Partly as a response to this urban bias, Africa's urban growth has been markedly faster than average for developing countries. Efficiency and equity call for a neutral policy framework. Indeed adjustment processes presently under way in much of Africa are dramatically reducing urban policy biases, with a dramatic effect on urban incomes" (p 43).

What this analysis of the crisis in economic policy in Africa also highlights, is that the Bank has effectively adopted the policy prescriptions outlined by Krueger in her analysis of the Harris-Todaro model. This includes the argument that reducing incomes and employment opportunities in urban areas will not only reduce the economic incentive to migrate, but may also even prompt reverse migration if, as Harris and Todaro and the Bank note, people migrate in response to economic opportunities. In fact, as the Bank argues in "From Crisis to Sustainable Growth:", in the case of Africa this process is already under way, and highlights the case of Nigeria in order to support the broader assertion, arguing that because "per capita incomes" in the country "have stagnated,..and unemployment remains high,...the situation has been partially alleviated by a strong migration back to the land to take advantage of increased economic opportunities in the rural sector (p 48).

Another good example of the Bank's thinking on the issue of reverse migration is provided by Jeager (1991) in a World Bank Working Paper, "The Impact of Policy in African Agriculture". In this, Jeager argues (ps 31-32) that large changes in key policy variables, such as subsidized urban food, exchange rates, and rationalisation of the public sector, could lead to "observable shifts in the rate (or even direction) of rural-urban migration". He then provides evidence of this during the Ghanaian structural adjustment programme, using information from the Bank's `Living Standards Measurement Survey'. This is shown in Table 3, and according to Jeager, "reveals a significant reverse migration from urban (or non-agricultural) to rural (agricultural) occupations since the reform program was initiated in the early 1980s" (p 32). Unfortunately, the major problem with this analysis is that agricultural and non-agricultural occupations do not necessarily neatly correspond with living in the urban and rural sectors. In practice, a switch in employment from non-agricultural to agricultural occupations could just as easily involve a rural to rural migration, urban to urban migration, or simply no migration at all. The difficulties of drawing any meaningful conclusion from these figures is also compounded in Africa where many people hold down a number of jobs, and also engage in a wide range of peri-urban agricultural activities. This renders any broad categorisation of their employment as agricultural of non-agricultural virtually meaningless.

The other side of implementing policies to encourage migrants to return to their villages, is to provide an economic rationale for potential migrants to remain in rural areas. This is the same argument put forward by both Lipton, and Harris and Todaro, and can be seen in Bank policy on two levels. First, in purely economic terms, adjustment should raise rural incomes encouraging people to remain in rural areas. This argument is illustrated in the country report on Cote d'Ivoire, "From Structural Adjustment to Self Sustained Growth" where the Bank argues that "a shift in the internal terms of trade in favour of the rural sector in order to increase rural incomes and sector productivity" will also "slow down the rural exodus" (p 5, Summary Report). In addition to economics, the Bank also believes adjustment programmes must provide non-price incentives to stay in rural areas. In its country report on Ghana "Towards Structural Adjustment" the Bank illustrates this theme when arguing that "improved rural service delivery would also make the countryside more desirable, helping to contain rural-urban migration and urban unemployment" (Vol 1, p 148, Annex E).

Table 3
Rural to Urban Migration in Ghana During the Country's Structural Adjustment As Revealed By Changes in Principal Occupations Of Those Surveyed Between 1984-88 (All Figures as Percentages)

Previous Occupation:	**Current Occupation**		
	Agriculture	Non-agriculture	Total
Agriculture	63	2[17]	65
Non-agriculture	4	31	35
TOTAL	67	33	100

However, having argued that the Bank's thinking on development strategies in Africa has been largely formulated around the concept of urban bias does not automatically imply that the Bank is completely anti-urban[18]. In particular, even though the Berg report strongly argues the case for reorientating policy in favour of agriculture , and emphasizes the need to develop the agricultural sector as the principal engine of future economic growth in most African countries, Berg also concedes that urban centres will remain as important dynamic centres for promoting economic growth. Moreover, the Bank's principal reason for promoting rural development is not based on anti-urban sentiment, but rather two important observations on the state of African economies. First, as the majority of Africa's population currently reside in rural areas, and given the importance of agriculture to economic development on the continent, it is more logical to foster higher rates of economic growth by focusing on policies that increase agricultural output, and easier to alleviate poverty on the continent by fostering policies that directly benefit them in the villages rather than encourage them to move. Second, even with extremely rapid expansion of urban areas currently under way throughout the continent, it is highly unlikely that African cities will be able to provide sufficient employment and suitable housing conditions for the continent's rapidly growing population. This is especially so given the already chronic strains imposed on infrastructure, housing, and industrial base of all contemporary African cities.

Finally, although it could be argued that the Bank is anti mega-cities, in various sources it supports the view that adjustment policies should steer growth away from Africa's largest cities, and redirect it towards secondary urban centres. In the Berg Report for example, the Bank writes that "small towns serve as a link between urban and rural development: they are natural distribution centres for agricultural goods produced in the rural areas and manufactured goods from the cities" (p 117). This theme is also continued a decade later in "From Crisis to Sustainable Growth" when the Bank writes that "the benefits of urbanisation depend partially on the efficiency of the overall urban network linking farmers to the domestic and international networks. Thus it is imperative that the infrastructure needs of the secondary towns are given due weight in public investment" (p 43).

5. Conclusion - The Bank, Urban Bias, and Economic Crisis

Although Africa has a long history of urban settlements, it is still one of the least urbanised continents. Nevertheless, since the late 1960s the urban population throughout the sub-continent has been expanding very rapidly. While this rapid growth in urban populations was initially encouraged, because cities were seen as important engines of economic development, by the late 1970s this view was increasingly challenged as an economic crisis seemed to envelop the whole continent. Drawing on a variety of historical work which had examined the issue of the appropriate sectoral balance of an economy in the early stages of development, some academics argued that many African economies had been implementing economic policies that were strongly biased in the favour of industrial and urban sectors. Furthermore, they argued that such policies had important negative welfare effects on the vast majority of the rural population, and were directly responsible for the decline in economic performance across the continent in the 1970s.

While the Bank has never made a formal policy statement to the effect, it would seem extremely probable that the Bank adopted many of these academic arguments when drawing up African structural adjustment programmes in the early 1980s. In particular, the Bank readily adopted the position that African economic policy in the preceding two decades exhibited a strong degree of urban bias or that the import substitution policies that most governments had introduced tended to favour investment projects in urban areas, allocated urban areas a disproportionate share of limited imports, and artificially lowered the costs of urban life through the provision of subsidies, especially for basic foods. In contrast, although governments did subsidize some key agricultural imports such as fertilizer, in general they tended to ignore investment projects in rural areas. Moreover, by allowing the value of the exchange rate to appreciate in order to favour urban importers of goods and services, and by taking an increasing control of the pricing and marketing of agricultural crops, governments paid increasingly lower real prices to peasant farmers, or implicitly imposed a heavy tax on the sector. This helped to suppress output and exports of agricultural products, with subsequently negative effects on many African countries GDP growth rates and external balances.

Furthermore, according to the World Bank and various academics, the combination of these policies also encouraged high levels of migration to urban areas in the hope of gaining employment in the newly established industries. Unfortunately, given the capital intensive nature of many import substitution industries, cities in Africa did not provide sufficient employment opportunities in relation to the number of migrants, forcing most to seek alternative workk in the rapidly burgeoning

informal sector. As a result of these policies most economies were exhibiting some degree of "over-urbanisation". However, this was not exactly over-urbanisation as described by Hoselitz in the 1950s, but rather a modified version, in the sense that there were insufficient employment opportunities in modern African cities for the excessive number of people encouraged to migrate there.
Furthermore, both the Bank and academics argued that the solution to this problem was not to expand urban employment in cities, as this would merely encourage still more migration. Instead policies should be introduced to alter the country's internal terms of trade in favour of rural economic activities. This could be done in a variety of ways, but the most favoured were:

1. to cut back urban employment opportunities, especially in the over-manned public sector, as well as reducing real wages;

2. to devalue the exchange rate, and increase the prices paid to producers of export crops as the best way of increasing rural incomes;

3. to encourage investment in social and economic infrastructure in rural areas.

Given that the majority of migrants move for economic reasons, it was expected that the combined effect of these three policies would be to encourage reverse migration from urban to rural areas, as well as encouraging those already living in rural areas to remain there.

II The Theoretical Case Against the World Bank's Policy Prescriptions for Sub-Saharan Africa

1. Introduction

Although the Bank has strongly articulated the case that structural adjustment programmes should contribute to a slowing down of the rate of urbanisation in sub-Saharan Africa, a cursory examination of the Bank's own data on the rate of urbanisation in the sub-continent draws out some interesting results as illustrated in Graph 1. Here nineteen countries are listed in alphabetical order which the Bank and United Nations Development Programme categorised as "Strong Reformers" in the report "Africa's Adjustment and Growth in the 1980s" (1989). From this group of countries, four broad trends in the rate of urbanisation can be identified over the three decades 1960-1970; 1970-1980; and 1980-1990[19].

a) For ten of the nineteen countries (53%) the rate of urbanisation increased in each of the three time periods.

b) For three of them (16%) the exact opposite occurred, with the rate of urbanisation falling over the three time periods.

c) Of the remaining six countries, four (21%) of them experienced the most rapid rate of urbanisation in the 1970s, with the rate falling off in the 1980s.
d) Finally, in the remaining two countries (11%) the peak rate of urbanisation was experienced in the 1960s, while the rate of urbanisation in the 1980s exceeded that for the 1970s.

