MINIMUM WAGES: TOOL FOR AFRICAN DEVELOPMENT

Allen E. Shoenberger

The connection between law and economic development is most uncertain. The overriding question is whether law can be used as an effective tool of economic progress. This paper examines one small legal sector, minimum wage legislation, in an attempt to discover some of the potential of law in the economic development of African states.

THE PURPOSE OF MINIMUM WAGE LEGISLATION

The most obvious and frequently-cited rationale for minimum wage legislation is to raise the standard of living of the poorest citizens in a society. Minimum wage legislation is to accomplish this objective by directly increasing the purchasing power of the lowest-paid workers. There is little question that large segments of African society are below the "poverty line." This is true even of the employed urban workers of such economically-advanced countries as the Republic of South Africa.[1] Thus, legislative definitions of minimum wages usually refer to some minimum standard of living concept.[2]

Minimum wage legislation can also be seen as a device to transfer income from the wealthy, who tend to be the employers, to the poor, the employees.[3] A major difficulty with this rationale is the presumption that a static state results from the income redistribution and that the employers-sellers will not adjust prices so as to counteract the effect of the redistribution.

---

[1]See: L. Katzen, "The Case for Minimum Wage Legislation in South Africa," South African Journal of Economics [S.A.J. of Econ.], v. 29, 1961, pp. 195, 197; W.F.J. Steenkamp, "Bantu Wages in South Africa," S.A.J. of Econ., v. 30, 1962, pp. 93, 99.

[2]A.D. Smith, "Minimum Wages and the Distribution of Income with Special Reference to Developing Countries," International Labor Review [Int'l. Lab. R.], v. 96, 1967, pp. 129-30.

[3]*Ibid.*, p. 129.

A similar but distinct rationale for minimum wage legislation is that it can be used to alter or shape the entire structure of wages and salaries.[4] It is well known that increases in the minimum wage reverberate throughout the pay scale, pushing all wages higher.[5] Moreover, by altering wage differentials, worker entry into different jobs can be encouraged or discouraged. There are, of course, practical limits to the range of alteration of wage differentials, for if these do not adequately reflect any skill differences, workers will not choose underrewarded jobs.

Minimum wage legislation may also, albeit less directly, serve other purposes. It may be possible to influence productivity by encouraging employers to train workers better, so that the employee is worth a higher salary. It is also possible to influence the pattern of consumption by putting more money into the hands of a poorer segment of the population. In all probability that segment would have propensities to consume different from the "national average." Minimum wage legislation may also lessen unfair competition between business enterprises by preventing the exploitation of some particularly favorable labor supply situation.[6] Moreover, on the macroeconomic scale, it may be desirable to attempt to influence prices, investment, or economic growth through minimum wage legislation.[7]

---

[4]Ibid.

[5]See: S. Viljoen, "Higher Productivity and Higher Wages of Native Labor in South Africa," S.A.J. of Econ., v. 29, 1961, pp. 35, 37; J.P. Arles, "Minimum Wages in the Congo (Kinshasa)," Int'l. Lab. R., v. 96, 1967, pp. 388, 398.

[6]This is one of the major purposes of United States' minimum wage legislation since the 1930s. (David E. Kaun, "The Fair Labor Standards Act," S.A.J. of Econ., v. 33, 1965, pp. 131, 133.)

[7]Smith, op. cit., p. 129.

THE POTENTIAL UTILITY OF MINIMUM WAGE LEGISLATION IN AFRICA

I. Small Proportion of Wage Earners Limits the Effect

One major factor in evaluating the utility of minimum wage ~~legislation is the proportion of~~ the population which can be affected by such legislation. In general, workers in less developed countries support larger families than workers in developed countries.[8] Therefore, even if the workers receive equivalent incomes, the standard of living of the worker from the less-developed country would be lower than that of his developed-nation counterpart. *Ab initio*, then, minimum wage legislation is a less potent weapon against poverty. More important, however, a much smaller proportion of the population in less-developed countries is employed as wage or salary earners than in the developed nations. In developed countries the wage earning portion of the labor force ranges generally from 70 to 90% of the total labor force.[9] In Latin American countries the corresponding range is 40 to 70%.[10] In African countries the proportion is even smaller: 10 to 20% of the labor force.[11] In terms of absolute numbers, it was estimated (1961) that only 8 million of some 160 to 170 million Africans south of the Sahara worked any part of the year for wages.[12]

Obviously, the small proportion of the African population in wage or salaried employment severely limits the usefulness of minimum wage legislation in African economies, for only a small part of an economy can be affected directly.

