Africa and the Difference Between Growing Food and Eating It

by David Osterfeld

A recent article dealing with the food problem in Africa lamented the fact that "in 1984 140 million of its 531 million people were fed entirely with grain from abroad" and that "in 1985 the ranks of those fed with imported grain may have reached 170 million."[1] The article is hardly unique. In fact, studies dealing with Africa's deteriorating economic plight almost invariably focus on the continent's declining agricultural output.

The problem is that, *by themselves*, the figures prove little or nothing. In fact, historically, the conversion of cropland to nonfarm use has been a sign of economic advance. There is little doubt, for example, that the average American is better fed today than, say, in 1776 when a much larger proportion of the cleared land was devoted to agriculture and over 90 per cent of the people were farmers. By the same token, the average American is better fed today than he was in 1776, even though only about 3 per cent of the population is directly involved in farming.

This pattern is not confined to the United States. It is a universal, historical pattern. Thus, if one could draw any conclusion from the above figures, it would be that they are an indication of economic advance in Africa, not decline.

David Osterfeld is Associate Professor of Political Science at St. Joseph's College in Rensselaer, Indiana.

But, it is common knowledge that the economic situation in much of the African continent is perilous. The number of deaths from the recent famine is generally placed at one million.[2] According to World Bank data, the low-income economies of Sub-Saharan Africa have an average per capita income of only $210. And while Africa is the only continent in which incomes have fallen, averaging a 0.1 per cent decline per year for the last two decades, what is most alarming is that the rate of decline has been accelerating.[3]

How can one explain the seeming paradox between regional declines in agricultural output, which is historically associated with economic advance, and falling incomes, an obvious indication of economic deterioration?

Excluding theft, there are three basic ways in which individuals can provide for their own and their families' needs: they can (1) produce *directly* for their own consumption, i.e., engage in subsistence agriculture, (2) produce for their consumption *indirectly*, i.e., produce for the market and then use the income obtained to supply their needs, or (3) engage in some mix of the two.

Direct and Indirect Production

Direct production requires one to be the proverbial "jack-of-all-trades." And that means, to finish the proverb, that one is condemned to be "master of none." By definition, direct production precludes specialization and economies of scale, and thus those engaged in it must forfeit all of the associated economic benefits. Thus, such forms of direct production as subsistence farming are characteristic of economically backward economies.

The simple fact is that some areas are better suited for growing certain types of food and agricultural products than other areas. Recognition of this fact opens up the possibility of specialization and gains from trade. Some farmers specialize in growing bananas while others specialize in corn. Since neither can use nor want to use all that they produce, bananas will be traded for corn or other items. But since specialization increases productivity, there is more of everything to go around. Thus, the transition from subsistence to cash-crop farming represents significant gains in utility for members of the society.

Similarly, as farm output increases and markets expand, some individuals and families find that the best use for their land lies in such nonagricultural pursuits as industry, manufacturing, or services. That is, some people discover that the best way to feed and provide for themselves is not to grow food at all, but to produce other things, sell their products, and then purchase the food they need. Production for the market—because of the tremendous gains in both productivity and utility resulting from the division of labor, specialization, and free trade—is a far more efficient method of satisfying one's needs than direct, subsistence production.

Africa's Plight

The basic "food problem" in the world today is not one of shortage but of surplus. As Barbara Insel of the Council on Foreign Relations has put it, "the world is awash in grain."[4] World-wide production of wheat and feed grains has grown 20 per cent over the last decade and 100 per cent since 1964. Many nations that traditionally have been major food importers, China and India to name but two, are now food exporters.[5] The result is that world grain stocks currently exceed 190 million tons—enough, Insel notes, to feed all of the hungry in the African sub-continent for the next 50 years.

