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## ***Informal Income Opportunities and Urban Employment in Ghana***

by KEITH HART\*

THIS article originated in the study of one Northern Ghanaian group, the Frafras, as migrants to the urban areas of Southern Ghana. It describes the economic activities of the low-income section of the labour force in Accra, the urban sub-proletariat into which the unskilled and illiterate majority of Frafra migrants are drawn.

Price inflation, inadequate wages, and an increasing surplus to the requirements of the urban labour market have led to a high degree of informality in the income-generating activities of the sub-proletariat. Consequently income and expenditure patterns are more complex than is normally allowed for in the economic analysis of poor countries. Government planning and the effective application of economic theory in this sphere has been impeded by the unthinking transfer of western categories to the economic and social structures of African cities. The question to be answered is this: Does the 'reserve army of urban unemployed and underemployed' really constitute a passive, exploited majority in cities like Accra, or do their informal economic activities possess some autonomous capacity for generating growth in the incomes of the urban (and rural) poor?

### THE ECONOMIC SITUATION OF THE URBAN SUB-PROLETARIAT IN ACCRA

International and long-distance migrants comprised 29 per cent of Ghana's labour force in 1960, while intra-regional migrants accounted for a further 24 per cent. As far as Accra was concerned, many of these mobile workers were housed in the slum on the northern outskirts, of which the centre is Nima. Over a third of the Accra labour force came to

\* Lecturer in Social Anthropology, University of Manchester. An earlier version of this article was presented to the Conference on Urban Unemployment in Africa held at the Institute of Development Studies, University of Sussex, in September 1971. The anthropological fieldwork was undertaken during 1965-8, and the ethnographic present, whenever used, refers to this period.

live in such areas – which included New Town and Sabon Zongo – but the Nima district alone in 1960 constituted some 8 per cent (31,000) of the city's population of just under 400,000. Nima's workforce (those aged 15 years or more) was then enumerated as 20,800 (males 63 per cent, females 37 per cent); but, of these, only 16,000 (77 per cent) were listed as 'economically active'.

Table 1 shows that, while the public and private sectors have a roughly equal share of wage employment among the economically active population, over half the total is listed as self-employed, non-wage earning, and unemployed. In addition, a quarter of the working-age population is described as not economically active (mostly female home-makers, plus some students, disabled persons, and others). Leaving aside problems of definition and of accuracy of enumeration, it is clear that a very large part of the urban labour force is not touched by wage employment: 40 per cent of active males and 95 per cent of active females in Nima. The question is, How many are truly unemployed? Census statistics cannot help us here.

The great differences between males and females of various ages are well illustrated by Table 2. Taking the active labour force alone, unemployment seems to fall heaviest on teenage boys (38 per cent) and girls (31 per cent), young men (22 per cent), and men in their prime (15 per cent). But this tripartite classification into employed (including self-employed), unemployed, and non-active may well be unreliable. Let it suffice to indicate the sheer size of the population which does not earn wages in Accra.

The range of occupations filled by Nima inhabitants is restricted. In 1960, 80 per cent of employed women were sales workers, the remainder being scattered through various manual occupations, of which tailoring provided the only significant percentage; but 90 per cent were self-employed. Male workers were concentrated in manual occupations also, mostly as artisans (32 per cent) and labourers (31 per cent); white collar occupations accounted for less than 8 per cent.

The Frafras exhibited an even narrower and more poorly paid range of occupations within the organised labour force, being located mainly in domestic, labouring, and similar jobs which lacked high skill requirements. Even long-term southern residents from this group were to be found at or near the government minimum wage of £8. 10s. per month (6/6d. per day) in 1966.<sup>1</sup> Cooks and stewards could earn from £10 to £15 per month according to experience, and nightwatchmen received

<sup>1</sup> Prices are given in Ghanaian pounds (£G), which, before the introduction of the Cedi and later the new Cedi, were officially at parity with the £ sterling.

TABLE I  
Economic Situation of Working Age Population  
in Accra and Nima, 1960<sup>1</sup>

Economic situation	Percentage					
	Males		Females		Total	
	Accra	Nima	Accra	Nima	Accra	Nima
Public-sector employee	30.3	29.3	6.9	2.6	22.4	22.9
Private-sector employee	31.6	31.2	6.3	2.7	23.0	24.6
Employer/self-employed	21.5	18.2	67.5	81.6	37.1	32.9
Other non-wage earning	4.2	2.7	3.9	2.4	4.1	2.7
Unemployed	12.4	18.7	15.5	10.8	13.5	16.9
Total economically active	100.0	100.1	100.1	100.1	100.1	100.0
Not economically active (as % of working age population)	15.1	6.3	42.0	52.0	26.6	23.3

TABLE 2  
Nima: Sex, Age, and Economic Situation, 1960<sup>2</sup>

Age group	Total		Employed		Unemployed		Non-active	
	Number	%	Number	%	Number	%	Number	%
Males	13,110		10,040		2,240		830	
15-19		11.1		46.6		28.6		24.8
20-24		20.4		73.6		20.4		6.0
25-44		57.9		83.0		14.9		2.1
45+		10.6		79.1		10.8		10.1
Females	7,720		3,280		420		4,020	
15-19		18.1		32.3		14.3		53.4
20-24		26.2		37.7		3.1		59.2
25-44		46.8		47.2		3.6		49.2
45+		8.9		52.0		4.7		43.3
Total	20,830		13,320		2,660		4,850	

<sup>1</sup> Source: *Census of Population, 1960*.

<sup>2</sup> Source: *ibid*.

£14. This figure represents a ceiling wage for all but a small minority of Frafras. The only opportunity to earn sums in excess of this from wage employment lay in joining the armed forces, where private soldiers were paid £16 and non-commissioned officers much more.

*The pattern of economic life*

Evidence for Ghana in the 1960s shows declining real incomes for urban wage-earners. Thus, three separate indices of real earnings revealed decreases over the 5-year period 1960-1 to 1965-6 of 55 per cent, 46 per cent, and 36 per cent respectively:<sup>1</sup>

Index A refers to the minimum real wage based on the year 1939 = 100, and shows a drop from July 1960 to December 1965 of 119 to 52.<sup>2</sup>

Index B has a base year of 1952 = 100, and drops similarly from 132 to 72 in the period 1960-6.<sup>3</sup>

Index C refers to average real earnings of male African employees in private establishments, and reveals a decrease from the base year 1961 = 100 to 64 in 1965.<sup>4</sup>

These findings are borne out by an *ad hoc* comparison between my own 1966 figures and those given by Jean Rouch for immigrants from the French territories to Accra in 1953-4.<sup>5</sup> At that time the basic wage for an urban labourer was 4s. 6d. per day, and increases in the money earnings of unskilled workers over the intervening 12 years were in most cases less than 40 per cent. Many commodity prices, on the other hand, doubled or trebled in the period.

Rouch presents an average monthly budget for migrant wage-earners in 1953-4 as follows: £3. 10s. on food (about 2s. 6d. per day for three meals), and £2. 10s. for sundries – i.e. rent (share of a room, costing £1. 10s., for up to ten occupants), clothing, cigarettes, and entertainments – which is reducible to £1. 10s., or less, if stringent economy is observed. He goes on to claim that, out of average monthly earnings of £6, a migrant can save £1, an annual total of £12. These budget figures give the impression that individual expenditure patterns may

<sup>1</sup> See Douglas Rimmer, 'Wage Politics in West Africa', University of Birmingham, 1970. All three indices showed a slight upturn in real earnings for 1967-8, following an 8 per cent increase in the minimum wage.

