

The making of a foreign “labour aristocracy” in Botswana

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Abstract

Purpose – The purpose of this paper is to investigate whether expatriate workers in Botswana are a labour aristocracy.

Design/methodology/approach – This is a case study based on documentary research methods

Findings – The evidence presented supports the case for the existence of a foreign labour aristocracy in Botswana. The labour aristocracy thesis has come under attack for describing the better-paid workers as labour aristocrats and for its failure to take cognizance of the heterogeneity of the working class. Although it appears that the thesis has now been relegated to the periphery of labour studies debates, evidence from Botswana of a two tier wage structure, one for citizens and another for “expatriates”, resonates with the basic tenets of the labour aristocracy thesis.

Research limitations/implications – There is a need to revisit the debate and for more case studies from different Third World countries.

Practical implications – The paper highlights the difficulties faced by citizen employees in Botswana in seeking to improve their material conditions.

Originality/value – This paper reveals a linkage between a wages policy and the notion of national development in a specific society.

Keywords Employment, Expatriates, Labour market, Regional development, Pay policies, Botswana

Paper type Case study

Introduction: the labour aristocracy debate

The term labour aristocracy was traditionally used to describe a small and relatively economically privileged section of the working class in Victorian and Edwardian Britain (Marshall, 1998). According to Marshall, the concept was developed to designate a section of the working class that was in receipt of higher wages and therefore liable to compromise its class interests. Hobsbawm (1964) posits that the term labour aristocracy was used to refer to a distinctive upper strata of the working class, better paid, better treated, and generally regarded as more respectable and politically moderate than most of the mass of the proletariat. According to Hobsbawm, the main characteristics of a labour aristocracy were the level and regularity of the worker’s earnings, his prospects of social security, conditions of service, standard of living and prospects of advancement and those of his children (Hobsbawm, 1964, p. 273). The labour aristocracy comprised skilled tradesmen in engineering, building, printing, some grades of railway men, iron and steel mines and adult male spinners in the textile industries (Gray, 1981, pp. 16-17). Gray cautions however that what counted as working class prosperity was measured against the background of abject poverty.

According to Volkov (1981, p. 185) the labour aristocracy refers to the relatively thin and usually highly skilled upper crust of the working class in imperialist countries which is bribed by a share of the super profits obtained through the heightened exploitation of the working people in their own countries, as well as the ruthless

exploitation of colonial and economically less developed peoples. This economic privilege was itself an outcome of imperialist plunder of the colonies and the repatriation of super profits from these countries. A part of these super profits is then passed on to this section of the working class in the form of higher wages and benefits, the proverbial "crumbs" from the table of imperialism. Volkov's conceptualization is predicated on Lenin's (1977) argument that imperialism, which plundered the whole world, was able to extract monopoly profits which made it economically possible to bribe labour leaders and the upper strata of the proletariat in imperialist countries, and thereby fosters, gives shape to and strengthens opportunism. While in the Leninist sense, the labour aristocracy comprised mainly a small section of workers in imperialist countries, today the labour aristocracy would seem to comprise mainly white collar workers across nation-states. Although from the middle of the nineteenth century the term was used to describe this distinctive upper strata of the working class, distinguished from other workers by their superior economic position, it is now being used to describe white collar and technical workers (Gray, 1981; Bottomore, 1991, p. 296). It would appear that in its original usage, the term was used to conceptually capture trends in the earnings and lifestyles between different working class groups within Victorian and Edwardian Britain around the 1850s. But in its Leninist reincarnation, labour aristocracy was used to conceptually capture trends in earnings and lifestyles between the upper stratum of the working class in imperialist countries and the working class in the colonies in the era of imperialism, or now under neo-colonial domination. Despite the passage of time, there is one underlying common denominator: that a certain section of the working class is in terms of the conditions of service, salaries and standard of living, vastly different from the rest of the working class, and closer to the bourgeoisie. Hobsbawm (1964, pp. 302, 325) cautions that in the current phase in the development of capitalism, the analysis of the labour aristocracy must proceed somewhat differently from that of the nineteenth century capitalism, and would have to stress the new labour aristocracy that has arisen in managerial, white collar, technical and similar workers which considers itself different from the rest of the working class.