Governments in the United States and Europe have programs designed to reduce farm production. Some land in Europe and America is being withdrawn from agricultural production and, as farm productivity in these countries rises, the percentage of the population engaged in farming continues to fall. In fact, according to John Harris, owner of Harris Farms in Coalinga, California, if the United States had not experienced a cycle of very poor weather in recent years the surpluses would have been even larger. "At this point," says Harris, "farmers have become capable of producing a surplus of just about everything."[6]

Put differently, farm output could easily be increased substantially. The consensus is that the earth is capable of feeding and clothing at least 11 billion people, or twice the current world population.[7] And some authorities, such as the late Herman Kahn, feel that this is a very conservative figure.[8]

It is clear that the basic problem in Africa is not really a food problem at all. It is a poverty problem. The reason so many Africans are starving or suffering from malnutrition is not that there is a shortage of food, but that they do not have the means to purchase it. The problem, as economists put it, is a lack of effective demand. This raises the questions: Why is Africa so poor? Why is Africa the only area of the world where per capita incomes are declining?

Comparative Advantage

To deal with this question, we need to draw upon the principle of comparative advantage. While the reasons frequently offered to explain Africa's plight range from the belief that the Western nations "control" international markets and deliberately have subjected the nations of Africa to unfavorable terms of trade,[9] to the argument that Africa's workforce is unskilled and capital is relatively scarce,[10] a common argument is that Africa is poor because it simply cannot compete on the world market. Since the nations of Africa are "harmed" by foreign trade, the logical conclusion is that they would be better off severing

Yam farming in Ghana.

their economic ties with the rest of the world. This argument is fundamentally unsound.

The economic argument for free trade is premised on the "Law of Comparative Advantage," formulated by the English economist David Ricardo (1772-1823). This law, simply stated, says that "If the greatest possible advantages of foreign trade are to be secured for all, each nation should devote itself to what it can do most cheaply."[11] In view of the foregoing objection that Africa is hurt by free trade because *everything* that it can do can be done more cheaply by other nations, the expression "what it can do most cheaply" needs careful definition.

Whether *everything* can be produced more cheaply elsewhere is debatable. It is also irrelevant to the question of whether free trade would benefit the nations of Africa. What is relevant is not *absolute* but *relative* advantage. The two are quite different.

For example, assume that Howard is both a better chef and a better dishwasher than Fred. Thus, Howard possesses an absolute advantage over Fred in both jobs. But if Howard's advantage over Fred as a chef is greater than his advantage as a dishwasher then it would be in Howard's interest to specialize in cooking, leaving the dishwashing to Fred. Similarly, if Fred were a better dishwasher than a chef, even though inferior in both to Howard, it would be in Fred's interest to specialize in dishwashing, leaving the cooking to Howard. Thus, even though Howard were better at both cooking and dishwashing than Fred, Fred would *still* have a *comparative* advantage over Howard in dishwashing. And both would benefit by specializing in that area where their comparative or relative costs were cheaper.

What is true for individuals is just as true in this case for nations and regions. As the British economist Roy Harrod puts it, the gain from free trade "depends on the relation between the ratio of the cost of production of A to that of B at home and the relation of the cost of production of A to that of B abroad. *Gain is possible if the relations are different.*"[12]

Government Intervention

We can now deal with the question of Africa's continuing poverty. Three areas of the economy will be examined: (1) the farm sector, (2) the nonfarm sector, and (3) capital investment.

1. The Farm Sector. There is general agreement that Africa has tremendous agricultural potential. For example, Herman Kahn believed that Africa contains as much as 700 million hectares of *potentially* cultivatable land (one hectare equals 2.47 acres), or about three and a half times the amount currently cultivated in the United States, and more than double that in the industrialized countries of North America and Europe combined.[13] The World Resources Institute put the figure even higher, at 760 million hectares, but found that only about 160 million hectares are under cultivation.[14]

The real controversy is about the *cost* of bringing those additional areas under cultivation. Some researchers, such as Nick Eberstadt, David Hopper, D. Gale Johnson, Herman Kahn, and Doreen Warriner, believe that this can be done at relatively little cost.[15] Kahn, for example, maintained that eradication of the tsetse fly at an estimated cost of $20 billion would open up about 200 million hectares of land to cultivation. And proper irrigation would add an additional 300 million hectares. While cost estimates vary from a low of $218 per hectare to a high of just over $1000 per hectare, Kahn argued that given the productivity of the new land "such costs should be no great deterrent in a world of growing affluence, even if they should run as high as $2000 per hectare." In fact, since so much of the continent is located in tropical and semitropical regions where the growing season is quite long, much of Africa, argued Kahn, is ideally suited for multicropping.[16]

