Article

The Disrupted Passage from an Agrarian Rural to an Industrial Urban Workforce in Most Countries in the Global South

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Christoph Scherrer[1]

Abstract

In many late industrializing countries, most of those who leave agriculture do not find gainful employment. In fact, many of the late industrializers are prematurely de-industrializing. Explanations for the lack of absorption capacity of industries and productive services range from overregulated labour markets to globalization. On the basis of a comparison between the conditions prevalent among the early industrializers and present-day latecomers to industry and advanced services, this article highlights other factors: demographic pressures, restrictions on migration, productivity differentials vis-à-vis the Global North and the few successful late industrializers and the constraints on the promotion of industry stemming from neoliberal globalization. It also points to challenges for a state-led industrial policy stemming from the colonial heritage like lack of societal trust.

Keywords

Labour markets, underemployment, late industrializers, agricultural crisis, Global South

[1] Professor and Director, International Centre for Development and Decent Work, University of Kassel, Kassel, Germany.

Corresponding author:
Christoph Scherrer, Professor and Director, International Centre for Development and Decent Work, University of Kassel, D-34109 Kassel, Germany.
E-mail: scherrer@uni-kassel.de

Introduction

Given the low-income elasticity of demand for agricultural products, increases in material wealth require the movement of labour out of agriculture. This process has reached a point in the USA where, presently, only about 2.1 per cent of the male and 0.8 per cent of the female working population are engaged in agriculture. In comparison, about 40.1 per cent of the male and 60.6 per cent of the female working population in India, and 46.6 per cent of the males and 39.2 per cent of the females in Ghana, are engaged in agriculture, in 2016 (The World Bank, 2018). One can imagine how many people would have to leave agriculture in these two countries, if they would reach the US level of productivity. Fortunately, this will take some time, not least because the invested capital per person in agriculture would have to be increased by a factor of 165 (Chen, 2016, p. 9). However, in many late industrializing countries, most of those who leave agriculture do not find gainful employment even at the current junction. In fact, many of the late industrializers are prematurely de-industrializing. So most of the rural migrants end up in low productivity and low value-added personal service sectors, such as petty trade in the informal economy (Breman, 2013, p. 5; Dasgupta & Singh, 2006; International Labour Organization [ILO], 2017). The bleak prospects outside of agriculture keep many in the rural areas, where they are part of a large reservoir of underemployed workers (McCullough, 2015a).

Explanations for the lack of absorption capacity of industries range from overregulated labour markets (Soto, 1989, for a critique, see Breman, 2003, pp. 194–220) to globalization (Rodrik, 2016; his argument is elaborated further). While the latter explanation has some salience, I want to take up the challenge of the doyen of the study of labour market informality:

> [T]he research promoted on the informal sector of developing countries from the early 1970s onwards is hampered by the virtual lack of comparison with the profound restructuring from an agrarian-rural to an industrial-urban workforce that went on in the western part of the world at an earlier stage. (Breman, 2013, p. 27)

This study carries out a similar comparison between the conditions prevalent among the early industrializers and present-day latecomers to the industry. The argument takes off from the work of Gavin Kitching (2001) and adds insights from critical development studies. In particular,

it highlights the constraints on the manufacturing sector, especially in sub-Saharan Africa, stemming from the colonial heritage, the subordinate integration into the world market to current global economic rules.

The argument starts with outlining the current challenges for the Global South's labour markets in the provision of sufficient gainful employment. It then moves on to develop a framework for explaining these challenges. Based on this framework, the demographic pressures on the labour markets are elaborated. It is argued that these pressures are to a much lesser degree relieved through cross-border migration than during Europe's industrialization phase. The greater part of this article is devoted to a discussion of the factors that limit the capacity of late industrializing countries to accommodate the demand for employment opportunities outside agriculture. Among the limiting factors, the competitive disadvantage will be highlighted vis-à-vis the Global North and the few successful late industrializers due to substantial productivity differentials compounded by the constraints on the promotion of industry stemming from neoliberal globalization. The capacity of states for industrial policy is further hampered by the legacy of colonialism and slavery.