One of the most important statements on the applicability of the labour aristocracy thesis to the African context has come from Arrighi and Saul (1968, p. 143). The statement can be summarized as follows: the vast majority of the population of tropical Africa consists of independent producers who do not depend on wage employment for their subsistence, and a large proportion of urban workers in Africa consist of semi-proletarians peasants who are only periodically in wage employment. This labour force is not stabilized, and as peasants temporarily in wage employment, it cannot gain from the wage spiral because higher wages would be matched by a reduction in their employment opportunities. At the same time, the salary structure of independent African countries is a colonial heritage, and as Africans gradually enter the civil service and the managerial positions of large foreign concerns, they assume the basic salaries attached to the posts previously held by white colonial officers. This cadre represents a better paid section whose high income justify the severance of ties with the traditional economy:

These workers enjoy incomes three or more times higher than those of unskilled labourers, and together with the elites and sub-elites in bureaucratic employment in the civil service and

expatriate concerns, constitute what we call the labour aristocracy of tropical Africa (Arrighi and Saul, 1968, p. 149).

Although the statement is about 40 years old, it still remains seminal and has influenced a number of writers, notably Peace (1975), Waterman (1982), and Cooper (1983). But none of these writers agree with the labour aristocracy thesis. While noting considerable merits of the Arrighi and Saul thesis, Peace mounts a sustained critique of the thesis, arguing that the thesis seems to posit that instead of the bourgeoisie and the proletariat being forced into increasingly antagonistic camps, there appears to be a convergence of economic interests and political ideologies. According to Peace, the thesis seems to locate contradictions not within a single mode of production, namely capitalism, but between modes of production, namely the pre-capitalist and capitalist modes. Peace argues that far from being in opposition to one another, empirical data reveals that in fact the peasantry and the proletariat have a similar socio-economic status and are being equally exploited by surplus expropriators.

For his part Waterman (1982, p. 128) examines a range of arguments supporting the labour aristocracy thesis, and dismisses all of them on the grounds that labour aristocracy thesis remains politically and intellectually suspect because it was never given a solid theoretical foundation, but is a short-cut through the real historical difficulties of uneven proletarian consciousness and sectionalism. But Waterman concedes to the existence of what he characterizes as "the active agents of conservatism among the working class" that needs to be investigated further to establish its roots. Cooper posits that the divisions in the working class emanate mainly from education and skill, for example in the division between unskilled and semiskilled, skilled but less educated and educated salaried and technicians, and in particular between the mental/manual division. It is these differences that attract wage differentials among different groups of workers. According to Cooper most wage earners in Botswana were simultaneously inserted within both the non-capitalist and capitalist relations of production, and this simultaneous insertion in multiple social relations affects workers' political consciousness (p. 4). Cooper argues that in trying to merge the labour aristocracy thesis and the Botswana case study, it emerged that the thesis is an outcome of a theoretical lacuna which can be addressed by the concept of the articulation of modes of production, and in so doing drive more theoretical and empirical nails into the coffin of labour aristocracy thesis. It appears that as in the case of Europe, even in Africa there is little or no agreement or consensus in the labour aristocracy debate. In his reconsideration of the thesis (Saul, 1975) concedes that the thesis has come in for pointed criticism and the advisability of its continued use might be open to doubt. According to Saul, concepts sometimes freeze a reality that is in a flux, and their use may seriously distort analysis when this danger is not borne in mind, and thus bring about unintended consequences. "What is needed instead is to concentrate attention upon the processes which are at work in *specific African settings*" (Saul, 1975, p. 308, emphasis added).

In my view, rejecting the labour aristocracy thesis on the basis of lack of consensus or agreement will be like throwing out the baby with the dirty water. What is important, as Saul suggests, is to suggest a direction which further analysis might take (Saul, 1975, p. 303). This article revisits the labour aristocracy debate, after all these years, with the purpose of showing that in Botswana there exists an upper stratum of workers whose earnings and overall terms and conditions of service validate some of