---

[8] Jan L. Sadie, "Labor Supply and Employment in Less Developed Countries," *Annals*, v. 369, 1967, pp. 121, 123.

[9] Smith, *op. cit.*, p. 134. [10] *Ibid.*

[11] *Ibid.* Of thirty-two African countries, twenty-two have wage earners constituting less than 20% of the labor force, three from 21-30%, three from 31-40%, three from 41-50%, and only one over 50%.

[12] Eliot J. Berg, "Backward-Sloping Labor Supply Functions in Dual Economies--The Africa Case," *Quarterly Journal of Economics*, v. 75, 1961, pp. 468, 471.

The greater part of any particular economy (subsistence agriculture for the most part) would be affected only indirectly.

II. Minimum Wages and the Perfectly Competitive Society

Economic theory posits that, in a perfectly competitive economy, the wage rate is set at that value which is the marginal revenue product of labor.[13] When the economy is in equilibrium and wages are set by the intersection of the supply and demand curves for labor, lower wages cannot be paid without causing workers to drop out of the work force. At that same point, all of the other factors of production are in equilibrium, which means that the addition of one worker to the work force would produce less additional revenue, or marginal revenue product, than it would cost to employ that worker.

The imposition of minimum wages set above the marginal revenue product of labor will distort the perfectly competitive economy;[14] various results may occur. On the demand side of the equilibrium, workers may be fired until the marginal revenue product of the last remaining worker is above the minimum wage. Another possibility is that, although no workers will lose their jobs, employers will alter the capital input factor so as to require a smaller proportion of labor. In the short run the profits of employers may suffer, but in the long run less labor will be used, causing more unemployment in the future.[15] Thus a minimum wage may benefit some workers at the expense of others. On the labor supply side of the equilibrium, with higher wages being paid, the size of the wage population will increase, but the average number of hours worked will decrease. Were everything else held constant while the wages were increased, the total supply of labor would increase or decrease, depending on whether the number of additional

---

[13] Katzen, _op. cit_., p. 199.

[14] If the minimum wage is below the market price of labor it will have no effect.

[15] Smith, _op. cit_., pp. 130-31.

workers compensates for the drop in average work hours.[16] Of course, everything else is never held constant. The effect of a minimum wage rise depends ultimately on the new equilibrium that the economy establishes, which may incorporate new technology, hence changing the equilibrium position. However, O.P.F. Horwood is probably correct in asserting that there is a presumption that minimum wage legislation will have adverse effects upon aggregate employment.[17]

III. Minimum Wages and Africa, an Imperfectly Competitive Society

Africa is far from the competitive society that economic theory posits, and the African labor market in particular is most imperfect. The bargaining power of workers is much less than that of employers. This inequality stems from a host of factors.[18] For example, some of the workers are ignorant of capitalist ways. In many areas there remains a lingering effect of subservience to colonial employer-masters. Moreover, the African worker may be incompletely informed of market conditions, and unable to enforce demands because his poverty prohibits long strikes. Also, travel between labor markets is often difficult and costly. Due to this extreme lack of bargaining power, the African worker is quite unorganized.[19] Indeed, Africa is so far from the model of a competitive society that many economists believe the orthodox theory of economic behavior cannot apply.[20] The basic imperfection has been attributed to the combination of three fundamental problems: (1) traditional tribal ties, (2) the target income concept, and (3) the backward-bending labor supply curve.

---

[16]See Berg, op. cit., pp. 485-87.

[17]O.P.F. Horwood, "Is Minimum Wage Legislation the Answer for South Africa?" S.A.J. of Econ., v. 30, 1962, pp. 119, 126.

[18]See Steenkamp, "Bantu Wages," p. 101.

[19]See Katzen, op. cit., p. 200.

[20]Berg, op. cit., pp. 469-70.

Traditional African tribal customs and ties are often so strong that wage incentives are virtually useless. Indeed, in the early 1900s head taxes and other coercive devices were needed to force labor out of the bush.[21] In addition, since the primary goal of such wage labor is a "target income," such workers go into wage labor only to earn enough for the head tax or some particular consumer item. Once the target income has been earned, the worker will return home. To a European planter this wage pattern often appears to be laziness: "they assert that . . . [higher] wages could not be paid to natives without destroying their taste for work. The needs of the native being limited, they say, he who works two days in order to earn 12 francs will work half as much if the rates are increased. . . ."[22] Consequently, the labor supply curve supposedly is backward-sloping. Raising wages results in less, not more, work being done.