While the initial conclusion to be drawn from these results is that the Bank's policies have had either little or no effect on the rate of urbanisation, it is important that the data is examined in its correct context.

First, all statistical data pertinent to sub-Saharan African countries should be treated with caution, and this is particularly so in the case of demographic data. Nigeria, for example, held no population census from 1963 to 1991, yet estimates of the country's population during this period are readily presented as fact - an especially worrying trend given that when a peaceful census was finally carried out the official estimations proved wildly inaccurate. Moreover, even when population censuses are carried out on a more regular basis, the usage of the statistics can be misleading. Using the population growth rate statistics for Niger as recorded in various World Development Reports to illustrate this point, these state that the average annual growth rate of the urban population from 1980 to 1988 was 8.0%, compared to 7.5% for the period 1980 to 1987, and 7.7% from 1980 to 1989. While there may well have been subtle variations in the growth rate of Niger's urban population over these three periods, it is highly unlikely that they would have been picked up in the Bank's figures. Instead, what the variations in these figures most likely show is the rather arbitrary nature of their origin, usually based on projected population growths averaged out of a number of years.

In addition to poor data, another factor to consider before concluding that adjustment has had no effect on the rate of urbanisation in the sub-continent, is what would have happened in the absence of adjustment[20]. In the case of sub-Saharan Africa, it is possible that if the previous policies of import substitution had remained in force during the 1980s, then the rates of urbanisation during the decade would have been drastically faster than the rates actually recorded in Table 1. Moreover, if it could be proved that this scenario was an accurate representation of reality, then it could be argued that adjustment has slowed

down the rate of urbanisation, even if the growth rate shown for the 1980s is higher than that for the 1970s. Unfortunately, determining various counter factual scenarios with any degree of accuracy usually involves the use of large and complex macro-economic models of the economy under investigation, and these tend to be difficult and costly to build even for developed countries. As a result, such models are usually unavailable for developing countries' economies, assuming of course that the data to operate them is available, and accurate enough to make it worth utilising.
As a consequence of the lack of acceptable macro-economic models for developing countries, standard practice amongst most economists when studying the impact of various policies in Third World economies, is to compare the current results of policy with a variety of contrived situations which effectively serve as the counter factual. Typical examples of this in various studies of the effect of adjustment programmes include comparisons of the performance of recipient with non-recipient countries, or more simply comparisons of current economic performance with past performance. Unfortunately, whichever approach is adopted, it is likely to confront considerable methodological and statistical problems. Two of the most important of these are:

- the inability to make allowances for changes in the external environment facing a country; and

- attempting to isolate the changes in a country's economic performance caused by the structural adjustment policy as opposed to alternative economic policies a government may also have introduced.

A good example which clearly illustrates both these problems is provided when analysing urbanisation statistics between a group of countries classified as `strong reformers' and another group of `weak reformers'. For the sake of simplicity let us compare Ghana and Mozambique. As these had respective annual urban population growth rates of 4.2 percent and 10.7 percent for the period 1980-89, from initial observations it would be argued that strong reformers had a lower rate of urbanisation than weak reformers. However, Mozambique's extremely high rate of urbanisation during this period has been inordinately effected by the civil war in the country, and as a result, it is very difficult to say exactly how policy changes have interacted with the country's rate of urbanisation. Controlling for such factors, or adjusting the growth rate to exclude the effects of war, while theoretically plausible is practically impossible.

Despite these major weaknesses in much of the data that exists for the countries under examination, as no other figures available are demonstratively more accurate, they must suffice, but should be treated with due caution (or scepticism). In light of this, perhaps the only way to interpret the data is not to argue whether small changes in the figures constitute significant increases or decreases in the rate of urbanisation for the nineteen countries, but to accept the fact that with only minor variations the rate of growth of all their urban populations is much faster than the overall population, and showing no signs of any significant slowing down after nearly a decade of structural adjustment policies.

Furthermore, rather than adopting largely irresolvable arguments over the weakness of statistics, the reasons for the failure of adjustment policies to slow down the rate of urbanisation are instead much more fundamental.

In fact, it is possible to identify three major weaknesses in the Bank's case. These are:

- weaknesses in the Bank's arguments over the effects of urban bias on the economic performance of sub-Saharan African countries and the rapid rate of urbanisation;

- major problems in the implementation and practice of structural adjustment programmes;

- and some major problems in using the Harris-Todaro model to fully explain rural to urban migration.

These are now examined in greater depth.

2. Is Urban Bias Important?

Given the substantial body of evidence that the World Bank has accumulated, all of which argues that urban bias is an important corollary of import substitution policies in sub-Saharan Africa, it would initially appear very difficult to show convincingly that resulting urban bias had in fact not had an important impact on the economic performance of many countries in the sub-continent. However, while it is one thing to prove that import substitution policies have a certain bias in favour of industrial activities and urban areas, it is quite another to prove that the urban bias of such policies has actually had a significant impact on both a country's rate of urbanisation and the poor performance of its agricultural sector. To examine this argument in more depth, it is necessary to distinguish between two important strands to the counter argument.

The first of these, and an argument already touched on when examining the Bank's case, relies heavily on the lessons which can be drawn from the Soviet Union in the 1920s and 1930s. Here, the argument as outlined by Ellman (1975) is that even if urban bias exists, the resource transfer involved was minimal. As a result, the impact of the problem tends to be vastly overstated. As Williamson (1988) points out when examining the impact of urban bias in contemporary developing economies, "while it is easy enough to list the sources of urban bias [and its magnitude: eg Little, Scott and Scitovsky (1970), Bale and Lutz (1981), Agarwala (1983)], it is quite another matter to establish the impact of this bias on Third World City growth. I know of no study which has performed this exercise, and it is central to the policy debate" (p 441).

As for the second strand to the argument, this involves taking some of Williamson's initial observations on urban bias a stage further. As he argued in his 1991 Kuznets Memorial Lecture, while the link between urban bias and urbanisation remains unproven, the fact that there are many outward manifestations of its existence points to the fact that urban bias may well be a necessary corollary of economic development. In fact, by drawing extensive references to past historical examples of countries undergoing development from essentially rural-agricultural to urban-industrial economies, he notes that urban bias is "not idiosyncratic to the Third World, but rather generic to most industrial revolutions". Moreover, "if development analysts were better acquainted with this fact of history, they may be less frustrated by their inability to change it" (p 60). In addition, the general thrust of this argument would seem to be that economies have an internal momentum of their own, on which government policies can only ever have a marginal impact. In a pseudo-keynesian analysis, counter cyclical economic policy can only mitigate the worst effects of the business cycle, not eliminate the effects altogether. Similarly, structural adjustment policies may be able to marginally limit the worst excesses of urban bias, but cannot fundamentally alter the economic forces that created a situation of urban bias in the first place.

Putting both strands of this argument together, it seems that although features of policy favouring urban areas over rural can be positively identified in many sub-Saharan African countries, this is not merely a contemporary phenomena. Instead, it is an integral stage of economic development that most[21] countries experience as they shift from an essentially rural-agricultural economy to an urban-industrial one. Furthermore, even though urban bias is an actual phenomenon, whose main aspects can easily be recorded, its impact should not be overstated. This is particularly the case when examining its role in encouraging excessive migration from rural to urban areas. This is because, not only are high levels of migration motivated by far more than the inordinate flow of resources in favour of cities and industry over the rural sector of the economy, but also the actual resource transfer is likely to be quite small. As a result, it would seem that not only is urban bias a feature of economic development which policy will effect only marginally, but that urban bias is an integral feature of economies at a certain stage of economic development and not a constraint to the process.

3. The (Lack of) Impact of Structural Adjustment Programmes

While the argument outlined so far has been a rather theoretical one as to why structural adjustment may have had little impact on the rate of urbanisation in sub-Saharan Africa, there are also simpler, and more obvious, reasons why this may be the case. In particular, there now seems to be a broad consensus of opinion forming around the viewpoint that adjustment policies have only had a marginal effect on the overall economic performance of the majority of sub-Saharan African countries. This is reflected not only in academic publications, most recently in a major contribution by Mosely, Harrigan and Toye (1991), but also in the Bank's generic and authored publications. Two good examples of these being Faini, De Melo, Senhadji and Stanton (1990), and the Bank publication entitled "An Evaluation of Ten Years of Adjustment Experience" (1988). In particular, this latter document reached an increasingly familiar conclusion that, "based on analysis of before and after data" there was "no significant improvement in the economic performance"[22] of sub-Saharan African countries receiving structural adjustment loans for the last ten years (p 30).

Although it is hard to be precise on the exact reasons why adjustment policies have not had the major impact that many economists expected, a major cause of the ineffectiveness of the programmes must be that many of the proposed policy changes are never actually implemented. As shown in the Bank's own reviews of adjustment lending for sub-Saharan countries, on average only 52.4% of all conditions were completed during the loan period, although by broadening the definition of implementation to include the more vague idea that "substantial progress" had been made in introducing the reform during the allotted time frame, this figure rises to 84.6%. As for specific reforms aimed at reducing the urban bias of past policies[23], these seem to have an even lower implementation rate than those already quoted. In particular, Bank figures for the successful implementation of agricultural policies show that only 57.1% of reforms in "agricultural policy" were actually implemented during the loan period, although the figure does rise to 64.3% when considering only "agricultural pricing policies". Unfortunately, because the Bank does not provide similar figures for sub-Saharan African countries, it is only possible to guess at what has happened in this area. However, given the fact that sub-Saharan African countries tend to under-perform most other countries in the implementation of policy measures, it is highly likely that the number of new agricultural policies introduced while undergoing adjustment will be much lower for the sub-continent.

