Book Review
Kate Philip (2018)
Markets on the Margins: Mine Workers, Job Creation and Enterprise Development
Melton UK: James Currey

This book provides an eyewitness account of South Africa's unsuccessful efforts to end mass unemployment and mass poverty. But it is more than an eyewitness account. It is a participant observer account. The author is a scholar-activist who has been deeply involved in thinking through the economic rationale, designing and implementing key programmes and projects. She is equally at home in the Union Buildings in Pretoria, and in remote country villages.

Although there are flashbacks to key moments of South Africa's early history, the story line begins in earnest in 1987. Hovering in the background, unspoken but present, there stands the historical fact that there was no unemployment in Africa before colonialism. Julius Nyerere made the point that African languages had no word for it. There was nothing in their cultures for such a word to name. (*Ujamaa –Essays on Socialism.* OUP, 1968) One famous way the Europeans created unemployment was by compelling the Africans to have money to pay taxes, and therefore to seek employment to have money –or, to be more realistic, to thereafter be forced to do hard labour for low pay under the pretext that they needed employment to pay the tax. Philip recounts as additional background the land act of 1913 which assigned all prime agricultural land to whites, the separation of families as men were recruited to leave rural areas to provide cheap labour in mines and cities while living in single sex barracks, and from 1948 on the apartheid system that strictly controlled access to whites-only areas, spatially segregating coloureds and Asians as well as blacks.

In 1987 the National Union of Mineworkers (NUM) called a twenty-one-day strike in the mines that ended in a settlement only marginally different from complete defeat. The most visible and active strikers –40,000 of them—were dismissed, blackballed, and not allowed to return to work in any mine ever. Their dismissal was part of a larger process that began earlier and continued later of continually reducing the number of workers needed in the mines, sometimes by replacing them by mechanization and sometimes by closing mines.

In response, the NUM (whose president was Cyril Ramaphosa, now the President of South Africa) proposed to organize worker-owned cooperatives to provide employment for the comrades who had been dismissed and blackballed. The union called for a feasibility study to be done by a former president of the National Union of South African Students, who had distinguished herself as an anti-apartheid and pro-union activist (who was Kate Philip, now the author of this book).

The leaders of the NUM knew their Marx, but they did not know their Keynes. They knew that workers were paid less than the value of what they produced, especially when their families lived in the hinterlands and grew some of their own food thus lowering the minimum a worker could be paid and still survive; they knew the South African elite was accumulating surplus value made possible by the underpaid labour of the workers and using it to create an interlocking network of core industries that dominated virtually every branch of the South African economy; they knew that while the workers were poorly organized and lacked means of production under their own control, employees would be forced to accept employment under the terms and conditions set by employers. However, they did not fully appreciate the significance of Keynes' observation that "…the celebrated *optimism* of traditional economic theory, which has led to economists being looked upon as Candides, who, having left this world for the cultivation of their gardens, teach that all is for the best in the best of all possible worlds, provided we let well alone, is also to be traced, I think, to their having neglected to take account of the drag on prosperity which can be exercised by an insufficiency of effective demand." (*General Theory*, p. 33. Macmillan, 1936)

Two key takeaways from the first eight chapters of the book are: (1) Although there were some successes, in the end starting coops was unable to create jobs on a scale sufficient to make a real difference. In 1993 it was replaced by other job-creation strategies. (2) The coops that did well or relatively well acted more like other businesses, attenuating distinctive features derived from democratic and egalitarian ideals.

Although briefly noting these two takeaways may make the book sound dull, actually the detailed accounts of what worked and what did not work are well-written and fascinating as well as useful.

The next chapter describes a shift to supporting individual (and sometimes group) micro-enterprises rather than coops. The micro-enterprise approach was encouraged by an initial success at the Arnot coal mine in Mpumalanga province. Retrenched miners were able earn a living comparable to what they had earned in the mines by buying fifty or so live chickens from a farmer and then hawking them one by one at a mark-up over wholesale. But once again, on the whole and on the average, in spite of the supportive efforts of the NUM, its spinoffs, and other agencies, micro-enterprise incomes were disappointingly low. They were too low to raise people out of poverty; and not capable of replication on a scale sufficient to solve the problems.

Subsequent chapters chronicle the rise and fall of microcredit as a cure-all that would enable the poor to self-employ themselves out of poverty.

They also chronicle efforts to help the poor and unemployed to access larger and more distant markets, eventually including international markets. Those efforts encountered two characteristic obstacles. One was the culture-shift required to teach economic literacy to people who were accustomed to face to face interaction in local communities. The poor and excluded had to learn the many formalities required to sell to anonymous strangers far away. The second was the hard fact that anything the buying public wanted and could pay for was already being produced by efficient, modern highly capitalized firms. Somebody else got there first.

Later there was a sea-change in development ideology at a global level, crystallized in a document called *Business Development Services for Small Enterprises: Guidelines for Donor Intervention,* 2001 edition. It was appropriately called "the Blue Book." By 2001, labour union development efforts had become thoroughly enmeshed in the public policies of the democratic government of South Africa, and public policy in turn was thoroughly enmeshed in the thinking of international donor agencies. The membership of the committee that wrote the Blue Book was a who's who of the major international donor agencies. Whatever might have been the current thinking of the New Guard of 1987 that had become the Old Guard of 2001, they had become *de facto* dependent on governments and donors. They had to try to understand the Blue Book and live with its principles.

Now the buzz was the worry that government subsidies and NGO subsidies were crowding out private initiatives. The barriers to small enterprise development were not so much to be found in the lack of capital among the poor, as in their lack of willingness to borrow and their lack of access to banking services, and also in the lack of formal property rights which would empower the poor to mortgage their houses to take out loans to start businesses. (Hernando de Soto, *The Other Path.* Perseus Books, 1989) Exhibit One among obstacles to development were the loan sharks who charged exorbitant rates of interest. The poor were forced to turn to sharks in the absence of banks –an absence which was in turn to be explained by the presence of subsidies from NGOs and government agencies. The latter made the mistake of trying to do for the poor what the poor would do for themselves when the economic fundamentals were set right.

The role of organizations like the spinoffs from the NUM and the government agencies that the author worked for was supposed to be reduced to "facilitating" a market development approach.

Phillip patiently explains why the market development approach did not work, and toward the end of the book makes a few remarks about public employment programs. One hopes that she is preparing a sequel that will give a full account of public employment programs in South Africa and of her own views about them.

As the worldwide trend toward employment that is more precarious, less well paid and scarcer continues and accelerates, the rest of the world would be well-advised to see its own future in the extreme inequality and massive structural unemployment of South Africa. The specialists and generalists of the rest of the world should read this book. Although they will find very little in it that will show them how to solve the problems, they will find a great deal in it about what has already been tried and did not work.

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