the key assumptions of the labour aristocracy thesis. It is argued that it is this stratum of workers, the expatriates, who have assumed salaries, terms and conditions of service attached to the posts previously held by white colonial officers, rather than Botswana citizens in managerial and professional posts. This expatriate stratum was left out of Cooper's analysis, an omission that I hope to address in this article. In order to provide the context, the article starts with a brief overview of the political economy of post-colonial Botswana, then moves on to examine the colonial wages policy that created a two tier wage structure, one for “natives” and another for white expatriates. The article then moves on to examine the post-colonial wages policy that merely de-racialised the colonial wages structure, but kept its essential features. The post colonial salary structure, with its built-in benefits such as gratuity for expatriates, has enabled this stratum of the working class to enjoy conditions of service and standards of living superior to those of the rest of the working class in Botswana. The article concludes by arguing that the case study validates the labour aristocracy thesis, although in Botswana it is the “expatriates” who are identified as the labour aristocrats[1] The major strength of the labour aristocracy thesis is that it draws attention to subdivisions in the working class in a specific society at a specific period and their consequences for relationships between classes (Gray, 1981).

Botswana: an overview of the political economy

Botswana (then called Bechuanaland) was colonised by Britain in 1885. Since the motivation for colonizing Botswana was of military strategic nature rather than economic nature, the country was ruled from outside its borders, from Mafeking in the Cape Colony. Mogalakwe (2006a) has argued that like in other parts of colonial Africa, even in Botswana the economy was subverted and restructured to serve the interests of the colonial state and a small pocket of white settler capitalists. According to Mogalakwe, the colonial state acted in ways that obstructed rather than encouraged the growth of indigenous capital accumulation and indigenous enterprises were confined to the traditional agrarian sector, or at best, to the least profitable small scale commercial activities at the bottom of European dominated trading hierarchy For the entire period of colonial rule, Botswana remained undeveloped and was mainly used as a labour reserve colony for South African mining industry. At the time of Independence, the agricultural sector accounted for about 43 per cent of the GDP, and Botswana was listed among the world's poorest countries and uncharitably referred to as a “hopeless basket case”. There was very little going on in terms of both physical and social or economic infrastructure, except for a single track railway line built by the British South Africa Company to link the Cape Colony with Southern Rhodesia, a 30 kilometres bitumen road in a country with a network of 7,000 kilometres of dirt road. Manufacturing industry was non-existent and commercial activities consisted of a creamery, a bone meal and animal fodder plant in Francistown, a cold storage facility and maize and malt mill in Lobatse, and several small shops scattered around the country and almost all of them owned by Europeans settlers (Colclough and McCarthy, 1980). According to Best (1970), of the 439 shops registered in Botswana in 1968 (two years after Independence) only 31 per cent were owned by indigenous Batswana. Botswana had no currency of its own and the legal tender was the South African Rand, even though Botswana was not represented on the Board of the South African Reserve Bank and had no way of influencing monetary policies, especially where it affected

Botswana adversely. A good example of this is where Botswana could not even be paid interest on the R100,000 deposit it made as security for the Rand circulating in Botswana (Republic of Botswana, 1970a).

The human resource base was just as woeful. In a country with a population of about 541,000 people, there were only about 72,000 children in primary schools that were often overcrowded, lacked many essential facilities and were staffed by teachers over half of whom were untrained. There were only nine secondary schools with about 1,500 students. Only two of them were offering senior secondary school education. The country was estimated to have only 100 people with a secondary school education and of the 43 secondary school teachers with university education, only six people were Batswana (Harvey and Lewis, 1990; Mogalakwe, 1997). The absence of any industrial or manufacturing base had resulted in the establishment of a nationwide migrant labour recruitment network in which many able bodied young men especially from poor families who could not meet their tax obligations were forced to go and eke out a living in South African mines, farms etc. (Mogalakwe, 2006a). The migrant labour system became a major source of wage employment, and at the time of Independence about 30 per cent of Botswana workers between the ages of 20 and 40 were working in South African mines, manufacturing industries and farms, and there were very few people with the education, training or experience in modern management systems (Harvey and Lewis, 1990).