<sup>2</sup> W. Birmingham, I. Neustadt, and E. N. Omaboe (eds.), *A Study of Contemporary Ghana*, vol. 1, *The Economy of Ghana* (London, 1966), p. 141.

<sup>3</sup> Mills Odoi, *Report of the Commission on the Structure and Remuneration of the Public Service in Ghana* (Accra-Tema, 1967), p. 26.

<sup>4</sup> F. Stoces, 'Agricultural Production in Ghana, 1955-65', in *The Economic Bulletin of Ghana* (Legon), x, 3, 1966, p. 27.

<sup>5</sup> See Jean Rouch, *Notes on Migrations into the Gold Coast* (Paris, 1954) – English translation by P. E. O. and J. B. Heigham (Accra, 1956), pp. 46-8.

meaningfully be expressed as regular daily or monthly rates. In my experience, expenditures were highly irregular, as the discussion below attests.

Nevertheless, it is possible to state that, at 1966 Accra food prices, it would be difficult for a man with a wife and child to eat regularly for less than 5s. per day – almost 80 per cent of the minimum daily wage. Room rents were mostly in the range of £2 to £4 per month, and the average number of adult males per room was only 1.5, in contrast with Rouch's sample. Transport to place of work could cost 1s. per day; even water for bathing, cooking, and drinking cost a penny a bucketful in Nima. A few other prices in the 'sundries' category – gin 6s. a bottle, beer 5s. a bottle, cigarettes 2s. 6d. to 5s. for 20, clothes on the whole more expensive than in the U.K., a girl for a few shillings – should suffice to indicate the nature of the budgetary battle fought by workers earning around £10 per month. The claims of visitors, relatives, and similar costs only added to this burden.

Not surprisingly, faced with the impossibility of making ends meet, the urban worker of 1966 often ran up considerable debit accounts, used some of his pay to settle a few bills, went on a short-run binge until penniless, and spent the majority of the month in penury and increasing debt, relying on extended credit facilities and a wide range of putative kin and friends to provide occasional meals, and even lodging, if necessary. The pattern of everyday economic life for these workers was thus a hand-to-mouth existence characterised by unevenness of expenditures over a pay period, flexibility of consumption units, and the proliferation of credit in all commodities. *Haushalten* (budgeting), one of Max Weber's two types of rational economic activity, is not widespread in places like Nima. Moreover, prices at the local retail level take into account the default rate which results when so large a proportion of turnover is inevitably taken up by credit sales. The number of dependants laying claim on a single wage is rendered highly variable through the continuous exchange of personnel, goods, and services within an extended kin-group resident in both urban and rural areas. Migrant remittances to their rural families are likewise irregular, being paid often by means of loans incurred in response to pressures brought to bear by visitors from home in the dry season.

The chronic imbalance between income from wage employment and expenditure needs is only partly mitigated by the generosity of kinsmen and neighbours, and only temporarily deferred by manipulation of the credit system. A more lasting solution may be sought from supplementary income sources; and it is with the analysis of these opportunities,

rather than consumption patterns and the structure of dependency relationships, that this article is mainly concerned.

One solution to the inadequacy of urban wages, however, lies in duplication of wage employment within the organized labour force. The practice of holding down more than one job at a time, doubling up of shifts worked, 'moonlighting', and similar examples of industry, were extremely common in Nima. The incidence of this phenomenon is of some significance for urban labour statistics; for widespread job duplication would raise the already substantial residue calculated by subtracting the number of enumerated jobs from the total economically active population. 'One man, one job' is a risky assumption, especially when low-paid, low hours employment is involved.

Frequently, even when jobs were relatively scarce during the 1960s, a labourer would make a financial arrangement with the timekeeper to turn a blind eye to his disappearance after mid-day in order to work on an afternoon job. Nightwatchmen, by sleeping on the job, are often able to be employed in the daytime as well. The willingness of workers to put in long hours on a multiplicity of occupations, both in and out of the organised labour force, is testified by many cases of which the following is one example.

Mr A.D. in 1966 worked as a street-cleaner at 6s. 6d. per day (which brought in between £6 and £7 per month, after deductions for social benefits and the timekeeper), as an afternoon gardener at £6 per month, and as a nightwatchman at £14. In addition to this annual income of approximately £320, he grew vegetables on his own plot of land which brought in another £100 or so. An average monthly income of £35 is not overmuch for incessant productive activity, but it is four times the minimum wage. He was 45 years old, unmarried, and used his 15-day annual leave for weeding and planting his 'farm'; he had never been home to the Frafra area during his stay of almost 20 years in Accra. Accumulated profits went into a savings account towards his 'big plan' for a gracious retirement in his home village.

As this case shows, it is erroneous to assume that such behaviour is typical only of short-term 'target' migrants. Seasonal or yearly migration has become a much less common contributor to the urban labour supply in recent years. This is largely attributable to the difficulty of obtaining employment under present-day conditions in cities like Accra. While a few may retain relatively fixed, immediate goals, for most workers long-term residence (sometimes of an intermittent nature) in the urban areas of Southern Ghana is the norm. The system of rewarding lengthy service, particularly in the public sector, by

gratuities and pensions is an important stabilising element. The desire of migrants to improve their living standards, and to accumulate against retirement in the country, is not easily satisfied; as a result, most stay for a number of years, perhaps for all their working lives, in pursuit of a goal which for many is simply unrealisable.<sup>1</sup>

The 'way out' of this persistent dilemma for urban workers is seen by many to lie in emulating the role of the small-scale entrepreneur, as exemplified by the success of some of their fellows who started off with similar life-chances. Rouch made this point in relation to the immigrants of 1953-4:

A comparison between the wages paid unskilled workers and the earnings of traders shows that the same migrants can attain to more profitable situations . . . In a month or two a *kayakaya* (market porter) can hope to become a truck boy and make 10s. a day. . . Finally the migrant has all around him the encouraging example of the great success of his comrades (cattle, timber and transport operators). One can understand why the emigrants try as quickly as possible to amass a small nest-egg in wage-earning employment so that they can also enter into trading careers.<sup>2</sup>

Petty capitalism, often as a supplement to wage-employment, offers itself as a means of salvation. If only the right chance came, the urban workers could break out of the nexus of high living costs and low wages which is their lot. This hope is comparable with the promise of wealth which a large win on the football pools holds out for the British worker over-burdened by hire-purchase payments. As it is, the monthly equation of income and expenditure is usually negative, and few manage to escape from the spiral of ever-increasing debt. But the lives of the majority are sustained by hopes of this kind and, as a result, most are ready to involve themselves, both on a casual and regular basis, in petty enterprises of all types ranging in scale from the most trivial activities to major businesses.

Another way of putting this is to say that, denied success by the formal opportunity structure, these members of the urban sub-proletariat seek informal means of increasing their incomes. This is not unique: of many prominent examples, we may compare the dilemma of slum-dwellers in the United States,<sup>3</sup> and of those who live in the 'culture of poverty' in Central America<sup>4</sup> – and, perhaps above all, the high degree of infor-

<sup>1</sup> The empirical basis for these statements concerning the length of stay in urban areas is contained in my unpublished Ph.D. thesis: J. K. Hart, 'Entrepreneurs and Migrants – a study of modernisation among the Frafra of Ghana', University of Cambridge, 1969.

<sup>2</sup> Rouch, *op. cit.* p. 45.

<sup>3</sup> W. F. Whyte, *Street-Corner Society* (Chicago, 1943).