While even the Bank's own figures on implementation rates cast a large shadow over the extent to which the reforms can affect an economy, it is highly probable that these statistics may also be a substantial over-estimation of the success of implementation as argued by John Toye[24.] Drawing from his own research, Toye argues that while the Bank quotes an overall implementation rate of 60.3% during the loan period, figures for the nine countries he examined provided an upper implementation rate of only 54%. This leads to the conclusion that aggregate figures are very misleading as implementation often depends on the country's level of commitment to reform. For example, a country which has a high level of commitment to reform, and a commitment reciprocated by the Bank, may well have a 90% implementation rate compared to another country's 30%. Unfortunately, the Bank does not provide individual country implementation rates, only area and total implementation rates.

In addition to reforms that effect rural incomes and employment, adjustment programmes should also introduce policies that impact on the urban sector via lower wages and reduced employment opportunities. Unfortunately, in this case, the Bank does not publish broad implementation rates. Nevertheless, from the information currently available, several trends on implementation seem to have occurred. First, rather than cut absolute employment levels, governments have limited rises in wages. This accounts for the rapid falls in the official figures for urban incomes in comparison to rural ones as shown earlier. However, to offset this sub-Saharan African governments have not altered the levels of recruitment into the public sector, or at best, simply limited the number of new recruits into the public sector with no overall changes in the absolute numbers employed. As the World Bank notes when evaluating public sector reforms - "conditionality on the institutional components has tended to be soft, mainly calling on action plans or studies" (p 45).

As well as a country's commitment to reform, the implementation and effectiveness of structural adjustment programmes may also be affected by a variety of internal and external factors, many of which are beyond a government's ability to control. A useful starting point to study these ideas is a World Bank Working Paper by Killick (1991), entitled "The Development Effectiveness of Aid to Africa". This is based on the assumption that the growth of an economy is determined by the factors in the following equation,

$$\hat{}Y = f(a\hat{}K; b\hat{}L; c\hat{}R; dF; \hat{}U:)$$

where, Y = growth; K = the stock of capital; L = the labour force; R = the natural resource base; F = the foreign exchange available for imports; and U = the existing utilisation rate of existing resources.

Moreover, using this framework the impact of aid on the performance of a country's economy can then be considered by examining its impact on each of these variables in turn.

The result of the study, as Killick concludes in a very similar fashion to the World Bank, is that "much of the proportionally very large amounts of aid received by sub-Saharan African countries has been ineffective in development terms, even after allowance is made for all the difficulties of assessing this, and for the fact that poor performance is often seen as a reason for aid" (p 46). In particular, the reasons for this are fourfold:

- The recipient country's policy environment offsets the positive effects of aid.
- Limited recipient country absorptive capacity. This includes basic infrastructural weaknesses which afflict nearly all sub-Saharan countries, as well as weak political and administrative systems which are unable to handle and disburse the aid effectively.
- An unfavourable world economic environment that negates the benefits of increased aid.
- Weaknesses in aid donor agencies in both technical terms and willingness to achieve fundamental changes.

Interestingly, these four limitations to the effectiveness of aid, and adjustment programmes also come to light on a country level in various guises in Kamunta's (1987) work on Uganda. In this, he argues that the reason for substantial slippage in the implementation of reform goes far beyond the government's own attitude to change, to encompass a complex amalgam of internal and external events. In particular, Kamunta argues that "the reform effort was derailed towards the end of 1984" because of "a number of imperfections in the technical design of the reforms, ..serious administrative weaknesses in implementing policy decisions,...the inability of the IMF to raise sufficient external resources, and the inflexibility of the International Coffee Agreement with respect to Uganda's export quota" (p 43). Certainly, this list of Uganda's causes of slippage reads as a familiar litany of problems faced by many African countries undergoing reform, although the exact importance of each factor will vary due to the specific circumstances of the country in question.

While the works of Killick and Kamunta do reach very similar conclusions on the reasons why adjustment has failed to have a major impact on the economies of sub-Saharan Africa, there does seem to be an important difference between the two views. Killick tends to down-play the importance of the total level of aid to an economy in its performance, compared to Kamunta who sees the IMF's inability to raise sufficient funding as major cause of why the reform effort collapsed. Given this difference in views over this issue, it is instructive to look at it in more detail.

The exact impact of aid on an economy is, and is likely to remain, a highly contentious issue, although most economists would not go as far as Bauer in arguing that all aid to developing countries should be abandoned due to its ineffectiveness. However, what can be argued with certainty, is that ever since the Bretton Woods institutions embarked on large scale adjustment lending they have continuously entertained unrealistic expectations on the resource transfer expected to flow to countries attempting to implement adjustment policies. In the Berg Report for example, the World Bank outlined some highly optimistic projections of the resource transfer which it expected to accompany the introduction of structural adjustment lending, with projected net `Overseas Development Assistance' disbursements of US$14,730mn in 1985, and US$25,770mn in 1990. Unfortunately, Bank figures now show that total development assistance to the sub-continent in 1985 amounted to only US$8,220mn . As a result, the Bank had substantially reduced the estimates of future gross ODA flows to the sub-continent to only US$15,000mn in 1990 and US$22,000mn in 2000[25]

Moreover, this continued shortfall in the total level of aid expected to materialise can be seen as important on two levels when it comes to implementing structural adjustment programmes. First, governments implementing adjustment programmes, especially when they are perceived to involve substantial social costs, may feel let down by the lack of external commitment to their reform efforts. Second, the Bank loses a crucial bargaining counter in ensuring the implementation of reform measures. As well as the case of Uganda, both these arguments can also be clearly seen as a major cause of the collapse of Zambia's adjustment programme in the mid 1980s. In this case, continued economic decline caused largely by very low world copper prices, as opposed to willingness to implement adjustment reforms, led to mounting political unrest in the country's copper belt in the mid-1980s. Not surprisingly, when also faced with declining levels of external aid the government effectively abandoned its adjustment programme.

Of course, the other side of the coin in this argument, and another reason why adjustment programmes were not implemented, was the willingness of donors to continue providing aid to certain countries even when agreed policy changes are obviously never going to be fully implemented. A classic case of this is Zaire, which as a result of its politically strategic location[26] was able to continually pledge to implement reforms but never seriously attempt to do so with apparent impunity from external donors. In fact, from 1979 to 1986 Zaire concluded five macro policy agreements with the IMF, of which all but one (April 1985 - April 1986) were never fully implemented. Meanwhile, the government negotiated nine major debt re-scheduling packages with either the Paris Club or commercial banks, against a background of constant levels of bi- and multi-lateral aid.

What these arguments on the role of aid in structural adjustment highlight, is that while aid could be a powerful tool in enforcing implementation of adjustment programmes, in practice it has not been very effective. In fact, it could be argued that despite a decade of structural adjustment lending, the Bank has been unable to force or cajole certain governments into implementing adjustment policies when they are unwilling to do so. Instead, many governments have half-heartedly implemented some of the less important measures outlined in an adjustment package for a short period before the agreement collapses and is subsequently re-negotiated, with minimal changes in the unfulfilled conditions, but a restoration of access to Bank and bilateral donor funds. In fact, this conclusion is also reached by Killick when he writes "without denying that conditionality can have good effects when the circumstances are favourable" there is also "general agreement that conditionality is unlikely to have much lasting effect on economic policies where it is forced upon a reluctant and unconvinced government" (p 48).

Finally, it is also worth noting that given the high degree of political instability in the sub-continent throughout the 1980s, combined with wars and their associated large scale refugee problems, it is no small wonder that sub-Saharan Africa as a whole has had a much lower policy implementation rate than other regions examined. In fact, it would be impossible to reach any realistic conclusions about the impact of structural adjustment policies on the economies of Angola, Chad, Ethiopia, Mozambique, Somalia, and Sudan, given that they have been embroiled in continual conflicts for much of the 1980s which have wrecked the very structures of much of their economies.

Although lack of policy implementation is probably the single most important constraint on the impact of adjustment policies, the Bank could easily respond to this criticism with the simple and logical sequitur, that because the policies have never been fully implemented the hypothesis as yet remains unproven. Unfortunately for the Bank, even when implemented, many of the policy changes introduced have only had a marginal impact on the country's terms of trade and the main symptoms of urban bias in the economy, rather as Williamson predicted. This problem is clearly illustrated when various countries have attempted to introduce one of the central tenets of most adjustment packages, exchange rate devaluation. As argued earlier, the principal rationale behind devaluation is the belief that exports will become more competitive. Furthermore, the devaluation should lead to an increase in the value of export earnings in domestic currency, allowing either direct income gains to exporters, or for the government to increase purchase prices paid to export crop producers. Moreover, because this latter group are largely small scale peasant farmers, there should be a direct increase in the economic incentive to remain working in agriculture as opposed to migrating to the cities. Furthermore, these gains in income should be transmitted to others in the rural economy via increased farm employment and demand for non-farm but rurally produced goods.

Although the Bank's case is a very elegant and simple analysis on paper, as Sen (1983) argues, it is also a very one dimensional analysis of the relationship between rural incomes, export earnings and exchange rate devaluation. In practice, the relationships are far more complex or multidimensional.

