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**The Informal Sector in African Societies and Economies:
A Case Study of Freetown, Sierra Leone**

by

MOHAMED BAAKIRU NYEI

A dissertation submitted to the Graduate Faculty in Sociology in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York (CUNY).

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ABSTRACT**THE INFORMAL SECTOR IN AFRICAN SOCIETIES AND ECONOMIES:
A CASE STUDY IN FREETOWN, SIERRA LEONE**

by

Mohamed Baakiru Nyei**Advisor: Professor William Komblum**

This dissertation examines the role of informal economy in Africa. Not too long ago social scientists concerned with economic development were engaged in a debate defined by the dichotomy of two economic sectors in developing countries -- identified as "traditional" and "modern." The debate focused primarily on structural differences between the so-called traditional and modern institutions, assuming no economic integration and no technological diffusion between tradition and modernity. Nevertheless, as we venture beyond this dichotomy we immediately encounter an inexhaustible phenomenon, the "informal sector," which cuts across the lines between the two societies and cultures. The existence of a large informal sector in African societies and economies has much to do with dialectical relationships between cultures -- the African, Western, and Islamic. The informal economy is therefore a necessary

component of Africa's economic life. The idea for this dissertation stemmed from this reality. It is an attempt to fill the gap between empirical evidence and historical development of the informal economic sector in Africa. It analyzes the role of informal sector in Africa's economic trajectories by examining its ties to the indigenous and household economies.

In recent years the interest of scholars has focused increasingly on the growth and development of what is now labeled as "the informal economy." Very little is known about the origins of the informal economy in Africa and not much is known about its social and political dynamics, its relation to internal and external economies, or how its activities are organized. Its size and scope are almost impossible to measure statistically. Thus, to be able to draw any meaningful conclusion about the potential of the informal economy in Africa, one must understand its historical origins. To do that requires an in-depth study of the informal economy within a historical context in order to retrieve what was indiscreetly buried in the interest of "modernity." Neither the comparative advantage nor the social and political significance of the informal economy can be fully understood without taking into account its unique attributes, which are deeply rooted in Africa's historical and economic circumstances.

Preface

During my visit to Sierra Leone in 1993 – long before the actual fieldwork of this dissertation undertaken – I was overwhelmed by the way the people creatively combine traditional skills and modern ideas to institute a revolving economy. I was in Freetown for two weeks. I also had a chance to visit Bo and Kenema, the two most important commercial cities in Sierra Leone after Freetown. My experience in these cities regarding the informal economy was very astonishing. In each of these cities I saw bazaar markets filled with people, many of whom were self-employed, operating all kinds of commercial enterprises. Some were shopkeepers, some were peddlers, some sidewalk vendors and petty traders who displayed all kinds of merchandise. The buyers came from a wide social spectrum of the society, including the upper-middle class (the “elite”). All were participating in the ‘free market’ economy. It occurred to me that the informal economic activities of the ‘open market’ represent a major source of income not only for the shopkeepers but for thousands of people who buy and sell a variety of goods (both locally produced and imported) which if accounted for, would increase the state gross national product (GNP) by millions of dollars each year.

While in Freetown I met and spoke with several key individuals who work or have worked in government. Among them was Asad Tunis, a retired expert on small-scale industry in Sierra Leone. I know Tunis personally; we have a family link. I discussed my interest in studying the informal economy in Sierra Leone with Tunis and asked for his advice. This initiative was very helpful. The next day Tunis told me that he had contacted some of his former colleagues at the Ministry of Trade, Industry and the State Enterprises, and arranged for me to meet them. He took me to meet Falla Walan, director of Small-Scale Industry, a position Tunis held before retiring, and Frank Samura, a registrar of cooperatives. I discussed my interest in studying the informal economy in Sierra Leone with Samura and Walan. Both were supportive of the idea and each allowed me to examine documents and reports on small-scale industry in Sierra Leone. I spent several days and many hours reading these invaluable materials. This opportunity increased my interest and I made a firm decision to do the fieldwork of my dissertation in Sierra Leone.

It became clear to me that Sierra Leone would be a more suitable location for a study of the informal economy than Liberia, the country where I had originally planned to do the fieldwork, for very good reasons. A civil war which began in 1989 was still raging in Liberia, and there was reason to believe that most official documents had either been misplaced or destroyed.

In Sierra Leone I not only had ready access to government archives, I had been received and approved by helpful government officials as well.

When I returned to New York to complete my course work, I continued to communicate with Tunis and his colleagues. By the time I was ready to go to Sierra Leone for the fieldwork in 1995, Samura had retired and Walan was on vacation. Therefore, the timing for the fieldwork was determined based on this opportunity. Both Walan and Samura became my field consultants; they provided me with helpful suggestions and assistance in collecting the data.

ACKNOWLEDGMENTS

This dissertation is a result of both a fieldwork and archive research carried out in Freetown (Sierra Leone). During the long process of this study I received various forms of support from many individuals and institutions. First and foremost, I had the privilege of writing this dissertation under the supervision of professor William Kornblum and members of my dissertation committee, especially profs. Mauricio Font and Paul Attewell, Department of Sociology at CUNY Graduate School in New York. Therefore, they deserve my personal thanks and gratitude.

The idea of writing a dissertation about the “informal economy” in Africa arose in my mind while I was studying for the qualifying exams for Ph.D. candidacy. However, a substantive understanding of the informal sector and its impact on African economies and societies came about after I discussed it with professor Kronblum. He strongly encouraged me to pursue a study on the subject. He also made me aware of the significance of informal economy in Africa -- especially its apparent employment potential. I have worked closely with professor Kornblum throughout the process of this study. His advice and suggestions were very inspiring and extremely helpful. I am deeply grateful to him.

I must also express my special thanks and appreciation to professor Font and professor Attewell for making themselves available when I needed their advice and guidance. I have enjoyed the inspirational discussions with them; their gentle methods of advising and discussing issues, their analytic talents and peerless methodological approaches have greatly influenced my work and way of thinking on many levels. I thank them dearly for their guidance.

This dissertation would have been virtually impossible without a fellowship from Ralph Bunche Institute on the United Nations at CUNY Graduate School. Therefore, I owe a special gratitude to Ralph Bunch Institute and to professor Benjamin Rivlin, director of the Institute, for giving me the Institute's annual dissertation fellowship award to support the fieldwork of this study. I also wish to express my thanks and appreciation to Dr. Abraham Joseph and Mr. Emmanuel Njayick at the United Nations Office of Special Coordinator for Africa and the Least Developed Countries (UN/OSCAL) for inviting me to attend a workshop on the informal sector in Africa, sponsored by OSCAL. The workshop provided me with a unique opportunity to gain knowledge on the economic potential of informal sector in African societies and economies. My participation in the workshop also allowed me to gain a direct access to OSCAL documents and archives that are relevant to this study.

Conducting a fieldwork on the 'informal economy' in Freetown would have been impossible without the hospitality of Mr. & Mrs. Tunis. From the very outset of the fieldwork project in Freetown, Asad Tunis had been pivotal to its uplifting and achievement. I am especially grateful to him and his wife, Mrs. Martha Tunis for their support and encouragements. The tasks of locating potential respondents and collecting relevant data during the fieldwork in Freetown were also made possible by the support of three individuals: Frank Samura, Fala Walan and M.S. Kamara at the Ministry of Trade, Industry and the State Enterprises. Not only they allowed me to gain access to government archives, they assisted me in collecting the field data as well. I am very grateful to them. I am particularly thankful to all my informers /subjects for their participation and wonderful co-operation. I also owe my nephews, Murtadha and Nizar Tunis (in Freetown), many thanks and appreciation for their assistance, especially in helping me to collect the data and transcribing the interviews recorded on audio tapes.

I am indebted to professor John V. Singler, head of Linguistics Department, New York University, for reading the first draft of this document and made useful comments and recommendations. Professor Singler is a good friend of mine and also a personal consultant. I also owe a special thank and

appreciation to Ms. Ida Wood, a formal director for African Program, at the Phelps-Stock Fund, for her editorial comments and suggestions.

My deepest thanks and appreciation go to my relatives and family for their support, especially my dear wife, Sabah Morgan Nyei. Sabah has always stood by me throughout the process and urged me all along the way. Without her support and encouragements this work would never have been completed; her pride in this accomplishment has made it even more special. Last but not least, I wish to extend thanks and gratitude to my friends and colleagues for their support and encouragements. I am particularly thankful to Abu Sillah at the Phelps-Stock Fund. Abu gave me invaluable moral and technical support in this endeavor; not only he gave me personal advice, he helped me with all my computer problems as well. I am very grateful to him.

A Pyramid of Africa's Economic Sectors

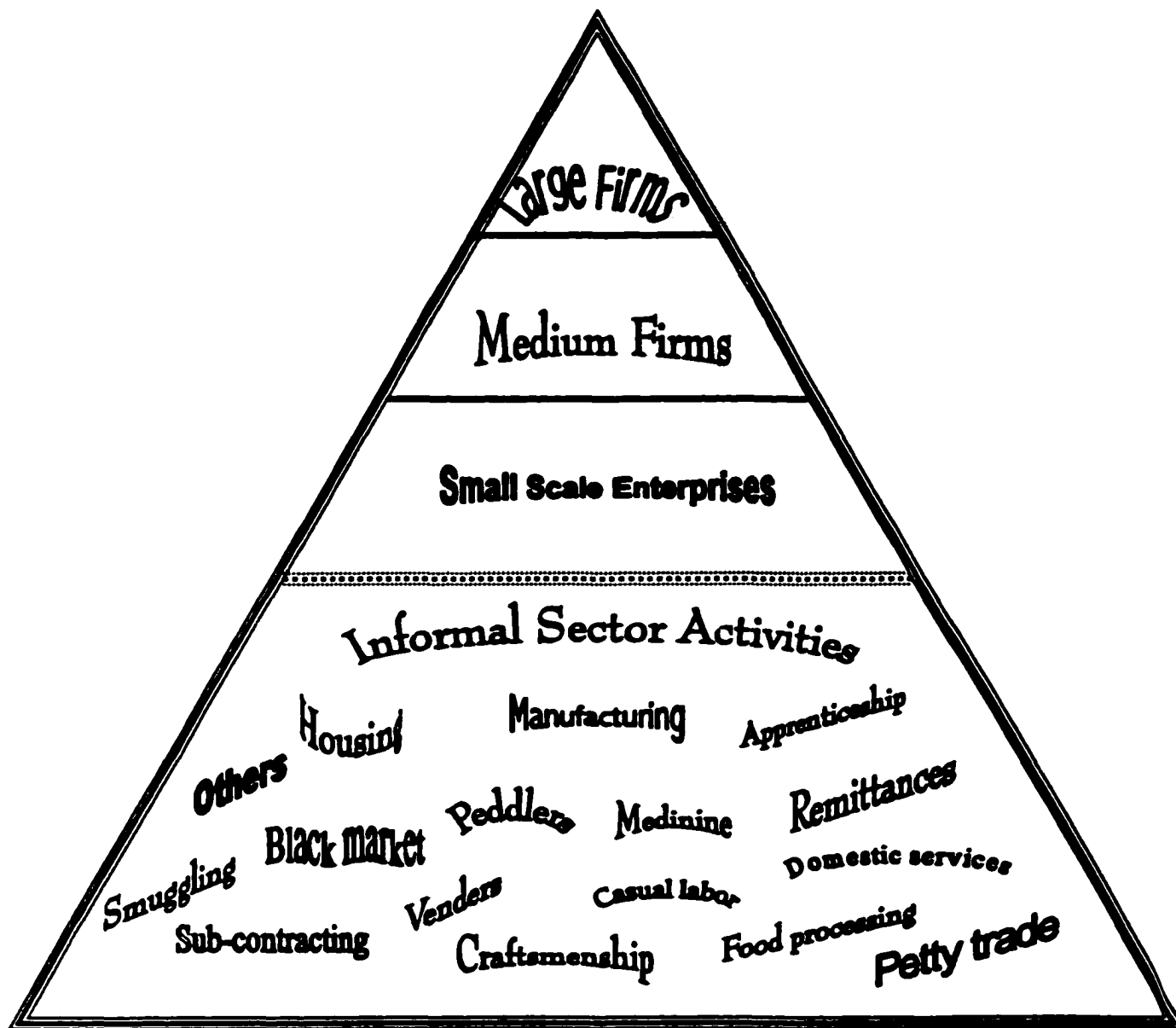


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INTRODUCTION

Acknowledging the Informal Economy in Africa

The informal economy has been increasingly acknowledged as a major source of employment and livelihood for a large number of working class people in most developing countries, especially in Africa, by virtue of its capacity and potential in generating income. The evidence suggests that the informal sector is labor intensive and economically effective and has an important role to play in achieving rapid employment growth and economic recovery in Africa.¹

By definition, commercial units in the informal sector are not subject to a formal government registration as business ventures, and the incomes they generate also go unrecorded in national accounting. Nevertheless, they form an important part of African economies, and cannot be ignored in attempts to confront economic reality and political challenges in contemporary African states and nations. This dissertation examines the economic and social

dynamics of the informal sector economy in Africa, with a special reference to Sierra Leone.

Since the International Labor Office (ILO) turned its attention to the informal sector in 1972, a large number of studies have appeared on small-scale businesses and many development projects have been established to promote the sector. The extent to which micro-informal enterprises generate employment has also been increasingly acknowledged. However, to what extent the indigenous institutions contributed to the growth and development of the informal economy in Africa is not clear. What has been suggested is that informal commercial units serve as training grounds for entrepreneurship, thereby helping to create a small business-oriented class. Yet, very little attention has been given to the historical origins of informal economy in Africa. Not much has been said about its socio-cultural and political dynamics or its relationship with the rest of the economy or about how its activities are organized. The size and scope of the informal sector economy in Africa is almost impossible to measure.

The central thesis of this dissertation is the following: the economic behavior of individuals in the informal sector is fundamentally 'rational' and receptive to the prevailing economic and political circumstances in time and place. In this regard, the informal economy is not a new phenomenon to African

societies and economies; it is much older than modern African states and deeply rooted in the cultural and social-political history of Africa. The purpose of this dissertation is an attempt to fill the gap in the literature between the empirical evidence and historical development of the informal economy in Africa. Drawing from historical sources and empirical evidence provides a useful conceptual framework for analyzing social and cultural dynamics of the informal sector economy in contemporary African societies and economies. In other words, the informal trade, entrepreneurship and commodity production, as well as informal education, apprenticeship training, medicine, and socio-cultural associations in Africa, have all been acknowledged but inadequately explained in relation to the growth and development of informal economy. Therefore, to be able to say anything meaningful about the potential and comparative advantage of the informal economy in Africa, it is useful to pay a particular attention to its historical origins as much as to its social and economic significance.

Issues and Perspectives

Historically, crisis has always stimulated scholars to search for answers and meanings of social phenomena which may or may not necessarily be unique to human experience. Evidence from recent studies on African societies and

economies suggest that a substantial portion of Africa's working class population is employed outside the 'regulated' labor market because the formal sector is incapable of absorbing the "surplus" urban labor force. Indeed, the informal economy has always been a major part of Africa's traditional economic life and has a remarkable social and political potential, both in terms of the enormous "unregulated" markets it affords and in terms of employment opportunities it provides.

Not too long ago African economies were characterized as "dualistic" in nature, because there existed a "traditional" or large subsistence agricultural sector on the one hand, and a "modern" or narrowly based industrial sector on the other. The 'dualism model' focused primarily on structural differences between the so-called 'traditional' and 'modern' institutions, assuming little economic integration or technological diffusion between tradition and modernity. There was also a belief that "economic growth" would be achieved as a result of the expansion of modern industries, implying that the "industrial sector" would expand so rapidly that it would eventually drive "traditional sector" out of existence. Apparently, the evidence does not seem to support this claim.

From this perspective, to say anything meaningful about the changing African societies and economies, one must first understand the growth and

development of the informal economy which coils between the traditional and modern sectors. This requires not only evidence from empirical data but also a deeper understanding of the history in order to retrieve what was buried in the name of "modernity." Recent evidence of African economies is beginning to convey the contradictory complexity that lies in the history of Africa's economic trajectory, waiting to be uncovered. In other words, the comparative advantage of informal economy in Africa cannot be fully understood without taking into account its unique attributes and historical circumstances going back to the colonial times and beyond.

Africa was the last continent to be included in the world colonial system. But the effect of colonial economy on Africa's traditional social and economic structure was very limited, compared to Latin America or Asia. The colonial governments created economic systems in which foreign firms played the major roles in the private sector. This situation did not change very much even after independence. Thus, when independent states were created, mostly in the late 1950's and the 1960's, the 'bourgeoisie' and working classes were underdeveloped. But long before the formation of states and corporate or colonial economy, matters of production and economic activities in Africa were conducted under the auspices of the institutions of traditional civil society. The

word "institutions" refers to the family, clan, village communities and socio-cultural associations. A remark made by Julius Nyerere, former president of Tanzania, supports the point thus far:

Both the 'rich' and the 'poor' were completely secured in African society. Natural catastrophe brought famine, but it brought famine to everybody - 'poor' or 'rich.' Nobody starved, either (for) food or human dignity, because he lacked personal wealth; he could depend on the wealth possessed by the community of which he was a member.²

Prior to the establishment of colonial powers in Africa, people were involved in all kinds of commercial and economic activities; they also shared common views of two adversary world religions, namely Islam and Christianity, in addition to African traditional beliefs. At the beginning of the 1960's (the decade of independence) sub-Saharan Africa had high expectations of making rapid progress in raising incomes, employment and improving the general social welfare of the people. Governments of the independent states therefore expanded the basic infrastructure and social services. However, in the 1970's the initial growth in employment and income began to decline. The situation worsened in the 1980's, and the states started to experience both economic and political devolution as well as disintegration in physical infrastructure.

This situation has been exacerbated since the 1980's. According to the World Bank (1989), Sub-Saharan Africa is experiencing serious deficiencies in

its social infrastructure and human resources development that are indispensable to an integrated economy. The region's economic performance was particularly dismal at the beginning of the decade with an average annual growth rate of only 0.4% as a whole. During the period of the 1980's-1990's decade, per capita income declined by about 2.6%.³ In the same period, the political situation started to deteriorate. Although, some countries had gone through political transitions, from military to civilian governments, or from totalitarian to some form of democracy, others are still having problems to stabilize. Unemployment, inadequate supply of food and uncertainty have been among the major issues for the inhabitants of the countries in crisis, including Sierra Leone. While political changes are under way in virtually all parts of Africa, the economic prospect of the continent remains uniformly grim. For most people at the grassroots, the informal sector is a major source of income, employment, and economic life.

The Aim and Objective

To explain the existence of a large informal economic sector in sub-Saharan Africa, three hypothesis have been formulated: First, the informal economy in Africa is both a social and economic reality which no African

economy can survive without. Its main function is to generate income for a majority of the poor working class population. From the perspective of the labor market, the informal sector in Africa is not merely an extension of substance economy; it extends from people who do business with thousands of dollars down to little children who carry on their heads baskets containing a few packets of cigarettes or kola nuts marching in the open streets to generate income. In other words, participation in the informal economy in Africa is not homogeneous.

The second hypothesis suggests that the growth of an informal economic sector in Africa has much to do with the declining capacity of both political and economic institutions of the state. The prospects for real jobs are very limited. The "structural adjustment" programs recommended by the World Bank and IMF (International Monetary Fund) call for economic reform and reduction of employment in the public sector. Consequently, those whose jobs were eliminated have to enter the informal sector in order to survive economically. Accordingly, the role of the informal sector in an African country such as Sierra Leone has been remarkable especially in crisis situations; when everything else falls apart, goods and services still flow within and across the national frontiers through a network of informal channels. The growth of voluntary

associations, such as "osusu" (informal credit associations), religious societies and social organizations in African countries are all shared reactions to a declining formal political and economic institutions. Therefore, any attempt to quell the informal economy in Africa can only add to the structural imbalance and economic debasement.

The third hypothesis has to do with a dialectical relationship between cultures – the African, Western, and Islamic. Traditional societies in many parts of pre-colonial Africa were said to be "stateless" because their institutions were not aggressively capable of "officially" handling the affairs of trade and commerce. Long before the formation of 'modern' African states and the capitalist economy in pre-colonial societies, matters pertaining to learning, trade, production, and economic activities were conducted under the auspices of traditional institutions – such as the family, the clan, village communities, cultural and religious societies. In other words, commercial activities in the "stateless" societies were not subjected to political control. Markets and trade were therefore free and open. All members of society carried out economic activities on their own initiative. What they produced and how much, were their own decisions to make. Thus, informal trade was the rule of Africa's traditional economic life. This protocol became a powerful tool in the growth and

development of informal economic sector in West Africa throughout the colonial period and beyond. Therefore, any account of an African economy that does not take the reality of informal economy seriously, is not only inaccurate but harmfully misleading as well.

It is therefore my belief that the phenomenon of the informal economy, as I observed it in Sierra Leone and Liberia, is something which no African economy can function without. Critical living conditions in the rural areas and expectations of higher paying jobs in the urban centers, combined with the vibrant socio-cultural and extended family system, have contributed to an immense rural-urban migration in every African county. This rapid urbanization and the inadequacy of the emerging industrial sector to absorb the 'surplus workers' in the wage-labor market have led to growing informal income generating activities which, if they were accounted for in the state's economic statistics, would increase the growth national product (GNP) by millions each year.

The Scope and Organization

The informal economy in sub-Saharan Africa is not only a source of employment and income; it also provides a training ground for skilled craftsmen

and entrepreneurs. The prominence of the informal sector raises some concerns about the limitations of conventional economic development theories formulated since the end of World War II, both as theoretical concepts and as the basis for policy recommendations in Africa. Apparently, a significant part of economic activities in most African countries (including "foreign exchange") are carried out informally. This phenomenon is even more prevalent in Sierra Leone.

This dissertation seeks to identify the role which informal economy plays in the changing African societies and economies. The concern, however, is the potential of informal economy in an African country such as Sierra Leone, not whether or not it should be regulated by the government. On the one hand, it is often argued that if economic activities are not regulated by the government they are not worth much. On the other hand, it said that too much government regulation can lead to authoritarianism. Ironically, most African governments are authoritarian, and yet, much of the economic activity in African countries is not regulated by the government.

The questions raised in this dissertation are the following: How and under what economic condition did the informal economy emerge as an alternative strategy in sub-Saharan Africa? What role does it play in the

changing societies and economies? Does the increasing integration of African states into the global economic system hinder or facilitate the growth and development of the informal economy? What are the economic, social, and political implications of those activities that are regarded as informal in an African country and economy such as Sierra Leone? How do African entrepreneurs, small traders, street vendors, and petty commodity producers manage to survive economically in the informal sector? Are they able to accumulate sufficient capital to grow their businesses? If so, under what institutional condition would they eventually begin to rationalize their commercial activities in the manner of entrepreneurs in the formal sector? What determines the choice of technology in the commodity production of the informal sector and what can be done to improve the technological skills that will enhance the potential of the sector?

Answers to the above questions require both historical knowledge of the informal economy in Africa and empirical data to provide concrete evidence on the potential of informal sector economy (ISE) as well as its socio-economic and political significance in the changing societies and economies.

At independence, during the 1960's, it was believed that Africa was setting out to undertake two very important goals: the goal of building 'nation-

states' and the goal of 'economic development.' But, when crises began to unfold throughout the continent, economic development efforts took the back seat. The initial growth in employment and income also declined considerably. By the beginning of the 1970's, it was generally recognized that most developing economies had been unable to productively employ and adequately commit their viable labor forces in the production process. The hope that rapid growth of the emerging modern industrial sector would help to reduce the problems of unemployment and poverty were not fulfilled. Chapter One provides an overview of Africa's economic paradox, addressing the problems of political transformation and economic development in the changing African societies.

Rapid urbanization of African cities and the inability of the emerging industrial sector to absorb the unemployed urban workers into the capitalist labor force, brought into focus the search for an alternative survival strategy provided by the ISE. The evidence shows that a majority of urban households in Africa are largely supported by various forms of informal economy — such as hawking, street trade, petty commodity trade, informal sector production, sub-contracting, and commercial service.

From a historical perspective, it is argued that the way both the colonial economy and foreign trade interacted with “traditional society” led to the development of an informal sector in Africa, which survived behind the scene throughout the colonial period and beyond. Chapter Two discusses traditional African economic trajectories and the development of external trade. Here, an attempt is made to identify the key factors that led to the growth and development of an informal economy in African societies and economies. It is further argued that “global trade” in the pre-colonial period, which bound the Muslim and European traders into Africa, was in the most part informally conducted. The evidence suggests that the economic and political colonization of Africa was a step toward the expansion of European “free trade” tournament on the continent, especially in the eighteenth and the nineteenth centuries. Thus, Africa’s role in that trade was also carried out informally -- in the sense that it was not regulated by the African states.

The emergence of informal sector paradigm has raised some questions about the limitations of conventional development models, both as theoretical concepts and as the basis for policy recommendation, in less developed countries (LDSs), especially in sub-Saharan Africa. Chapter Three is basically a literature review; it deals with theoretical issues of development models. Its

purpose is two fold: First, it is an attempt to understand the concept of "economic development" and its historical roots. Second, it addresses the problems of theoretical inadequacy in adapting conventional development models to the changing African societies and economies. Chapter Four discusses the organization of indigenous trade and market networks within the context of Africa's traditional economies. Its purpose is to provide an insight into the general profile of indigenous economic practices in which 'free trade' and the 'informal market' have always been an integral part. It is also an attempt to link the history and empirical evidence to the development of informal economy in sub-Saharan Africa. In other words, the informal economic practices in Africa that were seen as old-fashioned, unreliable and primitive, have always played an important role in African economies long before the formation of modern African "states" and political economy. For comparative purposes, the materials presented in chapter four are drawn from a number of sources about African indigenous market economies.

From the perspective of the dissertation, the major concern is how the individuals utilize their skills and knowledge to create employment, and how they survive economically outside the formally established labor market. In this regard, Chapter Five summarizes the results of data collected from a field study

among informal producers, entrepreneurs and master craftsmen /women in Freetown and reports the findings. This is followed by Chapter Six, dealing with the economic and political situation in Sierra Leone that led to the growth and development of a large informal economic sector. The data utilized in chapter six came from a number of sources – historical records, government archives, census records, research reports, and statistics generated from surveys conducted by both national and international agencies. This helps to tie together the history and empirical evidence with regard to the development of informal economy in Sierra Leone. Chapter Seven provides a brief summary and my conclusions. The general conclusion is that any account of an African economy that does not take the reality of informal economy seriously is not only inaccurate but also harmfully misleading.

Methodology

The empirical data of this dissertation is based partly on survey reports and partly on fieldwork involving observations and direct interviews -- using questionnaire (placed in appendix C) and a series of discussions with experts on small-scale industries and economic development in Sierra Leone. Secondary sources have also been used for comparative purposes.

Information on the informal economy from official sources was very scanty. However, some information on small-scale industries was found mostly in reports of labor market surveys and from census records. This was supplemented by information gathered from consultations with experts on small-scale industries (such as Mr. Walan, Samura and M.S. Kamara) at the Ministry of Trade, Industry, and the State Enterprises. Information about the industrial sector was not easily available either. Data in this area came from materials already published by individuals and International agencies or organizations that have worked in Sierra Leone. Although these data are not always consistent (even contradictory at times), it was possible to obtain a relatively intelligible overview of the political economy of Sierra Leone. Despite the fact that most of the available materials on political economy were dated back in the late 1960's and the 1970's, the findings are still generally valid, considering the economic crisis and the stagnating development in the country.

Another source of data was a series of discussions with individuals who work or have worked in the government and in-depth interviews of people who were directly or indirectly engaged in operating micro-enterprises in the informal sector. Data from these sources constitutes the core of the empirical evidence of the study.

Fieldwork and Direct Interviews

One widely used method in social research is fieldwork. This approach, also referred to as 'qualitative' or 'interpretative' research, was employed in investigating socioeconomic impact of the informal sector in Freetown. The data from the fieldwork represents real-life situations and was based on direct interviews involving owners and participants in fifty micro-enterprises, all operating informally and were engaged in activities such as petty trading, commodity production, entrepreneurship, and casual labor. The high level of their participation and cooperation was beyond expectations. Perhaps, this was because there were no language barriers to hinder individuals in expressing their views and feelings; everyone who participated in the study spoke either Krio or English. We, the interviewers, were also familiar with the culture and speak these languages as well.

There were of course cases in which some people were uncomfortable or reluctant to talk about their personal lives to strangers. But that was understandable. For example, in one incident, we made an arrangement to interview some pot makers in Krutown (a section of Freetown); they agreed and set a date and time for the interview. To our surprise, on the day for the

interview, the men closed the workshop and left. For the next three days we kept checking, hoping they will open the shop and we will carry out the interview with them. However, the shop remained closed. We therefore gave up on the checking.

Later we were told that these craftsmen were suspicious about us. Perhaps, they thought we were working for the government. But that sort of attitude was understandable, especially under such political circumstances as they were in Sierra Leone during the time of this study. The whole country was going through crisis: The state was under a military rule and there was a guerrilla or rebel war going on at the same time. Nevertheless, a large majority of the people who participated in the study collaborated intensely and with an open mind, willing to talk about what they were doing which they perceived as making contributions to their society and improving their own lives.

I carried out interviews of 50 cases as well as systematic observations, using procedures and techniques which I have found to be especially useful and reliable from working among the Via in Liberia, with professor Mary Brenner of University of California at Berkeley, in 1988. These include tape-recording some of the interview sessions. With this method, we were able to ask questions about life trajectories of individuals who entered the informal

sector, and from which source they received supports for their initiatives, what these supports were and whether or not the informal enterprises which they operate were reliable for long-term investment. These issues are discussed further in chapter five. We also looked for links between the 'formal' and 'informal' sectors and circumstances in which the latter formalized, or the other way around.

As part of the overall methodology, I also had several weekly discussion meetings with Mr. Samura, Walan and M.S. Kamara, at the Ministry of Trade, Industry and the State Enterprises. The purpose of the meetings was to review the materials from the interviews, make assessments of the protocols and make changes of the procedure if necessary. Since most of the interviews were retrospective reconstructions of events, we tried to learn as much as possible about 'life trajectories' of the participants -- informal traders, entrepreneurs and petty commodity producers -- and how well they represent a range of activities within the economic context of the informal sector in Sierra Leone. Thus, from field observations, it was not difficult to see that a major factor in promoting social change in an African country such as Sierra Leone is the desire for a higher level of living than is possible under current economic circumstances.

This desire is manifested by the widespread informal income generating activities in which a significant segment of the urban population was engaged.

At the beginning of the fieldwork, it was clear that more detailed work would be needed on the substance of the interviews. Therefore, a general format was to carry out two or three sessions with each subject, allowing time between the sessions to work through the materials and prepare examples and questions (based on earlier interviews) to be pursued in subsequent sessions. In the first interview we asked general questions such as place of birth, places traveled, current occupation, a description of activities in which the person interviewed was involved and how he /she acquired the skills necessary for such an operation – appendix C is a sample questionnaire used for this study.

In the subsequent interviews we inquired about details on specific topics – such as information about respondents' accomplishments, family background, education, and skills etc. It was also important to look at the general picture of socio-economic and cultural impact on the activities in the informal labor market. Therefore, the principal candidates were adults (male and female) who were fully engaged in the informal income-generating activities. This is also discussed in chapter five.

Information collected from the interviews were coded and analyzed, using computer techniques. The data shows that there are social networks nourishing the informal sector economy in Africa. For example, the data revealed that individuals were encouraged and even assisted by their extended family members or friends to enter a particular informal occupational portfolio. Therefore, in most cases, individuals try to maintain a reasonable amount of balance in their relationships with the family members. It was also found that some master artisans who work side by side with apprentices or members of their family in an enterprise, operate without having a specialized management or employment guidelines. In such cases, for the welfare of all involved, the family or master-pupil responsibility superseded the mere economic interest between the individuals in both the production and distribution process.

From theoretical perspectives, the concept of the informal economy is very vague in the sense that it is used to describe a wide range of unexplained economic activities. In some contexts it is referred to as the parallel economy, second economy and moonlighting. In others it is called the underground economy, hidden economy, and black market. Thus far, from looking at the available evidence it is obvious that one sees how differences in research findings and type of activity examined can be explained by the terminology

used. However, working outside the conventionally defined labor market is by definition known as informal. This distinguishes it from the "officially regulated" market economy. The term is also being used to describe those economic activities that escape taxation and are not accounted for in the GDP statistics, such as smuggling.

No matter how one may call it, the growth of informal economy in Africa is a proven social and economic reality. The data shows that a majority of African working class, at least as I have observed in Sierra Leone, is largely supported by the various forms of informal economy. Thus, the informal sector is not homogeneous, which means inequality within the sector is very obvious. In other words, while some people operating within the sector live in total poverty others earn income that is far higher than average wages in the formal sector and some have the potential for growth and capital accumulation.

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CHAPTER ONE

ECONOMIC DEVOLUTION IN AFRICA: AN OVERVIEW

African governments have often ignored or suppressed informal (economic) activities, holding that they undermine the formal economy. But with dwindling aid levels and little private investment, they are beginning to realize that the poor are the only hope they have.

- Christian Science Monitor, 5/29/1996

Unfulfilled Expectations

In recent years, many development agencies have come to realize the importance of small-scale informal enterprises because of their potential to create employment and generate income. In Africa, the economic backslide has given rise to alternative forms of production and distribution of goods and services outside the state's formal economic system. This chapter is an overview addressing issues of political transformation in the changing African societies and economies. It raises the issue of why conventional development theories have tended to ignore the informal sector in their economic analysis.

At independence, Sub-Saharan Africa had high expectations of making rapid progress in raising incomes, employment level, and improving general social welfare. Governments of independent African states, therefore, expanded the basic infrastructures and social services. The widely held belief was that African states were determined to work toward both the goal of 'nation-building' and the goal of 'economic development.' However, as crises arose throughout the continent and initial economic growth declined, development efforts took a back seat. The situation degenerated in the mid 1980's as the states' political institutions began to disintegrate.

By the beginning of the 1990's the economic performance of African states had become tragically dismal and per capita income had fallen dramatically, according to the World Bank report (1989). African masses, therefore, began to struggle for both political and economic reforms. Ali Mazrui referred to this as the "second liberation struggle." The first liberation struggle in the 1950's and the 1960's, according to Mazrui, was against foreign rule while the liberation struggle in the 1990's is for democracy and economic reform.¹

Other scholars such as Carol Lancaster (1991) have noted that Africans might have participated in open debates on local issues at the village or

community level but their experience in political affairs at the state level (outside of the village communities) has not been democracy; It has been autocracy. A justification which the governments have often given for relinquishing democracy in Africa, according to Lancaster, is that the states are too young and politically too weak. Therefore, they need to "protect the security" of their new independent but fragile states from internal insecurity, deriving from ethnic, religious and regional rivalries.² They believed that an open competitive democracy would sharpen rather than diminish ethnic, religious and tribal cleavages. Consequently, the ruling parties declared themselves the sole political entities. The opposition groups that the governments could not cope with were either denied access to the political process, banned or harassed out of existence.

There are, of course, some exceptions to this general characterization. At independence, many African leaders resoundingly endorsed democracy. They gained prestige and legitimacy from winning (more or less) open democratic elections. Thus, their anti-colonial credentials helped the founding fathers to win the political trust of the people. Currently, however, most democratic systems in African countries have been replaced by either military regimes or quasi-military power and, in some cases, by single repressive

parties. Notwithstanding, the grassroots masses who do not have much political sophistication, see their economic plight as a valid reason to support those opposition leaders who promise to bring about change.

The Political Flux In the Changing African Societies

The idea of political reform and democracy in Africa seems to be gaining support in some countries while losing ground in others. Since the close of the 1980's, some African countries have exercised the right to choose their leaders through the "ballot box."³ Namibia's pre-independence elections in 1989, for example, show that efforts of the international community can help to insure free and fair elections by monitoring the election process. Although the circumstances in Namibia were unique, being the last colony in Africa to gain independence, it was a success story.⁴

The democratic transition in Benin followed a similar pattern. In the case of Benin, the period between July 1989 and February 1990 is known as "the velvet revolution" because the changes were very smooth and bright.⁵ The role of the incumbent, President Mathieu Kerekou, was the key. Had he resisted the demand for reform the story may have been different, but Kerekou was responsive. He recognized that the best choice for him was to work with the

"reformers." Thus, the elections in March 1991 resulted in a conclusive victory for Prime Minister Soglo over Kerekou. Another multi-party election was held in 1996, in which Kerekou was returned to power. Therefore, democracy seems to be reigning in Benin.

Similarly, the Zambian election in 1991 was very successful. Sierra Leone too held multi-party elections in 1996; that also turned out successfully, an event which will be discussed in chapter six. However, in the case of Zambia, some features of political experience in that country may be worth noting: Not only had Kaunda served as President of Zambia since its independence in 1964, but he is a historic figure across the continent. Mr. Kaunda helped to found the Organization of African Unity (OAU), he led the fight against apartheid in South Africa and during his tenure he was able to keep his army from staging a coup d'etat although the Zambian opposition was relatively united. Nevertheless, an election is just a step toward democracy; it does not in itself guarantee democracy. So, apparently, the democratic process in Zambia has changed and the current political machine seems to be moving backward instead of going forward.

