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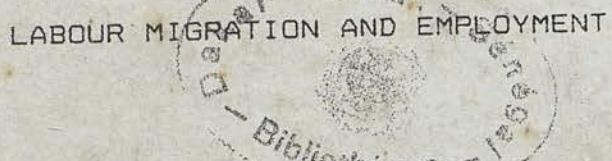
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PLANNING IN LESOTHO: A STUDY OF DEPENDENCY

BY: MATHASI AMI KURUBALLY (Mrs)

Submitted in partial fulfillment of the requirements for the degree of Masters of Arts in Economic Development and Planning at the African Institute for Economic Development and Planning, has been read and approved by

Thesis Committee

Chief Supervisor: Prof. P. Quarcoo
Member : Prof. Y. Diakite
Member : Prof. A. Adepoju

26/1/90
JAN
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Director of Institute: Dr. E. Montassef

Date 26 JAN. 1990



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CHAPTER

INTRODUCTION

ACKNOWLEDGEMENTS

conducted by one country, the Republic of South Africa.

I acknowledge with sincere thanks and gratitude the assistance of my supervisors, Dr. P. Quarcoo and Dr. A. Adepoju, who helped in reviewing and correcting my thesis manuscript. My great thanks also go to Dr. Y. Diakite and the Director of the Institute, Dr. E. Montasser for the advice and encouragement they offered during the period of my studies at I.D.E.P.

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I also express my gratitude to the Government of the Kingdom of Lesotho and the United Nations Development Programme (UNDP) for offering me the opportunity to further my studies at IDEP.

activities, the most dire consequence being unemployment in the RSA economy.

Kingdom of Lesotho (1979), *Fourth Long Term Development Plan*, Ministry of Finance, Maseru.

Kingdom of Lesotho (1979), *The 1976 Population Census Preliminary Results*, Maseru.

Kingdom of Lesotho (1982), *Fourth Development Plan 1982-1986*, Maseru.

CHAPTER 1

INTRODUCTION

Lesotho is a small and unique country as it is totally surrounded by one country, the Republic of South Africa (RSA). Two thirds of the total land area, of about 30355 square kilometers, is mountainous and only about 10 per cent of the land area is suitable for crop farming.¹ Overall mountains and soil erosion have depleted the narrow and limited resource base. Besides diamonds, whose large scale operations were terminated in 1982, the major natural resource, though still unexploited, is water.

The country is divided into four ecological zones namely, the lowlands along the western plateau, the foothills, the mountains and the Orange River Valley and it is further divided into ten administrative districts. It has an ethnically very homogeneous population which is estimated at about 1.577 million in 1986 and growing at the rate of 2.6 per cent per annum.² Over 85 per cent of the population is predominantly rural based and an average household earns about 17 per cent of its total earnings from agricultural activities, the rest being supplemented mainly through wage employment in the RSA economy.³

1 Kingdom of Lesotho [1987], Fourth Five Year Development Plan (1986/87 - 1990/91) p9

2 Kingdom of Lesotho [1987], The 1986 Population Census Preliminary Results, p1

3 Kingdom of Lesotho [1987], Fourth Development Plan op.cit p19 and p29

The study is presented in six Chapters. Chapter 1 is introductory and highlights the nature and the description of the problem as well as the objectives of the study. A brief literature review on migration studies undertaken on Lesotho and migration theories in general are also presented in this Chapter. Chapter 2 examines the trends in Labour Migration in Lesotho with more emphasis placed on the historical development of international migration as well as on contemporary patterns of migration in Lesotho. Chapter 3 deals with the characteristics of migrants and the benefit-cost analysis of migration in Lesotho.

In Chapter 4, the structure of employment in the domestic economy and the current manpower problems are reviewed. In Chapter 5, various techniques are employed to make projections of the population, the labour force, employment levels by sector and migration. Future prospects for growth and employment in various sectors of the economy are examined in this chapter and finally, Chapter 6 gives policy recommendations and conclusion.

The Survey Objectives of the Government for

1.1 Nature and Description of the Problem

Lesotho, like most Southern African States, serves as labour reserve for South Africa's labour demands, especially that of the mining industry. The country depends on South Africa for wage employment of a substantial proportion of its labour force. At any one time, over 50 per cent of able-bodied male adults are absent from the country working in
⁴South Africa. This unfortunate dependence situation makes Lesotho's position highly vulnerable.

Aware of the magnitude of its dependence on the South African economy, the government of Lesotho, from the inception of the First Five Year Development Plan (1970/71-1974/75) committed itself to a policy of reducing its economic dependence on neighbouring South Africa. In order to attain this objective, priority has always been given to the reduction of labour migration to the RSA economy. This view was expressed very clearly by the Minister of Finance and Development Planning in his opening statement to the 1979 Donor Conference:

4

Ibid p11

The overall objective of the Government for the Third National Development Plan remains one of achieving economic independence through expanding the productive base of our economy and creating more jobs for our people within their own country. Dependence on our neighbour for jobs is practically and socially unacceptable and exposes our people to unnecessary risks. It is therefore my Government's determination to reduce this external dependence
5

However, the apparent disappointing growth of the domestic wage sector up to the present has necessarily contributed to an increase, rather than a decrease in labour migration to the RSA.

Due to various factors - both domestic and international - which will be elaborated on in the next chapter, the RSA has, over some time, adopted an internalization policy as a means of reducing its dependence on foreign labour.
6 The diminishing employment opportunities offered by the RSA and specifically the mining industry, have aggravated the problem of the inability of Lesotho's domestic economy in providing gainful employment for its growing labour force and this has created a very serious employment challenge in Lesotho.

5

Kingdom of Lesotho, Donor Conference Report, Dec. 1979, p24
6

C.W. Stahl in Black Migration to South Africa: A Selection of Policy Oriented Research by W.R. Bohning [1981] (ed) p40

A considerable increase in unemployment could result from termination of the migrant labour system and if the repatriated migrants fail to secure job opportunities within Lesotho, this could constitute a major problem which cannot be ignored.

~~1.2 Objectives and Economic Hypothesis to be Examined~~

Given the above background to the labour employment situation in Lesotho, the objectives of the study are the following:

- To highlight the magnitude and evaluate the effects of Lesotho's dependency on labour migration,
- to examine the potential ability of the modern wage sector in absorbing the increasing domestic labour force and the returning migrants,
- to determine the proportion of the labour force that will be absorbed by the modern wage sector and
- to assess other viable alternatives that could contribute to employment creation opportunities in Lesotho.

Owing to the anticipated reduction in the migrant labour force, the resulting large increase in the domestic labour force will have to be matched by an increase in the rate of growth of the economy so as to absorb a sizable proportion of the growing domestic work force as well as the returning migrants. Since employment has a positive relationship to

output levels, employment opportunities will increase through accelerated growth of the economy as a whole. It is therefore necessary to identify and examine which sectors of the economy of Lesotho have the potential of both increasing output and consequently increasing employment opportunities.

1.3 Literature Review on Migration

Several studies relating to labour migration, specifically international migration, have been undertaken on Lesotho. The first part of this section provides a brief review of the literature. In the second part, an attempt is made to review briefly some migration theories which might be relevant to the evidence.

1.3.1 Migration Studies on Lesotho

In Lesotho, Labour Mobility can be classified under two categories, that is, internal migration and international migration. Relatively very few studies dealing with the internal migration have been undertaken. Even though there is scarcity of data concerning the magnitude of internal migration, it is an undisputed fact that there is a general movement of labour from one area to another, that is, between and within districts. Generally, a bulk of the rural labour force migrate to the urban areas essentially for employment purposes. Owing to the rugged topography of the country, both lowland and foothill zones attract migrants from the

⁷
mountain area. The 1978/79 migration and manpower survey stresses that the preponderance of the male labour force in the international migration has influenced the predominance of the female labour force in internal migration. The survey indicates higher female rates in inter-district movement of the labour force with an estimate of 7 per cent for males and ⁸ 16 per cent for females in a sex ratio amounting to 50.

In view of the relatively larger size of the international migrants and the substantial quantity of migrant remittances, studies on migration have concentrated more on this international migration. The recent Fourth Five Year Development Plan (1986/87-1990/91) estimates that about 50 per cent of the male adults find employment opportunities in South Africa. Eckert and Wykstra [1979] show that about 60 per cent of rural dwellers have access to migrant remittances leaving about 40 per cent of the rural households who depend entirely on domestic production, largely ⁹ agriculture, as their main source of income. The 1976 population census also highlighted the fact that migration

⁷

Kingdom of Lesotho, [1982], Migration and Manpower in Lesotho p7.2

⁸

Ibid p7.11 - 7.12

⁹

Jerry Eckert and Ron Wykstra [1979], p19

remittances contributed about 71 per cent to the rural household income. In contrast, Eckert and Wykstra [1980] estimated that the earnings of migrant workers amounted to 65 ¹⁰ per cent of the total rural household income.

International migrants originate exclusively from the rural areas and it is predominantly the male labour force that seeks employment opportunities in the neighbouring South Africa. [Sebatane, 1979; Van der Wiel, 1977]. The study undertaken by ILO/SATEP [1985] shows that 85 per cent of the migrants were married and about 38.4 per cent of the migrants ¹¹ ¹² have no formal education.

The mining industry is the major employment outlet of Basotho Migrants. Van der Wiel [1977] estimated that in 1975, about 81 per cent of all migrants found employment in the mining sector while the remainder was distributed in other sectors of the South African economy such as in agriculture, ¹³ household services, manufacturing and commerce. Wilson [1975] shows that nearly 58 per cent of Basotho migrants were employed by mines affiliated to the Chamber of Mines and 42 per cent were in other occupations including those mines which do not form the integral part of the Chamber of Mines.

10

Jerry Eckert and Ron Wykstra, [1980], pp12-14

11

E.M. Sebatane, [1979] pp7-8 and also A.C. Van der Wiel, [1977], p33

12

ILO/SATEP [1985] (b), Skill Profiles of Migrant Workers, p12

13

Van der Wiel, [1977] op.cit p33

Several studies also underscore the fact that international migration has a long history and is not merely a contemporary phenomenon in Lesotho and further emphasize that Botswana, Lesotho and Swaziland (BLS) have been reservoir of the cheap labour for the South African economy [Strom, (1986); Wilson, (1975); Clarke, (1977); Woods, (1978)]. Williams [1971], and Strom [1986] underline the fact that the historical development of international migration was engineered essentially by the colonial administration through their imposition of hut taxes without necessarily providing productive base for the economy. The economies of the BLS states were left undeveloped and were therefore not capable of absorbing a sizeable proportion of the labour force. Thus, Basotho realized that some of their major problems, such as the tax burden, would be alleviated if they secured wage employment in South Africa.¹⁴

There is generally a disagreement on the future prospects of Basotho employment in South Africa. Some studies [Eckert and Wykstra 1979] indicate that the prospects are extremely bleak considering the fact that there is chronic unemployment problem in South Africa, particularly of the black South Africans, and the South African government has considered this a priority problem which should not be left unattended.

14

G. Strom, [1986], p27; and also see J.C. Williams, [1971], p158

The dimensions of this problem and the urgency accorded it have resulted in the internalization policy adopted by the Chamber of Mines. The current trend has been the displacement of foreign workers with the South African black labour force.¹⁵ A study carried out by de Vletter [1985] and that undertaken by Universidade Eduardo Mondlane [1987] present a rather different view. They maintain that even though the Chamber of Mines prefers a stable labour supply, it would not definitely do so at the expense of production targets it has planned to achieve. Recruitment of a bulk of novices entails high production costs considering the training that has to be offered to the new recruits and also the time factor involved outside the production unit in the process of learning new skills. As a result, the Chamber of Mines introduced Employment guaranteed certificates to the experienced and highly skilled mine workers and fortunately enough, the Basotho happen to be highly respected in mine skills and a substantially greater proportion of Basotho have leave certificates and valid re-engagement certificates.¹⁶ Should a displacement occur, it will be extremely gradual.

15

Jerry Eckert and Ron Wykstra, [1979], op.cit.

16

Fion de Vletter, [1985] (a), Labour Migration to South Africa....., also see Universidade Eduardo Mondlane, [1989]

It is a generally accepted view that the availability of migrant remittances, by far greater than agricultural income has been a disincentive for agricultural activity. Wykstra [1978] argues that "a crop farm labour supply withdrawal ¹⁷ undoubtedly is influenced by migrant worker earning" and Holland et al [1985] also stress the fact that "the absence of a large portion of the male labour force has prevented up to one half of Lesotho's available acreage from being ¹⁸ adequately plowed and planted". The implication of these statements is that large migration of male labour force has contributed to declining agricultural production.

1.3.2 Review of Some Migration Theories

Several theories have been suggested as an attempt to explain the laws relating to migration and the circumstances under which internal and international migration will take place. Some theories which explain internal migration [Lee, 1966] highlight both pull (attractive) and push (impulsive) factors associated with areas of origin and destination. The pull factors, which include socio-economic opportunities such as employment, education, health etc, should be so strong that they do not only attract migrants from other places towards these areas but they should also be capable of

17

Ron A. Wykstra, [1978], p9

18 David W. Holland et al, [1985], p6

retaining those people who are already living at these locations. The push factors include the deteriorating socio-economic conditions at the point of origin and people are compelled to migrate to other areas to take advantage of the opportunities available in these areas.

The alternative approach to explaining the laws relating to internal migration was developed by Ranis and Fei [1961]. The Lewis-Fei - Ranis Model and Arrighi [1979] hypotheses on migration start from the premise that the economy is divided into two sectors namely, the rural (agricultural, subsistence) sector and the urban (industrial, modern) sector. It is then assumed that Labour will automatically transfer from the rural and agricultural sector to the urban industrial sector, the limit of movement being set by the rate of capital accumulation and investment in the industrial sector.

Starting from the assumption that a migrant will base his migration decision mainly on rational economic calculations inspite of high unemployment rates in the urban centers, the basic concept of Todaro's Model ¹⁹ is that migration is a positive function of the difference between the present value

19

M.P. Todaro, [1969], "A Model of Labour Migration and Urban Unemployment in Less Developed Countries", in *The American Economic Review*, vol.59, No.1 pp139-148

of expected future income streams at the origin and at the destination. The expected gains are measured by the real income differentials between the rural and urban employment opportunities and also the probability of a migrant obtaining a job in the urban area.

$$\dot{S} = \beta + \tilde{\gamma}(t) F \left[\frac{Y_u(t) - Y_r(t)}{Y_r(t)} \right]; F > 0$$

\dot{S} represents net rural - urban migration

S is the existing size of the urban labour force

β is the natural rate of increase of the urban labour force.

$\tilde{\gamma}(t)$ is the probability of being selected from the pool of urban traditional workers during period t if the worker is a member of that pool in period t .

$Y_r(t)$ represents net expected rural real income in period t based, say, on the average real income of x previous periods.

$Y_u(t)$ represent net expected urban real income in period t (intended as a proxy variable for all elements that constitute urban real income).

Therefore, even if the expected future gains in the urban areas are by far much greater than those in the rural areas, a rational person will decide not to migrate to the urban area if the probability of finding employment opportunities in the urban center is very low. That is, the model assumes that migration varies directly with the probability of finding a job.

Todaro's Model further postulates that for a longer planning horizon, a potential migrant will base his decision to migrate on future expected "permanent income." If a migrant envisions a lower probability of securing gainful employment in the urban center during the initial period, but he expects this probability to increase with time, his rational behaviour will influence him to migrate because the future expected income streams over his planning horizon will be greater in the urban area than in the rural area even if it means lower income earnings in the urban area as compared to higher income earnings at the initial period.

The Harris-Todaro [1970] Migration Model is an extension of the Torado Model outlined above. The Model emphasizes the existence of two sectors in the economy, these being the urban sector and the rural sector. It further recognizes the existence of the urban minimum wage which is set higher than the agricultural earnings in the rural areas, and as long as the expected urban earnings are greater than the agricultural income, rural dwellers will migrate to urban centers only to increase the pool of the unemployed. The

Model further recognizes the fact that these migrants from the rural areas retain their ties with the rural homes and therefore the income that accrues to migrants from the rural areas will have a positive impact on the welfare of the rural households. An adverse implication of this model is that an employment policy which is aimed at accelerated creation of jobs in the urban areas with the hope of curbing the rising urban unemployment will in effect not reduce but rather increase unemployment. It is only if the expected urban wage declines that the rural - urban income gap will narrow thus giving rise to reverse migration, hence output growth in the rural agricultural sector.

Wilson [1972] and Bell [1972] each developed a theoretical framework for analysing the international migration in Southern African region, and specifically as it pertains to Botswana, Lesotho and Swaziland (BLS) in relation to the RSA. According to Wilson [1972], the system of oscillating migration is "propped up by legislative action preventing the families of workers settling in the area where the breadwinners are earning their living."²⁰ He also maintains that there are two forces which operate from different directions to influence one to migrate. One force

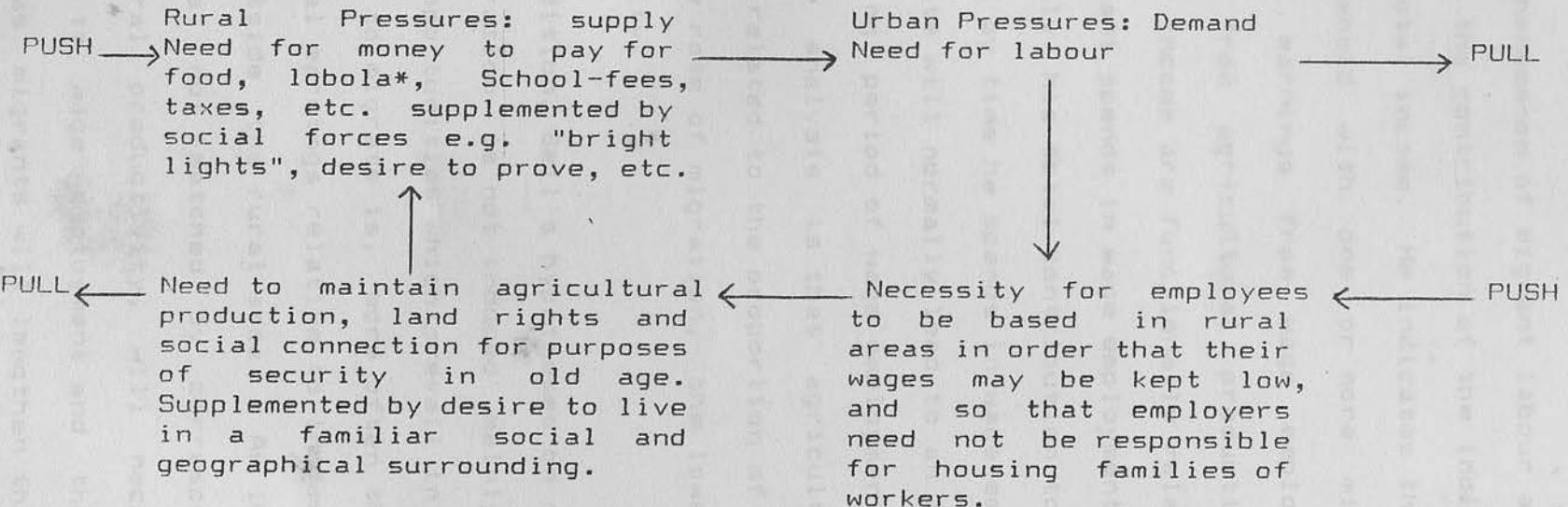
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F. Wilson, [1927], p123

pushes migrants away from their villages to seek employment opportunities in the urban centers, but these migrants will be pulled back to their villages by other forces. As a result of these supply side and demand side opposing forces whereby a migrant is pushed to the core and pushed back to the periphery, a migrant is compelled by factors beyond his control to be a man of two worlds.

The diagram below summarises the push and pull factors which influence oscillating migration. These factors operate from both the supply and demand sides of the labour market. The diagram explains clearly the pattern of the migrant labour system experienced by Lesotho nationals working in South African mines. Both economic and social factors push migrants away from their homes to work in South Africa and since the South African law does not permit them to live with their families in South Africa, they are further pushed back to their country.

F. WILSON'S "PUSH-PULL" DIAGRAM



SOURCE: WILSON, F., 1972 op.cit p 123

*A term used mainly in South Africa and Lesotho in place of "Bridewealth."

The phenomenon of migrant labour advanced by Bell [1972] emphasizes the contribution of the individual migrant to his family's total income. He indicates that the total income of each household with one or more migrants comprises the migrant's earnings from wage employment and earnings generated from agricultural production. Both of these sources of income are functionally related to the time period each migrant spends in wage employment away from home, and consequently his total contribution to family income is also determined by time he spends in wage employment. An increase in wage rate will normally lead to an increase in the income - maximising period of wage employment. The implication of the above analysis is that agricultural productivity is inversely related to the proportion of migrant workers. The higher the rate of migration, the lower will be agricultural productivity.

In addition, Bell's hypotheses on migration clearly show that migration is not induced mainly by very low income earning opportunities which prevail in the rural areas. The decision to migrate is, more often than not, influenced by these rural earnings relative to income earning opportunities found outside the rural area. An increase in wage rate, which is not matched by corresponding increases in agricultural productivity, will necessarily attract more migrants to wage employment and those who were already engaged as migrants will lengthen their contracts in wage

CHAPTER 4

employment so as to derive the maximum benefit out of the increased wage rate.

In Lesotho, labour migration can be classified under two categories, i.e. internal and international. Even though the degree of rural - urban migration in Lesotho is not sufficiently documented and its magnitude is assumed to be relatively minimal, reference to rural - urban labour migration will be made, and in particular, its underlying factors will be assessed. Historical development of migratory migration to the RSA economy will be examined and an attempt will be made to highlight Lesotho's dependence on the Rand and the current trends in foreign mine employment policy adopted by the South African Chamber of Mines.