First, there is the fallacy of composition argument so readily picked up by most of the Bank's critics. This argues that because most African countries are largely primary commodity exporters, they have little or no control over the price they obtain for there products. Instead, these are fixed on world markets[27]. Moreover, this argument is often taken a stage further, with the rider that not only are commodity exporters principally price takers, but that the price of commodities are in a situation of apparently terminal decline relative to the price of manufactured goods. As a consequence, even if competitively priced, commodity export earnings will always be in a state of relative decline compared to the cost of manufactured imports. Whatever the merits of this second strand of the argument, it is highly uncertain whether commodity producers are actually facing an inevitable and long term decline in their terms of trade. In contrast, what can be stated with certainty is that prices for some of sub-Saharan Africa's most important commodities have fallen throughout the 1980s. As a result, the actual increase in export earnings that was forecast to arise as a result of devaluation was, in many cases, not to be as large as predicted by the Bank.

This has certainly been the case for cocoa producers[28] as illustrated by developments in Ghana during the 1980s. Under the adjustment programme devised with the Bank, this laid out some detailed projects for export earnings during the period 1984 to 1988. In particular, if the government adopted all the Bank's policy recommendations and the price of cocoa remained constant, then it was forecast that cocoa exports would grow by 40.5% in volume terms during the period, while export earnings would rise to a projected US$1,058mn in 1988. Conversely, if the government did not fulfil all the policy reforms projected in this `high case scenario' even under a `low case scenario' it was still possible that cocoa export volume could increase by 22.4% with forecast export earnings of US$893mn in 1988. Unfortunately for Ghana, although cocoa production and exports increased to such an extent[29] under the reform programme that they out-performed the Bank's `high case scenario' - Ghana's cocoa exports rose by 45.1% from 1984 to 1988 in volume terms - in 1988 the country actually earned only US$881mn from the crop as a result of the collapse in the world price of cocoa.

However, while low commodity prices are an important constraint to the Bank's case, it should be remembered that the crucial part of the equation to be considered when examining the link between devaluation, rural incomes, and migration, is the domestic price, paid to producers. In particular, it should be noted that even if the dollar price of a commodity is falling, leading to a loss in total Dollar export earnings, a devaluation can still create an increase in producer prices in the country's domestic currency. In fact, this is actually what happened in Ghana throughout much of the 1980s as indicated by the rise in the real price paid to cocoa farmers. However, in many countries the situation is far more complex.

First, even under a devaluation which leads to an increase in the nominal price of commodities paid to farmers, the benefits of this can easily be offset by rapid price inflation in the country - especially of imported goods. Moreover, under adjustment, price inflation may be exacerbated, because devaluation is accompanied by a general programme of price liberalisation, or the removal of subsidies from many staple goods in the economy. Certainly, this has been the case in a number of African countries, where the price rises in a variety of imported agricultural inputs (fertiliser, pesticides etc,..) due to devaluation, has occurred in conjunction with the removal of subsidies from the products, causing their prices to rise much faster than the prices paid to peasants for their crops. Nevertheless, despite some examples of rapid price inflation offsetting gains in income as a result of producer price increases, it should be noted that many peasant farmers are basically self sufficient and therefore less affected by general price inflation than urban inhabitants[30].

Second, for a devaluation to have any real effect, the resulting increase in the price of the product in domestic currency units has to actually be passed on to producers. In many African countries, where state marketing boards still control the prices paid to producers, this has simply not been the case[31]. As a result, even though the international price of some commodities have fallen to record lows, there has still been ample opportunity to increase the prices paid to producers and hence increase output.

Another important weakness in the link between exchange rate devaluation, increased producer prices, and gains in rural incomes, is that in practice not all producers of export crops are likely to be equal benefactors of the price rise. Furthermore, even when they are, the transmission mechanism by which earnings are fed though the economy often means that the full benefits of devaluation are not directly passed on to the producers. Both these themes can be easily illustrated, first in the case of Ghana, and second by the experience of Kenyan coffee producers.

As already argued in the case of Ghana, not only did the government devalue the currency throughout the 1980s, and increase the price paid to producers, but this also led to a large increase in cocoa output and export volume. However, as Commander (1989) illustrates in his work on the country, it is not necessarily average small scale producers who benefitted from these changes. In particular, the study shows that although aggregate output across the villages surveyed[32] had increased in conjunction with a significant increase in planting of the crop on both large and small scale farms (defined as under thirty acres), the data also showed that "returns to cocoa were positively related to farm size". In fact, the study specifically argued that "given existing land distributions and control over land assets, the principal gainers had actually been larger farmers" (p 119), and supports this conclusion with figures that show that while 11% of landholders with over 30 acres controlled 48% of total cocoa income, the vast majority of the population, or 70%, owned under twenty acres, and controlled under 30% of total cocoa income. One obvious conclusion from this in relation to migration, is that as only 11% of farmers had experienced a serious gain to income, in order for the rate of migration to slow down either all migrants had to come from this sub-section of the population, or there would have to be substantial trickle down effects from this gain in income to other sections of the rural population. However, given the fact that small scale farmers had planted more cocoa during the period, the benefits of the programme may be realised by a wider section of the population at a future date.

Similarly, in Bevan, Collier and Gunning's (1986) analysis of a commodity price boom in Kenya, the problems of transmitting the price increases to wide spread gains in producer incomes are clearly demonstrated. Moreover, the work is especially interesting because not only is Kenyan coffee production dominated by small scale producers, (they accounted for 48% of output in 1975), but Kenya is also one of the few African economies in which increases in world price during this period were matched by almost similar producer price rises. As the authors write, given these initial conditions, "conventional wisdom would imply that most of the benefits would accrue to coffee growers" (p 40). Unfortunately as the authors conclude, distortions created by other policies, especially as to trade and investment regimes, caused "a very large part of the total gain to end up in urban rather than rural hands" (p 40).

Surprisingly both these individual case studies seem to be broadly supported by the Bank's own assessment of rural development programmes. In the report "Rural Development, the World Bank Experience - 1965-86" (1988), the Bank argues that while projects have tended to provide both a satisfactory economic rate of return and crucial rural infrastructure to many of the poorest elements of society, they have not benefited smallhold farmers. As Blackwood (1988) notes when reviewing the Report in one of the Bank's own publications, "the main production goal of the strategy - to increase smallholder productivity by 5% a year, or double the historical growth rate - was more elusive" (p 12). Furthermore, failure was most particularly noticeable in sub-Saharan Africa, a reason Blackwood rather broadly attributes to "internal and external factors constraining African development in general" (p 13).

In conclusion, it would seem that although much has been written on the impact of adjustment policies in sub-Saharan Africa, in practice both the positive and negative impacts of the programmes have been vastly overstated, probably, mainly for ideological reasons. In practice, what has tended to occur is that many countries have tended to sign adjustment accords and then largely fail to implement any of the requisite policy measures. However, this is not necessarily the result of a government's unwillingness to do so (although this is sometimes the case). Lack of implementation is usually the consequence of a variety of both internal and external economic and political factors beyond the control of an individual government. Moreover, and a factor which is perhaps the most worrying of all, is that although some governments wished to introduce policy changes, but did not have sufficient institutional capacity to do so, and others found the benefits of adjustment wiped out by external factors beyond their control, neither the IMF and World Bank seemed capable of really helping them.

In addition, it should also be noted, that even when adjustment policies are implemented, it is far from clear whether the transmission mechanism that the Bank claims to exist between exchange rate devaluation, increases in producer prices, and gains in smallholder incomes, actually exists. Certainly, as shown in the case of Kenya and Ghana, the relationship between these factors is far more complex than the Bank portrays it, and because of this, the impact of adjustment policies on rural to urban migration may not be as self evident as the Bank supposes.

4. The Harris-Todaro Model of Migration

The final weak link in the Bank's argument - that it is possible to slow down the flow of people moving to urban areas in sub-Saharan Africa by altering a country's internal terms of trade - stems from its incorporation of the Harris-Todaro model of migration in the framework of its overall analysis. This is because, although some of the basic presumptions of the Harris-Todaro model of migration do seem to be true, many are not. This in turn means that the policy measures proposed by both the authors, and subsequent proponents of the model, to slow down the rate of migration may also be inappropriate or at best ineffective.

The main area of consensus between the Harris-Todaro model of migration and nearly all other literature on migration in developing countries, is in identifying the basic characteristics of the migrants. In fact, this is perhaps the only area in the literature where a broad agreement on the migratory process exists. In various surveys of the academic literature on migration[33] the authors are all agreed that migrants tend to be both young and educated compared to the average rural resident. This usually places the migrant between fifteen and thirty years old with at least primary, and perhaps secondary education, although there are no methods of accurately defining educational levels, and comparing them either between rural and urban areas within a country or across countries. This is of course unsurprising given that substantial deviations in supposedly uniform standards of education exist even in developed countries. The third key area in which the literature broadly agrees, is that migrants tend to move for economic reasons. As Todaro (1985) notes, "there now seems widespread agreement amongst economists and non-economists alike, that rural to urban migration can be primarily explained by the influence of economic factors" (p 256). Moreover, as Yap (1977) states more explicitly, "the econometric work" carried out so far, shows that "differences in average incomes or wage levels between two places are significant variables in affecting migration between two locations"(p 239)[34]. However, although the literature stresses the primacy of economic motives in the decision to migrate, this does not imply that people do not move for other reasons - merely that these reasons are not the predominant cause of migration.

Certainly the view that income or wage differentials are the most important factor affecting migration would seem to be supported in studies of migrants' own perceptions of why they moved. In particular, when most migrants are asked whether they feel they have improved their standard of living by moving do urban areas, they invariably respond affirmatively[35]. Conversely, the evidence is far more ambiguous if migrants are asked to comment on whether the attractiveness of less tangible benefits of urban areas, such as superior social amenities, were a significant cause of their move. Of all amenities examined, only educational facilities seem to be a constantly positive attraction to migrants moving to urban areas.