Thus far, democratic institutions in Africa remain fragile. The record shows that opposition groups and political opponents have often been viciously

scarred by ruling parties. This was the case in Liberia during the Samuel Doe's regime, and even more so under president Charles Taylor. Furthermore, elections have frequently been guilty of irregularities and fraud. The refusal of losing parties to accept election results as reflecting the will of the people has also been a factor in the process of political transformation in many African countries. This was the case in Angola, Cameroon, the Central Africa Republic, Mauritania and Nigeria in the early 1990's elections. In these countries elections neither contributed to the settlement of ongoing political dissensions nor halted human rights abuses.

It was also assumed that the end of the Cold War and the beginning of "new world order" would pave the way for democratization in Africa. For example, during the Cold War era, anti-communism was enough to earn an African leader the favored status of "strategic ally" of the West even with apparent abuses of human rights and failure to reform. But the evidence suggests that without a superpower present autocratic leaders are simply incapable of maintaining power. In other words, from the perspective of the superpowers, the practice of rewarding strategic allies is no longer considered a necessary component of their foreign policy. Thus, the rapid breakdown of Samuel Doe's regime in Liberia, the rise of the Somali National Army against

President Siyyad Barre, the downfall of the Soviet backed Ethiopian Army and the overthrow of President Mobutu of Zaire were all direct results of the absence of superpower support. Therefore, the end of the Cold War left Africa vulnerable and with new challenges to peaceful political transitions.

Although some African states have experienced peaceful transitions, the overall political situation on the continent remains unstable. The question of whether the shift toward democracy will endure in sub-Saharan Africa is of serious concern to scholars. There are also questions about what impact the changes will have on social and economic development and how foreign governments and international community should respond. For many African working population, job opportunities lie in the informal sector.

African governments have often ignored the informal sector economy for fear that it would undermine the formal economy. However, they are beginning to realize that the poor are the only hope they have. They may have almost nothing but African shanty towns are full of good ideas. For example, a report from Christian Science Monitor states: "New baskets are woven from old plastic bags; shoes cobbled from used car tires; oil lamps made from soda cans."⁶ Furthermore, according to United Nations sources, 60% of Africa's labor force is employed in the informal sector. Thus, because of its potential and

resourcefulness, some development organizations concerned with economic development in Africa are now contemplating support for the informal sector.⁷

African countries have long been described by social scientists as societies of dual economies: an urban industrial sector (modern) and a rural agricultural sector (traditional). However, it has recently been recognized that a large informal sector co-exists with these other sectors, especially in the cities. This informal sector is said to be an important factor in every African economy, providing a livelihood for a majority of the people and, in many instances, out-pacing the performance of the formal economy by virtue of its capacity to absorb a large proportion of urban "surplus labor."

The growth of an informal sector in Africa has been conceded but inadequately explained. One can therefore say with a degree of certainty that the informal sector involves many working class people engaged in many kinds of micro-enterprises, acting on their own initiatives. As a result, the informal sector has expanded considerably in recent years and covers a wide range of economic activities – petty trade, commodity production, casual work, construction, housing, training, medicine, transportation and communication. What is even more unique about the informal economy in Africa is that its activities are not formally recorded in national accounting and, in most cases,

they are not covered by the official business guidelines. Nevertheless, considering the growing crisis in Africa today, most governments on the continent cannot survive either political or economic challenges of the 1990's without the informal economic sector which absorbs a large number of unemployed labor force.

Africa's Economic Paradox

While Africa's population is increasing at a fast rate, the overall food production has declined considerably. According to the Organization of African Unity (OAU), food production in most sub-Saharan countries was lower in the seventies than in the sixties, lower in the eighties than in the seventies, and is even worse in the nineties than in the eighties. This situation as well as failure to achieve development objectives in Africa spurred the OAU to adopt a resolution known as "Declaration of Commitment" at its 1979 convention held in Monrovia, Liberia. In that document, African leaders pledged to commit themselves and their governments to the principle of self-reliance, sustainable development strategies, regional co-operation and economic integration.

According to the OAU, declining economic conditions in Africa was due to a number of factors: poor economic planning, rural-urban migration, and the

failure to look inwardly. These variables have had direct social and political consequences in many West African countries, including Liberia and Sierra Leone. In the Liberian situation, for example, the urban population increased at a rate of 6.8 percent annually, twice as fast as the total population growth of the country (3.4 percent) between 1974 and 1984, according to 1984 census. The rapid increase in the urban population, along with rising social problems and political unrest, was attributed largely to rural-urban migration and the inability of the state to provide adequate employment opportunities. A survey conducted by the Ministry of Planning and Economic Affairs (1978) reported that the total labor force increased by 44% between 1962 and 1972, with an urban labor force increase of 122% while the rural area increase was only 29%.⁸ The number of wage-earners, according to the report, increased over 11% in the two-year period, between 1974 and 1976. The survey also showed that over 18% of the city's working age population (excluding students) was, in fact, unemployed. Another report indicated that rice importation increased from 30,642 tons (at a cost of \$13.6 million) in 1974 to 55,809 tons (at \$19.8 million) in 1977, and to 75,013 tons (at \$26 million) in 1979.⁹

Evidently, these increases exacerbated political tensions in Liberia, particularly among students and unemployed urban youth, which climaxed in

violent rioting on April 14 (1979) over another proposed increase in the price of rice, Liberia's dietary staple. The events of April 14 culminated in a military coup in 1980, led by Master Sgt. Samuel K. Doe.¹⁰ Chain reactions from these events led to a civil war in 1989 which lasted for seven years.

In the case of Sierra Leone, the consequences of economic and political crises also led to a series of military coup d'etat and civil war. Like Liberia, Sierra Leones economy is based on agricultural production. A large proportion of the population is still engaged in subsistence farming; the industrial manufacturing sector of the economy is not very significant in terms of economic performance. Up to 1985, its share in the country's GDP, according to government reports, was only 5.5%.

Sierra Leone is ranked by the World Bank as one of the eight poorest countries in the world. The lack of progress in economic development has left many areas of the economy unaffected by 'monetization' of formal trade. A majority of the population survived by subsistence agriculture or by informal commercial activities which, however, suffered much disruption due to the civil conflict. Poor economic policies also meant that development projects have failed, while at the same time political instability is on the rise; the civil conflict has caused a severe disruption and economic isolation of Sierra Leone,

especially after the coup in May 1997. In 1995 the estimated gross domestic product (GDP) of Sierra Leone, according to World Bank, was US\$ 824m of which agriculture contributed 42%, services 31%, and all industries 27%. Manufacturing sector, however, contributed only 6% – only a little more than the 1985 estimates.¹¹ For the 1985-1995 decade, Sierra Leone economy has been affected by high inflation, averaging 61.6% annually. During this period, it was estimated that personal /household income declined in real terms, at a rate of 3.6% annually. Again, in 1995, according to the World Bank, Sierra Leone's GDP declined by an estimated 10%, following increases of 0.3% in 1993, and 3.5% in 1994. By 1993, productivity in agriculture had also declined considerably due to rebel war in the interior which drove people out of their villages and farms forcing them to seek refuge in towns and cities, as well as in the neighboring countries – Map 2 appendix A shows Sierra Leone's refugees situation. Details of the economic and political issues of Sierra Leone are also discussed in chapter six.

In general, while the cost of living was rising sharply in Africa, average per capita income was constantly falling in real terms. The effect of unfulfilled development expectations, as well as the structural weaknesses of African political and economic institutions which characterized the decade of the

1980's, are felt even more so in the 1990's. The paradox of the African economic crisis is that a continent which is said to be blessed with so many valuable resources is experiencing the most severe economic devolution in the history of the modern world. The Organization of African Unity, for instance, summarizes Africa's resources in its "Lagos Plan of Action" as follows:

In assessing those problems, we are convinced that Africa's underdevelopment is not inevitable, it is a paradox when one bears in mind the immense human and natural resources of the continent. In addition to its reservoir of human resources..., (Africa) has 97 per cent of world reserves of chrome, 85 per cent of world reserves of platinum, 64 per cent of world reserves of manganese, 25 per cent of world reserves of uranium and 13 per cent of world reserves of copper, without mentioning bauxite, nickel and lead; 20 percent of world hydro-electrical potential, 20 per cent of traded oil in the world (if we exclude the United States and the USSR); 70 per cent of world cocoa production; one-third of world coffee production and 50 per cent of palm produce (with large gold and diamond deposits), to mention just a few.¹²

One must further add that much of tropical Africa is also well adapted to many cultivable cash crops such as rice, maize, tobacco, cotton and bananas as well as other tropical and sub-tropical fruits. In many areas cattle are raised in enormous numbers as are goats and sheep. Natural animals and wild fruits of tropical Africa once contributed greatly to profitable trade. Even when trade was confined to the natural products, Africans utilized those products to create commerce. Thus, it is evident that Africa's fertile soil could feed all of Africa and beyond if properly cultivated and, as William McCord noted (1986), could

produce more than 100 times what it currently produces.¹³ Politically speaking, Africa controls about one third of the votes in the United Nations.

The question that arises from this is the following: if Africa is blessed with these many resources, what then holds the continent in such a state of economic devolution, violence and political crisis? As will be discussed in chapter two, some observers cite the history of colonialism as the major factor of Africa's economic problem. However, the experience of colonialism, cruel as it was, cannot adequately explain the hopeless situations which we have seen in Somalia, Burundi, Rwanda, Liberia and Sierra Leone – countries that have suffered chronic civil conflicts for the most part of the 1990's. For many people to stay alive under these alarming situations indicates that when every thing else falls apart, the informal sector operates to provide income and livelihood for a majority of the people. Yet, the informal sector has been held back by lack of political support.

Generally speaking, the existence of an informal economy in Africa is associated with social, economic, political and historical factors which still exist; the so-called traditional societies, the extended family and kinship systems all play important roles. Additionally, African economies are still based on rural agriculture on the one hand and a narrowly defined urban industrial

sector on the other. Neither the agricultural nor the industrial sector, at their current production levels, has the capacity to generate sufficient employment opportunities to absorb the growing labor force. Meanwhile, the rural exodus continues to flood the cities in search of better living conditions and when they can not find jobs they enter the informal sector.

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CHAPTER TWO

THE ROOTS OF INFORMAL ECONOMY IN AFRICA

The understanding patterns of African culture and the African past are a necessary guide to understanding the African present and future.

- Paul Bohanan (1995:254)

Africa's Economic Trajectories: An Overview

A number of social and economic historians of African societies have attempted to divide African history and economy into stages in terms of such historical periods as pre-colonial, colonial and post colonial. The main objective of this chapter is to examine some of the factors that led to the development of informal economy in Africa with regard to these historical periods. There is also a concern as to how the cultural understanding of Africa can be fulfilled within the context of there historical stages. The discussion that follows will cast light on the underlying causes of some of the structural weaknesses of African contemporary economies.

The frightening economic and political crises in Africa, outlined in chapter one, have alerted research scholars and policy planners to the limitations of development models in African economies. They are beginning to take into consideration the importance of historical factors in analyzing African economies. Such a consideration is essential for the following reasons: 1) to verify the weaknesses of conventional development models, and 2) to expand the ongoing debate about the origins and potential of the informal economy in Africa. Most people, from academic idealists to zealous politicians, will agree that the informal economy has always existed in Africa and has traditionally formed an important part of African economies past and present, providing livelihood for a majority of the people.

One major concern of this chapter is to establish a connection between the growth of the informal economy in sub-Saharan Africa and the historical development of political economy in modern African states. To do this, one must trace the kind of commercial relationships which Africa had with the outside world – from the rise of Islam to the fall of colonialism. The focus, however, is on how "global trade" changed Africa's traditional economy from one system to another over time, how this trade evolved and grew, how the expansion of trade with the outside world contributed to the development of

informal economy in Africa historically, and how geography and cultures influenced the rise and fall of 'trans-Saharan' and 'trans-Atlantic' trade in West Africa. This chapter also discusses the influence of religion and politics on African trade and economic relations with the outside world. It examines the development of imperial economic systems in Africa and how they were transformed into modern political economy in the post independent states.

The story of the origins of African contemporary economies is largely a history of many centuries of trade with the outside world which was subjected to changes from one alien system to another. Also, it must be noted that trade was the most important factor in bringing Islam and Christianity to sub-Saharan Africa (SSA), a process which took more than four centuries and led to the development of "informal economy" in the region.

Modern state and corporate economy in Africa were created by the colonial powers and passed on to the African leaders at independence. Nevertheless, both modern state and its corporate economy are relatively new realities in African political and economic experience. In the case of Islam in Africa, the process took two distinct courses -- one in the north and the other south of the Sahara. When Arabs first arrived in Africa they settled and established themselves as a ruling elite in the North where the Africans not

only converted to Islam but adopted the Arabic language, culture and identity. In the sub-Saharan region the process was entirely different. Muslim traders, rather than generals, introduced Islam throughout black Africa and resided in commercial towns.¹ The converts retained their native languages, their traditional customs, their culture and identities. Additionally, apathy crept into the Muslim world and slowed down the expansion of Islam in SSA during the sixteenth and seventeenth centuries, coinciding with the period of the development of European "exploration" and commercial interests in Africa.² Therefore, the appeal of Islam is part of the historical saga in Africa's economic trajectory and must be discussed within the context of the historical development of the informal economy in SSA.

Pre-colonial Trade in Traditional Societies

The period between 1500 and 1800 has been marked as the era in which foreign trade grew in Sub-Saharan Africa. It was also an era in which real tensions developed between the rival parties -- namely, Muslims and Europeans.³ There is a wealth of scholarly work by historians, anthropologists, archaeologists, linguists and others, on traits of commercial activities in Africa during this period. Both European and Islamic sources have been consulted

concerning the events that took place in the Sub-Saharan region and it has been found that disagreement among scholars is more a matter of interpretations than real discrepancy in reports of events that actually occurred in pre-colonial Africa. On the whole, studies about the region seem to complement one another in many respects.

The development of Islam in West Africa, according to various historical sources, was associated with the gradual evolution of the Muslim merchant class, which was more involved with trade than with transforming traditional societies into an Islamic state.⁴ Moreover, the Muslim mercantile economy supported the development of Muslim clerics and scholars who mostly resided in urban centers.⁵ Other historical accounts also maintain that in the eighteenth century the situation dramatically changed. This time, a new source of support for Islam came not from among the urban-based merchant class ('Muslim bourgeois') but from the rural clans whose economic interests were spread among animal rearing, agriculture and domestic trade.⁶ This theme will be returned to later in this chapter.

Others sources suggest that early Muslim-European relations in West Africa facilitated more collaboration than competition. The reason for this alliance was that the opening of the "Atlantic trade" did not involve supplanting

Muslim commercial power along the coast as it did in the Indian Ocean.⁷ Also according to J.S. Keltie, "Muslim traders cooperated very effectively with Europeans trading along the coast" -- serving as intermediaries between European merchants and the Africans.⁸ But, as we shall see later, that relationship shifted back and forth over time, to a point where Muslims' commercial power and political interest in the area were forced to take an informal role. Therefore, it is useful to note the kind of influence the "jihad movement" (or holy war) and "sufi" (mystical brotherhood) had on African societies and economies. Furthermore, from the perspective of Africa's pre-colonial economies, one must also understand the general historical process surrounding the organization of African traditional economies. Perhaps, the remarks by John McCall can help to clarify the point:

It would be interesting to know how Africa would have developed if its social and political institutions had been left intact and if Africa had been able to interact and exchange with the rest of the world on equal terms during ... (the) crucial periods of (its) history. The fact of colonialism (as well as other external factors), however, makes this impossible.⁹

The view quoted above has been commonly shared by many scholars of Africa's economic history. Paul Bohannon made a similar statement (as quoted at the opening of the chapter) when he said: "African culture and the

African past are a necessary guide to understanding the African present and future.”¹⁰ Other observers also maintain that European direct rule of Africa was in response to the growth and expansion of commodity exports. According to this view, although European occupation of Africa was well under way before direct colonial rule, the period between 1884 and 1885 is significant because it marked the imposition of the historic “Berlin conference” which legitimized the “scramble for Africa.”¹¹As noted by McNulty, at independence, African countries constituted a significant part of what has been characterized as the “Third World,” made up of those countries newly “emerged from long years of colonial rule and economic exploitation.”¹²

The first European seafarers' adventure to western Africa occurred during the mid fifteenth century by the Portuguese who competed with Muslim traders in the region. Competition between the strangers was welcomed by the Africans who capitalized on this rivalry to improve terms of trade.¹³ The African middlemen traded a variety of merchandise but they did so informally.

Various historical records indicate that trans-Saharan trade instituted direct links between the regions, north and south of the Sahara. The durability and propensity of that trade, according to Robert July (1975), were marked by the introduction of caravans as well as the changeless pattern of principal

wares -- gold, salt and slaves.¹⁴ Even the emergence of Islam in West Africa was associated more with commerce than with religious teaching and learning. Therefore, it is useful to identify the impact of various trading systems on the indigenous economies and the role played by the external political, religious and cultural forces -- such as Islam, Christianity and Western Colonialism -- in African societies and economies.

Islam In Traditional Societies and Economies

As we have seen in the preceding section, one of the greatest events in the history of Pre-colonial Africa was the spread of the religion of Islam -- bringing with it Arab generals and traders. In a relatively short period of time Islam had spread throughout the northern Africa. Arabs were great traders. They developed extensive trade routes between the north and the south. The Arabs' occupation of Africa and control of African trade continued through the colonial rule of the continent by the Europeans. Therefore, to fully understand the origins and development of the informal economy in Africa, one is required to explore both the Islamic and the colonial history of the continent. In other words, the growth of informal trade, entrepreneurship, commodity production as well as education, medicine and community welfare have all been well

acknowledged but inadequately explained. The main concern here is to bring into focus those factors – such as commerce, religion, politics and culture that contributed to the development of informal economy in Africa.

Islam certainly brought a certain amount of civilization (commercial and book learning) and a new religious life to Africa. Knowledge of geography on the continent also gradually increased. For example, the annual journey to Mecca made the pilgrims familiar with the countries along the routes. Wave after wave of Arab immigrants and merchants continued to pour into North and East Africa. By the end of the fourteenth century the religion of Islam had crossed the Saharan desert, and taken a firm hold on the 'bilad al-Sudan' (lands of the blacks), as the region was called by the Arab visitors. Islam continued to spread down to the South. At an early period of Islam a vast number of Arabs migrated across the Red Sea to Abyssinia (modern Ethiopia) and some moved southward to Somalia and Zanzibar.¹⁵

Islamization in North Africa was very aggressive in character. "It swept away almost all traces of previous religions and civilizations."¹⁶ The history of Islam in North Africa, as noted by Levtzion (1987), is quite similar to that of the Middle East, Persia (modern Iran) and parts of India, especially in what is now Pakistan. In these regions, conversion to Islam took place under religious and

political domination. A passage quoted by Trimingham (1962) from Ibn Khaldun, a 14th century Muslim historian, sums up the impact of Islam upon the life of North Africans and beyond:

After the formation of the Islamic community the Arabs bust out to propagate their religion among other nations. Their armies penetrated into the Maghrib and captured all its cantonments and cities. They endured a great deal in their struggles with the Berbers who, as Ibn Abi Yazid has told us, apostacized twelve times before Islam gained a firm hold over them. These Arabs did not establish themselves in these parts as tent-dwellers nor as nomadic tribes because the need to maintain their authority did not allow them to occupy the open country but restricted them to towns and cantonments. For this reason, we have said, the Arabs did not settle in the Maghrib and it was only in the middle of the fifth century [eleventh century A.D.] that they migrated in order to colonize it and disperse themselves in tribes and sections.¹⁷

Thus, from the middle of the eleventh century a great changes took place in the whole of North Africa and the western Sahara. The next stage in the process which led to Muslims contacts with West Africa came about as the Muslims shifted their attitude from warfare toward trade. From the passage quoted above, it is suggested that this development may have taken place between the latter part of the eleventh century and the early twelfth century. However, Peter Clarke (1982) suggests that Muslim merchants stepped up their interest in trade with West Africa much earlier, in the eighth century:

Among the main commercial centers which sprang up along these trade routes from the 8th century onwards were Tahert, Sijilmasa, Wargla, Tadmakka and Awdaghost. Tahert (in modern Algeria), an important

and flourishing commercial centre, was established in the 770's and was linked to Gao in West Africa by a trans-Saharan trade route which passed through Wargla and Tadmakka. Sijilmasa (in Morocco), another important commercial centre, was also founded in the second half of the 8th century. For several centuries one of the main trans-Saharan trade routes passed through Sijilmasa and continued on southward to Awdaghost in the western Sahara and from there to Ancient Ghana.... During the 8th century, therefore, the situation developed in which the Sanhaja of the western Sahara, who provided guidance and protection to the Muslim traders crossing the Sahara, came increasingly under the influence of Islam.¹⁸

The point here is not about when Islam came to West Africa but the character of Islam in West African societies and the contacts which the Muslim traders made with African leaders long before they were converted to Islam. Historically, gold and slave trade were dominant interests among traders in West Africa. However, the history of Muslim trade in the region contains many kinds of records – religious, commercial, cultural, political, and economic – that cannot easily be ignored in any serious attempt to discuss African societies and economies, past or present.

Thus, In view of the development of informal economy and its ever-expanding capacity in Africa, it is essential to understand the impact of Islam upon African societies and economies for a number of reasons. First, Islam has a profound influence upon many Africans, individually and collectively. Second, Islam has always been a major factor in world politics and,

consequently, African Muslims have often attempted, although unsuccessfully, to turn to Islam for solutions to their social and political problems. In the words of Louis Brenner, "they are injecting themselves into the political arena as Muslims."¹⁹ But General Omar Al-Bashir described the relationship between Islam and the African this way:

.... Another factor is the shared rejection of racism and meek pacifism in the face of arrogance, injustice and aggression. Naturally therefore Muslim and no-Muslim Africans stood firm in the bitter and long drawn out saga of resistance against colonialism and (for) self determination. Since independence Africans, both Muslims and non-Muslims, have been equally naturally engaged in the battle for the achievement of development in conditions not only of tolerance but also of mutual respect and positive cooperation for the common good.²⁰

Third, Islam is often associated with many types of motives – spiritual, intellectual, educational, commercial and political; finally, the role of Islam in Africa's traditional societies has helped to promote a system of informal religious education and entrepreneurship.

What is Islam?

The question of what is Islam and what role Islam played in Africa's traditional societies and economies is obvious. Islam is an Arabic word which means peace, obedience, or submission to the will of God or Allah; followers

of Islam believe this name came as part of God's last revelation to humanity. The Islamic creed or declaration of faith is therefore the verbal pronouncement that "There is no deity except God (Allah) and Muhammad is the messenger of God." From this simple affirmation of belief in One God and prophethood of Muhammad stems all Islamic concepts, attitudes, values, behaviors and relationships. Thus, to Muslims, the conviction of One God also signifies the unity of humankind. For Muslims, God is not only the Creator of the universe and everything in it; He is also the lawgiver and supreme ruler over all mankind. Human beings are therefore created to worship God; their purpose on this earth is to serve Him and govern the world according to His laws, with decency and justice. As God is one, so also is humanity. Thus, as part of his mission and in order to set an example, the Prophet Muhammad became the head of the first Muslim community based on ties of faith rather than blood or kinship.²¹ This community, called 'umma,' was located in the Arabian town of Medina.

Another important aspect of Islam that must be noted is the historical development of the Muslim community itself. The Qur'an was revealed to Muhammad in two distinct sociopolitical circumstances in two Arabian towns -- Mecca and Medina. In the Meccan situation, the Qur'an began to take its form in a society where Muslims were only a small minority under the prophetic

leadership. The prophet and his followers attempted peaceful coexistence with the pre-Islamic pagan society but they attracted increasing hostility from the political authority of Mecca. In Medina, the situation was completely different; the Qur'anic message addressed Muhammad as the leader of the 'umma' (a community of believers) which included natives of Medina and the group which migrated from Mecca.²²

The point here is that Islam has always addressed Muslims in two different social-political situations -- either as a minority or a majority. In a majority situation Muslims either constitute the predominant part of the population or the governing body of the power structure. In a minority situation Muslims constitute only a small fraction within a non-Muslim social and political power structure in which the word of God is mainly heard as a voice of protest against the prevailing social order (Peter Clarke, 1982). Both of these circumstances played out well in Africa.

There is no denying that the highest attainment of Islam in Africa was the introduction of "book-learning." However, there was much economic and commercial intercourse associated with Islam in Africa, a fact which has not received much attention. Naturally, the first and foremost duty of every new convert to Islam is to learn the rituals of prayer, which involves memorizing a

few passages of the Qur'an in Arabic. Thus, the average Muslim in SSA, like their fellow Muslims elsewhere, must commit few passages of the Qur'an to memory for prayer purposes. It is also important to point out that, despite the emphasis on retaining the "language of the Book" for religious purposes, the use of Arabic was relatively restricted not only because of its religious substance but also because the number of people who could speak it, beyond being able to decode the meaning of the Qur'an from its Arabic text, is very limited (J. Goody, 1968). This will be elaborated later in this chapter.

The Shifting Role of Islam in West Africa

Despite the cultural and structural differences between Islam and traditional societies, both systems have managed to co-exist in SSA. This relationship was possible probably because the attempt to repeal African tradition and replace it with an Islamic one was, for the most part, unsuccessful. Secondly, the hostile relationship which both the Islamic and traditional societies had with the colonial system caused them to become closer. Thirdly, commercial rivalry, language barriers as well as political, cultural and religious conflicts between Christian colonialists and Muslims traders in the region, were far stronger than any disagreement between Islam and traditional society. In

other words, Islam and Christianity were ready to use whatever intellectual and political means available to destroy or misrepresent the other. These hostilities, as well as economic interests, caused Islam to move deeper into the traditional rural society. Alpha Bah's dissertation (1983), records the movement of the Fulbe Muslim scholars and traders who migrated from Fouta Jallon and established themselves in various parts of northern Sierra Leone:

Islam became so popular in the nineteenth century that the Christian Missionary Society in Sierra Leone asked various governors to ban Islam. Nevertheless, Fulbe karamokos (i.e., Qur'anic teachers) continued to enter the hinterland of the colony.²³

So by 1911, according to Bah, when the British colonial government in Sierra Leone signed a treaty with Liberia making Koindu and Kailahun British territories, Mandingo and Fulbe Muslim teachers and traders were already well established in the area. Furthermore, with the development of the "periodic market" system in Koindu in the early 1920's through 1940's, the Muslim community in the area increased significantly. The theme concerning 'periodic markets' is discussed in chapter four.

With regard to the history of Islam in West Africa, there are two theoretical perspectives: one identifies Islam with the 'jihadic' tradition. In this view Islam is associated with great military struggles by such seminal figures

as al-Hajji 'Umar Tal, Usman dan Fodio and others, for political ascendancy in their efforts to form a Muslim state in West Africa.²⁴ On the other hand, there is a theory advancing the quest for "accommodation". This view embraces a wide spectrum of Islamic practices in West Africa. It argues that Muslims in sub-Saharan Africa practiced a somewhat "mixed Islam," in which customary religious routines were observed (rather than ignored) side-by-side with indigenous cultural practices.²⁵ This theory, however, has received far less attention than the former. With regard to the spread of Islam and how it was practiced in Africa south of the Sahara, it is useful to examine the general historical background of Islam, for it has many implications regarding what later took place in efforts to establish an Islamic community in various West African societies.

Classical sources of Islam are the Qur'an and the Sunnah (the prophetic examples). But neither the Qur'an nor the Sunnah clearly stipulate a priesthood as an inherent part of the spiritual structure of Islam. However, after the death of the Prophet, a system of successors was established. This person was called the caliph or successor.²⁶ From the perspective of Sunii Islam (in contrast to the Shi'i), the caliph possessed no special spiritual gift;²⁷ his role

was simply a political one, to see to it that the laws of Islam were implemented in accordance with the Qur'an and the prophetic practices (the Sunnah).

As the Muslim community grew larger and expanded, it needed more practical guidance in both spiritual and secular matters. Thus the 'Shari'a,' which means "the way" or a constitution, was formulated. Shari'a is a product of complex intellectual process based on the Qur'an and the Sunnah of the Prophet, formulated by the religious scholars.²⁸ As a code of law, Shari'a incorporated consensus (ijma'), or the unanimous view of scholars, as well as reasoning ('aql) in dealing with secular historical circumstances of Islam. On the one hand, the Shari'a covers mostly public observances and community life in which the sources of the argument justify the rulings; so analogy (qiyas) is also part of the legal process.

On the other hand, Shari'a provides very little guidance on matters pertaining to private devotional worship; therefore, the Qur'an and Sunnah remain the ultimate sources of religious guidance. This gave rise to the 'sufi' movement as a protest against secular interpretation of the Qur'an, arguing that any action contrary to the Qur'anic and Sunnah is 'sin' or innovation ('bid'a'). These philosophical and legal components of Islam are useful with regard to how they were played out as Islam was introduced and practiced in

SSA, side-by-side with traditional religions and within the context of colonial system, for they contributed to the development of informalization of Islamic practices as well.

According to the Qur'an, a person who occupies high position because of wealth, education or social status does not have more rights, only more responsibility. In this respect, Islam requires assistance to the needy and poor as a special form of worship, called 'zakat' (or alms giving); it is one of the five principle duties of Islam. Thus, requiring material assistance for the poor and needy was meant to distribute the wealth in the society so that some people do not have far more than they need while others lack the basic necessities of life. Muslims believe this practice is a powerful leveling force for reinforcing brotherhood and unity. Obviously, the idea of sharing was nothing new to African, therefore, the principle of sharing was common to both Islam and African society. However, the question of how the ethical and legal injunctions of Islam were addressed in the various cultural zones is a different matter and has always been an issue of epistemological interpretations.

The 'jihad' or the so-called "holy war," launched to bring about political ascendancy of Islam in West Africa, was a radical departure from earlier patterns of Islam in the region and, according to some sources, associated

with sufi more than with the Shari'a. With the jihad, Muslims who had been peripheral to African politics started to demand for political power.²⁹ Historical evidence maintain that the spread of Islam in West Africa was accelerated by the acceptance of the faith in the Hausa lands (what is now northern Nigeria) and the formation of Muslim states in Fouta Jallon and Fouta Toro, between 1725 and 1757 (D. Robinson, 1985 and Peter Clarke, 1982). Some sources also suggest that the establishment of the Sokoto Caliphate by Uthman Dan Fodio, at the beginning of the nineteenth century, also accelerated islamization in West Africa (see Murray Last, 1967).

From the accommodationist perspective, however, it is argued that prior to jihadic movements, Islamic beliefs and practices in West Africa were taken to be supplements to the existing traditional religious order. That is to say, the accommodation of Islam to local cultural environment did not present a major problem in West Africa for the following reasons: First, the way in which Islam was presented, the mystic and ritual elements of the religion were more emphasized than its legal or philosophical aspects (Trimingham, 1971). Second, when it was first introduced, the most apparent attribute of Muslims in West Africa was trade, not politics (Levtzion & Hopkins, 1981). Third, the role of Muslim clergy was similar to that of traditional priests. That is to say, like

traditional high priests, Muslim clergy played a mediating rather than a political role. Furthermore, the mosques, like traditional shrines, served as sanctuaries for those who sought for justice and political reform (Levtzion and J. Voll, 1987). Therefore, Islam was easily integrated into African societies.

As far as we can tell, since the emergence of Islam in Africa, Muslim scholars in West Africa have always been associated with the merchant class. Even in the City of Timbuktu, the educated and highly articulate Muslim clergy were more concerned with the prosperity of the City's commerce than with radical movement to transform society and its political system. In other words, Muslim scholars of Timbuktu were "spokesmen" for the mercantile community. To illustrate the point thus far, Ibn Batutta (adventurer and traveler) recorded an incident which he witnessed when he was a visitor in the kingdom of Mali during the reign of Massa Sulaiman (d.1360):

I was present at the Friday prayers. There stood up one of the merchants from among the scholars of the Massufa. His name was Abu Hafis. He said, 'O people of the Mosque, I make you witnesses to the case I have against Massa Sulaiman before the Apostle of God (may God grant him grace and peace!)' When he said this there came out to him a group of men from the Maqsura (sovereign's enclosure) of the sultan. They asked him, 'Who wronged you, who has taken anything from you?' He said: 'Mansha Ju of Walata...', that is the governor, 'he took from me what is valued at six hundred mithqals. He wanted to give me as its value only one hundred mithqals.' The sultan sent for him. As soon as he appeared after some days he sent them to the qadi (Muslim

judge) who confirmed the merchant's right ... After that the governor was removed from his work.³⁰

This narrative by such an experienced traveler is a first-rate historical evidence of what one would call a triangular relationship (political, religious and mercantile) which Muslim clergy enjoyed in pre-colonial West Africa.

Consequently, Muslim scholars in the cities were completely hostile to jihad movements which not only disrupted the commercial activities in the area but also threatened the system in which they had flourished as custodians of Islam. Nevertheless, it is not too difficult to understand the circumstances that led Muslim scholars such as Al-Hajji 'Umar and Sulayman Bal to take up arms as a means to obtain political power.

As a class of African Muslim scholars gradually evolved, they became part of the body of the 'ulamma' (the learned class of Muslims). This connection, according to Levtzion, was made possible through a gradual network of Islamic education, aided by the mobility of traders and religious scholars as well as the annual pilgrimage to Mecca.³¹ This development led to the call for internal reform of Islam in West Africa.

Initially, as stated earlier, the jihad movement was associated more with Sufi than with the Shari'a. This point is made clear in a passage noted by Elias Saad (1984):

So far as we can tell, the embroilment of Timbuktu against Hajji 'Umar in a struggle which thoroughly disrupted the entire commerce of the Niger bend area was primarily the result of the conflict between the Kunta-led Qadiriyya Sufi Tariqa, on the one hand, and the Tijaniyya Tariqa which was now being disseminated by the disciples of Hajji 'Umar.... The Qadiriyya brotherhood had gradually built strong links between scholars and literati throughout the southern Sahara, and now it was threatened by the rising force of the more closely knit Tijaniyya brotherhood.³²

The evidence shows that the events which caused a shift of the seat of learning from the city to the countryside was a major turning point in the history of Islam in West Africa. During the great West African empires, Islam was essentially an urban phenomenon restricted to the control of the clerics and merchants who were also closely tied to traditional rulers.³³ This collaboration was important because the merchants in the city needed the Shari'a in their business dealings and the city needed the merchants to endure economically. Some historical sources maintain that "annual caravans across the Sahara numbered no fewer than twelve thousand camels"³⁴ which means that the sub-Saharan region was crosscut by the profit-seeking Muslim caravan traders. Even a late observer like Heinrich Barth who crossed over the Sahara in the

mid-nineteenth century, found strong evidence of the nature of the trade that once flourished in West Africa.³⁵

Islam in the Rural Society

By the eighteenth century Islam had moved into the rural areas and gained adherents among peasant and farmers who had little or no prior direct Islamic influence. But unlike the urban areas, the Shari'a laws had little affect on the peasant communities. Apparently, islamization in the countryside took place under a different set of historical and socio-economic circumstances, as Islam was now guided and propagated by sufi brotherhoods. This shift was made possible in part by the militant jihad movements.

According to historical evidence, since Islamic scholarship was generally associated with large towns, the challenge to political authority, initiated by Muslims, was less likely to come from the city for several reasons: 1) Muslim scholars in the city had vested interests within the existing political order as custodians of Islam; 2) trade associated with Islam was highly patronized by the state and 3) the role of Muslim clerics was to render religious services for the political elite. But with the spread of Islam in rural areas, Muslim leaders in the countryside began to articulate the grievances of the peasants and to

criticize the existing sociopolitical and economic systems.³⁶ Their actions culminated into militancy of Islam, especially in the mid-eighteenth and early nineteenth centuries. This development also coincided with the early phase of the European "scramble for Africa," a force which pushed Islam to take an informal role within the colonial states. This point will be developed later in this chapter.

While commerce provided the economic basis for the urban Muslim community, rural Muslim scholars preferred farming to trade because farming was considered more suitable for teaching and learning. Beside, food was needed to feed people in the growing cities, therefore, grain was in demand on the coast. Similarly, as Muslim intellectual and the merchant communities were tied together in the city, jihadic movement and the sufi brotherhood were closely connected in the countryside.³⁷

As indicated earlier, sufi was a mystical aspect of Islam not a political component. The idea first came about as a natural way of personal devotion, seeking to acquire spiritual contact with the source of Being through asceticism and mysticism which, according to some sources, are generally latent spiritual phenomena until called into play "through training under guidance."³⁸ Its rituals, therefore, led to the formation of various mystical orders, based on a master-

disciple relationship; so the teachings of sufi gradually developed into a reaction against any secular interpretation of the Qur'an.