1. INTERNAL LABOUR MIGRATION

Most countries, particularly the developing countries, are characterized by marked differences between and within the two sectors of agriculture and industry. In exception to the rule, there exists the rural poor and undeveloped, while on the other, there is the urban affluent and more advanced. As mentioned in the previous chapter, a significantly high proportion of the total population of Lesotho lives in rural areas and is dependent on the rural economy for subsistence. Rural income earnings from agriculture are very low and constitute a meagre proportion to the income of households

CHAPTER 2

TRENDS IN LABOUR MIGRATION IN LESOTHO

In Lesotho, labour migration can be classified under two categories, i.e. internal and international. Even though the degree of rural - urban migration in Lesotho is not sufficiently documented and its magnitude is assumed to be relatively minimal, reference to rural - urban Labour migration will be made, and in particular, its underlying factors will be assessed. Historical development of oscillatory migration to the RSA economy will be examined and an attempt will be made to highlight Lesotho's dependency on the RSA and the current trends in foreign mine employment policy adopted by the Chamber of Mines.

2.1 Internal Labour Migration

Most countries, particularly the developing countries, are characterised by economic imbalances between and within the sub-sectors of the economy and Lesotho is no exception. On the one hand, there exists the rural poor and undeveloped, while on the other, there is the urban affluent and more advanced. As mentioned in the previous chapter, a significantly high proportion of the total population of Lesotho lives in rural areas and is dependent on the rural economy - agriculture. Rural income earnings from agriculture are very low and contribute a meagre proportion to the means of satisfying

and a majority of the total population fulfil basic needs and demands of the rural households. In addition, the earnings are highly erratic being influenced by production levels. The Third Five Year Development Plan (1980/81 - 1984/85) projected that by 1985, two-thirds of rural households would have income of about M400.00 per household annually on average, which is below the poverty line.¹

The low agricultural earnings are attributable to inter alia scarcity of agricultural resources owned by the households, inadequate access to cultivatable land by some rural households, soil erosion and overgrazing. As a result of low farm earnings, farm related rural activities make a marginal contribution to household incomes. It has been estimated, for instance, that farm income is approximately 17 per cent of the total household income.²

Furthermore, rural areas are characterised by insufficient infrastructure, inadequate social services and facilities, lack of job opportunities, the end result being insufficient income and low standards of living with greater proportion of the rural population below the poverty datum line.

1 US \$ is approximately equal to M2.00 (M for Maloti)

2 Kingdom of Lesotho [1987], Fourth Development Plan, op.cit p19

Although only a minority of the total population dwells in urban areas, social and economic services and facilities are concentrated there. For instance, as compared to rural areas where these facilities are lacking, in urban areas, one finds schools, clinics and hospitals, postal and telecommunication services, transport and many others. The infrastructure is highly developed and above all, job opportunities are available. Due to afore-mentioned benefits obtainable in urban areas, incomes are high and standards of living are relatively better than in the rural areas. However, not all the urban residents have access to these facilities. It is often the educated and/or the rich people who have more access to these socio-economic opportunities available in urban centers.

As a result of rural-urban income differentials, urban areas act as magnets which attract people from the peripheral surroundings. A comparatively substantial size of the rural labour force migrates to urban areas to take advantage of the opportunities available in these areas. The population of Maseru, which is the capital city and the wealthiest district in terms of the concentration of administrative, social and economic activities, is growing much more rapidly than the country's population as a whole. It is estimated that Maseru is experiencing an annual population growth rate of 7.8 per cent as compared to the national population growth rate of 2.6 per cent in 1986. The other districts which gained

population marginally were Leribe and Berea while the population of all other districts has in fact declined, which indicates a high movement of the rural population to these urban centers.³

Table 2.1 shows the distribution of the total de jure population (that is, including the international migrants) of Lesotho by district.

TABLE 2.1 DISTRIBUTION OF DE JURE POPULATION
BY DISTRICT - 1976, 1980 AND 1984

DISTRICT	1976	1980	1984
	%	%	%
Butha-Buthe	6.3	6.3	6.2
Leribe	17.0	17.1	17.2
Berea	12.0	11.9	11.9
Maseru	21.2	21.3	21.5
Mafeteng	12.7	12.8	12.9
Mohale's Hoek	11.2	11.2	11.1
Quthing	7.3	7.2	7.2
Qacha's Nek	6.3	6.2	6.2
Mokhotlong	6.0	5.9	5.9
Thaba-Tseka	-	-	-

Source: Kingdom of Lesotho: Annual Statistical Bulletin 1984, Bureau of Statistics, Maseru.

From the above table, we see that only three districts namely; Leribe, Maseru and Mafeteng showed an increase in the proportion of their population whereas the other district all showed decreasing trends. The structure of the economy is such that there exists a bias in development in favour of urban areas to the detriment of the rural areas. This is substantiated by the fact that most of the manufacturing industries are based in Maseru, the capital city, and a few others are located in Leribe. As a result, people from the other districts are induced to migrate to these districts (Maseru and Leribe) with the hope of securing employment opportunities which are lacking in their own districts.

Although the data and information to indicate the precise level and magnitude of rural-urban migration in Lesotho are inadequate, rural-urban migration phenomenon is a characteristic feature of both developed and developing economies though the inclination is greater towards the latter. Socio-economic factors, attributed mainly to economic imbalances, are a motivation for labour mobility. For example, income and/or wage differentials, expectations of one obtaining gainful employment opportunities, availability of social amenities, etc. are the driving force which determines the degree and direction of migration.

In Lesotho, it is mostly the young and educated people who want to secure job opportunities in the urban centers because the rural areas are not capable of creating adequate and significant employment opportunities for their absorption. Because of regulated movement of Labour from Lesotho to and within South Africa, it is largely the male population that finds employment in South Africa. Their female counterparts are left behind and most of them migrate to the urban areas to seek employment opportunities. Migrants from rural areas retain ties with their rural homes and in view of this, they remit a portion of their earnings to support those left at home. Because of lack of official documentation regarding urban to rural remittances, their contribution and impact on rural households cannot, unfortunately, be adequately measured.

2.2 Historical Development of International Migration

As mentioned in the previous chapter, Lesotho is highly dependent on the RSA for wage employment of a considerable portion of its labour force. Oscillatory labour migration from Lesotho into the RSA is not a contemporary phenomenon. It can be traced as far back as the middle of the nineteenth century, even before the first diamond and gold discoveries in the RSA.⁴ Prior to these discoveries, Basotho relied

⁴ Gabriele Strom, [1986] op.cit p23

predominantly on agricultural production for subsistence. Owing to hospitable climatic conditions, fertility of land and a small population size, they were able to produce surplus crops (maize, wheat and sorghum) over and above their domestic consumption. The surplus was often traded for livestock (mainly horses) and guns or sold for cash to the white South Africans.⁵ This point is clearly elaborated by Strom [1986].

What is now Lesotho used to be a rich and very efficient agricultural economy. It was both self-reliant for food and certain handicraft products and well-integrated into the cash economy of South Africa through large exports of wheat, maize and sorghum, as well as through the consumption of manufactured goods.⁶

Even though at this point in time there were no pressing economic demands which could have motivated Basotho to leave their own country and seek wage employment in the neighbouring RSA, the apparent contact which was stimulated by trade resulted in labour migration. Rugege [1979] maintains that

5 Sam Rugege, [1979] p3

6 Gabriele Strom [1986] op.cit

the main motivation seems to have been to purchase guns and horses and not to satisfy
subsistence requirements.
⁷

As agricultural activities are seasonal, during that period some Basotho, particularly men, assumed temporary employment on the South African farms and returned home for ploughing and/or harvesting because these activities are more labour demanding.

In 1860s, labour migration rose rapidly as a result of discoveries of mineral wealth in the RSA. The exploitation of diamond in Kimberly and Gold in the Witwatersrand required large supplies of labour. The growing population in the mining industry, in turn, made heavy demands on agricultural production as the number of people who had to be provided with food also increased rapidly. Because of high labour demands in both mining and agriculture and acute labour shortages which existed in the RSA, the mining and agricultural sectors were compelled to look beyond the South African boundaries for labour.

Some authors: Williams [1971], Strom [1986] maintain that the British colonial administration was wholly responsible for the rapid increases of Basotho migrants to

the RSA. In the first place, the colonial administration introduced hut taxes and yet would not provide a conducive economic environment capable of absorbing a significant proportion of Basotho in productive employment opportunities within the domestic economy. By so doing, it facilitated en masse exodus of Basotho from agriculture to wage employment in the South African Economy.

Secondly, the flourishing mining industries in the RSA were owned and essentially controlled by the British shareholders whose intentions were to maintain a reservoir of cheap labour from which labour could be withdrawn without much problems and with less costs. Therefore, no attempt was made to develop Botswana, Lesotho and Swaziland (BLS) because it was considered eminent and highly probable that these states would eventually be incorporated into the RSA.

Thirdly, the white South African farmers realized that the surplus agricultural produce from Lesotho posed a competitive threat and therefore requested the colonial government to impose restrictions on agricultural production in Lesotho. If this was not done, they threatened to restrict recruitment of labour to British owned mines and also to incorporate these high commission territories. The imposition of hut taxes and tariffs on

grain from Lesotho were clear indications that the British administration more than encouraged the en masse exodus of Basotho to the RSA mines and farms.⁸

The rapid growth in the mining and agricultural sectors necessarily had spill-over effects on the manufacturing sector. New factories and firms emerged and more labour was in demand. In order to attract more workers into this sector, wages were raised higher than in mining and agriculture. High wages were an incentive, particularly to the South African work force, to prefer working in factories and firms rather than in mines and farms. From this point in time until in the 1970s when the mining wage structure changed, the South African black domestic work force resented mine work because of the prevailing low wages and the most unhealthy and hazardous working conditions existing in the mining industry. Mine work was left mainly for the foreign workers whose countries could not offer them anything better than the low wages in the mines. As new mining companies were formed, there was a tough competition for the cheap foreign labour. Individual mines raised wages so as to attract more labour to their mines and those small mines which could not effectively compete in the labour market were on the verge of collapse when many of the companies recommended elimination of wage competition.

In 1889, the South African Chamber of Mines (hereafter Chamber of Mines) which is the key element in the foreign labour network was established. Its main objectives are *inter alia* to represent the collective interests of affiliate members on issues related to the mining industry. For instance, the regulation of labour supply, the recruitment and employment policies of foreign mine workers through The Employment Bureau of Africa (TEBA) are all the monopoly of the Chamber of Mines.⁹ In order to ensure adequate labour supply to its affiliated mines, the Chamber of Mines set up recruiting agencies in major towns of the labour exporting countries, their main activity being the actual recruitment and supply of labour to individual mines. In this manner, recruitment of mine labour was therefore never confined to the borders of the RSA.

During the colonial period, informal labour arrangements governed the movement of labour from the BLS countries to the RSA.¹⁰ Prior to 1963, there was no statutory differentiation between foreign workers from the BLS states and the black South Africans. The Native Labour Regulation Act No.15 of 1911 subjected the BLS workers to the same legislative control as the black South African workers.

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C.W. Stahl, [1979], Southern African Migrant Labour Supplies.... pp2-5

10

D.G. Clarke, [1977](b), State Policy on Foreign Labour.... p6

Workers from the BLS countries were not required to possess passports but were instead compelled to have reference books similar to those used by the black South Africans. Upon realizing that the incorporation of the High Commission territories (the BLS states) into South Africa, as was originally planned by both the colonial administration and the South African government, could not fundamentally materialize, South Africa introduced migrant labour control measures and the BLS workers were from then on declared prohibited immigrants.

The Aliens Control Act No.30 of 1963 made it illegal for citizens of the BLS states to enter the RSA without valid passports issued by their own countries. The Bantu Laws Amendment Act No.76 of 1963 proscribed entry to the RSA of the BLS workers except for work in delineated industries, particularly in mining and agriculture. By implication, this meant that preference for employment in the manufacturing sector was granted only to the South Africans. As a result, the flow of migrant workers, especially from the BLS countries was drastically curtailed. Labour agreements between respective BLS states and the RSA were drawn up and each country was compelled by law to establish its labour offices in the RSA.

11

Ibid. Also see W.J. Breytenbach, [1979], p17; C.W. Stahl, [1979], op.cit, p16; S. Rugege [1979], p8

12

C.W. Stahl, [1979], Ibid. p16; W.J. Breytenbach [1979], Ibid pp17-18

The cost of transportation of a recruited worker from the recruiting agency to his destination in the mine is borne by the Chamber of Mines and the agency ensures that attestation fee of M10.00 per each contract is paid to the government of Lesotho. By law, all foreign mine migrants are expected to live in compounds and are forbidden to stay with their families in the RSA. Recent studies estimate that a Mosotho migrant spends about 35 per cent or fifteen years of his working life in South Africa, going home between contracts which vary from six months to a period not exceeding two years.¹³ The number of non-circulatory and non-mining migrants is not known with certainty because the official channels through which they can be registered do not exist. However it is estimated that the number of non-mine migrants ranges between 20,000 and 30,000. Another source estimated that there were about 70,000 Basotho - 25,000 of whom are females - working in South Africa other than in the mining industry.¹⁴

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M. McDowall [1974], p115

14

J.H. Cobbe [1976], p2

Individual mines have the freedom to set wage levels different from other mines but all the mines integrated with the Chamber of Mines are allowed a maximum deviation of only 10 per cent from the wage structure determined by the mining organisation. Prior to the 1970s, the mining sector managed to maintain its low wages relative to other sectors in the South African economy. Between 1936-1961, the ratio of wages in the manufacturing sector to the mining sector of the black workers widened from 1.2:1 to 2.5:1. The wage differential gap between the white and the black mine workers also widened. In 1911, the wage differential ratio of white to black mine workers was 11.7:1 and by 1971 the ratio had enlarged to 20.9:1. Wilson [1972] shows that over the period 1911-1961, in the gold mines, in which the foreign migrants are concentrated, the real value of black cash earnings did not rise at all and may infact have actually fallen. ¹⁵ Stahl and Bohning [1979] emphasize that ¹⁶

¹⁷

the ability of the Chamber of Mines to maintain low wages in the face of rapidly expanding and more highly paid employment opportunities for South African blacks elsewhere in the economy was largely a result of its increasing reliance on foreign African

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Fion de Vletter [1985], Labour Migration to South Africa...., p33

16

F. Wilson [1972], op.cit pp46-47

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C.W. Stahl and W.R. Bohning [1979], p37

2.3 Contemporary Migration Patterns to the RSA and Mine Employment Policy

2.3.1 A Dependency Syndrome

The oscillating Migrant Labour System is one of the arresting features and perhaps the most controversial issue pertaining to the Southern African history and political economy. The characteristic feature of the Southern sub-region, and particularly Lesotho, is that it serves as a "labour reserve" economy for the South African economy, specifically the mining industry. Besides providing employment for a substantial portion of Lesotho's labour force, the migrant labour system is the principal source of a significant share of the household income and the national income of Lesotho.

As indicated in previous sections, even though agriculture is the mainstay of the national economy in terms of its contributions to the Gross Domestic Product (GDP), income generated from agriculture-related activities is essentially inadequate for maintaining the majority of the rural households. At the same time, the domestic wage sector is so small that it is absolutely inconceivable that it might be capable of absorbing at least 50 per cent of its total labour force in the near future. Under these circumstances, the alternative available for survival of most households has

been the large scale labour migration for wage employment in the RSA, a process that further accentuates the dependence of Lesotho's economy on the RSA, as noted in the fourth Five Year Development Plan. It is estimated that at any point in time, over 50 per cent of the male labour force or about 20 per cent of the total labour force is absent from Lesotho working in the RSA, mainly in the mining sector and specifically in the gold mines.¹⁸

Lesotho's economic integration with and dependence on the RSA is underscored by both the bilateral and multilateral agreements it has with the RSA. In 1973, Lesotho entered into a formal bilateral labour migration agreement with the RSA.¹⁹ The agreement was signed so as to facilitate the recruitment and movement of Basotho migrants to South Africa. According to the terms of the agreement, Lesotho established the Labour office in the RSA and the functions of the Labour Representative are *inter alia* to safeguard the interests of Basotho on a wide range of pertinent issues concerning their welfare in the RSA, more especially those in the mining industry. For instance the Labour Representative's office liaises with the South African authorities on behalf of Basotho employed in the RSA on matters relating to deferred

18

Kingdom of Lesotho (1987), *Fourth Development Plan*, p19

19

W.J. Breytenbach [1979] op.cit p22

pay, repatriation of the sick and injured, workmen's compensation and pneumoconoiosis claims. Mine employment is but one of the links between Lesotho and the RSA. Lesotho is a member of both the South African Customs Union (SACU) and the Rand Monetary Area (RMA).

The SACU agreement under which the BLS states and the RSA are signatories was first established in 1910. The terms of agreement were subsequently renegotiated and a new agreement was concluded in 1969. The union provides for free movement of goods within the member states and the imposition of common tariffs and trade regulations on goods imported from outside the union. Duties collected on behalf of SACU states are paid into a common pool and each one of the BLS countries receives an annual payment, with a two-year time lag, from the RSA (custodian of the SACU revenue pool) based upon the value of imports from the RSA into these countries. Customs union payments are a major source of revenue for Lesotho and contribute an average of more than 60 per cent to the total government revenue as indicated in table 2.2.

Customs union receipts are not very stable; they fluctuate from time to time as evidenced by annual percentage changes. In 1980/81, the receipts did not increase from the preceding level of M71.4 million and in the following year, they actually declined by about 1.0 per cent. In 1983/84, they increased by about 43 per cent though it could not be sustained longer. Between 1984/85 and 1985/86, they

TABLE 2.2

SUMMARY OF GOVERNMENT REVENUE 1978/79 - 1985/86
(In Million of Maloti)

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
TOTAL RECEIPTS	92.0	111.7	125.5	124.8	144.2	179.1	234.4	253.1
Revenue	80.0	93.8	104.3	111.1	134.8	169.9	217.3	243.1
Customs	56.1	71.4	71.4	70.8	76.7	109.9	151.5	161.1
Other	24.4	22.4	32.9	40.3	58.1	60.0	65.8	81.9
Grants	11.5	17.9	21.2	13.7	9.4	9.2	17.1	10.0
Customs Revenue/ Total Revenue%	70.1	76.1	68.5	63.7	56.9	64.7	69.7	66.3
Percentage Change of Customs Revenue		27.3	0	-0.8	8.3	43.3	37.9	6.3

SOURCE: Ministry of Finance, Maseru, Lesotho

increased only by 6 per cent indicating a downward trend. The RSA is the major trading partner of Lesotho accounting for more than 95 per cent of Lesotho's imports. Nearly all export sales from the key export commodities - wool and mohair - are marketed in the RSA. Customs union receipts, though they are outside the control of the government, play a major role in financing public expenditure.

Lesotho, Swaziland and the RSA are members of the RMA agreement of 1974. Botswana on the other hand dropped out. The agreement provides for the circulation of the South African Rand in the area, unrestricted flow of funds within the area and also free access to the South African capital and money markets. Under the terms of the agreement, Lesotho receives interest payments from the RSA based upon an estimate of the South African rand coins and currency in circulation within Lesotho. The 1974 agreement was amended and a new agreement was concluded in 1986. Lesotho introduced its national currency, the Maloti (loti for singular), in 1980 and it is pegged at par to the Rand. Both currencies circulate freely in Lesotho.

To emphasize the urgency and the need for reducing economic dependence of the Southern African states on South Africa, the Southern Africa Labour Commission (SALC) was established in 1980.²⁰ Its main objective is to orchestrate a coordinated strategy for the eventual withdrawal of its labour force from the RSA, which would ultimately lead to a reduction of employment dependency of its member states. The withdrawal strategy has been discussed in several SALC meetings but the actual implementation has been cautiously avoided because of differing capabilities of these countries in creating productive employment opportunities for the returning migrants. Some countries within SALC have relatively greater potentials and capacities of absorbing the potential withdrawn migrants than do others. This is underlined by the fact that even the magnitude of involvement and the degree of dependence in the migrant labour system differs substantially from one labour exporting country to another. As a result, most member states are, unfortunately, not yet ready for this development.

20

Member States of SALC are: Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

However, SALC has partially attained this long term objective. In 1981 the Zimbabwe government decided not to renew the recruiting licence of TEBA, which is the recruiting agency for the Chamber of Mines. It further issued a statement to the effect that it was totally opposed to Zimbabwe nationals working in South Africa though the government would not interfere with any individuals who preferred to work in South Africa. In retaliation, the South African authorities repatriated a large number of Zimbabweans at the end of their mining contracts and their contracts were
21 not renewed.

2.3.2 Current Trends in Mine Employment Policy

Adopted by the Chamber of Mines

Looking at the dependence problem from the demand side, the mining sector in the RSA, especially gold mining, is
22 predominantly dependent on foreign migrant labour. As mentioned earlier, wages in the manufacturing sector rose rapidly and surpassed wages in both mining and agricultural sectors. As a result, more people were attracted to the manufacturing sector, more especially the South African labour force because it was easier and quicker for them to locate vacant places in factories. Moreover, the labour

21

Fion de Vletter [1985], Labour Migration to South Africa...., op.cit, p24

22

C.W. Stahl [1977], p4

control measures introduced in 1963 effectively restricted the flow of the foreign labour force to the mining and farming activities and this was a deliberate action intended to maintain wages in these sectors as low as they could possibly be. Rather than increase wages to a competitive level with the manufacturing sector, the Chamber of Mines preferred to draw its labour further afield beyond the South African boundaries and by so doing, it strengthened its dependence on foreign labour.

Table 2.3 shows that up until 1976, the Chamber of Mines entirely depended on foreign workers. For the period prior 1975 the foreign labour component comprised about 80 per cent of the total black labour force. In 1973, Malawi was the main supplier of labour to the mining industry, followed by Mozambique and then Lesotho, and Botswana and Swaziland to a smaller extent. From Table 2.4, it is also obvious that the South African labour market is currently undergoing a major process of structural transformation. In 1976 the Chamber of Mines adopted a strategic policy of reducing its dependence on recruitment of foreign migrant labour.²³ These developments have resulted in a drastic reduction in the number of foreign migrants to South Africa. Unlike in the past whereby the foreign component of the mine labour was more than encouraged as a means of circumventing the wage pressure, the trend has considerably changed to favour the South African black labour supply.