Unfortunately, while the profile of the "typical" rural to urban migrant propounded in the Harris-Todaro model broadly corresponds to that portrayed in much of the literature on migration, beyond this initial similarity the literature tends to diverge. However, although there is a considerable degree of disagreement as to why the Harris-Todaro model diverges from reality, there does seem to be a substantial body of literature based on extensive survey work that can be used to illustrate the main weaknesses of the model.

The first important area in which the Harris-Todaro model fails to fully comprehend the migratory process is in the model's treatment of wage differentials. As already illustrated in Chapter 2, the model assumes that the decision to migrate from rural to urban areas is a function of two principal variables, of which one is the urban-rural real income differential. Moreover, in practise this is supposed to be substantially biased in the favour of urban areas largely as the result of excessively high and downwardly inflexible urban wages. Unfortunately, as noted by several authors there is a growing body of evidence, especially in the African context, which shows that not only have wage gaps between urban and rural areas been narrowing since the early 1970s, but also, that the rate of migration has not slowed down significantly.

Probably the most important articles in which this apparent contradiction has been highlighted have been by Amis (1986 and 1989), Jamal (1988), and Jamal and Weeks (1988). What all these highlight, across a range of African countries, is that the Harris-Todaro assumption that an elite group of urban workers exists that receives above market clearing wages is no longer true. In fact, all these authors show that because urban wages have actually fallen considerably throughout many countries in the sub-continent since the 1960s there has been a substantial contraction in the urban-rural wage differentials as illustrated in Table 1. As Amis (1989) comments on this, while "the table does give some empirical backing to the idea of a privileged urban sector in the 1960s" (p 378), when the Harris-Todaro was originally conceived, this assumption no longer seems to hold true. Moreover, as Jamal and Weeks (1988) comment on these trends, while the wage gap has "narrowed in most African countries, and in some even disappeared,....the economic baggage that goes with it has yet to be junked" (p 288).While at first glance this evidence would initially seem to contradict the observation that migration is usually an economically rational decision (insomuch that the migrant wishes to increase their income by migrating), in practice it may still be. The reason for this is twofold. First, the recent observations on trends in wage levels only apply to a limited section of the labour market, usually government legislated minimum wages, and civil service and parastatal wage levels. Moreover, as these cover only a small percentage of those employed in the majority of African cities, they may well bear little relationship whatsoever to actual wage levels in either the formal or informal sector. Second, and extremely important, because the figures are average wage levels, they conceal many potential wage differentials in more specific labour markets. This point is clearly illustrated by Lucas (1985) who argues that the real problem in examining migration and wage levels is that average wage levels say little about the wage actually paid to the individual migrant. Taking as an example migration by the Botswana to Gaberone he shows that earnings for less educated males in Gaberone differ little from those obtainable in rural areas. However, wages paid to less educated men in the mining sector do differ significantly, and as a result are a major incentive to young men to migrate to mining towns. In addition, significant wage differentials between rural and urban areas also exist for more educated migrants. Unsurprisingly, in light of this evidence, Lucas concludes that the decision to migrate may have no relation to average wage levels, but rather to the specific employment opportunities available to potential migrants in rural and urban areas. For some a wage differential exists; for others, it does not, or only in specific jobs and locations.

Although Lucas's observations on migration in Botswana are one possible explanation as to why migration rates have remained high despite a fall in the average rural-urban income differences, they are not the only attempt to explain the phenomena. In particular, a new body of work has started to examine the idea that migration is part of a household strategy, and as a result is not so much effected by the levels of earnings, but by risk and perceptions of security. The roots of this theory lie in the work of Collier and Lal (1984) in which they start by questioning the assumption that wages in Kenyan towns are high enough to foster migration as predicted by the Harris-Todaro model, and instead propose an alternative theory that migration is largely a response to the inefficiency of rural credit markets. These inefficiencies mean that it is extremely hard for large sections of the rural population to raise finance without collateral, especially as the risk of mortgaging land to help raise money is perceived as too great by the majority of households. As a result, rural households use remittances from urban migrants as a source of capital to finance rural development. Moreover, as the authors also note, very few migrants seem to have major problems in finding employment on moving to urban areas.

From these early ideas on risk, some recent studies, and in particular the work of Stark (1991), have taken the idea a stage further in order to help explain the migratory process. As Stark summarises his new approach to migration and risk - "in a nutshell, it is suggested that an optimising risk averse small farmer family confronted with a subjectively risk increasing situation manages to control the risk via the placing of its best suited member in the urban sector" (p 41). Moreover, if this hypothesis is correct, the resulting implication for policy is that the best way to slow down rural to urban migration is through reducing the risks facing smallhold farmers rather than through closing rural-urban income gaps as argued in the Harris-Todaro model.

Table 4
Trends in Urban-Rural Wage Gaps in Various Sub-Saharan African Countries 1960-80

	1960	1980		1960	1980
Burkina Faso	7.1	6.8	Nigeria	1.4	0.7
Congo	3.6	0.5	Senegal	16.6	7.7
Cote d'Ivoire	10.7	7.3	Tanzania	6.1	4.2
Kenya	10.0	6.9	Togo	3.3	5.3
Mali	12.8	3.7	Zambia	30.5	7.3

Source : Jamal (1986) reproduced in Amis (1989)

Returning to the examination of weakness in the Harris-Todaro model of migration, the second aspect of the model that must come under critical scrutiny is the idea that the probability of obtaining employment on migrating to an urban centre is a significant determinant of the overall level of migration in a country. In particular, the assumption that a typical migrant initially obtains employment in the `informal sector' before being "absorbed" into gainful employment in the `formal sector' at the "prevailing urban wage" must be treated with a great deal of caution, as must the claim that jobs in the `formal sector' are obtained randomly.

Take for example the most obvious implication of these assumptions, that new migrants will be disproportionately concentrated in the `informal' sector and that the tertiary sector is a temporary or second best source of employment. As Sinclair (1978) writes, while there is a "belief that entry into informal occupations is easy and widespread" in practice "there are numerous surveys[36] to show that this is not the case" (p 96). In fact, as these surveys show, there are a wide variety of physical, capital, and racial barriers to entry into informal sector occupations which restrict access into all but the most marginal informal activities.

Furthermore, as might well be expected in a market where entry is restricted, the claim that the sector is an employer of recent migrants also does not seem to stand up to critical examination. In Russell, Jacobsen and Stanley's review of current academic work on migration, the authors conclude that, "although the evidence is scattered" the surveys conducted so far do "not support the conclusion" that "migrants are in fact limited to marginal employment" (p 39). Moreover, the authors also note that although "there are few surveys that have examined the specific question of sectoral concentration of migrants in Africa" (p 39), one study by Grootaert (1987) on the Cote d'Ivoire does exist. In this, the author conducted extensive survey work which showed that whereas 82% of all urban employed are migrants, they only constitute 50% of the informal sector workers, where informal is defined as "encompassing workplaces in which no legal or institutional forms of worker protection are provided". As the figures would suggest, this leads Grootaert to conclude that "the percentage of migrants among informal sector workers was actually below that of formal sector workers" (p 39)[37].

The only work that actually contradicts these general observations seems to be that of Jules-Rossette (1985) in Zambia, and Tripp (1988) in Tanzania. Both these surveys show that while male migrants are not concentrated in the informal sector, female migrants tend to be. Furthermore, both works strongly indicate that female employment in the informal sector is a major means by which females and households cope with economic decline caused by structural adjustment programmes.

Another explicit assumption of the Harris-Todaro model is that there exists a significant wage differential between employment in the informal and formal sectors. Unfortunately, once again a cursory examination of the literature tends to cast severe doubt on this claim. Kannappan (1988) for example, in addressing the issue, quotes several studies which illustrate that some informal wages may in fact be higher, or equal, to wages in the formal sector. Of these studies, Webb (1975) in particular, is singled out as arguing that the generalisation that informal sector workers are worse off than their rural counterparts "is an erroneous generalisation derived from the case of the urban fringe" who are generally "the poorest (and most visible) 5% to 10%" of the sector (p 198). A more specific study in relation to Africa by House (1986)[38] also supports this stand-point, concluding that earnings in specific activities in the informal sector realised substantially higher earnings than those in the rural and formal sectors of the economy[39]. No doubt, those sectors with higher returns are those most easily able to restrict entry.

The final credibility gap in the Harris-Todaro picture of the migratory process is the model's argument that jobs in the formal sector are randomly distributed[40]. However, as shown in both the Yap and Sinclair surveys of migration literature, there is considerable evidence that migrants obtain employment far more quickly and logically than implied in the model. In fact, drawing on various surveys of migration in a number of countries, Sinclair outlines a number of different routes by which migrants obtain jobs in urban areas. These include:

- the strong likelihood that some migrants have pre-arranged jobs before arriving in an urban area;

- the fact that some migrants move within complex family or ethnic group networks which both support the migrant and help in the job search process;

- the possibility that the migrants' own levels of savings (and the willingness of the aforementioned networks to support them) will determine the duration of the job search;

- and finally the idea that the migrants' level of education will be a crucial determinant of the length of job search.

In conclusion, it would seem that there are a number of very important weaknesses in the assumptions of the Harris-Todaro model, which in turn undermine the whole World Bank's argument that it can slow down the rate of rural to urban migration in a country by switching the country's internal terms of trade in favour of rural areas. The most important of these weaknesses being, that it is not obvious that income differentials are the most important cause of migration, and that there is no evidence that migrants move to areas hoping to find work in formal sector jobs only after a period of lower paid work in the informal sector. Instead what is needed is to pull together all the current strands of thinking on migration to help build a new model.