The sufi orders are commonly identified by the names of their founders. Qadiriyya, named after 'Abdal Qadir, a mystic teacher of Baghdad; Shadhiliyya, founded in the 13th century by al-Shadhili³⁹ and Tijaniyya founded by Ahmad al-Tijaan, an Algerian mystic teacher.⁴⁰ The jihad leaders, such as Al-Hajji 'Umar Tal and Usman dan Fodio, were all associated with sufi traditions.⁴¹

When Muslim commercial and political interests in West Africa were obstructed by European colonial powers, Islam took an informal character in traditional society in which the sufi brotherhood also played a triple role – militant, religious and civil. After the establishment of formal colonial states, the jihadic movements were transformed and replaced by 'civil societies' under the auspices of the sufi brotherhood, outside the colonial state apparatus. Apparently, the shifting of Islam from the urban to rural society and the incorporation of sufi practices into private devotional activities of Islam in West Africa came about partly because of social and economic necessity and partly the hostility from colonial authority. Unlike the Shari'a, Sufi was primarily a meditative method used for religious rites which involved a less intellectual process.

It must also be noted that besides the five principle duties or 'pillars' of Islam (declaration of the faith, daily prayers, obligatory charity, fasting and the pilgrimage to Mecca), Muslims' ethical and moral obligations to God and to one another are repeatedly emphasized. Thus, in Islam, wealth is considered as God's bounty and human beings are merely His trustees. Therefore, a Muslim (whether rich or poor) should consider his /her condition in this world as a test from God. Those who are poor have the obligation to be patient and to free themselves from envy. Those who have wealth have the obligation to be generous and charitable and to free themselves from greed. Thus, the person who occupies a high position because of wealth, education or social status does not have more rights, only more responsibility. The sufis took this doctrine as a powerful leveling instrument for reinforcing brotherhood and unity among people within the Islamic community.

From a theoretical standpoint, one can compare or contrast between the sufi doctrine and Weberian thesis of "Protestant Ethic." According to Weber, ascetic Protestantism actually aided the development of capitalism in Western Europe. In the Protestant Ethic, we are told that 'greed' was regarded as morally right and piety was appropriate -- not merely in prayer but also in business and profit making. By contrast, in the Sufi doctrine piety is defined

as renouncing the world and that the best human being is the one with piety. In other words, Sufism condemns "greed" and insists on sharing and generosity.

For Weber, the idea of the Protestant Ethic was to "make more money" and to spend little of it. Despite the denunciation of a luxurious life-style, the logic of the two doctrines point to exact opposite directions. The commercial imperative in the Protestant ethic gives the adherents of the faith two options: if more money is made while the lifestyle remains the same and simple the options are either to save the 'surplus' and reinvest, or to do a little of both -- this concept will be explored further in chapter three. On the other hand, the Sufi doctrine teaches that the lifestyle should remain simple and more time must be spent on prayers to increase spiritual growth rather than on worldly acquisition and the accumulation of wealth.

As a part of the religious system in West Africa, Sufi brotherhood became a popular movement which attracted people from all social, political and economic spectra.⁴² Consequently, membership in the brotherhood cut across kinship lines, social classes and lineages. Affiliation with Sufi mystic brotherhood, at least in West Africa, meant adding certain litanies to one's daily prayers ('zikir'). Sufi doctrine also enjoined mutual obligations between

members and placed much emphasis on the prohibition of drinking, adultery, gambling, smoking, lying and corruption.

The Sufi brotherhood was probably a more important factor in shaping Islam in the rural areas of West Africa than was the widely popularized jihadic movement. For this reason it is useful to examine certain specific cases in which Sufi played a civil and informal role. In Guinea, for example, the Shadhiliyya order spread rapidly in Fouta Jallon under Tchemo Aliou, a powerful Shadhiliyya teacher who came to settle in the village of Goumba in 1867.⁴³ Stories about his mystical powers circulated widely; disciples from all over Fouta Jallon came to join the brotherhood. It is said that the French undertook a series of offensive military operations designed to find out whether Tchemo Aliou was organizing an anti-colonial uprising or if he was exploiting political sympathy for Alfa Yahya, against whom the French had taken punitive measures for his anti-colonial movement. But Tchemo Aliou, aided by the network of his leading disciples, escaped to neighboring Sierra Leone.

Perhaps a good example of the role of Sufi in traditional societies was the Tijaniyya Brotherhood associations in West Africa. The order was given one last boost in Liberia and Sierra Leone under Al-Hajji Ahmad Tunis, a widely known Tijaniyya marabou. Al-Hajji Tunis resided and preached in Fairo, the

southern Sierra Leone, in the mid 1920's; he exercised considerable influence among the Mende and the Vai in both Liberia and Sierra Leone. Those who were influenced by Al-Hajji Tunis included chiefs, scholars, businessmen and common people. We know little about the life and work of this spiritual leader but we do know that a group of Vai men in Liberia – including Al-Hajji Ibrahim Nyei, Ansumna Sonii and Al-Hajji Kemokai – were influenced by the teachings of Tunis.⁴⁴ Both Kemokai and Sonii had experience of commerce and had dealt with Europeans in various transactions. Nyei, on the other hand, belonged to a scholarly family and had strict religious training, from which he had learned to read, write and speak Arabic fluently. The three men became close friends.

According to a brief autobiographical note found in Sonii's records written in local Vai script in the early 1900's, he was engaged in commercial activities in the area of Lake Piso, near the old trading center of Robertsport in Cape Mount County (Liberia). Later, he was employed as a steward by an English man in whose company Sonii traveled to Nigeria and England. Upon his return to Africa, Sonii entered into a business partnership with Kemokai, a successful Vai businessman.

In 1937, according to Nyei, word reached him that his teacher and spiritual leader, Al-Hajji Tunis, had died in Sierra Leone. Prior to his death,

according to Nyei, Tunis had appointed him as a spiritual leader ('muqadam') of the Tijaniyya in Liberia.⁴⁵ Nyei invited the followers of Tunis, including Kemokai and Sonii, to a meeting in a small township called Misila. The men met and prayed all night to commemorate their dead teacher and spiritual leader.

At the end of their prayers, the men agreed to start an association along the line of those which had been established among the Mende of Sierra Leone, where Tunis had resided and preached the faith. The associations were to commemorate the birth of Prophet Muhammad known as 'Mawlid'; one major function of the associations was celebration of the occasion. They also helped the families of persons who died with funeral expenses and gave assistance to those in need. In the case of the Vai Muslim Brotherhood, the aim was to promote self-help, education and solidarity among members. People came from all the three major Vai chiefdoms (Vai Koneh, Gawula and Tombe) to join. Therefore, the association served as a 'civil society' while performing religious duties at the same time.

Societies of this kind were common among various Muslim communities in Sierra Leone, Senegal, Mauritania, Mali and Nigeria.⁴⁶ They offered some protection against misfortune and a kind of social security made possible

through collection of voluntary contributions from the members. In the case of the Muslim brotherhood among the Vai, there was a direct relationship between religious rites and socio-economic activities of the association.

Although membership in the association included paramount chiefs, clan chiefs, businessmen and Muslim scholars, according to the association's membership records, the majority of the people who joined the brotherhood were not noblemen of high status. However, by becoming members of the association, they considered themselves socially elevated to the level of their noble Muslim brothers as the by-laws of the association guaranteed them that status.

From an administrative and religious perspectives the Misila association survived in the hands of two individuals, Nyei and Sonii, who became the religious leader (Imam) and the president or chairman respectively. One important aspect of the association was a series of records kept by the chairman. These records consisted of a membership list, a list of dues paid and owed, a list of expenses and a copy of the constitution -- a copy of the constitution is placed in **appendix B**. These records were kept almost entirely in the local Vai script and the local Vai language except for Arabic numerals and some European dates.

Throughout the Muslim world, Arabic is the language of prayer and of all religious instructions because it is the language of the Qur'an, therefore, the use of local script and local language in the Vai Muslim association requires an explanation. Traditional Muslim education in West Africa takes place informally and the language of instruction is entirely Arabic rather than the local tongue. In such a situation, being able to achieve a learned status means acquiring Arabic as a second language. It also means memorizing not only the Qur'anic text itself but the translation of its meaning as well. This takes years to accomplish and very few Muslims in West Africa have this skill. Secondly, despite the pressure to learn the "language of the Book" for religious observances, the use of Arabic is relatively restricted not only because of the religious character but also because the number of people who could speak it is very limited.

In the case of the Vai, lack of literate skills in Arabic was not an impediment to record-keeping for organizational purposes. The Via have been using an indigenous syllabic script for the kind of transactions required to operate an organization such as the Misila association. Thus, the association developed a rough division of literate labor, in which religious matters were conducted in Arabic, civil matters in Vai and some transactions outside the

group in English, the "official language" of Liberia and the medium of instruction in the formal Western-style school system. Each of these languages has its own script and the Vai made use of all of all of them in their Muslim association outside of the state apparatus. This point was made even clearer by Al-Hajji Kemokai (d. 1978) when he said, "In Africa we need Arabic to help us go to Heaven, we need English to improve our standard of living and we need Vai."⁴⁷ Al-Hajji Kemokai might have also added 'because Vai is our mother tongue and we can use it for pragmatic and socio-cultural purposes, formal and informal.'

The Vai Muslim Association adopted a division of labor which paralleled this general pattern in the use of Vai and Arabic: The president, Ansumana Sonii, was responsible for keeping the financial records, distributing assistance to those in need and adjudicating occasional disputes among members. Accounts of these as well as all general records of the association, were recorded in the Vai script. The religious observances in Arabic, conducted by Al-Hajji Ibrahim Nyei (see Goody, Cole and Scribner, 1977).

As far as it can be determined from a review of historical records and accounts of the oral tradition, by the time a formal colonial state system was established, there were more Muslims in West Africa than Christians. In spite of this, however, Muslim commercial and political interests in the area were

disrupted by the colonial power. Consequently, the Muslim community which was operating in the rural areas under the guardian of various Muslim societies /brotherhoods, took an informal role outside of the colonial state economy and its political apparatus. Throughout the colonial period, the sub-Saharan Muslim world fell under imperial rule, both politically and economically. But because Islam represents a way of life in which there is little or no separation between religion and society, it helped to promote both informal education and informal economic sector in every Muslim community in West Africa, large or small.

Colonialism & Development of Informal Economy

After Islam, the next external commercial system invasion of SSA, which led to the development of informal economy, was the establishment of formal European colonial rule. This section discusses the impact of the colonial system on African economies and societies. It is clear that commerce was the primary glue of the relationship that bound Africa to the Muslim world and to Europe. European colonial control of Africa was, therefore, the final stage in the process.

The expansion of the "free trade" doctrine in the eighteenth and nineteenth centuries was the shared idea of European traders and statesmen.

They believed that trade in goods could replace the outlaw trade in slaves, thus the major course of action in this development was the inevitable subordination of indigenous economic and political systems to the imperial powers.

In practical terms, European capital and European ships turned to the development of trade in raw materials. With the establishment of colonial states in West Africa, the whole system of trade in the region was completely transformed; it was no longer the Muslim traders, it was now Europeans importing European goods and exchanging them for raw materials produced by Africans. These raw materials from Africa were then used in European industries. This development led to a different kind of trade and economic system in which both the producers and a chain of middlemen operated informally. In other words, colonialism in Africa did not adequately integrate the economy of traditional society into the Western capitalist system.⁴⁸ Both economies operated side-by-side in which the indigenous economy operated informally.

Like the Muslim traders who controlled the caravan trade across the Saharan Desert, European merchants controlled trade in Africa from the Atlantic Ocean to the Indian Ocean. They moved through the interior by the use of Africa's great rivers. Trans-Atlantic routes made European missionary and

commercial activities in Africa relatively easy. As early as the sixteenth century, the Portuguese had occupied Cape Verde Island and had opened several trading stations along the Senegal and other rivers between Gambia and Sierra Leone.⁴⁹ The Portuguese established trading stations at various points on the Gold Coast, on the coasts of Dahomey and Lagos and along the Cameroon and Congo Rivers. Further south, the colony of Angola was founded and on the East coast the Portuguese wrested Mogadishu, Mombasa and Zanzibar from the Arabs by virtue of Vasco da Gama's great voyages.⁵⁰

In 1652, the Dutch took possession of Table Bay in Southern Africa and a few years later they acquired the Cape of Good Hope and made it their first permanent settlement. The Dutch also seized Portuguese settlements in Senegal and on the Gold Coast and attempted to establish themselves in Angola and Mozambique, as well.

About the same time (in the 1650's), French companies began to trade along the Senegal River, an operation which is reported to have brought the French into conflict with the Dutch, resulting in the latter being driven from their Senegambian front. After this event, according to British Foreign Office records, the French proceeded vigorously to develop settlements near the Senegal River and they also acquired settlements in Madagascar. Meanwhile, British

merchant adventurers had conducted growing trade with the coast of West Africa since 1588, which laid the foundation for the first British colony in Africa, the British Gambia.⁵¹ During the next one hundred years British ships sailed in increasing numbers to the Gambia, Sierra Leone and the Gold Coast. The seeds sown then were not to bear fruit until more than a century later. The seventeenth century also saw Turkish influence firmly established in North Africa where the Ottoman Turks replaced the Arabs rulers.⁵²

Between 1876 and 1912 all of the principal European powers, England, France, Germany, Spain, Belgium and others, gained a foothold in Africa and established political and economic control over the entire African Continent, with the exception of Liberia and Ethiopia. This rapid absorption of Africa by Europe induced the use of the metaphorical term "scramble" to describe the final act of European expansion in Africa (Raymond Betts, 1972). It was no surprise to scholars that after independence Africa had to go through political transformations and what was known as "nation-building." Now, it is state legitimacy that must be built.

As far as we can learned from historical records, it is an undisputed fact that, for better or for worse, Africa's economic and political destinies were shaped by foreign commercial interests. The impact of colonialism on Africa

was tragic. Despite the fact that the conquest and partition of Africa took place at a time when European nations were moving toward greater democracy, colonialism in Africa established autocratic and oppressive regimes.

At the end of World War II, almost all of Africa was still subject to colonial rule. The idea of independence brought much economic optimism for the newly created nation-states of Africa and this optimism was reinforced by the belief that political power meant economic progress and development. This line of thinking was not without foundation for, as Sera Berry noted:

During the colonial period, total output and the volume of commercial activity increased substantially in most African colonies. In fact, the growth of African exports of foodstuffs and raw materials began in response to changing world market conditions well before the imposition of direct European rule⁵³

Berry further states that European powers established colonial rule in Africa partly to protect their already expanding trade and investment on the continent and partly to control the resources of the colonies. Nevertheless, the contribution of colonial economy to the growth and development of traditional economy was quite limited. Therefore, at the time of independence, African bourgeoisie and the working class were still underdeveloped (Walter Rodney, 1972; Samir Amin, 1972) and traditional economy informal. To paraphrase T. Mammo (1999), colonialism in Africa did not fully destroy the economy of

traditional society nor integrate it into the Western capitalist economy. In other words, the results of foreign trade and the colonialism led to the development of an informal economic sector in sub-Saharan African.

A Brief Summary

This chapter has surveyed the general historical and socio-cultural circumstances that shaped and continue to reshape the character of African states and economies. The history of modern African states and economies is largely the history of many centuries of trade with the outside world. While Muslim traders managed to control caravan trade across the Sahara Desert, European merchants controlled maritime trade across the Atlantic.

There is much information in the literature concerning the growth and development of external trade in pre-colonial Africa across the Atlantic and across the Sahara, involving Muslims and Europeans.⁵⁴ The durability and propensity of these systems of trade were marked not only by the pattern of the wares (gold, salt, slaves, and raw materials) but also by the fact that they were guided, for the most part, by informal transactions and practices. In other words, commercial activities in pre-colonial Africa were not necessarily subjected to state control, at least on the African side.

Historically, markets and trade in pre-colonial Africa were free and open. All members of society were free to carry out economic activities on their own initiative, not at the command of the state. There were few direct taxes and in

some cases only a tribute was paid to the chief or the king; they looked after themselves. A chief could have a farm, a mine or operate a commercial enterprise for his own benefit. As George Ayittey points out, people did not line up at the entrance of the chief's hut to apply for permits or seek the state approval before engaging in trade or production. "What they produced and how much, were their own decisions to make."⁵⁵ There was no state direction or control of economic activity, neither was there a planning bureau or state enterprises; "free trade" was the rule of indigenous African economies.

From the perspective of the informal economy, the evidence shows that the traditional system of economy which operated during pre-colonial times outlived the colonial period. The sources also reveal that long before the formation of modern states and corporate economies in West Africa, matters of production and economic activities were conducted under the auspices of the institutions of traditional society, such as the family, clan, village communities, cultural and religious associations. The malignity of both the Atlantic and Mediterranean trade, as well as the constraints imposed by the colonial system on African societies, all compelled the traditional economy to take an informal role long before the independence.

It is also true that Islam brought a new religion and a certain amount of civilization to West Africa.⁵⁶ What is not clear, however, is the extent to which the philosophical and legal components of Islam were adequately put into practice or the impact the "shari'a" had on traditional peasant societies and economies. The evidence seems to suggest that the methods used to teach Islam in West Africa as well as to trade were not formally organized. Furthermore, the militant 'jihadic' movement, launched to bring about Islamic states in West Africa prior to the European colonial invasions, was transitory and short-lived.⁵⁷ The jihadic movement in the nineteenth century was also interrupted by the establishment of colonial states.⁵⁸ Thus, the Muslim community in West Africa found itself on the defensive in its relation with growing imperial power. As a result, the entire Muslim communities (religious, mercantile and militancy) were forced to take an informal role in colonial states, both economically and politically.

It is also noted that the origin of sufi movement in Islam was based on the doctrine of separating the religion from state politics. This idea fitted easily in West Africa's situation. When Islam moved to the traditional sector of African society, it was already attached to sufi. Thus, the religious autonomy of the Muslim clergy under traditional rulers depended on a tacit understanding that

they would stay out of politics as a price for holding a special position in society and social hierarchy. In effect, they were able to use their religious prestige to gain a degree of autonomy which in turn enabled them to assume a position of neutrality in wartime. Apparently, this balance was a powerful tool in creating civil and religious institutions that nurtured the development of an informal economic sector in West Africa throughout the colonial period and beyond.

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CHAPTER THREE

INADEQUATE DEVELOPMENT MODELS IN AFRICA

Both social scientists and intellectuals draw on overreaching sets of assumptions—or paradigms—to organize their efforts to understand our world, the goals we pursue, the ways we choose means to advance our goals, and the ways we relate to one another as we proceed as individuals or in union. When these paradigms are used to formulate theories that are limited in their empirical and ethical scope, the study of our world suffers, and so do effects to administer to its ills.

- Amitai Etzioni (Moral Dimension, 1988:1)

The Issue About Third World Development

This chapter addresses the issue of inadequate development models in Less Developed Countries (LDCs) and their implications for social and historical circumstances. Its main purpose is to draw together a number of observations and theoretical assumptions about 'economic development' as part of an effort to gain insight into the understanding of the growth and development of informal economy in Africa. It is also an attempt to establish

a link between the market economy and small-scale enterprises that characterize the informal economy. The hope is that this will shed light on and further clarify the role of informal markets in African societies and economies.

It is not very difficult to see the limitations of economic development models, especially in sub-Saharan Africa. They represent different points of view and schools of thought, as well as conflicting assumptions. An observation by Colman and Nixson in the introduction to their textbook on economic development underscored this point; they wrote: "It is not an exaggeration to state that development economics is at present going through a crisis."¹ Sadly, "crisis" is the appropriate word to use in describing the current state of economic development in sub-Saharan Africa.

According to a report from the World Bank (1991), "economic development is the most important challenge facing the human race."² Yet, there is no standard definition of 'economic development' and how to achieve it. Most people seem to agree, however, that the agents of economic development are the innovative private individuals acting in their own interests. It is also important to point out that throughout history, poverty has been the norm rather than the exception of life circumstances. Scholars of the greatest economic transformation in human history – i.e., the Industrial Revolution –

have always been deeply concerned with economic development and the market process which leads to economic progress. It is understandable, therefore, that social thinkers such as Adam Smith search for the nature and causes of free market economy in the “Wealth of Nations,” the title of Smith’s book published in 1776.

The Idea of Free Market Economy

The ingredients of a healthy economy appear to be its market components in which laborers sell their labor, landowners sell the use of their land and farmers and factory owners sell their output through the market process. The market is the most important factor of economic enterprise, and it is believed to be a self-regulating phenomenon in which its participants conform to a set of self-guided rules. In market economy, production methods, choice of items to produce and the amount to produce are also said to be guided by forces of the market than by anything else. While state laws are designed to protect property rights and enforce contracts, market forces direct landowners to change the use of their land and laborers to change occupations or residences in response to changes in market conditions.

Historically, the economic development debate started with the idea of "free trade" in the eighteenth century. During that time trade, like all other economic activities, was generally conducted under a doctrine known as "mercantilism" in which the state played a central role. However, the practice of direct state interference in trade began to break down and to be replaced by "laissez faire," (no state intervention in trade matters), a doctrine believed to have been initiated in France.³ But it was in England that 'laissez-faire' received a full idealized spectrum. An English philosopher, Adam Smith, stimulated by the concept of "laissez-faire," formulated a comprehensive theory that was sufficiently convincing to serve as a foundation in the field of economics to this day.

One significant contribution of Smith's work which has a particular relevance to this study, was his inquiry into "the wealth of nations." Smith argued very persuasively that economic development is a result of expansion of the market within a society. Market expansion, according to him, allows individuals to gain from the division of labor. For Smith, the division of labor and the expansion of free trade are the foundation of economic development. He rejected the notion that 'land' was the principle source of wealth and value. On the contrary, Smith argued that 'labor' was the most important factor in

creating wealth and value. He suggested that if controlled by the "invisible hand" (i.e., supply and demand), labor would produce large scale social regularities. Smith not only opposed state restrictions on trade, he also believed that the market could be a self-regulating instrument of the economy and that "supply and demand" were the most powerful mechanisms to control production and distribution of goods and services that are most needed.⁴

The idea that individuals seeking their own self-interest could bring about social and economic progress came to fit in nicely with the rising spirit of modern capitalism in Western Europe, as articulated by Max Weber. Substantively, the Weberian thesis postulated a link between the Protestant Reformation and the development of modern capitalist economy. Weber's argument is very persuasive, especially in this context. Like Smith, interested in "laissez faire" economics, Weber was fascinated by the economic motives of "Protestant ethics" and the doctrine of "predestination" -- a belief that one's fate in the heavenly Kingdom of God is determined long before one's birth, whether it be salvation or damnation; no human efforts could therefore alter God's plan. This doctrine, according to Weber, left the faithful Protestants with a profound uncertainty about their destiny. Many responded by trying to achieve success in life to prove they had a place among the chosen. Thus, the

pursuit of material success was deemed to be a way of assuring that one's fate with God was pure and honorable.⁵

Weber found this belief to be the key factor in the development of modern capitalism in Western Europe for it prepared the ground for economic take-off. The idea was to acquire wealth by working hard and to spend little on luxury. This commercial imperative seemed to leave the adherents of the Protestant faith with few options; they could either save the surplus, reinvest it or do a little of both. With the accumulation of capital and entrepreneurial skills and with the industrial revolution underway as part of the process, the Protestant communities in Western Europe were set for economic take-off.

Things may not be very different in an analysis of the economic spirit in the process of secular change. The evidence suggests that people make economic choices in order to improve life chances and their standard of living. This implies, at least in some circumstances, that material prosperity may increase without imposing major changes on social structure and cultural patterns. Informal economic activities in Africa can also be seen as training ground for the entrepreneurial skills and the development of intermediate technology, both of which have great relevance and potential for capital accumulation and economic “take-off.”

The similarity between the "Protestant ethic" and the so-called informal economy is the motive that guides individuals to exploit the opportunities they have in order to shape their own destinies. The Protestant entrepreneurs, we are told, were motivated by religious zeal in their pursuit of success while the motivation of the informal sector entrepreneurs is purely economic. That is, informal economy is the process through which individuals pursue diverse occupational skills and commercial activities in order to survive economy and to improve their living standards.

In a careful examination of changing African societies and economies, one recognizes that a major factor promoting social change is the desire for a higher standard of living than is possible under the current state of political economies. This desire is manifested by the movement of people from rural to urban areas in search of a "better life." With little or no restrictions on entry, anyone with skill and a small amount of money can start a business enterprise in the informal sector. The question is whether or not informal sector enterprises are capable of generating an economic surplus and if so, how will that surplus be utilized? What is conventional, however, is that the informal sector is a source of income for those who cannot find adequate employment opportunities in the modern industrial sector.

From the perspective of African societies and economies, the informal sector represents a complex socio-economic and commercial life about which very little is known. It involves many types of activities and social networks in which people relate to one another either as masters and apprentices or as traders and buyers. They interact economically in their own interests and on their own terms with minimal or no formal regulations and no record keeping. Notwithstanding, before exploring the details of the informal economy in Africa, one should have some knowledge concerning the concept of economic development and the limitations of conventional development models in sub-Saharan Africa.

Defining Economic Development

The term economic development has been defined in a number of ways. For example, Michael Todaro, a proponent of development economics, defines economic development as "the process of improving the quality of all human lives." He then outlines three major aspects of development: (1) raising people's levels of living -- their incomes and consumption levels (medical services, education, etc.); (2) creating conditions conducive to the growth of self-esteem through the establishment of social, political and economic

systems and institutions which promote human dignity and respect; (3) increasing the freedom to choose by increasing the varieties of economic goods and services.⁶

The United Nations Development Programme (UNDP) defines economic development as follows:

Development is a process of fundamental social and economic change in all sectors of a society. It depends on many factors: the industrialization process and policies, health, education, agricultural development policies, nutrition, social stratification, ownership of means of production, access to productive inputs etc. Moreover, these factors themselves vary widely over time and from one country or area to another. Therefore, there is no single feasible, optimal or politically desirable set of strategies and policies that can be prescribed as the best solution applicable to all circumstances.⁷

Another definition of development is provided by A.J. Schumpeter. For him, development is not merely economic growth; it is "changes in economic life" that are not forced upon a society from without but arise by their own initiative from within. According to Schumpeter, every concrete economic process must rest on the preceding development. For Schumpete, "the key motivators" of economic development, are leadership, credit, entrepreneurs, capital and the market.⁸

Professor Simon Kuznets, who was awarded the 1971 Nobel Prize in economics for his analysis of historical growth of national incomes in developed

countries, characterized a nation's economic growth as the "capacity to supply increasingly diverse economic goods to its population." This increasing capacity, according to Kuznets, is based on advancing technology and the institutional and ideological adjustments which it demands. Kuznets believed three components are equally important in the economic development of a country – capacity, technology and institutional ideology.⁹

From the above definitions, one can now say that although advanced technology is a condition for continuous economic growth, it is not the only condition. Thus, in order to realize the potential inherent in technology, institutional, attitudinal, and ideological readjustments must be made. Mere industrialization without concurrent changes in social institutions and attitudes, according to Kuznets, is like electricity without a light bulb; the potential exists but nothing will happen.

Historical Evolution of Development Models

In discussions of economic development in Third World societies, a particular attention must be paid to the historical evolution of contemporary development models. It has been suggested that tangible development strategy rests upon a process in which private entrepreneurs (formal or informal) are

key players because they have the “motivation” to take initiatives to bring together factors in producing goods and services that are most needed. A statement made by Judith Heyer, a Professor of Economics at the University of Nairobi, Kenya, makes the point:

The literature on development (in Africa) is full of statements implying that if external intervention did not take place there would be no development at all... This is certainly not true. It does not take into account the remarkable expansion in the production of crops (and commodities) for export and for domestic markets by African producers acting on their own initiative... [But], this is not what the promoters of development have in mind when they urge 'development'. Development [for them] is an activity of government, not of the people. Thus, development is undertaken for people, not by them.¹⁰

The conceptual analysis of economic development evolved into a disciplinary subject and found a place in neoclassical economic theory in the early 1940's. During that decade a group of economists began to publish articles and books about economic development. Among them was Paul Rosenstein Rodan, a respected authority on the history of economic thought, who was regarded as "an ideal envoy" of continental European culture and scholarship.¹¹ In an article published in 1943, Rodan raised the issue of economic development. His main thesis was the existence of an agrarian

excess population which he believed to be either "totally or partially unemployed."¹²

From this point of view, the waste of labor was considerably greater in poor agrarian societies than in industrialized countries. According to Rodan, industrialization of "depressed areas" was in the general interest of not only poor agrarian societies but of the world as a whole. He argued that if the principles of international division of labor were to be applied, labor must either be transported toward capital (emigration) or capital must be transported towards labor (industrialization) "to maximize the world income." Rodan was convinced that to move labor to capital was not feasible on a large scale as emigration and resettlement would create difficulties in both the source and host areas. For Rodan, the solution would have to be "industrialization."¹³ Nevertheless, from the perspective of the so-called depressed areas, Rodan's assumptions have yet to be proven; neither academics nor the development agencies are forthcoming with coherent explanations or conclusive answers for the deadlock. As William McCord observed;

... One must admit that foreign aid was not a panacea to the problem of capital formation. The original Marshall Plan was a great success but it was, after all, devoted to the reconstruction of a modern Europe and Japan which already had the skills, the technological knowledge, the mineral resources, the managerial experience, and even the work ethic

necessary for re-industrialization. With such advantage, Japan and Germany could readily absorb the most advanced technology of the 1950's and, in fact, emerge as "miracles" of economic growth.¹⁴

In the case of sub-Saharan Africa, the working class population is trapped in the dead-end of 'structural adjustment' policies and a way out is too difficult to determine. As McCord rightly put it, "foreign aid" was not a remedy to the problem – as only a small fraction of the labor force has been absorbed by the so-called industrial sector. Thus, the debate on economic development in "depressed areas" continues.

Modernization Theory

Radical changes which occurred in the global political climate after World War II created a new basis for social research. Social scientists, assigned themselves the task of explaining which development model worked as a blueprint for underdeveloped world. A.G. Hopkins summed up economic development optimism among social scientists as follows:

This was the moment of optimism, when economists seemed capable of planning prosperity for the underdeveloped world, when sociologists and social psychologists felt certain they could convert Weberian Traditional Man into a Marshallian maximizer, and when systems analysis seemed to have reached the point where political scientists

knew what inputs, through-puts and outputs were needed to maintain stability in a decolonized world.¹⁵

Before labor market theories were formulated in the mid 1960's to explain "primary" and "secondary" sectors of United States' inner cities, sectoral dichotomies had been considered as the outstanding characteristic of Third World societies and economies.¹⁶ Therefore, when social scientists began their studies of "underdevelopment" early in the 1950's, they noted that the economic systems in Third World, particularly in Africa, could be explained in terms of the distinctions between what they called 'traditional' (rural /agricultural) and 'modern' (urban /industrial) sectors. These distinctions parallel precisely Durkheim's "mechanical" and "organic" societies in classical sociology.

The question for Durkheim was how people form a coherent society and the nature of their relationship to one another as society becomes more complex. Durkheim tried to answer this question in his first major book, "The Division of Labor in Society," published in 1893. In the book Durkheim identifies two essential factors in the development of human societies, (1) an increase in physical density of the population and (2) a development of vibrant social interaction among individuals sharing common values. When these developments occur, according to Durkheim, they produce an intense division

of labor in which the society becomes more complex. Durkheim therefore suggested that with such a complexity, society becomes more flexible in dealing with changes in both internal and external environments. From this, he distinguished between two types of society: "traditional" and "modern," with very different forms of social cohesion or solidarity. Traditional society, according to Durkheim, is based on a simple division of labor and common lifestyle, which he calls "mechanical." He contrasted this with modern or "organic" society, in which the division of labor is more complex. Urbanization, population movement from rural to urban areas, was therefore understood as a process of structural change in which economic activities were to be shifted from the agricultural sector to provide man-power needed under the division of labor. This idea was later adopted by Arthur Lewis and others in the formulation of the "labor supplies" theory, commonly known as the "modernization development model."

After the publication of Arthur Lewis' paper in 1954,¹⁷ much of the literature on Third World development centered around ideas similar to those of Durkheim and Rosenstein Rodan, mentioned earlier in this chapter. Like Rosenstein Rodan, proponents of the modernization theory saw the ample labor force in LDCs as a resource for, rather than an obstacle to, economic

development. For example, Lewis' basic thesis of development is that 'Third World' economies consist of two sectors: a rural or agricultural sector which he characterized as having zero or very low productivity with "surplus labor" and an urban or industrial sector which he assumed to be a highly productive area. Lewis concluded that for economic development to occur, the 'surplus labor' from the subsistence agricultural sector must gradually transfer to the industrial sector. This transfer was believed to be socially beneficial because human resources were to be shifted from locations where "marginal products" were assumed to be zero, to areas where marginal products were not only positive but rapidly increasing as a result of "capital accumulation" and "technological progress."¹⁸

A similar view was advanced by W. Rostow (1960). For Rostow, in order to develop economically, all countries must pass through what he called "the five stages of development," the traditional society, the pre-conditions for economic take-off, the economic take-off, a drive to maturity and the age of high mass-consumption. Rostow defines development in terms of "economic growth," therefore, economic take-off is considered an industrial revolution tied directly to the production process. Although he did acknowledge the consequences of industrialization on the social structure, Rostow believed rapid economic

growth in the manufacturing sector to be a powerful element of high productivity in economic transformation. Thus, "radical changes" in the social structure were beneficial because "productivity" places income in the hands of men and women who will not only save a high proportion of their "expanding incomes" but will also plough a portion into high productive investment portfolios.¹⁹

When these assumptions were compared with empirical evidence, it became clear that the criteria and definitions of each of the stages and the clear-cut boundaries between them were too elusive. Weaknesses in the migration model have also been highlighted by critics of the model. For example, the assumption of the existence of employment opportunities in urban areas is not realistic in the context of the economic framework of most developing countries. Thus, both Lewis and Rostow have been criticized for showing little concern for diversity and especially for their failure to match theory with the historical and socio-economic circumstances of developing countries. Michael Todaro, a critic of the modernization theory, wrote:

The first essential of any economic theory or model is that it should be capable of explaining the economic realities of nations and regions. Any theory or a set of principles must of necessity be based on simplifying assumptions and abstractions; but the type of assumptions or abstractions chosen cannot be decided in a vacuum. They must fit the realities of nations and must be appropriate to the characteristic features of economic life [of the people involved] as recorded by

observation and experience. Moreover, theories and principles which might be valid and appropriate for one type of economy in a given region or at a given moment may not be valid for other societies at the same or at different times.²⁰

Peter Preston (1986) also criticized the modernization theory, referring to it as something like "a consensus" within orthodox development studies, for "it regards 'economic growth' as a blueprint for development."²¹ Another critic, Andrew Webster, was probably correct when he said: "The more information we obtain about the past and present of Third World societies, the more evidently limited are the conventional development theories."²²

To know that economic development is not simply economic growth is essential to understanding the socio-economic reality in most African societies. The belief that any economy that grows is likely to develop, has little real meaning in Africa's development context. Some African countries have experienced economic growth but the result of that growth was not economic development. For example, Robert Clower entitled his study of the Liberian economy, "Growth Without Development" (1966). He described the rapid rise in Liberian export of primary commodities from properties owned largely by foreign companies; However, he found that no structural or institutional adjustments were made in order to diffuse gains in real income among all

sectors of the population. Clower concluded that economic development would take place in Liberia only if more and efficient production techniques were adopted, the relative size of the skilled labor pool were increased, more social overhead capital (roads, electrical power facilities, schools) were available, more and better public services provided, and subsistence economy were integrated into national and international markets.²³ Clower's assessment is essential in this context because it points out the familiar development experience which all African countries seem to share.

Dependency Theory

A well organized opposition to the modernization theory came from the Latin American school of dependency. Historically, the political and economic circumstances in Latin America between the decade of the 1950's and 1960's, created a demand for a theoretical approach and methodology that was not provided by orthodox Marxist writings on capitalism and revolution. Consequently, the Economic Commission for Latin America (ECLA), under the directorship of Raul Prebisch, entered into a debate concerned with 'dependency and underdevelopment.' Andre Frank, a noted proponent of the dependency theory, argued that before the Industrial Revolution most people living in what

is now called "Third World" were actually better off economically. According to Frank, the development of the "First World" societies (Western Europe and North America), paralleled underdevelopment in the "Third World."²⁴ In other words, the increasing economic prosperity in the industrialized countries of the West has come largely at the expense of Third World countries, where resources and "economic surplus" were pulled from the poor nations to the more advanced countries. Walter Rodney (1972) made a similar argument about Africa in his book, "How Europe Under Developed Africa,"²⁵ Rodney sought for answers as to why capitalism did not generate economic development in Africa as it had done in Western Europe and North America.

In the political domain, events in Latin America during the period of the 1950's and 1960's, as noted by Schuurman (1993), were particularly significant in the birth of the dependency theory. For example, the Cuban Revolution in 1959 presented Latin America with the possibility of "socialist revolutions."²⁶ Furthermore, according to Schuurman, the 1964 military coup d'etat in Brazil led to a policy that opened the gates for foreign capital but resulted in increasing marginalization of the working class. Schuurman also points out that the U.S. invasion of Dominican Republic in 1965 caused a further popular uprising against imperialism in Latin America.