Since her independence Botswana has undergone rapid and very fundamental transformation in her social, economic and physical landscape. These fundamental structural changes derived directly from the post-colonial state's objective of re-orientating Botswana's economy to create propitious conditions for indigenous private capital accumulation. This growth was based on Botswana's economic planning principles of rapid economic growth, economic independence, sustained development and social justice (Republic of Botswana, 1985). The planning principles were couched in the ideology of "national development" and were seen as a prerequisite to lessen the landlocked country's dependence and vulnerability on its more powerful neighbours of South Africa and Southern Rhodesia, as Zimbabwe was called then. According to Iyanda *et al.* (2005) Botswana's economy grew at the average rate of about nine per cent since 1974/1975 until fairly recently. This phenomenal economic growth can be attributed to the discovery of rich deposits of diamonds and a very successful joint venture between the Botswana government and the South African mining conglomerate, De Beers Mining Company. The result was a positive knock-on on the economy as a whole, leading commentators like Stedman (1993) to describe Botswana as an example of economic development, functioning governance, and an exception that confounds generalization, and an exemplar of good governance and democracy. Not only has Botswana been able to reverse its balance of payments deficit, but currently the country's foreign reserves now stand at about \$6 billion, equivalent to more than 24 months of imports.

Botswana's post-colonial economic achievements have been internationally acclaimed and there is no need to repeat the story here. There are however at least two interesting features of Botswana post-colonial economic development that warrant special attention. The first is that unemployment, poverty and overall social inequality have grown side by side with this much vaunted phenomenal economic growth. According to the most recent but conservative estimates, 45 per cent of the country's

income goes to only 10 per cent of the population, and 23.4 per cent of Batswana live on less than one dollar a day (Republic of Botswana, 2003). According to Table I, in the last 30 years employment has grown from 57,400 in 1975 to about 298,700 in 2005, representing a more than five fold increase. It is estimated that about 3 per cent of formal sector employment is accounted for by foreign workers or expatriates as they are usually referred to. It is estimated that unemployment has however increased from 14 per cent in 1991 to about 24 per cent in 2002/2003. According to the most recent figures, unemployment in Botswana now stands at about 30 per cent (Republic of Botswana, 2007; Siphambe, 2007).

The second interesting feature of Botswana's economy is that the economy is largely foreign controlled and owned. According to Tsa Badiri Report (2007, p. 15), between 2004 and 2006, of the 124 companies that were awarded government contracts, worth about P1,085 billion, 62 per cent of them were citizen owned, 23 per cent foreign owned and 15 per cent joint ventures between citizens and foreigners. However, in terms of the value of the business awarded, citizens owned companies got a mere 17 per cent while a colossal 78 per cent went to foreign companies. In terms of access to finance, it is revealed that the average size of credit facility granted to a citizen owned company was about P170,000 compared to the average size of a credit facility of P800,000 granted to a foreign owned company. When examining the relationship between management and citizenship, the Tsa Badiri report reveals that 53 per cent of top level management positions of managing director, chief executive officer and general manager, are held by foreigners. In the tourism sector, 86 per cent of these positions are held by foreigners, and in the construction and manufacturing sectors the figures are 64 and 60 per cent, respectively. The question is, how has it been possible that Botswana's phenomenal economic growth has not benefited the majority of its citizens? This is the point to which I now turn.

Botswana's labour market and wages policy (1972-1990)

As pointed out above, at the time of independence Botswana's human resource base was woefully inadequate, with very few citizens with education, training or experience. According to the National Development Plan (Republic of Botswana, 1985) at the time of the preparation of the Plan, the number of jobs requiring persons with degree or diploma qualification was about 680, of which less than 10 per cent were citizens, and the number of jobs requiring persons with a minimum of five years secondary school education was 2,000 of which less than one-quarter were filled by citizens. There were about 6,000 jobs requiring people with a minimum of three years secondary education, but were occupied by people with only primary school education – "a most

	1975	1980	1985	1990	1995	2000	2005
Private/parastatals	42,500	53,900	71,200	143,800	147,200	160,100	177,500
Central government ^a	12,204	24,100	36,800	52,500	70,100	84,500	96,700
Local government	2,700	5,400	8,800	12,600	16,200	20,700	24,700
Total	57,400	83,400	116,800	209,000	233,500	265,200	298,700

Note: ^a Excludes the Botswana Defence Force

Source: Labour Statistics Unit, Central Statistics Office

Table I.
Estimated formal sector
employment by year by
employer (selected years)

unsatisfactory situation" (Republic of Botswana, 1970a, p. 95.) According to Colclough and McCarthy (1980, p. 208) in terms of the availability of local skills, Botswana was less well equipped for independence than any other ex-British colony in Africa.