5. A New Model of Migration

5a) Assumptions Behind the Model

In addition to using the available literature to help construct a new model of migration, another useful starting point is to clarify some of the more basic ideas about migration. One of the most important of these is the observation that migration cannot be fully understood if viewed as a solely static phenomena, or a simple single move from a rural village to urban centre. Instead, in order to properly understand the forces that drive migration it is more accurate to regard migration as a flow process. By this it is implied that while some individuals will move permanently from rural to urban areas, this occurs against the background of the continuous movement of people from urban areas to rural areas, and inter area movement, namely urban to urban and rural to rural movement of people. In addition, while some people will move permanently, for others the move will only be temporary. For urbanisation to occur in such a scenario, the important crux is that the total rural to urban flow of population exceeds the total urban to rural flow of population, assuming that the natural population growth rates in urban and rural areas are equal[41]. Moreover, and more importantly, viewing migration in this way, highlights the fact that not all migrants will have the same reasons for moving, even if they all follow a similar pattern in how they move.

Another important methodological corollary stemming from viewing migration as a flow concept is that it emphasizes the fact that many migrants will not remain permanently in urban areas. However, because the majority of surveys on migrants are only carried out in urban areas, and do not take this factor into account, they tend to be biased insomuch that they invariably only interview successful migrants, or those that stayed in the city[42]. As a result, there is a pressing need to study the migratory process in both its rural and urban context.

An additional weakness in most migration studies, (and much general work on labour markets as well), is the major misconception that migrants are absorbed into a single homogeneous `labour market'. In practice, labour markets can be more accurately pictured as a series of individual markets which may well display different characteristics as to ease of entry, skill requirements, and so forth. Furthermore, instead of a single declining or expanding labour market at times of either recession or boom, each of these different markets will be engaging or shedding labour in a counter cyclical non-uniform fashion. As a result, in time of recession, while there is a net loss of employment from all the individual markets, some
markets will still be providing increased employment opportunities while others will be shedding labour. Similarly, in times of boom some markets will still be shedding labour despite a net gain in employment for the aggregate market.

Turning to the characteristics of the individual migrant, as already argued, whatever else can be said, he or she is most likely to be both young and relatively well educated in relation to the source population. Furthermore, given such an age constraint, it is unlikely that the potential migrant is a major landholder in the rural society, but rather the migrant is highly likely to be part of a household. As a result, it is also possible that the decision to migrate was not taken in isolation, but after consulting other members of the household. In fact, as already mentioned earlier in the chapter, it is possible that other members of the household where the prime motivaters in encouraging someone to leave the village in search of urban based employment. In such circumstances, in addition to wage differentials, a much wider range on motives must be examined in order to understand the decision to migrate.

5b) How Migrants Find Employment in Urban Areas

Taking all these factors into account, and remembering the work of Sinclair *et al* on how migrants enter the urban labour market, it soon becomes apparent that it is possible to build up a new picture of how the migratory process works. Furthermore, this new view also helps to explain why migration is still occurring in sub-Saharan Africa despite over a decade of structural adjustment policies.

First, and most importantly, despite a lack of complete information on the destination labour markets, migrants will tend to move to urban areas where contacts are available to assist them either in finding employment, or at least accommodate them while searching for work. Moreover, this pattern also helps explain how migrants find work in the face of rising urban unemployment. Quite simply, the jobs identified by their network of contacts are likely to be in a sector of the urban economy with expanding employment opportunities. In particular, at a time of supposed reductions in public sector employment levels as a result of structural adjustment programmes, one would expect these jobs to be located in either the private or informal sector, this will not always be the case. In fact, an additional aid to migrants seeking employment is that it may well be easier for them to move into an expanding labour market than for the job to be redistributed to members of the existing urban labour force facing redundancy. This could be for a variety of reasons ranging from the simple fact that the migrant is willing to take any sort of employment, as well as work flexible shifts for lower pay and limited employment rights, to psychological beliefs amongst employers that recent migrants tend to be harder workers than their urban counterparts.

Moreover, if one accepts this view, then instead of the Harris-Todaro hypothesis that there is a random probability of finding employment in an urban area at an expected income level, a new hypothesis emerges. This can be written as **"the single most important factor influencing rural to urban migration is the high probability of commencing work in pre-arranged employment in the destination area"**.

Given that it is important that all aspects of a workable hypothesis should be capable of rigorous definition, it would seem that the above hypothesis has two specific weaknesses. What exactly is a "high probability", and what is meant by "pre-arranged". Taking each in turn, these ambiguities can easily be resolved.

First, in this case a high probability must imply that at least 50% of migrants had fulfilled one of the criteria for having "pre-arranged employment" before migrating to a specified urban area. A more suitable figure would be in the order of 70%, although it is unlikely ever to be much higher than this. This is because there will always be a minority of migrants who moved to an urban area on the speculation of obtaining employment, or due to some random factor such as natural disaster (family feud, death, etc.) in their home village.

Second, unlike in a developed country, "pre-arranged employment" is unlikely to involve any formal job offer to the migrant such as a letter offering employment or signing a contract. Instead, it is likely that information about a job will be provided by word of mouth from a relative or fellow member of the village already in the urban area. This may even stretch as far as relatives and close friends actually visiting a village to enquire whether a certain member of the household would be willing to take a job in a city, usually in the company that the relative or friend is actually working for.

In addition, it is also important to examine the idea that the decision to migrate is made as part of a household strategy. In this case, the issue of "pre-arranged" has to be considered on two levels. First, who in the household helped make the decision to move, and how? And second, what information was obtained about the job opportunity?:

Taking all these factors into account, a series of basic questions that must be asked to migrants in urban areas automatically evolves[43]. For example, in order to understand who helped make the decision to migrate, and in particular, whether it was made by the household, or by the individual migrants acting on his/her own initiative, the following questions were posed:

- Did anyone help (the migrant) in his/her decision to migrate - [Y] or [N]. If [Y], then who helped:

  - you (the head of the household);
  - other member of the household (specify);
  - friend/relative in village;
  - friend/relative in town.

Furthermore, in response to the question "how did the person(s) involved, if any, aid the decision", a further set of possibilities arise. These include:

- Did the person(s):

- provide general advice,
- help arrange a job,
- help provide accommodation,
- simply provide information on job possibilities,
- or provide information on a specific job available?

Finally, it is also important to determine the whole range of possibilities covered by the term "pre-arranged employment". In this case the migrant should either state that he had no idea of the job that he was going to take up in the town on moving, or provide a positive answer to one of options:

1. You had no job at all to move to.
2. You had a specific job in the urban area to move to, arranged by a contact in the urban area.
3. You knew of a possible job in an urban area from a contact, that you had a good chance of obtaining.
4. A contact said he could arrange a job for you in an urban area if you were willing to migrate.
5. A contact in the destination area had told you the chances of obtaining a job in the destination area were good.

5c) Final Comments on the New Model

Given the observations made on migration in the final section of this chapter, it is possible to postulate why apparently reduced income levels and employment opportunities in urban areas, (resulting from structural adjustment programmes?), may have no effect in slowing down the rate of movement. This is because although the possibility of earning higher incomes is an important motivating factor in the decision to migrate, it is probably not the most important factor determining migration. Instead, having a clear idea of the employment they will obtain before moving to an urban centre, due to astute planning through a network of contacts, is probably the most important factor influencing the decision to move out of the village. Moreover, in this case, the sector in which the job is located, an important factor in the Harris-Todaro model, becomes almost irrelevant. In contrast, what is crucial is that the job is an expanding sector of the urban economy and not a contracting one. In the case of current adjustment programmes, given that one possible impact of the new policies is on government expenditure and hence employment levels in the public sector, it could be that potential migrants currently considering a move to an urban area are unlikely to hear of job opportunities in this sector. Conversely, an increasing number of jobs could be on offer in expanding import or export trading companies as a result of a policy of gradual trade liberalisation.

6. Conclusions

While one important consequence of the introduction of structural adjustment programmes in sub-Saharan Africa was supposed to be a slowing down in the rate of rural to urban migration, and hence urbanisation, aggregate figures would tend to indicate that this has not occurred in the last decade. While the poor nature of statistics emanating from most African countries mean such trends should be treated with caution, in this case it may be that there are more fundamental weaknesses in the Bank's case which account for the fact that the rate of urbanisation may not have slowed down.

To start with, a major question mark must hang over the Bank's idea that the urban bias of past policies has been a major constraint on the impact of the economic performance of sub-Saharan economies, and has encouraged excessive migration to the cities of the sub-continent.

In addition to this, there is the huge problem that many of the Bank's policies have never been whole heartedly implemented in most countries. Unsurprisingly this reduces the potential impact that the policies can have.

However, this is not the end of the story. Even in a country with a considerable commitment to reform and a reasonable record on implementing the new policies, such as Ghana, there are still major weaknesses in the Bank's arguments in relation to migration. This is evident in both the evidence which exists to indicate that the reforms have affected the rural sector of the economy in ways the World Bank did not foresee; and some important weaknesses in the Harris-Todaro model of migration which the Bank has used to help explain the logic behind the movement of migrants.

In the rural context, perhaps the major weakness in the Bank's case, is that while there is little doubt some rural dwellers will gain from the increased economic opportunities realisable under adjustment programmes, whether the beneficiaries are likely to be potential migrants is highly debatable. Instead, one must examine the position of the migrant in relation to land owning status, position within a household unit, and how any benefits of an adjustment programme are transmitted through rural labour markets.