Thus, the dependency school provided a forum for debates on the issues surrounding economic and political crisis in Latin America and rest of the Third World, where proponents of the theory argued that both capitalism and imperialism were more likely to lead to underdevelopment than to development (F. H. Cardoso, 1972; Frank, 1975). Similarly, advocates of the world system approach also asserted that several potential revolutionary actors other than wage laborers such as the nationalists, peasants, women's rights groups and religious movements -- that historically exist throughout the World, "protest the injustices of the existing world system."²⁷ Thus, the basic argument of both the dependency and world system theories is that the world system of capitalist development, historically, stems from the exploitation of poor countries by the rich countries and has produced underdevelopment in the "periphery" whose economic surplus was expropriated for development of imperial countries. Therefore, proponents of these theories proposed that dependent nations break with imperialism and its international system of capitalist exploitation.

A Critical Analysis of the Models

Despite their far-reaching ideological contrast, modernization and dependency theories have been fairly successful in providing expanded knowledge and insights into economic development in "Third World" societies and economies.

However, models are only methods of analysis; they must not be seen as revealed truth. One major weakness of neoclassical development models is that they seem to ignore the market process and the importance of entrepreneurship in economic development.

As stated earlier, Africa was the last continent to be included in the world colonial system. However, the colonial economy did not help to integrate Africa's traditional market system. Instead, colonial administrations created economic systems in which foreign traders monopolized the private sector. This situation has not changed much; even after independence the 'bourgeoisie' and working classes were still underdeveloped.

Thus, any effort to analyze Africa's economies cannot afford to ignore the importance of the informal sector and the enormous market it provides. The reality is that the informal sector forms a major segment of African economies by keeping the market alive and by hosting a wide range of economic activities through entrepreneurship. This is the main focus of this thesis.

The Advent of Informal Sector Paradigm

In discussing a subject as debatable as the informal economy, one must first try to understand the concept and terminology used to describe it. The

subject of informal sector is very vague. There is little consensus about what exactly constitutes an "informal economy." Activities that go under the subject ('informal economy') have several names and meanings. They are called the parallel economy, second economy, free-market, household economy, moonlighting, unorganized economy, black market, hidden economy, off-the-book and underground economy. These terminologies reflect the difficulties inherent in understanding the reality of economic activities that do not fit comfortably into conventional development models.

The difficulties arise because much of the employment and output of the informal sector is not adequately explained by conventional economic theories. To some, the informal economy is almost exclusively those activities that operate illegally; to others it is a casual way to generate untaxed income.²⁸ Yet, the informal economy represents a major source of employment in most developing countries and many terms and phrases have been formulated to describe these activities and transactions that are not reported in the economic statistics of the state.

The informal sector paradigm is conventionally dated from the appearance of Keith Hart's article on Ghana in 1972. In his study of the low-income population (the Frafra) in Accra, Hart found that price inflation,

inadequate wages and an increasing labor pool which the market could not absorb, led to a "high degree of informality" in income-generating activities.²⁹ According to Hart, the urban informal sector is not limited to any one type of activity.

The International Labour Office (ILO) acknowledged the informal sector and characterized it as economic activities that operate "outside" of government regulations. Since then, there has been debate among scholars concerning many aspects of informal economy. Initially, it was seen as a temporary phenomenon but during the beginning of the 1980's it became clear that the informal economy was actually a growing economic reality making contributions to many Third World economies.

Various attempts have been made to describe the informal economy. For example, Chris Gerry (1987) defined the phenomenon as "survival strategies" for the Third World working class.³⁰ Writing about the same subject, D.K. Bhattacharyya (1990) used the term "hidden economy" to describe the activities that "escape" national economic accounting,³¹ while Edgar Feige (1990) defines the "underground economy" as the income that because of unreporting or under-reporting, is not measured by official statistics.³² Arvind Panagariya (1990) defines the "parallel economy" as "those activities that are

characterized by lack of formal transactions."³³ The 1972 Nairobi conference organized by the ILO, listed the following as characteristics of informal economic activity (Bromley, 1979):

1. ease of entry
2. reliance on indigenous resources
3. family ownership of enterprise
4. small scale of operations
5. labor-intensive and adapted technology
6. skills acquired outside the formal school system
7. operates in unregulated and competitive markets

No matter how one judges it, the informal economy is a proven social and economic reality in Africa and beyond. Therefore, it cannot be ignored in attempts to confront the economic and political challenges in contemporary African states and societies.

The concept of "informal economy" was adopted by the Regional Employment Programme of the ILO for Latin America and the Caribbean (PREALC/ILO); in the formulation of the "employment model," it was reported that the PREALC in Colombia, Sri Lanka and Kenya revealed similar characteristics of employment problems common to all Third World countries.³⁴ According to Paul Bairoch's monograph published in 1973, the ILO program staff in Latin America explained the rationale for the informal economy.³⁵ They defined it in

terms of bringing into the labor market requirements and goals which they believe are different from those of the modern capitalist economy.

The Cairo Papers in Social Science at American University in Cairo, have also contributed to the informal sector debate. In 1982, Donald Mead published a study of furniture manufacturing in Cairo. Focusing on specific trades, he characterized the informal sector as "a training ground for entrepreneurs."³⁶ Abdel-Fadil, an economist working for ILO, enumerated the "informal sector" in Egypt (see CPSS, June 1983). A study of "squatter Markets" (mostly fruits and vegetables) carried out by Taros and Feteeha is also included in a collection entitled the "Informal Sector in Egypt."³⁷ Other notable studies on the subject were compiled by Hopkins in 1991.³⁸

Theoretically, two opposing views have emerged in the informal sector debate. There are those who contend that the informal sector economy is not a promising economic strategy (R. Junguito and C. Caballero, 1982; Henry Stuart, 1978); William Reno, in his study, "Who Really Rules Sierra Leone," came to a similar conclusion. He maintained that the informal economy exists at the expense of state power.³⁹ R. Matthews and J. Young also believe the informal economy to have negative and illegal connotations.⁴⁰ According to these writers,

the informal economy can be a "threat" to the economic, political and moral stability of a society, therefore they propose stricter control of its activities.

By contrast, other observers, especially those associated with ILO, believe that legislative and administrative systems must be reformed to 'free the initiative' and economic potential of informal commercial enterprises. At its fifteenth International Conference of Labour Statistics held in January, 1993, the ILO adopted a resolution which declared that:

The informal sector may be broadly characterized as consisting of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small-scale. Labour relations (where they exist) are based mostly on casual employment, kinship, or personal and social relations, rather than on contractual arrangements... (The) activities are not necessarily performed with the deliberate intention of evading the payment of taxes or infringing labor, or other legislative or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities of the hidden or underground economy.⁴¹

It was further stated that existing formalized institutions and their bureaucratic arrangements were losing ground in providing the necessary resources to sustain life. The Office of Special Coordinator for Africa and Less Developed Countries (OSCAL) at the United Nations also shares this concern.

According to OSCAL, "more than 20% of Africa's gross domestic product is produced in the informal sector" and in addition, "it employs more than 60% of the urban labor force."⁴²

A Brief Summary

A considerable amount of effort has been made to establish the theoretical basis of economic development. In this chapter it is argued that conventional economic development theory is inadequate and inconsistent with the social and historical reality of most LDCs, therefore, it cannot satisfy development circumstances in most Third World societies. It is further asserted that the role the informal economy can play in the economic development process is fundamental because it promotes the market economy that makes development possible. This does not minimize the importance of capital, technology and other relevant components; in fact, the market approach has the potential to make all of these components function even better. Industrialization without the development of entrepreneurship and concurrent market institutions is like electricity without a light bulb; the potential exists but nothing will take place.

Not too long ago less developed economies were characterized as being comprised of two economic sectors: the traditional agricultural sector and the urban industrial sector. Much of the debate about economic development in the LDCs is centered on this dichotomy. The dualism models focus on structural differences between traditional and modern sectors, assuming no economic

integration and no technological diffusion between tradition and modernity. It was assumed that the "modern industrial" sector would expand rapidly to a point where it would eventually drive the traditional sector out of business.

These assumptions have been refuted by many scholars on economic development. For example, from examining urban employment problems and the performance of labor markets in LDCs, S. Kannappan (1983) found that prevailing development theories are "misleading and oversimplifications." He pointed out that they not only ignore substantial overlaps of tradition and modernity, but they also underrate the resilience and relevance of traditional order in economic transformation.⁴³ Kannappan concludes that the very idea of sectors obscures the way in which people creatively combine old traditional skills and new ideas to institute an evolving economy.

Similar remarks were made by A. Pio, who suggested that it would be useful to first concentrate resources on traditional technologies that are initially more productive in order to speed up capital accumulation and to "shift to modern (capital-intensive) technology" only after capital stock has reached a certain level.⁴⁴ It is evident that the focus on the informal sector in contemporary African economies is due to the fact that it provides livelihood and employment for so many people.

The popularity of the informal sector debate increased in the 1970's as a result of growing poverty in the Third World and the visibility of micro-enterprises and unregulated entrepreneurial activities. Consequently, new terminologies—such as the informal economy, petty commodity production and free-market economy were introduced. Theoretical and methodological approaches are still being debated.⁴⁵ Apparently, the informal sector paradigm has raised concern about the limitations of conventional development theories, both as theoretical concepts and as a basis for policy recommendations. The evidence shows that self-employment in small informal enterprises has been very functional in absorbing a large proportion of the labor force in most LDCs.⁴⁶

From social scientific perspectives, the relationship between the informal sector and socioeconomic development can be traced to early social thinkers like Adam Smith, Durkheim, Weber and others. In classical political economy, the nature and role of “civil society” was closely connected to both the theory and the practice of economic and sociopolitical development. In Africa, the equivalent of 'civil society' is the informal sector. The chapters that follow examines the development of market economy, how it is organized in the informal sector and its operation in an African country such as Sierra Leone.

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CHAPTER FOUR

AFRICA'S TRADITIONAL ECONOMY

Every society has an economy and in principle the economy can be marked off from other spheres of action like polity or the family.

- M. Nash, 1966:3

Trade in Traditional Economy

It is now more than two decades since the concept of informal economy was inaugurated in 1972. Many intensive discussions and empirical research studies addressing the growth of small informal enterprises in developing countries have emerged. However, there is still no widely agreed upon delimitation on the definition of informal economy.

Perhaps, a good analogy of informal economy in sub-Saharan Africa would be a story of the elephant and the blind men who could not see the elephant but after they had touched different parts of its body, they were asked to describe the animal. Each man described the elephant differently;

their descriptions were based upon the part of its body touched. The man who touched the trunk of the elephant said: "It is a big long animal, like a snake." The one who touched the elephant's ear said: "It is a wide and flat animal, like a very large fan." The third man who grazed his hands over the elephant's body said: "It is like a small house."

Although each of the men described the elephant differently, their descriptions suggested that they all perceived it to be a very large animal -- either long, flat or tall. Of course this story is fiction but it illustrates that, like the elephant, the informal economy can be described in a number of ways. It has many dimensions and appears in many forms, its description depends upon who is telling the story and what aspect one is talking about.

As indicated earlier, informal trade is not a new phenomenon in Africa's economic practices; it is much older than modern African states. Formerly, it attracted little attention because it does not fit well within the framework of established economic development models. Therefore, the informal sector economic debate was initiated because conventional development models do not correspond comfortably with the historical evidence and empirical reality of most developing countries.

The purpose of this chapter is to tie together historical material discussed in chapter two and empirical evidence. It tells the story of the organization of indigenous markets and informal networks of trade in West Africa and, for comparative purposes, presents materials drawn from a number of sources dealing with African markets and economies. It also attempts to provide insight into the general profile of Africa's indigenous economy in which informal "market" has always been an integral part.¹ Although once seen as old fashioned, inefficient, unreliable and primitive, historically, informal economic practices in Africa have been extremely important to African economies. The point here is that, theoretically speaking, "state control" of the market is fundamentally a matter of dispute. The concept of "free market" has been a debatable issue since the publication of Adam Smith's "Wealth of Nations." Sometimes it is the power of the state over the market that is underscored and the state is seen as the only acceptable actor in the development of the market as well as the economy.² In such a case, the informal economy is seen as "insignificant" and "unreliable" because it constitutes activities that are "unregulated" by the state government. At other times, the argument takes the opposite direction in which emphasis is on non-state intervention in matters concerning the market. Schumpeter (1954), for example, argued that the

impulse of 'free market' philosophy in the nineteenth century was simply "surfeit with bureaucratic over-administration," which he believed became so strong that it was difficult to alleviate. He further argued that the philosophic flavor of free market doctrine was held as part of "natural rights," which implied the right to trade as one pleased.³

From this perspective, one can make a comparison between the free market philosophy in the nineteenth century and the concept of informal economy in the twentieth century. In the nineteenth century, according to Schumpeter, the 'free market' philosophy in Europe implied 'the right to trade.' In the twentieth century, the concept of informal economy in developing countries, especially in Africa, is considered as 'the right to survive' economically.⁴ As shall be argued in chapter five, the informal sector plays an important role in African economies not only in the production of goods and services but in training and entrepreneurial skill as well as in providing social welfare to those concerned. As conflicts and crises unfold in African nation-states and "foreign" investors withdraw their capital, most of the population turn to the informal sector for economic survival.

In 1981, the World Bank published a study on economic crisis in Africa. The document, popularly known as "The Berg Report," was prepared under

the supervision of Elliot Berg, one of the Bank's principal ideologues on economic development issues. The report sought to analyze the reasons for widespread economic crises in Africa and to prescribe a course of action to "accelerate development." The report suggested that the economic problems creating the crises in Africa were the result of domestic policy shortcomings. The slow economic growth of the continent was understood to be a reflection of domestic policy biases in favor of large-scale industrialization. It concluded that the key to accelerating development in Africa would be the expansion of agricultural exports produced largely by peasants and small farmers whose activities would be encouraged by a significant increase in their net return. This increase, according to the report, could be achieved by "reducing the state control" over prices and distribution of both farm inputs and outputs. Investment savings in this sector would then be "production-focused" with relatively high potential for large farmers to spearhead the introduction of new methods.⁵

The significance of the Berg report, however, is that it was probably intended to set the agenda for Africa's development debate; its attack on government policies in development issues provided a forum for such a debate. Most of the major studies published in that period either followed the lead of

the Berg report or entered into debate with it. There were those who believed that the state is the most important factor in development because it has the ability to influence economic activities by regulating the market and controlling prices. But this belief was not without challenge. Others asserted that the role of the state in development is largely a burden to economic growth.

Rimmer's study of West African economies (1984), for example, covers the sixteen member states of the Economic Community of West African States or ECOWAS. In discussing economic structures, populations, labor forces, and external trade, Rimmer and his associates criticize African governments for having taken a central role in development. They argue that the state administrative control of capital investment is not the solution for economic development.⁶ Another volume also compiled by Rimmer (1993), addressed the issues of development in sub-Saharan Africa. The studies in this collection focus on economic and political liberalization and world market conditions versus collective self-reliance, foreign debts and development of the human factor.⁷

Robert Bates (1983) also edited a volume consisting of five essays. This volume is basically an extension of the 'urban bias' theory which asserts that the state has systematically pursued policies that were not only harmful to

agriculture but also economically detrimental. The essays address such themes as the effect of the colonial economy on rural Africa and the nature of public policy in post-independence states.⁸ They express the belief that the managerial competence and disciplinary attitude of most African countries are simply not up to the task of modern states. These views, although not necessarily compatible when tied together, support the "roll back the state frontiers" – an argument that the state must either withdraw from economic management or be by-passed by domestic 'civil society' or non-governmental organizations.⁹ Such arguments cast light on the controversy surrounding the concept of the informal economy in Africa.

From an analytical perspective, many "pro" and "con" arguments about the economic significance of the informal sector have emerged. There are those who argue that the sector is not a promising economic strategy. From this point of view, the informal economy is only a temporary phenomenon resulting from "bureaucratic inefficiency" and "political intrusion."¹⁰ As disclosed in chapter three, authors such as Junguito and Caballero (1982), Stuart (1978), Matthews and J. Young (1986) share the view that the informal economy can even be a "threat" to the economic, political, and moral stability of society. On the other hand, persons associated with the ILO see the informal economy in

developing countries as a permanent and necessary part of the African economy and they believe legislative and administrative systems of African states must reverse themselves to free the potential of informal economy. It is this latter position that our attention will now focus .

Bazaar Markets in West Africa

There is a substantial amount of evidence that informal or unregulated trade and markets have always existed in sub-Saharan Africa -- in agricultural and pastoral communities and in rural and urban societies; in these societies commodities have been openly exchanged in the market place.¹¹ Before the formation of political economy in West Africa, commercial activities were not subjected to state control. Markets and trade were free and open. "Free market" was the rule of indigenous economies.¹² The practice of informal trade as a right was a very powerful tool which African traders used to their own advantage throughout the colonial period and beyond. Hopkins was probably correct when he noted:

Older views of the development of the West African economy stressed the importance of external influences, particularly colonial rule, and focused on a comparatively short ... time span. The colonial rules were thought to have started with a static, subsistence economy, and to have brought about a transformation which was almost as impressive as that

once achieved with the loaves and fishes... But recent research has revealed the inaccuracies of the myth of primitive Africa [and] has emphasized the role of the indigenous population.¹³

A debate over which economic model was more applicable to the study of post-colonial societies was inaugurated in the early 1950's. Many of the theoretical paradigms of that debate have subsided; some were even irrelevant from the start. Nevertheless, most of the central issues have survived to this day. In the case of West Africa, scholars first began their economic analyses with the focus on such topics as the development of indigenous socio-political and economic institutions and African market systems. The question then was which theoretical concept was most appropriate for the study of "tribal" societies and economies. Some progress was made in terms of research and publication, especially in ethnographic and cross-cultural studies. For example, following the publication of Karl Polanyi's study, "Trade and Markets in the Early Empires" (1957), a controversy arose, mainly within the field of economic anthropology, over the applicability of conventional economic theory to the study of "tribal" societies and economies. The debate crystallized on opposing views; one group contended that conventional economic theory should be applicable to analyzing all types of economies, the other believed a different

theory was needed. These two opposing ideas were characterized as "substantive" and "formalist" theories.¹⁴

Until the publication of Polanyi's study on trade and markets, most contributions to economic anthropology drew heavily from general traditional economic doctrines, arguing that if an economic theory does not hold for the whole of humanity, it is meaningless. However, the view of the universal relevance of economic doctrines was strongly challenged by Polanyi and his associates. Contrary to this view, they argued that the concept of "formalist" economic analysis is inadequate and should not be used as a general theory for the study of economic systems in all places and all circumstances. They proposed instead what they believed to be a new and more appropriate conceptual scheme for analyzing non-conventional economic systems. This "new scheme " later became known as "substantive economics."¹⁵

The Organization of African Markets and Trade

In the context of this discussion, some useful distinctions need to be made with regard to the concept of "market" and "trade." The word "trade" is commonly used to describe many types of activities such as profession, specialization and any type of extensive commercial transaction. Similarly,

"market" refers to commercial transactions for the purpose of generating a profit, however, it is not the same as selling a portion of one's produce, which is an integral part of subsistence farming. Thus, selling one's own produce and buying one's needs are not considered "trading or marketing." Unless otherwise specified, both "market" and "trade" as used here, mean commercial ventures.

Trade and market were special kinds of economic exchange in West Africa. Market places were regarded as important elements of indigenous economic organization throughout sub-Saharan Africa. By definition, "market places" were usually designated sites where buyers and sellers met for the purpose of economic exchange. Studies of West African markets show the commercial intensity and the type of commodity exchange, such as cattle and kola. However, very little has been done to reveal the nature of their informal character in both the operation and organization of activities.

With regard to trade in West Africa, data concerning patterns of pre-colonial economic exchange would be helpful in understanding the growth and development of informal economy. It has been established that various types of market systems -- pre-colonial, colonial and post-colonial -- have existed in West Africa. Additionally, historical and ethnographic data have revealed the growth of African domestic markets and identified market places. Paul

Bohannon and George Dalton, two well articulate representatives of the "substantive" school, have compiled a number of studies under the general theme, "Markets in Africa" (1965). This volume contains a body of concrete data from eight studies committed to the substantive theoretical position. They describe changes in African economic activities as follows:

It seems clear that the economic changes occurring in Africa today are of two sorts that must be analytically separated, even though they occur together. These are, on one level, extensive changes in institutions. On the other level, those economic activities organized on the market principle are expanding, with a concomitant attenuation of redistribution and reciprocity. Obviously, these... modes of transaction may be present simultaneously in any society. However, the "mixture" of the organizing principles of African economic life is in flux.¹⁶

Evidence provided by B. W. Hodder (1965) reveals that a majority of the traditional markets in sub-Saharan Africa received their initial stimulus from external and long distance trading contacts. Hodder argues that for a traditional society to develop market institutions two conditions were necessary: 1) a sufficiently high density of population, and 2) an organizational capacity to conduct and maintain the market.¹⁷ A volume edited by Meillassoux (1971) gives an overview of general research themes -- the adaptation of European trade in African; the impact of modern capitalism on African trade and economy; trading areas and market centers; the changes of trade patterns;

long distance trade; trade and social organization and the development of "specialized" trading groups. This collection is an especially valuable source not only because it emphasizes the need for a comprehensive approach to the study of West African markets, but also because it contains chapters in both English and French and each chapter is followed by a summary in the other language.¹⁸

With regard to the scope and organization of domestic trade, an excellent study was carried out by P.T. Bauer (1963). His book, WEST AFRICAN TRADE, analyzes those aspects of West African economies that bear significance to indigenous trade.¹⁹ Robert Smith (1978) also compiled a number of studies which emphasize "periodic marketing" and "market-places" in West Africa.²⁰ Another ethnographic study, a combined work by Hodder and Ukwu (1969), specifically examines indigenous markets in the Yoruba and Ibo societies.²¹ Ralph Austen (1987) also studied indigenous markets and African economic history.

The relevance of these studies to this inquiry is that all are organized around common themes such as market places, periodic marketing, over-land trade and traveling traders, and all describe informally conducted transactions in both rural and urban economic practices in West Africa. Furthermore, most

of these studies draw their conceptual analyses from the "central place" theory to explain size, number and distribution of indigenous market systems.

The intellectual roots of the "central place theory" are attributed to the works of two German scholars, Walter Christaller (1933) and August Losch (1940). However, during the 1950's and 1960's, the central place theory was seen as a convenient conceptual framework for the study of human geography, especially in the context of economic interdependence between rural and urban sectors. The theory seeks to provide an explanation for the number, size and locations of urban settlements and the accessibility of resources.²² The locations of market places has a special significance to this study.

The importance of the location of indigenous economic activities or market places should be emphasized because it has both practical and theoretical significance. Even in countries where the free market enterprise system or the capitalist way of life is denounced, the city remains the principal center of economic activity. Therefore, the issue of informal economic sector in modern cities of Africa is relevant as it helps to understand the relationship between the 'bazaar markets' and the rest of African economy. This point is made by P.T. Bauer who wrote:

[Indigenous] trade represents a section of the [African] economy which has no direct contact with European traders or Western methods. Its organization is often closely connected with local customs and with the family and tribal system; unlike external trade, it has not, until recently, presented serious economic and political problems to [the state] administrators, and they have not been particularly concerned with it.²³

Thus, the informality of periodic market networks represents an important part of the economic and commercial heritage of West African societies. In other words, market networks provide ground for the growth and development of informal economy in Africa.

Periodic Markets and Over-land Trade

In discussing African indigenous trade, one must understand that certain commodities, such as kola and livestock, were traded over land with distant places and involved complex operations which required a high degree of skill. Trade in these commodities also demands special review in order to understand its social and commercial significance. Kola trade is a particularly fascinating example of informal entrepreneurship.

The importance of kola trade and its rate of growth in traditional African economy cannot be overemphasized. Historically, kola was produced by the farmers who also prepared the nuts, packed them in small bundles and took

them to the nearest market places. The commodity was then sold to intermediaries who transported it to larger market places where it was resold to principal traders from neighboring territories. This process required both organizational and managerial skills. Preparing and marketing the kola was neither simple nor without difficulty. Special care was needed for packaging and transporting the nuts; they are vulnerable to insect attacks which spoil their quality. For the long-distance journeys, the nuts were packed in large 'kenjas' or baskets lined with wet leaves. They were sent northward, usually accompanied by an agent who regularly opened the baskets, turned the leaves over and sprinkled water over the nuts to keep them wet and fresh.²⁴

Kola was a heavily traded commodity and used in many parts of Africa; its multi-purpose utility is almost universal. A study by George Brooks (1980) in Upper Guinea, listed a number of ways in which kola is used in West Africa: (1) it gratifies and acts as a stimulant to keep the eater awake in much the same way as does the combination of a cup of black coffee and a vitamin tablet. (2) It has some nutritive value and wards off hunger pangs even if no other food substance is consumed. (3) It is used as a gift item on social and religious occasions. For example, women are often presented kola when they become engaged, marry or give birth to a child. Also, individuals are given

kola in celebration of anniversaries and cultural festivals. (4) Kola serves as a cosmetic and is used as a dye stabilizer. Liquid from the crushed nuts, when mixed with dyes and diluted with water, results in a solution which is very effective in making color.²⁵

For these reasons kola, was widely used in large quantities over a vast area of the West African region. Because of its multi-purpose utility, trade in kola was extended far beyond its production centers in West Africa, to neighboring territories and into Central and North Africa (Bauer, 1963). The kola trade is a perfect example of unrecorded export in pre-colonial economy.

Long distance trade in livestock was another of West Africa's unrecorded commercial activities. For example, cattle, were traded in distant places and by methods very similar to those used today in the operation of West Africa's informal markets -- i.e., small-scale production, family labor and individual ownership. Also, between the producing regions and the center points of consumption, there were a number of intermediaries. Bauer explains the significance of intermediaries:

If each small trader were to attempt to accompany his few cattle in their journey to the larger markets, the cost in time and in herdsmen's wages would exceed the profit of the intermediary who collects a comparatively small number of cattle from each smaller dealer and resells them in large quantities.²⁵

In Sierra Leone, cattle were bred and raised in the northern region but they were traded in the western and southern regions. Kola and cattle were traded in exact opposite directions. Kola was produced largely in the south and traded in the north; cattle, on the other hand, came from the north to be traded in the south. From the perspective of these practices, it is not surprising that informal trade has become an important factor in African economic life today, especially in the urban areas.

The concept of "periodic markets" refers to the fact that markets are economic phenomena which can operate either formally or informally. There have always been arteries of all types of markets in West Africa. As Bauer suggested, some branches of African trade might be more accurately described as "overland trade" because it was conducted across national frontiers.²⁷ Even before the advent of colonial rule, farmers in West Africa always sold a considerable portion of their produce and purchased goods and services from others. Also, it was a common practice to convert (or recycle locally) imported items and make them into other products to be sold in the market place.²⁸ But the bulk of internal trade was largely local produce, including kola nuts, livestock, grown tobacco, cotton and palm oil, as well as handcrafted items such as woven cloth, leather products, baskets and pottery.

As Africa's urban population grew so large that it could not be sustained and accommodated without the importation of food produced outside of the urban environs, a wide range of foodstuffs from neighboring towns and villages and from even more distant sources, were made available in "periodic market places." In the case of Freetown, for example, Allen Howard summarizes the connection between the city and its hinterland as follows:

Freetown's large non-farming population. . . . polarized trade. Annually, several thousand cattle, sheep, and other animals were walked down the long distance routes to Freetown. Tens of thousands of bushels of rice and large quantities of palm oil were brought in from plain and costal areas..... Much of the food products was sold in Freetown market places, and hundreds of people were involved in vending. Rice was brought by sea from areas far to the north and south of Freetown, thus helping to link them with the city. In distant areas or areas where export crops were sparse, food trade may have increased the return to traders so that they found it worth while to bring export crops as well. Overall, there was close integration of food and export trade.²⁹

Another example of "periodic market" is found in a study by Handwerker (1978) on the Liberian market economy. He characterized periodic markets as a part of the marketing system that functions, principally, to channel commodities from producers to urban consumers, a process largely carried out informally. The operation of the periodic market system, according to Handwerker, involves several categories of buyers and sellers. The markets are organized along the lines of movement between rural and urban

communities. Farmers carry their produce to these markets and sell it to "intermediaries" whose accumulated stock is then carried to urban centers and resold to market retailers. Consumer goods, such as household items and foodstuffs (notably bread, fish, salt, etc.) from the urban centers were (and still are) brought to the market by "professional" retailers.

With regard to imported items, Handwerker noted that they were transported to Liberian consumers through a "three-tiered system" in which European and American firms dominated the wholesale functions, while Lebanese and Indian merchants acted as middle-level wholesalers and retailers.³⁰ African traders, according to Handwerker, served primarily as low-level retailers and shopkeepers.

Vernon Dorjahn (1965), made a study in the township of Magburaka in northern Sierra Leone in which he described an operation similar to that of the Handwerker study in Liberia. Dorjahn characterized European firms as "wholesale houses" and the Syrians (Arabs) as middlemen between 'big' European firms and the "self-controlled" African traders and peddlers of the surrounding villages. As in Handwerker's study, the African traders, according to Dorjahn, were chiefly retailers and informal entrepreneurs selling in a self-regulated market and, in some cases, working as itinerant peddlers who

supplied produce to the Syrians and the Syrians dealt directly with the big European firms -- a "three-tiered system." However, a small number of African entrepreneurs and farmers still managed to supply local produce directly to the "big" European firms, bypassing the Syrians and their intermediaries, but the firms usually dealt with the Syrian businessmen.³¹

The part of Magburaka market directly controlled by "native supervision," according to the Dorjahn study, was informally conducted. The market place was described as a zinc-roofed "open-sided structure" containing wooden tables and benches. This type of market structure is still found today in urban centers of Sierra Leone, especially Freetown, and in other cities throughout West Africa serving metropolitan communities. In Magburaka, however, the market organization is described as follows:

Selling begins by 6:00 A.M.; between 50 and 100 sellers are active through-out the morning. By 1:00 P.M. half this number remains; a comparative handful stays until 5:00 P.M. ... (at which time) the market virtually closes. There is no regulation of days the market is open; a few Christian traders do not sell on Sunday and most Muslims bypass Friday [for Friday prayer?].³²

In general, we are told that each seller determined his or her own price. There were no agreements on standard prices for any item. According to Dorjahn, traders were satisfied with this lack of regulation because it allowed

each person to set his /her own price on the basis of what was paid for the goods and the profit the seller wished to make. Thus, in order to get rid of odd commodities or to move goods rapidly, a seller could cut prices. In fact, everyone in the market place did this occasionally and as a result, Magburaka market prices often fluctuated during the course of a day.

The necessity for keeping prices competitive in the informal marketing system is of utmost importance. Since there is no formal meeting or other communication mechanism to set standard prices, traders dealing with the same commodity and sharing the same marketplace usually keep a close eye on what other charge. Even at the city level traders must watch the prices of their nearest competitors as buyers always try to find the lowest prices.

The practice of keeping track of competitors' prices is still very common among the market women in Freetown. During the fieldwork for this study, for example, we were interviewing Madam Aisatu, a gara producer and seller, when another gara producer and seller, Kadiyatu, came by. As the ladies greeted each other Kadiyatu then walked to Aisatu's market table, held up a garment made in a special style popular in West Africa and asked, "Aisatu, how much you di ask for this lapper?" Aisatu replied: "Them (meaning those) style we di sellan for 15,000 Leones." The ladies discussed prices briefly and

then Kadiyatu left. Two days later, when we interviewed Kadiyatu at her space in the market, we found that she was selling a garment made of the same style and fabric as the one she had inquired about at Aisatu's table. I asked the price of the lappers on her market table and she replied, "15,000 Leones."

Since there is no standard price-setting procedure, it is difficult to determine the factors that are likely to influence prices of commodities in African markets. A trader may charge one customer more than another for a number of reasons--kinship, the need to improve relations with the customer or prices may be simply influenced by the principle of 'supply' and 'demand'. Nevertheless, prices in the informal market are very competitive.

A Brief Summary

The question of the way foreign trade was conducted in West Africa is partly addressed in chapter two. However, in this chapter, for comparative purposes, a number of studies dealing specifically with indigenous markets and commercial activities in West Africa have been consulted and their conclusions examined as part of the effort to gain insight into the general historical process of the development of an informal economic sector in which market and trade were integral parts. The fact that West Africa participated in far-reaching foreign trade is clearly relevant in this context.

One major concern about the role of the informal sector in Africa is that it shifts attention in research and methodology from broad concepts such as 'economic development' and 'industrialization,' to micro-level entrepreneurship and small-scale enterprises. Therefore, the informal sector paradigm in Africa must be understood as an effort to address economic reality and basic human needs.

Some scholars of Africa's economic history have used patterns of trade as a convenient historical interlude to integrate themes dealing with pre-colonial and colonial economies as well as the growth of external trade.

Hopkins, for example, maintained that external trade in West Africa was first carried out by the caravan across the Saharan Desert, then shifted to ocean carriage and finally into colonial economy. Emphasizing the degree of foreign trade in Africa, he refutes the claim that Africa was isolated from the outside world:

The assumption that the continent was also isolated from external contacts is historically inaccurate and must now be discarded. In reality, West Africa had well established and highly organized external commercial links across the desert and the ocean. These highways, though slow and hazardous, connected the region to the international economy centuries before the industrial revolution enabled the major European powers to increase their penetration of the underdeveloped world.³³

The evidence shows that the role of the informal sector economy in Africa has always been and continues to be remarkable. When everything else falls apart, goods and services still flow within and across the state frontiers through a network of informal channels. The sector can therefore be characterized as a bridge that connects rural and urban communities and cuts across the “traditional” and “modern” societies. Producers, buyers and sellers frequently traverse this bridge and trade between these societies and cultures.

According to some estimates, the informal sector employs more than 60 percent of the urban labor force in Africa and produces over 20 percent of

Africa's gross domestic product.³⁴ In Sierra Leone, a report from the Central Statistics Office in Freetown estimates that the informal sector represents 83 percent of value added in 'manufacturing activities' and employs more than 12,000 people, while as value added percentages in the formal sector were 40 percent for medium sized manufacturing enterprises and 20 percent for large-scale industries.³⁵ These statistics will be elaborated on in chapter five.

Whether one sees it in terms of clandestine labor, petty trade or entrepreneurship, the reality is that the informal economy in Africa has grown substantially in recent years and it provides a livelihood for a large number of people (both men and women) who, acting on their own initiative, engage in many kinds of commercial activities. These operations also provide training grounds for craftsmen and opportunities for learning entrepreneurial skills as well. What is even more remarkable, however, is the ongoing relationship the informal economy has had with other economies in different historical periods.

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CHAPTER FIVE

THE INFORMAL ECONOMY IN A CHANGING SOCIETY

If you get past the desolation, African shanty towns are full of good ideas. The poor may have almost nothing but, for the most part, they meet daily needs.

- Christian Science Monitor (5/29/96)

Mommy Coker in Freetown

This chapter examines the economic and social dynamics of the informal sector in Freetown, Sierra Leone. Informal income generation has become an important part of African urban life. In Freetown, the practice of generating income outside the officially defined labor market is commonly known as "Mommy Coker" and it takes a variety of forms. Metaphorically, 'Mommy Coker' refers to an affluent old woman who cared for and helped people. Because of her kindness and generosity everyone in town knew Mommy Coker. Those who went to visit her received generous hospitality, so it became a common practice to visit Mommy Coker often. This folk tale has become a metaphor to describe

the role of the informal sector economy in Freetown, everyone participates in one form or another.

Formal sector salaries in Sierra Leone are lower than the cost of living. The average workers, in addition to being poorly paid, have no workers' benefits such as medical insurance, unemployment compensation or pensions. In the event of dismissal, lay-off or retirement, the workers must turn to the informal sector in order to meet basic needs. Almost everyone in Freetown depends on the 'informal economy' for one reason or another. For some it provides an income supplement for household expenses, for others it is the only source of income. It is not surprising, therefore, that the informal economy is called "Mommy Coker."

The role of the informal sector cannot be ignored in any attempt to evaluate economic and political challenges in changing African societies and economies. Critical living conditions in rural areas, expectations of higher paying jobs in urban centers and extensive socio-cultural and family networks have all contributed to an immense rural-urban migration. Thus, rapid urbanization and inadequate job opportunities have led to informal income generating activities which, if accounted for in the state's economic statistics,

would increase the gross domestic product (GDP) by millions of dollars each year. Moreover, the informal economy provides a livelihood for a majority of the population in most African cities and very often outstrips the performance of the "regulated" economy by virtue of its capacity to absorb a large portion of the urban labor force. It is therefore rational for most migrants and many urban dwellers whose expectations are not realized, to enter the informal sector in order to make a living. Thus, employment opportunities in the informal economy have brought hope to many people throughout Africa.

As indicated in the preceding chapters, the informal economy has the potential to make an important contribution to the economic and social development of Africa. It is a major source of self employment, household income, social services and it also provides a training ground for the development of manpower skills. Yet, development projects in Africa have not taken into full account the significance of the informal economy.

One major purpose of this chapter is to examine the economic and social dynamics of the informal economy in a changing society and economy such as Sierra Leone. The chapter is organized as follows: the first part is a description of the data and units of analysis. The second part presents a profile of the

informal sector in Sierra Leone, analyzes its commercial significance and estimates the income it generates in light of the skills, types of enterprises, and educational backgrounds of the respondents. The crucial role of the informal economy, its potential and capacity to assist in the economic recovery of Sierra Leone, as well as in the whole of Africa are also examined in this chapter.