Recent study indicates that this explanation is inadequate, and suggests, rather, that orthodox economic theory does adequately explain the African labor market. When the entire labor supply is considered, even in the target income situation, Berg thinks it possible that for any given country the curve of the aggregate supply of labor was never backward-bending.[23] While the individual worker might hit his target earlier, higher wages would bring more workers into the market so that the net labor supply would still increase. The few major attempts to cut wages in the early 1900s produced, as orthodox theory predicts, a labor shortage. The backward-bending model would suggest the opposite.

In any case, it appears that few of the assumptions of the early 1900s hold true today. There is no longer such a reluctance to leave the village--indeed, overcrowding in the cities is a problem today. The desire for material goods is no longer limited to specific targets; rather the demonstrative effect of modern society has produced

---

[21] Ibid., p. 479.

[22] Ibid., pp. 468-69.

[23] Ibid., p. 491.

additional wants.[24] In short, "the backward-bending supply curve for labor is no longer a major concern in Africa . . . as far as the over-all supply of labor is concerned."[25]

It would be unwise, however, to overlook the psychology of the African worker, for it still reflects to a great extent the transitional nature of African society. In the transition from traditional to industrial society, the African worker faces the ever-present question of security. How much security will a total commitment to an industrial way of life provide? For many workers a complete commitment is impossible, for fear of economic recession.[26] It is desirable, therefore, to retain some contact with the village for the security it provides.

At the same time, the worker who has left the village has made a commitment in attitude, for he is, or wants to be, on the way up the economic ladder. However, he is uncertain about the best route toward success. The unskilled worker typically lacks wide knowledge about different kinds of work and may want to sample many different types; high inter-job mobility might be anticipated. In fact, high mobility seems to be the rule. In Lagos in 1966, for example, data indicate that before settling on a job, a worker might try up to eight different types of work and employers.[27] This should be understood for what it is: an attempt by a rational man to seek economic advantage. "In industrialized societies we accept the right of any individual, whatever his skills, to seek the type of work desired."[28] Should we not also accept this right for African workers?

---

[24]See: W.F.J. Steenkamp, "The Problem of Wage Regulation," S.A.J. of Econ., v. 33, 1965, pp. 87, 93; Andrew M. Kamarck, The Economics of African Development (New York: Praeger, 1967), p. 57.

[25]Kamarck, loc. cit.

[26]See: P.C.W. Gutkind, "African Responses to Urban Wage Employment," Int'l. Lab. R., v. 97, 1968, pp. 135-66.

[27]Gutkind, op. cit., p. 157.

[28]Ibid., p. 153.

IV. How the Minimum Wage Has Been Set in African Countries

A. The Natural Wage Level

As a result of the labor market imperfections and the virtually unlimited supply of labor, it is unlikely that the African wage rate has ever been set at the marginal labor revenue product. Economists have seen different reasons for the minimum wage being imperfectly determined. Ida Graves, before the second World War, believed that the wages paid an unskilled worker had to be high enough to overcome the strength of tradition binding him to customary tribal practices.[29] In the 1950s, W. Arthur Lewis concluded that the floor on wages was set by the subsistence income of an African working the land, while the ceiling was set by the addition to this income of the incentive necessary to attract a worker into wage labor.[30] More recently, Berg has asserted that the offer of labor depends on the interrelation of four major factors: the preference for leisure over income, the level of non-wage income, the rate of wages, and the comparative effort needed to earn wage and non-wage income.[31] Berg's explanation of the determination of wages amounts to a "modern" utility analysis. Berg seems to believe that the actual wage rate is more closely related to the "theoretical" labor revenue product than to the result predicted by either Ida Graves' or W. Arthur Lewis' theory Katzen has taken another approach, attributing low wages to the combination of low productivity, a relatively elastic supply of unskilled labor, and employer monopsony.[32]

B. Government Intervention

Whatever may be the theoretical explanation, there is more than adequate evidence to show that African wages

---

[29]Kamarck, op. cit., p. 163.

[30]Ibid. [31]Berg, op. cit., p. 474.

