International Labour Conference

THIRTY-FIFTH SESSION
GENEVA, 1952

REPORT
OF THE DIRECTOR-GENERAL

First Item on the Agenda
### REPORT OF THE DIRECTOR-GENERAL

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INTRODUCTION

In reporting each year to this Conference I have the opportunity—and the privilege—to submit to you, first, a survey of those aspects of world events which are most relevant to our deliberations and, second, an account of what our Organisation has achieved and of the lines along which it is working to attain our objectives.

I would like to be able to say that the world is in a better position today than it was a year ago, that the danger of war has been eliminated, that the devotion of vast resources to rearmament has ended, and that nations are able to give all their attention to overcoming the real enemies of man: poverty, ignorance, disease and inhuman living conditions. Unfortunately this is not the case. But, even today, realism does not exclude optimism. Though fear and suspicion persist, and actual conflict continues in certain parts of the world, there are signs of progress. Nations are still discussing their problems together rather than seeking apparent solutions through the use of force. There is still hope, a hope that is reflected passionately in all the people whom this Conference represents, that they will go on negotiating to find a way to secure peace. And behind the clamour of controversy and the effort of rearming, social and economic development plans are being carried out.

We must examine the impact on workers' living standards and on social welfare generally of the world as it is. If we are to make a realistic contribution to progress, it is essential that we see clearly the frame within which the I.L.O. must work.

In many countries today, the economic situation is dominated by the fact that they are trying to do more than their resources will permit. Rearmament, economic development and the maintenance and raising of living standards are competing for scarce supplies of labour, materials and equipment. The result, too often, is harmful price rises and a tendency for these different objectives to get in each other's way. The situation is further complicated by the occurrence of a fairly widespread recession in consumers' demand—a recession attributable chiefly to the high level of prices, to the international repercussions of balance of payments difficulties and to the deliberate adoption of anti-inflationary measures.
Thus, substantial unemployment or short-time working has developed in consumers' goods industries, while an acute shortage of labour persists in heavy industries.

In other countries, chronic problems of general unemployment and underemployment persist.

Energetic measures are required to meet these difficulties. First, countries should ensure that all their resources are fully employed, in particular by promoting the mobility of labour, by pressing on with economic development and by maintaining adequate levels of effective demand. Where a country is unable by its own efforts to achieve full employment, other countries should seek ways to help to bring its unemployed resources into production through either temporary or permanent migration, through the placing of orders abroad, or through the provision of materials, capital equipment and technical assistance. The full use of such resources is the easiest and least painful way of meeting increased demands. Secondly, countries should seek a maximum increase in productivity. And finally, countries should seek to adjust their total demands for rearmament, economic development and improved living standards so as to avoid both inflation and the overshadowing of socially urgent objectives by others which are less urgent.

But even while policies that are intended to meet the present phase of rearmament are being devised and put into effect, we must not forget that hopes and plans for the future are based upon the belief that it will not be necessary to continue indefinitely to devote as large a proportion of resources to defence as it is proposed to do during the next two years. It is not too early to prepare for the change in the economic climate that may come when present rearmament plans are completed. It is not too early, recalling the world's experience both before the war and even occasionally since the war, to urge that serious and responsible thought be devoted over the next two years to ensuring that when expenditure on rearmament is reduced the result will be, not a cruel return of mass unemployment, but an expansion of economic development and a raising of living standards.

The difficulty of meeting all current demands on scarce resources makes it only too possible that nations, preoccupied either with external threats to their security or with ambitious plans for agricultural and industrial development, may neglect the need to maintain social progress. It is the duty and responsibility of our Organisation to call attention to this danger. Social progress is no hothouse plant, to be cultivated only by those who can
afford luxuries. Indeed, it is just when resources have to be diverted to meet other demands that it is most important that what is available for consumption should be fairly distributed. If we sit back and wait till the pressure on resources slackens we shall never break the vicious circle where poor social conditions give rise to unrest, and unrest makes it difficult to improve social conditions.

Lasting peace can only be achieved if positive solutions are found to mankind’s social and economic problems. Basic human needs like food and clothing and basic human aspirations for better living must be met. The full satisfaction of these needs and aspirations may have to be delayed but they must not be neglected. Countries must decide for themselves the relative importance of conflicting claims on resources and the order in which they are to be satisfied; but they cannot go back on their declaration that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material wellbeing and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”.