As for the Harris-Todaro model, in the light of recent research on migration, there seems to be little evidence that migrants follow the migration pattern predicted by the model by initially moving into informal employment opportunities before being allocated work in the formal sector. In addition, it seems highly improbable that wages in this sector are downwardly inflexible, or that the possibility of earning such high wages are the major incentive that encourage rural dwellers to move to urban areas. Instead, a person's level of education, the knowledge they have of the job they are moving to, and their position within a rural household, are much more important indicators of which people move, and their motive for doing so. In particular, the sector of the urban economy in which they ultimately find work would not seem to be as important as the Harris-Todaro model argues.

As a consequence of a combination of all these factors migration, and hence urbanisation, in sub-Saharan Africa seems to have remained high despite a decade of adjustment policies. Moreover, it is also likely to remain at very high levels for the foreseeable future as long as education is provided to inhabitants of rural areas, and they have contacts with people in expanding sectors of the urban economy.

REFERENCES

Bairoch P (1988), Cities and Economic Development, University of Chicago Press, Chicago (especially Chapter 4)

Bates R (1981), Markets and States in Tropical Africa, University of California Press, Berkeley

Browne R and Cummings R (1984), The Lagos Plan of Action versus the Berg Report, African Studies and Research Programme, Washington

Byres T (1982), "Agrarian Transition and the Agrarian Question" in Harriss J (ed) - Rural Development; Theories of Peasant Economies and Agrarian Change, Hutchinson, London

Chambers R (1983), Rural Development: Putting the Last First, Longman, Harlow

Coquery-Vidrovitch C (1991), "The Process of Urbanisation in Africa (From the Origins to the Beginning of Independence)" in African Studies Review, Vol 34, No 1, pp 1-98

Corbridge S (1982), "Urban Bias, Rural Bias, and Industrialisation: An Appraisal of the Work of Michael Lipton and Terry Byres" in Harriss J (ed) - Rural Development; Theories of Peasant Economies and Agrarian Change, Hutchinson, London

The Economist - "The Third World - A Survey" (23/09/89)

The Economist - "Sisters in the Wood - A Survey of the IMF and World Bank" (12/10/91)

Ellman M (1975), "Did the Agricultural Surplus Provide the Resources for the Increase in Investment in the USSR during the First Five Year Plan?" in The Economic Journal, Vol 85, pp 844-864

Gugler J and Flanagan W (1978), Urbanisation and Social Change in West Africa, Cambridge University Press, Cambridge

Gregory P (1986), The Myth of Market Failure - Employment and the Labor Market in Mexico, The John Hopkins Press, Baltimore

Gulharti R (1990), The Making of Economic Policy in Africa, EDI Seminar Series, World Bank, Washington

Harris N (1976), Economic Growth and the Problem of World Settlements), DPU Working Paper No 4, Development Planning Unit, University College London

Harris N (1978), The Scissors Crisis in India and China", DPU Working Paper No 12, Development Planning Unit, University College London

Harris N, Urbanisation, Economic Development and Policy in Developing Countries, DPU Working Paper No 19, Development Planning Unit, University College London

Harris J and Todaro M (1970), "Migration, Unemployment and Development: A Two Sector Analysis" in The American Journal of Economics, Vol 60, pp 126-142.

Helleiner G et al (1983), Towards a New Bretton Woods, report by a Commonwealth Study Group Commonwealth Secretariat, London

Hoselitz B (1957), "Urbanisation and Economic Growth in Asia" in Economic Development and Cultural Change , Vol 6 No 1, pp 43-58

Hoselitz B (1972), "The Role of Cities in the Economic Growth of Underdeveloped Countries" and "Agriculture in Industrial Development" both in Wall D (ed) - Chicago Essays in Economic Development, The University of Chicago Press, Chicago

Jaeger W (1991), The Impact of Policy in African Agriculture, World Bank Working Paper WPS640, Washington

Killick T and Sutton M (1982), "Introduction" in Killick T (ed) - Adjustment and Financing in the Developing World: The Role of the IMF, IMF, New York

Kirkpatrick C, (1987), "Trade Policy and Industrialisation in LDC's" in Gemmel N (ed) - Surveys in Development Economics, Basil Blackwell, London

Krueger A (1990), "The Relationship Between Trade, Employment, and Development" in Krueger A - Perspectives on Trade and Development, Harvester Wheatsheaf, London

Krueger A (1983 - 2nd Edition), Trade and Employment in Some Developing Countries, University of Chicago Press, Chicago

Lawrence P (ed) (1986), World Recession and the Food Crisis in Africa, James Currey, London (Especially Part II, pp 81-156)

Lele U (1988), "Comparative Advantage and Structural Transformation: A Review of Africa's Economic Development Experience" in Ranis G and Paul Schultz T (eds) - The State of Development Economics, Basil Blackwell, Oxford

Lipton M (1977), Why Poor People Stay Poor, Temple Smith, London

Lipton M (1982), "Why Poor People Stay Poor" in Harriss J (ed) - Rural Development; Theories of Peasant Economies and Agricultural Change, Hutchinson, London

Lipton M (1984), "Urban Bias Revisited" in Journal of Development Studies Vol 20 No 3, pp 139-166

Lipton M, The Poorest and the Poor: Some Interim Findings: World Bank Discussion Paper No 25, World Bank, Washington

Little I, Scitovsky T, and Scott M (1970), Industry and Trade in Some Developing Countries - A Comparative Study, OECD and Oxford University Press, London

Mabogunje A (1980), The Development Process, Hutchinson University Library, London

Meier G (1990), "Trade Policy and Development" in Scott M and Lal D - Public Policy and Economic Development: Essays in Honour of Ian Little, Clarendon Press, Oxford

Millar J (1970), "Rapid Soviet Development and the Agricultural Surplus Hypothesis" in Soviet Studies, Vol 22, pp 77-93

Millar J (1971), "The Agricultural Surplus Hypothesis: A Reply to Alec Nove" in Soviet Studies, Vol 23, pp 302-306

Moore M (1984), "Political Economy and the Rural-Urban Divide 1767-1981" in The Journal of Development Studies, Vol 20 No 3, pp 5-27

Nove A (1989 - 2nd Edition), An Economic History of the USSR, Penguin Books, London

Nove A (1970), "The Agricultural Surplus Hypothesis: A Comment on James R Millar's Article" in Soviet Studies, Vol 22, pp 394-401

Nove A (1971), "A Reply to the Reply" in Soviet Studies, Vol 23, pp 307-308

Organisation of African Unity, Lagos Plan of Action for the Economic Development of Africa 1980-2000 (1982 - 2nd Edition), published by the ILO, Geneva

O'Connor A (1983), The African City, Hutchinson, London

Pack H (1988), Industrialisation and Trade in Chenery H and Srinivasan T (eds) - "Handbook of Development Economics Vol 1", Elsevier Science Publishers, Amsterdam

Page J, (1990), The Pursuit of Industrial Growth: Policy Initiatives and Economic Consequences in Scott M and Lal D (eds) - "Public Policy and Economic Development - Essays in Honour of Ian Little", Clarendon Press, Oxford

Preston S (1988), "Urban Growth in Developing Countries: A Reappraisal" in Gugler J (ed) - The Urbanisation of the Third World, Oxford University Press, Oxford

Ravenhill J (ed) (1986), Africa in Economic Crisis, MacMillan, London

Rondinelli D (1988), "Giant and Secondary City Growth in Africa" in Dogan M and Kasarda J (eds) - The Metropolis Era Vol 1, Sage Publications, Newbury Park

Sender J and Smith S (1986), What's Right with the Berg Report and What's Left of its Critics? in Lawrence P (ed) - "World Recession and the Food Crisis in Africa", James Currey, London

Sovani N (1964), "The Analysis of "Over-Urbanisation" in Economic Development and Cultural Change, Vol 12 No 2, pp 113-122

Todaro M (1969), "A Model of Labor Migration and Urban Unemployment in Less Developed Countries" in The American Economic Review, Vol 59, pp 138-148

Todaro M (1970), "Income Expectations, Rural Urban Migration and Employment in Africa" in The International Labour Review No 104, pp 387-413

Todaro M (1976), "Urban Job Expansion, Induced Migration and Rising Unemployment" in The Journal of Development Economics, Vol 3, pp 211-225

Todaro M (1985 - 3rd Edition), "Urbanisation and Migration" Chapter 9 in Todaro M - Economic Development in the Third World, Longman, New York

UNECA (1990), African Alternative Framework To Structural Adjustment Programmes For Socio-

Economic Recovery and Transformation, UN Publications, New York

Williamson J (1988), "Migration and Urbanisation" in Chenery H and Srinivasan T (eds) - Handbook of Development Economics Vol 1, Elsvier Science Publishers, Amsterdam

World Bank:

- Accelerated Development in sub-Saharan Africa (1981), Washington
- Sub-Saharan Africa - Progress Report on Development Prospects and Programs (1983), Washington
- Towards Sustained Development in Sub-Saharan Africa: A Joint Program of Action (1984 Washington
- Ghana - Towards Structural Adjustment in Two Volumes (1985), Washington
- Financing Adjustment with Growth in Sub-Saharan Africa 1986-90 (1986), Washington
- The Cote d'Ivoire in Transition: From Structural Adjustment to Sustained Growth (1987), Washington
- Adjustment Lending; An Evaluation of Ten Years Experience (1988), Washington
- Sub-Saharan Africa - From Crisis to Sustained Growth (1989), Washington
- Urban Policy and Economic Development - An Agenda For The 1990s (1992), Washington
- World Debt Tables - 1990), Washington-World Development Report (Various Issues), Oxford, University Press Oxford

World Bank and UNDP - Africa's Adjustment and Growth in the 1980's (1989), Washington

NOTES

1. Without allowing for any boundary changes.

2. These trends on a continent wide basis are clearly illustrated in Table 2.

3. Figures are taken from the World Bank, World Debt Tables 1990, Appendix II, "Progress in Dealing with Debt in Low Income Africa".