The informal economy in Africa should be seen, not as a “threat” but as a special social and economic network which functions primarily as a model for generating income as well as keeping the market economy alive. It is a reality which African economy in general can ill afford to do without. In Sierra Leone, the informal economy provides a network which extends from people who do business with thousands of dollars (smuggling gold and diamonds) down to charcoal producers and little children marching in the open streets carrying baskets containing a few packets of cigarettes and kola nuts on their heads. All of these activities generate income; it is therefore not difficult to understand why a large number of migrants and urban dwellers join the informal economic sector in order to make a living.

Sethuraman, an authority on the ILO and its position concerning the legitimacy of the informal economy, discussed issues of the population explosion and resulting problems of unemployment in African cities, and noted how the informal economy serves as a remedy:

In present-day Africa urban development and employment are matters of increasing concern. Most African countries are going through a process of rapid urbanisation owing to the high rate of population growth, with the result that the urban labour force is also increasing swiftly, usually by more than 3 percent a year. Given the modest growth of employment in the formal sector of the economy, including the public sector, it is hardly surprising that, rather than remain unemployed, most newcomers to the labour force seek work in the informal sector, either on their own account or in poorly paid jobs.¹

The focus on the informal sector in contemporary African states is understandable, for it has the capacity to provide employment opportunities and a livelihood to so many individuals who have recognized the economic potential of the sector. Currently, very little is known about the informal sector economy in Africa, neither is much known about its social and political dynamics, its relationship to the mainstream economy and nor the organization of its activities. Its size and scope are almost impossible to measure as it does not conform very easily to statistical inquiry. Therefore, in order to make

meaningful assumptions about the economic potential of the informal sector, one must first know how it operates.

Data and Units of Analysis

The data in this study was obtained partly by fieldwork carried out in Freetown (Sierra Leone), between 1995 and 1996. The researcher used a questionnaire (see appendix C) to interview a total of fifty informal enterprise operators, held discussions with people involved in the sector and collected data from government archive and various official survey reports. This chapter, is therefore a result of empirical research involving 50 commercial enterprise units which operate informally. Discussions were held with various informal enterprise operators and information from reliable secondary sources. In this inquiry, "rural-urban" distinction is used as one level of analysis and the "traditional-modern" dichotomy as another. The focus is on issues relating to the role of the informal sector in urban labor markets and the way in which individuals accommodate themselves to informal economic activities in Sierra Leone. Socio-economic characteristics of the informal sector are analyzed, the impact of the modes and types of activities are valued and assessments of marketing and training in the sector are made.

During the fieldwork it was made clear that most of the men and women operating commercial enterprises in the informal sector were skilled in their crafts. There were those whose specialty was weaving baskets of many sizes and designs, others specialized in auto-servicing, bread baking, furniture manufacturing, tailoring and some were fashion designers. Casting aluminum pots from scrap materials, black-smithing, manufacturing all types of simple agricultural tools and household appliances were the specialties of still others. It was necessary to seek information in three different but related categories: (1) facts about the individuals operating the enterprise units, how they operate and the crafts practiced; (2) history of the enterprise units and the length of time they had been in operation and (3) information about the households of the proprietors or master craftsmen of the units.

Questions directed to individuals were, for the most part, requests for retrospective reconstructions of specific events and experiences. Thus, attempts were made to learn as much as possible about life trajectories of respondents and how well their experiences fitted into the general socio-economic framework of the informal sector. The data collected was coded and analyzed using computer techniques. This enabled the researcher to examine

a cluster of factors such as income, skills, levels and types of schooling and to determine whether or not there was any correlation between these variables in relation to income they generated. The main focus, however, was on the individuals and the enterprise units they operated. The Information sought concerning the enterprise units included (a) the history of the enterprise and number of years in operation, obstacles that had to be overcome before establishing the enterprise, ownership of the enterprise, start-up capital and its source, etc.; (b) physical environment of the enterprise such as location (fixed, shifting, permanent or temporary); (c) access to public utilities such as electricity, water supply and other economic infrastructure; (d) structural characteristics of the enterprise unit, such as the type of activity (services, repair or manufacturing workshops etc.); (e) legal status of the enterprise, that is, licensing and registration; (f) operational characteristics: does the operation involve a special kind of skill, how such a skill was acquired, the operational requirements, time requirement (full or part-time), age and /or gender characteristics, the employees' relationship to the owner of the enterprise (members of the family, apprentice or casual employee), amount of employees'

compensation. The aim was to identify the operational characteristics of informal commercial enterprises operating in Freetown, Sierra Leone.

A Profile of the Informal Economy in Sierra Leone

For all pragmatic purposes, the informal economy in Africa can be seen as a necessary economic strategy functioning primarily as a means to generate employment and income for a majority of the grassroots population. One central theme to be elaborated on in this chapter is the absence of formal employment opportunities and the growth of self employment in the informal sector. Therefore, it is useful to investigate the current employment situation in all sectors of the economy and in all parts of the country.

Unfortunately, it was difficult to find reliable data on the work force in any sector of the economy of Sierra Leone. Practically very limited data exists on the informal sector. For this reason, it is almost impossible to determine the number of persons employed in the various economic sectors at any given time. This investigation is based on the population census of 1985 and national labor force surveys taken by the Central Statistics Office (CSO) and the Ministry of Trade, Industry, and State Enterprises. One objective of these surveys was to provide data for discussions of ways to alleviate unemployment

and poverty in the country, especially during the period when the "structural adjustment" policy was advanced. A survey conducted in 1989 revealed the following:

TABLE 5.1

The Characteristics of Economically Active Population

Current State of Employment	Large Towns	Small Towns	Rural Areas	National Total
<u>Economically Active Population</u>	<u>387,540</u>	<u>189,442</u>	<u>1,451,135</u>	<u>2,028,117</u>
Currently at work	335,536	184,100	1,424,353	1,943,989
Employed but not working	10,183	2,493	24,040	36,716
Available for work /(no job)	24,241	1,548	811	26,600
Preparing to own work	17,580	1,301	1,931	20,812

Source: Ministry of Trade and Industry, "Feasibility Study: Promotion of Labour-Intensive, Small-scale Industries," 1991:52.

The problem here is that the term "employed" has different meanings when applied to the various economic sectors. This will be discussed later in chapter six. Meanwhile, as shown in the above table, 2.03 million people belong to economically active population. However, according to estimates made by CSO in 1991, the labor force of Sierra Leone was increasing at the rate of 2.5% annually in absolute terms, during the 1990's, and growing at 4.5% in the urban areas. Thus, the report concluded that the economy would have to create some 60,000 jobs every year in order to absorb all the work force. The

following table, also lists further details concerning employment in the various manufacturing industries in Sierra Leone.

TABLE 5.2

**Employment and Economic Activities
in Various Manufacturing Sectors**

	Informal	Small	Medium	Large
No. of units	4032	904	53	49
Employment	12096	9040	1590	3355
Contr. to GNP(*)	56M	74M	52M	48M
Import content	17%	25%	60%	70%
Value added	83%	75%	40%	20%
Growth rate	--	4%	8%	7%

(*) GNP is measured in millions of Leones (Sierra Leone's currency).
Source: Ministry of Trade & Industry, "National Survey" (1992:12)

While the broad magnitude of economic activities in the informal sector is reasonably clear, there has been much less understanding about the process through which employment in this sector grows. Furthermore, it is a common perception that the informal sector is composed, primarily, of street vendors and petty traders. However, it is important to recognize that manufacturing is also a major component of the sector. According to the figures in Table 5.2, for example, the informal sector in Sierra Leone represents 83% of value added by manufacturing activities and employs 12,096 people. These figures are far higher than those of the (formalized) medium and large manufacturing

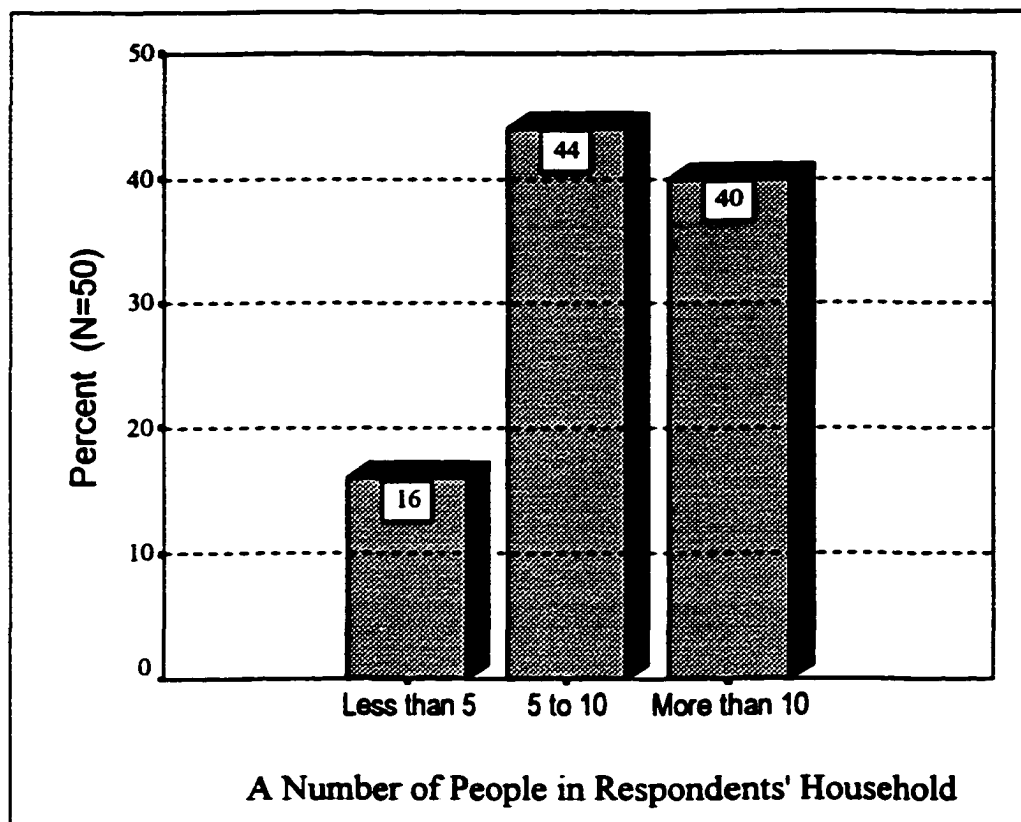
industries combined which, according to the table, employed only 1,590 and 3,355 respectively, and their value added measured at 40% for medium firms and 20% for large-scale operations.

The evidence suggests that existing formalized economic institutions in Sierra Leone, and in most African countries, were not designed to promote employment for people at the grassroots level. For this and other reasons which we shall return to later, one must understand the nature of regulated economy in order to draw intelligent conclusions about the role of informal sector economy in an African country. For the most part, both structural characteristics and institutional constraints of conventional economy have led to the growth and development of the large informal sector in Sierra Leone.

The state's economy continues in decline due largely to both political and economic crises. Since the 1980's, state per capita income, according to World Bank reports, has been among the lowest in the world.² Salaries for average workers in 1995, for example, ranged between 11,000 and 16,000 Leones per month. At the same time, the minimum cost of living for a household with a family of five was estimated at 16,562 Leones per month.³ For example, figure 5.1 respondents reported the number of people in their households, during this study; 16% of the people interviewed reported of less

than five people living in their household, 44% reported between 5 and 10 people in their household and 40% said they have more ten people:

Figure 5.1
The Size of Respondents' Household
(at the time of the Interview)



The increase in the household size was, in the most part, a result of civil conflict in the interior which forced most people to seek refuge in Freetown (see map #2 In appendix A) to live with their relatives in the same household, who supported them economically.

Furthermore, Sierra Leone's unemployment rate grew extremely high. A survey conducted on the labor force in 1988/89, revealed that "due to unorganized labor market, people sought work through relatives and friends."⁴ This being the case, in order to survive economically, family wage-earners were forced to enter the informal sector to generate incomes.

The economic situation was further exacerbated in the 1991/92 fiscal year by a freeze imposed on public sector jobs in an attempt to reduce budgetary deficits.⁵ This action resulted in massive layoffs or "we dondon," a Krio expression meaning "we have done with" used especially to tell employees they have been terminated. During the period of this drastic retrenchment, the state suffered a severe foreign exchange crisis as well.

In the early 1980's the exchange rate was Le 2.50 to \$1 U.S. By mid 1980's the value of the Leone had fallen steadily from Le 55 in 1986-87 to Le 335 in 1990 for \$1 U.S. A market determined rate was therefore introduced in April 1990.⁶ Under this policy, commercial banks were free to buy and sell foreign exchange at any rate agreed upon by the parties concerned. However, by the beginning of 1993, the exchange rate had further depreciated from Le 490 in 1992 to Le 556 against the \$1 U.S. Despite the floating system, the "official" exchange rate was still only marginal as compared to "parallel" or so-called "black market" rates. The system began to function somewhat

effectively, at least to a certain extent, after the establishment of a Foreign Exchange Bureau, in 1992, which brought the official exchange rate closer to the "black market" rate. The decision was based on the fact that "black market" rate was closer to the real market value of the Leone, therefore, more realistic than the exchange rate legislated by the government.

Similar attempts were also made to "liberalize" trade by removing administrative price-control policies that would shift "unofficial" trade to an officially regulated system. But these attempts to transform the market were unsuccessful. The failure can perhaps be attributed to structural constraints of the economy. As in most developing countries, Sierra Leone's economy relies heavily on foreign capital and technology for development. Some refer to this as "dependency," others see it as part of the structural characteristics common to most Third World economies. Julius Nyerere, for example, described the situation as follows:

Every morning I listen to the B.B.C. to learn the price of the cotton and coffee with which Tanzania earns its foreign exchange. The prices of tractors and other goods we need to buy are not announced; they are fixed by the manufacturers in the Developed World, and we learn what they are when we go to buy them.⁷

Robert Clower (1966) made similar observations about Liberia's economy. In describing the rapid rise of Liberian exports from properties owned

largely by foreign companies, Clower noted the absence of both the structural and institutional changes needed in order to assure gains in real income for all sectors of the population. He expressed the belief that if more modern production techniques were adopted, more social overhead capital (roads, electric power facilities, schools) and more and better public services were available, with a rise in the size of the skilled labor force and the integration of subsistence economic activities into national and international markets, economic development would take place in Liberia.⁸

Similarly, William Reno (1995) delved into Sierra Leone's political and economic history to answer the puzzling question: why did "structural adjustment" programs and efforts to strengthen the economy fail? According to Reno, administrative and economic efficiency were sacrificed for personal political control in which Sierra Leone's resources played a central part. He also indicated that foreign firms and personalities linked with state rulers in a "mutually beneficial" relationship to "pillage" the peasants and resources of the country.⁹ The issue of personalizing political control in Sierra Leone will be discussed in chapter six.

The devastating shortage of fuel and its high cost severely affected the economy as a whole and led to a demand for an alternate source of energy,

especially for household use. The crisis also created a demand for simple hand tools (or "appropriate technology"). For example, a carpenter who used electrical equipment in his workshop took the risk of facing power failures which sometimes made his tools useless for an entire week or longer. At other times he was forced to close the shop simply because he could not afford to pay his high electrical bills. The baking and food processing industries also found it difficult to rely on electrical equipment. In these and other similar circumstances, the use of charcoal and simple hand tools became essential if one were to remain in business. It also meant that one must operate informally using apprentices, family labor and casual workers rather than a professional laborer. In such cases the informal sector had distinctive advantages in terms of self-employment and income generation with limited liabilities.

The transport system was equally affected. Commercial vehicles such as "poda-poda" (mini-vans) and taxis were always overloaded both in Freetown and on the roadways leading into the city. The shortage of motor vehicles and spare parts was attributed largely to the lack of foreign exchange to purchase them; the gasoline shortage added to the problem for, even when vehicles were

available, there was no fuel to power them. The following assessment came from a government report:

The decrease in motor vehicles in the mid 1980's was quite dramatic. It was caused by the lack of foreign currency for . . . spare parts and vehicles. A nationwide pool of 149 lorries and 324 light vans is absolutely inadequate to maintain even a minimum of cargo transport. The most import mode of transport from the major provincial centers to Freetown is the "unofficial" transport, often organized personally by truck drivers on their way back to (and from) Freetown, when the trucks are empty.¹⁰

The public's reactions to the problems of transport were often reported in various newspapers. The following is an excerpt from a local newspaper, "From Di People," printed on January 9, 1996:

1. Ms. Kallon, office secretary, Freetown:

To get taxi after work is very difficult. The fare supposed to be Le 150 pole to pole . . . , but for taxi drivers to take their profit (they will) call for Brookfield, then for Congo Cross so that you end up paying Le 450 from P.Z. to Aberdeen Road. You can't get to work on time or home on time--to prepare food or do other things. Most drivers pretend they don't have the Le 50 change if you give them Le 200. . . . I wonder why Central Bank does not make these small notes available.

2. Mammy Fatu, petty trader, Kissy Bypass Road:

Prices charged by drivers and their apprentices are too high. They squeeze us so much that we sometimes suffocate. Since government buses are too few, you sit for hours if refuse to board them ('the poda poda'). My goods are perishable and since there is not much sales now . . . , I must get to my trading place on time to get my customers.

3. James Sankoh, a poda-poda driver:

We overload because we pay bribes to police the whole day long, every time we run the road. Because of the rampant digging of the

roads, traffic hold-ups. The high cost of petrol and increased payments to our masters, we definitely must transfer the burden onto passengers. Don't blame us, blame the government.

The conclusions one can reach from all of these, cast light on the operation of the informal economy in Sierra Leone and Africa in general. It is argued that the prevailing development theories are oversimplifications and often misleading not only because they ignore the substantial overlaps of tradition and modernity, but also because they underrate the resilience and relevance of traditional order in the economic transformation. As S. Kannappan (1983) points out, the very idea of sectors obscures the way in which people creatively combine old traditional skills and new ideas to institute an "evolving economy."¹¹

Currently, the informal sector enterprises form a necessary part of Sierra Leone's economy and it is no secret that it operates 'off-the-book.' Therefore, the information sought about the enterprises was based largely on a series of interviews and field observation. Cases were discovered in which personal income and household revenues were closely tied to the informal economy.

What is even more interesting in this general profile is how the people coped with the complexity of urban unemployment problems. In Sierra Leone, real jobs were severely limited and a large majority of the working class

population was forced to engage in all kinds of self-employment activities in the informal sector. Some became entrepreneurs and began to buy and sell to make a living. Those who were skilled craftsmen fashioned wood into furniture, metal into tools and leather into footwear and hand bags of all sizes which they sold. Some made useful articles in their own homes which they sold to friends and acquaintances while others peddled firewood and charcoal needed for household fuel. Domestic service also provided employment for many who needed it.

In the various commercial districts of Freetown one sees large groups of people – most of them self-employed – operating many kinds of enterprises. One such commercial district is the famous 'Kessy Road' market, located at the old P.Z. station. This enormous open market covers a large part of downtown Freetown. It extends from Garrison Street through Malama Thomas Street to Kessy Street, and stretches from Sewa Ground through Victoria Park, a few yards from the State House, to Goderich Street. This centrally located "free market" and others like it, hosts thousands of merchants, sidewalk vendors, shoppers, entrepreneurs (formal and informal), peddlers and makeshifts, who display all kinds of merchandise. The buyers represent all walks of life, including the upper-middle class who also participate in the informal economy. Consequently, the economic activities of this 'free-market' represent a major

source of income generation, not only for the shopkeepers but for thousands of people who buy and sell a variety of commodities and services, including foreign exchange, which if accounted for in state economic statistics, would increase the GNP by millions of dollars each year.

The Informal Sector Enterprises in Freetown

Informal sector enterprises are usually characterized by antiquated production techniques and meager resources, as well as a poorly educated and unskilled work force. Enterprise units surveyed in this study meet all these characteristics. In addition, there are other characteristics such as reliance on indigenous resources, family ownership, small-scale operation, labor-intensive, old traditional technology, skills acquired informally, unregulated and operation within competitive markets environment. Nevertheless, their economic potential cannot be fully comprehended without taking into consideration these very characteristics and those discussed in previous chapters which are deeply rooted in socio-economic and historical circumstances.

Self employment and craftsmanship have always been an integral part of African traditional society and have a special place in the indigenous market economy. In the initial inquiry of this study, it was discovered that the highly

skilled craftsmen and women rely heavily on their craft for self-employment.

Table 5.3 lists a number of economic activities operating in the informal sector:

TABLE: 5.3

Economic Activities in the Informal Sector

Auto Mechanics
Auto-tire Repair
Bakery
Blacksmith & Metal works
Carpentry
Charcoal Production
Construction
Cookery (cook shop /fast food business)
Domestic Service (cleaning, cooking & housekeeping.)
Electronics Repair (radio, VCR, TV, stereo, etc.)
Food Processing (fish smoking, oil canning, etc.)
Furniture Manufacturing & Repair
Gara (tie-dye) /Batik Making
Goldsmith & Watch Repairing, etc.
Hairdressing and Barber Shops
Masonry (in the building industry)
Mattress and Pillow Making
Money Changers ("black market")
Painting & Interior Decorating
Petty Trade (entrepreneurs /peddlers)
Photography
Plumbing
Pot making
Printing /Art
Refrigerator and Air Condition Repair
Shoe Making & Repairing
Shoe Shining
Soap Making
Tailoring and Garment Making
Welding

These activities are found almost everywhere in Freetown and in other provincial cities throughout Sierra Leone. The artisans themselves must find buyers and consumers for their goods and services, therefore, both the production of commodities and marketing of their goods and services are carried out informally. Thus, from a careful observation in the production and marketing processes, the demand for certain types of products could be fairly easily identified, such as those in the following table.

TABLE 5.4
Potential Products According to Demand

Food Items	Non-food Items
Bread	Adaptable Machinery
Cassava gari	Bricks
Frozen /dried meat	Charcoal
Fruits (all types)	Clothing
Milled rice	Gara designed fabrics
Palm /Vegetable oil	Furniture
Peanut butter	Leather products
Smoked /dried fish	Metal containers (such as buckets)
Spices	Sawn timber
Sugar	Tools (agriculture, carpentry etc.)
Vegetables	Wooden windows & doors

Source: Field note from research conducted in Freetown, 1995 /96.

One of the hypotheses of this study is based on the assumption that the informal economy in Africa is a special form of socio-economic reality which

cannot be ignored in attempts to understand the functioning of African economies, especially in countries experiencing crises such as Sierra Leone. From what is known about the operation of informal enterprise units it was possible to divide the activities into roughly four categories as follows:

TABLE 5.5
Categories of Activities in the Informal Sector

<p>A. <u>Traditional craft:</u></p> <ul style="list-style-type: none"> -arts & craft -blacksmith -hand carving -pot making -shoe making -gara & batik making 	<p>C. <u>Food and retail business:</u></p> <ul style="list-style-type: none"> -bakery -cook shop /fast food -fruit & vegetables . -money changer -petty trade -sub-contracting -used books /stationary
<p>B. <u>Non-traditional craft:</u></p> <ul style="list-style-type: none"> -auto mechanic -carpentry -masonry -painting -watch repair -welding 	<p>D. <u>Other activities</u></p> <ul style="list-style-type: none"> -charcoal producing -casual labor -mattress & pillow making -soap making

The primary reason for this grouping is to identify those units with the most noticeable economic potential and certain types of operational techniques, including skills. Information about the owners of the enterprise units was gathered – I.e., age, employment history, place of birth, number of years in

Freetown, education, training and number of members of their household working in the same enterprise or in the same occupation.

In some cases it was found that owners or master artisans worked side by side with members of their families while in other cases they worked with apprentices or casually hired workers. In all these cases, they operated without the benefit of record-keeping or any standard professional management guidelines and only simple tools and traditional or low-level technologies were used. In general, the operators had little or no formal education; the training needed for the successful operation of the units was acquired informally through apprenticeship.

Beside occupational categories, there are three areas where informal sector enterprises are commercially visible: (1) the local supply units which are devoted to meeting the demand for goods and services within a periphery of the local markets; (2) small-scale manufacturing workshops – enterprises in this category rely heavily on local resources such as raw material and technology – although their products are bought and sold beyond the periphery of the local market. For example, gara (tie-dye), designer dresses /garments and aluminum pots are bought and sold in and outside of Sierra Leone. (3) The third area is subcontracting. This area is not yet highly developed in Sierra Leone and it is closely linked to the formal sector. The units are usually small-

scale supply enterprises dealing with large and medium sized firms. They usually perform labor-intensive work in the construction and mining industries. The first and second groups are by far the most common types in Sierra Leone and possibly in most other African countries.

Analysis of Informal Sector Enterprises

Data from the interviews and field observations were coded and analyzed using computer techniques. The aim was to explore common characteristics of the various enterprises in the informal sector to allow for comparative assessments of their economic potential. From the computer analysis and what was known about the production techniques of informal commercial units, it was possible to sort respondents into four occupational groups and generate the frequency of units in each occupational category, as shown below:

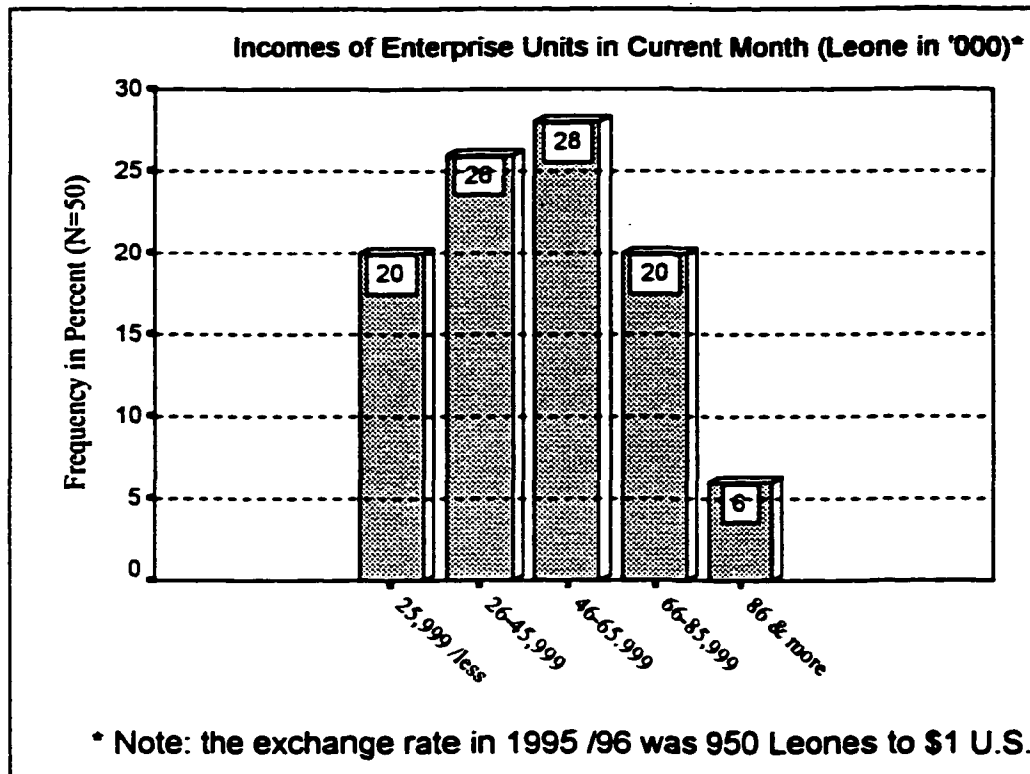
TABLE 5.6

Frequency of Enterprises by Occupational Categories

Occupational Categories	No. of Units	Percent
1. Traditional crafts	13	26
2. Non-traditional crafts	14	28
3. Food & retail businesses	12	24
4. Other Categories	11	22
TOTAL:	(N=50)	100%

The correlation between occupational categories and income generated by the enterprises in one month period (during the field work of this study) was carefully examined and investigated.

FIGURE 5.2
Income of Informal Enterprises



The results show that the enterprises have the potential for generating income and creating self-employment opportunities for those engaged in it. However, the average business income of the enterprises observed vary widely—ranging from less than Le 26,000 to Le 86,000 and more. Figure 5.2

shows a distribution of business income among the units. Income variations among the enterprise units may be attributed to a number of factors which are explained below. As stated earlier, the informal sector operates in a competitive market environment subject to fluctuations.

Income Variations Among Enterprise Units

With regard to income categories, it was taken into account that income is often under-reported for fear of exposure to taxation. Therefore, as a partial check on the accuracy of responses to questions concerning income, questions based on the absolute commodities produced and/or actually sold were asked more than once and in different ways. This is discussed in more detail later in this chapter.

There were units in which the potential for growth was not fully exploited because of economic and operational constraints such as lack of access to financial and material resources, working environment, transport, location, space, or storage problems. These constraints were taken into account in the general assessment analysis. The hypothesis was that experience and training, together with initial investment capital, the age and type of business, were among the factors contributing to the amount of income an informal enterprise

unit was capable of generating. Education and number of years residing in Freetown were also considered as factors influencing business income.

To determine how these factors interacted in various occupational categories, it was necessary to do a step by step analysis using computer techniques. The results of the process as a whole appear to be significant, statistically speaking, at <.05 level with an adjusted R-square value of .723 or 72.3%, in regression analysis. In other words, the regression model explains or predicts 72.3% of the variance in the dependent variable ('business income'). This means that the value of adjusted R-square (72.3%) could not have occurred by chance, therefore, the model as a whole is statistically significant. To avoid too much statistical details which might draw attention from the focus, the procedure used in this analysis is placed in the appendix D.

The model reveals that the age of the business is significantly important to the business income. That is to say, incomes of enterprises that had been in existence for more than five years were 21,895 Leones more than those of younger businesses, on average. Types of business also predicted earnings. For example, the food business earned Le 17,211 more than other retail businesses, and joint businesses (those that had more than one owner) earned Le 15,236 more than single owner enterprises. Enterprises operated by people

with advanced vocational training skill earned on average Le 40,946 higher than those enterprises operated by individuals with no vocational training skill; see the 'scatterplot' in appendix D. Family size made no significant differences to amount of business income generated.

Surprisingly, education had a negative affect on informal sector business income generation in this study. Owners who had a secondary education earned an average of Le 23,238 less than those who attended only elementary school or Qur'anic school, or those who had no formal schooling. This aspect of the findings will be discussed in some detail later in this chapter. Place of birth (Freetown, the countryside, foreign born) had no significant affect on business income. However, people who had lived in Freetown for more than 15 years tended to earn slightly higher incomes, on average, than more recent residents.

In the area of problems, probable business related difficulties that could affect income, such as access to credit, inadequate tools, location of the business, bad credit, transport, family problems were also investigated. Only those businesses that reported transportation problems had significantly lower incomes, earning Le 19,387 less than those who reported no such problems.

A Theory of Income Calculation

Since informal sector commercial activities take place outside the framework of conventional economy, its organization and management style are very different. Therefore, it was necessary to devise a way to reasonably calculate estimates of income generated from the enterprises. It was decided that a simple arithmetic formula and common sense logic about the cost of production would suffice. The question of the production cost and sale of a commodity was raised. Thus, factors relating to production were assessed. For example, if one scratches the earth without the use of a tool and takes out edible roots, the only factor involved in this simple type of production is the labor. Therefore, the cost of production can be calculated as: 'COST = LABOR'. But, if the same individual uses some kind of material to produce a basket without the use of tools, the cost of producing the basket is calculated as: 'COST = LABOR + MATERIAL.' If the individual uses a tool to make the basket, the cost of production in this case can be calculated as follows:

$$[\text{COST} = \text{LABOR} + \text{MATERIAL} + \text{OVERHEAD}]$$

Overhead can be a number of things: the cost of tools and /or their depreciation value, rent, management and selling expenses. If the process

requires the use of other factors such as light or heat, these too must be included as overhead. Based on this simple logic, income generated by informal enterprises was therefore estimated using this formula:

$$\text{[INCOME = GROSS SALE - PRODUCTION COST]}$$

Types of Operation

As stated earlier, questions about income were asked in many different ways. It was a part of the strategy to calculate business income based on the commodities actually produced and sold in the current month. Since there were no records to consult, this was a way to evaluate the capacities of the units.

For some operations the procedure was very straight forward; for others it was mildly complicated. For example, A. Kromah, a charcoal producer, reported that in the last two months (preceding the interview) he and his brother produced and sold 180 bags of charcoal in four shipments. The price of charcoal in Freetown was between 1,300 and 1,500 Leones per bag. To calculate the gross income generated by the shipments, the number of bags produced was multiplied by the price charged per bag. At that time the price

charged per bag was 1,300 Leones, therefore, for the two-month period. Their earnings were calculated as follows:

TABLE 5.7

Charcoal Production Cost (excluding labor)

Itemized Production Cost	Amount Paid
Empty bags @ Le 125 / (125 X 180)	Le 22,500
Transportation (Le 150 per bag)	27,000
Rent for storage: 600 per trip (4 trips)	2,400
Miscellaneous expenses	2,000
Total Production Cost	53,900

The shipments generated a gross income of at least Le 234,000. Subtracting production costs leaves a total of 180,100 Leones. So, each person in this partnership earned Le 90,050 in the two month period or Le 45,025 per month, three times higher than the average monthly salary in the country, for ordinary employee in the formal sector.

Calculating production costs for some enterprises was not that simple. In such cases, calculations were based partly on the information given by the respondents and partly on field observations. For example, blacksmiths and pot makers used mostly waste products such as empty cans, parts of old abandoned automobiles and scrap metals for raw material with no fixed prices. M. Bailo, a master blacksmith, said during an interview, that he and his partner,

I. K. Samba, bought an old abandoned lorry for 350,000 Leones from which they manufactured many kinds of items. The interviewer was given permission to inventory the items which the Bailo and Samba shop manufactured using metal from the old lorry, as shown in the following table.

TABLE 5.8

**An Inventory of Items Manufactured
in Bailo & Samba's Blacksmith Shop**

Item	Quantity	Unit Price	Total
*Axe (large)	75	Le 1,500	Le 112,500
Hoe (large)	65	500	32,500
*Hoe Small)	100	300	30,000
*Machete /cutlass	150	1,500	225,000
*Kitchen knife	125	500	62,500
Digger	75	2,000	150,000
*Head pan (for mining)	55	2,000	110,000
Rick (large)	15	1,000	15,000
Rick (small)	25	750	18,750
Bucket	42	3,000	126,000
Coal-pot (large)	10	2,500	25,000
Coal-pot (small)	23	1,500	34,500
Kettle	25	2,500	62,500
Water gallon (large)	15	2,500	30,000
Water gallon (small)	21	1,500	31,500
Wheelbarrow	two	25,000	50,000

(*) These items were produced under a contract; their prices were therefore marked for wholesale.

Based on field observations and the interview, it was possible to make a rough estimate of the income generated by Bailo and Samba's blacksmith shop in the three-month period prior to the interview. Overall, the cost of

producing the items listed in Table 5.8 was very low. Besides purchasing cost of the old abandoned lorry, the partners bought charcoal for heating fuel, wood to make handles for the finished tools; ordinary bolts were used and no wages were paid. The producers were two master blacksmiths and their apprentices – three senior, two junior and five young boys between the ages of 11 and 15, who were beginner apprentices. Some of them were relatives and family members of the masters smiths. Roughly, the earning for each of the masters was estimated at between 55,000 to 60,000 Leones per month.

The two master blacksmiths and their senior apprentices did the hammering which fashioned iron bars and plates into various shapes and forms. The junior apprentices made the handles and fittings and did some elementary hammering, while the work of the beginners was basically the bellowing. The finished products, especially agricultural tools (cutlasses, hoes, axes), were sold to dealers like A.B. Jalloh, who resold them at retail prices.

Similarly, the pot manufacturing industry used scrap aluminum as raw material. Like the blacksmiths, they relied on apprentices and family labor. However, some masters gave allowances to the apprentices and family members working with them. These allowances depended on the needs of individuals concerned as well as the size of the business. Finished products of

this industry were also sold through middlemen at wholesale prices and resold at retail prices.

Business income for the pot makers was determined by following the procedure similar to that of the blacksmiths and their income was also similar, in some cases a little more than Le 60,000 (see the scatterplot in appendix D); it was based on the actual production and sale of the commodities. One important observation about these industries (blacksmith & pot-making) was that although some producers earned income higher than the average wages in the formal sector in Freetown, it was difficult for most of them to accumulate enough capital to expand their business. First, the raw material (scrap objects) was not always available and prices were often manipulated by dealers. Secondly, the technologies of the industries were by nature rudimentary as simple tools were used and techniques improvised. Although the products were in demand, the production process was too slow. For example, it took 45 minutes to an hour to melt 5 pounds of aluminum bar, using ordinary cooking temperature, to make a pot that sold for 5,000 or 6,000 Leones.

Thirdly, poor management and lack of record-keeping made it difficult to know the cost of production and to determine a fair profit margin. This was particularly true when it came to pricing the finished product. For example, M.S. Jalloh, a master pot-maker, had five people working in his workshop –

himself, his brother, also a master pot-maker, and three apprentices. It took these men almost a whole day (eight working hours) to make one fifty-gallon pot. The material used to make the pot had cost 11,500 Leones and the usual price for such a large pot was between 150,000 and 200,000 Leones. Mr. Jalloh sold the pot for 75,000 Leones. Considering the cost of the raw material and the time it took to make the pot, the deal was not very profitable. But Jalloh saw it differently: "Cash on hand is better than a pot in the shop," was his philosophy. Under the circumstances by which he operates, Jalloh may have a point but with simple management skills and marketing strategy, he might discover that a business without profit makes little sense.