23

J. Taylor [1986] p2

TABLE 2.3

SOURCE OF AFRICAN LABOUR, BY COUNTRY OF ORIGIN EMPLOYED
 BY AFFILIATES OF THE CHAMBER OF MINES - SELECTED YEARS
 (In Thousands)

COUNTRY	1973	1976	1979	1983	AS A PERCENTAGE OF NON-SOUTH AFRICANS				AS A PERCENTAGE OF OVER-ALL TOTAL			
					1973	1976	1979	1983	1973	1976	1979	1983
BOTSWANA	16.8	15.5	18.7	17.6	5.0	7.6	9.2	9.1	4.0	4.3	3.9	3.6
LESOTHO	87.2	96.4	109.2	102.8	26.0	47.5	53.5	53.0	20.7	26.7	22.8	21.3
MALAWI	128.0	6.9	19.2	15.9	38.1	3.4	9.4	8.2	30.3	1.9	4.0	3.3
MOSAMBIQUE	99.4	48.6	37.7	44.8	29.6	24.0	18.5	23.1	23.5	13.5	7.8	9.3
SWAZILAND	4.5	8.6	10.0	11.8	1.3	4.2	4.9	6.1	1.1	2.4	2.1	2.4
ZIMBABWE	-	26.9	8.0	-	-	13.3	3.9	-	-	7.4	1.7	-
TOTAL NON-SOUTH AFRICAN	335.9	202.8	204.3	193.8	100.0	100.0	99.4	99.5	79.6	56.1	42.7	40.1
SOUTH AFRICAN	86.2	158.6	274.2	289.5					20.4	43.9	57.3	59.9
OVER-ALL TOTAL	422.2	361.3	478.6	483.3					100.0	100.0	100.0	100.0

SOURCE: See Annex I, Table A

TABLE 2.4

DISTRIBUTION OF FOREIGN BLACKS IN SOUTH AFRICA -
SELECTED YEARS (In Thousands)

COUNTRY	1973	1976	1979	1983	PERCENTAGE		OF	TOTAL
					1973	1976	1979	1983
ANGOLA	0.04	0.8	0.3	0.1	0.01	0.2	0.1	0.03
BOTSWANA	46.2	43.2	32.5	26.0	9.5	11.1	9.9	7.3
LESOTHO	148.9	160.6	152.0	145.8	30.7	41.2	46.5	40.7
MALAWI	139.7	12.8	35.8	29.6	28.8	3.3	11.0	8.3
MOZAMBIQUE	127.2	111.3	61.6	61.2	26.2	28.5	18.9	17.1
SWAZILAND	10.0	20.8	13.0	16.8	2.1	5.3	4.0	4.7
ZAMBIA	0.7	0.8	0.8	0.7	0.14	0.2	0.2	0.2
ZIMBABWE	3.3	32.7	21.6	7.7	0.7	8.4	6.6	2.2
OTHER	9.1	7.2	9.2	70.1	1.9	1.8	2.8	19.6
TOTAL	485.1	390.0	326.7	358.0	100.0	100.0	100.0	100.1

SOURCE: See Annex I, Table B

A number of factors can be attributed to this new employment policy adopted by the Chamber of Mines towards foreign mine workers. Among these, the following can be mentioned:

- (i) The high rate of unemployment in South Africa due to both cyclical and structural factors and the ever declining number of South African blacks in the mining sector was a cause for concern to both the government and the Chamber of Mines. The Chamber of Mines had two options available:
- To adopt a laissez faire policy and go further afield for recruitment and be insensitive to the inherent unemployment problem or
 - to develop an alternative strategy of increasing mine wages to a competitive level with the manufacturing sector, thereby providing an incentive to the South African labour force to join the mining sector.

Because of the pressure coming from the government, the Chamber of Mines opted for the second option and raised mine wages in 1974. The increased mine wages attracted the black South African work force to the mining sector while simultaneously facilitating the implementation of the strategy for the Chamber of Mines to reduce its foreign labour dependency.

- (ii) The upsurge in gold prices during the 1970s necessarily contributed to facilitate an increase in mine wages without significantly reducing the profitability of production in the gold mining industry. The revenue per fine ounce of gold sold quadrupled from R25.8 in 1970 to R107.4 in 1974.
- (iii) The 1973 wage related Durban strikes spread over to the mining sector and there were disturbances and compound confrontations which lasted for approximately 18 months claiming about 130 deaths and 500 injuries, and 15000 mine workers were sent back to their homes. As a result, the Chamber of Mines increased wages substantially.
- (iv) In 1974, a plane carrying mine workers from South Africa crashed in Botswana and a total of about 72 Malawians were killed. In retaliation to the policies of the mining authorities, President Banda of Malawi recalled all Malawians working in South African mines. This unexpected act by the Malawi government came as a shock to the Chamber of Mines and it became evident that their dependence on foreign labour was no longer reliable and stable.

- (v) The independence of Mozambique in 1975 also posed a labour shortage threat to the South African government and to the Chamber of Mines as the new government in Mozambique committed itself to a programme of Socialist approach to economic development. Labour supply from Mozambique, which was essentially the main supplier, was no longer guaranteed.
- (vi) Technological progress capable of increasing output levels and the high labour cost component in total production costs largely contributed to the current trends in production process. A fairly large number of newly opened mines and some old ones are employing labour saving techniques in the production process. The mechanization of mines, specifically the coal mines, imply declining employment prospects for foreign workers in the RSA.
- (vii) The introduction of Employment Guarantee certificates is an indication of high preference for experienced mine workers by the Chamber of Mines. The certificate holders, usually old mine employees, are automatically assured re-employment if their contracts with the mines are renewed within

As a consequence of the aforementioned factors, in 1976, the six months. This shows that the Chamber of Mines has adopted a new employment policy to partly reduce recruitment of novices. In 1973, foreign labour employed by the Chamber of Mines was 232 000 and by 1983, this foreign labour component had dropped to 193 000. In 1977, Lesotho supplied 26 per cent of the foreign labour and 20.7 per cent of the total black work force. Malawi and Mozambique both supplied 47.7 per cent of the foreign workers and 34 per cent of the total black work force. In the same year, the South African labour force constituted only 20.4

All these factors have been thoroughly explained by F. Wilson 1975 Ibid.; C.W. Stahl 1977, Labour Export in Southern Africa: Some welfare and Policy implications with Regard to a Joint Policy on Recruitment Fees [Geneva, ILO, WEP Research Working Papers]; Fion de Vletter 1985, Recent Trends and Prospects of Black Migration to South Africa [Geneva, ILO, International Migration for Employment Working Paper]; Fion de Vletter 1980, Migrant Labour Conditions in South Africa: A Case Study of Gold Mines [Geneva, ILO, WEP Research Working Paper]; Universidade Eduardo Mondlane 1987, The Southern African Mining Industry and Mozambican Migrant Labour in the 1980s: An Analysis of Recent Trends in Employment Policy [Geneva, ILO, International Migration for Employment Working Papers].

As a consequence of the aforementioned factors, in 1976, the Chamber of Mines assigned itself a 50 per cent internalization target which surprisingly was attained as early as 1977.²⁴ Table 2.3 shows that in 1973, foreign labour employed by the Chamber of Mines was 335 900 and by 1983, this foreign labour component had dropped to 193 800. In 1973, Lesotho supplied 26 per cent of the foreign labour and 20.7 per cent of the total black work force. Malawi and Mozambique both supplied 67.7 per cent of the foreign workers and 54 per cent of the total black work force. In the same year, the South African labour force constituted only 20.4 per cent. In 1983, Lesotho supplied 53 per cent of the foreign workers and 21 per cent of the total work force. Malawi and Mozambique supplied 31 per cent of foreign workers and 12.6 per cent of the total labour force and 60 per cent came from the South African domestic work force (also see figure . Within a decade, the Chamber of Mines had managed to increase the South African work force from 20 per cent to 60 per cent, and reduced the foreign workers from about 80 per cent to about 40 per cent.

However, it is worth noting that the reduction of the foreign work force did not affect all labour exporting countries in the same manner. The decline in labour force from Malawi and Mozambique was off-set to some extent by

24

D.G. Clarke [1979(a)], South African Chamber of Mines....,
p32

substantial increases in labour supplies from the BLS
countries and in particular from Lesotho.²⁵ In 1973, labour exports from the BLS was 32.3 percent of the foreign work force and by 1983, the figure had increased to 68.2 per cent with Lesotho being the main foreign supplier. Table 2.4 shows that while the share of Malawi and Mozambique in foreign work force in South Africa declined from 55 per cent in 1973 to 31.8 per cent in 1976, the share of the BLS countries in foreign work force in South Africa increased from 42.3 per cent in 1973 to 57.6 per cent in 1976 with Lesotho accounting for 41.2 per cent. Figure also shows that Lesotho's share in foreign work force in South Africa increased from 30.7 per cent in 1973 to 40.7 per cent in 1983. The sectoral distribution of foreign workers [Table 2.5] further indicates the degree of Lesotho's dependence on South Africa for wage employment of its population. With the exception of agriculture, Lesotho is the main supplier of foreign labour to almost all sectors of the RSA economy.

25

C.W. Stahl [1977] op.cit p6

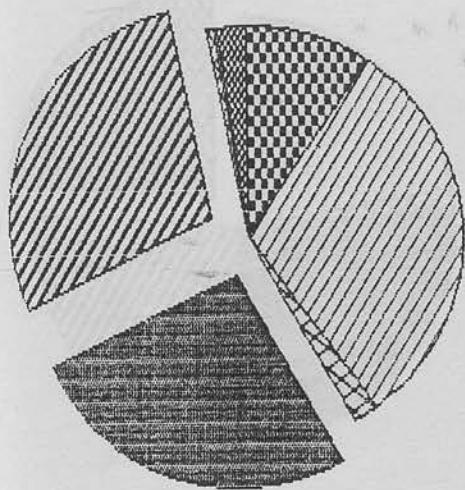
TABLE 2.5

FOREIGN WORKERS IN SOUTH AFRICA BY SECTOR AND COUNTRY IN 1981

	ANGOLA	BOTSWANA	LESOTHO	MALAWI	MOZAMBIQUE	ZIMBABWE	SWAZILAND	ZAMBIA	OTHER
Agriculture	104	1088	1967	4408	5925	2112	608	248	421
Mining and Quarrying	110	16478	119429	20356	46700	7379	7581	160	1559
Manufacturing	4	1358	4012	1533	835	424	743	68	161
Construction	15	722	5129	443	339	350	124	31	279
Wholesale & Retail	10	583	1311	733	373	946	187	68	61
Government Services	11	1102	3886	762	694	310	201	50	350
Domestic Services	26	1005	2381	2752	945	6591	595	153	140
Other	11	864	2631	1332	613	1741	338	140	131

SOURCE: UNDP 1986, Final Report "Assistance to LESOTHO on the Mining Repatriation Issue" p.49

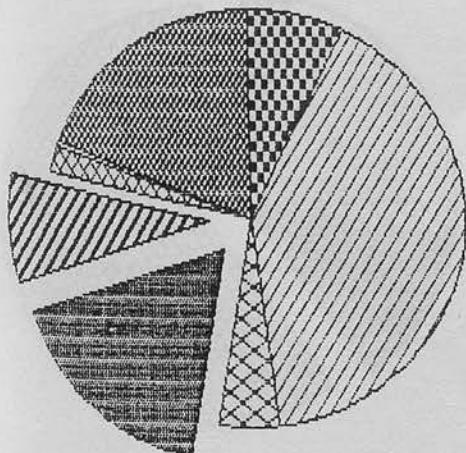
Fig 2.1: DISTRIBUTION OF FOREIGN BLACKS IN SA 1973



TOTAL: 485058

[checkered pattern]	- BOTSWANA	46192	(9.5%)
[diagonal lines]	- LESOTHO	148856	(30.7%)
[cross-hatch]	- SWAZILAND	10032	(2.1%)
[solid dark grey]	- MOZAMBIQUE	127198	(26.2%)
[diagonal lines]	- MALAWI	139714	(28.8%)
[cross-hatch]	- RHODESIA	3258	(.7%)
[vertical lines]	- ZAMBIA	684	(.1%)
[solid dark grey]	- OTHER	9132	(1.9%)

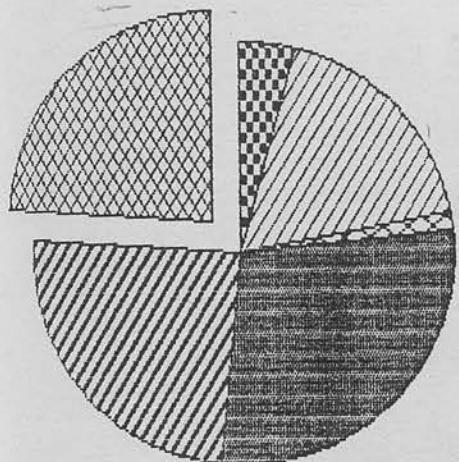
DISTRIBUTION OF FOREIGN BLACKS IN SA 1983



TOTAL: 357967

[checkered pattern]	- BOTSWANA	25967	(7.3%)
[diagonal lines]	- LESOTHO	145797	(40.7%)
[cross-hatch]	- SWAZILAND	16773	(4.7%)
[solid dark grey]	- MOZAMBIQUE	61218	(17.1%)
[diagonal lines]	- MALAWI	29622	(8.3%)
[cross-hatch]	- ZIMBABWE	7742	(2.2%)
[vertical lines]	- ZAMBIA	743	(.2%)
[solid dark grey]	- OTHER INCL. NAMIBIA	70105	(19.6%)

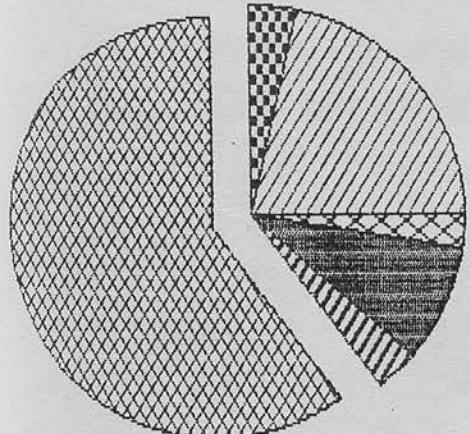
Fig 2.2: SOURCES OF MIGRANTS: CHAMBER OF MINES 1970 (thousands)



BOTSWANA	16.3 (4.1%)
LESOTHO	71.1 (17.7%)
SWAZILAND	5.4 (1.3%)
MOZAMBIQUE	113.3 (28.2%)
MALAWI	98.2 (24.5%)
SOUTH AFRICA	96.9 (24.2%)

TOTAL: 401.2

SOURCES OF MIGRANTS: CHAMBER OF MINES 1983 (thousands)



BOTSWANA	17.6 (3.6%)
LESOTHO	102.8 (21.3%)
SWAZILAND	11.8 (2.4%)
MOZAMBIQUE	44.8 (9.3%)
MALAWI	15.9 (3.3%)
SOUTH AFRICA	289.5 (60.0%)

TOTAL: 492.4

CHAPTER 3

MIGRANTS AND REMITTANCES IN LESOTHO

In both of these studies for years 1970-71 and 1972-73 the highest percentage of migrants were of rural origin. Due to dearth of statistical data and information pertaining to rural-urban migrants in Lesotho, in this section, we shall concentrate mainly on international migrants.

3.1 Characteristics of Migrants

3.1.1 Age and Sex Composition In Sebatane's study, the composition was 70 per cent male and 30 per cent female. Age and sex specific composition of migrant workers of Lesotho reveals that scarcity of employment opportunities within the domestic economy is the main inducement for migration. The propensity to migrate is selective of age as substantiated by a high concentration of migrants within the economically active age groups. It is often the young able-bodied people who leave their homes to seek job opportunities in the RSA. A study carried out by Sebatane [1979] shows that the age range 15-49 constituted 77 per cent of migrants.

¹
E.M. Sebatane [1979], op.cit p7-8

Van der Wiel study [1977] also indicated that 72
per cent of migrants were in age group 18-39.²

In both of these studies age cohort 25-29 had the highest percentage of migrants, the overall effects being a high dependency ratio for the Lesotho national economy.

Long distance migration is selective of males. Various studies have shown that the proportion of male migrants is considerably substantial as compared to that of females. In Sebatane's study, the composition was 96 per cent male and 4 per cent females. In 1976, it was estimated that the male comprised approximately 90 per cent and only 10 per cent being females.³ The main reason for this disproportion is that the restrictive laws in the RSA prohibit family migration and all migrants are compelled by law to live in compounds.

3.1.2 Marital Status

In most cases, the motive for migration is stronger for married than single men. As a consequence of having a family to provide for and in the absence of income generating activities at

2

Van der Wiel [1977] op.cit p33

3

Ibid

home, a rational man will decide to leave his family to seek employment opportunities somewhere else where prospects are better than at home. The study undertaken by ILO/SATEP shows that 4 85 per cent of migrants were married. Married men leave their wives at home to look after the farm. For early school dropouts, employment prospects are very bleak at home and because

3.1.3 Education and Skill levels

Unemployment of qualified people is not, as yet, a problem in Lesotho. Educated people are assured of obtaining employment opportunities within the country. In general, there is chronic shortage of skilled manpower in the country in almost all key occupations and the little that is available is absorbed within the economy. The traditional norm, particularly in the rural areas, is that in the majority of cases, it is the young girls who are afforded the opportunity of attending school while their male counterparts are expected to assist their parents in tending farms and taking care of the livestock. Even if they should attend school, it will only be for few years; maybe one to three years of schooling.

4

ILO/SATEP [1985], Skills Profiles of Migrant Workers...., p12

There are differing views with regard to when boys reach maturity, they leave the country to seek job opportunities in the RSA. They feel compelled to work in the mines because in the rural areas, labour migration to the RSA is often regarded or seen as the initiation into manhood. For early school dropouts, employment prospects are very bleak at home and because mine work is not education selective, mine employment opportunities available in the RSA attract the less educated Basotho. The ILO/SATEP study shows that 38.4 per cent of the migrants had no formal education.

3.1.4 Pre-Migration Residence and Occupation

As mentioned above, migrants are predominantly of rural background.⁵ People from economies in recession migrate to developed areas where employment prospects are promising. As rural incomes are very low and the probability of securing a job in the urban wage sector is also very low, Basotho rural dwellers are left with no other option except to migrate to the RSA.

There are differing views with regard to pre-migration and on-leave occupations of migrants. Some studies show that migrants never worked prior to migration and others show that migrants do not engage in productive activities while on leave from work. In a survey carried out by Sebatane, 87 per cent of the migrants had never worked before migrating to the RSA and only the remaining 13 per cent had some kind of work.
⁶

What is essentially important in this respect is what basically one means by "work" because most people are inclined to associate the word "work" with wage employment. A man looking after his livestock or ploughing his fields might not consider these activities as part of work because he does not receive any remuneration for whatever he does. One may be inclined to argue that all people in the rural areas who are within the working age group and are not handicapped in one way or the other are at one time or another engaged in some work which may not necessarily be measured in monetary units.

6

E.M. Sebatane [1979], op.cit p12

3.2 Remittance Mechanisms

There are several ways through which a Mosotho Migrant administers his earnings while working the RSA. A substantial portion of his wages is transmitted through the Deferred Pay Scheme in Lesotho while the remaining part is transmitted through the informal links. This section highlights various ways in which migrant remittances are administered.

3.2.1 The Deferred Pay Scheme

This is a system whereby a stipulated proportion of monthly wages of a contract mine worker is withheld until his contract expires when he is paid the accrued amount. Prior to 1975, the deferred pay fund was controlled by the Chamber of Mines and all the accrued amounts were withheld in South African financial institutions. However, no interest was payable to the worker. After gaining its independence (1966) the government of Lesotho began negotiations with the Chamber of Mines to have the deferred pay remitted to Lesotho. In 1975, a deferred pay scheme was established in Lesotho. The Scheme provides a 60 per cent compulsory deduction from migrant earnings from all but the first and the last months of his contract in South Africa. These earnings are repatriated to Lesotho where they are deposited with the Lesotho National Development Bank at 5 per cent annual rate of interest.

The government has access to the deferred pay fund for financing its development expenditures. The total deferred pay earnings including the accrued interest are collected by the migrant at the end of his contract with the South African Mines.

3.2.2 Goods and Cash Remittances

The remaining 40 per cent of migrants' earnings is used by him at his own discretion. More often than not, however, a migrant will spend a certain portion of the 40 per cent on consumption expenditure while in South Africa. He may purchase some commodities for his personal use or for the use by his family and the remaining part is remitted home either by post, through the recruiting agency, through a friend going home or when the migrant goes home on leave. Depending on a number of factors, such as the personality of an individual migrant and the marital status of the migrant, these remittances may be regular, sporadic or there may be none at all.

Table 3.1 shows the volume of migration, deferred payment and remittance payments of migrant mine labour. The table excludes migrant workers employed in non-mine occupations such as in farms and in the manufacturing sector.

TABLE: 3.1 MIGRANT MINE LABOUR STATISTICS 1974 - 1982
(In Thousands)

YEAR	NUMBER RECRUITED	AVERAGE NUMBER EMPLOYED	DEFERRED PAYMENTS (MALOTI)	REMITTANCE PAYMENTS (MALOTI)
1974	104.4	106.2	7326.7	5136.0
1975	134.3	112.5	12835.9	7159.5
1976	160.5	121.1	17822.4	8239.7
1977	143.2	128.9	16648.3	10956.3
1978	115.0	124.5	20342.6	12925.0
1979	92.8	124.4	22695.8	15441.0
1980	91.6	120.7	24440.0	17682.9
1981	92.8	123.5	35813.2	26927.5
1982	93.9	117.5	76719.9	51003.6
1983	84.4	115.5	103556.2	74207.1
1984	91.5	114.1	123549.7	82923.8
1985	101.2	116.5	131544.8	93828.9
1986	110.6	121.5	174780.2	104738.9
1987	121.5	125.9	188704.1	124354.7

SOURCE: Department of Labour, Maseru.