Other researchers, such as Lester Brown, Christopher Wolf, and the World Resources Institute, are not nearly as sanguine. According to the World Resources Institute, "Africa is not particularly well suited to agriculture. Over 80 per cent of its soils have fertility limitations and the climate in 47 per cent of the continent is too dry for rainfed agriculture."[17] Consequently, conversion to cropland would require massive irrigation or the introduction of new, drought-resistant crops, both of which, the Institute believes, are far too expensive for African farmers. Moreover, multicropping would result in high levels of soil erosion and rapidly deplete the soil of its nutrients, both of which would have a "significant deleterious effect" on fertility. While this could be offset by increased use of fertilizers and such methods as no-till and minimum-till agriculture coupled with the use of herbicides, the cost for most of these measures is generally more than the African farmer can afford.

If Kahn and others who emphasize Africa's tremendous agricultural potential are correct, one might ask why more land isn't being cultivated. If Africa does have a comparative advantage in agriculture, why is it the only part of the world where per capita output is falling?

The simple fact is that following independence, many African governments adopted highly interventionist if not outright socialist policies. The purpose of these policies was to stimulate the industrial sector; their effect was to penalize the agricultural sector. These policies included high taxes, often in excess of 50 per cent, on agricultural products; price controls on food; monopolistic marketing boards; the abolition of the private sale of food products and farm implements, often brutally enforced; coercively established and maintained state farms; land reforms that placed farmers' land, especially that of the more prosperous farmers, in perpetual uncertainty; and acreage limitations on the size of "private farms" that were often so low as to preclude the use of mechanized equipment.[18]

There is little doubt that these policies, which amounted to nothing short of an assault on agriculture, resulted in a drastic reduction in agricultural output. Africa was a net exporter of food in the 1930s, and self-sufficient in food during the early 1950s. But by the 1980s it was a major food importer.[19] Between 1960 and

1985 Africa's per capita food production fell by 25 per cent. There is little doubt that much, if not all, of this decline was self-imposed.

Africa lost its comparative advantage in agriculture, but the reason for the loss was ill-advised government policies which penalized farmers and discouraged investment in the agricultural sector. This is easily shown. Not only was Africa a net exporter of food *prior* to massive government involvement in agriculture, but we can observe the results of the agricultural reforms introduced by several African nations, such as Zaire, Zambia, Ghana, Togo, Nigeria, Cameroon, Madagascar, and Guinea, in the wake of the 1984-85 famine that racked the continent. Marketing boards were abolished in some countries, price controls were lifted in others, and the private sale of farm produce was reintroduced in still others. In Nigeria and Ghana, for example, prices paid to cocoa farmers tripled. In Zaire, prices for cassava tripled; those for maize doubled. Agricultural output responded to these reforms by rising almost immediately. In Ghana, for example, maize production tripled; cotton production in Togo doubled; agricultural output in Zambia rose by 20 per cent in two years.[20]

The evidence appears to indicate that Africa does have a natural comparative advantage in agriculture. Poor agricultural production has stemmed primarily, if not solely, from government policies that undermine the incentive to produce. And so long as government policies continue to be biased against the agricultural sector, the African farmer will remain poor, the investments required to increase productivity will not occur, and farm output will remain low. In brief, government policies have turned African agriculture into an economic dead end.

2. The Nonfarm Sector. There are two possibilities for the nonfarm sector. First, even if Africa has a natural comparative advantage in agriculture that has been blocked by government intervention, one would expect to find capital and labor being employed in those areas of the nonfarm sector that are the most productive alternatives to agriculture. Even though these areas would be less profitable than a freed-up agricultural sector, they would be the most profitable of the remaining areas, and one would still expect incomes to rise as productivity in these areas increased.

Alternatively, if Africa's comparative advantage lies not in agriculture but in one or more areas in the nonfarm sector, one would then expect to find factors of production entering those areas. Similarly, incomes would rise as productivity in these nonfarm areas increased and output expanded.

Either way, rising incomes would enhance the ability of people to secure food and satisfy other needs.