In 1969, the government appointed a consultant to review the grading of posts, salaries and conditions of service of the public sector, and to provide a salary structure and conditions of service consonant with the general economic and financial conditions of the country (Republic of Botswana, 1969). In addition the consultant was to review the grading of posts, salaries and conditions of service of expatriate officers and to ensure that suitable expatriates are recruited and retained in those areas where there were no suitably qualified citizens. The report revealed that Botswana would have to depend on expatriates for the foreseeable future because of severe shortages of suitably qualified and/or experienced citizens. According to the report, 87 per cent of professional category jobs, 76 per cent technical category jobs, 37 per cent administrative category jobs, and 34 per cent secretarial category jobs were held by expatriates. According to the consultant, since few local persons had the requisite knowledge to serve the government and industry in these capacities, there must be a recognition and understanding not only of these needs, but also of the problems to be overcome in meeting them. The consultant recommended that highly trained and experienced expatriates already serving in the professional and technical fields must be persuaded to stay, and that it was essential that recruitment of expatriates be properly planned bearing in mind the demands of the international labour market. The consultant offered what he characterised as devices for attracting and retaining the services of expatriate officers. These devices comprised a package of:

- a gratuity of 25 per cent on local salary;
- 25 per cent contract addition;
- passage allowance; and
- education allowance for the children.

In addition these expatriates would have to be assured that they would serve at least two or three tours of about two to three years each (Republic of Botswana, 1969).

It is important to note however, that these recommendations were not really original, but merely buttressed what had been happening in colonial Botswana. According to Colclough and McCarthy (1980) in 1948, in response to growing pressure for Africans' advancement, the colonial government recognised that promotion of Africans was inevitable. As a result, a two tier salary structure was devised for all the higher posts which had previously been reserved for Europeans, with the proviso that the Europeans pay would have to be determined in light of levels of need to attract them. It was felt that a lower African rate would be appropriate as paying them higher wages would result in the creation of an expensive local élite. An African occupant of a high post was restricted to three quarters of that payable to a European, and demands for equal pay for equal work were rejected by the colonial government on the grounds that there was a need to prevent any widening of the gap between the peasant and the African bureaucrat (Colclough and McCarthy, 1980, p. 182). Colclough and McCarthy argue that most of the expatriates working in Bechuanaland at that time were white South Africans, and the argument that all Europeans needed inducement to serve in Mafeking (the capital of colonial Botswana) was not plausible. What seems more

plausible was that the wage differentials were really influenced by the policy of racial discrimination in South Africa where the policy of equal pay for equal work did not apply. These racial elements of the colonial civil service's two tier salary structure became entrenched, and were passed on at independence, making Botswana salary structure the most unequal in Africa (Colclough and McCarthy, 1980).

In 1970 another consultant was engaged to advise on a long term wage policy. In particular the consultant was asked to study the prevailing salary structure and levels of salaries in the country and to draft a long term wages policy, bearing in mind Botswana's need for competitiveness in relation to its neighbours, in which labour costs were a crucial aspect of such competitiveness. This particular consultant argued that Botswana had a choice of having small but relatively highly paid labour force in the modern sector, or a large but lowly paid labour force (Republic of Botswana, 1970b). The first option would involve retaining the existing high wages and salaries for skilled citizens and substantial increases in the wages of unskilled and semi-skilled. The second option would involve substantial reductions in salaries for skilled citizens and only a gradual increase in wages at the lower end, in keeping with increases in incomes in the rural sector. This was justified on the grounds that wage restraint would increase employment opportunities, arrest rural-urban migration, stimulate foreign direct investment and enhance the development of the nation. The basic tenet of the post-colonial wages policy was that basic local wages and salaries in the private sector and parastatal sectors should not exceed those paid by government, the largest employer in the economy, to comparable grades in the public service. In a Government White Paper No 2 on National Policy on Incomes, Employment, Prices and Profits, the government stated its position on wages thus:

Basic local wages and salary levels in the private and parastatal sector should generally conform to, and on no account significantly exceed those paid by government to comparable grades of public employees. . . . Government will review wages and salaries in the public sector on a regular basis, and the private sector and parastatals should not anticipate the outcome of such reviews by granting premature increases.