4. Countries borrowing from the IMF can make use of five credit tranches starting with the gold tranche. Although borrowing from this first tranche carries no conditions, subsequent borrowings are subject to increasingly strict conditionality.

5. It is important to note that the economic policies the IMF attaches to greater borrowing are very similar to those later proposed in later World Bank Structural Adjustment Programmes.

6. Lipton actually writes in considerable detail on the Soviet industrialisation debate from pages 121 to 130. He also notes that in fact Marx had so little to say on the issue of the appropriate sectoral balance of a rapidly developing economy that "almost nothing in Marxist theory prepared the Soviet economists" for the problem when it eventually arose (p 123). However, as in most debates on Soviet economic policy, when the issues were discussed they were nearly always couched in Marxist terminology, and supported by a variety of quotes culled from his extensive writings - usually taken out of context.

7. In fact, according to Harris (1978) Preobrazhensky was so dismissive of the peasantry, that in an unguarded moment he once referred to them as an "internal colony".

8. For a very clear analysis of the traditional position on how taxing the agricultural sector promoted industrial growth in the Soviet Union during this period see Chapter 6 of Kennedy P - `The Rise and Fall of Great Powers' (1988) Unwin Hyman, London. (In particular, the section entitled, `The Off Stage Powers', pages 321 - 323).

9. The increase in investment was measured in 1928 prices.

10. Interestingly, while the main thrust of the new literature during the 1970s emphasised the fact that the bias in policy was in favour of urban areas, this view was not universally accepted by all economists. Byers (1972 & 1974), and Mitra (1977) for example, argued the exact opposite in the case of India - that bias in favour of rural areas was the principal cause of slow economic growth.

11. The seven countries in question were Argentina, Brazil, Mexico, India, Pakistan, Philippines and Taiwan.

12. In fact, under such a policy it is likely that a whole variety of policies will evolve over time that offer an array of incentives favouring investment in industrial activities as opposed to rural activities. These include both preferential interest rates for investment in certain industrial activities, specific grants for building certain plants, and preferential access to foreign exchange to finance imports.

13. The model is usually called "The Harris-Todaro Model", but is in fact based mainly on the theoretical work of Michael Todaro while working for the Institute of Development Studies, University College, Nairobi. The first joint publication by the two authors was in The American Journal of Economics in 1970. See relevant references from Todaro's seminal work in 1969, through to later papers on the initial model.

14. This second question is very similar to Lipton's (1977) critique of the marginalist solution to the problem of urban bias. As already outlined, in this Lipton argues that urban wages in formal sector jobs tend not to decline in the face of continuing high rates of migration. This is partially because workers are forced into marginal occupations and therefore, do not really compete for jobs.

15. For an interesting summary of why these documents should not have a restricted circulation see Holman M -"The World Bank's Worst Kept Secrets" The Financial Times 02/07/93.

16. One such paper is in fact World Bank Discussion Paper No. 25, by Michael Lipton, entitled "The Poorest and the Poor: Some Interim Findings".

17. The key figures in this case are the 2% and 4%. These show that while in 1984 2% of the respondents had previously considered agriculture as their principal occupation, in 1988 they did not. This compares to the 4% who in 1984 had considered non-agricultural work their main occupation, but in 1988 considered it to be agricultural - reverse migrants according to Jeager.

18. This was also clearly illustrated with the recent publication of a new World Bank policy document in 1992 - "Urban Policy and Economic Development - An Agenda for the 1990s". In fact, this even returned to the academic language of the 1970s in describing cities as "engines of growth".

19. For Botswana the periods are 1965-73; 1973-80; and 1980-1987.

20. This specific problem is part of a wider theoretical problem facing economists in every attempt to evaluate any economic policy, the inability to be able to accurately determine what would have occurred if the policy had not been implemented, or the **counter factual**.

21. Of course the extent to which the problem arises will vary from country to country, depending on individual historical circumstances and the exact policies adopted at the time.

22. Improvement in economic performance as measured by nine key indicators - GDP growth; investment/GDP; Export growth; Real exchange rate; Current account balance/GDP; Budget balance/GDP; Inflation; External debt/exports; and Debt service/exports (p 25). In preparation for this chapter similar studies were also carried out by the author on four African economies, namely Botswana, Ghana, Kenya, Zambia, using standard IMF and World Bank data. These both supported the claim that the impact of adjustment programmes was both minimal and hard to quantify accurately.

23. Of course, it must also be remembered that to fully assess the impact of adjustment policies on the economic performance of a county, it is important to distinguish between the implementation of KEY reforms, and more TRIVIAL reforms. For example, if exchange rate devaluation is the centre-piece of the reform package, it is hypothetically possible to have a 99% implementation rate without actually carrying out the most important element of the reform package. While the Bank's own figures actually argue that in 100% of cases exchange rate reforms were actually implemented, for the reforms that the Bank identifies as "key conditions", the level of implementation is still only 68.3%. Once again the implementation levels of key "agricultural policy" and "agricultural price" reforms are below the average at 55.6% and 60.0% respectively. Furthermore, there can be little doubt that all these figures would be lower for sub-Saharan Africa.

24. Figures given at press conference held at ODI, Regents College, on 3 May 1991, to launch the Book 24. "Aid and Power: The World Bank and Policy Based Lending" (1991). Also see relevant chapters in the book.

25. Quoted from Table 8.4 - From Crisis to Sustainable Growth".

26. In relation to US foreign policy during the Cold War.

27. In practice the relationship between commodity prices, devaluation, export earnings and export volume is extremely complex. In the case of sub-Saharan Africa, the world prices of the regions' three most important export crops (cocoa, coffee and tea) have fallen at an average of 11% a year since 1982 with both coffee and cocoa recording 15 year price lows. Furthermore, trade in world commodities rose only 1.7% a year in the 1980s while total world trade grew at 4.3% a year. However, to compound the problem further, sub-Saharan Africa's share in both coffee and cocoa fell. In the case of cocoa, from 59.7% of total world exports in 1969-71 to only 37.2% in 1987-89. Moreover, this has largely been blamed on the rise of low cost Asian and South American producers capturing their market share. As a result, there may well be a case that African countries must attempt to recapture traditional market shares through either improved price competitiveness (devaluation is a possibility) or quality. Improved quality may relate to both the introduction of new varieties of crops or improvements in reliability of supplies. Also see William Keeling's article in the Financial Times (16/03/93) - "Indonesian Cocoa Thrives as Prices Languish" for further ideas on this issue.

28. It is also likely to be the case for coffee producers who have faced very similar record low prices for their crops throughout the 1980s.

29. Through a combination of devaluation and increasing prices paid to producers, the government actually increased the real cocoa price paid to small producers from an index value of 45 in 1980 to 108 in 1988.

30. For a more detailed discussion of this argument see the later chapters on Tanzania, especially the results of the fieldwork. This argues that not only is it important to examine nominal and real price increases of goods, but also their availability prior to, and after, a devaluation.

31. In some cases, such as Tanzania, the state marketing boards have paid as little as 30% of the world price to farmers. As a result, even if the world price fell by 50% it would still be possible to increase the price paid to producers by 20%, if the government chose to do so.

32. The study was based on extensive survey work in four representative Ashanti villages where in the past as much as 84% of the total cultivated land had been dedicated to cocoa production, but output had declined significantly in the 1970s. Given this situation, the main aim of the study was to analyse whether the reform programme increased output in the 1980s.

33. Yap (1977); Williamson (1988); Todaro (1985); Mazumdar (1987); Russell, Jacobsen and Stanley (1990).

34. She also goes on to note, that "when wage or per capita income differentials are included explicitly, the rate of migration increases with the size of the differential."

35. Of course, studies of this kind are inherently biased because they only question migrants who have remained in urban areas, or the most successful ones. Many of those unable to find suitable work, or earn sufficient levels of income, will have already returned to rural areas and are excluded from the study.

36. Sinclair (1976); Adekakuma (1970); Vagale (1974); Bremen (1976).

37. Also see the later work on Tanzania to support this point.

38. Cited in Russell, Jacobsen and Stanley (1990).

39. Again, see the later work on Tanzania for further confirmation of this point.

40. In order to make the model empirically verifiable, the possibility of obtaining a job is usually expressed as a mathematical convention. In earlier versions of the model these tend to be quite complicated, however in later versions Todaro (1985) resorts to simplifying the process to the extent that "the probability of obtaining an urban job is inversely related to the unemployment rate" (p 261).

41. Of course, for practical purposes, most population censuses cannot use such a definition of urban. Instead, they tend to define the urban population as either those resident at a particular point at the time of the enumeration, or those "normally" resident at a set point when the census occurs. In this case the definition of "normal" varies from census to census. As such, the results of population census will not give an entire picture of the exact trends in migration occurring at that time, but rather a snapshot at a specific time.

42. This may be further limited to those remaining in the city at the time of the survey.

43. For a more detailed idea of the exact questions that were eventually asked to migrants see Appendix 5, which has the full copies of the questionnaire eventually used in both English and Ki-Swahili.