Unfortunately, the governments of Africa have also intervened heavily in the nonfarm sector. In their attempts to stimulate industry they have enacted high tariffs and imposed an extensive network of licensing restrictions, subsidies, minimum wage rates, and the like.[21] The results should have been predictable: since tariffs and licensing restrictions would not be required if the industries or firms had a comparative advantage, such protectionist measures mean that resources are transferred from areas in which they are more productive and into areas where they are less productive. Since the result is the artificial substitution of relatively high-cost, inefficient local production for lower-cost, more efficient foreign production, everyone, except perhaps the domestic producers, is made less well off.

Similarly, since minimum wage laws increase the cost of labor, they artificially reduce the number of jobs available, i.e., the number of individuals that firms can afford to hire. The tragedy is that the ones most hurt by such laws are the poor. Since they are the least productive members of society, they are the ones such laws price out of the job market. In short, in the name of stimulating industrialization, governments in Africa have enacted policies that benefit a privileged few while severely restricting income-earning opportunities for the members of society in general. Thus, regardless of their intent, such policies have *retarded if not completely blocked* economic development.

3. Capital Investment. Given the high rate of unemployment and relatively low labor costs in Africa, one would expect to find capitalists investing heavily in the continent. In fact, about 80 per cent of all foreign investments go to developed countries. Of the 20 per cent invested in the less-developed countries (LDCs), almost two-thirds are concentrated in 13 countries. None is African.[22] This is not surprising, in view of the extensive restrictions imposed on foreign capital, the ideological commitment of African governments to socialist policies, the ever-present possibility of nationalization, and the loss of Africa's comparative advantage in cheap labor due to minimum wages and other interventionist measures.

In short, in the name of stimulating industrialization, African governments have pursued policies that not only have penalized economic activity in the farm sector, but have eliminated opportunities in the nonfarm sector as well. By adopting policies that retard or even prevent economic development, African governments have needlessly condemned very large segments of their populations to perpetual and grinding poverty.

Africa's Economic Future

There are three possible courses that African governments can pursue in the future: (1) continuation of the status quo, (2) economic autarky, or (3) *laissez faire*. Each will be discussed.

1. *Continuation of the Status Quo*. One possible course of action is to continue the policies currently in place. This seems unlikely for most African countries. The recent famine clearly has shown the bankruptcy of these policies, and many countries are contemplating or have already adopted reforms of some type.

2. *Economic Autarky*. A second possibility would be to adopt policies of economic autarky, or self-sufficiency. In fact, some countries currently are pursuing policies with just that end in mind. The New International Economic Order, passed by the United Nations' General Assembly in May 1974, encouraged the LDCs to adopt policies leading toward economic autarky. The Declaration, which refers to the nationalization of foreign-owned property as an "inalienable right" which is nothing more than "an expression of the . . . sovereignty of every State" is replete with such phrases as the "full permanent sovereignty of every State over its natural resources and all economic activities" and "the right of every nation to adopt the economic and social system it deems most appropriate." Such sentiments obviously are incompatible with the economic interdependence of nations. The New International Economic Order encourages the LDCs to adopt highly interventionist policies that, logically pursued, would result in economic autarky.

The Lagos Plan for Action adopted in March 1982 by the Organization of African Unity, likewise calls for "the development of agriculture" with the goal of achieving economic, and in particular, food "self-sufficiency" for the African continent.[23] And some countries are pursuing national self-sufficiency. Nigeria, for example, has banned the importation of wheat, rice, corn, vegetable oil, and most other food items. The goal, according to the Minister of Information, is "to encourage local substitutes." Nigeria hopes to achieve food self-sufficiency by the end of 1988. As a result of the ban, prices for some farm products such as cocoa have quadrupled.[24]

There is no doubt that a policy of food self-sufficiency would stimulate food production. But this only means that resources formerly employed in the nonfarm sector would be transferred to the agricultural sector. To the extent that this transfer is the result not of a *natural* comparative advantage in agriculture but of its *artificial* stimulation created by the ban on food imports, domestic resources will have been transferred from more to less productive uses. The long-run result will be that *everyone* involved, including the farmers, will be less well off. Resources will have to be transferred from industries that produce goods at a comparative advantage—industries that produce goods at relatively low cost, export them, and use the income to purchase goods and services that either cannot be produced domestically or can be produced domestically only at a higher price than the cost of imports. The resources then will have to be transferred into the production of goods at which the country is at a comparative disadvantage—goods for which the cost of domestic production is higher than the cost of imports.