From the above table, we note that the number of Basotho recruited for mine employment declined from 143200 in 1977 to 84400 in 1983, a decrease of about 41.1 per cent. During the same period, the average number of Basotho miners actually employed was reduced by 10.6 per cent from 128900 to 115300. Meanwhile, the deferred payments and migrant remittances increased. For the same reference period, 1977 to 1983, the deferred payments rose from M16.6 million to M103.6 million, an increase of about 82 per cent and migrant remittances increased from M11.0 million to M74.2 million.

The apparent increase in deferred payments and migrant remittances inspite of a decline in the average number employed could be attributed to increasing wages in the mining industry.

3.3 The Impact of Labour Migration and Remittances in Lesotho

Adverse economic conditions have been a major factor inducing Basotho to migrate in large numbers to the neighbouring RSA in search of better economic opportunities. International migration has benefit and cost effects which accrue to both the labour exporting and importing countries. However, these benefit-cost effects of labour migration in the receiving country are outside the scope of this study.

As a result of differences in resource endowments, a very substantial percentage of migrants leave their own countries in response to wage differentials between the country of origin and destination. Though the movement of labour benefits the receiving country, it is a loss to the sending country in terms of human capital investment.⁷ Every country undertakes heavy investment in human resources through education and skills training. In developing human resources, the government has high future expectations in relation to the quality of manpower that will be responsible

7

Larry A. Sjaastad, [1962]

for economic development of their own country. When the skilled manpower cannot be utilized for the benefit of the country which incurred heavy investment in its development, this becomes a great loss. Labour exporting countries lose in terms of human capital while the receiving countries make substantial gains. The economic loss that may be envisaged depends basically on whether the migrants are drawn from the ranks of the employed or the unemployed and if they are already employed, whether they can be easily replaced and it also depends on their skill composition. In Lesotho, for instance, the bulk of the migrants to the RSA are unskilled and as a result, their movement from Lesotho to the RSA does not result in any losses of investment in human capital.

Usually, migrant acquire new skills in the place of work through on-the-job training and/or formal training that may be encouraged by the employers. These newly acquired skills could be appropriately utilized in the home country by the returning migrants. But for countries like Lesotho with very limited resource base, most skills, largely mine related, are not appropriate and cannot therefore benefit the country like they would in countries endowed with natural resource. However, the skills already acquired by migrants could be adapted to fit the skill requirements of the economy. For instance, with further training of migrants, their skills could be appropriately utilized and the costs incurred in training them could be relatively lower as they already have basic skills.

The recipients of migrant remittances utilise such income mainly for financing consumption expenditure. Large increases in household income

bring Lesotho has become dangerously dependent on migrant earnings. Out of an estimated potential labour force of 700 000, only 40 000 are engaged in wage employment within Lesotho and over 20 per cent of the total labour force, mainly male, is employed in South Africa. Unlike in the past where agriculture was the main source of livelihood for the majority of the population, it is now complementary, if not supplementary and for most rural households, migration is perceived as an economic base and the main source of subsistence. The families of migrant workers depend almost entirely on the earnings of the migrants. In 1977, an estimate showed that about 80 per cent of the income of the rural households was contributed by migrant earnings and these amounted to 3.6 times the total of 8

Lesotho's farm income.

8

Kingdom of Lesotho, [1982], Migration and Manpower in Lesotho, op.cit p2-12

The recipients of migrant remittances utilize such income mainly for financing consumption expenditure. Large increases in household income bring about changes in consumption patterns. These families are able to purchase food, educate their children, acquire more livestock, build houses, buy agricultural implements and save whatever is left after satisfying the essential basic needs. Recent studies have shown that almost all families which have access to migrant earnings have experienced general improvement in the quality of life and they are not trapped in the poverty cycle like their counterparts without access to migrant remittances.

The generally accepted view is that most of these families which benefit from migrant earnings often spend this income in ways which do not contribute to the development of the national economy because a large proportion of income is used on consumption of durable goods. But looking at National Development Plans, education and health improvement for all are among priority goals. Expenditure on education is an investment in human resources as an economic factor in the production process and migrant earnings substantially contribute towards the attainment of these national objectives.

Therefore, migrant remittances may be said to play a vital role in the economic life of a large proportion of households in the country.

As previously mentioned, a significant proportion of the migrants are rural based and these rural areas are economically depressed. Therefore, the inflow of remittances into these economies play a significant role in stabilizing and narrowing the rural-urban income differential gap. In the absence of effective policies to redistribute productive resources and/or income equitably across the rural-urban divide, labour migration contributes to economic development defined to include *inter alia* the distribution aspect. Remittances are distributed to favour these depressed economies.

3.3.2 Contribution of Labour Migration and Remittances to the National Economy of Lesotho

In macro-economic terms, the positive role of labour migration is quite obvious. Through the system of labour migration, a substantial percentage of Basotho has access to wage employment which their own country could not offer. In the majority of cases, people leave their own countries to seek job opportunities in other countries because they fail to secure productive employment opportunities in their own countries. Therefore, labour migration reduces the pressure

on the domestic labour market thereby reducing potential chronic unemployment which could have otherwise reached crisis proportions while at the same time providing income to most unskilled persons and thus improving the living standards of a large number of Basotho families. Unemployment and poverty could have been aggravated in the absence of migration.

Migrant earnings in Lesotho contribute a significant share to the national income which in turn is expected to have favourable effects on output, consumption and the general growth of the economy. Remittances are very significant in supporting the Balance of Payments (BOP), comprising about 90 per cent of the total receipts. During the third plan period, the BOP was characterised by large trade deficits which were financed essentially by the ⁹ earnings of migrant workers. Private consumption as a percentage of GNP rose from 80 per cent in 1982 to 83 per cent in 1987. The growth rate of consumption increased from 0.3 per cent to 14 per cent during the same period.

The rapid growth of migrant remittances from the late 1970s had positive effects on the growth of GNP estimated at the annual average rate of 3.6 per cent during the third plan ¹⁰ period. Table 3.2 shows that remittances have been very

⁹ Kingdom of Lesotho [1987], Fourth Development Plan, op.cit p4

¹⁰ Ibid

TABLE 3.2 MIGRANT EARNING IN RELATION TO KEY ECONOMIC
VARIABLES 1974/75 - 1983/84 (In Million Maloti)

YEAR	GNP AT MARKET PRICES	MIGRANT EARNINGS	GDP AT MARKET PRICES	IMPORTS (MERCHANDISE)	EXPORTS (MERCHANDISE)	GNP	GDP	IMPORTS	EXPORT
1974/75	158.1	60.4	98.0	77.7	9.8	38.2	61.6	77.7	616.
1975/76	212.0	100.4	111.0	112.0	10.0	47.4	90.5	89.6	1004.
1976/77	269.1	125.2	143.3	164.8	15.6	46.5	87.4	76.0	802.
1977/78	332.7	146.2	187.7	183.3	13.7	43.9	77.9	79.8	1067.
1978/79	409.0	157.1	252.9	211.5	28.8	38.4	62.1	74.3	545.
1979/80	461.9	185.4	277.0	272.3	38.9	40.1	66.9	68.1	476.
1980/81	545.9	217.5	328.4	332.4	46.7	39.8	66.2	65.4	465.
1981/82	651.2	288.3	363.5	392.3	40.7	44.3	79.3	73.5	708.
1982/83	789.4	408.5	382.0	485.0	46.9	51.8	106.9	84.2	871.
1983/84	935.0	485.0	445.7	538.7	35.1	51.9	108.8	90.0	1381.

significant in relation to key economic variables. Migrant workers' remittances increased steadily from 39.8 per cent in 1980/81 to over 50 per cent of GNP in 1983/84 while GNP itself increased by 71.3 per cent during the same period. In 1983/84, migrant remittances contributed 109 per cent as a proportion of the GDP and the annual inflows exceeded the total value of merchandise exports comprising about 1381 per cent of the latter. During the same year, migrant remittances could finance the purchase of about 90 per cent of merchandise imports. The table also shows that the value of imports is greater than the GDP of the country and it is estimated that in 1985, the value of imports of goods and services amounted to M798.1 million while GDP at market prices amounted to M581.3 million indicating that imports are substantially financed through external sources of revenue with migrant remittances being the major source.

Considerable increases in customs revenue are attributable to substantial rises in migrant workers' remittances. The magnitude of imports, which regulate the size of SACU receipts, is highly determined by the purchasing power of Basotho which in turn is largely influenced by migrant remittances. As indicated in the preceding chapter, SACU payments are the main source of government revenue. A decline in migrant earnings will automatically reduce the import capacity of the country and the end result being a severe reduction of SACU payments.

In order to emphasize the vital role of migrant remittances in the economy of Lesotho, several regression equations for explaining the determinants of private consumption expenditure as well as merchandise imports are examined. The statistical results for private consumption expenditure for the period 1970-1983 are as follows. All variables are in constant 1980 market prices.

- 1) $CP_t = 43.0686 + 0.6775Yd_t + 0.7817R_t$
(0.4285) (6.2735) (10.4585)
 $R^2 = 0.9883 ; D.W = 1.5447$
- 2) $CP_t = 26.6062 + 0.7860Y_t$
(2.4007) (30.1599)
 $R^2 = 0.9870 ; D.W = 1.5752$
- 3) $CP_t = 53.2081 + 0.7650Yd_t + 0.8749R_t - 0.1436CP_{t-1}$
(0.6751) (3.6864) (4.8277) (0.6260)
 $R^2 = 0.9885 ; D.W = 1.8129$
- 4) $CP_t = 32.7551 + 0.8883Y_t - 0.1448CP_{t-1}$
(0.0819) (4.3947) (-0.5765)
 $R^2 = 0.9856 ; D.W = 1.6855$
- 5) $CP_t = -29.9321 + 1.6354Yd_t$
(-0.6987) (9.0271)
 $R^2 = 0.8716 ; D.W = 0.8138$

Where CP_t = Private Consumption

Y_t = GNP

Yd_t = GDP

R_t = Migrant Remittances

Equations (1) and (2) show very good results and, these equations can be used for projecting future private consumption expenditure. In equation (1) the marginal propensity to consume (for private consumption) with respect to migrant remittances (R) is about 78 per cent. This indicates that an increase of M1000 in migrant remittances will result in M780 increase in private consumption while an increase of M1000 in GDP will result in M680 increase in private consumption. The statistical fit is very close because the R^2 shows that the two variables (GDP and R) explain about 99 per cent of variations in private consumption. In National Accounts, GNP comprises of GDP at market prices plus Net Factor Income from abroad (NFI). Migrant remittances contribute about 99 per cent of NFI which indicates that the Net Investment Income from abroad (1 per cent) is very insignificant in terms of its contribution to national income. This explains the significance of these two variables (GDP and Remittances) in explaining the changes in private consumption. The T-Ratios for both variables are good (greater than 2 for $n > 8$) implying that the variables are statistically significant. The D.W while not quite good shows that there is relatively not very large serial correlation between the successive error terms.

In equation (5), even though the T-Ratio shows that GDP is statistically significant in explaining variations in private consumption, the D.W indicates the existence of very high degree of autocorrelation between the successive error

terms implying that there are other significant variables which have been omitted from the equation. Therefore, the equation cannot be used for projection purposes. We can therefore conclude that GDP alone does not explain changes in consumption levels. Migrant remittances play a major role in influencing private consumption. A decline in remittances will adversely affect not only the national income but also the consumption behaviour of the households.

The following results were also obtained for various import functions.

- 1) $M_t = -45.4206 + 0.0941Yd_t + 1.5415R_t$
 $(-1.1263) \quad (0.2436) \quad (5.7658)$
 $R^2 = 0.9204 ; D.W. = 0.6012$
- 2) $M_t = -142,9917 + 1.0079Y_t$
 $(-2.0406) \quad (5.0510)$
 $R^2 = 0.6801 ; D.W. = 0.5229$
- 3) $M_t = -189.5134 + 1.9838Yd_t$
 $(-2.0406) \quad (5.0510)$
 $R^2 = 0.6801 ; D.W. = 0.6307$
- 4) $M_t = 22.5869 - 0.3266Yd_t + 0.5772R_t + 0.9087M_{t-1}$
 $(0.2094) \quad (-1.3522) \quad (2.2811) \quad (4.8683)$
 $R^2 = 0.9763 ; D.W. = 1.8882$
- 5) $\ln M_t = 1.7251 - 0.5471\ln Yd_t + 0.3206\ln R_t + 0.9493\ln M_{t-1}$
 $(0.9253) \quad (-1.7010) \quad (1.9857) \quad (4.3136)$
 $R^2 = 0.9708 ; D.W. = 2.0953$

Where M_t = Merchandise Imports
 Y_t = GNP
 Yd_t = GDP
 R_t = Migrant Remittances

In equation (3) about 68 per cent of the total variations in merchandise imports are explained by variations in GDP. The T-Ratio indicates that GDP is statistically significant but the D.W. shows that there is a high degree of autocorrelation between the error terms and this implies that domestic production alone does not influence imports. Therefore this equation is not good for projections. Equations (4) and (5) show relatively good results and both equations reflect the partial adjustment hypothesis.¹² In equation (4) about 98 per cent of total variations in merchandise imports are explained by variations in migrant remittances and imports of the previous year. The marginal propensity to import with respect to migrant remittances is about 58 per cent and 91 per cent with respect to previous year's imports. The T-Ratios for these two variables are good implying that these variables are statistically significant. In the same equation, the sign of the GDP coefficient is wrong (negative) because by implication it means that GDP is inversely related to imports. Moreover, the T-Ratio for GDP is very poor which means that GDP is not statistically significant in explaining variations in imports. The D.W. shows that there is no significant auto-correlation between successive error terms.

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The partial or stock adjustment hypothesis in economic theory implies that the desired imports (M_d) are different from actual imports. It is therefore necessary to transform the desired imports to the actual imports, which results in the incorporation of the lagged value of actual endogenous imports as one of the explanatory variables.

These equations, therefore demonstrate that imports are highly influenced by migrant remittances in the economy of Lesotho.

3.3.3 Economic and Social Costs of Migration

It is a general view amongst economists on migration that the oscillatory migrant labour system has largely contributed to the apparent declining trends in agricultural production. The argument stresses that most families of rural migrant workers find remittance payments an adequate source of income and therefore they no longer find it of necessity to increase production yields hence agricultural output follows a downward trend. The main emphasis is that agricultural work is left to the old and feeble men, women and children who are not fully conversant with farming techniques and innovations as the young able-bodied men in their prime years of productivity and efficiency have left. Thus the decline in rural labour force is a limiting factor to agricultural production. The estimate shows that in Lesotho, about 70 per cent of farming activities are undertaken by women and

13

children; and most households are female headed.

13

Kingdom of Lesotho [1987], Fourth Development Plan, p11

An alternative argument underlines the fact that the declining agricultural production is due to factors such as soil erosion, which has led to acute shortage of fertile land, and drought and this has necessarily resulted in very high dependence of labour migration because the income generated from agricultural activities is meagre and so low that it becomes hardly inconceivable how these large proportions of rural households could manage to subsist above the poverty datum line. This is a paradox as there is no consensus on the causal relationship between the two theories.

One other cost of migration to Lesotho relates to the fact that the migrants invariably contain large proportions of youths who are still very strong and mostly in their productive years. Because of migration, they fail to stay and employ their capabilities in their own country. On average, it is estimated that a Mosotho migrant spends fifteen years exposed to strenuous physical mine work under very hazardous working conditions. By the time they retire from mine work, they are so exhausted that they no longer can economically participate in the overall development of the country. Due to the degree of exposure to mine related diseases, risks and accidents, some of the migrants come home crippled or so sick that they become a burden to the society around which they live.

CHAPTER

In agricultural societies such as Lesotho, annual home visits of migrants should coincide with seasonal peak times when agricultural labour is highly required. But owing to the lengths of contracts, this does not always follow hence agricultural activities and the decision making process in farm related work are solely the responsibilities of women, apart from their traditional obligations such as child up-bringing.

Studies carried out in other countries indicate that an increase in consumption demand - stimulated by increased disposable income - not accompanied by an increase in productive capacity of the economy may lead to an inflationary situation created by excess demand. This situation may be applicable to Lesotho's case and this calls for more work which has to be done in order to verify this fact.

CHAPTER 4

DOMESTIC EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT IN LESOTHO

4.1 The Structure of Employment

In Lesotho, the economically active population can be classified into four major employment categories: agricultural labour force, migrant mine employment, modern wage sector and informal sector employment. In 1985, the economically active population (or the labour force) - under current status - was estimated at 970644. Of this total labour force, about 165644 (17 per cent) were employed outside the country in the RSA economy, leaving the residual domestic labour force of about 805000 employed in subsistence agriculture, modern sector, informal sector or unemployed. Around 5 per cent (39110) of the domestic labour force was unemployed.¹

A considerable proportion of the population depends on agricultural production for subsistence while a smaller number is employed in manufacturing and service industries. However, even though a large proportion of the labour force is concentrated in agriculture, the household income generated from farming activities is by far less than wages in the modern sector and even lower than mine earnings.

1

Kingdom of Lesotho [1987], The Labour Force Survey 1985/86, p30

4.1.1 The Agricultural Labour Force

As already indicated, Lesotho is predominantly a rural country with about 85 per cent of the total population living in rural areas. Agriculture is the mainstay of the economy, the largest employer and a major source of livelihood for the overwhelming proportion of the rural households and also it remains a dominant sector mainly through its contribution to the Gross Domestic Product (GDP). However the cumulative effects of several interrelated factors such as scarcity of cultivable land, soil erosion, very severe and erratic climatic conditions and the traditional land tenure system, have necessarily contributed to low agricultural production and development, which is evidenced by a gradual decline of ² its share in GDP relative to other sectors.

In 1973/74, for example, the share of agriculture in GDP was 49.5 per cent and this dropped to 36.8 per cent in ³ 1977/78 and further declined to 30 per cent in 1979/80. During the third plan period (1980/81 - 1984/85), the sector's share in output increased from 27.4 per cent to 28.2 per cent of total GDP. ⁴ Total crop production has decreased thereby necessitating large importation of food supplies and a rise in food aid in order to satisfy domestic consumption.

2

Kingdom of Lesotho [1987], Fourth Development Plan, op.cit
p29

3

Kingdom of Lesotho [1981], Third Development Plan, op.cit,
pp1658-159

4

Kingdom of Lesotho [1987], Fourth Development Plan, op.cit
p29

The low yields per crop cultivated, the diminishing income-earning potential of agricultural activities and the concomitant availability of alternative mine employment in the RSA have been major disincentives to the total farming effort, hence the rate of growth of employment in the agricultural sector is very small and an increasing proportion of the active population is compelled to depend on off-farm employment opportunities. Table 4.1 shows the total labour force and the agricultural labour force from 1975 to 1985.

TABLE 4.1 TOTAL POPULATION, TOTAL LABOUR FORCE AND AGRICULTURAL LABOUR FORCE (In Thousands)

	1975	1980	1985	GROWTH RATE (%)	
				1975-1980	1980-85
Total Population	1187	1339	1520	2.41	2.54
Agricultural Population	1045	1154	1276	1.98	2.01
Active Population	597	662	730	2.07	1.96
In Agriculture	525	571	613	1.70	1.42
non Agriculture	72	91	117	4.68	5.03
Percentage in Agriculture		88.0	86.2	84.0	

SOURCE: FAO Production Year Book, 1985

From the table, the growth rate of employment in agriculture between 1975 and 1980 was 1.70 per cent while that of non-agricultural labour force between the two periods was 4.68 per cent. During the same period the growth rate of the active population was 2.07 per cent indicating that the new entrants into the labour market found more employment

opportunities in non-agricultural activities as compared to farming activities. In 1975, agriculture employment constituted about 88 per cent of the total labour force and by 1980, the proportion of the total labour force engaged in agriculture had declined to 86.2 per cent. During the period between 1980 and 1985, the growth rate of agricultural labour force declined to 1.42 per cent while that of non-agricultural labour force increased to 5.03 per cent. The proportion of agricultural labour force also declined from 86.2 per cent in 1980 to 84.0 per cent in 1985. This analysis only demonstrates the relative unattractiveness of agriculture related activities in Lesotho.

Even though the absorptive capacity of subsistence agriculture is very low, the sector remains very dominant in terms of its total employment of the labour force. Without mine earnings, agriculture is still the main source of employment and income for the substantial proportion of the rural households.

4.1.2 The Modern Wage Employment

The Modern Wage Sector is relatively very small accounting for no more than 6 per cent of total employment of the work force and a significant proportion of the non-agricultural labour force is self-employed. In the 1970s,

the economy of Lesotho experienced high growth with the real GDP and the real GNP growing at annual average rates of 8 per cent and 9 per cent, respectively.⁵ These rapid growth rates were attributable to increases in mine wages, recruitment of Basotho to the South African mines and migrant remittances, increased export earnings of diamonds and also the increased revenue from SACU.⁶ Real GNP (in constant 1970 prices) rose from M71.9 million in 1971/72 to M176.4 million in 1979/80.

Actual employment was also high. In the manufacturing sector, however, it is worth emphasizing that, like many low-income economies, the impressive economic growth in Lesotho during this boom period was not matched by a corresponding expansion of the productive base of the economy and creation of more gainful employment opportunities within the country. Instead, the growth in GNP resulted only in increased total consumption and a rise of merchandise imports which exclusively originated from South Africa.⁷

One of the development targets of the First Five Year Development Plan (1970/71 - 1974/75) was to create 10000 - 15000 new employment opportunities within the domestic economy and specifically in non-agricultural activities.

5

ILO/JASPA [1983] op.cit, p26

6

SACU stands for South African Customs Union

7

ILO/JASPA [1983], op.cit p27

During the plan period, only 6000 new jobs were created in the modern wage sector and mostly from the public sector. Optimistic predictions regarding the absorptive capacity of the modern wage sector have not, unfortunately, been realised. For the second plan period (1975/76 - 1979/80) too, job creation in the modern sector was far below the target employment levels. The projected employment creation target within the first three years was 7000 jobs while the actual employment was a mere 1700. In the manufacturing sector alone, the target was 4500 and only 609 jobs were created.