[32]Katzen believes this amounts to employer conspiracies to fix wages (op. cit., pp. 199-200). Horwood calls this an unsupported allegation (op. cit., pp. 122-23).

are below optimum levels, and accordingly, governments have responded by adjusting wages. Many African countries have attempted to remedy this situation by providing Wage Boards or Wage Councils.[33] In South Africa, for example, nearly all increases in Bantu wages after World War II were associated with government action through the wage machinery.[34] In a sense, wage boards serve as substitutes for collective bargaining,[35] with provision made for employer and employee representation.[36] Frequently, the minister who is empowered to create such a wage board must publish a notice of his intention to do so before actually forming it in order to permit objection. Furthermore, the Wage Board determination of wages does not automatically become binding, but must first be published; only then can the minister decide, in the light of any objections, whether or not to promulgate it.[37]

Wage boards, however, do not always function as effective substitutes for collective bargaining. In Mauritius, for example, because employers vehemently opposed the creation of such a board, it was necessary to pass a special ordinance permitting its establishment even if no employer would consent to sit on it.[38] In the Congo (Kinshasa), it was found that such boards tended to have an

---

[33]E.g.: South Africa, Wage Act (No. 5/57); Tanganyika, Regulation of Wages and Terms of Employment Act (No. 15/51) as amended by the Permanent Labour Tribunal Act (No. 41/67); Congo (Kinshasa), Ordinance no. 66-268/A and B of April 30, 1966; Mauritius, Regulation of Wages and Conditions of Employment Ordinance (No. 71/61).

[34]Steenkamp, "Bantu Wages," p. 95.

[35]B.C. Roberts and L. Greyfie De Bellecombe, Collective Bargaining in African Countries (New York: Macmillan, 1967), pp. 56-57.

[36]Tanganyika, Regulation of Wages and Terms of Employment (Cap. 300 of Laws of Tanganyika, 1954 edition), Act No. 15/51, first schedule, section 1.

[37]Ibid., section 7.

[38]Mauritius, Regulation of Wages and Conditions of Employment (Amendment) Ordinance (No. 2/63).

over-representation of government officials and poor representation of workers.[39] Moreover, wage boards rarely adjust wages often enough to keep up with inflation and productivity.[40]

C. Standards Used to Define Minimum Wages

After deciding to set minimum wages, a government may choose several methods of imposing them. First, it may choose between sectoral and national-uniform systems of minimum-wage fixing. The sectoral approach usually attempts to raise the wages of the workers in the lowest-paid industries, frequently industries in which employee bargaining power is very weak.[41] The national-uniform system attempts to raise wages of the lowest-paid workers in all of the industries within an economy. A.D. Smith believes that the national-uniform system is preferable, because even in industries with high wage rates there may be workers receiving unduly low wages. In addition, Smith asserts that the machinery for administering the sectoral system tends to be too _ad hoc_. Overconcern with each industry's "capacity to pay" during _ad hoc_ wage determinations may ignore the national capacity to pay. Of course, it is possible to set the minimum wage so high that the creation of new industries, which could pay the minimum only after an initial period, would be discouraged.[42]

If the decision has been made to relate the minimum wage to the minimum standard of living, it becomes important to decide whether the minimum chosen is a "bachelor wage" or a family wage. If a family wage is selected, should it include provisions for increments according to family size, or is a "normal" family to be postulated? The "bachelor wage" is now thought undesirable, for it

---

[39] Workers' representatives are frequently clerks from the employer's office (Arles, _op. cit._, p. 394).

[40] See: W.F.J. Steenkamp, "Comment," _S.A.J. of Econ._, v. 29, 1961, pp. 213-17; Arles, _op. cit._, p. 410.

[41] See Smith, _op. cit._, pp. 130, 149-50.

[42] See Steenkamp, "Bantu Wages," p. 117.

discourages the formation of stable urban families.[43] However, the use of wage increments adjusted to family size could mean that the heads of large families would not be employed. Employers would simply hire men with smaller families who could be paid less.

While in theory it is relatively easy to define what constitutes a minimum standard of living, in practice it is difficult to set that amount. For example, the Congo has long had a legislative standard for setting wages: they were set in reference to the daily needs of a bachelor employee in accordance with local custom. The employer was responsible, in addition, for supplying adequate food and housing, or money equivalents. However, statistics for the Congo are generally inadequate, since the minimum wages which were set were determined primarily by humanitarian wishes.[44]

THE RESULTS OF SETTING MINIMUM WAGES IN AFRICA

Amid all the speculation about minimum wages, the basic questions remain: What is the effect of the minimum wage in Africa? Is the minimum wage a useful tool? Controlled studies inside working African economies can provide answers to these questions, and several recent examples of minimum wage impositions (one in Tanganyika [now Tanzania] in January 1963, and another in Mauritius in mid-1963) provide an opportunity for such studies.