Clearly, the smaller the area, the greater the harm. Thus, the collective or continental autarky proposed by the Lagos Plan for Action would be less harmful than the policy of national self-sufficiency pursued by Nigeria. This can be easily shown.

Assume that a single individual, Fred, were living in a state of autarky while the rest of the world engaged in free trade. It is obvious that Fred would suffer far more from being cut off from world trade than the rest of the world would suffer from not being permitted to trade with Fred. Conversely, while both Fred and the rest of the world would gain if the ban were lifted, the gains to Fred would be immensely greater than the gains to the rest of the world. Put differently, if trade is opened between two formerly isolated markets, individuals in both markets will gain but those in the smaller market will tend to reap the larger benefits. And the greater the difference in the size of the markets, the larger the gains to those in the smaller market. This is what Roy Harrod has termed "the importance of being unimportant."[25] Thus, while the policy of continental autarky would be damaging to the people of Africa, it would not be nearly as damaging as Nigeria's policy of national autarky would be to the people of Nigeria.

A policy of economic autarky must, of necessity, forgo numerous possible gains from trade, thereby making everyone, but especially the people of the nations pursuing such a policy, worse off. Recent World Bank studies on the impact of protectionist measures support this conclusion. Both the industrialized market countries and the LDCs would reap significant benefits from "liberalization," i.e., the elimination of tariffs and other protectionist measures. But "the main beneficiaries of unilateral liberalization," according to the World Bank, "are the liberalizers themselves."[26]

3. *Laissez Faire.* A final possibility is a move toward *laissez faire*—the elimination of all measures, domestic and foreign, prohibiting the free movement of people, goods, and capital. By removing all obstacles to the movement of factors of production, such a policy would increase the efficiency of the world market by allowing all factors to be employed in their most value-productive uses. By increasing the number of goods and services produced in the world, the enhanced efficiency would benefit everyone but, once again, the residents of the LDCs in particular, since these countries tend to be more interventionist than the more developed industrialized countries.

Again, studies by the World Bank support this conclusion. The World Bank classified countries according to their degree of "price distortion" or market intervention. It found that the greater the degree of intervention, the slower the rate of growth. Those nations with a "low distortion index" had a rate of economic growth that was more than double those with a "high distortion index" (6.8 per cent vs. 3.1 per cent); the savings-to-income ratio in those countries with a low distortion index was almost twice as high as in those with a high distortion index (21 per cent vs. 13 per cent); the annual industrial growth rate in the low distortion countries was triple that in the high distortion countries (9 per cent vs. 3 per cent); the growth in agricultural production was considerably higher for the former countries than the latter (4.4 per cent vs. 2.4 per cent); and the annual export volume increased almost ten times faster in the low distortion countries than in the high distortion countries (6.7 per cent vs 0.7 per cent).[27]

The conclusion seems inescapable. The solution to Africa's "food problem" lies in solving its "development problem." And the solution to its "development problem" lies in adopting a policy of *laissez faire*. Only through a policy of *laissez faire* is it possible to determine precisely where Africa's natural comparative advantage lies. And allowing individuals the freedom to pursue what is in their comparative advantage is the best and quickest road to economic development. Whether it lies in the production of food for domestic consumption, the production of food for export, or in nonfood production is irrelevant.

If Africans can earn higher incomes by exporting food or other products than they can by growing food solely for domestic consumption, so much the better. For the higher incomes mean that they are in a better position to satisfy their own and their families' needs than they would be if they were to grow food strictly for domestic consumption. Even though it may seem paradoxical, growing food may not always be the best way for hungry people to feed themselves.

For the past two decades most African nations have pursued highly interventionist policies. The bankruptcy of interventionism was clearly revealed by the recent famine. As a result, many nations have been forced to reassess their economic policies. Two alternative paths are possible. They can move farther down the interventionist road to complete autarky, or they can reverse their course, begin to dismantle their interventionist programs, and move in the direction of *laissez faire*. Both economic analysis and the empirical data show that only a policy of *laissez faire* offers real hope for improvement.