In the 1980s, the rapid annual growth rate of the economy experienced in earlier years began to deteriorate reaching the lowest levels of 2 per cent in 1983. This could partly be attributed to the closure of the diamond mine in 1982 and drought which severely affected agricultural production. In 1984 the economy slightly recovered with real GDP growth rate at 9 per cent, but this economic recovery was not sustained throughout the period. During the third plan period, the annual average real GDP (in 1984/85 prices) growth rate was -
8
1.0 per cent. This sluggish growth rate had detrimental effects on the economy's potential in stimulating employment creation in the modern sector, particularly in the public

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Kingdom of Lesotho [1987], Fourth Development Plan, op.cit,
p4

sector as evidenced by the government's decision to freeze new recruitment to the civil service. It is estimated that about 3500 new jobs were created in the manufacturing sector during the plan period. From 1985 to 1987, the average real GDP growth rate was 2.9 per cent which was slightly above the population growth rate of 2.6 per cent.

The National Manpower Survey undertaken in 1980 estimated total employment in the modern wage sector at 41307. Table 4.2 shows the sectoral distribution of employment, percentage shares and the number of establishments in each industry. From the table we note that the largest employer in the domestic modern sector is the Government, accounting for 13100 (31.7%) followed by Wholesale and Retail Trade at 8547 (20.7%) Education at 6000 (14.5%) and Construction and Building at 4593 (11.1%). The total number of establishments was 1477 and these were concentrated mostly in Wholesale and Retail Trade amounting to 1030. The next one was Manufacturing with 156 and Construction and Building with 106.

TABLE 4.2 WAGE EMPLOYMENT IN THE MODERN SECTOR
BY INDUSTRY IN 1980

INDUSTRY	TOTAL EMPLOYMENT	PERCENTAGE SHARE	NUMBER OF ESTABLISHMENT
Mining	890	2.2	1
Manufacturing	3906	9.5	156
Electricity	487	1.2	1
Construction	4593	11.1	106
Wholesale & Retail	8547	20.7	1030
Restaurants & Hotels	1460	3.5	46
Transport	666	1.6	28
Business Services	1313	3.2	69
Insurance & Banking			
Other Services	345	0.8	40
Education (Teachers)	6000	14.5	
Government	13100	31.7	
TOTAL	41307	100.0	1477

SOURCE: National Manpower Survey 1980
N.M.D.S., Maseru

At the time of independence (1966) Lesotho's industrial development was very rudimentary, and efforts have been made to improve the performance of the sector. The private sector, which is highly dominated by foreign investment, is very small comprising service industries and a handful of manufacturing industries which provide gainful employment opportunities to a tiny minority of the total non-agricultural labour force. The Letseng-La-Terai diamond mine, which began its large scale production in 1977, produced the main export product accounting for approximately 80 per cent of visible export earnings and employed about 900 workers, was in full operation for only few years and in 1982, its operations were terminated and the mine closed down due to a fall in the world market prices of diamonds.

The closure of the mine had severe repercussions on the economy in terms of the loss of employment opportunities for Basotho and a reduction of export revenue from diamond sales. The value added of mining as a percentage of total real GDP (in 1980 prices) fell from 7.8 per cent in 1980 to 0.9 per cent in 1985.⁹ The government has allowed individual diggers to exploit other mining areas and it is hoped that the Letseng-La-Terai will resume its operations in the near future; and the government is currently in the process of identifying other mining companies which may have the interest of reactivating the mining operations.

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Kingdom of Lesotho [1987], Lesotho Statistical Year Book 1987, p143

The manufacturing sector, which is largely dominated by foreign investment and includes agro industries, leather production, textile and clothing, is very small and still at an early stage of its development. During the past plan periods, the Government's priority has always been to stimulate industrial production and to create new employment opportunities in the manufacturing sector as a means of reducing Lesotho's employment dependency on South Africa. In order to facilitate industrial growth, the development of manufacturing was left entirely to the private sector. The Lesotho National Development Corporation (LNDC) which is a parastatal organisation was set up in 1967 and it was essentially established so as to stimulate export-oriented production in the manufacturing sector through promoting foreign investment, which would in turn create potentials for generating new employment opportunities.¹⁰

The LNDC controls about 50 subsidiaries and associate companies and provides long term loans and equity participation to large and medium scale enterprises.¹¹ To attract foreign investment, the LNDC, through the Pioneer Industries Encouragement Act, provides an attractive investment incentive package including tax holiday, tax allowances, long term financing, training grants and industrial sites for rental in three major industrial areas; Maseru, Thetsane and Maputsoe.

10

LNDC: Annual Report 1986, p3

11

Ibid p10

The Basotho Enterprise Development Corporation (BEDCO), which was set up in 1977, was initially established as a subsidiary of the LNDC and is responsible for promoting and developing small scale enterprises which are owned and managed by basotho. It provides finance, loans and a wide range of support services such as training entrepreneurial skills in book-keeping, business management and marketing and it also provides rental outlets. The small scale operations assisted by BEDCO include brick-making, repair services, garment manufacturing, furniture making, steel works. Until recently, BEDCO's operations were concentrated in Maseru but it has lately expanded its services to other districts.

On the whole, the manufacturing sector provides employment opportunities to a minority of the non-agricultural labour force. In 1980, the share of the sector in GDP was 5.3 per cent and its contribution to total employment was 9.5 per cent. By 1985, its shares in GDP and in employment increased to 8.7 per cent and 12.5 per cent, respectively. Table 4.3 shows the performance of manufacturing sub-sectors in employment generation.

TABLES 4.3 EMPLOYMENT IN MANUFACTURING
1973/74 - 1977/78

SUB-SECTORS	1973/74	1974/75	1975/76	1976/77	1977/78	GROWTH RATE OVER PERIOD
Food Products	261	265	213	217	267	0.5
Textiles	746	663	637	580	837	3.5
Leather Products	90	19	102	102	143	12.3
Furniture/Wood Products	471	518	516	572	672	9.3
Printing/ Publishing	247	254	265	272	364	10.2
Chemicals	94	95	138	123	159	14.0
Non-Metalic Mineral Products	150	174	174	203	257	14.4
Metal Products	56	43	47	47	84	10.7
TOTAL	2115	2031	2092	2116	2783	7.3

SOURCE: ILO JASPA/SATEP, Employment and Development
in Lesotho, 1983, p166.

The rate of growth of employment in Food Products and Textiles lags far behind other sub-sectors' growth rates, the reason being that in Food Products, for example, the agro-based industries such as brewery, flour mills and cannery are capital intensive in production and therefore job creation in these industries is relatively very slow compared with industries in other sub-sectors. Non-Metalic mineral products attained the highest employment growth rate of 14.4 per cent followed by chemicals with 14.0 per cent, leather products with 12.3 per cent, metal products with 10.7 per cent and printing/publishing with 10.2 per cent. Table 4.4 indicates the percentage contribution of each sub-sector in total employment of the manufacturing sector.

TABLE 4.4 EMPLOYMENT IN MANUFACTURING
1973/74 - 1977/78
(In Percentage)

SUB-SECTOR	1973/74	1974/75	1975/76	1976/77	1977/78
Food Products	12.3	13.0	10.2	10.3	9.6
Textiles	35.3	32.7	30.4	27.4	30.1
Leather Products	4.3	0.9	4.9	4.8	5.1
Furniture/Wood Products	22.3	25.5	24.7	27.0	24.2
Printing/Publishing	11.7	12.5	12.7	12.9	13.1
Chemicals	4.4	4.7	6.6	5.8	5.7
Non-Metallic Mineral Products	7.1	8.6	8.3	9.6	9.2
Metal Products	2.6	2.1	2.2	2.2	3.0
TOTAL	100.0	100.0	100.0	100.0	100.0

SOURCE: From Table 4.3

In spite of the fact that the rate of absorption of the labour force in the textile industry was comparatively very low, the industry has the highest proportion of the total employment in the manufacturing sector, though its share has been declining. In 1973/74, 35.3 per cent of the total employment in manufacturing was in the textile industry and by 1976/77, its share had declined to 27.4 per cent but it increased to 30.1 per cent in 1977/78. The second largest employment is in the furniture/wood products industry. Its share in total employment in manufacturing increased from

22.3 per cent in 1973/74 to 27.0 per cent in 1976/77. The next in line is printing/publishing industry. Its share has gradually increased from 11.7 per cent to 13.1 per cent within the reference period.

4.1.3 Self Employment in the Informal Sector

Unlike in most African countries, particularly in West Africa, where the informal sector activities outside wage employment in the modern sector are highly developed, the informal sector in Lesotho is relatively very small. As a result of its geo-political location and its membership in SACU and RMA, Lesotho has easy and free access to South African products. Because of the large market for goods produced in the RSA, mass production and economies of scale lower production costs and thereby making the prices of these goods cheaper. The highly developed transport network system in the RSA facilitates distribution and availability of the South African goods in Lesotho markets. Owing to low productive base of the Lesotho economy, the bulk of consumption goods is imported exclusively from the RSA. The few locally produced goods, in terms of quality and superiority, cannot be matched with South African products. The informal sector activities in Lesotho include petty trade by street vendors such as selling fruits and vegetables and also cooked food, hawkers, repair services, tailoring and few others.

The production in small-scale household activities, which use largely family labour, provide employment for a relatively large portion of the non-agricultural labour force. Self employment in the informal sector is the main alternative to a substantial proportion of the urban labour force which, for one reason or another, fail to secure gainful employment in the modern wage sector. For the fact that the modern sector employs a small percentage of the non-agricultural labour force, as will be evident from the forthcoming sections, it is obvious that a considerable proportion of the labour force must be economically engaged in productive activities in the informal sector. However the sector is characterised by underemployment in view of the relatively low education or occupational attainment which implies low productivity and low income. Participation in the informal sector is largely for survival for many.

Due to the smallness of the informal sector, the potentialities and capabilities of the sector in generating gainful employment to a considerable proportion of the non-agricultural labour force is often ignored and its activities therefore lack adequate organisation. The informal sector, like all sectors of the economy, is handicapped by scarcity of data and information regarding the scope of its activities and the magnitude to its contribution in alleviating the overt unemployment of the labour force.

4.1.4 The Unemployed Labour Force

It is clear that employment opportunities within the domestic labour market are already extremely scarce for the existing labour supply. The combined effects of the high labour force growth, inadequate job opportunities in the rural areas and the rapidly increasing urban population with a disproportionately slow growth of the urban employment opportunities have heavily contributed to the accumulation of a sizable and rapidly growing pool of the unemployed people, particularly in the urban areas. The bulk of the unemployed and specifically youth unemployment is becoming chronic and it may soon reach crisis proportions as employment opportunities in the South African mines - the major outlet for a large proportion of Basotho youths - diminish.

The 1985/86 Labour force survey estimated the unemployed labour force at about 39110, which was roughly about 12 per cent of the non-agricultural labour force.¹² The proportion of the unemployed to the total labour force is very small because a substantial number of the could be unemployed workers manage to secure job opportunities outside the country and one wonders what the situation could be like without labour migration to the South African mines.

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Kingdom of Lesotho [1988], Labour Force Survey 1985/86,
op.cit., pp30-32

Unemployment is a high investment cost to the economy of Lesotho because it entails loss of production of goods and services from unutilized capabilities of the labour force and it also implies a loss of income which could have accrued to this portion of the labour force and their dependents had they been engaged in productive activities.

The above analysis covering the employment situation in Lesotho only highlights the fact that the economy has not been capable of absorbing a significant portion of its labour force into productive employment with high income-earning potential, particularly new entrants into the labour market such as primary and secondary school leavers. The stagnating or slowly growing modern sector employment opportunities in the midst of a rather rapid growth of the labour force has created severe pressures in the employment market. The rate of job creation falls substantially short of the size of new entrants to the labour force.

4.2 Human Resources Development and Utilization

Education and skills training which will facilitate the localization policy advocated by the government looms high in the development priorities of the Lesotho government and this demands effective manpower development planning and employment planning. Since independence, it obviously became clear that the country was faced with acute shortages of skilled and qualified manpower because all major key occupations in both the public and private sectors were

occupied by expatriate personnel. For economic development of the country, the government deemed it necessary to involve the Basotho in policy making issues and to reduce the dependence on foreign personnel. To enhance the participation of Basotho, priority was given to education and training as a means to localization of key occupations.

For effective manpower planning, adequate knowledge of education and training needs in various manpower categories and the prevailing employment situation as well as future trends in the whole economic system is essential. Unfortunately, dearth of statistical data and information on human resources requirements and utilization levels to facilitate sectoral manpower development and employment planning are very acute and need more attention.

4.2.1 The Manpower Situation

One of the major factors which has adversely affected development efforts in the economy of Lesotho is the chronic shortage of skilled and qualified manpower coexisting with an over-abundance of unskilled and under-qualified labour force. The inadequacy and deficiency of managerial, technical, administrative and professional personnel is widespread and pervasive in almost all key productive sectors of the economy.¹³ This shortage is clearly indicated by a

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S.B. Jones [1979], p1. Also see K. Appiah [1981] p18

relatively large representation of the expatriates found in high and middle level occupations and a high vacancy rate in both public and private institutions of the modern sector.

In 1980, it was estimated that about 38 per cent of high level and middle level occupations in the modern wage sector was occupied by expatriates and the vacancy rate was 24 per cent, indicating that a number of posts were created but were not filled because suitably qualified and skilled persons could not be identified within the existing labour force.¹⁴

The inherited colonial-type system of education with great emphasis on and heavy investment in formal education, which was followed until recently, was often blamed for directly or indirectly influencing the composition of the stock of the labour force. The system was more academic oriented and it thus failed to provide appropriate productive skills and sufficient knowledge through education and training corresponding to the development needs of the country, specifically to the new entrants into the labour force.

The educational institutions gave little attention to non-formal education and therefore did not offer any practical training for acquisition of relevant skills which would in turn equip the young people not able to continue further, beyond the primary school level, with their academic

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UN/ECA [1984] p37

training. The considerably high repetition and drop-out rates in the absence of more practical or vocational training have necessarily contributed to substantial excess supply of unsuitable stock of labour which is not in demand by most employers and which subsequently remains underutilized as it is underdeveloped. The preponderance of youths in the pool of the unemployed labour force has been of great concern to the government.

4.2.2 Education and Training

The formal education system followed in Lesotho constitutes seven years of primary schooling, three years in junior secondary (Junior certificate) level and two years in higher secondary (High School) level. In between or within these levels, some students leave this formal system to enroll in vocational and technical schools, teacher training institutions, nursing schools and several others depending on entry qualification requirements in each institution. The highest institution of Learning is the National University of Lesotho (NUL).

As it became evident that one of the major problems confronting human resources development in Lesotho was lack of training institutions available and more accessible to the majority of the school age population, and more particularly to the rural based population, from 1976, education facilities were rapidly expanded to reach some of the remotest rural areas and also to accommodate the rapid

growing school enrollments. From 1986 Education statistics, it is noted that total primary school enrollment increased from 221932 in 1975 to 319128 in 1986, growing at the rate of 15 1.6 per cent per annum (refer to Annex III Table A). For children aged 6-12, the enrollment rate was 66.7 per cent for boys and 84.8 per cent for girls. The sex ratio (the number of boys for every 100 girls) reveals very low participation rates of boys in formal education, as early as at this initial level of training. This is more obvious particularly at the upper grades of the primary school level. In grades 6 and 7 the sex ration was 54 and 51 respectively in 1975, by 1981, the ratio had dropped (instead of increasing) to 50 and 46 and by 1986, it had increased to 58 and 55 in grades 6 and 7, respectively.

Within the same period (1975 to 1986) total secondary school enrolment also increased from 15611 to 37343, giving an annual growth rate of 5.4 per cent (see Annex III, Table B). The enrolment sex ratio was 83 in 1975 and by 1986, it had declined to 67. In 1980, out of total secondary school enrolment of 23355, there were 9433 boys (40.4%) and 13922 girls, a further indication of the low participation of boys in education.

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Kingdom of Lesotho, [1987], Education Statistics
1986, p78

In order to facilitate further training for early school leavers and for those not able to enter the University, more technical and vocational training institutions were established and the older ones were expanded to offer a wider spectrum of practical skills. Out of 13 vocational and technical institutions, five offer artisan training in technical and vocational courses and these are; Leloaleng Trades School, Lerotholi Technical Institute (LTI), Bishop Allard Trades School, Technical School of Leribe (TSL) and Lesotho Opportunities Industrialization Center (LOIC). The LTI, the Technical Training School (TTS) which was under the Ministry of Works, and the Commercial Training Institute (CTI) - recently established - have been merged to form the Lerotholi Polytechnic, and it has become the leading institution for vocational and technical training. The CTI offers secretarial and business courses such as typing, book-keeping, accounting and business studies.

There are few other institutions available in the country which offer in-service training courses for middle and high level manpower. These include the Institute of Development Management (IDM), which is a regional training institution for the BLS countries, the Center for Accounting Studies (CAS) and the Lesotho Institute of Public Administration (LIPA), a government owned training institution.

Lesotho is faced with one other major problem, viz. the acute shortage of trained and qualified teachers and several indications confirm this. For instance, there is a large number of unqualified and untrained teachers employed both at primary and secondary school levels; there is a high pupil-teacher ratio and a heavy dependence on expatriate secondary school teachers and the overall effect of these factors has been declining education standards in schools. The high rates of repeaters and drop-outs show the extent of the problem caused by unqualified teachers.

In 1986, out of 5773 primary school teachers, 1162 (20.1 per cent) were classified as unqualified and pupil: teacher ratio was 55.3:1 compared to 48.0:1 in 1980. In the same year, there were 1772 secondary school teachers and 341 (19.2%) were unqualified. In 1975, the proportion of unqualified secondary school teachers was 32 per cent but this was reduced to 22 per cent by 1981. The pupil:teacher ratio also decreased from 25.8:1 to 20.8:1 during the same period and by 1986, it had increased to 21.1:1. With regard to expatriate teachers, their number increased from 185 in 1975 to 381 in 1981, a change of 106 per cent. In 1986, the expatriate teachers constituted 27.3 per cent (484) of the stock of teachers. In 1981, 25.7 per cent of the expatriate teachers were Indians, the largest proportion, and about 10.8

their booming economies mainly because they are highly subsidised by the South African government and as a result, they are capable of offering salaries and benefits that are substantially greater than what Lesotho can afford to offer to its manpower. Low teaching salaries are, on the one hand, a "push factor" for teachers to prefer working in other occupations other than in teaching and, on the other hand, better employment opportunities available in the "homelands" act as "pull factors" for Basotho in general and teachers are amongst the many who leave Lesotho to work in the "homelands."

As a corrective measure, salaries of teachers were reviewed and were substantially increased as an effort to attract more teachers to the teaching field and particularly old teachers who had abandoned teaching because of low salaries. The National Teachers Training College was established in 1975 and is responsible for training primary school teachers, primary school head teachers and also, together with the NUL, secondary school teachers. It offers in-service training courses for the unqualified teachers as a means of reducing the proportion of untrained teachers and also increasing the supply of qualified teachers.

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Ibid p51

Several factors are attributable to this apparent shortage of teachers. For a very long time in the past, salaries of teachers were relatively very low compared with other professions and in view of this, many teachers were compelled to abandon teaching and looked for better employment opportunities somewhere else. The majority of male teachers left the country to work in South African mines. The departure of these qualified teachers created acute shortages so much that unqualified and untrained teachers were recruited and supplemented by expatriates.

Apart from low salaries, it has been observed that the other fringe benefits and promotion opportunities obtainable in the civil service and the private sector were more attractive than those in teaching. Therefore, qualified teachers, particularly the University graduates were induced to seek non-teaching job opportunities so as to take advantage of all the benefits teaching does not offer. Most teachers ended up doing administrative work and this meant that the number of degree-holding teachers at the Secondary School level was substantially reduced in view of the inappropriate utilization of these scarce human resources.

One other factor which has considerably contributed to the chronic shortage of teachers in Lesotho is the apparent "brain drain" of skilled manpower to "satellite states" such as Bophutha-Tswana, Transkei and Qwa-Qwa. The magnetic attraction to the "homelands" is largely attributable to

per cent were African (excluding South Africans) and these were mainly from Ghana and Zimbabwe. Table 4.5 gives a summary of the statistics discussed in this section.

TABLE 4.5 NUMBER OF SCHOOLS, PUPILS, TEACHERS AND PUPIL:TEACHER RATIOS, 1975, 1981 AND 1986

	PRIMARY SCHOOL			SECONDARY SCHOOL		
	1975	1981	1986	1975	1981	1986
No. of Schools	1080	1085	1156	60	103	156
TOTAL						
ENROLMENT	221932	259046	319128	15611	25997	37343
Boys	90915	109108	142018	7059	10389	14954
Girls	131017	149938	177110	8552	15608	22389
Sex Ratio	69	73	80	83	67	67
No. of Teachers	4228	5350	5773	605	1248	1772
Qualified	2948	3688	4611	412	973	1431
Unqualified	1280	1662	1162	193	275	341
%Unqualified	30.3	31.1	20.1	31.9	22.0	19.2
Local	4229	5350	5773	420	867	1288
Expatriate	-	-	-	185	381	484
Pupil:Teacher Ratio	52.5	48.4	55.3	25.8	20.8	21.1

SOURCE: See Annex III Tables A and B

CHAPTER 5

LABOUR FORCE GROWTH AND EMPLOYMENT PROSPECTS IN LESOTHO

Recent trends in population growth as well as economic growth and employment have not been encouraging. This assessment takes into consideration the growth of landless people, rapid increases of a large number of the rural households who live below the poverty datum line, inadequate cultivable land and insufficient food production for domestic consumption. In 1976, the de jure population was 1.217 million and the 1986 preliminary estimates indicate an increase to 1.577 million. The 1966/1976 inter-censal population growth rate was 2.3 per cent and this has increased to 2.6 per cent for the 1976/1986 inter-censal period. The rapid increases in population growth are attributable to the high total fertility accompanied by a rather rapid decline in mortality rates due to improved health standards.