Widespread Vulnerable Employment

In most countries of the Global South, the labour force moving out of agriculture is not absorbed into formal employment in industrial and service sectors. Instead, they move mostly into the informal service sector (Newman et al., 2016, p. 13). In Africa, only about one in five workers has found employment in industry after leaving agriculture (McMillan & Harttgen, 2014, p. 2). Overall, only 3.2 per cent of the total sub-Saharan workforce was employed in the formal industry in the early 2010s (Losch, 2016, p. 15). Many of those who stay behind in rural areas face harsh livelihood conditions (FAO, 2016, p. 14) and widespread underemployment (McCullough, 2015a).[1] Overall, staying behind as well as moving out leads to high rates of vulnerable employment, especially in Southern Asia and sub-Saharan Africa (Agarwala, 2013; ILO, 2017, p. 26; Otoo, 2018).

This is even true for countries which have seen accelerated economic growth in the first decade of the third millennium. The growth champions in Latin America experienced premature de-industrialization; the ones in Africa barely maintained their earlier low level of manufacturing activities. That these countries were nevertheless growing fast was

explained by a team led by Dani Rodrik. In the Latin American case, growth was driven by an international commodity boom, and manufacturing employment was hit, on the one hand, by overvalued exchange rates and, on the other, by manufacturing labour productivity increases. A significant amount of workers were forced out from high productivity sectors into low productivity activities. The African growth champions profited from the same commodity boom, remittances and productivity increases in agriculture. In Ghana, for example, the boom in mining and oil extraction created only a few more jobs in these sectors (Baah-Boateng, 2015). The labour force shifting out of agriculture, however, was not absorbed in an expanding sector with globally competitive productivity levels; hence, the overall labour productivity in the non-agricultural sector declined (Diao, McMillan, & Rodrik, 2017). India reached its peak manufacturing level in 2006, at 17.4 per cent of gross domestic product (GDP). By 2016, it had fallen to 15 per cent (Marlow & Beniwal, 2018; for a general discussion of its manufacturing sector, see Jha, 2018).[2]

The experiences of the recent growth champions differ from those of the rapid export-oriented industrialization of East Asian countries, such as South Korea, Taiwan and China. They are, therefore, considered to be less sustainable. If productivity does not increase in the non-agricultural sectors of the economy, then overall growth will be limited (Diao et al., 2017). As the service sector in Africa has absorbed workers faster than the rate of increase of its output, its relative productivity advantage vis-à-vis the rest of the economy has diminished (Newman et al., 2016, p. 11). Manufacturing seems to be better suited to stimulate productivity increases rather than the service sector for catching-up economies. The formal sector manufacturing can absorb a large number of relatively unskilled workers (i.e., those coming out of agriculture), allows for learning by doing and provides for spill-over effects into the rest of the economy (Rodrik, 2013).

However, even successful catching-up countries like China have reached their key share of manufacturing employment at much lower levels of GDP per capita than the early industrializers. In addition, the share of low-skilled workers employed in manufacturing has decreased across countries of the Global North and South since the late 1990s (ibid., p. 36). A recent report on the impact of automation underlines the threat of unemployment in the manufacturing sector in developing countries (Oxford Martin School & Citi, 2016). Therefore, the capacity for manufacturing to absorb the rural surplus population seems to be limited. Why is this the case?

The Different Contexts of Early and Late Industrialization

To explain the difficulties that countries in sub-Saharan Africa and South Asia experience while moving their agricultural workforce into modern productive sectors, Gavin Kitching (2001, pp. 150–152) compares present-day conditions with those when the capitalist core and the Soviet Union had moved from agriculture-based economies to manufacturing. This comparison leads Kitching to highlight five factors that differentiate past experiences from the present ones. His first factor is scale. The rural population of China and India is much larger than what it had been even in the Soviet Union in the 1920s: 'India and China are each faced with a peasant elimination task that is seven to eight times larger than has ever been achieved in human history' (Kitching, 2001, p. 150). From an ecological perspective, however, the absolute size of the population could be a limiting factor. The ecological footprint of workers in productive employment is considerably larger than that of persons employed in small-scale agriculture or in low-productivity non-farm informal sectors. Kitching's third factor, namely the population growth rate, is more convincing. At the time of industrialization in Europe and Japan, population growth rates were lower than they are now, especially in sub-Saharan Africa. The early industrializers 'had proportionately fewer people to absorb' (ibid., p. 151).