<sup>4</sup> O. Lewis, *La Vida* (New York, 1966).



mality in the economic lives of the nineteenth-century London poor.<sup>1</sup> It is this world of economic activities outside the organised labour force which is the subject of detailed examination here.

#### THE INFORMAL SECTOR

The distinction between formal and informal income opportunities is based essentially on that between wage-earning and self-employment. The key variable is the degree of rationalisation of work – that is to say, whether or not labour is recruited on a permanent and regular basis for fixed rewards. Most enterprises run with some measure of bureaucracy are amenable to enumeration by surveys, and – as such – constitute the ‘modern sector’ of the urban economy. The remainder – that is, those who escape enumeration – are variously classified as ‘the *low-productivity* urban sector’, ‘the reserve army of *underemployed and unemployed*’, ‘the urban *traditional* sector’, and so on. These terms beggar analysis by assuming what has to be demonstrated.

#### *A typology of urban income opportunities*

It has been shown for Accra that the number of those outside the organised labour force is very large. The significance of the activities of this residue is subject to some dispute however. The semi-automatic classification of unorganised workers as ‘underemployed shoeshine boys and sellers of matches’ contrasts with a view which stresses the important part played by these workers in supplying many of the essential services on which life in the city is dependent. I have discussed elsewhere the role of small operators in distribution, transport, and other tertiary activities in Ghana.<sup>2</sup> In practice, informal activities encompass a wide-ranging scale, from marginal operations to large enterprises; whether their productivity is relatively high or low remains a question for empirical verification.

Moreover, a consideration of income opportunities outside formal employment must include certain kinds of crime. The incidence of illegitimate activity in Nima was, to my knowledge, all-pervasive. It was difficult indeed to find anyone who had not at some time transgressed the law, usually with some profitable result, if undetected. The following typology, therefore, distinguishes between legitimate and illegitimate activities in the informal sector. It should be emphasised that the typology

<sup>1</sup> H. Mayhew, *London Labour and the London Poor* (London, 1851), vols. 1–4.

<sup>2</sup> See J. K. Hart, ‘Small-Scale Entrepreneurs in Ghana and Development Planning’, in *The Journal of Development Studies* (London), July 1970, pp. 103–20.

logy refers to activities or roles, *not* persons: actual individuals are often to be found on both sides of the analytical divide and in more than one capacity.

**Formal income opportunities**

- (a) *Public sector wages.*
- (b) *Private sector wages.*
- (c) *Transfer payments* – pensions, unemployment benefits.

**Informal income opportunities: legitimate**

(a) *Primary and secondary activities* – farming, market gardening, building contractors and associated activities, self-employed artisans, shoemakers, tailors, manufacturers of beers and spirits.

(b) *Tertiary enterprises with relatively large capital inputs* – housing, transport, utilities, commodity speculation, rentier activities.

(c) *Small-scale distribution* – market operatives, petty traders, street hawkers, caterers in food and drink, bar attendants, carriers (*kayakaya*), commission agents, and dealers.

(d) *Other services* – musicians, launderers, shoeshiners, barbers, night-soil removers, photographers, vehicle repair and other maintenance workers; brokerage and middlemanship (the *maigida* system in markets, law courts, etc.);<sup>1</sup> ritual services, magic, and medicine.

(e) *Private transfer payments* – gifts and similar flows of money and goods between persons; borrowing; begging.

**Informal income opportunities: illegitimate**

(a) *Services* – hustlers and spivs in general; receivers of stolen goods; usury, and pawnbroking (at illegal interest rates); drug-pushing, prostitution, poncing ('pilot boy'), smuggling, bribery, political corruption Tammany Hall-style, protection rackets.

(b) *Transfers* – petty theft (e.g. pickpockets), larceny (e.g. burglary and armed robbery), peculation and embezzlement, confidence tricksters (e.g. money doublers), gambling.

This list is by no means exhaustive, but it serves to illustrate the range of income opportunities widely available to the urban sub-proletariat living in areas such as Nima. There are two ways of looking at these activities: first, from the perspective of individuals, as potential sources of income; and, secondly, from the aggregate perspective of total income and expenditure flows in the urban economy. An important consideration is the degree of regularity (one might say of professionalism) with which the individual is engaged in informal activities. Only in the case of regular involvement can we talk of 'informal employment' as distinct from casual income flows of an occasional nature. But

<sup>1</sup> See Polly Hill, 'Landlords and Brokers', in *Markets and Marketing in Africa* (Edinburgh, 1966), pp. 1-14.

clearly this is a question of degree, which is in turn dependent on whether one is concerned with time inputs, or the relative size of cash returns for different activities. Thus, while there is a world of difference between the full-time street hawker and the casual dealer, the latter may make a coup in one afternoon equivalent to the former's earnings for several weeks. Most informal roles, therefore, contain considerable variations in these respects.

Another variable, referred to briefly already, is the relationship of individuals to informal undertakings. Although most are self-employed, some may be hired by small enterprises which escape enumeration as 'establishments'. Into this category fall many apprentices, assistants of traders with and without fixed premises, and a variety of casual employees including – to take an exotic example – the paid stooge in a confidence trick. On the whole, however, the ensuing analysis is restricted to those who, whether working alone or in partnership, are self-employed.

My first concern is with the availability of these informal means, particularly to those who lack wage employment of the formal kind ('the residual underemployed and unemployed'). The next six subsections deal, in a highly disaggregated manner, with what is often referred to as 'ease of entry into petty trading and similar occupations', using the opportunity at the same time to introduce additional information on certain activities.

### *Primary and secondary activities*

Many urban dwellers purchase, rent, or occupy plots of land to farm on as a sideline. One migrant even once remarked that 'the trouble with Accra is that there is not enough land to farm on'! Despite this, a good number manage to find a small place on the outskirts of the city to grow corn and vegetables. The high cost of food makes gardening, whether for one's own consumption or for sale, a profitable business. Cannabis is also grown openly in city gardens. Similarly many raise fowls and small livestock even in the heart of a slum like Nima. Access to these income sources is limited primarily by the availability of space.

Artisans need not only small capital sums in order to set up their own sewing machine, bench and tools, or other equipment, but also a considerable amount of learned expertise. For those who have such training, practice of their craft is not necessarily burdened with heavy overheads in rents and the like – the weather is predictable enough to permit work in the open under a shady tree, while others may establish themselves on a verandah, or even partition off working-space in their

own living quarters. The same applies to female gin-distillers and beer-brewers operating from their small compounds. These occupations are, by definition, not available to unskilled workers, but a young man or woman may acquire the necessary skills by informal apprenticeship (with scanty pay) to one of these operators over a lengthy period of time.

### *Tertiary enterprises*

Entrepreneurial activities in the services sector – transport operators, landlords, cornmill owners, commodity speculators, and so on – represent the apex of informal economic opportunities to the sub-proletariat. Their essential characteristic is that they are frequently part-time roles, entered by individuals who have accumulated savings by some other means and, in the absence of an advanced capital market, re-invest income under their own management in taxis and lorries, accommodation, bulk purchases of maize, and the like. Successful performance is not, however, solely dependent on capital supplies or bureaucratic knowledge (many are illiterate); these constraints are overshadowed by the need for specialised ‘know-how’ and the ability, through diversification of investments and delegation of tasks, to accommodate the considerable risks attendant on these one-man enterprises. Though income from such activities may be very high, they are often combined with a formal job.