In effect the new government agreed with the consultant's recommendations that the minimum wages for unskilled urban workers should be based on comparable rural incomes, with allowances for higher cost of living in towns. While in the colonial era, local wages meant wages for "natives" or Africans, in the post colonial era local wages meant wages for citizens of Botswana. In both cases, the determining factor was comparable incomes in the rural areas, rather than the productivity of labour. In other words average rural incomes were to be used to determine minimum wages for urban unskilled workers, and to hold down any wage demands from unskilled workers. At the same time, wages for unskilled workers in urban areas were to be used to determine wages for skilled workers and to hold their wage demands down. This wages policy was to remain in place for 18 years, from 1972 to 1990, and during this time, public officers' wages and salaries were used as a benchmark to determine the wages and salaries in the rest of the economy (Mogalakwe, 1997). The other features of this very rigid labour market were that there would be no competition for skilled labour among various sectors of the economy in order to avoid "unprofitable competition" for scarce resources and there would be no guarantee that wages and salaries would be increased in line with inflation. In order to ensure that there was no deviation from the wages policy, the government created a machinery to monitor adherence to the policy and to

this end, a "tripartite" National Employment and Incomes Policy (NEMIC) was created (Mogalakwe, 1997). NEMIC which comprised mainly government officials, was to make recommendations to the government on salaries and wages in the public sector. It was only after that the private sector could make an award, usually with little or no consultation with trade unions. The government also created a Wages Policy Committee (WPC) to control private sector wages and salaries (Mogalakwe, 1997). In addition to these mechanisms, government would regularly institute a salaries review commission in line with the wages policy, and again the private sector was expected to wait for the findings of the salaries review commission before it could make adjustments to its salaries and wage structure. This wages policy marked what has been characterised as the first phase in the development of Botswana industrial relations system (Mogalakwe, 2006b).

It is common cause that in any society, social order and stability are maintained by both repression and ideological domination. With specific reference to labour relations, it has been argued that the reproduction of labour power requires not only the reproduction of its skills, but also at the same time, the reproduction of its subordination to the rules of the established order (Althusser, 1971, p. 127). In order to alleviate contradictions likely to be engendered by a potentially unpopular policy, such as the wages policy, and to minimise any threats posed by the resistance of the workers, the state would try to inculcate a labour discipline and a sense of patriotism in the minds of the workers. This is sometimes referred to as a process of habituation, a strategy that is used to secure acquiescence or support of the exploitative social relations (Cohen and Henderson, 1991). With the advent of the wages policy, the government embarked on an "ideological offensive" and started preaching the philosophy of wage restraint, industrial peace, and political stability, and exhorted the workers to accept sacrifice in the interest of "national development" (Mogalakwe, 1997). In particular, the first President Seretse Khama, used to remind workers, time and again, of their responsibility to assist in the development of the nation. "Your first responsibility is to assist in the development of the country. This is the responsibility of all Batswana" (Seretse Khama, quoted in Mogalakwe, 1997, p. 74). The government started emphasising commonality of interests between government, private capital, and the workers, and the government also adopted a paternalistic attitude towards the trade union, providing the so-called floor of rights, and minimum wage legislation for some sectors. The law also provided for compulsory arbitration to break bargaining deadlocks. Strike actions, although legal, were virtually impossible, and political activism by the trade unions was discouraged. The law also proscribed trade unionism within the public sector, which was only lifted in 1997 (Mogalakwe, 2006b). But these social control mechanisms, the repressive ones through labour law and the ideological one through habituation, were aimed at Botswana citizens only. The expatriate workers continued and still continue to enjoy higher salaries and benefits.

The emergence of a foreign labour aristocracy

As pointed out above the devices put in place to attract and retain expatriates, in the form of incentives such as inducement allowances and contract additions, were not really anything original, as they were based on what used to prevail in colonial Botswana, with regard to the two tier salary structure, one for white, mainly South African "expatriates" and another for indigenous Batswana. The point has also been