Education and Skill

The informal sector contributes greatly to African economies in terms of employment as well as production of goods and services. Yet, the issue of skill and creativity have been generally overlooked. This point was also underscored by David Hecht, a reporter for *The Christian Science Monitor*, who wrote, "If you can get past the desolation, African shanty-towns are full of good ideas. . . . new baskets woven from old plastic bags; shoes cobbled from used car tires; and an oil lamp made from a soda can" – a quote cited at the opening of this chapter.

Analysis of the activities of informal sector economy in Sierra Leone made two things clear. First, people who reside in Freetown do not earn their living from farming as do the people in rural areas. Those who hold no formal jobs are likely to engage in operating informal sector enterprises or in casual work to generate income and make a living. The second thing is that skill, whether in entrepreneurship or in craftsmanship, is the principal factor that motivates people to start their own business enterprises. Therefore, attempts were made to get information about skills in craftsmanship and the educational backgrounds of the respondents. The results are presented in proceeding figures (5.3 and 5.4), respectively:

FIGURE 5.3: Education of Respondents

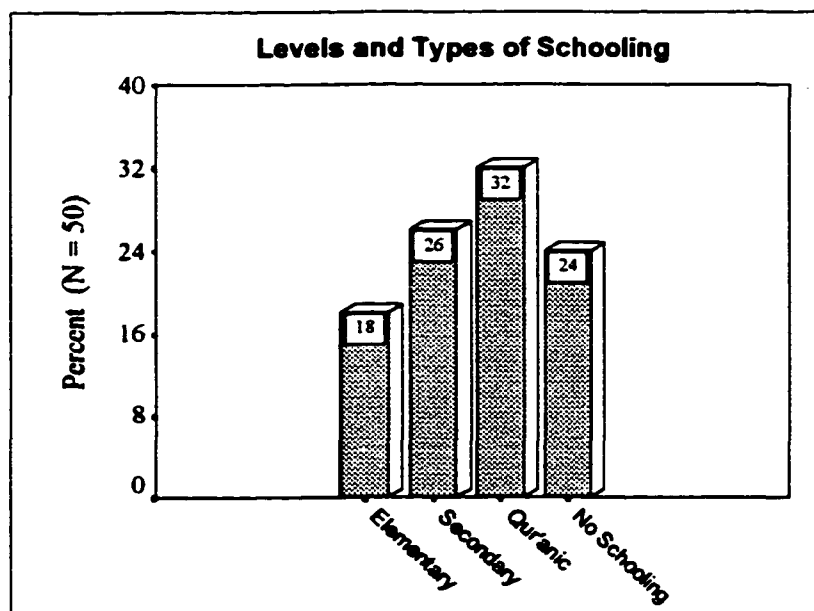
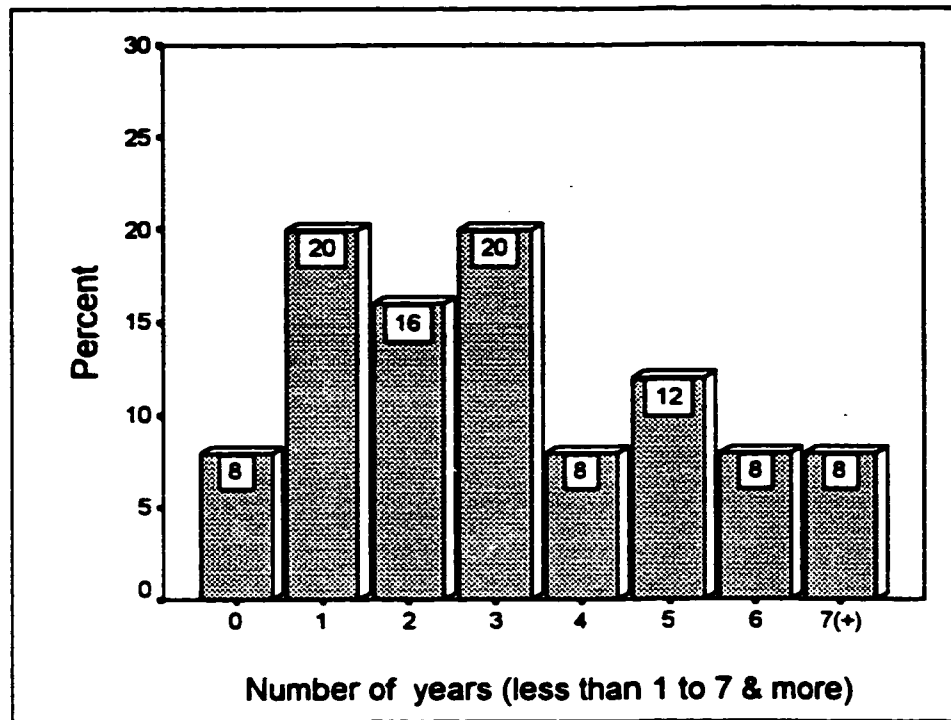


FIGURE 5.4: Apprenticeship Training



These results indicate that everyone interviewed reported undergoing some apprenticeship training in one form or another to learn skill in some craft before entering business in the informal sector. With regard to schooling, results in figures in 5.3, however, reveals that less than half of the participants (44%) reported attending a formal school (18 % of them stopped at the elementary level and 26% with some secondary education). 24% of the respondents did not attend any school at all while 33% reported attending Qur'anic school. Perhaps, at this point, some explanations of the Qur'anic school in West Africa are necessary.

As discussed in chapter two, the Qur'anic schools and their method of teaching in West Africa were informal. The language of instruction was Arabic but despite the pressure to learn the "language of the Book" for religious purposes, the Arabic language is relatively restricted not only because of its religious character but also because the number of people who can speak it is still very small compared to those who speak English or French. Proficiency in Arabic also means having the ability to read and write. In a practical sense, to obtain a literate status in Islam requires a long and difficult course of study not only in the understanding of the Qur'an but also knowing thousands of 'Hadith' (the sayings of the Prophet), commentaries, bibliographical histories and more. Virtually, very few people in West Africa possess such knowledge. In other words, to become an educated person in Islam is a remote possibility for many people in West Africa. None of the people in this study who reported that they had attended Qur'anic school were able to read or write Arabic. Most of them did not even complete the Qur'an. Their learning was limited to having committed some part of the Qur'an to memory for only prayer purposes. Therefore, in this study Qur'anic school attendance are not considered as having had formal schooling.

The data reveals that levels of education had a little affect on the business income. This finding was a reminder that skill and formal schooling are two distinct acquisitions of knowledge which sometimes complement each other and at other times they are extremely useful but separate tools. The question of why education has a negative result on incomes generated by enterprises in the informal sector was pursued. Individuals interviewed were asked specific questions about their life trajectories; the responses are included in the specific case studies.

Specific Case Studies:

CASE #1: The results revealed above are illustrated by the following case studies in which education was not a significant contributing factor to the generation of business income in the informal sector. The interviewer investigated the life trajectories of respondents at two extremes of educational strata. Abdu Kromah, a secondary school graduate, did not pass the G.C.E. (General Certificate Examination), a requirement for admission to college. He decided to enter the job market. He was asked to relate his experiences since he left high school and he responded:

Well , when I sat for the G.C.E. 'O-level' I only passed in one subject, and there was not enough money to support me through school. So my father said to me: "That is the end. . . ." My uncle I was living with has too much responsibility; he has more than ten children to support. So I'm trying to do for yourself. Right after school, in 1978, I went to Kenema, about 195 miles from Freetown, to look for a job. I was there for almost a year; I spent eight months there, but I did not find a job. I therefore came back to Freetown in 1979.

But, with only a high school diploma and no skill, Abdu's chances of finding a job that paid well to allow him to live in Freetown were not too good. Therefore, he traveled from one place to another "looking for a job." When he could not find a job he returned to Freetown where he met a lawyer who hired him as a filing clerk. "I used to know him when I was in secondary school," he said. Abdu worked for two years at the law firm then quit the job because, he said: "The salary was too low; it was difficult to make a living on it."

Abdu found another job with the iron ore company in Lunsar, 75 miles from Freetown, but soon left this job for the same reason, low pay. While he was working with the iron ore company, he had applied for a job in the Ministry of Health in Freetown; this was in 1984. In September 1985, he got the job at the Ministry of Health as a filing clerk. This was probably the real reason why Abdu left the iron ore company. He worked in the Ministry of Health until he was laid off in 1992. "They gave me a 'we don don' letter" (in Krio, this means

we have done with you' or your job has been terminated). This was during the government's "structural readjustment" policy retrenchment period and Abdu was among those whose jobs were terminated. For the next three years he was unemployed. He then entered the informal sector, first as a street photographer and later as a charcoal producer. He said:

Because I was out of job over three years, so I bought one old camera for myself. It is a free focus camera. I then went to the provinces to do some shots. But right now the camera has gone out of order. . . . So, I decided to join these my friends in charcoal (producing) business. I wasted my time; this is what I should have been doing long time ago; the money I make now is far more than what I used to make in any job. The work is hard but it is better.

CASE #2: Another story came from Sia Sarah. Sia was born in Dia, a town in the Kisi Kama chiefdom. Her father was a chief and her mother a housewife but she was reared in Liberia by her aunt, a market woman. Like most African women, Sia had no formal schooling. While under the guardianship of her aunt, she served as an apprentice in domestic service and she also helped in her aunt's business, buying and selling wares.

At the age of 18, Sia returned to her parents to get married but she did not get married immediately. While staying with her parents waiting, Sia got interested in petty trade, the kind she did with her aunt in Liberia. On her own initiative, she began to buy and sell food stuffs. Her first visit to Freetown was

in 1973 while she was living with her aunt in Liberia. In 1980, she decided to go to Freetown to live and there she met and married Jacob Sah Jusu, a school teacher working for the Church. "After we got married, we moved to Koindu where J. J. was teaching," she said. They lived there for two years then moved to Kailahun where they lived for about a year.

While in Koindu, Sia joined a credit association ('osusu') from which she borrowed money to operate a business and in 1984 they decided to move back to Freetown. Sia was still in petty trade, she bought and sold food stuffs and other provisions between Sierra Leone, Guinea and Liberia. She went to the various periodic (weekly /biweekly /monthly) markets at the border areas to do her trading. Sia's business collapsed in 1991 due to the rebel wars in both Liberia and Sierra Leone. However, Sia found a job as a housekeeper in Freetown which paid her 20,000 Leones per month. She held this job for almost three years then she was laid off. According to Sia, her employer, a United Nations representative, "was transferred to another country."

While working as a housekeeper, Sia decided to join a training program for soap making. The training was supposed to last for six weeks but it took her two and a half months to complete as she was a part-time trainee. When she was laid off in 1993, she started a small business in soap making. The

money she earned from soap-making and housekeeping was invested in fashion business, designing batik and tie-dye dresses. She now buys the material, gives it to designers to make, then sells the finished products.

When the business started to grow, Sia hired a tailor who has two apprentices, to do the showing. "I only pay the tailor; it is for him to take care of his 'bobor,' them (his boys)," she said. Most of her finished products are sold to tourists but some are purchased by wholesale dealers. Sia's business now generates a profit of between 50,000 to 60,000 Leones per month. All of this operation is done in her backyard.

The problem Sia now faces is twofold: first, soap-making has become too competitive. She believes she makes "quality" soap, therefore, she charges a higher price than other soap-makers and buyers tend to purchase the cheaper soap. Also, there is a problem with dishonest salespersons, "When you give it to 'them bobor' (meaning those boys) to go and sell for you, they don't bring you correct money. So I have decided to concentrate on dress-making until things get better," she said. Soap-making is now her part-time business. Second, delay by the people who dye and design her fabric makes the tailor's production slow, as material is not always available for the tailor to work with. Sooner or later, Sia may be forced to learn designing and dyeing.

CASE #3: Another example of the informal sector involving people who have no formal schooling is the case of Mamai Kallon who operates a cook shop ('cookery'). Mommy Kallon, as people call her, started the business about ten years ago with virtually no money down, using only the domestic skills she had learned in training when she was a young girl.

Mommy Kallon, now 41, was born in Daru, Kailahun District, about 230 miles from Freetown. She came to Freetown in 1978. She did not go to a formal school and, like Sia, grew up with an aunt in Pujehun who gave her training in domestic services. She learned to cook, to laundry and to take care of children. At the age of 16, Mamai moved to Bo, the second largest city in Sierra Leone, to live with a relative who was married to a career politician. In this household Mamai cooked, did the laundry and took care of the children; she was not paid. In 1978 she got married to a truck driver who lived in Freetown. When Mommy Kallon went to Freetown she had nothing to do but cook for her family and keep house. She, therefore, decided to join other women selling in the market. Mommy Kallon told us how she got started:

I was sitting down at home doing nothing. All my friends were doing business: some were selling rice, some were selling palm oil and some were selling other provisions. I being want to do business myself but [I had] no money. So, one day I went to my friend and I said to her that I being want to do business but no money. I don't want to ask my

husband for money; he might be embarrassed if he don't have... My friend said to me: "You can cook and take to nearby offices and sell it. I used to do that before I decided to sell something else." So one day I went to my friend and credit from her some rice, palm oil and provisions to cook and sell... First, I cooked 15 cups of rice, like my friend said. I took the food to them office buildings nearby. When I finished selling it, I take the money and buy again to cook for the next day. At the end of the week, I made money to pay for the things I credit from my friend. The balance money [the profit] I took to prepare food again... I used to cook 20 cups each day, sometimes 24 cups, till I opened this shop.

Based on the procedure used to calculate the income generated by businesses, examined earlier in this study, it was estimated that Ms. Kallon's business was, or capable of, showing a profit of between 50,000 to 60,000 Leones per month. The shop can seat 20 or more people, it has four small square tables with four chairs surrounding each and a long bench lined against each of two side walls. The price for a plate of rice (enough for lunch) was between 250 and 350 Leones, depending on the type of meal. The food was prepared from morning to noon and during the lunch hour the shop could be so full that there was a waiting line for seats. After lunch business slowed and often, picked up again in the late afternoon but not enough to match the lunch crowd. The shop is located behind a key government Ministry and many people from the Ministry, especially the uniformed officers, came to dine there.

Mommy Kallon had five young girls working in the shop, two of them were apprentices. During the rebel war in the interior, a group of relatives came to Freetown to escape the war and some of them moved in with her. Three of the girls from this group now help in the shop as cooks or servers. "We cook almost one bag (100 lbs.) per day when business is good," Ms. Kallon said.

A major problem which Mommy Kallon faces has to do with collection of debts. The officers who dine in the shop do so on credit and very few of them pay on time. At one point she decided to take the matter to one of the senior officers in the Ministry but she feared that she might be exposing herself. She was also worried about the rumor that the ministry was planning "a project" for the place where her shop is located. To draw the attention of the Ministry, she believed, could jeopardize the survival of her business, therefore, she decided to let the matter rest. "Some people pay; they pay for last month and eat this month and then pay next month" (is her new policy), she said.

Case #4: D. E. Mafinda, an accountant, has a full-time civil service job. He also has a small shop where he repairs watches and radios. He works at his job from 9 to 5, Monday through Friday and in the shop in the evenings and on the weekends. He has an apprentice who manages the shop when he is not

there. According to Mafinda, income from the repair shop which he operates informally, is more than the salary he receives from his formal job. But he keeps the office job "for security and for the position" (status), he said.

Case #5: M. Sheriff once owned and operated a barbershop; now he owns and operates a small grocery store. His apprentice manages his barbershop while he works in his store. Occasionally, Sheriff goes to his barbershop in the evening or on Sundays, and when business is slow in the store, to keep appointments with special customers. Recently, the store has been closed too often. "My wife runs the store but she went home to deliver a baby." The shop is just few yards away from the grocery store but, unlike Mafinda, it is too difficult for Sheriff to manage the two shops simultaneously; he is losing money in the grocery store. "I put someone here for two months, he ate the money so I decided to run it myself until my wife comes back." However, Sheriff's plan is to give up the barber shop and concentrate on the grocery store.

A Brief Summary

Although neither Sia nor Mommy Kallon have any schooling, both earn far higher incomes than either Abdu, Mafinda (i.e. earning from his watch repair shop) or Sheriff. Mafinda and Abdu are high school graduates, Sheriff, on the other hand, attended a Qur'anic school. In this study 24% of the respondents had no formal schooling but everyone interviewed had skills acquired through apprenticeships. The women in the 'gara' business and furniture makers had no formal schooling; however, they make more money in their businesses than those who had formal education with little or no skills.

As illustrated by these examples, the role of informal economy in Sierra Leone has been indispensable, especially in crisis situation. As stated earlier, when everything else fall apart, goods and services still flow within and across the frontiers through a remarkable network of informal channels. The social and political attributes of the informal sector are also outstanding both in terms of the enormous underground markets they generate and the alternative survival opportunities they afford.

In general, informal sector enterprises can be grouped into three main categories: First, local supply units which are devoted to meeting the demand

for goods and services within a periphery of the local markets. The second category is small-scale manufacturing units which rely largely on local resources for production, although many of its products – tie-die and batik garments, aluminum pots, etc. – are sold beyond the local market to people from other African countries and even to people overseas. The third category is informal subcontracting, a category either not yet well developed in Sierra Leone or is declining. Nevertheless, subcontracting is closely linked to the formal sector historically; this will be explained in the next chapter.

There is much more to the informal economy than providing income for the unemployed individuals although this function is of utmost importance in a country where a majority of the working-age population holds no formal jobs. The growth of the informal economy in African can perhaps be regarded as a reaction to declining political and economic institutions.¹² Furthermore, 'traditional society,' which has been over shadowed by the state, has prevailed behind the scenes to ensure the free flow of commercial activities. In other words, the informal sector economy has been functional in the area of self-employment as well as in absorbing formal sector workers who lost their jobs.¹³

In Sierra Leone, the state economic performance has been particularly dismal since the 1970's or earlier. The informal sector also faces constraints that hinder its development – (a) inadequate capital resources, (b) poor management, (c) lack of access to credit, (d) poor infrastructure and market accessibility, (e) lack of organized professional groups and professional assistance, (f) reliance on old traditional technology – all of which must be taken into consideration if improvements were to be made to enhance the productivity of informal economic enterprises in Africa.

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CHAPTER SIX

BUILDING A POST-COLONIAL STATE AND ECONOMY

There are still many hindrances to the achievement of economic decolonization in Africa. Therefore, one may say, although the decolonization of Africa has been achieved, freeing Africans from their colonial legacy and enabling them to embark on the application of African indigenous knowledge and practices remains.

- Tirfe Mammo, 1999:29

A Slippery Slope of Economic Development in Sierra Leone

“Things Fall Apart” is the title Achebe chose for his famous novel which describes the devastating effects of colonialism on Ibo society, now part of the Federal Republic of Nigeria. Patron-client relations in post-colonial Sierra Leone led to a similar outcome. Sierra Leone has a typical Third World economy which exhibits characteristics associated of “underdevelopment.”

The history of the colonial experience in Sierra Leone is fascinating and much more has been written about it than about that of many other tropical

African countries. The state gained political independence from the British in April, 1961. Since that time, although conscious efforts have been made to achieve economic development in the country, the growth rate of the economy has remained very low. The state is heavily dependent on external factors and resources. Therefore, to discuss the growth of the informal economy in Sierra Leone, particular attention must be given to the historical development of the state and its political economy. This chapter discusses the declining economic and political situations in Sierra Leone that led to the growth of a large informal economic sector. The data utilized in this discussion came from a number of sources, including historical records, government archives, research reports and statistical materials from surveys conducted by both national and international agencies.

Demographically, Sierra Leone is one of the smallest states in West Africa; it covers approximately 28,000 square miles. The population recorded in 1985 census was 3.5 million. However, it was believed that the population may have been under-enumerated and, therefore, adjusted to 3.7 million. By 1995, according to United Nations estimates, the population of Sierra Leone had reached 4.5 million. Geographically, the country is divided into four

provinces: Eastern, Western, Northern and Southern, with 12 districts and several chiefdoms in each district. (see map 1 in appendix A). Culturally speaking, traditional mores still dominate in spite of modernity and its influences. This means that, although there are significant Muslim and Christian communities, a large proportion of the population follows traditional beliefs. Also the extended family and kinship systems still exist. Politically, the paramount chieftaincies form the traditional political ligaments which also help in reinforcing Africa's traditional hierarchy both socially and politically. This theme shall be return to later in this chapter.

As discussed in chapter three, economic development is a process through which productive capacity of the state can be strengthened and sustained. Theoretically, the development process must facilitates integration of productive forces to bring about economic growth. In the case of Sierra Leone, a survey conducted between 1988 and 1990, referred to in chapter five (especially table 5.2), estimates the number of informal sector manufacturing enterprise units in Sierra Leone to be 12,096, representing 80% of value added ventures in manufacturing activities. These estimates are far beyond the capacity of both the medium size and large-scale manufacturing industries combined which, according to the survey, represent 60% of value added and

employ only 4,945 people. This means that the informal sector enterprises are pervasive features of the state's economic landscape. What is not clear is whether this enormous expansion of employment opportunities in the informal sector should be viewed as a sign of economic success or a sign of failure on the part of the formal political economy.

Some have argued that informal sector enterprises are essentially survival activities which people undertake because they have no better alternatives. Others have refuted this argument by pointing out that the growth of informal economic activities reflects on the people's attempt to "fetch for themselves" in a society that provides a limited employment opportunities.¹

To address these concerns, one may take two levels of analysis: first, make an assessment of the effects of colonialism on the state's economy and the task involved in the process of building a nation-state in a post-colonial situation and second, make an attempt to analyze development initiatives and the role of international development agencies in a country facing economic and political challenges, such as Sierra Leone. The focus, however, is on socio-economic integration and the role of the informal sector in situations where crisis seems to be inevitable.

A Synopsis of Colonial Experience in Sierra Leone

Sierra Leone is one of the smallest countries in Africa. However, it affords a particularly interesting example of economic and political changes resulting from the European contacts with pre-industrial societies. European contact with Sierra Leone is well documented. According to recorded history, Sierra Leone was among the first West African territories to be visited by the Europeans long before the era of colonialism. In 1462 the Portuguese explorer, Pedro de Sintra, visited the territory. He is commonly credited with "discovering" the territory and naming it "lion mountain" which means "Sierra Leone."² A century later, in 1562, the first Englishman, a slave trader, John Hawkins, visited Sierra Leone. Francis Drake, an English adventurer, is also reported to have traveled to Sierra Leone in 1580. In 1787, Sierra Leone became a home for emancipated African slaves from England and the Caribbean.³ The group is known today as 'Krio' or 'Creoles'. Consequently, the territory was well-known to the European world long before it was colonized by the British.

In the early 19th century Freetown, the capital of Sierra Leone, served as the place of residence for the British governor who also administered the Gold Coast (modern Ghana) and the Gambia colonies. Furthermore, Sierra

Leone was the educational center of British West Africa. Fourah Bay College, founded in 1827, became a center of learning for English-speaking Africans on the West Coast and for more than a century it was the only European university in West Africa. Sierra Leone was annexed as a formal British colony in 1808, more than a century and a half before becoming an independent state in 1961. The British Foreign Office characterized the "strategic" importance of Sierra Leone to the British colonial establishment in West Africa as follows:

The principal features of Sierra Leone as a British colony may be summed up as follows. (1) It owes its origin entirely to philanthropy and peaceful cession, and is specially associated with the beginnings of the crusade against the slave trade and slavery. It has, therefore, a peculiar sentimental value in the eyes of a large number of British citizens, who might be more or less indifferent to political, military and commercial grounds for maintaining or extending British overseas possessions. (2) It possesses a fine harbour, which is half-way to the Cape, and has been constituted a fortified Imperial coaling station. (3) It is encircled by French territory (namely, Guinea and the Ivory Coast), except on the side where it marches with Liberia, a negro republic, whose origin was similar to its own. (4) . . . It possesses sufficient back-country to make it, with its coast districts, valuable for commercial purposes, apart from the value of the harbour and the associations of the colony.⁴

British interest in Sierra Leone and in Africa generally, was chiefly economic; their aim was to get the natives to produce something they could sell in Britain and in the world market. Their concern was also to get cheap labor and very low administrative costs. To this end, they used traditional chiefs

to facilitate "indirect control" but the social cost of the system turned out to be quite expensive; the salaries and allowances of the chiefs also consumed most of the revenue of the so-called "Native Administration" (N.A.).⁵

The chiefs manipulated the colonial system to their own advantage and exploited the people they administered. According to Kilson, even under the colonial administrations, the political role of traditional chiefs was recognized. This recognition, as stipulated in the 1926 ordinance, provided that traditional chiefs be empowered to perform a range of services in such matters as road building, agriculture and education but this was ad hoc in nature, not systematically integrated into the general system of colonial administration. However, in 1937 an attempt was made to improve the role of the chiefs by the establishment of the "Native Administration," which gave authorization to paramount chiefs to enact orders in the pursuance of social services and other functions in local development. Kilson points out that although traditional chieftdom was adopted as the basis of the administrative structure within the local government, its composition and characteristics were expressly defined:

Under the Tribal Authorities Ordinance, No.8 of 1937, the chieftdom unit of administration was designated "Tribal Authority" and defined to mean "the Paramount Chief, the (clan) Chiefs, the councillors and men of note elected by the people according to native law and custom." The

Paramount Chief in particular was looked upon, for all practical purposes, as the sole Native Authority.⁶

What makes Sierra Leone such an interesting country, according to Kilson, is the way traditional rulers were successfully adjusted to colonial rule and to the subsequent independent state than were most of their counterparts elsewhere in West Africa.

The colonial history of Sierra Leone was not always so calm. The indigenous people mounted several unsuccessful revolts against the British rule and there were also strings of opposition against the highly Anglicized Krio element but their power continued and was reinforced after the independence.⁷ Apparently, most of the 20th century history of the colony was peaceful and independence was achieved without violence. The 1951 constitution provided a framework for decolonization and local ministerial responsibility was introduced in 1953.⁸ Independence came in April 1961 and Sierra Leone opted for a parliamentary system of government.

Thus far, from the perspective of the informal economy, it is useful to understand that colonialism was not merely a dominant political-economic system but also a revolutionary force; it brought social change in the pre-colonial societies. Nevertheless, colonial system provided the basis for the

growth and development of an the informal sector. In Sierra Leone, for example, between the so-called "Native Administration" and the overall colonial government, an informal sector emerged or was reinforced; the traditional village economy and production system were separated from the imperial economy within the colony. Thus, at independence in 1961, the 'bourgeoisie,' the 'middle' and the 'working' classes were yet to be developed.

Politics in a Post-colonial State

A modern nation-state in Africa, whether territorial or civic by definition, is often taken for granted by its citizens. Their conception of it is generally concerned with the extent to which its political power is exercised, not how its economy is regulated. A study of the role of political leadership in Africa was made by John Cartwright in 1978. He alleged that most African leaders, including those in Sierra Leone, favored coercive means of political control which he called a "politic of self-defeating".⁹ The study deals specifically with successive leadership in Sierra Leone since its independence and concludes that the political-institutional structure of the state is weak, therefore, corruption is inevitable. A similar assessment was made by Kilson (1966) who argued

that the persisting political practices in Sierra Leone were incompatible with the survival of democratic politics and that dictatorship was likely to prevail in the post-colonial period. William Reno (1995) also delved into the political and economic history of Sierra Leone to explain why development programs often failed. He found that administrative and economic efficiency were sacrificed for personal political control in which the state's resources played a central role. Reno further explained how foreign firms and personalities linked with state rulers in a mutually beneficial relationship to deplete the economic resources of the country.¹⁰

However debatable the rationale for these assessments may have been, recent events in Sierra Leone have proven the assertions. Following independence, Sierra Leone went through a long slippery slope of political transformation – eight general elections and five military coup d'etat.¹¹ The first prime minister elected after independence in 1961 was Sir Milton Margai, leader of the Sierra Leone People's Party (SLPP). Upon his death in 1964, his brother, Albert Margai, succeeded him.

In the second election, held in March 1967, the All People's Congress (APC) was pronounced the winner and Siaka Stevens, leader of the party,

was sworn in as Prime Minister. However, there was a serious disturbance in the procedure. Both Stevens and Margai were placed under house arrest by Brigadier David Lansana, head of the armed forces, on grounds that the determination of the office of Prime Minister should await the election of tribal representatives to the house of parliament. Brigadier Lansana's action was overridden by a group of senior army officers who seized control of the government. The group instituted itself as "National Reformation Council" (NRC) with Brigadier Juxon-Smith as its chairman. The NRC government was also overthrown by a "sergeants revolt" in April 1968 and a civilian government was restored, with Siaka Stevens as Prime Minister. These events were followed by a long period of political anxiety.

The third general election, held in May 1973, was boycotted by the SLPP and the ruling APC captured 84 out of 85 seats in the parliament; no official opposition was represented in the Parliament. In April 1974, Sierra Leone was declared a republic with Stevens as its President. In March 1976, Stevens was reelected for a five-year term of office.

Again, following political unrest, a general election was held in May 1977 in which SLPP gained 15 out of the 85 elective seats in the Parliament. This

was the fourth general election after independence. In June 1978 a new constitution which provided for a one-party system, was approved by referendum and adopted by the House of Parliament. The SLPP was unable to mount any significant opposition to this move, therefore, former SLPP MP's joined the APC, the sole legal party, and Stevens was sworn in as President of the "one party state" for a seven-year term of office.

The fifth election, the first election under the new one-party state, was held in May 1982 and Stevens was reelected. In 1985, President Stevens, who had been head of state for 18 years, retired from the post of presidency but assumed the role as chairman of the ruling APC. Earlier in August 1985, the APC, with the personal recommendation of President Stevens, named a military commander, Joseph Momoh, as the party candidate to succeed him. Momoh was elected by a referendum in October 1985, and new parliamentary elections were held in May of the following year.

In October 1990, President Momoh set up a commission to review the one-party constitution of 1978 and in January 1991, the commission recommended re-establishment of a multi-party system. Based on that recommendation, the multi-party constitution was approved by Parliament in

July and ratified in September 1991. The next general elections were scheduled for that year but were not held because of the Liberian civil war and rebel incursions into Sierra Leone by the Revolutionary United Front (RUF).

Thus, the current civil conflict in Sierra Leone can be dated from March 1991, when RUF launched its rebel attacks and the overthrow of the Government of President Joseph Momoh by the Sierra Leone Army in the following April. The coup that sent President Momoh into exile in Guinea and established a "National Provisional Ruling Council" (NPRC) as the governing authority with a young army Captain, Valentine Strasser, as Head of State. In November 1993, the NPRC announced a timetable for new general elections to be held sometime in 1995 but the election was delayed.

In January 1996, the government of Captain Strasser was deposed in a bloodless coup led by Lt. General, J. M. Bio. Despite the unrest in the country, the election for a civilian government was held in February and March 1996, with the following results:

TABLE 6.1(a)**Presidential Elections 1996
First Ballot (February 26-27)**

Political Parties	Total Votes	% of Votes	Seats in Parliament
SLPP	266,893	35.8	27
UNPP	168,666	22.8	17
PDP	119,782	16.1	12
NUP	39,617	5.3	5
APC	38,316	5.1	4
DCP	36,779	4.9	3
PPP	21,557	2.9	0
NDA	17,335	2.3	0
PNC	15,798	2.1	0
NUM	7,918	1.1	0
SDP	5,202	0.7	0
NPP	3,925	0.5	0
NADP	3,723	0.5	0
Total	745,511	100	68*

***Note: further 12 seats were allocated to Paramount chiefs, representing the 12 provincial districts.**

TABLE 6.1(b)**Second Ballot, March 15, 1996**

Candidates & parties	Total Votes	Percent of Votes
Ahmad Tejan Kabbah (SLPP)	608,419	59.5
John Karefa-Smart (UNPP)	414,335	40.5
Total	1,022,754	100

Source: National Election Commission: Freetown, Sierra Leone (1996).

These elections, however, were not accepted by RUF and in May 1997, a military coup d'etat overthrew the newly elected government of President Tejan Kabbah. A year later, in May 1998, the ECOWAS peace monitoring group, ECOMOG, was deployed in Freetown to forced the military junta out of power; and President Kabbah was returned to office. Nevertheless, the war continued until the signing of Lomé Peace Accord in July 1999 to end the war.

Economic Crisis in Sierra Leone

Although colonialism was seen as the root cause of economic problems in Africa, after independence most African states did little to change the structure of the colonial economy they inherited. In the case of Sierra Leone, the post-independence economic strategy was very similar to that of the colonial state. Economic development was understood as industrialization based on investment capital from abroad ("foreign investment"), rather than fueled from within.

John Weeks, Director of the Center for Development Studies at the School of Oriental and African Studies, University of London, is one of the critics of multilateral organizations in Third World development. Weeks

believes that multilateral organizations, IMF/World Bank, grossly mismanaged the African economic crisis:

Here it is argued that the policy prescriptions of the Fund and the Bank rest upon a dubious theoretical foundation. The policy packages (generically known as 'structural adjustment programmes') are essentially motivated by ideology, responding to a conservative political shift in the Western industrial countries rather than, technical, or even empirically established virtues. Despite all their theoretical and practical shortcomings, these 'free market' oriented programmes gained increasing acceptance in the 1980's. However, the evidence produced by the organizations themselves suggests that the free market prescriptions enjoyed limited success in underdeveloped countries, particularly in Africa south of the Sahara.¹²

Weeks' contention is that structural adjustment programs fostered by the multilateral organizations were not structural at all; they failed to remove the constraints that held agricultural communities and small-scale producers in poverty. He argues that government policy in Sierra Leone discriminated against agriculture which, he believed, created 'urban bias.'

It is not difficult to follow such a line of reasoning. Sierra Leone's economy is based on agriculture; according to the 1985 census as well as other sources (see table 6.2), more than 70 percent of the labor force still reside in the rural areas and most are engaged in agriculture.

TABLE 6.2**Distribution of Currently Employed Population
by Sectors and by Demography**

Industry	Large Towns	Small Towns	Rural Areas	Total
Agriculture	29,600	72,700	1,122,200	1,224,500
Mining & Quarry	32,200	39,700	202,300	274,200
Manufacturing	21,600	6,700	12,400	40,700
Construction	10,500	2,300	4,100	16,900
Trade & Catering	150,300	50,600	83,900	284,800
Trans. & Comm.	19,800	1,200	2,800	23,800
Services	73,100	12,800	19,800	106,700
Others	7,600	600	900	9,100
Total	345,700	186,600	1,448,400	1,980,700

Source: Central Statistics Office (CSO), "Report on Labour Survey (1988-1989)"

With an area of 28,000 sq. miles, Sierra Leone, is endowed with considerable agricultural potential. However, despite Government efforts to promote heavy industry since independence, its industrial base remains very weak and the manufacturing sector is not a significant factor in terms of employment, especially in times of crisis. Up to 1985 when most of the industrial plants were running well, the industrial sector's share in the GDP was only about 5.5%.¹³

Sierra Leone has a sizeable deposit of gems and industrial diamonds, bauxite, and a moderate quantity of gold. In the 1970's and early 1980's mining provided a large proportion of government revenue but a decline in the

diamond industry and a reduction of the iron ore market (as shown in table 6.3), sent the mining sector into recession. The iron ore industry was closed in 1976 and by the mid 1980's the diamond output began to decline.

TABLE 6.3

**The Main Sierra Leone Exports 1986-1991
(values in million of US \$)**

Commodity	1986	1987	1988	1989	1990	1991
Bauxite	22.9	20.8	22.4	-	-	-
Cocoa	19.1	19.2	15.3	9.7	8.2	6.0
Coffee	11.7	12.5	15.1	6.1	6.1	2.9
Diamond	28.2	24.0	4.3	8.5	21.0	31.9
Fish	2.2	2.5	2.5	1.7	2.1	0.4
Gold	3.3	3.2	0.2	-	-	-
Ruite	34.7	44.3	43.0	--	--	--

Source: Central Statistics Office, "Natural Accounts," 1986 - 1991

According to Weeks (1992) and Reno (1995), diamond production and trade were also associated with smuggling, corruption and inefficiency. Consequently, Sierra Leone economy as a whole entered the 1990's with a serious balance of payment deficit. As a result, its performance in the world economic sphere has been very dismal even going back to the 1980's. By international standards, Sierra Leone is a 'least developed' country (LDC) and

exhibits the characteristics of low-income countries such as high unemployment and underemployment rates, growing urban population and low level of production.