### *Small-scale distribution*

Traders fall into a number of groups. Among Frafra migrants who were engaged more or less full-time in trade were those who bring goods for sale in the South and return immediately, those who retail in the South and make periodic visits home to replenish stock, those who are sedentary retailers and wholesalers in the city, and those who form a partnership with others to combine all these operations. An individual may at any time exchange one of these roles for another – an itinerant trader, for example, may settle temporarily in the South. There are other axes of differentiation, such as the nature of the trading medium (market stalls, roadside booths, hawking) and, more importantly, the commodity being traded. Frafras specialise in fowls, Northern artifacts of straw and leather, and also as bread-sellers. It is common to find a small niche in the distribution system dominated by one ethnic group in this way. Possibly by access to supply sources, and certainly through information control, trust and co-operation, these social segments in the city acquire competitive advantage over others in relation to specific commodities. A further differentiating factor is the trader’s position in

the chain of distribution of his chosen commodity: some are carriers, some are middlemen; some buy and sell in bulk, others buy on credit and retail in small quantities; bread-sellers retail on a commission basis for bakeries, while some cattle dealers act merely as brokers. All maintain a flexible attitude to their trading role and are apt to switch from one to another, or to combine several at once. Finally, they differ in the time-input and scale of their activities. Petty traders, brokers, wholesale merchants, commission agents, and occasional dealers – all these roles are played in varying degrees by large numbers of the urban sub-proletariat.

Occasional buying and selling of consumer goods is a common means of increasing one's income. Most urban workers are 'out for a quick buck' and, given the chance, an individual with some cash to spare will buy an object for which he thinks he can find a buyer at a higher price, preferably after he himself has had some use of it. The objects most commonly traded are consumer items ranging from wrist-watches to refrigerators, and running the gamut of clothing, furniture, and household effects. Some have refined this trade into a lucrative art, the main aim of which is to place oneself between the owner and a would-be purchaser. Naturally, in a place like Nima, these activities often shade into the receiving of stolen goods. The main assets for this occupation are a well-trying sense of value and a wide range of contacts: an individual with both may, by maintaining a fast flow of single items through his hands, achieve considerable profits without needing much capital or storage space.

Trade is not the only place for the middleman – any deal in which one is instrumental is a source of 'commission' from all parties involved; thus some men of experience and influence make a substantial living from acting as a broker in business deals, and as a witness and go-between in court actions. There are thus fruitful areas in brokerage and middlemanship for the enterprising worker, whether employed or not.

Distribution has been discussed at length owing to its significance in urban economic life. One frequently reads that ease of entry into trade in cities like Accra is so total that, with the consequent proliferation of small operatives, returns to the individual are less than for an equivalent time spent in formal wage-employment at the minimum rate. The low opportunity cost of labour thus justifies the classification of most traders as 'underemployed' and, incidentally, argues for the efficiency of the system through the effects of competition on prices. For example, in a study of peasant marketing in Java, the author remarks that profits are kept down, since, if people thought profits were high, they would go in

for trading themselves.<sup>1</sup> This assumption discounts constraints on entry such as social networks, informal skill, and knowledge, as well as the availability of time, capital, or credit.

The pervasiveness of credit at all levels, and the difficulties of trading without literate aids, make this an activity which must be learnt just as any other skilled or, at least, semi-skilled occupation. Ethnic group concentrations of the kind already mentioned also act as informal rings inhibiting entry into certain commodity trades. The whole of meat distribution, from cattle trading to butchering, is dominated by the Islamic Hausa community, and non-Muslims have great difficulty breaking in, even at the lowest level. It must be acknowledged, however, that opportunities for trading on a regular or casual basis are extremely widespread in Accra, if not completely unrestricted in their modes of entry. Moreover, the trading role (part-time as well as full-time) offers potentially much higher returns than wage-employment of the kind available to the urban proletariat.

#### *Other services*

Secondary occupations are a marked feature of rural society in Ghana. The Frafra homeland is no exception – the farming season there is so short and the fruits so meagre that most men derive some earnings from the practice of a learned skill. It is not surprising, therefore, that many migrants to the towns of Southern Ghana continue to derive supplementary income from these skills. An expert musician or praise-singer is rewarded handsomely at parties and drinking houses. There is also a good market for diviners and other ritual specialists: the urban employment potential for religious and related workers is at least as great as in rural areas. Islamic teachers (*mallams*) would also fall into this category of the full-time informally employed. Payment for such services is irregular, but frequently lucrative. For skilled, semi-skilled, and unskilled service occupations – fitters, barbers, and washerwomen, etcetera – learned expertise and small capital/overhead requirements restrict entry to a varying degree. Unskilled service occupations, such as night-soil remover, are available freely within the limits of market demand and personal distaste.

#### *Private transfer payments*

The ability of an individual to draw on the resources of others, either consistently (as a client to a patron, or as a dependant to a highly paid worker) or in emergencies, involves the entire structure of rural-urban

<sup>1</sup> See A. Dewey, *Peasant Marketing in Java* (Glencoe, Ill., 1962), p. 85.

and urban community relationships. Economists are increasingly likely to draw on such sociological information in reaching estimates of urban real incomes.<sup>1</sup> We should remember that income flows between kin outside the elementary family tend to be essentially irregular. The meaning of 'dependency' is thus highly variable. Last of all, of course, there is begging on the streets: there are no limits, save personal pride, to the availability of this expedient. But in Accra, begging is largely restricted to disabled persons and children.

### *Illegitimate activities*

Although under-represented in the literature of developing countries, the question of differentials in the availability of illegitimate means to disadvantaged groups has received much attention in western (particularly American) criminology.<sup>2</sup> There is a distinction to be drawn between 'illegitimacy' and 'illegality'. The system of bourgeois values enshrined in a nation's code of laws may not coincide with concepts of legitimacy prevalent in certain subcultures of that society. The notion of legitimacy used in this article is derived essentially from Ghana's laws, and presumably coincides with the morality of 'respectable' Ghanaians.

Nima is notorious for its *lack* of respectability, for the dominance of a criminal element, and for the provision of those goods and services usually associated with any major city's 'red-light district'. In this environment, the availability of certain illegitimate means (particularly of a casual, rather than a professional kind) is scarcely less than infinite; moreover these activities, while recognised as illegal, and therefore somewhat risky, meet with little of the opprobrium found elsewhere in the city. These illegitimate activities may be classified into 'services' and 'transfers' for the reason that, while the former constitute deviant forms of services which may be said to be purchased, the victims of the latter cannot be said to have voluntarily initiated the income flows concerned.

The most common category, which straddles the borders of legality, is the 'hustler' or 'spiv' – a jack of all trades, mostly shady. He can be found pushing Indian hemp, selling smuggled or stolen goods, touting for a prostitute, operating a street roulette wheel, getting involved in a

<sup>1</sup> A recent survey of Dakar workers produced an average dependency rate of 9.6 persons per worker; G. Pfefferman, *Industrial Labor in the Republic of Senegal* (New York, 1968), pp. 160–70. It is unlikely that up to 20 people (as reported) were *supported* in any permanent sense at one time by an individual wage-earner; see the reference made by Rimmer, *op. cit.* pp. 56–7.

<sup>2</sup> For a general review of the problem see R. A. Cloward, 'Illegitimate Means, Anomie and Deviant Behaviour', in *American Sociological Review* (Washington), xxiv, April 1959.



rigged horse race, money-lending at a gamblers' party, and generally behaving in a Runyonesque way. The nearest vernacular equivalent is 'pilot boy', which, however, has certain overtones of street violence and gangs of delinquent youths. Although it is easy to depict the character as a person, the phenomenon is better classed as a diverse range of activities, or perhaps as a rôle played by many urban sub-proletarians occasionally or with regularity. In Nima, for this mildest of activities there is virtually no public disapproval, and access to such opportunities is unlimited.