Some have objected that because of such disabilities as Africa's reputation for a poor business climate, its lack of a skilled workforce, pervasive political corruption, and the sorry state of the continent's "infrastructure," (roads, harbors, etc.), integration into the world market would consign Africa to a strictly "marginal role."[28] This may be true for the present. But that does not alter the fact that *laissez faire* remains the best and quickest road to economic development. Moreover, the objection ignores the fact that what is in an individual's or a region's comparative advantage today may not be in its comparative advantage in ten or fifteen years. Economic circumstances change, and it is precisely a policy of *laissez faire* that, by facilitating the efficient allocation of resources and encouraging savings and capital investment, is necessary for Africa to overcome these disadvantages and escape from its "marginal role."

In short, the path to overcoming Africa's food crisis is economic development. And the path to economic development is a policy of *laissez faire*. □

1. Lester Brown and Christopher Wolf, "Reversing Africa's Decline," *State of the World 1986* (New York: Norton, 1986), pp. 177-78.
2. World Resources Institute, *World Resources 1986* (New York: Basic Books, 1986), p. 55. On the current situation in Ethiopia, the country hardest hit by the 1985 famine, see Tom Masland, "Familiar Specter of Death Returns to Ethiopia," *Chicago Tribune*, (December 20, 1987), Section 1, p. 1.
3. World Bank, *World Development Report 1986* (New York: Oxford, 1986), p. 180, Table 1.
4. Barbara Insel, "A World Awash in Grain," *Foreign Affairs* (Spring 1985), pp. 892-911.
5. See Ward Sinclair, "The World Isn't Dying for American Farm Products Anymore," *The Washington Post National Weekly Edition* (January 13, 1986), p. 25; World Resources Institute, p. 43; "Peasants Rising," *The Economist*, (February 2, 1985), pp. 11-12; Gregg Easterbrook, "Making Sense of Agriculture," *Atlantic Monthly* (July 1985), pp. 63-78.
6. Easterbrook, p. 74.
7. See World Resources Institute, p. 44.
8. Herman Kahn et al., *The Next 200 Years* (New York: William Morrow, 1976), pp. 110-35.
9. Graciela Chichilnisky, *Basic Needs and the North/South Debate* (New York: Institute for World Order, 1982).
10. Richard Higgott, "Africa and the New International Division of Labor," *Africa in Economic Crisis*, ed. John Ravenhill (New York: Columbia University Press, 1986), pp. 286-306.
11. Roy Harrod, *International Economics* (Chicago: University of Chicago Press, 1963), p. 12.
12. *Ibid.*, p. 16. Italics in original. Also see Ludwig von Mises, *Human Action* (Chicago: Henry Regnery, 1966), pp. 159-64.
13. Kahn, pp. 124-25.
14. World Resources Institute, p. 42, Table 4.2.
15. Nick Eberstadt, "Famine Development and Foreign Aid," *Commentary* (March 1985), pp. 25-31, but especially pp. 25-26; W. David Hopper, "The Development of Agriculture in Developing Countries," *Scientific American* (September 1976), pp. 137-44; D. Gale Johnson, "World Food and Agriculture," *The Resourceful Earth*, eds. Julian Simon and Herman Kahn (New York: Basil Blackwell, 1984), pp. 74 and 95; see Gene Ellis, "Land Tenancy Reform in Ethiopia," *Economic Development and Cultural Change* (April 1980), p. 526 for Warriner's position; and Kahn, pp. 123-4.
16. Kahn, p. 124.
17. Brown and Wolf, pp. 177-98; Edward Wolf, *Beyond the Green Revolution: New Approaches for the Third World* (Washington, D.C.: Worldwatch, 1986); World Resources Institute, pp. 55-58.
18. Richard Richardson and Osman Ahmed, "Challenge for Africa's Private Sector," *Challenge* (January/February 1987), pp. 16-25; Christian Morrisson and Hartmut Schneider, "Economic Policy and Agricultural Performance in Low-Income Countries," *The OECD Observer* (April/May 1987), pp. 4-6; David Osterfeld, "African Famine: Harvest of Socialist Agriculture," *The Freeman* (October 1985), pp. 609-11.
19. Tony Jackson and Paul Park, "Africans Themselves Cause Famine," *Problems of Africa*, ed. Janelle Rohr (St. Paul: Greenhaven, 1986), p. 127.
20. Richardson and Ahmed, pp. 19-22; David Osterfeld, "Finally, Good News From Africa," *Seymour* (Indiana) *Tribune* (September 24, 1987).
21. Sara Berry, "Economic Change in Contemporary Africa," *Africa*, eds. Phyllis Martin and Patrick O'Meara (Bloomington: Indiana University Press, 1977), pp. 268-77; David Osterfeld, "Famine in Africa," *The Journal of Social, Political and Economic Studies* (Fall 1985), pp. 268-69.
22. Jean Edleman Spero, *The Politics of International Economic Relations* (New York: St. Martin's Press, 1985), p. 270; World Bank, pp. 206-07.
23. John Ravenhill, "Collective Self-Reliance or Collective Self-Delusion: Is the Lagos Plan a Viable Alternative?" *Africa in Economic Crisis*, ed. John Ravenhill (New York: Columbia, 1986), pp. 85-107.
24. James Brooke, "Nigeria Pushes Agriculture with Aim of Self-Sufficiency," *Indianapolis Star* (February 28, 1987), p. 51.
25. Harrod, pp. 27-28.
26. World Bank, p. 131.
27. World Bank, *World Development Report 1983* (New York: Oxford University Press, 1983), pp. 60-61. Also see E. Dwight Phaup and Bradley Lewis, "Winners and Losers: Differentiating Between High-Growth and Low-Growth LDCs," *U.S. Aid to the Developing World*, ed. Doug Bandow (Washington, D.C.: Heritage Foundation, 1985), pp. 80-81.
28. Higgott, pp. 290-91.