Kitching's second factor relates to labour productivity differentials between agriculture and industry. The early industries were much more labour intensive than today's industries. With a few exceptions, such as the garment industry, they require substantial capital investments per workplace. Thus, the industry could employ workers in greater numbers in relation to invested capital (ibid.). Terms of trade is his fourth factor. He points out that agricultural commodities enjoyed better terms of trade vis-à-vis non-agricultural commodities, that is, prices for agricultural products went up in relation to prices for industrial goods. These better terms of trade were slowing down the process of 'peasant elimination', because 'those who chose to stay on the land can earn a reasonable living just because prices for the produce are good' (ibid., p. 152). In contrast, during most of the post-war period, prices for agricultural goods declined in relationship to manufactured goods; therefore, earning a living in small-scale agriculture was difficult. Outmigration became more likely, and the non-farm labour market had to absorb proportionately more persons looking for employment (ibid.). Kitching's final point highlights different types of crops produced in Europe in comparison to crops in

tropical or subtropical regions. However, he does not elaborate this argument much, and it seems to me that rice, nuts, fruits and stimulants produced in the tropics are actually more labour intensive than the growing of grain in temperate climate zones (Bray, 1986; Khan, Martin, & Hardiman, 2004).

Kitching sums up his argument thus:

> 'neither the contemporary industrial technology context, nor the population growth context, nor the price or terms of trade context, is anywhere near as conducive to peasant elimination as it was when the European world accomplished its (demographically much smaller) transformation'. (Kitching, 2001, p. 152)

While Kitching focuses more on the labour-supply side, Dani Rodrik (2016) analyses the demand conditions for labour, that is, the limits of employment growth in manufacturing and high value-added service sectors in many of the late industrializing countries, especially in Latin America and Africa. He argues on the basis of extensive analytical statistics that manufacturing employment and output stagnated or even declined once these countries liberalized their trade policies. Accordingly, 'those without a strong comparative advantage in manufacturing became net importers of manufacturing, reversing a long process of import-substitution' (Rodrik, 2016, p. 4). In addition, they were exposed to the decline in relative prices of manufacturing caused by technological progress and the rise of Asian exporters. The latter's success came mostly at the expense of other late industrializers (ibid., p. 16). Particularly hard hit were the low-skilled workers (ibid., p. 19), that is, those who most likely have a rural background.

Rodrik also speculates about the political ramifications of premature de-industrialization. The lack of mass manufacturing comes with a fragmented workforce that is not able to extract political participation and welfare measures from the countries' elites (Breman, 2013, p. 7; Rodrik, 2016, p. 25).

The approach in this present article builds on the insights of Kitching and Rodrik. It provides further evidence for the arguments concerning population pressure and productivity differential. It also goes beyond the two authors and takes a leaf from the pages of critical development studies. In particular, the constraints on the manufacturing sector are highlighted, especially in sub-Saharan Africa, stemming from colonial heritage and current global economic governance.

The Demographic Challenge

As I argued earlier, the absolute size of the rural population is of less concern as it needs to be seen in relation to the size of the territory. What matters, however, is the growth rate. A higher population growth rate requires a faster absorption capacity of manufacturing and higher value-added services.

A World Bank report has called high growth rates a blessing for respective countries, as they would reap a so-called 'demographic dividend'. The dividend would result from a favourable ratio of working-age population to children and retired persons, that is, savings from having few dependents would allow for higher capital investments (Bloom & Williamson, 1998; The World Bank, 2012). As Adair Turner (2017) has pointed out, however, the dividend is dependent on a simultaneous significant fall in fertility. A smaller family size leaves that generation with a larger capital stock per capita and more resources for investment in workforce skills.

Unfortunately for Africa, its high population growth rates are not accompanied with significantly fewer children per woman. Rural fertility rates controlled for population density are on an average two children higher than other countries of the Global South. This difference is less a result of a desired number of children and more of 'unmet contraception needs' for women (Headey & Jayne, 2014, p. 29). In the 1980s and 1990s, China benefited from having two economically active persons for every one inactive person, while sub-Saharan Africa had a ratio of one to one. With the combination of higher fertility rates and an aging population, scepticism has been expressed by Bruno Losch (2016, p. 18) about whether sub-Saharan Africa will even come close to the previous Chinese ratio.

