

The Poverty of the Smallholder Ideal: Highlighting Tanzania's Rural Labour Market

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Most policymakers and development practitioners typically assume that the great majority of people in rural sub-Saharan Africa are self-employed smallholder farmers. This is certainly the case in Tanzania, where even President Kikwete has recently described "subsistence agriculture" as the prevailing economic condition in rural areas in his country (World Bank 2007).

The common view is that labour markets are not really important. This position appears to be supported, in fact, by the most recent national Labour Force Survey, which suggested that only 11% of rural households contain any wage workers (URoT 2007).

As a result, most government, donor and NGO rural development programmes focus on supporting smallholder farming, usually through trying to strengthen farmers' market position or improving their access to inputs. Tanzania's newest national development strategy, called *Kilimo Kwanza* or 'Agriculture First', clearly assumes that most rural households rely mainly on own-account farming for their survival.

In contrast, this Development Viewpoint argues that the standard picture of rural areas misrepresents reality. Its findings are based on a special labour market survey conducted in the West Usambara Mountains in North Tanzania in 2008 (see Mueller 2011b). According to this survey, the majority of rural households—namely, 60%—had members engaged in wage labour during the observed season.

Furthermore, an additional 20% of households contained workers who had engaged in wage labour in the recent past. These survey results suggest that roughly 80% of households had direct experience of selling their labour power. Conversely, 43% of the surveyed households employed one or more wage labourers during the observed season. Hence, contrary to conventional assumptions, participation in rural labour markets is extensive.

Casual Wage Work is Widespread

What is known as *kibarua*, or casual wage work, is the prevalent form of wage labour in the rural economy of Tanzania. Characteristically, this is extremely insecure and irregular hard manual labour. Average wages are very low (equivalent to US\$0.85-1.70 per day) and are often paid on a task or piecemeal basis. Typical *kibarua* activities include digging/hoeing, harvesting, weeding, irrigating, manuring or caring for livestock.

Employers of these workers are usually the richer farmers in the same or nearby villages, who are able to expand and accumulate capital. *Kibarua* labour is organised very informally, with 'contracts' overwhelmingly short-term and based entirely on verbal agreements. The villagers who were surveyed agreed unanimously that the competition for such jobs is very intense.

There is indeed no scarcity of people willing to do such work. Because an increasing number of households are unable to hold onto their land and other agricultural assets, their members

are forced to enter into *kibarua* work in order to survive. The spread of such conditions is telling evidence of a rise in rural inequality.

But *kibarua* is not a recent phenomenon. It has deep roots in the colonial economy and the slave trade. In the late 19th and early 20th century, slaves were often hired out to colonial enterprises. In order to identify their owners, these slaves were required to show corresponding little cards or letters at their colonial workplaces. The contemporary term *kibarua*—which literally translates to 'small letter'—is a surviving relic of those times. Not surprisingly, even to this day, such labour carries an explicitly negative connotation or stigma, despite being so widespread.

Intense Rural Inequality

Hence, *kibarua* labour has existed for a long time. And its prevalence directly contradicts the assumed homogeneity of farming communities. Furthermore, its current conditions show that rural labour markets in Tanzania (as well as elsewhere in sub-Saharan Africa) tend to be based increasingly on deep-seated differences in wealth and power.

Our survey results paint a stark picture of sharp socio-economic differentiation (see Mueller, 2011a). Table 1 documents the wide differentials in income and landholdings across the income quintiles (fifths) of the sample population. For example, the poorest fifth of the rural population has, on average, less than 0.2 acres of commercially viable farm land, which is clearly insufficient for any household's economic survival. By stark contrast, the richest fifth has over 9 times this amount.

Table 1: Average Annual Per Capita Household Incomes and Acreages Across Quintiles

Income quintiles	Mean per capita income in TZS*	Mean per capita cash income in TZS	Mean total acreage	Mean acreage of irrigable lowland plots
1st	419,889	395,018	4.40	1.67
2nd	114,644	101,173	2.07	0.66
3rd	63,588	54,339	2.05	0.40
4th	34,090	26,000	1.70	0.39
5th	12,628	8,008	0.92	0.18
Total	128,197	116,187	2.22	0.65