Home-Based Work: New Opportunities for Women?

by Joanne H. Pratt

The activities of women in the labor market reveal two contradictory trends. On the one hand, women are better educated and have more job skills and training than ever before. On the other hand, a substantial number of women are leaving executive suites and returning home to have children and care for their families.

Is there a way for women to resolve the conflict between the career goals for which they have been trained and the family goals that many want to pursue? For many women, the answer is home-based work. Surveys show that:

- As many as 23 million people are using their homes as a place of work.
- Among businesses that are run exclusively out of the home, more than 70 per cent are run by women.

Women are taking advantage of a number of important economic and technological trends. Advances in computer technology mean that millions of workers can "telecommute" from their homes. The growth of the service economy is opening the doors for millions of small businesses. Most are being launched from the home.

- Of the 8.2 million sole proprietorships in the U.S. in 1980, 63 per cent were located in someone's home.

Joanne H. Pratt's studies of home-based workers have been published extensively in scholarly and trade publications. This article is adapted from her report, "Legal Barriers to Home-Based Work," published by the National Center for Policy Analysis, 7701 N. Semmens, Suite 800, Dallas, Texas 75247.

- While the number of new sole proprietorships is increasing at a rate of 3.7 per cent per year, those started by women are increasing at a rate of 6.9 per cent per year.

Despite the enormous economic and social benefits created by home-based work, those who work from their homes face a maze of legal uncertainty arising from Federal, state and local regulations.

Local Laws. About 90 per cent of all U.S. cities place restrictions on home-based work. These include requirements that no outside employee may work in the home; only one family member may work in the business; only one business may be operated from each home; only one room of a house may be used for business purposes; a separate entrance must be maintained for business customers, and no business inventory may be stored in a garage. Among the many and sometimes bizarre regulations:

- In Blaine, Minnesota, a home-based tutor in math, English or a foreign language may not tutor more than one student at a time.
- In Long Beach, California, ministers, priests, and rabbis may not give religious instruction in the home.
- In Dallas, Texas, home-based businesses may not be listed in the yellow pages of the telephone directory.
- In Danville, Illinois, no one may sell goods in a home other than by filling an order previously placed by telephone.