Hoarding of scarce commodities and other trading malpractices, on the other hand, generate considerable odium; but this did not prevent traders from continuing in these practices.<sup>1</sup> Money-lending and pawn-broking at usurious rates (15–50 per cent per month, as against the legal maximum of 30 per cent per annum) are not popular, but the scarcity of liquid capital and frequent defaults are a part justification, as I have suggested elsewhere.<sup>2</sup> Only those with a capital surplus can enter this profitable occupation.

The confidence trickster is a folk hero in Ghana – traditional tales celebrating the exploits of Ananse, the Ashanti spider, or of the northern 'bush rabbit', betray this admiration for cunning deceit. The modern equivalent is the money-doubler, a type which appears frequently in present-day Ghanaian literature.<sup>3</sup> Under this rubric we range from the great men of the profession with their teams of supporting actors (one of whom built four houses on his takings), to the amateur who tries to con a tourist in a bar. Migrants and lower-paid workers in general gamble prolifically, and there are always a few who, by sharp practice and skill, or by putting themselves in the position of the bank, make a consistent profit. For all occupations of this kind, native wit is the sole prerequisite for entry.

Many jobs are a source of additional perquisites, but some wage-earners also have access to a marketable commodity in the form of supplies, cash, or bribes. Discreet speculation of valuable goods (such as gold, building materials, food, and liquor) by mine workers, construction-site labourers, storeboys, cooks, and the like, can be an important source of regular income. And anyone who is perceived by his fellows to be influential is the recipient of bribes: some are in positions of real

<sup>1</sup> See W. E. Abraham, *Report of the Commission of Enquiry into Trade Malpractices in Ghana* (Accra-Tema, 1966).

<sup>2</sup> Hart, loc. cit. p. 114.

<sup>3</sup> See Gustav Jahoda, 'Money Doubling in the Gold Coast: with some cross-cultural comparisons', in *The British Journal of Delinquency* (London), viii, 1957, pp. 266–76, and countless short stories and local newspaper articles.



power (notably police and foremen), but others foster an illusion among their illiterate brethren that they exert an influence which they do not in fact possess – hospital orderlies, high-court caretakers, mortuary assistants, messengers, and the domestic servants of important men are among the unlikely occupations which may be fruitful in this way. The main areas for bribes are in helping to secure employment and in making available concessions from the bureaucracy. The Ghanaian preference for particularistic approaches to authority is a ready source of income to those near, and not so near, to the centres of decision-making.

For women, informal opportunities outside trading lie mainly in 'the oldest profession'. But prostitutes, like other traders, in Nima, need regular credit customers in order to sell their wares in a situation characterised by the general scarcity of cash. Given that promiscuity and direct or delayed money payments are quite normal in Ghanaian sexual relationships, it is difficult to point to a clear-cut distinction between any 'good-time girl' and the prostitute proper. Only when a girl is protected by a pimp and receives cash on delivery may we speak of prostitution *per se*. This is largely a western practice, and most such transactions are with white men or bourgeois black men. Within Nima itself, the scarce minority of single women are not averse to being the kept concubine of a number of men (both simultaneously and serially), but organised prostitution is not widespread. Similarly, some young men receive payment in cash or kind as the sexual partners to older, prosperous women.

Finally, there is theft – over the whole gamut from pickpocketing to armed robbery. The degree of organisation varies but never reaches the level found in developed countries. 'Fences' and their gangs are common but, to the extent that admission into cliques like this is necessary for practising some forms of larceny, entry to this profession is limited. Thieves practise openly, but usually outside their home neighbourhood. This explains the paradox (paralleled in traditional justice) that, while respected and even admired by his immediate social milieu as long as his victims are outsiders, the thief is hounded by crowds, beaten up and vilified wherever he is caught. The permissiveness of the slum, and ease of association with criminals (owing to their numbers and proximity), remove most obstacles facing the would-be thief or receiver and, in Nima at least, the dictum that 'an inclination to steal is not a sufficient explanation of the genesis of the professional thief' does not hold.<sup>1</sup>

<sup>1</sup> See E. H. Sutherland, *The Professional Thief* (Chicago, 1937), p. 19.

## SOME CHOICES FACING THE URBAN POOR

Recruitment to formal and informal employment is, of course, determined on a far from random basis, even allowing for differences in the qualifications of would-be aspirants to the various jobs. The uneven distribution of economic opportunities between the regional/ethnic groups of Ghana is striking. Thus while 21 per cent of Gas (the dominant tribe of Accra) had a white-collar job in 1960, only 1 per cent of the northern Mole-Dagbani group of tribes fell into this category. The extremes are well illustrated by comparing the 200 Frafra white-collar workers with the 5,000 from the smaller number of Akwapims in Southern Ghana; the latter rate is 75 times the former. These differences, which add an explosive regional/tribal element to Ghana's emergent class structure, are largely attributable to differing lengths of exposure to colonial rule and the spread of western education.<sup>1</sup>

*Job-seeking*

Frafras, and other groups like them, when seeking employment in the South are very conservative; few will apply for a job where they have no particularistic relationship – such as a previously employed kinsman – and perhaps their view of the recruitment process is justified. Information about vacancies tends to travel along informal social networks rather than through employment exchanges, and nepotism is not unknown in Ghana. The result is that migrants from one village or area tend to be clustered occupationally – out of 22 Accra residents from one village section, 20 were employed as cooks; from another section, half were employed as construction workers, and so on. This is perhaps why virtually none of the 5,000 adult male Frafras in Accra-Tema were employed in factories during the mid-1960s.<sup>2</sup> We have already seen the same phenomenon in specialised commodity trading. Thus, a significant constraint limiting access to urban employment of all kinds is the actor's perception of the competitive advantage or disadvantage to himself of ethnic or kin-group membership.

All types of work in the city are therefore viewed differently according to the standpoint of the job-seeker. Apart from ethnic affiliation, the status-ranking of occupations varies between other social categories; thus, while the Islamic community, for example, may accord high pres-

<sup>1</sup> See J. K. Hart and A. F. Robertson, 'Länderstudien zum Problem des Tribalismus in Afrika: Ghana', in *Internationales Afrika Forum* (Munich), July–August 1970, pp. 432–5.

<sup>2</sup> Margaret Peil discovered one or two Frafras working in an unskilled capacity in factories covered by her survey in 1966; see *The Ghanaian Factory Worker: industrial man in Africa* (Cambridge, 1972).

tige to commercial success, others look down on all informal occupations. The education variable is, of course, extremely significant in this respect. The high rates of 'unemployment' recorded among the young in the 1960 Census – see Table 2 – undoubtedly reflect the influence of exposure to western education. If, to the illiterate Frafra migrant, informal opportunities offer a ladder out of poverty, to the educated youth, with his eyes on a conventional bureaucratic career, such employment may seem both socially inferior and undesirable. However, an increasing number of middle-school leavers in the urban labour market find their qualifications inadequate for scarce white-collar jobs, so that they must compete with illiterates for manual work. Under these circumstances, informal occupational roles take on a more favourable aspect as a substitute for, or complementary to, forms of employment with a low wages ceiling. One may speculate on the result, when literacy comes to be widely added to existing aptitudes in the pursuit of informal means of advancement.