This chapter examines anticipated projections for population, labour force, employment and migration, covering the period from 1985 to 2015 (30 years).

5.1 Methodology

1. Using 1975 as the base year and 2015 as the target year, demographic techniques will be applied to make projections of the population and the labour force by age and sex,
2. Using the employment project model outlined in section 5.2, future employment trends by sector will be determined in order to assess the proportion of the labour force that will be engaged in gainful employment,
3. In order to reduce its unbearable and burdensome dependence on South Africa, labour migration from Lesotho will have to be curtailed. As a long term objective, we may examine the implications of the following assumptions:
 - (i) Reducing migration to 50 per cent by the target year
 - (ii) An annual reduction of 5 per cent.There is also the likelihood of a sudden repatriation of migrant workers initiated by the RSA. In this regard, a working assumption would be
 - (iii) No migration after 2000 (in 15 years time).

4. Finally the study will, in chapter 6, examine which development policies may be designed to influence growth in key sectors of the economy in order to prevent large increases in aggregate unemployment.

5.2 Population and Labour Force Projections

The 1975 population figures which were derived from the 1976 population census figures by Burke [1981] were used for the projections. The following working assumptions were adopted:

- Life Expectation at birth (e_0) for both males and females were used as indicators for mortality trends. The demographic statistics compiled by ECA for Lesotho show total life expectancy at birth of 49 for males and 53 for females.¹ These were used to obtain corresponding survival rates for the base year from model life tables provided in UN [1982]. It was further assumed that total life expectancy at birth would increase to 57 for males and 63 for females by the target year.

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UN/ECA [1986], PP193-198

- For base year (1975) the Total Fertility Rate (TFR) and Age Specific Fertility Rates (ASFR) were obtained from UN/ECA [1986]. Due to the spread of education, one may be inclined to conclude that a sizable proportion of the population would be aware of the population problems confronting the nation. It was assumed, therefore that the base year TFR of 5.9 would moderately decline to 4.5 (a 30 per cent decline) by the target year assuming a slow initial change. It was further assumed that the ASFR would change by the same proportion in the future as the TFR.
- Participation rates were also obtained from Kingdom of Lesotho [1982 (b)]. Bearing in mind the education policies that the Government intends to pursue during the Fourth Plan period, it was assumed that participation rates between age groups 10-14 to 20-24 (the school going age group) will decrease as the enrolment rate in primary education is increased and the drop-out declines.

Table 5.1 shows the basic data inputs for the population and labour force projections.

A
TABLE 5.1 LESOTHO: BASIC DATA FOR POPULATION AND
LABOUR FORCE PROJECTIONS

AGE GROUP	POPULATION		SURVIVAL RATES				POPULATION RATES					
	MALE	FEMALE	BASE YEAR		TERMINAL YEAR		FERTILITY RATES		BASE YEAR		TERMINAL YEAR	
			M	F	M	F	BASE YEAR	TERMINAL YEAR	M	F	M	F
BIRTH			.8561	.8805	.9034	.9255						
0-4	83954	84156	.9503	.9534	.9721	.9781						
5-9	76715	76008	.9836	.9849	.9906	.9931						
10-14	75853	77115	.9850	.9862	.9910	.9937						
15-19	58413	65801	.9777	.9794	.9863	.9908	.070	.053	.67	.42	.47	.29
20-24	48318	54488	.9720	.9742	.9827	.9882	.258	.197	.95	.72	.67	.50
25-29	40473	41964	.9679	.9701	.9800	.9856	.280	.214	.98	.78	.98	.78
30-34	32287	33961	.9611	.9654	.9753	.9826	.240	.183	.98	.84	.98	.84
35-39	30089	29282	.9510	.9603	.9675	.9778	.178	.136	.98	.87	.98	.87
40-44	30146	32224	.9365	.9525	.9558	.9710	.104	.079	.97	.88	.97	.88
45-49	22979	23089	.9156	.9383	.9380	.9599	.042	.032	.97	.88	.97	.88
50-54	18894	20345	.8867	.9150	.9121	.9419			.96	.87	.96	.87
55-59	19875	21432	.8448	.8798	.8740	.9140			.93	.85	.93	.85
60-64	12254	15643	.7835	.8283	.8181	.8707			.90	.83	.90	.83
65-69	8517	11206	.7021	.7542	.7426	.8057			.73	.55	.73	.55
70-74	5977	9569	.6061	.6546	.6499	.7167			.56	.25	.60	.25
75+	9091	18706	.4271	.4490	.4605	.5013			.40	.20	.46	.20
							4.9	4.5				

For population and labour force projections, the cohort-
² component method was used. In using this method, "the number
of persons at age x at time t is equal to the number of
persons aged $x-n$ at time $t-n$ multiplied by the n -year
³ survival rate applicable to these persons."

Table 5.2 shows the projected population by age groups and sex from 1980 to 2015. With the sex ratio of 0.93, women predominate in almost all age groups in Lesotho's population. By the year 2000, the population of Lesotho will be more than 2 million (2.252) and it would have increased by another million by 2015, at 3.340 million. Lesotho, like most of the developing countries is characterised by high levels of fertility and comparatively moderate levels of mortality. As a result, it has a relatively young age distribution. In 1980, 40.06 per cent of the total population was in age group 0-14, 55.53 per cent was of working age (15-64) and the remaining 4.41 per cent was 65 years and more (also see table 5.3). Because of the assumption made with regards to
⁴ fertility, the proportion of the population aged 0-14 only increases from 40.06 per cent in 1980 to 43.79 per cent in 1990 after which it declines to 41.09 per cent in 2015. The dependency ratio also assumes the same pattern, it increases from 80.08 in 1980 to 90.48 in 1990 and then drops to 78.93 by the terminal year.

2

A brief explanation of the method is in Annex IV

3

Jag. M. Sehgal [1986] p11

4

Refer to page 3 where the assumption regarding TFR is stated

TABLE 5.2 LESOTHO: PROJECTED POPULATION DISTRIBUTION

	1980	1985	1990	1995	2000	2005	2010	2015
POPULATION AGED 0-14	537786	639112	764109	860294	957705	1073453	1215683	1372531
MALE	263245	306995	362395	408015	454242	509201	576741	651231
FEMALE	274541	332117	401714	452279	503463	564252	638942	721300
WORKING AGE POP. (15-64)	745447	826310	916163	1055383	1217891	1412088	1626841	1866554
MALE	360425	401046	445513	508977	583995	672806	771657	881705
FEMALE	385022	425264	470650	546406	633896	739282	855184	984849
POPULATION AGED 65+	59177	64323	64856	67334	76884	81594	88032	100819
MALE	23105	26772	27468	29075	32998	35313	37563	42803
FEMALE	36072	37551	37388	38259	43886	46281	50469	58016
TOTAL POPULATION	1342410	1529745	1745128	1983011	2252480	2567135	2930556	3339904
MALE	646775	734813	835376	946067	1071235	1217320	1385961	1575739
FEMALE	695635	794932	909752	1036944	1181245	1349815	1544595	1764165

SOURCE: From Table A, Annex IV

In order to project the economically active labour force, we used labour force participation rates for each age-sex group in the population. Accepting the notion that active population comprises all those people of both sexes who supply their labour for the production of goods and services, the minimum age was set at 10 because in Lesotho, like in most developing countries, children in age cohort 10-14 are actively engaged in the production process, especially in the rural areas. They participate in both farm-related activities as well as in off-farm income earning activities. It is also true that a substantial proportion of the population aged 65 and over is actively engaged in production of goods and services. The 1978/79 migration and manpower survey Report indicate that the participation rate by children aged 14 years was only 46 per cent among males and 17 per cent among females. Therefore, these rates were used to represent age cohort 10-14.⁵ For the last two age groups (70-74 and 75+) guess estimates have been used. For age cohort 70-74, it is assumed that the participation rate is 56 per cent for males and 25 per cent for females, and for age group 75+, the rate is 40 per cent for males and 20 per cent for females.

5

Kingdom of Lesotho [1982], Migration and Manpower in Lesotho, p3.7

Table 5.4 shows the projected active population by sex. Even though females predominate in almost all age groups, the female labour force participation rates are lower than those for males. The reason being that women are also engaged in household activities which are not considered as economically productive. It there explains why males predominate in the labour force. Figures 5.1 and 5.2 show the structure of active population in 1980 and in 2015. In 1980, the age cohort with the largest proportion of the total active population was 20-24 for both sexes. The female labour force in this age group constituted about 14.9 per cent of the total labour force, the next being in age group 25-29 (13.4%) then followed by age group 30-34 (11.1%). For males, the proportion of the labour force in age group 20-24 was 14.5 per cent followed by age group 15-19 (13.4%) then 25-29 (12.4%). In view of the assumption made regarding the participation rates of the school-going age groups, the age cohort with the largest proportion of the labour force in 2015 would be 25-29 comprising 15.3 per cent for females and 15.1 per cent for males. The next age cohort for both sexes is 30-34 with 14.3 per cent and 13.1 per cent for females and males respectively.

TABLE 5.3 LESOTHO: PERCENTAGE DISTRIBUTION AND
DEPENDENCY RATIO

	1980	1985	1990	1995	2000	2005	2010	2015
POPULATION 0-14	40.06	41.78	43.79	43.38	42.82	41.82	41.48	41.09
WORKING AGE POPULATION 15-64	55.53	54.02	52.50	53.22	54.07	55.00	55.51	55.89
POPULATION 65	4.41	4.20	3.71	3.40	3.41	3.18	3.00	3.02
DEPENDENCY RATIO	80.08	85.13	90.48	87.89	84.95	81.80	80.14	78.93

SOURCE: Computed from Table A, Annex IV

THE STRUCTURE OF ACTIVE POPULATION
BY AGE AND SEX IN 1980

MALE FEMALE

TABLE 5.4 LESOTHO: PROJECTED ACTIVE POPULATION,
NON-AGRICULTURAL AND AGRICULTURAL
LABOUR FORCE 1980-2015

	1980	1985	1990	1995	2000	2005	2010	2015
TOTAL ACTIVE POPULATION (7-75)	681610	756932	844572	949661	107363	1213048	1368075	1537659
MALE	372602	413984	462501	518564	583063	654239	731787	816083
FEMALE	309008	342948	382071	431097	490300	558809	636288	721576
NON-AGRICULTURAL LABOUR FORCE	93162	117527	148534	188570	239779	303693	382243	477322
MALE	50926	64278	81339	102970	130250	163792	204462	253330
FEMALE	42236	53249	67195	85600	109529	139901	177781	223992
AGRICULTURAL LABOUR FORCE	588448	639405	696038	761091	833584	909355	985832	1060337
MALE	321676	349706	381162	415594	452813	490447	527325	562753
FEMALE	266772	289699	314876	345497	380771	418908	458507	497584
% NON-AGRICULTURE	13.7	15.5	17.6	19.9	22.3	25.0	27.9	31.0
% AGRICULTURE	86.3	84.5	82.4	80.1	77.7	75.0	72.1	69.0

FIGURE 5.1

THE STRUCTURE OF ACTIVE POPULATION
BY AGE AND SEX IN 1980 (IN %)

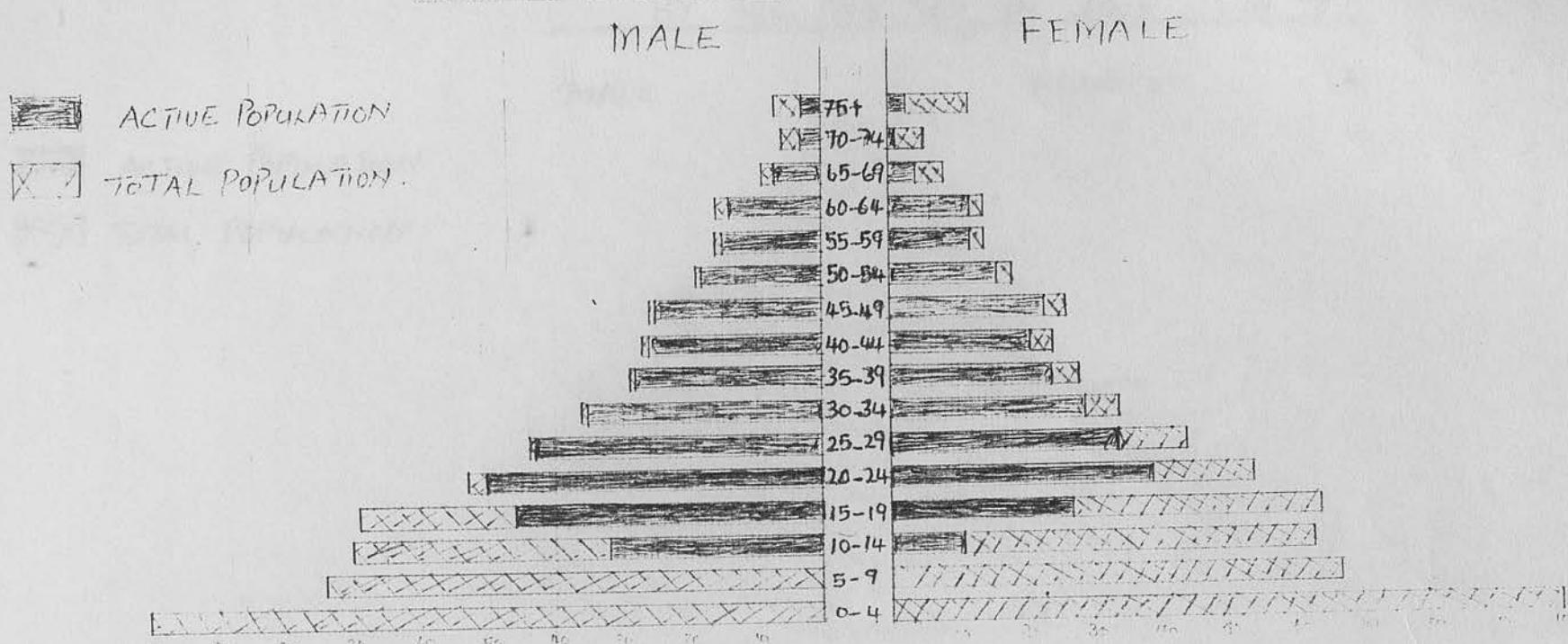
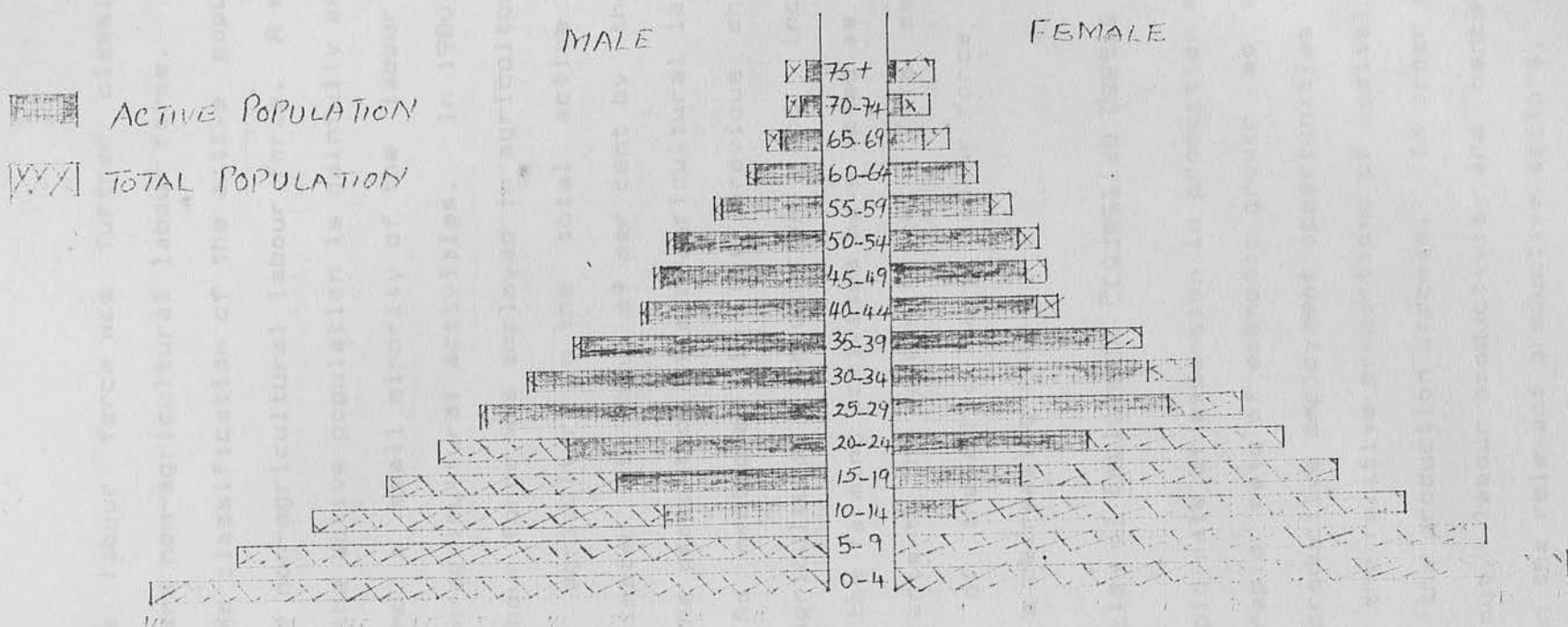


FIGURE 5.2

THE STRUCTURE OF ACTIVE POPULATION
BY AGE AND SEX IN 2015 (IN %).



The active labour force was further classified into agricultural and non-agricultural labour force. Table 5.4 also shows the classification of the active population in agriculture and non-agricultural labour force. A substantial proportion of the active population is gainfully employed in agriculture and a small minority of the labour force is engaged in non-agricultural activities. In 1980, 86.3 per cent of the labour force was employed in agriculture, but the proportion of agriculture in the total active population decreases estimated at about 69 per cent by the terminal year, while the proportion of non-agricultural labour force increases. As mentioned in the previous chapter, the declining agricultural production and income-earning potential of the farming activites have acted as a barrier for new entrants to the labour force. This explains the growth trend of the agricultural labour force showing it increasing at a decreasing rate.

5.3 A Review of Employment Projection Models

A more rapid rate of expansion in production would result in both a rapid rate of economic growth as well as an increase in productive employment opportunities for labour depending on the relative proportions of capital and labour employed in the production process. In order to estimate sectoral output, labour productivity and hence employment growth within the relevant productive sectors, a production function for each sector of the economy is necessary. There

are several methods which have been advanced for the estimation of output levels and employment, and some of these will be reviewed.

(i) Fixed Coefficient Production Function

It is hypothesized that if wages are stable in the short run, variations in employment levels in any production process will be determined by fluctuations in output in proportion to fixed technical coefficients relating labour and capital to each other as well as to output. The actual level of employment of labour will depend exclusively on technological capital intensity and its mode of production. It is shown that in any production process, effective demand determines the level of output that has to be produced which would equate the supply to demand and the fixed technical coefficient would determine the proportionate employment of labour and capital that has to be used provided the real wage is at the level that will permit non-negative profit on capital used.
6

(ii) Cobb-Douglas and CES Production Functions

This is a whole class of production functions suitable for defining output and employment levels. Employment can be projected with the help of a Cobb-Douglas production function or the constant Elasticity of Substitution (CES) production function.
7

6 Edwin Kuh [1966], pp238-249

7 R.D.G. Allen [1987], pp41-56

If technology is such that there are both

- constant returns to scale
- a unit elasticity of substitution everywhere,

then the production function must be of

Cobb-Douglas form:

$$Q = AK^\alpha L^{1-\alpha}$$

$$\text{Log}Q = \text{Log}A + \alpha \text{Log}K + (1-\alpha) \text{Log}L \quad (\text{Log linear form})$$

If there are no constant returns to scale but elasticity of substitution is unitary everywhere, the production function is of the more general form:

$$Q = AK^\alpha L^\beta$$

$\text{Log}Q = \text{Log}A + \alpha \text{Log}K + \beta \text{Log}L$ where α and β are positive parameters and A is a constant.

If elasticity of substitution is a constant (but not unitary) where there are constant returns to scale, the function is of the CES form:

$$Q = \left[aK^{-\beta} + bL^{-\beta} \right]^{-1/\beta}$$

Where $\sigma = \frac{1}{1+\beta}$, the elasticity of substitution.

If restrictions are relaxed to allow for non-constant returns to scale, then

$$Q = B \left[\delta K^{-\beta} + (1-\delta) L^{-\beta} \right]^{-1/\beta}$$

Where B is the Efficiency parameter

δ is the capital intensity parameter

β is the distribution parameter

μ is the returns to scale parameter

σ is the elasticity of substitution

In principle, projections of output and employment should be based on a model which, in particular, would articulate with precision the country's current and prospective production conditions embodied in a more suitable and appropriate production function for various sectors. Cobb-Douglas and CES production functions are good approximations to any reasonable production function. However, data limitations, especially lack of data on capital stock, investment and rate of depreciation by economic sectors in Lesotho make the use of these functions difficult.

8

(iii) The ACMS Model

The ACMS Model, which is an adaptation of the CES production function, could be used for determining the growth of output as well as for estimating elasticities of substitution between capital and labour. The model adopts a production behaviour that assumes profit maximization (or cost minimization) under perfect competition with a given wage.

8

The ACMS study was undertaken in 1961 by J.K. Arrow, H.B. Chenery, B.S. Minhas and R.M. Solow (hence the name of the Model ACMS). This model was adopted by J.R. Behrman, 1982, "Country and Sectoral Variations in Manufacturing Elasticities of Substitution between Capital and Labour" in *Trade and Employment in Developing Countries vol.2: Factor Supply and Substitution* ed., Anne O. Krueger, Chicago: The University of Chicago Press pp159-192.

ACMS does not include capital services or the rate of return as these are rarely available. Even though the model appears simple for use, there is however a problem of data availability with regard to sectoral wages in Lesotho. Therefore the model is not suitable for objectives which require sectoral output and employment determination.