Despite the one-child policy, rapid population increase remains a major labour market challenge for China (Chen & Hamori, 2014). How does it compare to the experience of the early industrializers? Kitching puts the population growth rate for Europe and Japan during their industrialization phase at roughly 1.5–2 per cent per annum (at the peak), while for the developing countries in the 1990s at 2.5 per cent or 3 per cent and over (Kitching, 2001, p. 151).

The birth rate in Germany per 1,000 people in the population was on average about 38 in the years between 1850 and 1900; India reached almost a similar rate in 1971 but thereafter moved down to approximately 22 in 2010. At the time, a high birth rate went along with a higher rate of infant mortality (Roser, 2016); the higher birth rate in industrializing

Germany did not lead to a population growth higher than that of independent India.

Next to a higher birth rate, an increase in life expectancy drives population growth. Higher nutritional standards and medical progress have led to a quicker increase in life expectancy in the last decades in comparison to the nineteenth century (Das & Pathak, 2012, p. 3). In Germany, life expectancy increased from 41 to 47 years between 1820 and 1900 and in India from 32 to 60 years between 1950 and 1999 (Maddison, 2001, p. 30).

Women's lack of employment in manufacturing has been a cause for high fertility rates. As the experiences in Bangladesh and Lesotho demonstrate, employment of young women in the garment industry makes them more likely to enter school, to stay in school longer and to postpone marriage and childbirth (Newman et al., 2016, pp. 19–20). The insufficient growth in manufacturing employment aggravates the labour market absorption challenge.

Migration: The Narrow Safety Valve

The labour markets of early industrializing countries were relieved from population pressure partly due to massive outflow of people to areas which were less populated in temperate climate zones. After 1815, around 70 million Europeans settled overseas and in Siberia under the umbrella of the military might of the colonial powers or the newly independent white-settler republics. On the British Isles and in Norway, mass emigration amounted to more than 30 per cent of their respective populations (Stalker, 1994, p. 16). According to Hirst, Thompson, and Bromley (2009, p. 24), this migration was three times as high in the 1990s, when measured as a portion of the world's population. Even if these authors might have undercounted the internal migration within large countries such as Brazil, China and India, the numbers show that for countries which underwent industrialization later, the outmigration safety valve was, and still is, much narrower.[3] Most importantly, the migrants have to rely currently on the goodwill of the receiving countries or have to live there on the margins as persons who have violated the migration laws. Unlike their nineteenth-century predecessors, they cannot force their way into other territories.

Because of the selectivity of the host countries in contemporary times, emigration is biased towards more qualified persons. Hence, 60 per cent of immigrants from Egypt, Ghana and South Africa to the USA had a

tertiary education in 1990 (Carrington & Detragiache, 1998, p. 14). This means that for many countries in the Global South, there has been a drain of educated people. It is estimated that, in recent decades, a third of Africa's skilled professionals emigrated (Tanner, 2005, p. 3). While this outmigration reduces the pressure on the labour market on the one hand, the loss of so many qualified people, on the other, limits the capacity to build a modern economy. It amounts to an educational subsidy for the employers in rich countries.

The Productivity Gaps

The labour market for late industrializers faces challenges stemming from three productivity gaps: between the smallholder farmers and modern manufacturing, between smallholders and modern agriculture and between informal manufacturing and formal manufacturing sectors.

The early industrializers benefited from more or less simultaneous productivity advances in industry and manufacturing. As industrial technologies were much more labour intensive than today, the industry had a great demand for labour in agriculture. Even in many countries of Asia and Latin America, productivity advances in agriculture were followed by employment increases in manufacturing until the point at which manufacturing's share of total employment reached its peak (Diao, McMillan, & Wangwe, 2018, p. 29). However, as the relative importance of manufacturing reached its zenith in these countries at a much earlier date than the early industrializers, the absorption powers of manufacturing were exhausted before the process of 'peasant elimination' had run its course.