made that the two tier salary structure was not really justified in the sense that most of these so-called expatriate were really Southern African whites and that the two tier salary structure was meant to accommodate the prevailing system of salary structure based on racial discrimination. What the 1970 consultancy did was merely to de-racialise the colonial salary structure, but to keep its dual character intact: now one tier for citizens and another for expatriates. During the colonial era the two tier system was justified on the grounds that equal pay for equal work would create an expensive local elite and also raise government expenditure to prohibitive levels (Colclough and McCarthy, 1980, p. 182). The 1972 wages policy entrenched this colonial inheritance. The two tier wage and salary structure was retained and justified on the grounds that it would create more employment opportunities for citizens by paying more of them less, rather than pay few of them more. In the meantime, it was argued, it would be necessary to offer incentives that would attract badly needed skills from outside to help grow the economy. In other words, the wage and salary structure continued to discriminate against Botswana citizens. It was like pouring new wine into an old bottle. Although the two tier salary structure was supposed to be a short term tactical arrangement to attract skilled labour from abroad, it has become further entrenched and it has now become part of Botswana's industrial relations system.

As Table II shows, Botswana has attracted foreign workers across all sectors of the economy, and not just in the professional and technical areas. Foreign workers are found in agriculture, construction, real estate, central government and in the private

Industry	Citizens			Non-citizens		
	Male	Female	Total average earnings ^a	Male	Female	Total average earnings ^a
Agriculture	658	767	697	669	472	602
Mining and quarrying	4,405	5,312	4,518	12,624	11,565	12,503
Manufacturing	1,608	720	1,219	5,659	3,578	5,139
Water and electricity	6,256	5,512	6,124	27,257	9,194	24,246
Construction	1,204	974	1,138	5,227	6,883	6,012
Wholesale and retail	1,874	1,548	1,725	7,971	7,068	7,771
Hotels and restaurant	1,166	880	1,015	4,386	4,709	4,734
Transport and comm.	3,503	3,653	3,585	7,331	7,054	7,432
Financial services	8,219	5,682	6,461	36,017	13,764	28,327
Real estate	2,448	2,001	2,294	7,910	6,069	7,317
Education	5,807	4,317	5,010	10,708	6,597	8,892
Health and social work	2,906	2,165	2,328	4,625	5,060	4,812
Other community	2,786	2,356	2,629	4,224	5,985	4,590
Private and parastatal	2,348	1,800	2,141	7,474	5,707	7,100
Private	1,953	1,455	1,765	6,789	5,489	6,544
Parastatal	6,729	6,652	6,702	23,005	15,404	21,738
Central government	2,702	3,673	3,122	8,381	6,701	7,888
Local government	2,569	2,515	2,545	7,761	5,172	6,564
All sectors	2,483	2,521	2,508	7,564	5,786	7,163

Note: ^a The exchange rate is P12.00 = 1 pound sterling

Source: Central Statistics Office, Gaborone

Table II.
The "expatriates" labour aristocracy: average monthly earnings by industry, gender and citizenship, March 2005 (in Pula)

sectors. Table II shows that on the average foreign workers earn three times more than Botswana citizens.

In March of 2005, the average monthly earnings accruing to a foreign worker across all sectors of the economy was about P7,163, compared to the average monthly earnings of P2,508 accruing to a citizen. The disparity is highest in the financial services sector, where on average an expatriate earns P28,327, compared to a citizen who earned P6,461. This is followed by the parastatals sector, where on average an expatriate earned P21,738 compared to a citizen who earned P6,708. But as Table II reveals, even in the private sector, which is supposed to be driven by profit motive, on the average the earnings of foreign workers are still significantly higher than those of citizens. In March 2005 the average earnings of a foreign worker was P6,544 compared to the average earnings of P1,765. Table III shows that in 2007 the average basic pay of expatriates holding top management positions was 82 per cent higher than that of citizens holding similar positions. On the whole, the two tables reveal that when it comes to earnings, foreign workers are unusually better off than Botswana across all the economic sectors. When the wages policy was liberalised in 1990, the assumption was that the private sector would rely on the market to determine the wages and salaries, and that any distortion that might have come about as a result of the 1972-1990 wages policy would be resolved by the market. According to Tsa Badiri there is no explanation for the very range of differentials, and that it is doubtful that these very large differentials which vary across the different economic sectors can be explained in terms of skill and experience. According to Tsa Badiri the place of recruitment should have a significant impact in determining remuneration. For example, one would expect that foreign workers recruited from Europe or North America, who are accustomed to higher standards of living and strong currencies would earn more if they have to be compensated for difference in hard currency earnings. But in Botswana this is not the case. It is the same for every "expatriate".