I. Tanganyika

The purpose of the Wages Regulation Order (1962)[45] in Tanganyika was to raise wages and thereby raise workers' standards of living, while putting redundant employees out of work. It was hoped that this would create a more stable, efficient work force.[46]

---

[43] D. Chesworth, "Statutory Minimum Wage Fixing in Tanganyika," Int'l. Lab. R., v. 96, 1967, p. 43.

[44] See Arles, *op. cit.*, pp. 389-90.

[45] G.N. 508/62.

[46] See Chesworth, "Tanganyika," p. 43.

Tanganyika's minimum wage order was, on the whole, nationally uniform, with modifications based on geography and age.[47] Three basic geographic zones were created: Dar es Salaam and Tanga urban areas, 150 shillings/month; eighteen main townships, 125 shillings/month; and all other areas, 100 shillings/month. While the minimum was the same for women as for men, lower minimums were permitted for workers under eighteen years of age.[48]

Tanganyika appears to have been successful in achieving each of the objectives of her minimum wage plan. In the first place, the statute appears to have been observed, for gross statistics suggest that most covered workers were paid at or above the minimum. Also, wages moved sharply upward, not only among the covered workers but also among many non-covered workers, with wage increases apparently on the order of 25%. The increases must have resulted in a lifting of the real standard of living, for the price index appears to have remained constant during the period 1960-64. Not until 1965 did the cost of living start to climb. Employment did drop, as the government desired. The drop appears to have been on the order of 10 to 20%.[49] Despite the drop in employment, however, output either remained constant or increased.

While the Tanganyikan minimum wage experiment benefited to some extent from a favorable market for its agricultural goods, agricultural output increased even when calculated in terms of constant prices. Moreover, the fluctuation in agricultural prices does not account for the entire growth in gross domestic product. The smaller and apparently more productive labor force also appears to have become more stable. This was partly the result

---

[47]See supra, p. 10. The only exceptions permitted to the minimum wage rates were the non-plantation agricultural industry, the tea industry, gold mining, and government or district council employees engaged in famine relief work.

[48]G.N. 508/62, ss. 3, 4, 5, and schedules.

[49]One measure put the public drop from 107,204 to 95,141, or to 88.8% of former levels, while private employment dropped from 289,824 to 245,153, or 84.6% of former levels. Yet very few workers seem to have been dismissed. Workers were simply not replaced when they returned home. (Chesworth, "Tanganyika," p. 65.)

of the wage ordinance in combination with two other ordinances which helped shrink employment rolls. The Employment Ordinance (Amendment) Act, effective January 1963, abolished the "kipande" or "ticket contract" system in which an employee was given 42 days to complete 30 days work.[50] The Severance Allowance Act (1962) made employers liable for a severance allowance after a worker had been engaged for a qualifying period of three months.[51] Chesworth concludes that the result was to cause employers "to deploy a less numerous work force more efficiently."[52]

II. Mauritius

It is much more difficult to evaluate the effects of the imposition of minimum wages on the sugar industry in Mauritius. The economy of Mauritius is a classic example of a monoculture, with sugar constituting 98% of its total export. In 1965, 46% of the total land area (90% of the cultivable land) was planted with sugar. Consequently, the economy is dependent on a single crop whose earnings vary tremendously--the size of the sugar crop is substantially affected by the weather, and the world sugar price has fluctuated wildly during the 1960s.[53] With such fluctuations, it is difficult to isolate the effect of any single economic measure.

Despite these uncertainties, and despite difficulties in gathering data, it is possible to draw some conclusions about the effect of minimum wage legislation. First, as in Tanganyika, the Mauritius wage legislation seems to have been observed. To some extent enforcement was easier in Mauritius, since over 60% of the harvest was produced on 23 large estates. The wage orders provided

---

[50] Tanganyika (Cap. 366) Revised Laws, 1950-54, as amended by Ordinance no. 82/62.

[51] Tanganyika (Cap. 487) Revised Laws, 1950-54, as amended.