In Africa, the productivity gap is even more pronounced (ibid.). Brazil and China have increased land and labour productivity, but the total factor productivity for agriculture in sub-Saharan Africa increased by less than 1 per cent per annum (McMillan & Harttgen, 2014, p. 14). Among the reasons for the laggard productivity are the diminishing responsiveness to fertilizer use, due to overexploitation of land, less use of fertilizers, less conducive conditions for irrigation (in comparison with Asia), greater diversity of crops, underinvestment in crop research (Headey & Jayne, 2014, p. 20) and the relative neglect of aid to agriculture over the last three decades by donors (Addison, 2017, p. 133).

The large gap between productivity levels of smallholders in Africa and modern manufacturing not only results in massive underemployment but also perpetuates low rural-income levels. Low incomes mean low

levels of consumption power for industrial products, which, in turn, retards the development of manufacturing. At the time of the industrialization of the North, the smaller gap in productivity advances between agriculture and manufacturing translated into better terms of trade for agricultural products vis-à-vis industrial goods. The relatively higher prices for agricultural goods made the population living off agriculture consumers of industrial products and, thereby, stimulated industrial development. In addition, as agriculture was relatively lucrative and industry developed dynamically, 'peasant elimination' proceeded at a comparatively 'moderate pace' (Kitching, 2001, p. 151).

African agriculture, still dominated by more or less self-sufficient smallholders, lags way behind in agricultural output per hectare and worker and South Asian agriculture in terms of land productivity (Population Council, 2013, p. 363). While land productivity increased somewhat, labour productivity hardly increased between 1961 and 2009. This gap leaves African agriculture vulnerable to global competition and makes smallholders' land an attractive target for agricultural investors operating on a large scale. In addition, the resulting low incomes make farm labour unattractive for the rural youth (Losch, 2016, p. 46). While these factors lead rural residents to consider moving into the cities, many remain in the countryside because few African cities offer good job opportunities (Brauw, Mueller, & Lee, 2014). Those who move to the cities take on mostly low-productive, low-paid occupations including urban farming (Potts, 2018).

To the extent that surplus labour is absorbed in manufacturing, it mostly ends up in the informal sector. One of the reasons for this tendency is that while productivity differentials remain high between countries in the agricultural and service sectors, productivity levels converge in formal manufacturing across countries irrespective of 'geographical disadvantages, lousy institutions or bad policies' (Rodrik, 2018, p. 17). In other words, agriculture and formal manufacturing are increasing their productivity at different speeds. Higher speed of manufacturing means much less absorption of rural surplus population than at the time of early industrialization, when productivity in manufacturing was much lower and more in line with agriculture in their specific countries.

The undercapitalized small, informal firms in manufacturing are also lagging much behind in productivity. Even in high-growth years, productivity levels in African manufacturing did not shrink the gap to the US level (ibid., pp. 21–23). While the low productivity of the small, informal firms is absorbing labour power, these firms are unable to scale up and, therefore, their absorption capacity is limited. Higher productivity

levels of formal manufacturing imply that investment in manufacturing and output of manufacturing need to grow fast to be able to compensate employment losses in the much less productive informal manufacturing sector. This investment, however, is lacking. In other words, employment is currently achieved only at the expense of decent work.

Globalization's Constraints

The crisis of Fordism in the Global North led to an ever-increasing outsourcing of routine industrial tasks to the Global South since the 1970s. The recipients of outsourcing are unevenly distributed. While over time many, but certainly not all, countries became integrated into global production systems, only a few managed to capture more of the value produced in these so-called global value chains. These successful East Asian economies share a certain characteristic: the capacity of the state and its leading industrial elites to pursue an industrialization strategy that makes use of foreign financial resources and industrial know-how more or less on their own terms (Azarhoushang, Bramucci, Herr, & Ruoff, 2015).

The great mass of countries was less successful in managing the interface with dominant Northern governments and transnational corporations. Under the dictates of structural adjustment policies, they prematurely opened their markets to not only Northern competitors (Addison, 2017, pp. 123–130) but, over time, also to their more successful Southern neighbours.