(iv) Projection by GDP Component

A much more simple but fairly flexible and detailed output and employment projection procedure which bypasses the problem of production relationships altogether is that suggested by Peter Newman.⁹ The method substitutes demand-oriented approach supplemented by past experience in product/labour relationships.

The Procedure is as follows:

- (1) Two fairly recent years (5-12 years apart)
are selected as bench marks
- (2) For these two years information is obtained on
 - Labour force or employment in each of the principal economic sectors
 - GDP originating in each sector

9

Peter Newman, [1970], "Population Pressure and Economic Growth: An Operational Treatment," In *Journal of Development Planning*, No.2, pp31-57

- (3) Value Added (or output) per man in each sector and for each year is calculated
- (4) The rate of growth of output/head in each sector for each year is then computed
- (5) Percentage share of total GDP originating from each sector in each year is estimated
- (6) The rate of growth (or decline) in each sector over sample period between two points of reference is computed
- (7) The rate of growth of total GDP over this period is computed.

The rates of growth, output per head, share in GDP and total GDP are then used to project relevant magnitudes for any given year in the future and thence to estimate that year's total labour requirements.

This method however has the following limitations:

- (a) The procedure requires that projections of output are usually based on the past rates of growth and so assume that all ingredients that were attributed to past growth, in particular the rate of investment, will continue essentially unchanged.
- (b) Similarly, the projection simply represents past trends in productivity by sector, and in the share of each sector in total output and it is not obvious that such trends may be expected to continue in future.

To overcome these limitations, the following two alternative procedures are suggested.

I. Projection by Total GDP Domestic Product in year 1.

As before, two bench mark years are chosen and the rate of growth of output is calculated. But the aggregate output-labour ratio is also computed by dividing the output by the corresponding total labour force. The rate of growth in this aggregate ratio is then used to project future aggregate ratios and total labour requirements.

II. Projection with Fixed GDP Shares

Variations in productivity growth by sector are allowed for but it is assumed that each sector will keep its share of total output. This might not be so because in some countries, as in Lesotho, the share of agricultural sector in GDP declined as the economy expanded. Nevertheless, the method forms a useful reference path by which to judge what factors contribute to the growth in employment.

10 THE MODEL

Let the economy be divided into N major sectors (agriculture, mining, manufacturing, etc.), and adopt the following notation:

10

This presentation follows along the lines developed by Peter Newman [1970] Ibid.

v_{ij} : Value Added in the i -th sector in year j .

e_{ij} : Labour used in the i -th sector in year j .

o_{ij} : Output per man in the i -th sector in year j

V_j : Total Value Added (Gross Domestic Product) in year j .

U_{ij} : Fractional share of the i -th sector in GDP of year j .

By these definitions, we have the following relationships:

$$o_{ij} = \frac{v_{ij}}{e_{ij}} \quad (1)$$

$$\sum_{i=1}^n v_{ij} = V_j \quad (2)$$

$$U_{ij} = \frac{v_{ij}}{V_j} \quad (3)$$

From (2) and (3) it follows that

$$\sum_{i=1}^n U_{ij} = 1 \quad (4)$$

Data are needed on e_{ij} , v_{ij} and V_i for two base years t_0 and t_1 , and from these data O_{io} and O_{i1} are computed for each sector, as are U_{io} and U_{i1} . The rates of growth of the O_i 's and U_i 's are then computed from the following relations:

$$O_{i1} = O_{io} (1+w_i) \quad (5)$$

$(t_1 - t_0)$

$i = 1, 2, \dots, n.$

and

$$U_{i1} = U_{io} (1+u_i) \quad (6)$$

$(t_1 - t_0)$

$i = 1, 2, \dots, n.$

Where w_i and u_i are the rates of growth of o_i and U_i , respectively, between the years t_0 and t_1 . Similarly, the

rate of growth of total GDP is computed from

$$v_t = v_0 (1 + \theta)^{(t_i - t_0)} \quad (7)$$

where θ is the GDP growth rate.

For any given time t_p in the projection period, it is then possible to calculate total employment offered, E_p , by the relation

$$E_p = \sum_{i=1}^n eip \quad (8)$$

Where the projected employment by sector eip is obtained from

$$eip = \frac{vip}{Oip} = \frac{Uip VD}{Oip} \quad (9)$$

$i=1, 2, \dots, n$.

or

$$eip = \frac{U_{ip} (1+U_{ip})^{(t_p - t_i)}}{O_{ip} (1+W_{ip})} \frac{V_i (1+\theta)^{(t_p - t_i)}}{v_i (1+\theta)^{(t_i - t_0)}} \quad (10)$$

$i=1, 2, \dots, n$.

5.4 Employment Projections in Agricultural Sector

and Modern Wage Sector

From the previous chapter, we realize that the prevailing trends and patterns of employment in Lesotho indicate limited labour absorption capabilities, more especially in the modern sector. Both agricultural development and industrial expansion have failed to significantly generate new productive employment opportunities consistent with the growth of the labour force. Employment opportunities are

extremely scanty for the existing labour force and it is not conceivable that the rapid growth of the labour force can be matched by a more or less similar surge in the creation of gainful employment opportunities.

From the employment projections, 1980 and 1985 were taken as bench marks and 1985 was adopted as base year with 2015 the terminal year for our projections. The 1980 employment figures were obtained from the National Manpower Survey 1980, and the 1985 employment figures were obtained from projections made by Burke [1981]. The sectoral GDP (at 1980 constant prices) was extracted from the 1987 statistical year book (Lesotho). Basic data for employment projections are given in Table 5.5.

The manufacturing sector has the highest growth rates in both the value added (11.73%) and in employment (10.31%) though its share in total value added was merely 5.2 per cent in 1980 and 8.31 per cent in 1985. The second highest growth rates are in transport and communication, where the growth rate of the value added is 11.23 per cent while that of employment is 8.47 per cent. The next is business services, insurance and banking with the value added growth rate of 7.44 per cent and employment growth rate of 8.45 per cent, followed by wholesale and retail trade with growth rates of 7.18 per cent and 4.69 per cent in value added and employment, respectively. In electricity and water, the growth rate of the value added was 5.68 per cent while that of employment was as low as 1.48 per cent. Other sectors, namely,

construction, restaurants and hotels, government and education had very low growth rates of the value added though their respective growth rates in employment were not that low. The performance of the mining sector was the poorest due to the closure of the only operating mine in Lesotho.

TC

TABLE 5.5 BASIC DATA FOR EMPLOYMENT PROJECTIONS IN LESOTHO

	(a)		1980-1985		SHARE IN GDP (%)	
	VALUE ADDED (Vij)	EMPLOYMENT (eij)	GROWTH RATES %	OUTPUT/MAN (oij)		
Mining & Quarrying	1980	1985	1980(b)	1985(c)	Vij eij	1980 1985
	20.7	2.5	890	200	-33.96 -25.81	23258.43 13000
Manufacturing	13.9	24.2	3906	6379	11.73 10.31	3558.628 3793.698
Electricity & Water	2.2	2.9	487	524	5.68 1.48	4517.454 5534.351
Construction	28.0	24.4	4593	5741	2.71 4.56	6096.233 4250.131
Wholesale & Retail	23.9	33.8	8547	10747	7.18 4.69	2796.303 3145.064
Restaurants & Hotels	9.3	9.3	1460	1595	0 1.18	6369.863 5830.721
Transport & Communication	3.7	6.3	666	1000	11.23 8.47	5555.556 6300
Business Services, Insurance & Banking	26.4	37.8	1313	1970	7.44 8.45	20106.626 19187.817
Government	38.7	44.7	13100	14450	2.93 1.98	2954.199 3093.426
Education (Teachers)	23.3	23.2	6000	7024	-0.09 3.20	3883.333 3302.961
Others	7.1	7.6	345	518	1.37 8.47	20579.71 14671.815

SOURCE: (a) Kingdom of Lesotho 1987, Statistical Year Book 1987
 (b) Kingdom of Lesotho 1981, National Manpower Survey 1980
 (c) B.M. Burke 1981 op.cit.

Table 5.6 shows projected sectoral employment from 1985 to 2015 using the GDP component method. For projecting employment in the mining industry, two base year figures were used. As previously indicated, the only mine which was on large scale operation is the Letseng-La-Terai diamond mine and for reasons already mentioned, it was closed down in 1982. Individual diggers engaged in small scale operations are allowed in other diamond mines which are not yet in full operation. The first assumption is that in 1985, there were about 200 individual diggers in the mining activities. The second assumption is based on the fact that the letseng-La-Terai mine will soon be reactivated and the 918 employment figure estimated by Burke is maintained.

From table 5.6, we realize that the manufacturing sector will generate about 11500 new employment opportunities within the reference period (1985-2015) growing at an average annual rate of 10.3 per cent. About 32000 new jobs will be created in wholesale and retail trade at the annual growth rate of 4.69 per cent. 20000 new jobs will be generated from business services, insurance and banking, growing at the annual rate of 8.45 per cent. Employment opportunities created in construction, government and education will amount to 16000, 12000 and 11000, respectively. Through out the reference period, total employment in the modern sector is expected to increase by 223000, growing at the average rate of 5.77 per cent annually.

TABLE 5.6 LESOTHO: EMPLOYMENT PROJECTIONS 1985 - 2015
(BY GDO COMPONENT METHOD)

INDUSTRY	1980	1985	1990	1995	2000	2005	2010	2015
<u>Modern Sector</u>		918	946	977	1007	1039	1072	1106
Mining	890	(200)	(45)	(10)	-	-	-	-
Manufacturing	3906	6379	10418	17014	27785	45377	74107	121025
Electricity	487	524	564	607	653	702	756	813
Construction	4593	5741	7176	8969	11211	14014	17516	21895
Wholesale & Retail Trade	8547	10747	13513	16992	21365	26865	33780	42475
Restaurants & Hotels	1460	1595	1743	1904	2080	2272	2482	2712
Transport & Communication	666	1000	1502	2255	3385	5083	7632	11459
Business Services, Insurance & Banking	1313	1970	2956	4435	6654	9983	14979	22474
Government	13100	14450	15939	17582	19394	21392	23597	26028
Education (Teachers)	6000	7024	8223	9626	11269	13192	15444	18079
Others	345	518	778	1168	1753	2633	3953	5935
TOTAL	41307	50866	63758	81529	106556	142552	195318	274001
Change from Previous 5-year Period	9559	12892	17771	25027	35996	52766	78683	
% change		23.1	25.3	27.9	30.7	33.8	37.0	40.3

In previous sections, we underlined the fact that owing to declining agricultural productivity, agricultural sector does no longer offer lucrative employment opportunities to new entrants into the labour force. Moreover, it is estimated that more than 26 per cent of the rural households are landless.¹¹ Therefore, it is obvious that new employment opportunities capable of absorbing a considerable proportion of the new entrants into the labour force will be generated in the modern sector.

Table 5.7 shows that the share of the manufacturing sector in total employment will increase from 12.54 per cent - the fourth position - in 1985 to 44.17 per cent in 2015 to become the largest employer in the modern sector. From table 5.5, we noted that the manufacturing sector has the highest growth rates in both the value added (11.73%) and in employment (10.31%). Since these rates were used for employment projections, the manufacturing sector is expected to generate most of the new employment opportunities relative to other sectors of the economy of Lesotho. Wholesale and retail trade will reduce its share from 21.13 per cent in 1985 to 15.50 per cent in 2015, but it still maintains its second position in total employment. The government, which was the main employer in the modern sector, will also reduce its share to 9.5 per cent to be the third in line. The share of education declined from 13.81 per cent in 1985 to 6.6 per cent in 2015.

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Kingdom of Lesotho, [1987], Fourth Development Plan, op.cit
p13

TABLE 5.7 LESOTHO: PERCENTAGE DISTRIBUTION OF EMPLOYMENT 1985-90 (BY GDP COMPONENT METHOD)

For assumption (a) a 50 per cent reduction in migration indicates that about 70.2 thousand migrant workers would be released over a fifteen year period. In order to

As a result of diverse reasons which have already been examined in preceding sections, labour migration reduction looms high in government priorities even though its implementation has been cautiously avoided. The migrant labour statistics indicate that in 1985, about 116.5 thousand Basotho were employed in South African Mines. It is also estimated that mine migrants comprise about 83 per cent of the total migrant workers. From this information, we estimate that approximately 140.4 thousand Basotho migrants were employed in the RSA economy in 1985 and about 23.9 thousand being non-mine migrants.

In order to evaluate the likely future trends in Basotho employment in the RSA, in view of the Government's intentions of reducing its large employment dependence on the RSA and also taking into consideration the likelihood of en masse repatriation of Basotho migrants by the South African government, the following assumptions were considered:

- (a) To reduce migration to 50 per cent by target year (2015)
- (b) A reduction of 5 per cent annually
- (c) Total repatriation of Basotho migrants within 15 years from the base year (1985).

For assumption (a), a 50 per cent reduction in migration implies that about 70.2 thousand migrant workers would be phased out within the projection period. In order to estimate the number that would be repatriated every five years, the following linear extrapolation procedure was followed:

- These 70200 migrants were evenly divided among the six quinquenniums (1990 - 2015) and this implying a reduction of about 11700 migrants every five years
- The 11700 were then deducted from the 1985 figure of 140400 as well as in subsequent 5 year periods.

The same procedure was adopted for assumption (c). 140400 (the number of migrants in 1985) was divided by three to obtain the average number of migrants that would be reduced every five years from 1990 to 2000. Table 5.8 shows the results of the three assumptions.

Alternative I.

It is estimated that for every five years, there would be about 11.7 thousand returning migrants to Lesotho with employment expectations within their own country. The current levels of migration will be reduced to 70.2 thousand meaning that within the thirty years (1985 to 2015) the economy of Lesotho would have to create new employment opportunities to absorb about 70000 returning migrants, implying an annual job creation of about 2300 only for migrants.

TABLE 5.8 PROJECTED BASOTHO EMPLOYMENT IN THE RSA
Under Alternative Repatriation Hypotheses
(In Thousands)

		1985	1990	1995	2000	2005	2010	2015
Alternative I (50 percent) by target year	Total Migrants	140.4	128.7	117.0	105.3	93.6	81.9	70.2
	Mine Migrants	116.5	106.8	97.1	87.4	77.7	68.0	58.0
	non-Mine Migrants	23.9	21.9	19.9	17.9	15.9	13.9	11.9
Alternative II (5 percent) annual rate	Total Migrants	140.4	108.6	84.1	65.0	50.3	38.9	30.1
	Mine Migrants	116.5	90.1	69.8	54.0	41.7	32.3	25.0
	Non-Mine Migrants	23.9	18.5	14.3	11.0	8.6	6.6	5.1
Alternative III Total (Repatriation) by 2000	Total Migrants	140.4	105.3	70.2	35.1	-	-	-
	Mine Migrants	116.5	87.4	58.3	29.1	-	-	-
	Non-Mine Migrants	23.9	17.9	11.9	6.0	-	-	-

Alternative II

Within the first five years (1985 - 1990) 31.8 thousand migrants will return home indicating that more than 6000 average annual new employment opportunities will have to be created for the returning migrants. Within the first fifteen years, about 75.4 thousand returning migrants will add to the acute pressure on employment generation capabilities. A total of 110000 migrants will be back to join the domestic labour force within the projection period and this implies an average annual job creation of 3700 for the absorption of the returning migrants.

Alternative III

Every five years about 35000 returning migrants would enter the domestic labour force. This means an additional 7000 new jobs will have to be generated if all the migrants have to be absorbed in productive activities. From the year 2001, about 140000 Basotho will not have access to the South African employment opportunities.

From the preceding analyses, it is apparent that whichever alternative one employs, there is bound to be a reduction in migrant labour system, meaning that more productive employment opportunities should be created for both the new entrants to the labour force as well as for the returning migrants. As mentioned in previous sections, a substantial proportion of oscillating migrants originate

from the rural households, therefore, gainful employment opportunities would have to be generated in rural areas so as to maintain the living standards of rural households and also to prevent massive influx of rural migrants to the already overcrowded urban centers.

Table 5.9 gives projections of the total de jure population (i.e. including the migrants) and the labour force situation in Lesotho from 1985 to 2015. Total population is expected to grow at the average annual rate of 2.64 per cent, adding about 1.81 million to the initial 1985 figure of 1.53 million. This shows an increase of 118.3 per cent, implying that the 1985 population will more than double itself in thirty years time, with the last two quinquenniums adding nearly 800000. The working age population is estimated to grow by 1.04 million at the average rate of 2.75 per cent annually and the last ten years (2005 to 2015) contributing nearly 44 per cent to the total increase. The working age population will increase by 125.9 per cent within the reference period.

The total labour force will increase by about 781000, growing at the average rate of 2.39 per cent per annum. About 64 per cent of the total addition will be added within the last fifteen years of the projection period. About 54 per cent of the total labour force increase will be contributed by the agricultural labour force and 46 per cent will comprise the non-agricultural labour force. The narrow margin between the agricultural and non-agricultural labour

force in contributing to the labour force increase is attributable to the fact that the agricultural labour force is expected to grow at the average annual rate of 1.7 per cent - compared to the non-agricultural average growth rate of 4.8 per cent - hence the share of the agricultural sector contribution to the total labour force would decline from 84.5 per cent in 1985 to 69 per cent by 2015.

It is assumed that a substantial proportion of the migrant labour to the RSA economy originate exclusively from the rural areas and therefore in estimating the domestic agricultural labour force, the migrant labour was deducted from the total agricultural labour force. It is observed that while the agricultural labour force is estimated to increase by 421000 over the projection period (1985-2015) the domestic agricultural labour force will grow by 491000, the difference being accounted for by an expected reduction of 70000 migrants. The domestic labour force that is, the total labour force less the migrant labour force, will grow by 851000 at an annual rate of 2.93 per cent, adding about 138 per cent to the initial level of 617000. The non-agricultural labour force is expected to grow at the average annual rate of 4.78 per cent increasing by about 360000 of which 223000 will be an increase from the modern wage sector and the remaining 137000 will be an increase of the labour force which is either employed in the informal sector or unemployed.

TABLE 5.9 LESOTHO: TOTAL POPULATION AND LABOUR FORCE PROJECTIONS 1985 - 2015 (In Thousands)

	1985	1990	1995	2000	2005	2010	2015
Total Population (de jure)	1529.7	1745.1	1983.0	2252.5	2567.1	2930.6	3339.9
Change from previous period	215.4	237.9	269.5	314.6	363.5	409.3	
Working Age Population	826.3	916.2	1055.4	1217.9	1412.1	1626.8	1866.6
Change	89.9	139.2	162.5	194.2	214.7	239.8	
Total Labour Force	756.9	844.6	949.7	1037.4	1213.1	1368.1	1537.7
Agric Labour Force	639.4	696.0	761.1	833.6	909.4	985.8	1060.3
Less Migrants	140.4	128.7	117.0	105.3	93.6	91.9	70.2
Domestic Agric Labour Force	499.0	567.3	644.1	728.3	815.8	903.9	990.1
Non-Agric Labour Force	117.5	148.5	188.6	239.8	303.7	382.2	477.3
Total Domestic Labour Force	616.5	715.8	832.7	986.1	1119.5	1286.1	1467.4
Non-Agric Labour Force	117.5	148.5	188.6	239.8	303.7	382.2	477.3
Less Modern Wage Sector	50.9	63.8	81.5	106.6	142.6	195.3	274.0
Informal Sector or Unemployed	66.6	84.7	107.1	133.2	161.1	186.9	203.3

5.6 Prospects for Growth and Employment in the Economy of Lesotho

The current relatively declining trends in the agricultural sector do not reflect bright future prospects in agriculture unless a major agricultural transformation takes effect. It has been observed that the already existing problem of a severe shortage of cultivable area (currently only 10 per cent) has been compounded by the following factors:

- the average under cultivation is increasingly declining as it is lost through soil erosion,
- the proportion of the landless labour is also increasing due to the high population growth rate.

Therefore, under these circumstances, future prospects seem rather bleak. Immediate corrective intervention is essential. The situation is heading for crisis dimensions and this has posed a challenge in agricultural development in Lesotho.

The role of the industrial sector through the Lesotho National Development Corporation (LNDC) as well as the Basotho Enterprise Development Corporation (BEDCO), is mainly to establish small, medium and large scale operations in Lesotho so as to enhance employment creation and to increase the gross domestic product, thereby improving the standards

of living of the Basotho. However, the performance of the industrial sector in Lesotho is handicapped by a series of constraints such as the scarcity of natural resources, the smallness of the domestic market and competition from the RSA.

The inadequacy of the resource endowments has accordingly resulted in total consumption substantially exceeding domestic production and this has resulted essentially in Lesotho's dependence on imports of raw materials required in the development and promotion of the manufacturing sector. Scarcity of domestic manufacturing inputs means that investors have to depend entirely on foreign inputs in the production process. The major domestically available natural resources which have a great potential of maximum exploitation for development purposes are water and human resources. The smallness of the domestic market implies that the industrial sector has to fully develop its production capabilities to meet international standards in order to compete in the international markets.

Being the signatory to the Lome III convention, Lesotho has free access to the European markets through the EEC. It is a member of sub-regional organisations such as the Southern African Development Corporation Conference (SADCC) and the Southern African Preferential Trade Area (PTA) and it is also a member of the South African Customs Union (SACU). Being regarded as one of the poorest countries, Lesotho enjoys the generalized system of preferences and has free

access into and no quotas with the USA. All what this means is that production in the manufacturing sector should be geared towards both export promotion and import substitution strategies so that the wide margin that prevails between consumption and production can be narrowed.

Lesotho faces tough competition from the RSA. A considerable proportion of the potential investors in Lesotho are usually attracted by the lucrative investment incentive packages offered by the satellite states in South Africa. Recently, the LNDC reviewed the existing incentive structure with the objective of not only improving the incentive package available to the foreign investors, but also as a means of redirecting investment from the RSA and attracting investors to Lesotho.