Although the Tsa Badiri report posits that there is no explanation for these wage differentials, in fact there is. During the colonial days, the citizens of Botswana were deliberately paid low wages on the basis that equal pay for equal work would create an expensive local elite cut off from the vast majority of the peasants, increase government costs and would be economically unsustainable in the long term. In the post-colonial period, the citizens of Botswana were again deliberately paid lower wages on the assumption that a policy of equal pay (with expatriates) for equal work would

	Citizen (in Pula) ^a	Expatriate (in Pula) ^a	% premium
Top manager	305,816	556,683	82
Senior manager	231,433	278,000	20
Middle manager	209,838	271,000	29
Professional	146,762	192,000	31
Technician	116,592	139,000	19
Artisan	78,680	90,900	16

Note: ^a Exchange rate is P1200 = 1 pound sterling
Source: Tsa Badiri Consultancy Report (2007)

Table III.
Basic pay differentials
between citizens and
expatriates

mean less employment opportunities for other citizens. As a result expatriates are still notched above citizen employees of similar qualifications, skill or experience.

At the same time, foreign workers are paid gratuities, ostensibly in order to compensate them for lack of job security, while citizens are locked in pension schemes for their "own good", and have to wait for their retirement, so that they will have something to live on. In Botswana early retirement age is 55 years, and compulsory retirement age is 65 years. Most citizens start employment at the average age of 20 years and will remain in the pension scheme for an average of 45 years, with no option to work on short-term contract and buy their own retirement annuities from investment fund managers. It is a common practice in both the public and private sectors to give expatriates or non-citizen employees an end of contract gratuity at the rate of at least 25 per cent of total basic salary earned during the period of contact. For example, an expatriate who earns P20,000 a month on a three year contract will earn a gratuity of about P180,000 at the end of their contract. If such an expatriate was to have his contract renewed five times, he would have earned about P900,000 in 15 years, over and above their basic salaries. It is this gratuity system that has enabled expatriates to lead a better life than citizens. Expatriates are able to exercise control and decide on the most beneficial way to invest these gratuities and benefit from their investment. Simply put, the gratuity system has opened to expatriates investment possibilities not available to Botswana citizens in comparable positions.

Conclusion

Are expatriate workers in Botswana a labour aristocracy? That is to say, do they have some or all of the characteristics of a labor aristocracy as in its original conceptualisation in Victorian and Edwardian Britain, or in its later Leninist version? On the basis of the evidence presented above, the question can only be answered in the affirmative. The evidence shows that circa 1948, this stratum of the working class in Botswana is in receipt of higher wages, is better treated and has a higher standard of living. Consequently this stratum is generally regarded as more respectable than most of the mass of the workers in Botswana, including even citizen white collar workers. This stratum owes its privileged position to the post colonial government policy of wage restraint for citizens for the sake of national development. Evidence adduced above shows that government, which is the largest single employer and wage trend setter, feels that if all citizens can were employed on short term contracts, with regular terminal benefits at the end of the contract, this will increase costs, and is economically and financially unsustainable. This position by government has influenced wage policy in the private sector, which has traditionally followed government, to also come to the same conclusion. This explains why citizen workers are not only paid less than expatriate workers for equal work, but also why Botswana's economic miracle has not really worked for most Batswana and Botswana remains a wealthy country of poor people. Contrary to what Arrighi and Saul (1968) posited, it is the wages and conditions of service of the expatriate workers in Botswana that are based on the posts previously occupied by white expatriates, and not the wages and conditions of service of the citizens of Botswana, even those in white collar jobs. While in the colonial era, wages for the "natives" were based on the argument that the policy of equal pay for equal work would result in an expensive local elite and would be too costly for government in the long term, in the current post-colonial era, the local wages

and salaries are based on the assumption that lower wages for the vast majority of workers would create more employment opportunities for the greatest number. In the meantime the gratuity system in particular, which is reserved for expatriates, continues to ensure that this stratum of workers is more economically privileged than the rest of the working class in Botswana.

Note

1. There is a citizen fraction of this labour aristocracy, comprising mainly chief executive officers of state owned enterprises or joint ventures companies between the state and international capital. This fraction is however numerically small and insignificant.

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