[52] Chesworth, "Tanganyika," p. 66. For a complete statistical analysis of the results of Tanganyika's minimum wage legislation, see pages 51-65 of the same essay, from which my statistics are drawn.

[53] See D.P. Chesworth, "Statutory Minimum Wage Fixing in the Sugar Industry of Mauritius," Int'l. Lab. R., v. 96, 1967, pp. 252-79.

for general increases of 25% for agricultural workers and 30% for non-agricultural workers. On the large estates the total wage bill rose 23%. Real wages also seem to have increased, since the price level appears to have remained stable. Furthermore, while there have been some alterations in the total structure of employment, aggregate employment has not changed dramatically. For example, there were approximately 3% fewer man-days worked in 1965 than in 1963. (The minimum wage legislation was in effect for about five months of 1963.) Chesworth believes that, on balance, there has been a slight trend towards increased employment, while at the same time more young workers are being recruited. At first it was feared that the wage order would result in a shortage of labor, and although these fears seem to have disappeared, a possibility remains that more work is being shared by fewer workers.

Problems with worker absenteeism have been reduced substantially, a result of both the wage orders and the Security of Employment (Sugar Industry) Ordinance (1963).[54] The latter guarantees employment between harvests if a certain proportion of the harvest period is worked. Accordingly, seasonal fluctuations in employment appear to have smoothed out.

Finally, according to Chesworth, "such information as is available on productivity suggests an upward trend." At the same time, the combination of changes in the world sugar market, export taxes, customs duties, and the wage increases have led to lower profits.[55]

CONCLUSIONS

Mauritius and Tanganyika have been able to raise real wages without producing any of the disastrous effects which some economists had predicted. In both countries, however, shrinkage of the wage labor force has improved some workers' living conditions while adversely affecting other citizens. This has not created major problems in

---

[54]Ordinance no. 28/63.

[55]For a complete statistical analysis of the results of Mauritius' minimum wage legislation, see Chesworth, "Mauritius," pp. 252-79, which is the source for the statistics I have given.

Tanganyika, partly because there is no shortage of land.[56]

Both countries appear to have had qualified successes in increasing productivity by raising wages. This lends credence to the argument that a major problem in African countries is a failure of management to use labor efficiently. Katzen, for example, has argued that, even if wages were already set at the marginal revenue product level, it would be wise to raise them because higher wages would "shock management into adopting more efficient methods of production and eliminating waste."[57] And Gutkind points out that management reacts to inadequate production not by solving the problem, such as by demonstrating another method of doing the job, but rather by hiring more labor.[58]

In neither case did significant inflation result, although the orthodox view assumed that inflation was inevitable. Putting more money into the hands of employees should have raised prices, but there was obviously sufficient production capacity to supply this new demand. Katzen points out that raising demand may benefit those industries for which costs decline sharply after a certain output is reached.[59] High-cost, low-profit, marginal producers can become more profitable industries at a net gain to the economy with an increased demand for their goods. Unfortunately, too little work has been done on consumption patterns of such workers to properly appraise the result.[60]

It appears, therefore, that minimum wage legislation does have a role in the development of African countries. Insofar as its purpose is to raise the standard of living, it offers the distinct advantages of ease and simplicity of enforcement. However, minimum wage legislation is not

---

[56]Chesworth, "Tanganyika," p. 66. See also v. 13 of Africa Report (1968) on the January, 1968, riots in Mauritius caused by the 15% unemployment rate.

[57]Katzen, op. cit., p. 204.

[58]Gutkind, op. cit., p. 162.

[59]Katzen, op. cit., pp. 206-07.

[60]Horwood, op. cit., p. 121.

just a device by which wages can be raised. Such legislation places artificial restraints upon commerce, and thereby alters the entire economy. Within some limits, it appears that wages can be raised without abruptly harming African economies. Nevertheless, some of the goals of minimum wage legislation could be achieved by other devices. For example, Smith argues that, although minimum wages help workers, workers are for the most part not the most impoverished segment of an undeveloped society.[61] To some extent, therefore, raising wages helps a privileged segment. If the major objective is to raise the standard of living, devices such as social security payments may produce more distributive justice. But distributive justice is not the only function which minimum wages can perform. The examples of Tanganyika and Mauritius suggest that there may be structural defects in African economies for which minimum wage legislation provides an effective, appropriate solution.

---

[61]Smith, *op. cit*., pp. 139-40.