Future prospects in both increased production and employment opportunities in the industrial sector are very promising in Lesotho mainly because of the M4 billion (approximately \$2 billion) Lesotho Highlands Water Project (LHWP). The main objective of the LHWP is to transfer the headwaters of the Orange River System via a series of delivery tunnels into the Vaal River catchment area in the RSA. According to the statistical information given by the Chief Executive of the Lesotho Highlands Water Authority - the organisation responsible for implementing the project - the total water resources of the country are about 150M³/second and domestic consumption is projected not to exceed 10M³/sec. indicating that Lesotho has a surplus of water

resources which need to be fully exploited and marketed. He estimates that when the project is in operation, Lesotho will accrue, from the sale of water, about M50 million annually. It is expected that all the three phases of the project will be completed within 30 years.¹²

In order to facilitate the transfer of the water from the source to the market, the infrastructure has to be developed and this will include:

- a sophisticated road communications network through some of the most rugged and inhospitable terrain in Africa;
- some of the world's largest rockfill dams;
- hundreds of kilometres of the tunneling to draw the water collected in the dams and route it to the Vaal River System near Bethlehem; and
- coincidentally, a hydro-electric generation plant capable of meeting the whole of Lesotho's electricity needs (currently met by ESKOM).¹³

¹² Financial Mail, 1988, Lesotho Highlands Scheme. A Survey Supplement to Financial Mail, May 6, p16

¹³ Ibid. p8

In view of the magnitude of the project, expectations are that the entire economy of Lesotho will be transformed and major satellite investment opportunities in construction, services, tourism and agro-industries would be opened through the LHWP. The LNDC has already identified about 35 ancillary projects to the LHWP:

- 19 in construction (the stone crushing and explosive manufacturing facility are both expected to employ about 1540 workers)
- 5 in services sector (including tourism)
- 11 in agro-industry such as piggery, poultry
14 and green houses.

In previous sections of this study, it was emphasized that the current trends in mine employment of foreign workers indicate structural transformation in the South African Labour Market. The increasing technical complexities of the gold mines and intensity of mechanization of the other mines only highlight the fact that the mining sector has diverted its preference for unskilled workers to more stable and better trained and educated mine labour force. In the short

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Ibid. p49

CHAPTER 6

run, the reduction of Basotho mine workers may not be very significant as a cause of concern to the government of Lesotho because even though the intake of the novices has drastically declined, there is nevertheless a significantly large number of Basotho with Employment Guarantee certificates who are virtually assured of securing employment opportunities in the RSA mines.

In the long run, however, the new entrants to the labour force who could otherwise be in the pool of potential migrants would have to be productively engaged in the economic system within Lesotho because mine employment would no longer be available. That is, Lesotho will no longer be the major source of the mine labour force but the Basotho will remain only a part of the supplementary pool of the labour force that may be drawn from the traditional sources if the need arises.

It must however be underlined that the rather promising future prospects in the manufacturing and service sectors of the economy will absorb only a minute fraction of the total labour force because the population growth rate is very high.

CHAPTER 6

POLICY RECOMMENDATIONS AND CONCLUSION

Table 5.5 shows that the manufacturing sector had the highest growth rate in both the value added and employment (11.73% and 10.31%, respectively) during the period 1980-1985. The sector's contribution in employment is expected to grow from 12.54 per cent to 44.17 per cent during the projection period (Table 5.7). The other sectors with high employment generating opportunities are wholesale and retail trade, government sector, business services, insurance and banking, construction and education, in that order. These indicators imply that these sectors, specifically the manufacturing sector, have the potential in so far as growth and employment are concerned and development policies such as industrial incentives, general attractive business/investment environment, general tax and tariff liberalization, human resources development, and more others, should be designed to underscore the capabilities of these sectors.

As one of the strategies for reducing its dependence on the RSA, Lesotho has to pursue development policies that emphasize export promotion and import substitution. As previously indicated, one of the major constraints facing the industrial sector in Lesotho is the limited resource base that is essential for industrial production; and a bulk of industrial inputs originate exclusively from the RSA. The

policy of the government should emphasize production of some of these industrial raw materials and it should also encourage the design of industries or projects that would feed on local rather than imported raw materials. For instance, farmers should be encouraged to breed sheep and goats which give good quality wool and mohair rather than keeping large flocks of poor breeds with very low yields. Clothing and blanket industries which use wool and mohair as raw materials could then be designed and these industries would not only encourage more production of these raw materials hence increased income for more people, but would subsequently promote gainful employment opportunities.

The imports of raw materials are relatively cheaper than imports of finished goods. Therefore, a policy that is designed to restrain imports of finished goods to favour imports of raw materials will generally give impetus to the growth of the domestic industries while simultaneously creating conditions for employment creation particularly if such industries are labour intensive in production.

Import policies should be designed in such a way that they provide a protective umbrella in indigenous industries. Being a member of SACU, Lesotho cannot impose over board restrictions on goods imported from the RSA but the agreement allows for the protection of infant industries. Import substitution policies will not only facilitate industrial promotion hence increased output but will also service the

growing domestic demand and expand employment opportunities. Wherever possible, domestic resources and specifically the abundant labour force should be optimally utilised as a means of reducing unemployment and underemployment of resources. Even though the domestic market is relatively small, Lesotho's products have access to regional as well as international markets through organisations such as SADCC, EEC, PTA and so on. Therefore, export potentials should be adequately exploited and more labour-intensive industries should be encouraged to enhance employment expansion.

As a means towards industrial promotion, policy makers should take full cognisance of the interdependence which exists between and among industries in different sectors of the economy. Interdependence of economic activities arises from the fact that each sector demands inputs from one or many other sectors. Therefore, production activities are characterised by both backward and forward linkages which must be taken into account in development planning if it has to be meaningful. Thus the linkages induced by input demand and those induced by output supply generate growth impulses which are then transmitted from one sector to other sectors of the economy and as a result, the economic activity is set in motion. For instance, development in the agricultural sector will certainly induce agro-based industries which will produce for both the domestic market and the international markets, and this will encourage efficient employment of

domestic resources and such industries should be given the highest priority.

More efforts should be made to promote and encourage small-scale industries. The expansion and development of these industries is handicapped by acute shortages of financial outlays and entrepreneurial skills. Financial assistance and services offered by BEDCO should be extended and given a wider coverage. Because BEDCO's operations are largely concentrated in Maseru, a substantial proportion of small scale enterprises in other parts of the country does not have access to these services.

The foregoing analyses on contemporary migration trends as well as taking into account the realities of the economic conditions prevailing in Lesotho, indicate that Lesotho is likely to retain its position as the major migrant mine labour supplying country of SALC, for some years to come. Therefore the process of withdrawal of Basotho migrant workers from the RSA economy must remain a long term objective of the government. A conducive economic environment within the economy of Lesotho capable of absorbing a significant proportion of the returning migrants and also the new entrants to the labour force, has first to be created before the withdrawal strategy can be implemented. Otherwise, a measurable withdrawal of Basotho migrants would only expose a considerable percentage of the rural households to abject poverty and misery which could easily be avoided by

maintaining a stabilized flow of Basotho workers to the RSA economy.

While a strategy towards economic independence is a major priority for the government of Lesotho, the economic and social welfare of Basotho, particularly those in rural areas, should equally rank considerably high in priority. In Chapter 3, an attempt was made to highlight the significance of migrant remittances to both economic and social life of the rural households and it is apparent that without these earnings, a substantial number of the rural households would be living under the poverty datum line, the consequences of which could lower standard of living even below the current levels.

The economy as a whole should undergo a process of structural transformation. Priority should be accorded to manpower planning and education policies which will essentially alleviate the problem of labour migration through the increased retention of the potential migrants in the educational system. The whole economy has to be built and strengthened in order for it to create alternative viable avenues for domestic labour absorption rather than to labour migration system. Emergency programmes designed for migrant workers should be integrated in national development planning programmes as the latter will essentially concentrate simultaneously on reducing labour migration and domestic unemployment. Financial resources available to

support emergency programmes should be invested in labour intensive undertakings such as in public works, building and construction because these activities have the potential for creating employment opportunities for a greater percentage of work force.

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ANSWER

TABLE 4
SOURCE DE MIGRATION LABORALE PAR COUNTRY DE 1918
GOUVERNEMENT DU CANADA
THE CENSUS OF CANADA, 1921 TO 1961 (in thousands)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
17.5	16.8	16.9	16.6	15.9	19.7	18.1	18.2	19.3	19.3	19.4	17.5	17.5
78.5	87.0	78.2	69.5	92.4	103.8	106.1	106.2	109.0	109.6	104.0	106.6	106.6
129.2	128.0	73.3	63.5	65.9	14.2	18.0	17.2	14.3	12.3	16.4	16.6	16.6
17.7	19.4	10.3	10.6	41.4	45.2	37.7	45.6	44.8	45.3	44.8	45.3	45.3
44.9	43.8	35.8	37.2	31.1	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4
229.2	220.4	227.6	240.4	202.8	208.0	205.4	207.9	204.5	197.8	196.8	196.8	196.8
87.2	86.0	90.0	101.9	108.6	214.2	250.3	234.2	272.1	236.2	232.2	232.2	232.2
430.3	364.7	261.3	603.8	655.7	620.6	113.4	420.3	413.2	423.1	423.1	423.1	423.1

SOURCE: *Report on Trends and Prospects of Black Migration to South Africa*, Commission for Employment Stabilization, ILO, 1964, p. 9.

ANNEX I

TABLE A SOURCE OF AFRICAN LABOUR, BY COUNTRY OF ORIGIN
EMPLOYED AT THE END OF EACH YEAR BY AFFILIATES OF
THE CHAMBER OF MINES, 1971 - 1983 (In Thousands)

COUNTRY	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
BOTSWANA	16.0	17.5	16.8	14.7	16.6	15.5	19.7	18.1	18.7	19.3	16.8	18.3	17.6
LESOTHO	68.7	78.5	87.2	78.3	85.5	96.4	103.2	104.1	109.2	109.0	109.2	104.0	102.8
MALAWI	107.8	129.2	128.0	73.1	8.5	6.9	14.2	18.0	19.2	14.3	15.3	16.1	15.9
MOZAMBIQUE	102.4	97.7	99.4	101.8	118.0	48.6	41.4	45.2	37.7	45.8	41.3	45.5	44.8
SWAZILAND	4.8	4.3	4.5	5.5	7.2	8.6	8.1	8.4	10.0	9.4	9.6	11.5	11.8
ZIMBABWE	-	-	-	-	7.0	26.9	21.4	9.7	8.0	5.0	1.4	-	-
TOTAL NON-SOUTH AFRICAN	299.7	327.2	335.9	273.4	242.9	202.8	208.0	205.4	204.3	204.3	195.8	196.8	193.8
SOUTH AFRICAN	86.7	87.2	86.2	90.0	121.8	158.6	214.2	250.3	274.2	279.1	285.2	276.7	289.5
OVERALL TOTAL	386.2	414.3	422.2	363.5	364.7	361.3	422.2	455.7	478.6	483.4	480.2	473.5	483.3

SOURCE: de Vletter, F. "Recent Trends and Prospects of Black Migration to South Africa. International Migration for Employment Working Paper, ILO, 1985 p.9

SOURCE: see Table 2.3

ANNEX I continued

TABLE: B DISTRIBUTION OF FOREIGN BLACKS IN SOUTH AFRICA
('000)*

COUNTRY	1972	1973	1975	1976	1977	1978	1979	1980	1981	1982	1983
ANGOLA	-	0.04	0.6	0.8	1.5	0.3	0.3	0.3	0.1	0.1	0.1
BOTSWANA	32.0	46.2	37.0	43.2	43.5	43.5	32.5	23.2	29.2	26.3	26.0
LESOTHO	131.7	148.9	152.2	160.6	173.9	155.6	152.0	140.8	150.4	140.7	145.8
MALAWI	131.2	139.7	39.3	12.8	12.4	38.5	35.8	32.3	30.6	27.6	29.6
MOZAMBIQUE	121.8	127.2	150.7	111.3	68.2	49.2	61.6	56.4	59.4	52.3	61.2
SWAZILAND	10.1	10.0	16.4	20.8	18.2	14.1	13.0	19.9	13.4	13.7	16.8
ZAMBIA	-	0.7	0.9	0.8	0.7	0.8	0.8	0.9	0.7	0.8	0.7
ZIMBABWE	-	3.3	8.9	32.7	37.9	27.5	21.6	10.4	17.0	11.3	7.7
OTHER	14.4	9.1	8.5	7.2	1.0	6.4	9.2	3.1	1.0	2.5	70.1
TOTAL	441.2	485.1	414.6	390.0	357.4	327.1	326.7	287.2	301.8	282.3	358.0

*Data for 1974 not available

**Includes Angola, Zambia and Zimbabwe

***Includes Namibia.

SOURCE: see Table 2.3

ANNEX II

TABLE: A BASIC DATA FOR REGRESSION EQUATIONS
(Millions of 1980 Maloti)

YEAR	GNP	GDP	REMITTANCES (a)	PRIVATE CONSUMPTION	MERCHANDISE IMPORTS
1970	200.5	140.8	64.1	172.3	91.9
1971	220.1	148.1	72.6	185.6	100.4
1972	222.1	147.8	74.7	205.1	133.8
1973	282.1	186.8	75.9	250.0	144.6
1974	324.9	207.2	118.2	291.4	134.2
1975	348.1	179.3	190.2	315.9	183.6
1976	393.6	199.1	204.2	358.5	257.1
1977	456.6	242.6	223.9	380.1	263.4
1978	496.1	286.9	214.6	414.2	275.0
1979	503.0	295.1	216.3	418.8	299.9
1980	502.3	297.3	217.5	395.3	332.4
1981	524.9	293.2	262.1	448.8	395.5
1982	589.7	296.1	319.4	489.4	512.7
1983	591.3	281.6	342.5	492.0	573.7

SOURCE: (a) From Kingdom of Lesotho, 1978 (d)
Others: World Bank Tables, 1987.

ANNEX III

TABLE: A NUMBER OF PRIMARY SCHOOLS, PUPILS, TEACHERS AND
PUPIL: TEACHER RATIOS FOR THE PERIOD 1972-1981

YEAR	NO. OF SCHOOLS	NUMBER OF BOYS	OF GIRLS	PUPILS TOTAL	NUMBER OF QUALIFIED	OF UNQUALIFIED	TEACHERS TOTAL	% OF UNQUALIFIED	PUPIL:TEACHER RATIO
1974	1081	88057	129981	218038	2924	1215	4139	29.4	52.7
1975	1080	90915	131017	221932	2948	1280	4228	30.3	52.5
1976	1078	91168	130849	222017	2975	1260	4235	29.8	52.4
1977	1074	92224	133795	226019	2974	1330	4304	30.9	52.5
1978	1080	92792	135731	228523	2921	1500	4421	33.9	51.7
1979	1080	96444	139160	235604	3087	1695	4782	35.4	49.3
1980	1074	101366	143472	244838	3242	1855	5097	36.4	48.0
1981	1085	109108	149938	259046	3688	1662	5350	31.1	48.0
1982	1103	119378	158567	277945	3721	1574	5295	29.7	52.5
1983	1116	125900	163690	289590	4020	1650	5670	29.1	51.1
1984	1133	131106	166378	297484	4300	1348	5648	23.9	52.7
1985	1141	139302	174701	314003	4485	1178	5663	20.8	55.4
1986	1156	142018	177110	319128	4611	1167	5773	20.1	55.3

SOURCE: Kingdom of Lesotho, 1982, Education Statistics 1986, the Bureau of Statistics, Maseru, Lesotho p75

ANNEX III Continued

TABLE: B NUMBER OF SECONDARY SCHOOLS, PUPILS, TEACHERS AND
PUPIL: TEACHER RATIOS FOR THE PERIOD 1972-1981

YEAR	NO. OF SCHOOLS	NUMBER OF BOYS	NUMBER OF GIRLS	PUPILS TOTAL	NUMBER OF QUALIFIED	NUMBER OF UNQUALIFIED	TEACHERS TOTAL	% OF UNQUALIFIED	PUPIL:TEACHER RATIO
1974	57	6953	7955	14908	365	202	567	35.6	26.3
1975	60	7059	8552	15611	412	193	605	31.9	25.8
1976	61	7333	9393	16726	447	174	621	28.0	26.9
1977	61	7419	10014	17433	479	229	708	32.3	24.6
1978	63	7555	10177	17732	614	150	764	19.6	23.2
1979	96	8668	12738	21406	762	178	940	18.9	22.8
1980	96	9433	13922	23355	881	241	1122	21.5	20.8
1981	103	10389	15608	25997	973	275	1248	22.0	20.8
1982	108	11162	16637	27799	1072	296	1368	21.6	20.3
1983	123	12327	19095	31422	1203	349	1552	22.5	20.2
1984	129	13422	20142	33564	1271	345	1616	21.3	20.8
1985	143	14372	21051	35423	1378	298	1676	17.8	21.1
1986	156	14954	22389	37343	1431	341	1772	19.2	21.1

SOURCE: Kingdom of Lesotho, 1987, Education Statistics 1986,
The Bureau of Statistics, Maseru, Lesotho. p83

ANNEX IV

POPULATION PROJECTIONS: THE COHORT-COMPONENT METHOD

$$P_x^t = P(x-n) * n S(x-n)$$

Where P_x^t is the population aged x at time t , and
 $n S(x-n)$ is the survival ratio for the age group
($x-n$) surviving the next n years, between the
period $t-n$ to t .

For the other age groups, that is, 80 years and over and
0-4, the following equations are used

$$P_{80+} = P_{75+} * S_{75+}, \text{ and}$$

$$P_{(0-4)} = B(t-5, t) * S_{births},$$

Where S_{births} is the survival ratio from birth to age
group 0-4 years, and

$B(t-5, t)$ is the number of births during the period
 $t-5$ to t

(* stands for multiplication sign)

For labour force projections, "the number of persons in
the labour force by age and sex is obtained by multiplying
the age-sex specific labour force participation rates by the
projected population in the corresponding age groups." The
following equation is used:

$$LF_x^t = P_x^t * lf_x^t$$

Where LF is the number of persons in the labour force
in age group x at time t

P_x^t is the corresponding population and

lf_x^t is the age specific labour force
participation rate

The active labour force was further classified into agricultural and non-agricultural labour force. For projecting the non-agricultural labour force, the following formula was used.

$$P_f = \frac{P_0}{P_0 + (1-P_0)e^{-(n-a)f}}$$

Where P is the proportion of the non-agricultural labour force

P_0 is the initial proportion of the non-agricultural labour force

n is the growth rate of non-agricultural labour force

a is the growth rate of agricultural labour force

f is the projection period.

ANNEX V

TABLE: A LESOTHO: POPULATION PROJECTS 1980-2015

GE OUP	1980			1985			1990			1995		
	M	F	TOTAL	M	F	TOTAL	M	F	TOTAL	M	F	TOTAL
-4	108007	119447	227454	125838	139157	264995	141603	156562	298165	155107	171435	326542
-9	79781	80234	160015	102676	113927	216603	119755	132887	255642	134999	149810	284809
-14	75457	74860	150317	78481	79033	157514	101037	112265	213302	117909	131034	248943
-19	74715	76051	150766	74332	73836	148168	77333	77979	155312	99607	110834	210441
-24	57110	64445	121555	73059	74498	147557	72714	72368	145082	75702	76498	152200
-29	46965	53082	100047	55520	62796	118316	71062	72641	142703	70787	70643	141430
-34	39174	40709	79883	45466	51508	96974	53780	60979	114759	68902	70627	139529
-39	31031	32786	63817	37659	39311	76970	43738	49781	93519	51795	59017	110812
-44	28615	28120	56735	29518	31493	61011	35853	37793	73646	41696	47927	89623
-49	28232	30693	58925	26807	26792	53599	27679	30033	57712	33674	36096	69770
-54	21040	21664	42704	25859	28810	54669	24582	25175	49757	25430	28271	53701
-59	16753	18616	35369	18665	19832	38497	22970	26410	49380	21885	23130	45015
-64	16790	18856	35646	14161	16388	30549	15802	17491	33293	19499	23363	42862
-69	9601	12957	22558	13164	15631	28795	11126	13618	24744	12458	14592	27050
-74	5980	8452	14432	6747	9783	16530	9276	11839	21115	7875	10369	18244
+7	7524	14663	22187	6861	12137	18998	7066	11931	18997	8742	13298	22040
	646775	695635	1342410	734813	794932	1529745	835376	909752	1745128	946067	1036944	1983011

ANNEX V

TABLE: A Continued

AGE GROUP	2000			2005			2010			2015		
	M	F	TOTAL									
0-4	172977	191103	364080	197130	217663	414793	223205	246287	469492	247739	273145	520884
5-9	148244	164505	312749	165853	184041	349894	189750	210544	400294	215837	239468	455305
10-14	133021	147855	280876	146218	162548	308766	163786	182111	345897	187655	208687	396342
15-19	116317	129471	245788	131337	146248	277585	144518	160991	305509	162082	180644	342726
20-24	97600	108867	206467	114114	127380	241494	129044	144173	273217	142247	159080	301327
25-29	73785	74792	148577	95275	106654	201929	111606	125097	236703	126488	141999	268487
30-34	68729	68805	137534	71765	73009	144774	92865	104395	197260	109057	122841	231898
35-39	66466	68487	134953	66437	66887	133324	69547	71189	140736	90262	102158	192420
40-44	49471	56932	106403	63638	66236	129874	63798	64890	128688	67018	69317	136335
45-49	39249	45872	85121	46703	54639	101342	60288	63779	124067	60690	62727	123417
50-54	31020	34064	65084	36280	43429	79709	43350	51932	95282	56234	60899	117133
55-59	22710	26058	48768	27813	31526	59339	32688	40395	73083	39281	48587	87868
60-64	18648	20548	39196	19444	23274	42718	23953	28343	52296	28346	36597	64943
65-69	15446	19599	35045	14863	17360	32223	15613	19833	35446	19402	24397	43799
70-74	8873	11193	20066	11089	15176	26265	10774	13596	24370	11446	15740	27186
75+	8679	13094	21773	9361	13745	23106	11176	17040	28216	11955	17879	29834
	1071235	1181245	2252480	1217320	1349815	2567135	1385961	1544595	2930556	1575739	1764165	3339904

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