* including imputed non-commercial output

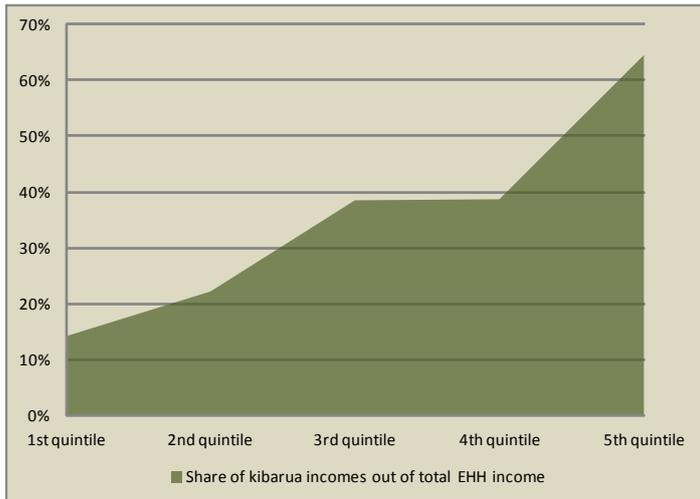
Source: survey data collected by the author

The average household in the richest fifth (1st quintile) has an income that is nearly 33 times larger than that of an average household in the poorest fifth (5th quintile). As a result of sharply

unequal incomes, the poorest 40% of the sample population account for only about 7% of the sample's total income—and the poorest 20% for less than 2%.

The Table also shows that if only *cash* incomes are considered, inequality is even worse: the average household in the richest fifth has an income that is about 50 times larger than the average household in the poorest fifth. This finding suggests that as the rural economy becomes more monetised, income inequality is likely to worsen.

Figure 1: Share of Kibarua Incomes as % of Total Household Income



Source: survey data collected by the author

Furthermore, Figure 1 shows a clear inverse relationship between a household's average income and its reliance on *kibarua* work. In the poorest fifth of households, wage incomes derived from *kibarua* work approaches two-thirds of total income. In contrast, in the richest fifth of households, income from such labour accounts for only about 14% of total income.

Therefore, contrary to the conventional picture of rural livelihoods, the 2008 survey results suggest that casual wage labour is now essential to the economic survival of poor rural households. But, as mentioned earlier, most standard national labour market research fails to capture this bleak reality.

When households are asked about their main economic activity, most of them invariably respond that it is farming and they identify themselves as 'farmers'. Yet certainly among poorer 'farming' families, casual wage labour is clearly their main source of livelihood. However, such labour is not generally considered to constitute a 'regular' occupation. Moreover, it remains a socially stigmatised activity.

Thus it requires a deliberate probing effort—such as the special 2008 labour survey in North Tanzania—to reveal the extent of the customary under-reporting of rural wage labour,

and thereby highlight the pervasive influence of rural labour markets in African contexts.

The Rise of Rural Wage Labour

It is more obvious than ever that in many such settings, the idealized assumption of homogenous smallholder societies simply is no longer tenable. Rural wage labour has become increasingly important in many rural economies. Direct comparison of our data with the survey findings of Sender and Smith (1990) in the same region confirms that this process has greatly intensified over the past 20 years of structural adjustment and liberalisation.

Their survey, conducted in 1986, highlighted the pronounced scarcity of rural wage labour. Because men still retained patriarchal control over land, they were able to sustain their families by working on the family farms, and they usually prevented household members from engaging in wage work. Conversely, it was largely single, divorced and widowed women who became rural wage workers, because they were unable to gain access to land through the institution of marriage.

By sharp contrast, over 20 years later there is a huge oversupply of rural wage labour. Landholdings have largely become concentrated in the hands of a few wealthy farmers. Many men no longer own or control enough land, obliging them to work for casual wages in order to make ends meet. Consequently, the majority of *kibarua* wage workers, about 60%, are now males. And they are forced into fierce competition for any form of low-paid temporary wage work.

Without coming to grips with the prevalence of such precarious wage employment in the rural areas of Africa, it will be impossible to make any significant progress against rural poverty. An ill-informed emphasis on supporting smallholder farmers has led, for a long time, to the wrong strategic focus.

The rural poor generally lack the means to sustain themselves as self-employed farmers. Instead, they have to compete intensely for any available source of wage income—no matter how low-paid, short-term and demeaning. For this reason, any effective policy to reduce rural poverty has to focus its attention on the creation of more and decent wage employment.

References

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