### *Combinations of income sources*

If job duplication in the formal sector is common, multiple informal employment – both with and without simultaneous wage employment – is almost universal in the economic behaviour of Accra's sub-proletariat. Only rarely is an individual or family dependent on one source of income. This preference for diversity of income streams has its roots in the traditional risk-aversion of peasants under conditions of extreme uncertainty, and is justified by the insecurity of urban workers today.<sup>1</sup> The most salient characteristic of wage-employment in the eyes of the sub-proletariat is not the absolute amount of income receipts but its reliability. For informal employment, even of the legitimate variety, is risky and expected rewards highly variable. Thus, for subsistence purposes alone, regular wage-employment, however badly paid, has some solid advantages; and hence men who derive substantial incomes from informal activities may still retain or desire formal employment. An acquaintance in Nima earned on an average over £100 a month from rents, receiving stolen goods, and a host of trading operations (though the dispersion of his earnings from month to month was very wide); yet he referred to himself as an 'unemployed cook/steward', the occupation which he had left some five years before. Time is an important constraint for successful operators and, in the absence of scope for delegation, the opportunity cost of time foregone for the sake of keeping on a job

<sup>1</sup> For diversification in the activities of small entrepreneurs, see Hart, loc. cit. pp. 107–9.

may be too high. But what about the situation of the 'unemployed' in relation to the informal opportunity structure?

*Informal activities as a buffer against unemployment – Atinga's bar*

The following case-history serves to illustrate the place of informal activities in the economic lives of Nima's labour force. Atinga was given a medical discharge from the army at Christmas 1965. He was 28 years old, had been in the South for nine years, and now lived in Nima with his wife and a brother's teenage son. He was without work and had not yet been paid any gratuity or pension; but he had £10 from his last pay packet. At first he thought of going home to farm, but the prospect of getting another job in Accra was more attractive. However, he had to finance the period of his unemployment and decided to set up as a retailer of *akpeteshi* or crude gin.

First he converted his room (rent £3 per month) into a bar-cum-living quarters by the simple expedient of hanging a cloth down the centre and piling his accumulated possessions on both sides – chairs and a table (bought for 15s.) occupied the 'bar' section. For next to nothing he got some small plastic glasses, an assortment of used bottles, and an old, rusting funnel, which were placed on the table. He then went to a nearby distiller and bought a 4-gallon drum of *akpeteshi* for £5. 10s. He handed over what was left (just under £4) to his wife for food, borrowed £4 elsewhere out of which to pay the month's rent, and opened his new business on 30 December.

The retail price of gin was fixed throughout Nima at 6s. a bottle, and smaller quantities *pro rata*; allowing for wastage, gross receipts from a drum came to £8 to £7. 10s. Profit margins could be varied by buying gin wholesale at prices ranging from £4 to £5. 10s. a drum, according to quality and method of payment (cash or credit). Atinga bought the best gin in order to attract a clientele, and because he knew that increased turnover compensated for reduced item profit.

His main problem related to the extension of credit; adequate turnover, given the improvidence of his customers, could only be maintained by generous credit facilities. But Atinga needed a high proportion of cash sales to replenish stock and to feed his family, as well as to pay other costs. His average daily expenditure was 7s. 6d. or £14–£15 per month, including rent. So he had to sell a lot of gin. He also tried to diversify; but his wife's sugar-lump sales business foundered under a saturation of competition in the neighbourhood, and his own attempts to sell Coca Cola were doomed without a refrigerator.

In the first three weeks Atinga ran into a crisis: he over-extended

credit to the tune of £14 (a third of total sales) in order to keep up a turnover rate of one gallon a day and attract a clientele, some of whom were clearly out to take him for a ride. His stocks ran out before pay-day, leaving him with inadequate funds to replenish them. However, he weathered the crisis, borrowing in order to maintain supplies (otherwise his clients would take their custom, and their debts, away), and gaining repayment of enough credit to go on with. He now cracked down on credit facilities and, though this naturally slowed turnover, he built up a small regular clientele whom he trusted and who came to him whatever the quality of his gin; he was thus able to economise by buying gin at £4 a drum. The core of his regular customers consisted of young men from his home village.

By now Atinga saw that his bar was only viable as a sideline, supplementary to regular employment; moreover his wife was pregnant. For some time he tried persistently to get back into the army, while his wife looked after the bar. When things were bad, his landlord's wives helped out with meals and food supplies. Attempts to diversify in trade failed for lack of capital and expertise. Meanwhile his personal loans and debts were extended to roughly equal effect, a backlog of rent being the most significant item. After his narrow escape, turnover steadied out to around four or five drums a month, giving rise to a monthly income of between £10 and £12; moreover this was being realised (eventually) in cash, for his total outstanding credit in April 1966 was only £12 – a much smaller percentage of turnover – of which £5. 10s. had been written off as bad debts.

The remainder of 1966 saw a gradual decline in the fortunes of Atinga's bar, if not in his total income. For in September he got a job as a watchman at 8s. per day, leaving his wife to look after the customers. Turnover, however, slowed to a trickle and his wife consumed most of the gin. Occasionally he supplemented their income with a once-and-for-all enterprise, like the purchase of a stray dog for sale as meat and soup. At times like this, his bar did a roaring trade for a brief spell; but more often it was empty at night because he had no gin to sell, or his customers no money, or, more likely, both.

In December his wife gave birth to a son. In February 1967 the military bureaucracy got round to paying him £40 as an advance on his gratuity. The bar took on a new lease of life – £20 was spent on wood for a counter, partition, door, and shelves. Atinga even bought a gin-seller's licence; he did not, however, pay off any of his accumulated debts. For a few weeks he used the remainder of his capital to keep up an artificial rate of business, but he was soon back in the vicious circle of

credit and turnover. In May he lost his job as a watchman, but was lucky to be accepted almost immediately for training as an escort policeman. In June he went off to Winneba and visited his wife and child at weekends. On one of these visits, in August 1967, he was thrown out of the house by his landlord, who accused him of being the informer behind a police raid on the premises. The room and all its wooden fittings were seized as part compensation for a debt of £32. 10s. owed to the landlord.

Atinga left the neighbourhood with his family, and the gin bar enterprise was at an end – his landlord's wife took it over, but was unsuccessful as she offered no credit whatsoever. Some 20 months of unemployment and intermittent formal employment had been negotiated satisfactorily by means of an informal operation which was always rickety, but which had been the main basis of his family's survival in the city. Atinga's story provides a case study of how informal employment may act as a buffer, for those who are 'out of work', against destitution or dependence on others.

How easy is it for someone who lacks alternative means of supporting himself to find work of this kind? The answer, of course, will vary according to the type of work. Nevertheless, despite the constraints on entry to informal occupations, the range of opportunities available outside the organised labour market is so wide that few of the 'unemployed' are totally without some form of income, however irregular. By any standards many of them are poor, but then so are large numbers of wage-earners.

#### THE STRUCTURE OF URBAN EMPLOYMENT

It is generally understood that growing residual underemployment and unemployment in the cities of developing countries is 'a bad thing'. But why should this be so? In what way precisely does this phenomenon constitute a *problem*? Is it from the viewpoint of poverty (inadequate personal or family incomes), social disorganisation and public morality (the crime rate or prostitution), overcrowding (pressure on social infrastructure in towns), political unrest (the danger to politicians of a concentration of frustrated slum-dwellers), rural depopulation (reductions in agricultural capacity)? Or, expressed in terms of the productivity of labour, is it an economist's problem (inefficient utilisation of manpower or reduced contribution to growth in national income)?