Most the large-scale industrial enterprises in Sierra Leone were established in the 1960's and the 1970's when the country had sufficient foreign exchange from the export of diamonds, gold, iron ore, bauxite, coffee and cocoa. However, beginning with the energy crisis, the situation changed dramatically to the point where large-scale industries could not obtain enough foreign exchange to import spare parts and raw materials. Many enterprises were forced to close. Moreover, the outbreak of civil conflict at the beginning of 1991 forced thousands of farmers to abandon their farms and seek refuge in the cities and neighboring countries (see map 2 in appendix A), thus reducing the food produced in the country. Currently, the key factors of economic activity in Sierra Leone are small-scale industries, most of which operate informally. According to a report from the Ministry of Trade and Industry, small-scale enterprises constitute more than 90% of all ventures in the manufacturing sector.¹⁴

As a result of the decline in the wage employment, the population increase, and rural to urban migration, the poor working class became to rely heavily on the informal sector as a viable source of self-employment and a

means of economic survival. Therefore, ISE attracted a large number of the working population as employment opportunity in the formal sector declined. Thus, as indicated in chapter four, ISE in an African country such as Sierra Leone represents an economic reality. By considering both the historical development of the state and recent economic and political crises, it is clear that the informal sector in Sierra Leone is not only a special form of socio-economic network but also a necessary sector of the economy which primary purpose is to generate income for a majority of the people.

By the 1980's world market conditions declined resulting in little or no economic growth in most African countries along with extremely high inflation rates. The government of Sierra Leone sought aid from the international community for its development programs, but the aid that came was hardly generous and often tied to what Weeks calls a "flagrantly ideological policy package" irrelevant to the country's problems:

Quite obviously one had a conflict of interest: the organizations formulating the macroeconomic policies of Sierra Leone and other countries fostered programmes whose purpose among other things would be to repay those same organizations.¹⁵

According to Weeks, the economy of Sierra Leone operated under the IMF and World Bank imposed "structural adjustment" programs during most of the 1970's and the 1980's and he believes the policies of the multilateral

organizations to be the major cause of Sierra Leone's gloomy economic performance.

Sierra Leone's economy entered a crisis by the early 1980's; all measures taken to alleviate the situation failed. The military coup in April, 1992, and the rebel war added to the problem. The war in the interior posed considerable constraints on the economy. For example, the agricultural and mining sectors where export earnings largely come from have been in decline since 1986 (as shown in table 6.3). By this time, the economy was almost at a standstill and in the late 1980's it was even in a deeper crisis. But despite the crisis, government expenditures grew higher and higher, resulting in substantial budgetary deficits. Excessive government borrowing to finance the deficits compounded the problem; external debts accumulated to US\$ 1.3 billion.¹⁶ At the same time, the value of the Leone continued to shrink. Table 6.4 shows the continuous decline in the value of Leone against the U.S. \$, especially between 1990 and 1996.

Table 6.4

The Official Rates of Exchange in 1990-1996 (Leones to U.S. \$)¹⁷							
<u>Years</u>	1990	1991	1992	1993	1994	1995	1996
<u>Le : \$1 U.S.</u>	151	295	499	568	587	650	872

Source: Economic Intelligence Unit (1990 -1994); African Business (1995 -1996).

As people lost confidence in the state regulated economy, a significant number of economic activities, including foreign exchange, went underground, operating informally. In other words, the informal sector in urban areas supported many people who lost their jobs when the economic situation deteriorated and the available jobs diminished. Thus, as discussed in chapter five, because of its viable employment and income generating potential, the informal sector became more adaptive in Sierra Leone, contributing to household economy as well as providing capital for small-scale enterprises.

National Development Plans

Economic crisis in Sierra Leone may be attributed to both historical and structural factors. The state inherited a colonially designed economy and very little was done to change its inherited structure. The development strategy adopted was also very similar to that of the colonial system – i.e., development capital was expected to come from abroad rather than from within. Some analysts deem it as a “dependency” or “neocolonialism,” especially when indigenous resources and traditional skills are neglected in favor of large-scale foreign investment capital.

According to a report from the Central Statistics Office in Freetown, between 1987 and 1988 agriculture, forestry and fishing made up about 40% of the country's GDP; mining accounted for about 8% and, as indicated earlier, manufacturing industries in the formal sector accounted for only 5.5% of the GDP.¹⁸ This sector was heavily dependent upon imports of foreign investment capital and semi-processed goods. Consequently, the sector was severely affected by the acute shortages of foreign exchange and by sharp increases in the prices of imported goods.

Following independence, a ten-year development plan was designed (1962 to 1972).¹⁹ The plan emphasized development of manufacturing industry to facilitate production of basic consumer goods and to improve the infrastructure. However, the plan ran into serious financial difficulties and was only partially implemented. In 1966 the IMF intervened to finance a three year stabilization program. The economy grew at 4% annually and at that time, foreign exchange was healthy.²⁰

In 1974, with United Nations assistance, another five year development plan was designed. One third of the plan was to be financed by foreign loans and foreign investment capital was also a major part of the plan. This plan had the following goals: (1) a significant increase in agricultural output; a growth

rate of 4.6% per annum was assumed. This was based primarily on a strategy known as the 'Integrated Agricultural Development Project (IADP).' (2) An expansion of manufacturing industries based on the agricultural potential; (3) a progressive increase in export earnings from mining and tourism and (4) better public services through the expansion of the education and health care infrastructure and improvement in social welfare.

These goals were never realized because the economic growth slowed down – initially to 3% in 1975 and then to 1% in 1980. Reasons for the failure, according to the Ministry of Development and Economic Planning (1981), were attributed to the oil crisis in the early 1970's and a decrease in the export of minerals resources, especially diamonds. The report states:

The seventies had been a difficult decade for most countries; skyrocketing oil prices, exchange rate fluctuations of major currencies, and rampant inflation, had all contributed to a significant deceleration of economic growth in both developed and developing countries. Economic and social progress in the non-oil-producing developing countries virtually came to a halt, and in some cases, even their very viability was being threatened. Sierra Leone was no exception to this general trend, and was among the most affected. (Thus,) the country's National Development Plans 1974/75 - 1978/79 were, for all practical purposes, ineffective by these unanticipated and rapidly emerging adverse trends.²¹

The failed development plan was replaced by a 'comprehensive' plan which was followed by two subsequent investment plans, in 1981/1982 and 1985-1986. Development priority was given to electricity, water supply transportation, communications, agriculture and mining. Seventy percent of the development fund was to come from foreign loans. The goals of the plan were the following:

- Preservation of political and economic stability**
- Increasing the welfare of the broad mass of the population**
- Achieving a more equitable distribution of income and wealth**
- Attainment of a higher degree of self-sustaining growth**
- Promotion of development through self-help methods.²²**

But, like previous development plans, these goals were never achieved.

Again, in August 1983, a three-year development plan was instituted with a budgeted expenditure of 702 million Leones. This time priority was given to the construction of a hydro-power project which had been postponed due to lack of funds for 1981/1982 development expenditure. In the 1983 plan, in addition to the 35% electricity supply allocation, agriculture and mining (iron ore and bauxite) were the next priority areas with 24% and 11%, respectively.

From the perspective of economic development plans in Sierra Leone, it is evident that very little progress has been made. In view of both economic and political crises, it can be argued that even the best designed and most

adequately funded development plan would have had difficulty achieving the goals set by the government. Economic and political instability led to the breakdown of relationships between the Government of Sierra Leone and major international donor agencies, namely IMF and the World Bank. The IMF broke off negotiations in 1980 and suspended its one-year standby arrangement. The main causes of the rift were the Government's inability to meet conditions regarding the elimination of trade barriers, repayment of previous loans and removal of subsidies from rice and fuel. Other creditors, including the World Bank, also withdrew from Sierra Leone.²³

The Establishment of Growth Centers

In 1981, when everything seemed to fall apart, the government decided to integrate the long neglected traditional and unconventional economic activities into its development strategy, focusing on the so-called informal sector and small-scale industries. This idea gave rise to the establishment of growth centers. The purpose was to promote traditional technology in order to narrow the disparity between traditional and modern sectors and it was also believed that this would help to speed up capital accumulation within the small-

scale and informal sectors. The idea was in line with the Lagos Plan of Action, referred to earlier in chapter one, which was legitimized by the United Nations declaration, marking the 1980's as the "Industrial Development Decade" for Africa (IDDA). It was a strategy to enhance self-reliance and self-sustaining development in Africa, to encourage more economic activity, to increase employment opportunities and to reduce the continent's dependence upon external resources for its development.²⁴ Therefore, the establishment of growth centers in Sierra Leone was to promote small-scale industries that could be operated by local entrepreneurs using indigenous resources.

Perhaps the idea to integrate indigenous economic activities came too late but it was not too small. The establishment of village workshops at Bunumbu became part of a pilot program for the development of rural technology. Although the program was separated from Bunumbu's teachers training program, both projects were understood to have the same objective -- the improvement of living conditions in the areas. The workshops were designed to provide twenty villages with essential technical support, such as new tools and techniques for problem solving in every day life. The program's long-term aim was to help rebuild the infrastructure of the villages which had

been dismantled because of rural exodus. It was believed that one of the main factors responsible for the rural-urban migration was lack of technical facilities to enhance productive work and to improve social and economic conditions in rural areas. A survey designed to study technical problems in Bunumbu village community identified the following disadvantages:

i) There is a lack of proper agricultural tools. The tools available seem too archaic and inefficient for any meaningful agricultural activity. Consequently, the peasant farmers undergo laborious and time consuming tasks in the practice of slash and burn method of farming, from which they may not realize much yield.

ii) There is a complete lack of the most common tools such as tools for cutting, for fastening, and for sharpening, etc. Therefore, no industrial works are possible [without satisfying] the basic needs of the communities.

iii) The rural communities have poor infrastructure facilities for public, as well as private utility. Poor housing conditions in any community will not provide for happy and healthy living situation.

iv) Finally, the rural communities generally appear to be underprivileged in terms of various technical devices and trained personnel to enhance the promotion of local industries and efficiency in the labor market.

To tackle these problems, outlined above, twenty village communities within the Bunumbu area were selected for a pilot workshop program that would serve as a medium through which a variety of modern tools could be distributed to replace the "old fashioned" and less efficient tools. It was expected that tools for various occupations would be made available at the

workshops for the whole community through a kind of cooperative system. Another goal of the program was to introduce new tools and technology to peasant communities – a kind of transformation – so that people in the villages would copy them and modify their existing tools to make them more efficient. The expected outcome was the production of new types of tools capable of offering better services to the communities and to compete with expensive and imported foreign tools.

It was therefore predicted that the village workshops would render various services such as sharpening and repairing agricultural tools; cutting and shaping materials for construction purposes, repairing and maintaining other devices – such as hand pumps for drinking water, designing and producing improved essential tools made from local materials. Whether or not the workshops achieved any of these goals is difficult to know. The workshops were destroyed and the villages demolished by the “rebels war.” However, there is a considerable evidence to suggest that improvement in traditional technology and development of the informal economy are both necessary conditions for enhancement of capita accumulation .

As in most African countries, the economic situation in Sierra Leone has been characterized as "a crisis." Political and economic conditions have been deteriorating since the 1980's and the deterioration has intensified in recent years. At the same time, economic activities operating outside state regulations have survived and even flourished. Thus, in this deteriorating climate, the economic activities in Sierra Leone rest in micro or informal enterprises which constitute over 90% of all ventures in the manufacturing sector, according to reports from Ministry of Trade and Industry.

A nationwide labor force survey conducted by the CSO in 1988/89 also revealed that the dominant household enterprises in Sierra Leone were agriculture and informal trade. The study gave the average number of hours employees worked per week as 44.5 and the average monthly salary of "currently" paid employees as Le 11,059.²⁵ Another study estimated that during the period between 1988 and 1990, the average monthly household expenditure in Freetown for a family of five was 16,562 Leones.²⁶ Table 6.5 shows the price index of daily food items in Sierra Leone between 1985 & 1990.

TABLE 6.5**Price Index of Food Products in Sierra Leone**

Commodity	Unit of measure	1985	1986	1987	1988	1989	1990
Banana	10 oz.	0.42	0.96	3.18	1.17	29.67	30.30
Beef	1 lb.	12.17	17.17	51.33	61.00	176.67	266.67
Bread	One loaf	2.27	3.63	6.26	8.76	42.90	61.13
Eggs	1 doz.	14.17	29.56	71.40	111.67	186.67	446.67
Fresh fish	1 lb.	3.67	4.74	14.32	23.65	90.00	150.00
Milk	170 grams	2.38	5.54	16.17	20.67	35.00	80.00
Onions	10 oz.	1.61	4.73	10.85	15.52	38.24	52.14
Palm oil	1 pint	2.59	5.20	12.76	19.10	40.00	45.00
Rice	1 cup (10 oz.)	1.15	2.03	4.86	13.21	14.00	17.00
Sugar	500 grams	3.29	7.50	17.87	43.33	316.70	-----

Sources: Central Statistics Office. Annual Statistical Digest (Freetown: 1995 - 1990)
 See also Economic Intelligence Unit: Country Report #2 "Sierra Leone", 1990 (p.27).

One might wonder as to how the average worker manages with a monthly salary of only Le 11,059, when the cost of living is so far beyond his means. Answers are found in the informal sector economy. In 1990 a survey was conducted on small-scale manufacturing industries by the National Industrial Development and Finance Organization (NIDFO).²⁷ In this study the term "small-scale" as well as the informal sector were defined in conjunction with the large and midium scale enterprises, as shown in table 6.6:

TABLE 6.6

General Characteristics of Economic Sectors in Sierra Leone

	INFORMAL	SMALL SCALE	MEDIUM - LEVEL	LARGE SCALE
<u>OWNERSHIP:</u>	Individual /Family	Proprietorship	Partnership	Limited Liability
(a) male	80%	90%	95%	95%
(b) female	20%	10%	5%	5%
<u>AVG. YRS. OF OPERATION:</u>	5 or less	5 - 10	10	10 - 15
<u>LABOR & FINANCE:</u>				
(a) Capital	\$100 - \$5,000	\$ 5,000 - \$40,000	\$40,000 - \$100,000	\$100,000 +
(b)# of employees	3 /less	10	30	50 /more
<u>EDUCATION:</u>	illiterate.	semi-literate	literate	literate
<u>TECHNOLOGY:</u>	traditional hand tools	traditional & light equip.	light modern equip.	heavy equip.
<u>RECORD KEEPING:</u>	none	simple	reasonable	good
<u>SOURCE OF LABOR AND WAGES:</u>	apprentices/ family labor	apprentices/ under min. wage	prescribed wage labor	prescribed wage labor
<u>LINKAGES WITH OTHER SECTORS:</u>	none	poor	fair	fair

Source: National Industrial Development & Finance Organization (NIDFO): Freetown, Sierra Leone (1992:11)

In the above table, the term 'small-scale' is defined as those enterprises that employ no more than 10 people operating with certain amount of investment capital ceilings and longevity between 5 and 10 years. 'Medium enterprises' are defined as ventures that use modern machinery and power equipment with an investment capital of at least U.S. \$40,000 and employing more than 10 workers. 'Informal ventures,' on the other hand, are understood to be individual or "household enterprises" with investment capital of less than U.S. \$5,000 and operational longevity of less than 5 years; they employ fewer than four workers, using family labor and utilizing indigenous resources, simple tools, traditional technology, no record keeping and no professional guidelines.

While these definitions are important, it is useful to point out that the emphasis on number of employees and financial asset can be problematic for a number of reasons. If the definition of 'small-scale' enterprise, for example, is based on both the number of workers and financial criteria, the enormous rate of inflation must be constantly calculated for such a definition to make any sense in a country like Sierra Leone. The longevity criterion is also problematic as most of the informal enterprises in this study had longevity of more than ten years. Perhaps, a definition of "small-scale" should also take into consideration

the level of operation, 'formal or informal,' in order to identify the distinct characteristics of the sector. Formal ventures are usually those enterprises that are included in government statistics; they are "officially" registered and normally subject to taxation; informal ventures are those that do not fulfill these requirements.

While conventional definitions are useful in delineating the scope of economic activities in a changing society and economy such as Sierra Leone, they are often misleading and even meaningless in some instances. In Sierra Leone almost all enterprises -- even so-called large-scale enterprises -- were recognized as being partially operated informally during the crisis. In view of this and for the sake of clarity, the term "small-scale" enterprise refers to the number of persons employed. This too, may not always apply but it is less confusing because the number of employees reflects on other factors used in general definitions such as capital, output and technology used. For example, cottage industries require skills and some level of technology. However, the income they generate and capital investment may both depend upon the number of people involved in the process from production to final sale.

Micro-enterprises in the informal sector, especially those engaged in manufacturing, were condemned to stagnate because of their obsolete methods

and techniques of production. Poor education, unskilled labor, and low capital investment are the common characteristics associated with the informal sector. Nevertheless, a distinguishing feature of informal economy in Africa has been its continues growth. By virtue of its potential in generating employment and income, it forms an important segment of African economies and cannot be ignored in attempts to confront economic crisis in African countries. Thus, a major development challenge for a changing society like that of Sierra Leone is mastering the dynamics of the informal economy.

ENDNOTES

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23. John Weeks, Development Strategy and the Economy of Sierra Leone, 1992.

24. See the Lagos Plan of Action, 1981.

25. Central Statistics Office, "Report on Labour Force Survey (1988-1989)," Freetown (January, 1991).

26. Ministry of Trade and Industry, "National Survey" (1992:12).

27. Ibid.

CHAPTER SEVEN

THE RELEVANCE OF INFORMAL ECONOMY IN AFRICA: A SUMMARY AND CONCLUSION

Small enterprises in the informal sector provide a solid foundation for economic growth. In its march towards the twenty-first century, Africa could harness the potential of informal sector to further its development.

- UN/OSCAL, 1995

CHARACTERISTICS OF THE INFORMAL ECONOMY

It is widely recognized that in most less developed countries (LDCs), especially in sub-Saharan Africa, the informal economy provides employment and chances for generating personal and household income. This chapter summarizes the main points raised in this dissertation and draws conclusions concerning the role of informal economy in changing African societies and economies and the implications for a new development model.

The central thesis of this dissertation is that the informal economy is not a new phenomenon to sub-Saharan Africa; it is much older than the

independent states and cooperate economy. The informal sector in Africa has three important economic and social factors: first, it produces goods and services that continue to be an indispensable part of the market economy in most developing countries. Second, the informal economy absorbs a large proportion of urban labor force and serves as a major point of entry into urban life for most of rural exodus. Third, the informal economy in Africa serves as a training ground for learning skills and entrepreneurship. The growth of voluntary associations such as informal credit unions ("osusu") and development of civil societies such as non-governmental organizations in African societies are responses to the declining political and economic institutions.

Initially, when the informal sector was first "discovered" in 1972 the assumption was that it would soon disappear and engulf into the formal economy. This assumption has shifted; it is now a shared belief among researchers and international NGOs that the informal economy is here to stay. Therefore, the economic potential of informal sector must be taken seriously.

From both a pragmatic and theoretical perspectives, the informal economy in Africa provides a solid foundation for economic growth; its success in Sierra Leone has been remarkable in recent years, especially in crisis situations. When every other economic activity ceased to function, goods and services still flowed inside the country and across its borders through a number

of informal channels. The social and political attributes of the informal sector are also remarkable both in terms of the enormous unregulated markets it generates and the alternative survival strategies it provides. Even data on real wages in the formal sector can be misleading. In Sierra Leone, for example, salaries in 1995 and 1996 were set by the government more than a decade ago. No official adjustments and no wage increases have been made in the salary structure. The average monthly salary were still between 11,000 and 16,000 Leones for ordinary workers.

With high inflation and depreciation of the leone, these salaries were far below the cost of living. It also means people have to enter into the informal sector to make ends meet. Therefore, it is no exaggeration to say that some of the answers to the economic crisis in Sierra Leone and in most African countries can be found in the informal sector. In fact, most of the respondents in the present study either quit their jobs because their “salaries were too low” or were laid-off (‘we don don’) because their jobs in the formal sector were terminated. But with very little capital and some skill, they were able to start their own business enterprises in the informal sector.

Historically, the informal economy in Africa have much to do with the growth and development of trade between Africa and the outside world. There

is a great deal of historical evidence to support the existence of informal trade since the pre-colonial times. Trade across the Sahara Desert and the Atlantic Ocean did much to create an informal economic sector in Africa long before the colonial rule of the continent. Thus, the 'overland' and 'overseas' trade endured not only because of the wares with which they dealt (namely gold, salt and slaves) but also because of the fact that there was a very little or no state regulation of their commercial activities, except in the case of the slave trade.

Very few people would dispute the claim that the informal sector plays an important role in African economies, past and present. Free and informal trade was the rule of indigenous economies in pre-colonial Africa. From a historical perspective, development of the informal economic sector in sub-Saharan Africa may be attributed to a number of factors: first, the evidence shows that outside powers have long had a special interest in Africa or at least acknowledged some responsibility for that continent. This was proven by the establishment of colonial rule and the "scramble" for Africa in the nineteenth century.¹ Furthermore, trade was the most important reason for which Muslim and European merchants came to Africa.

On the one hand, Islam brought to West Africa a new religion and some form of civilization – the book learning. On the other hand, to what extent the

legal system of Islam (the 'shari'a') was adequately implemented in traditional agrarian societies is not clear. Here too, the evidence suggests that the system which the Muslims instituted to teach Islam in West Africa was informally organized. In other words, the shari'a' as a central code of law to be applied in public domain was never formally established in West Africa at the state level. For a Muslim to learn about the law on certain matters was to consult a Muslim cleric ('immam'), who had been taught the Qur'an and the Sunnah (deeds of the Prophet Muhammad). The cleric would then go over the evidence to determine religious answers -- which was not the same thing as applying the "Shari'a" -- for simple practical matters. Thus, as a legal system, the Shari'a had a little impact on sub-Saharan Africa.²

Secondly, as indicated in Chapter Two, conflicts that arose between Muslim and European merchants, competing to trade with Africa, interrupted the jihadic movement and the expansion of Islam in West African and forced Muslim traders into an informal role within the colonial state. Therefore, the environment in which Muslims and non-Muslims lived and traded or worked together was made possible by what Levtzion calls a "spirit of compromise."³ The relationship that emerged between Muslim traders and the Africans was also informal. Under this "spirit of compromise," Muslim clerics were willing to

overlook certain practices of orthodox Islam, especially with regard to Islamic laws of trade, when it seemed useful to do so. The “puritanism” of Islam and the “exclusivism” of African traditional society, to use Levtzion’s terms, were subsumed to more tolerant tendencies toward each other and the result was informalization of the relationship between Islam and traditional society. This tendency of informality was institutionalized by the establishment of Muslim brotherhood and voluntary associations which kept the two societies closer to each other during the colonial era. Some evidence of this is also found in Alpha Bah’s study of the Fulbe traders in Sierra Leone (1983 & 1998), discussed in chapter two of this study.

It is therefore obvious, even today, that in an African country such as Sierra Leone, traditional customs and rules still dominate despite the strong western influences. The extended family system, kinship groups and ethno-linguistic patterns all serve as social institutional forces to which self-identity and cultural values are closely linked; they contribute to economic frameworks of different life trajectories, including book-learning which also plays a significant role.

In most of the existing research, education is viewed in terms of the economic earning power it gives to those who have ‘book knowledge.’ This

dissertation therefore explored the type of educational training which respondents said they had acquired; 44% of the people interviewed reported having attended English school, 32% attended Qur'anic school and 24% had received no formal schooling. However, the data shows no evidence of a direct relationship between occupation and type of school attended. Despite the types of school individuals attended, everyone underwent some kind of informal apprenticeship training to acquire the knowledge and skill necessary to operate the various enterprises in which they were engaged. Thus, based on these findings, it is useful to understand that "formal schooling" is not the only option for reaching the economic goals of most people in many African societies, including Sierra Leone.

African societies were characterized as having two sector economies -- traditional and modern -- operating side-by-side. However, as stated earlier, the dualism paradigm focused more on structural differences between tradition and modernity. Nevertheless, the persistence of chronic unemployment and underemployment of Africa's labor pull, show a symptom of economic failure on the part of the so-called modern sector to fully penetrate the traditional society and economy. The result was the continued existence of two economies, one "modern" and the other "pre-modern." In other words, the

dualist approach tended not only to ignore substantial overlaps of tradition and modernity, but also underrated the resilience of traditional knowledge and social order in the process of economic transformation assuming no economic exchange and no technological infiltration between the two sectors.

Thirdly, colonial interest or responsibility in sub-Saharan Africa shifted in the mid twentieth century from a governing role to one of guidance in creating the “modern” African states. At independence the state was viewed as the principal agent of economic development. As a result, both the state and its guides, (the former colonial rulers) decided to act for the people and not with them. Furthermore, the economic system the state inherited was neither transformed nor did it integrate the indigenous economy.⁴ As a result, the two economic systems (‘formal’ and ‘informal’) continue to operate side-by-side to this day.

Finally, although colonialism in sub-Saharan Africa was designed in a way that isolated traditional society and culture, it created a situation which encouraged expansion of cities and urban centers. The emerging cities served as breeding grounds for the development of an informal economic sector which could operate within the periphery of a colonially controlled economy. Even

more apparent in contemporary African societies and economies is that critical living conditions in rural areas and hope for a better life in the cities, combined with the dynamics of social and extended family networks have contributed to an immense rural-urban migration. Because of the limited availability of jobs in the cities, people whose expectations of wage labor were not realized, have to enter the informal sector in order to make a living. No matter how one may view it, the informal economy is a necessary component of African societies without which no African economy can survive the ongoing social and political changes.

In the case of Sierra Leone, the development strategy of the state tended to detach the actors for development from the supposed beneficiaries – i.e., the grassroots working class population. Even today, development projects look to foreign capital to create jobs that will benefit the working class population.⁵ But, when the development programs fail to meet the goal of creating the jobs, a majority of the working class turns to the informal sector for self-employment and economic survival.

The Prototypes of Informal Sector Enterprises

Informal sector enterprises operate within the periphery of the regulated economy with no record keeping. Nevertheless, commercial units of the sector can easily be identified by the type of businesses they operate. In general, the prototypes of informal sector enterprises observed in Freetown may be classified as follows: (1) 'local entrepreneurial enterprises' that operate within the periphery of the "formal" economy. Enterprises in this category are engaged mostly in retail business and the distribution of goods and services on demand. (2) Manufacturing units: manufacturing enterprises are those that produce a variety of consumer goods. Enterprise units in this category use local resources – both in raw material and technology. In Sierra Leone, it is estimated that this sub-sector represents 83% of value added in the manufacturing industry and employs more than 12,000 people, as indicated in chapter five (table 5.2). Examples of commercial enterprises in this category are the 'gara' making, furniture manufacturing, pot making, blacksmiths, handicrafts, leather work, artistry, etc. (3) 'Subcontracting' is also a category in the informal sector. However, this area is not yet well developed in Sierra Leone. Nevertheless, its activities are closely linked with large construction firms and mining industry.

Enterprise units in the first and second categories are by far the most common prototypes in Sierra Leone. Type two involves more artistic and technical skills, while type one involves trade in goods and services. But type one is more complex and too agile to characterize with precision. Type three, on the other hand, requires more organizing and management skills. For example, a subcontractor performs a critical role in labor recruitment process for construction and mining industries; he or she controls and supervises the work pull.⁶ But, unlike type one and two, information about the informal subcontracting in sub-Saharan Africa is not widely available, therefore, to fully understand how this sector operates, further research is needed.

Another category of informal economy in Africa is within the domain of "money transfer." Although this category is outside the scope of this study, it is very essential. Vali Jamal's observation of Somali economy (1989), for instance, revealed that a substantial amount of money frequently transferred by individuals working abroad to relatives and friends is unrecorded in official records as national income. He therefore concludes that the "official data" provide a very poor guide to the performance of the economy and the welfare of Somali people.⁷ This aspect of the informal economy is particularly relevant in the case of Sierra Leone and Liberia; during the rebel wars in these

countries, a considerable amount of money was transferred by individuals working aboard to their relatives and friends through informal channels and without any reference about it in the official records. This category, too, is an area that has not received adequate research attention.

CONCLUSIONS

For all rational and pragmatic purposes, the informal economy in sub-Saharan Africa is very relevance and can be seen as a reality and as a special form of socio-economic networks. What is even more apparent about the informal economy in the changing African societies is that its participants come from a wide range of socio-economic spectrum; it is not homogeneous. In other words, the slowdown of economic growth in sub-Saharan Africa during the 1980's and the 1990's has electrified the role of the informal sector and made it into an absorber of otherwise unemployed work-force as well as helping to alleviate poverty.

The outgrowth of the informal economic sector in a post-colonial state such as Sierra Leone can be attributed to a number of interrelated factors; among them are: (1) rural-urban migration in which people of the working-age move to the cities in search of better life and economic opportunities; (2) a poor condition of social services and lack of infrastructure facilities in rural areas, especially in education and skill training; (3) both the structure and content of "formal" education were not too adaptive to local needs and conditions, especially in the rural areas. For most young people, education is a ticket that

allows them to go to the city. Even agriculture college graduates, because of the living condition in rural areas, they are more apt to work in large towns and cities than in the rural areas.

The data shows that the informal economy in Africa is not homogeneous; participants come from all work of life. Even the boundary between the formal and informal sectors has been very fluid, as the variance of activities within the informal sector became evident of urban economic life. A statement made by Henderson may cast some light on the significance of the informal economy in less developed countries, such as Sierra Leone:

Indeed, we are waking up as we are reaching further into the range of absurdities now evident in the global "funny money" game. For example, it is now easier for corporations to make "profits" on paper by speculating and trading currencies than by putting up a real factory to produce real goods and employ real people anywhere in the real world! Similarly, perverse monetary signals now have turned private investors into speculators, gold and silver traders as well, spreading their capital around the planet seeking out ever-higher interest rates offered on ever-growing government deficit financing. As nations compete for these capital flows, interest rates grow higher and higher.⁸

Theoretically, "development" as discussed in chapter three, has been defined as "economic growth" which, according to proponents of the growth theories, leads to a sustainable increase in per capita income (Rosenstein, 1943; A. Lewis, 1954; and W.W. Rostow, 1960). However, from the evidence

of recent research, it is clear that economic growth does not guarantee sustainable employment for a growing labor force and in changing economies such as that of Sierra Leone. In reality, most of the jobs that were created in have been shut down due to the political crisis and economic deadlock.

Some observers have highlighted the obvious weaknesses in the application of the growth theory to economic development of changing societies and economies. They criticized the assumption that development is simply “economic growth.” For example, Clifford Geertz (1963), argued that the growth theory is over simplification and misleading. To be precise, in his study of social change and economic modernization in two Indonesian towns, Geertz found that before economic growth can be considered as ‘the quantum leap’ in development, there must be a long and gradual reorganization of society to provide the social, political and cultural requisites. This, according Geertz, may not necessarily be reflected in any increase in per capita income; such a reorganization, Geertz argues, could even lead to a decline in the growth index.⁹

In fact, some African countries have actually experienced “economic growth” but no development resulted. For instance, a critical examination of Liberia's economy was conducted by Robert Clower (1966). It was

acknowledged that Liberia is endowed with a rich resource base and, according to the study, during the period between 1954 and 1960, Liberia was ahead of the rest of sub-Saharan Africa. It had impressive buildings in Monrovia (the capital of Liberia), a vast railroad system, an international harbor, a huge rubber plantation and mining companies operating in the hinterland. Despite all of these, the study describes Liberia as an extreme case of "growth without development." That is, because the observable growth was not complemented by structural changes in lines of production, such as adopting efficient techniques in the economy and in the government or by involving domestic workforce in anything other than unskilled labor. The study concluded that if foreign enterprises and investment were withdrawn from Liberia, the "modern sector" of the economy would virtually cease to function. No matter how debatable this conclusion may have been, recent events in Liberia have proven the accuracy of Clower's prediction.

Similarly, since the decades of the 1970's, economic performance in Sierra Leone has been particularly dismal. At the beginning of the 1980's the policy of "structural adjustment" was introduced to help the state achieve sustainable economic growth. The process reached its critical point in the late 1980's and the early 1990's when the regime of President Momo was forced

to liberalize political practices along with economic changes of “structural adjustment” under the command of the International Monetary Fund (IMF) and the World Bank (John Weeks, 1992). The failure of the Fund and Bank policies, according to Weeks, made the state vulnerable to the ideology of these multilateral agencies which see economic growth as being intimately linked to development. The devastating consequences of this policy was that political and economic liberalization did not lead to the anticipated growth or development. Instead, they led to the escalation of alarming events that continued to play out through the decade of the 1980's and beyond.

From the perspective of the informal economy, a number of its potential features can be identified:

- 1) The informal economy plays an important role in providing livelihoods to a large number of people by creating opportunity for self-employment;
- 2) the activities of the informal sector include providing a training ground for learning skills and adaption of “appropriate technology;”¹⁰
- 3) the informal sector promotes entrepreneurship and accelerates the expansion of market economy;
- 4) by virtue of its capacity to create jobs for a large number of people in the labor force, the informal sector provides a “safety net” for the working class population.

Therefore, the role of an informal economy in sub-Saharan Africa cannot be ignored in attempts to evaluate the economic and political challenges facing modern African states and, if properly managed, can create wealth and capital.

According to reports from both governmental and non-governmental sources, the industrial sector has not been very significant in Sierra Leone in terms of economic performance. Up to 1985 when most of the industrial plants were running at varying capacities, its share in the country's GDP was less than 6%. By 1993, productivity in agriculture had also declined considerably, due primarily to the war in the interior.

What is evidently clear is that the informal sector provides a considerable self-employment potential. As prospects for employment growth in the formal sector become more limited, a growing proportion of the labor force enters the informal sector. Therefore, the need for strengthening the informal sector in low-income countries such as Sierra Leone, is relevance economically and is extremely a necessary component in national development process, for it provides a ground for entrepreneurship and the acquisition of skills. Thus, any account of an African economy that does not take this reality seriously, is not only inaccurate but harmfully misleading as well. Perhaps, this conclusion can

be illustrated by a story which Frank Samura told me during the fieldwork of this study in Freetown:

I was a registrar of Co-operative Society. When members applied for loan, the applications were sent to the loan committee for approval. We in the Ministry (Ministry of Trade, Industry) used to investigate grievances which members of the Society had with their local branches. So, on one occasion we went to a village to settle a dispute regarding the Society's loan policy. . . . In this village there was a young man who had applied for a loan to get married. He was told that he cannot get a loan (from the Co-operative Society) for that purpose. So, at the village meeting, he brought the complaint before us. Again, he was told that Co-operative Society's loan was only for productive purposes. While we were trying to explain loan policy, the young man interrupted; he then asked: "Can you people tell me what is your meaning for productive purposes?" Everybody busted into laughing. No attention was paid to the question he asked.¹¹

When this story was retold at the OSCAL's workshop on informal economy in Africa, held at the United Nations in New York (April 23-26, 1996), the response was similar to that reported in the story. The representative from IMF, Reimer Carstens, responded by listing the types of loans available in conventional banking systems. He said: "There is a difference between what we call business /investment loan and personal loan. What is being referred to here as 'productive purposes,' falls under the category of business loan. The kind of loan the gentleman needed is within the category of personal loan."

With regard to African informal economy, the significance of the above story in this context is the following: First of all, the definition of "productive

purposes” can be very problematic. The failure of the committee to address the question the man asked, suggests that members of the Co-operative Society may have ‘missed the point’ which the man was probably trying to make. They presumed he had misunderstood the meaning of “productive purposes.”

From the perspective of African rural society, economic circumstances are very different from those which we are all familiar with in the city. For example, under the city banking system, there are different types of loans. In the formal city banking system, the type of loan for which the young man applied is called “personal loan,” as Carstens pointed out. In the village community where everyone is a farmer, the purpose for which the man needed the loan (“to get married”) can also be regarded as a “productive purpose” for a number of reasons: (1) Farming requires hard work. Technically, an unmarried young man cannot do serious and productive farming by himself; he needs a helping hand. (2) In the village life, being married brings more responsibility to the individual which makes him more "productive." (3) In some instances, a young unmarried man in the village may be considered unreliable; he is vulnerable and if he gets into trouble, he might have to leave the village and settle elsewhere -- to a diamond mine or to the city. Thus, the

only thing that can tie him to the village and to the land is marriage. He must provide for his family /household; thus, he cannot leave without making proper arrangements for his family.

Furthermore, from the perspective of village society and economy, getting married can be considered as economically productive. In the village, once married, a man may be granted a portion of the land for farming and a spot in the village on which to build a kitchen for his wife. In time, he will be granted additional land on which to build a house for himself and his family. Should he continue to prosper, he will build another house for himself, leaving his wife or wives and children in the first house. All these advantages revolve around the fact that he is married; it is not the same in the city. Thus, a credit policy based on conventional banking procedure seems more political prescription than economic cure to the villager. In short, to understand the role of ISE in the changing societies and economies, one must look at how people creatively try to shape the social and economic reality to improve on their standard of living. That is a path to progress and “development.”