In place of the usual survey of recent developments in social welfare I have therefore presented to you this year a broader survey of the aims of social policy. Taking due account of economic limitations and of the different habits and institutions of different countries, it remains a fact that people everywhere need and demand social improvements and that their leaders, in Governments and in employers’ and workers’ organisations, have committed themselves to realising these aims.

Depression, war and the international struggle for the souls and minds of men have finally made people realise that nations are closely interdependent and, above all, that underdeveloped countries must be helped to improve their lot. The emphasis in international action today, particularly in the I.L.O., is on developing co-operation and mutual assistance between nations so as to achieve a greater measure of social welfare for all. The I.L.O. has responded to this opportunity by expanding greatly its activities in the field of international technical assistance—activities which are in large part operational. These operational activities have now passed the experimental stage and are becoming a substantial and regular feature of our work. The Governing Body’s suggestion that I should deal fully in this Report with this subject was therefore timely.

The I.L.O.’s activities in the field of international technical assistance have grown rapidly over the past few years, both in
quantity and in quality. In the chapter which discusses our operational activities I have picked out some examples of the kind of work we are actually doing. It is not a pretentious story—but I hope you will find in it evidence that the I.L.O. is assisting in the attack on specific problems and that it can act as a catalyst to national effort. It is heartening that Governments are coming to us more and more for technical assistance. But they and we must always remember that assistance can wave no magic wand, provide no panacea, perform no alchemy. The purpose of technical assistance is to aid, not to replace, action by sovereign States.

For this reason I have sought in this Report to stress, not so much the value of technical assistance and the desirability of increasing it, as the difficulties that it encounters and the need to devote our energies to overcoming them. In outlining the problems connected with technical assistance I have tried to place them before the Conference as frankly as possible. If any conclusion can be drawn from this account it is surely that both the I.L.O. and the Governments must intensify their determination and action to meet effectively their several responsibilities. Every effort must be made to ensure that national priorities are examined, that technical assistance work is properly prepared and fits in with those priorities, that there is no duplication or conflict with other programmes, that experts on mission are given the facilities necessary for their work, that due attention is paid to any proposals they submit, and that a scheme once undertaken is not allowed to lapse through lack of effort. In the final analysis it is upon the will and determination of Governments and peoples that the effectiveness of technical assistance must depend.

The final chapter of my Report shows that the other manifold activities of the I.L.O. continue and grow. We have not abandoned the earlier concept of our role, we have expanded it. The Conference has always attached great importance to the ideal of universal membership in the International Labour Organisation. It is therefore encouraging that the I.L.O. has today more Members than ever before. The variety of ideas, methods and experiences brought to it by its different Members has contributed greatly to the strength and usefulness of the Organisation. The ideal of social justice is a harmonising force, and in its service countries with widely differing economic, social and political patterns can live at peace with one another.
CHAPTER I

THE ECONOMIC BACKGROUND

The purpose of this chapter is to survey briefly and in very general terms the principal factors affecting workers' standards of living during the past year. Such factors exert their influence chiefly through their effects on the cost of living on the one hand and on the level of money wages on the other; account has also to be taken of changes in rates of direct taxation and in social benefits. In no country is the cost of living or the level of money wages determined entirely by internal forces; in most countries they are influenced to an important degree by international developments, reflected in changes in the volume and terms of foreign trade and in the balance of international payments. Decisions regarding the proportion of resources to be devoted to defence and to investment for economic development also exert an important influence over workers' standards of living. Decisions to withhold a larger proportion of resources from the production of consumers' goods tend to make such goods scarcer and dearer in the present; when, however, resources are devoted to productive investment they make possible higher standards of living in the future.

THE RISE IN THE COST OF LIVING

In my Report last year I drew attention to the fact that sharp and widespread increases in retail prices were to be expected in 1951. As Chart I shows, these expectations have been realised.\(^1\) Between June 1950 and June 1951 the cost of living rose at a rate which in many European countries \(^2\) and in Australia, Canada, New Zealand, the Union of South Africa, Southern Rhodesia, the United States and Uruguay, exceeded the annual rates of increase experienced either during the emergency of war or during the post-

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\(^1\) See also Chart IV, facing p. 17.

war period up to June 1950. There are not many countries in Chart I in which the cost of living rose by less than 10 per cent. during these 12 months, and there are several in which it rose by considerably more. A rise in the cost of living of as much as 10 per cent. per annum, if continued for any length of time, may undermine confidence in national currencies, destroy the value of savings held in certain forms and disrupt the basis of economic life.