*Rethinking employment policy*

Employment policy frequently confronts all of these questions and some objectives may be seen to be in conflict. But by focusing on 'unemployment', with its attendant western folk images of Tyneside or New York in the 1930s, of dole queues and Keynesian solutions, the goals of employment policy are confused, when they should be made explicit. What happens if the problem is restated in terms of formal and informal employment structures? The question becomes not 'How can we create work for the jobless', but rather 'Do we want to shift the emphasis of income opportunities in the direction of formal employment for its own sake, or only to reduce participation in socially disapproved informal activities and in those informal occupations whose marginal productivity is too low?' Perhaps it will be argued that some movement should be encouraged away from tertiary activities (both formal and informal) towards primary and secondary production in town and countryside. These are matters of political economy and empirical verification which demand a more sophisticated approach to *all* forms of employment, both inside and out of the formal or wages sector.<sup>1</sup>

Several examples from Ghana's recent history illustrate these points. In the early 1960s the Workers' Brigade was seen as a partial solution to the employment problem – a public-sector, para-military organisation which provided opportunities for work in primary and secondary production. Recruitment in urban areas heavily favoured women, as an explicit measure to diminish prostitution by providing alternative sources of income for city girls. The success of this may be judged by the observation, which was commonplace in Nima, that Workers' Brigade girls were 'easier game' than most, and more ready to extend credit to their lovers when they already had a steady income from their job. Which may be fine from the viewpoint of parties to these liaisons, but does nothing to diminish sexual licence in Nima.

Another failure was the Lonrho *pito* brewery, a capital-intensive concern set up in Tamale to compete with petty manufacturers of a beer made from northern millet. Other examples of a more general kind may be multiplied – food supermarkets, automatic carwashers, and so on – most of which diminish the dependence of the urban middle classes on goods and services supplied by the informal sector. In view of the factor endowments of cities like Accra, is the justification for such developments (that the 'productivity' of labour so employed is

<sup>1</sup> See U.N.D.P./I.B.R.D., *Report on Development Strategies for Papua New Guinea, 1973–8* (Port Moresby, 1972), for an implementation of the approach recommended here.



high) sufficient to offset the cost of reduced demand for informal goods and services?

In the midst of this haphazard modernisation, one strand of employment policy emerges as the cornerstone of government planning in many African states: that is, the goal of maximising employment opportunities through keeping down the wages of those who are already employed – job creation with wage restraint. As long as urban wage-earners could be described as an ‘aristocracy of labour’ – the lucky few who had won a passport from unemployment (or, at best, underemployment) to the automatic affluence of a job – any policy aimed at reducing the queue of those playing the ‘urban lottery’ would be demonstrably rational. The only problem is then to stem the tide of farmworkers rushing to town in pursuit of these lucrative jobs, an objective to which modern sector wage restraint is admirably suited. Unfortunately this view of the situation, in Ghana’s case at least, has for long been so far removed from reality as to invite political catastrophe.

*Who are the unemployed and underemployed?*

This article has attempted to show that for many urban wage-earners poverty is ever present, and that the informal sector provides opportunities of improving real incomes for this category as well as for the ‘jobless’. The difficulty of placing many individuals unequivocally in either the formal or informal sectors (owing to the widespread incidence of multiple income sources), when combined with the low ceiling to wage employment relative to informal maximum incomes, makes it empirically and theoretically absurd to maintain the notion of a significant status transition from unemployment or underemployment to full-time employment through the mere acquisition of a job in the organised labour force.

We must re-examine and refine our terms. Most urban workers lacking formal employment and therefore ‘out of work’ may be said to be, in the most basic sense, unemployed. For they would usually take a wage job, as long as it did not seriously limit the scope for continuing informal activities, on the grounds that the income provided is *secure*, i.e. fixed, regular, and relatively permanent. But the urgency of their plight varies, and this may be measured by the amount of time which is spent, while out of work, actively canvassing for formal employment. The truly ‘unemployed’ are those who will not accept income opportunities open to them for which they are qualified, and this often means rejecting informal means of making a living. It may be that in Accra only educated youths contain a high proportion of persons who would fall into this category.



All the residue of the unorganised urban work-force is commonly subsumed in the term 'underemployed', which is grounded in an assumption about their level of productivity. But these are vague, value-laden concepts – what criteria are being used? Is it to be taken for granted that income returns to a given time input, at a certain level of skill, are usually lower in the informal than in the formal sector? Few are as 'underemployed' by this criterion as full-time workers employed at the government minimum wage. And, when a wage job alone cannot provide for a family's subsistence needs, the question of poverty and income levels in general becomes more relevant than the definition of underemployment.

*Some questions about the informal sector*

Informal activities are recognised as typical of economic life in the cities of developing and developed countries, but their overall significance could be dismissed as negligible – except, of course, for the unfortunate individuals forced to live in this way. The Jamaican urban unemployed are thus said to make a living from 'scuffling. . . a hand-to-mouth existence which includes begging, borrowing, stealing, finding, receiving as gifts, with a little casual work and selling thrown in'.<sup>1</sup> All of this counts as income from the individual viewpoint, but it is mostly transfers combined with productive activities of little aggregative consequence. The informal sector has therefore been assumed to depend on demand created by current levels of activity in the formal sector, as measured by movements in gross national product or total formal wage expenditure. Such a picture leaves many questions unresolved, although it allows economists to equate significant economic activity with what is measured.

Just what is the relationship between the formal and informal sectors of the urban economy? Do they move in parallel? – or does the level of some informal activities vary inversely with formal trends? In particular, what are the effects of transfers through urban crime? In looking at the determinants of growth in informal output we need to distinguish between demand and supply constraints. Is the demand curve perfectly elastic or downwards sloping? If the latter, by how much is average income decreased by the addition of labour seeking work in the informal sector? Is the urban economy relatively stable or dynamic in this respect? Might not the removal of some supply constraints push the demand curve outwards? What is the state of trade between formal and informal sectors? Does the informal economy resemble *in scale* the U.S. or U.K. economies in its dependence on outside factors? How much income is

<sup>1</sup> See K. Norris, *Jamaica: the search for identity* (London, 1962), p. 40.

generated by internal transactions, and how much by export activity? Finally, is there a net transfer of resources either way between the formal and informal sectors? What about relationships with the rural sector? Inasmuch as the informal sector is identifiable with a socio-economic category (the sub-proletariat living in Accra's slums and earning a maximum from wage-employment of £15 to £20 per month), what are the income distribution effects of informal activities?

So many of the goods and services purchased in the city are informally produced that their exclusion from economic analysis is unwarrantable. This article cannot provide empirically determined answers, but it is possible to suggest ways of conceptualising these problems in a fairly rigorous way.

### *An input-output approach to income flows*

One way to chart income flows within the urban economy would be to set up an input-output matrix of formal and informal activities (using a typology such as that drawn up on pp. 68–69) based on surveys of income and expenditure patterns. Additional rows and columns would account for trade and transfers with the rural sector and the 'rest of the world'. Ignoring measurement problems and the question of short- and long-term changes (which could be resolved only by time-series data), this mode of analysis arguably refines the questions and generates testable hypotheses.

Thus, all informal purchases paid for from wages earned in the formal sector would be classified as 'exports'; set against this would be the volume of 'imports', i.e. purchases in the formal sector financed by informal incomes. The 'balance of payments' between the sectors would be completed by net transfers, particularly those occasioned by theft. Assuming that the formal sector monopolises trade with the 'rest of the world', the only other relevant balance of payments for the informal sector would then be that with the rural sector. A current account surplus in favour of the informal sector *vis-à-vis* the formal might be offset by capital flows in the opposite direction, or by a deficit with the rural sector – there are several possibilities here.