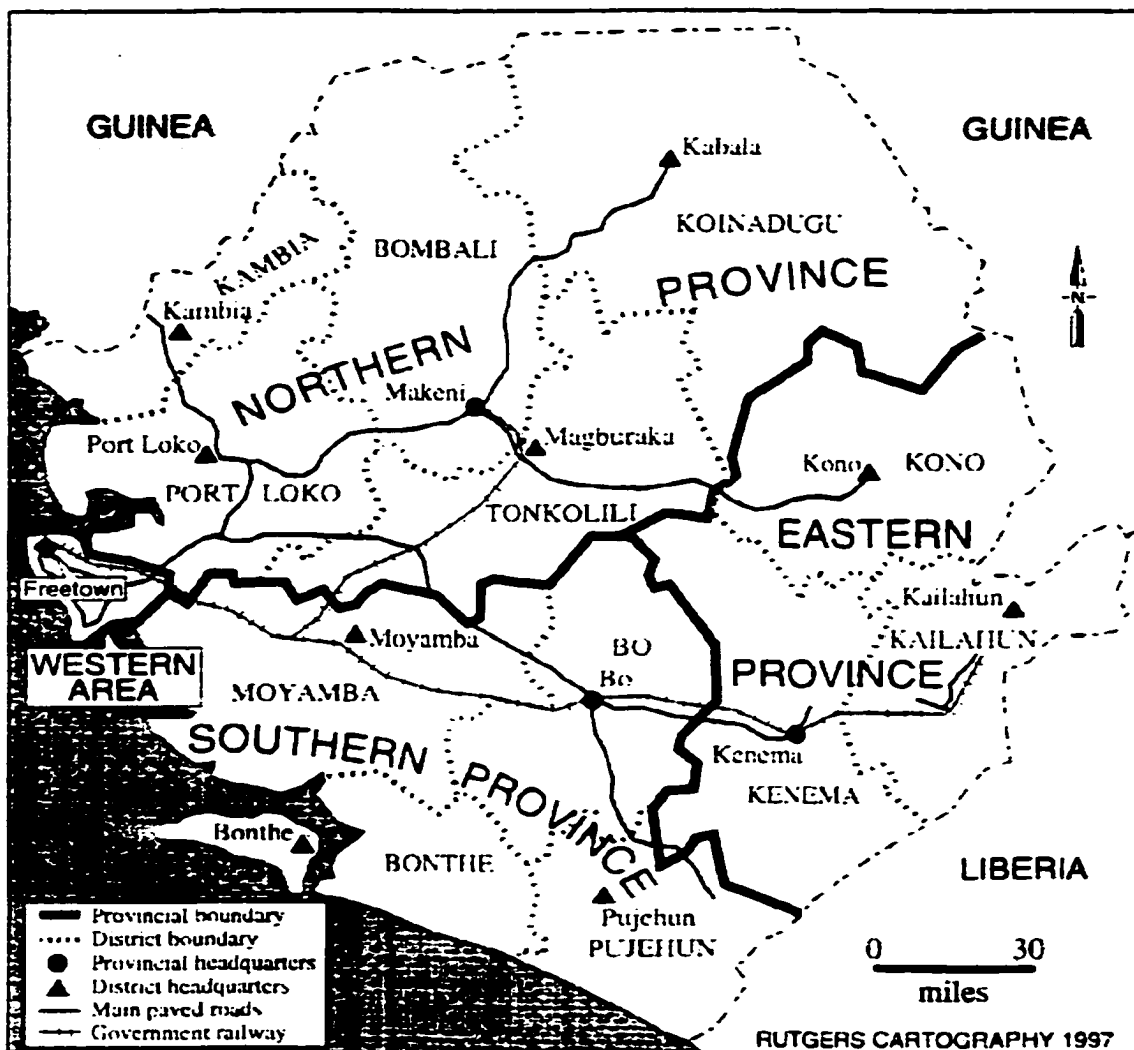
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5. See, for example, the Ten-years plan of Economic and Social development for Sierra Leone 1962 /63-1971 /72. Freetown: Sierra Leone Government Publication, 1962.
6. Ragui Assaad, "Structured Labor Markets: the Case of the Construction Sector in Egypt," a Ph.D. dissertation. Graduate School, Cornell University, 1991.
7. Vali Kamal, "Somalia: Understanding an unconventional economy." in Development and Change, April, 1989 (pp.203-265).
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10. Carlos Maldonado, and S.V. Sethuraman (de.), Technological Capability in the Informal Sector. Geneva: ILO Publication, 1992.
11. This story came from Frank Samura, a former registrar of Co-operative Society. He was my field consultant in Freetown during the fieldwork of this study.

APPENDIX A

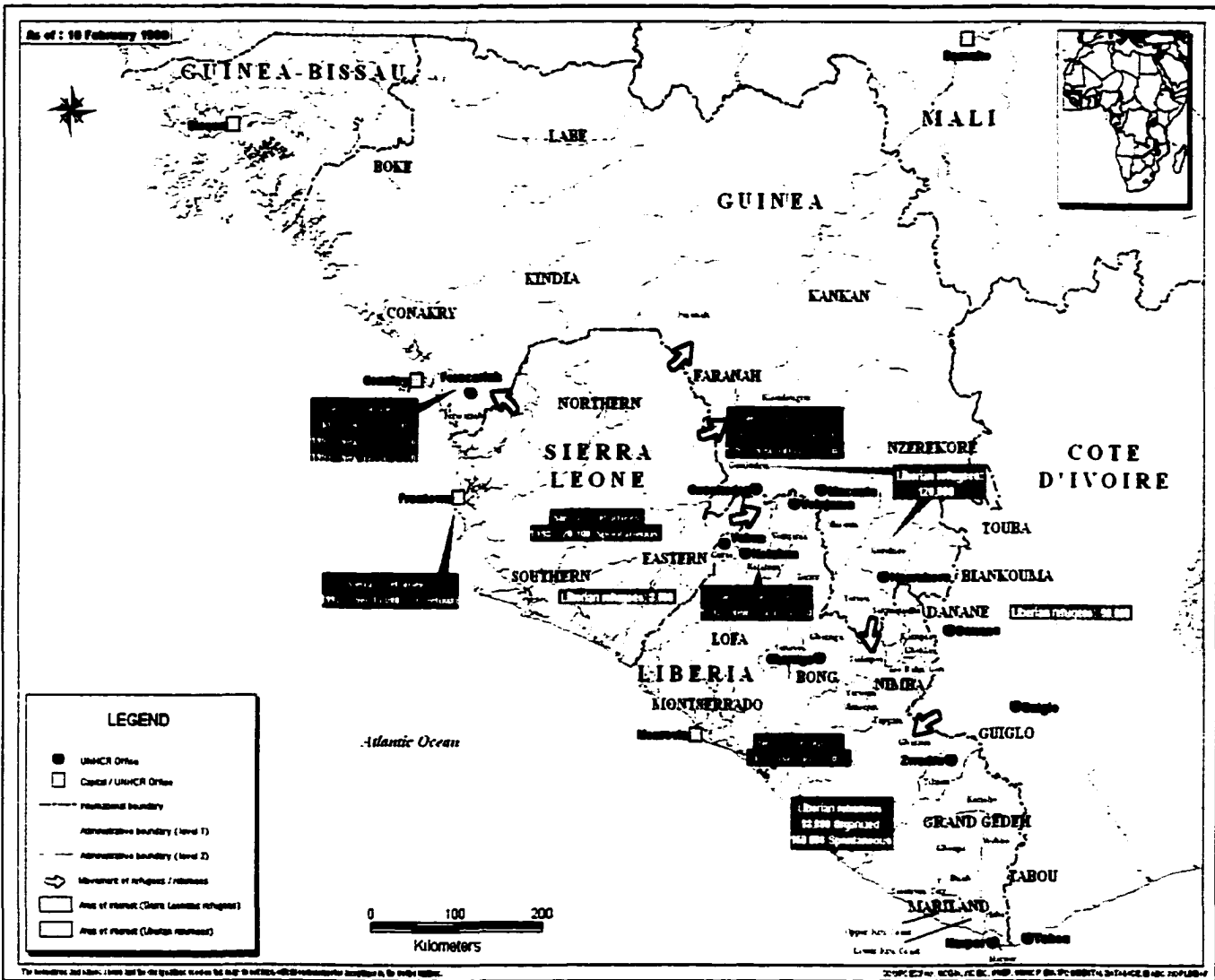
MAP 1 AND MAP 2

Map1: A Map of Sierra Leone:



Note: the Government Railway was removed and sold out during the 1970's

Map 2: Refugees Situation in Sierra Leone (1999)



Source: United Nations High Commission for Refugees (UNHCR), February 1999.

APPENDIX B

A MUSLIM BROTHERHOOD AMONG THE VAI IN LIBERIA

The Muslim brotherhood found in many parts sub-Saharan Africa takes a special form among the Vai, a predominantly Muslim tribe in Liberia. The purpose of this appendix is to give some detail about the Muslim brotherhood and the role of Islam among the Vai, discussed in chapter two. The Vai people live in the coastal area of northwestern Liberia. Most of the Vai make their living from agriculture and trade. "Modernization" has also attracted many of them to craftsmanship; some are tailors, carpenters, masons and auto mechanics. For many centuries, most of the economic activities in Vai society have been carried out informally.

The Vai tribe has attained a special place in West African history as one of the few cultures to have invented their own writing system, the Vai script. As to when the script was invented is not clear. It is said that the script was invented by one Dualu Bukele (a Vai man), possibly around 1819 or earlier. It

was the first indigenous writing in West Africa to be "discovered" by Europeans.¹

The role of Islam has also taken an important place in Vai society and culture. Despite the efforts made by Christian missionaries in establishing schools all over the Vai country, Islam remains a predominant religion among the Vai. As early as the first half of the nineteenth century, or a little earlier (as suggested by some scholars), Muslim scholars, from both the North and West Africa, came to Vai country to teach the religion. The impact of the new faith was remarkable; in towns and villages where Islam was accepted, teaching and book learning was spread among the Vai. While the Qur'anic teaching was spreading among the Vai in Liberia, it was also having a significance impact in Sierra Leone -- especially in a section of the Vai tribe outside of Liberia. For example, as discussed in chapter two, Alhaji Ahmad Tunis (d.1937), an authorized Tijanii scholar exercised a considerable influence on the population as he spread the doctrine of Tijaniyya. In mid-1930's, not only he crossed the borders into Liberia but also thought the religion of Islam and Tijaniyya doctrine to the Vai in that country.

1. P.E.H. Hair, "Notes on the discovery of the Vai script, with bibliography," Sierra Leone Language Review, 2, 1963 (p.36-49).

As indicated in chapter two, one of the students of Alhaji Tunis became Alhaji Ibrahim Nyei, whom he appointed as a spiritual leader ('Muqadam') of the Tijaniyya in Liberia. Nyei too exercised a noticeable influence in teaching Islam and the doctrine of Tijaniyya to the Vai.² In 1949, he was also given an authorization by the Government of Liberia to open and operate Islamic school in Grand Cape Mount county – a predominantly Vai region in Liberia.

It is also important to note that, the use of Arabic language itself is relatively restricted in West Africa not only because of its religious concern, but also because the number of people who could read the Arabic is very limited. Nevertheless, restrictions on knowledge of the Arabic language were not hindrance to record keeping for voluntary organization purposes among the Vai. At least since the beginning of the 19th century as indicated in chapter two, the Vai have been using their own indigenous Vai script for the kind of transactions required for record keeping.

Thus, in the attempt to characterize the relationship between Islam and traditional institutions among the Vai, the records of Vai Muslim brotherhood were examined. These records consist of a series of copybooks, extending

2. See Jack Goody, M. Cole & S. Scribner, "Writing and formal operations: a case study among the Vai," in Africa, Vol 47 #3, 1977 (p.289-304).

over the years between 1926 and 1959. Almost all of them are about the association, beginning with a membership list and include a written constitution or by-laws (dated 1941), and a speech written and, possibility, read by the president (Ansumana Sonii) in a twentieth anniversary convention of the association. A translations of the constitution is the following:

THE BY-AWS OF MISILA MUSLIM ASSOCIATION

10/2/41

This is what we will do in this association ('konpin')*

No. 1

We must believe that there is ONLY ONE GOD and we must not worship anything besides Him. A person who does not worship God and pray as a Muslim cannot become a member of the organization.

No. 2

No one should become a member of this organization if he cannot pray as a Muslim. If everybody testify that a member has stopped praying, we will drop that member from the organization.

No. 3

No one should drink liquor of any kind, or produce distills of liquor or sell liquor in any form.

No. 4

A member must not make love to a fellow's wife, or have a sexual relation with any woman other than his wife.

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No. 5

No member should take any woman as a wife except in a lawful way. Evidence of lawful marriage may be investigated – from the woman's parents or from the chief of the town.

No. 6

A member must not conspire against his 'brother' [fellow member]. If a member came across a fellow member in trouble he should help him in whatever way he can.

No. 7

Every year we will all assemble together to commemorate the birth of the Prophet Mohammed for his honor. [This commemoration is known in West Africa as 'Mawulidi'].

No. 8

When the time comes for the Mawulidi celebration, for the birth of the Prophet Mohammed, everyone must be present – unless there is a strong government order or a serious illness (that might prevent one from coming).

No. 9

If one is absent without any good reason, such as the kind stated in Number 8, then such a member will be required to pay a fine of ten shillings [i.e., \$2.00].

No. 10

Members who may be in delinquent with the organization must pay their debts before the commemoration of the birth of the prophet Mohammed (peace be upon him).

No. 11

When the year comes to an end, we will all assemble and pray to God for our country ("boloe"). [Note: the Vai word 'bolo' could mean either the state, country, chiefdom, county or tribe].

No. 12

If a member died, those who are nearer to the place (where he /she died) must go there on the same day to bury the body. After that, on the 13th day, everybody should gather together to pray God for the diseased member's soul.

No. 13

When a member dies, those members who go to bury the body should carry all their 'things' (needs) so that we will not inconvenience others.

No. 14

If a member died within a 'country' (chiefdom or county), and the town where he died is so small that it cannot accommodate everybody, we will go to the nearest large town (to carry out the funeral services). However, if a diseased member does not have any relatives to look after his interest and he happened to die in a small place /(town) and nobody comes to claim the body, then (in that case), we will carry it (the body) to Misila (headquarters of the association) to bury.

No. 15

If any good (i.e., a devoted) Muslim comes to this country and he or she happens to die here, and had no relatives here, the organization will undertake the after of the funeral rites and do whatever we can to see that proper funeral services are rendered.

No. 16

If a member owes the organization money at the time of his or her death, and if they (the dead member's family or relatives) do not pay the money owed to the organization before or by the 13th day (after the death), members of the organization will not attend the funeral, unless the president sends out a notification showing that the debts (owed to the organization) have been paid or (at least) arrangement have been made for payment of the amount owed.

No. 17

Dues collectors should be here at the headquarters before the date of the Mawulidi celebration; they should come on the first day of the month in which the celebration is held, so that the president can look into their accounts. After the celebration and before everyone leaves (to go to their respective homes), the president should give an annual report to inform everybody about all that has happened within the past year.

No. 18

If two of our brothers happen to get into a conflict with each other, we will try to settle the dispute between them. For the sake of God, if one of the disputing parties is not a member of this organization and gets into conflict with a

member, we will still try to settle the matter; provided the individuals involved bring the matter to the attention of our president.

No. 19

If someone acts unjustly against a member because he is a stranger; that is to say, if someone acts unjustly against you (a member) because you are powerless, or because you are ignorant, even if the person who acted unjustly to you is a rich person (such as telling a lie against you), if this organization realizes that the action is unjust, we will render assistance to you whatever is within our power, because God does not like injustice, nor anyone who acts unjustly.

No. 20

If a Muslim who joins this organization has wronged any member and that member holds a grudge against him or her, when both of them have joined this organization, they should bring the matter before us so that we can adjudicate, so that it can be settled between them. If the matters do not want to discuss the matter in public, then the individuals involved should pardon each other. No member of this organization should hold a grudge in his heart against his fellow member. We must not stop speaking to each other; such a behavior is not permitted within a Muslim brotherhood.

No. 21

Anyone in another area (district /chiefdom) can join this organization if he agrees to abide by all these laws and is able to pay whatever contribution the organization requires one to give. After that, 'if anything happens to him, ' we will send someone with our contribution, especially if the distance is too far off for everybody to go there at once. After the messenger has been sent, we will gather together at Misila (the headquarters) to make 'fidao' for the brother. [Note: 1) "if anything happens to him," implies if the member dies. 2) 'fidao' is a special prayer which Muslims offer on behave of the diseased for God's forgiveness of his /her sins.]

No. 22

Any male adult who wishes to join the organization should make an initial contribution of three shillings (\$0.60). If the individual who wishes to join is a female, she will pay two shillings (\$0.40) because a woman follows her husband; if he or she (the applicant) is a small boy or young woman, will pay the sum of a sixpence (an equivalent of \$0.10).

No. 23

The duty to travel will not apply to female members, only to males; however, it is lawful if the woman's husband deems it necessary.

No. 24

All male members who are abide by this law of God (laws governing the behavior of Muslims) should not beat their wives or abuse them outside their house (i.e. in public) because to do so is against the law of Islam, the law of God.

No. 25

It is incumbent upon all married women in this organization to lower their posture to their husbands, which will show that they, the women, are governed by Islamic law. The women should not shake hands with any man other than their husbands.

No. 26

No woman can join this organization unless she is married, with the exception of those women who are old and have extracted from sexual life; we can accept such women without married.

No. 27

If matters concerning violation of these laws come before the organization and we investigate it and find that the accusation made against the individual is true, that person will be suspended until he or she repents; such a member may be readmitted.

No. 28

There are three things which if a member do the organization will not have anything to do with it and will not offer any assistance:

- 1. If one follows somebody's wife (i.e., commits adultery) and his name is confessed, the organization will not render any assistance.**
- 2. If one is involved in any form of gambling, such as playing cards, and stealing.**

3. If one is involved in handling a large amount of money (which belong to others) and then go to work and 'eats it' (i.e., embezzled it), if trouble results, this organization will not get involved or render any assistance.

(*) COMMENTS:

This constitution, written in 1941, is an interesting document from several points of view. 1) In content it shows a strong solidarity as well as social responsibility of the membership. 2) It shows the close affinity with the informal voluntary associations found in many parts of Africa, referred to in the dissertation. 3) The bulk of its twenty-eight articles specify the duties of the membership to ensure the proper burial rites, their obligations to support one another in time of need and the consequences of noncompliance.

In form, the constitution is also interesting as a written document. It is written in a separate copy book, with the date 10/2/41 written at the top and the phrase "what we have to do in this association" (the Vai word is "konpin"), on the first line. This phrase and the rest of the document are written in Vai script, with the exception of the English numbering at the beginning of each article.

The organization was founded in June, 1937, which suggests that this bylaw was adopted four years after the establishment of the organization – either on October 2, (10/2/41) or on 10 February (10/2/41). The latter is more likely the correct date. Sonii seemed to have been influenced by the British than by the American system. For example, he recorded cash in shillings and pounds, rather than in dollars and cents.

The document itself was translated (into English) in 1975, by Hamidu Getaweh, during the Cole and Scribner's Vai script literacy research project. However, I have made some minor changes based on the original Vai script text. I have also rearranged some of the items to accommodate the suggestions made by Ansumana Sonii himself, president and author of the document, on the original text. For example, in the right hand margin of page one (i.e., the original Vai script document), there is a note saying: "article 23 should be made article 2." Article 13 and 22 were also rearranged by Sonii: He wrote the numbers in such a way that the #22 was crossed out and 13 written in its place. It might have occurred to Sonii that the logical position for the articles are with the others that deal with similar issues. These changes suggest that, in Sonii's opinion, the articles were still subjected to rearrangements. Based on this logic, articles 23, 24, 25 and 26 were also rearranged.

**A speech written and delivered by A. Sonii
on the occasion of the association's 21st anniversary**

To these three (Vai) chiefdoms:

**Vai Konee
Chawula
Tombe**

MY GREETINGS TO YOU ALL:

First of all, I will like to extend my thanks and appreciation to all of you -- the inhabitants of these three chiefdoms -- for your faith in Islam and your love for one another. I praise God for that and I am thankful to Him, for permitting us to practice Islam in this collective manner ("kolelondo") for twenty-one years now. May God accept our prayers and be merciful upon us all in the paradise.

My dear brothers and sister in Islam, I want to appeal to you: I implore you, let's not eat the lamb and give up upon its head [a Vai proverb, meaning let's move on and not give up]. The work you have done thus far is great considerably before any sincere and intelligent ('jilimaso') human being. Some people might have started similar efforts before us and (perhaps) some at the same time as ours. But I don't believe that they were as successful as we are; they probably were unable to continue.

I say we are very successful; for one thing we are united and are still working together for twenty-one years now -- since the founding of this organization ("konpin"). May God gives us assistance in strength and show us a way to acquire money to continue our work in this organization to advance our Islamic faith and brotherhood.

My dear brothers and sisters in Islam, I am once again calling upon you not to hold yourselves back or feel discouraged. By the blessings of God, I believe, we have passed the midpoint on our journey. Indeed, you have done great services in building mosques and 'maulid' halls in these chiefdoms for God sake. May God's blessings be upon everyone of you. Those who have helped to build these houses of God may God's mercy be upon them in the Paradise.

The laws governing this organization were written down in a book (a special copybook). I believe, in that book we did say that if we find any item which (we think) might affect the progress of the organization or which is inconsistency with our faith, we should drop that aspect of the law. We also did say that if we came across a law (an idea) which we think is good for (the progress of) the organization and which does not conflict with Islam, we will be pleased to adopt (such idea) and incorporate it into our laws. Having said that, I suggest that we look over (i.e., review) the laws of the organization and make changes in those items that I think are affecting the progress of this organization:

NO. 1, I suggest that we abandon annual due payment. If there is any thing which we (member of the organization) must finance doing, I suggest that we meet and talk it over (discuss it) and then charge each member certain amount to cover the cost of such a work (project).

NO. 2, I also suggest that we abandon funeral contribution, for the fact that people are no longer paying it.

NO. 3, I also suggest that the time for funeral ceremony be changed from the 13th to the 2nd Friday (after the death occurrence) and should be held only at Misila (the headquarters) – so that after Friday prayers we should all pray for our (dead) brother or sister before the congregation dispersed. This will be the fulfillment of our promise to the deceased member. And

after that whosoever wishes to pay additional tribute to his kinsman should have the right to do so without the organization's involvement. This (amendment), in my opinion, will enable us to keep up with the Friday prayer services as well.

NO. 4, This will also mean that you who lost your kinsman it is your responsibility to report the incident to the organization.

APPENDIX C

QUESTIONNAIRE USED FOR THE FIELDWORK

Interviewer: _____ Date: _____

Personal data and places of resident:

1. Name: _____ I.D.# _____
2. Gender: (a) Male _____ (b) Female _____
3. Age _____
4. Place of birth: _____
5. When did you leave the town you're born? _____
6. Have you ever gone back for a visit? _____. If yes, ask the following questions:
 - a) When was your last visit? _____
 - b) What was the purpose for the visit? _____
 - c) How often do you make such a visit? _____
7. How long have you lived in Freetown? _____
 - a) When was your first visit to Freetown? _____
 - b) When did you decided to stay and why? _____

 - c) Name all other places you have resided for more than six months?

 - d) What were you doing (in these places)? _____

Occupation & size of household:

8. What is your current occupation? _____
9. How long have you worked in your current occupation? _____

10. When did you first start this occupation? _____
11. Is this your primary occupation? _____; if no,
What is your primary occupation? _____
12. Are any of your relatives /family members in this occupation? _____
if so, who and what is your relationship to them? _____

13. What is or was your father's occupation? _____
14. What is or was your mother's occupation? _____
15. Are you married? () Yes, () No.
16. If yes, what is your spouse's occupation? _____
17. How many children do you have? _____
18. How many of your children attending or have attended school? _____
19. Beside your children, how many people in your household? _____
20. What is your relationship to them? Check as many boxes as applicable:
- () Father () Mother () brother
() uncle () aunt () sister
() nephew () niece () other (please specify) _____

Education /training:

21. Did you attend school? () Yes; () No. If yes, what type of school?
- a) () Arabic, () English, () other (specify) _____
- b) Who supported you in school? _____
- c) Class or form Last attended? _____
- d) What year did you leave school? _____
- e) Why did you leave at that point? _____
- _____
- _____
- _____
- _____

22. Were you ever an apprentice? () Yes, () No. If yes, ask the following questions:

a) in what craft /trade? _____

b) at what age were you apprentice? _____

c) how long were you apprentice? _____

d) did you master the craft? _____

23. If you didn't master the craft /trade, why did you leave? _____

24. Have you ever participated in formal vocational training? () yes; () no.
If the answer is no, go to question 25. If the answer is YES, ask the following questions:

a) What vocation /trade? _____

b) How long did the training last? _____

c) Where did the training take place? _____

d) Did you complete the training? _____

e) Who supported you (financially) during the training? _____

25. Does your current occupation require any skill? _____; if yes, ask the following:

a) where did you acquire that skill? _____

b) who helped you (financially) to acquire the training for that skill? _____

26. If you can recall, name all the occupations /(jobs) you have engaged in since you started working. _____

Self employment & business income:

27. What kind of business are you doing now? _____

28. How much money did you start up with? _____

29. From where did you get the money to start? _____

30. How much do you make from your current business each month?

Please select the appropriate category, from the list below:

- | | |
|----------------------------------|------------------------------------|
| a. () less than 10,000 Leones | e. () between 40,000 and 50,000 |
| b. () between 10,000 and 20,000 | f. () between 50,000 and 60,000 |
| c. () between 20,000 and 30,000 | g. () between 60,000 and 70,000 |
| d. () between 30,000 and 40,000 | h. () over 70,000 (specify _____) |

31. Have you ever worked for wages? _____. If yes, ask the following:

- a) what type of work did you do? _____
- b) for how long? _____ weeks; _____ months; _____ years.
- c) how much were you paid? _____
- d) Why did you leave the job? _____

32. If you have a choice, which one would you prefer:

- a) working in your current occupation? _____
- b) working for wages? _____
- c) Why? _____

33. Have you ever been confronted with problem in running your current business?

- a) If so, what type of problem? _____
- b) How did you solve it? _____

34. Do you need a paper /license to operate your current business? _____

- a) If so, where do you get that paper? _____
- b) Have you ever applied for such a paper and got it? _____

35. Please describe how you conduct the business which you now operate. Would you consider yourself a successful person? Please explain

(This section must also be tape recorded).

Supervision of employees (if any)

36. Does anyone else work for you? _____ . If yes, who? _____
- a) What type of work does he /she do? _____
- b) How long has this person worked for you? _____
- c) What is your relationship to him /her? _____
- d) Do you pay him /her? _____; if so, how much? _____

Membership to organizations

37. Are you a member of any organization? _____
38. If answer to question #37 is yes, ask the following:
- a) what kind of organization /association?:
() credit union; () business association; () cultural / religious society;
() professional association; () others (please specify _____)
- _____
- b) what is the name of the association? _____
- c) What does this association do? _____
- d) What is your role in it? _____

Property Ownership

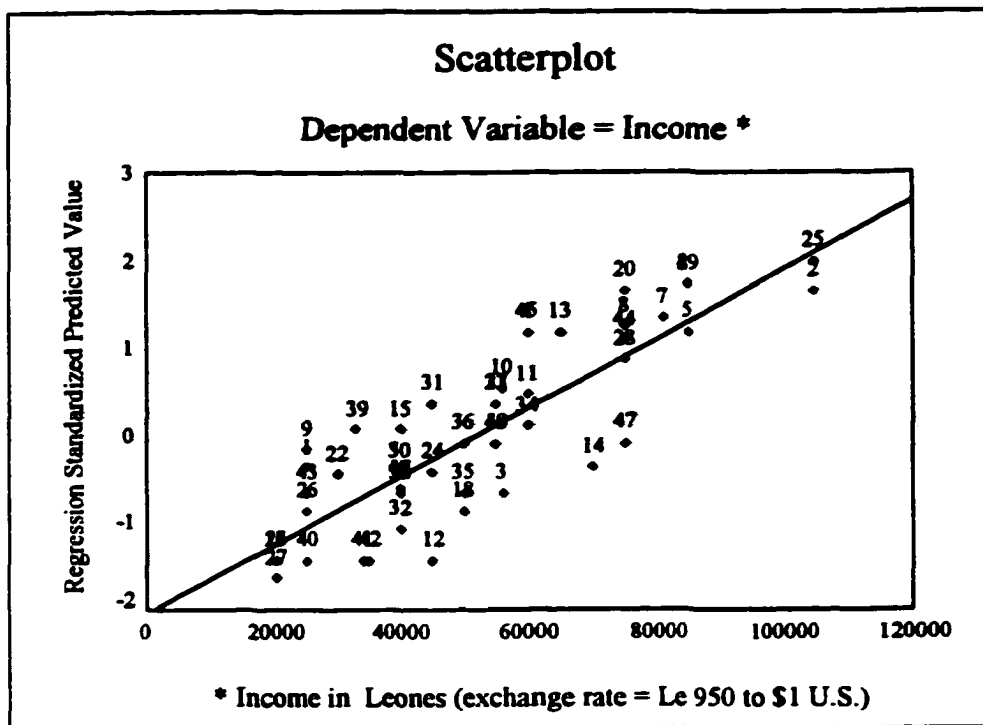
39. Do you own any property? _____
- a) What kind of property? _____
- b) How much did it cost? _____
- d) What year did you purchase this property? _____
- e) Where is the property? _____
40. Do you have any question to ask or any thing you would like to add?

[Leave the tape recorder open]

APPENDIX D

A Summary of Regression Statistics

To determine how the variables – such as education, occupation, skill, material resources, working environment etc. – interacted to affect income earned by the enterprises, a step by step analysis using computer techniques (SPSS) was necessary. This process was useful in summarizing the many cases in the sample. The regression model examines the relationship between the variables. The hypothesis was that experience and training together with education, initial investment capital, the age and type of business, were among the factors contributing to how much income an enterprise unit was capable of generating. Size of the family and number of years in Freetown were also considered as factors influencing business income. The results of the process are indicated below and appears to be statistically significance at a level $<.05$, with an adjusted R-square value of .723 or 72.3%, in regression analysis. This means that the value of adjusted R-square (72.3%) could not have occurred by chance.



<u>Case#</u>	<u>Crafts</u>	<u>Case#</u>	<u>Crafts</u>
01.	watch repair	26.	mattress making
02.	auto mechanic	27.	shoe making
03.	cook shop	28.	bakery
04.	petty trade	29.	welding
05.	contractor	30.	bakery
06.	stationary	31.	bakery
07.	pot making	32.	blacksmith
08.	carpentry	33.	pot making
09.	painting	34.	pot making
10.	blacksmith	35.	bakery
11.	welding	36.	bakery
12.	cook shop	37.	construction
13.	money changing	38.	bakery
14.	Pot making	39.	charcoal
15.	glossary shop	40.	charcoal
16.	soap business	41.	charcoal
17.	gara making	42.	charcoal
18.	marketing	43.	charcoal
19.	gara making	44.	blacksmith
20.	gara making	45.	petty trade
21.	gara making	46.	gara making
22.	carving	47.	money changing
23.	mattress making	48.	gara making
24.	arts & craft	49.	welding
25.	furniture	50.	bakery

Regression Analysis Printout

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.942 ^a	.887	.723	10,501.3035	.887	5.409	29	20	.000

a. Predictors: (Constant), ZVOCTBEG Elementary vocational training, ZFAMILY_B Family size (more than 10), ZLVEDUC3 Qur'anic education, ZPROBLM6 financial (access to credit), ZVISTMOR Visit more than once a year, ZCRAFT2 Food and Retail Business, ZRESNDT3 Years in Freetown (11 to 15), ZTRAINING1 Years of training (3 to 5) , ZVOCTADV Elementary vocational training, ZPROBLM3 Problem of location /space, ZPROBLM1 Problem of bad credit, ZJOINBUS More than one owner, ZPROBLM7 Transport problem, ZVISTLES Visit once a year, ZLVEDUC1 Elementary education, ZFAMILY_A Family size (less than 5), ZPROBLM4 Family problem, ZRESNDT2 Years in Freetown (6 to 10), ZBUSLIF Old bus. (over five years), ZTRAINING2 Years of training (6 and more), ZLVEDUC2 Secondary education, ZPROBLM5 Tool problem, ZAGE30LS Age 30 and less, ZPLCBRN3 Born in foreign country, ZPLCBRN2 Born in Freetown, ZRESNDT1 Years in Freetown (5 or less), ZCRAFT1 traditional craft, ZCRAFT3 Casual Production, ZAGE41UP Age 41 and older

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17296872482.206	29	596443878.697	5.409	.000 ^a
	Residual	2205547517.794	20	110277375.890		
	Total	19502420000.000	49			

a. Predictors: (Constant), ZVOCTBEG Elementary vocational training, ZFAMILY_B Family size (more than 10), ZLVEDUC3 Qur'anic education, ZPROBLM6 financial (access to credit), ZVISTMOR Visit more than once a year, ZCRAFT2 Food and Retail Business, ZRESNDT3 Years in Freetown (11 to 15), ZTRAINING1 Years of training (3 to 5) , ZVOCTADV Elementary vocational training, ZPROBLM3 Problem of location /space, ZPROBLM1 Problem of bad credit, ZJOINBUS More than one owner, ZPROBLM7 Transport problem, ZVISTLES Visit once a year, ZLVEDUC1 Elementary education, ZFAMILY_A Family size (less than 5), ZPROBLM4 Family problem, ZRESNDT2 Years in Freetown (6 to 10), ZBUSLIF Old bus. (over five years), ZTRAINING2 Years of training (6 and more), ZLVEDUC2 Secondary education, ZPROBLM5 Tool problem, ZAGE30LS Age 30 and less, ZPLCBRN3 Born in foreign country, ZPLCBRN2 Born in Freetown, ZRESNDT1 Years in Freetown (5 or less), ZCRAFT1 traditional craft, ZCRAFT3 Casual Production, ZAGE41UP Age 41 and older

b. Dependent Variable: BUSINCOM How much does you current business make per month?

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	55507.393	12142.833		4.571	.000
	Age 30 and less	-1853.115	8259.513	-.030	-.224	.825
	Age 41 and older	369.377	10859.364	.009	.034	.973
	Old bus. (over five years)	21894.616	4925.503	.517	4.445	.000
	Traditional craft	18331.324	9155.936	.407	2.002	.059
	Food and Retail Business	17210.748	7296.862	.361	2.359	.029
	Casual Production	-1881.960	9989.209	-.041	-.188	.852
	Family size (less than 5)	-3716.696	6928.116	-.069	-.536	.598
	Family size (more than 10)	-1381.282	10246.937	-.033	-.135	.894
	More than one owner	15236.146	5442.969	.338	2.799	.011
	Elementary education	437.065	7145.029	.009	.061	.952
	Secondary education	-23237.781	6491.139	-.516	-3.580	.002
	Qur'anic education	-6938.196	6839.908	-.164	-1.014	.323
	Born in Freetown	-17638.185	10876.439	-.268	-1.622	.121
	Born in foreign country	-1459.506	7168.265	-.034	-.204	.841
	Problem of bad credit	-7690.904	7458.755	-.143	-1.031	.315
	Problem of location /space	-13715.244	8117.357	-.226	-1.690	.107
	Family problem	-13036.969	9793.447	-.198	-1.331	.198
	Tool problem	-5394.200	8705.574	-.095	-.620	.542
	Financial (access to credit)	-3839.937	7279.489	-.071	-.528	.604
	Transport problem	-19387.412	8854.529	-.294	-2.190	.041
	Years in Freetown (5 or less)	4529.631	8459.831	.098	.535	.598
	Years in Freetown (6 to 10)	-25264.613	5854.907	-.546	-4.315	.000
	Years in Freetown (11 to 15)	-13042.747	6810.653	-.274	-1.915	.070
	Years of training (3 to 5)	1628.680	6321.555	.040	.258	.799
	Years of training (6 and more)	10846.373	9334.697	.201	1.162	.259
	Visit once a year	-10492.792	5648.034	-.233	-1.858	.078
	Visit more than once a year	5845.444	4963.822	.126	1.178	.253
	Advanced vocational training	40945.952	8199.454	.562	4.994	.000
	Elementary vocational training	8081.827	8730.143	.097	.926	.366

a. Dependent Variable: BUSINCOM How much does you current business make per month?

Excluded Variables^b

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
					Tolerance
1	ZNO VIST No visit (Freetown native)	.8	.	.	.000

- a. Predictors in the Model: (Constant), ZVOCTBEG Elementary vocational training, ZFAMILY_B Family size (more than 10), ZLVEDUC3 Qur'anic education, ZPROBLM6 financial (access to credit), ZVISTMOR Visit more than once a year, ZCRAFT2 Food and Retail Business, ZRES DNT3 Years in Freetown (11 to 15), ZTRAINING1 Years of training (3 to 5) , ZVOCTADV Elementary vocational training, ZPROBLM3 Problem of location /space, ZPROBLM1 Problem of bad credit, ZJOINBUS More than one owner, ZPROBLM7 Transport problem, ZVISTLES Visit once a year, ZLVEDUC1 Elementary education, ZFAMILY_A Family size (less than 5), ZPROBLM4 Family problem, ZRES DNT2 Years in Freetown (6 to 10), ZBUSLIF Old bus. (over five years), ZTRAINING2 Years of training (6 and more), ZLVEDUC2 Secondary education, ZPROBLM5 Tool problem, ZAGE30LS Age 30 and less, ZPLCBRN3 Born in foreign country, ZPLCBRN2 Born in Freetown, ZRES DNT1 Years in Freetown (5 or less), ZCRAFT1 traditional craft, ZCRAFT3 Casual Production, ZAGE41UP Age 41 and older
- b. Dependent Variable: BUSINCOM How much does you current business make per month?

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