A classic example is Ghana. Its nascent textile industry of the 1970s was reduced to four major textile companies in Ghana employing less than 3,000 persons in 2005. It became the victim of imports of second-hand clothing from the North and new cheap clothing from Asia (Ackah, Adjasi, & Turkson, 2016, p. 63). While the few successful countries moved into the production of more sophisticated products, many of the other countries, especially in Africa, remained stuck in low-sophistication products which even became less sophisticated (Newman et al., 2016, pp. 23–25). According to Adrian Wood and Jörg Mayer (2009), Chinese exporters lowered the ratio of labour-intensive manufacturing to primary output in other countries by 7–10 per cent and the ratio of exports by 10–15 per cent. Only neighbours close to China are integrated in its manufacturing production chains. They benefit in terms of manufacturing employment following China's success of displacing other countries' exports (Jenkins, 2016).

While many countries of the Global South opened their borders to Northern products, Northern countries were slow in reducing the subsidies for their agriculture. It is estimated that US subsidies reduce West Africa's annual revenue from cotton exports by $250 million a year (Fairtrade Foundation, 2015).

As tariffs have been reduced in most countries, the level of protection for enterprises from the early industrialized countries has gone up. This is especially true for the increased protection of intellectual property rights. Intellectual property rights, that is, patents, trademarks and copyrights, are predominantly held by corporations residing in the early industrialized countries (OECD, 2008). Catching up becomes more difficult, if royalties need to be paid for patents.

Besides the protection of intellectual property rights, branding allows corporations from the Global North to dominate global production networks. Without a large customer base in the Global North and the necessary financial resources for advertising, most Southern manufacturers have to accept the lower returns for suppliers. The brands use their control over access to the final consumer to force suppliers to lower their prices year by year (Anner, 2015).

Besides the liberalization of cross-border trade, the liberalization of financial flows limits the policy space necessary for an industrial catch-up. The liberalization of capital accounts left many countries vulnerable to currency crises and capital flight (Herr & Priewe, 2005).

Limited State Capacity

One of the reasons why many countries lack the characteristics necessary to profit economically from neoliberal globalization is the shadow of colonialism. While the legacy of colonialism differs among former colonies, they share the fate of having been pushed forcefully into the so-called old division of labour, that is, being prevented from moving into manufacturing. The enforcement of such a division of labour between the colonizers and the colonized led to deliberate underinvestment in education and skill formation in colonies. It also limited the possibilities for indigenous elites to participate in modern business. Furthermore, the legacy of colonialism meant for most newly independent countries insufficient state capacity and, therefore, weak industrial policies (Breman, 2013, p. 117 ff.). Here is not the place to delve deeper into the ramification of colonialism for economic catchup. It has received substantial attention (cf. see World-System literature).

But one related aspect of great importance for sub-Saharan Africa has only recently been investigated, that is, the impact of slavery on the homelands of slaves.

A pioneering study by Nathan Nunn (2008), through sophisticated econometric calculations, suggests that countries with higher losses of people due to slavery from the fifteenth to the nineteenth century display lower growth rates in their GDP. A preliminary explanation, among other factors, hints at the resulting low trust between villages and within villages. The warfare and raids by competing villages broke up larger societies into smaller ethnically and linguistically differentiated groups. Within these groups, even family members were betraying each other into slavery out of fear of being betrayed (Inikori, 2003). A follow-up study which correlated modern trust measures in ethnic homelands with rates of slave extraction found that higher extraction rates predicted mistrust towards family members, as well as towards members of other tribes (Nunn & Wantchekon, 2011). Slavery extraction left an imprint on today's literacy rates (Obikili, 2016). A recent study which analysed slavery's impact on today's access to finance in sub-Saharan Africa provides further support to the claim that in high slave-extraction countries, levels of trust are lower than in countries that have suffered less from slavery. The study's findings are that firms in such countries not only rely less on formal means of credit but also have less access to informal sources of credit, such as, from suppliers and customers (Pierce & Snyder, 2018).

Conclusion: Better Employment Remains Elusive

The extent of vulnerable employment in the Global South is disturbing. But even more disturbing is the prospect that it is likely to stay here if no drastic change happens in the governance of the world economy and modes of production as well as consumption. The reason is that the labour market dynamics of the early industrialized countries and the few successful imitators are not easily replicable for all countries. Before summarizing the limiting factors for the large-scale absorption in modern industry of people who are no longer securing a sustainable livelihood in agriculture, a rather obvious fact may be stated, which, however, is hardly mentioned in development literature. The industrial development in today's capitalist centres did not only rest on colonial violence but also produced ferocious class struggles and even more devastating wars among the leading industrializers.