Apart from import-export activities, a most significant question relates to the amount of income generated by transactions *within* the informal sector; the 'spread effects' of informal purchases or transfers could be quantified by an analysis of expenditure patterns. Demand creation thus depends on the internal income multiplier, as well as on sales to the formal sector. Informal occupations might therefore be classified according to their 'export coefficients'. Whatever its drawbacks, at least

this approach has the merit of directing attention to all income flows in the urban economy.<sup>1</sup>

*The structure of the urban economy*

The informal sector may be identified for heuristic purposes with the sub-proletariat of the slum – a reasonable assumption despite the participation of many in the wage economy, and of a few members of higher income groups in certain lucrative informal activities. On inspection, the informal sector seems to support a high level of export activity: much primary and secondary production, as well as many service activities (distribution, transport, and so on), are for the general market and therefore paid for in large measure by those living outside the slum. The biggest export coefficients (combining services and transfers in this context) are to be found in such illegitimate occupations as prostitute, burglar, embezzler, and con-man, in contrast with the hustler, money-lender, drug-pusher, and gambler, whose customers are generally sub-proletarians also.

Most current expenditures are internal transactions – rents, profits from food and similar sales, personal services, and entertainments are paid for mainly within the informal economy. Public transfers are of negligible significance in Accra, and private transfers circulate within the sub-proletariat, with some leakage to the rural sector; but illegitimate transfers are borne predominantly by the urban middle classes. We may hypothesise, therefore, that the current-account balance of payments between the informal and formal economies favours the former, and that informal activities constitute a net addition to the income resources of the subproletariat.

Urban crime may then be seen as a redistribution of wealth with income effects throughout the informal economy. 'Loot' – or static wealth lying idle in the homes of the bourgeoisie – is a stock, independent of current income flows, which is mobilised through theft into direct and indirect income for sub-proletarians. In this sense, increases in crime may act as a buffer against falls in G.N.P., since national income accounting does not normally include transfers by theft. The tie-up between urban unemployment and crime rates in Africa is receiving much press publicity at present. It is interesting that Ghana's repatriation of many foreign nationals in 1969, which has been interpreted by at least one commentator as a response to growing unemployment, should have been conducted with references by the Government to the 'lawlessness' of the

<sup>1</sup> I am grateful to John Bryden of the University of East Anglia, Norwich, for suggesting this approach, as well as for his numerous valuable comments on this article.

immigrant community.<sup>1</sup> This area of analysis clearly deserves a more comprehensive approach than it has hitherto been accorded.

When we turn to the question of internal income distribution in the slum, the informal economy emerges as a source of differentiation within the sub-proletariat which far surpasses the homogeneous impression given by the range of wages in formal employment. These differences in life-style, wealth, and social status are, however, mitigated by the system of patronage and familial/ethnic obligation which ensures a more equitable distribution. It is the 'big men' of each ethnic division of the sub-proletariat who provide the newcomer and the newly out of work with a certain refuge, where food and a place to sleep may always be found in emergencies. On a smaller scale and more intermittently, any ephemeral increases in disposable income, which more insignificant persons may derive from informal activities, are quickly dissipated through entertainment of kin and friends, as well as by loans given with dubious prospects of gaining repayment. The egalitarian philosophy of peoples, inured by generations of peasant insecurity to the disbursement of surpluses as a form of social insurance, makes private accumulation a difficult, though not impossible, task, and allows those who do not benefit from the informal economy to consume the earnings of those who do.<sup>2</sup>

Finally, what can be said about the relationship between wage-employment levels and the informal sector? It is clear that an increasing surplus to the labour requirements of the formal sector (whether occasioned by rural-urban migration, or by redundancies in a period of deflation), must increase the supply of labour to the informal economy. Not only that – if wage incomes are inadequate, the needs of the 'employed' create added pressures on the supply side. The question is, Does the informal sector have any autonomous capacity for growth?

The dynamics of informal growth depend on a number of factors: changes in the pattern of final demand in favour of goods and services produced informally, changes in the rates of savings and capital formation in the informal sector, and on the volume of transfers via theft which is independent of demand. The possibility that the informal economy, with its emphasis on tertiary activities, may be developing at a rate faster than other sectors of the national economy, and thus taking up some of the slack created by inadequate rates of growth in the well-

<sup>1</sup> Rimmer, op. cit. p. 69.

<sup>2</sup> Cf. G. Foster, 'Peasant Society and the Image of the Limited Good', in *The American Anthropologist* (Washington), II, 1965, pp. 293–315; and K. Hart, 'Migration and Tribal Identity among the Frafras of Ghana', in *The Journal of Asian and African Studies* (Leiden), VI, 1 January 1971, pp. 26–35.

documented modern sector, cannot be dismissed on *a priori* grounds. When half of the urban labour force falls outside the organised labour market, how can we continue to be satisfied with indicators of economic performance which ignore their productive activities?

### *Understanding urban drift*

The implied criticisms of the previous section apply to no field more strongly than to the analysis of urban drift in developing countries. One theory which incorporates wage-employment levels in comparing the expected real incomes of rural-urban migrants is M. P. Todaro's often-quoted East African model.<sup>1</sup> Stated in terms of the subjective probability of improving real incomes, this model may account for much of the variation in rural-urban movements, *provided that* the measurements chosen for the income and probability factors approximate to reality.

This article has argued that wage incomes are only part of the urban opportunity structure, and we need not think all of those who enter informal occupations do so as a result of failure to obtain a wage-job. The magnetic force of the town may be derived from the multiplicity of income opportunities rather than merely from wage levels. A decision to come to the city would then have some objectively rational motive if, despite the paucity of formal employment opportunities and the low ceiling to wage remunerations, the migrant could look to the prospect of accumulation, with or without a job, in the informal economy of the urban slums.

The implications for the study of rural-urban migration are thus considerable. Before basing policy on causal inferences drawn from observable trends in conventional indicators, we must be sure that they measure what they are supposed to. For an overview of productivity in the economy, we must ascertain whether labour drawn off from agriculture into the informal urban sector is more or less productively engaged there, and with what consequences. The 'reserve army of underemployed and unemployed' in towns may or may not be the economic disaster it is often thought to be.

### CONCLUSIONS

This article lacks an overview of informal urban activities in relation to underdevelopment of the Ghanaian type. Socialists may argue that foreign capitalist dominance of these economies determines the scope for

<sup>1</sup> See M. P. Todaro, 'A Model of Labour Migration and Urban Unemployment in Less-Developed Countries', in *The American Economic Review* (Providence, R.I.), 69, 1, March 1969.

informal (and formal) development, and condemns the majority of the urban population to deprivation and exploitation. More optimistic liberals may see in informal activities, as described here, the possibility of a dramatic 'bootstrap' operation, lifting the underdeveloped economies through their own indigenous enterprise. Before either view – or a middle course stressing both external constraint and autonomous effort – may be espoused, much more empirical research is required.

It may be that an important source of variance is the level of industrial activity as a proportion of total urban employment and consequent differences in the structure of wages. Old cities like Accra, lacking significant industrial development, may be contrasted with newer urban complexes such as the *Zambian Copperbelt* in the scope and relative attractiveness of informal opportunities – a contrast which is sustainable for western cities in the industrial revolution, for example between London and Manchester in the nineteenth century. One thing is certain: Accra is not unique, and a historical, cross-cultural comparison of urban economies in the development process must grant a place to the analysis of informal as well as formal structures. It is time that the language and approach of development economics took this into account.