The analysis of the current labour market challenges of late industrializing countries has shown that their industrialization process takes place under different circumstances. The demographic pressure is significantly more pronounced, since fertility rates are not falling quickly enough to compensate for the speedier increases in life expectancy compared to early industrializers. The rapid productivity increases in the formal manufacturing sector across the globe limit its absorption powers. Even successful late industrializers reach the peak of manufacturing share in total employment much earlier than the first movers of industrialization. The labour market relief available to these first movers, that is, outmigration into less densely populated areas, is no longer accessible. Today, migrants cannot overrun indigenous populations with a colonial power backing them up; they have to ask for permission or, if denied, their unlawful presence has at least to be tolerated.

Some countries, especially in Southeast Asia, have partially succeeded in overcoming these constraints. In contrast to many African nations, they had paid more attention to increasing income in agriculture and to overcoming infrastructural bottlenecks (Addison, 2017). These different strategies have to be seen in the context of diverse colonial and Cold War legacies. The success of some of the Southeast Asian countries, however, restricts the opportunities of industrialization for most countries of the Global South. It is a success that rests on massive export surpluses in goods. Yet, the rules governing world markets also limit the value capture of these successful countries. By strengthening the protection of intellectual property rights and liberalizing financial flows across borders, these rules buttress the power of corporations mainly domiciled in the Global North. In competition with each other and faced with high-profit expectations from the financial markets, these corporations are dictating the prices of the goods they source from their suppliers.

While rather successful late industrializers were able to impose some conditions on the business operations of transnational corporations (such as local content requirements and knowledge transfer; see Azarhoushang et al., 2015), many other countries lack this capacity due to the shadow of colonialism and, in the case of a number of African countries, due to the detrimental effects of the centuries-long slave extraction on the level of societal trust.

So what are the ramifications of the limited absorption capacity of the modern sector? They boil down to a mismatch between the number of working-age people and gainful employment opportunities. The oversupply of the working-age population severely limits the possibilities for gainful and productive employment of large segments of the working-age population in the Global South. Thus, creative solutions are required

on a large scale. Some of the solutions have to be pursued in the Global South, for example, agricultural policies that increase rural household income, industrial policies that facilitate diversified economies and the removal of infrastructural bottlenecks. Other solutions are the responsibility of the Global North, for example, restraining the exploitative behaviour of its transnational corporations, changing the rules of global trade and finance in favour of more policy space in the countries of the Global South and, most importantly, moving to more sustainable production modes and lifestyles. All countries should strive to distribute work more evenly among the population, thereby making good on the promises of the industrial age: more free time for everyone.

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1. Household surveys in four African countries revealed that agricultural workers work only about 40 per cent of hours per year compared to non-agricultural workers (McCullough, 2015b). Among Indian rural households that were surveyed in 2015, close to only 53 per cent worked for 12 months; Retrieved from https://www.statista.com/statistics/654451/under employment-in-rural-urban-areas-india/
2. The shares of manufacturing in GDP of most sub-Saharan countries displaying rapid economic growth in recent times, for example, Ethiopia, Ghana, Kenya, Tanzania and Uganda, are well below the predicted values for the levels of income of these countries (Newman et al., 2016, p. 9).
3. Overall, international migrants make up 3.3 per cent of the world's population today; Retrieved from http://www.pewresearch.org/fact-tank/2016/12/15/international-migration-key-findings-from-the-u-s-europe-and-the-world/. Compared to the early European experiences, the migrant stock of origin in today's populous industrializers is miniscule: 0.7 per cent with origin in China, 1.3 per cent from India and 4.6 per cent from Bangladesh in 2017. The only African country among the 20 countries of origin with the largest diaspora populations in 2017 was Egypt, occupying rank 18, based on own calculations drawn from http://www.un.org/en/development/desa/population/migration/data/estimates2/estimatesgraphs.shtml?0g0

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