In the second half of 1951 the cost of living generally rose more slowly. In some countries it levelled off, and in a few countries it even dropped slightly.

These movements in the cost of living reflect the influence of a large number of different, though related, forces, some of them influencing prices through their effects on the demand for goods and services, others through their effects on supplies.

Influences on the Side of Demand

To some extent the rise in the cost of living represented merely a continuation of previous trends. A new factor of the greatest importance was, however, the wave of buying which resulted from the outbreak of hostilities in Korea and the fear that the conflict would spread. Anticipating shortages, a number of Governments began stockpiling strategic raw materials and merchants and consumers laid in stocks of goods which had been scarce in wartime. It was in the supply of goods obtained from abroad that shortages were principally feared, and it was imported raw materials in inelastic supply which registered the most dramatic price increases. At their peak levels in the first months of 1951 the prices of wool and rubber had risen by 200 per cent., the prices of tin and Egyptian cotton by 170 per cent., and the prices of hides and pulp by 100 per cent. as compared with June 1950. It was only a matter of time before these increases in raw material prices exerted their inevitable effects upon consumers' prices.

Thus it was not expenditure on rearmament as such but rather a wave of anticipatory buying which set in motion a new inflationary spiral in the second half of 1950. Expenditure on actual rearmament has in most countries increased only slowly \(^1\) and the

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\(^1\) Defence expenditure in the United States, however, increased from an annual rate of $17,000 million (5 per cent. of the gross national product) before the outbreak of the Korean war to an annual rate of $45,000 million (about 12 per cent. of the gross national product) by the end of 1951.
(Computed from statistical been introduced which are not strictly comparable with earlier series.)
greater part of its effects have still to make themselves felt. The
new inflationary spiral greatly weakened the economies of Western
European countries which seemed, before it began, to be moving
towards a healthier equilibrium than had prevailed at any time
since the war. It turned the terms of trade\(^1\) heavily against
them, depleted their foreign exchange reserves at a time when
these needed strengthening to meet the tasks ahead and created
a new and serious threat to their financial stability. The corres-
ponding benefits to the countries in whose favour the terms of
trade moved have been partly dissipated in inflation\(^2\); in many
of these countries too financial stability has been threatened.

If appropriate international machinery had been in existence
it might have been possible, by concerted action, to have gone a
long way towards preventing the disproportionate rise in raw
material prices and the disturbance which it has caused through-
out the world. The establishment of the International Materials
Conference in the early part of 1951 now makes it easier to take
international action in this sphere.\(^3\)

But if the main cause of the further round of price increases
that has taken place since the middle of 1950 was a scramble for
raw materials and to a lesser extent for consumers' goods, this is
by no means the whole story. Wage increases granted earlier,
and other factors which had raised costs of production, had in
many countries not yet exhausted their effects on consumers' prices at the time when the new spiral was set in motion. More
important is the further cost inflation which has occurred as a
consequence of the burst of spending after June 1950. To meet
the rise in the cost of living further wage increases have been
necessary, which in turn have increased both the amount of money
available for spending and the level of production costs. On a
rough calculation, it appears that the purely "mechanical" effect
of incorporating the increased costs of imports into the price
system would have raised the general price level by some 6-8 per
cent. in most Western European countries, and by only about
1 per cent. in the United States\(^4\); prices in fact rose much more
than this. In Eastern European countries the more direct control
exercised by Governments over workers' incomes makes it easier

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\(^1\) i.e., the quantity of imports obtainable in exchange for a given quantity
of exports.


to check the development of a wage-price spiral. In several of these countries, however, there was evidence of such a spiral during the past year\(^1\), arising chiefly out of the difficulty of controlling agricultural prices.

While the actual production of armaments has in most countries increased slowly, substantial expenditure has been incurred on the conversion of plant and equipment for armament production and on the retooling of factories. This has added to the demand for goods and services in general and played its part in forcing up prices. The same is true of investment expenditure undertaken in underdeveloped countries as part of their economic development programmes. Though this source of demand has remained limited, nevertheless the attempt simultaneously to raise or maintain present standards of living and to devote a larger proportion of resources to capital formation does impose an inflationary strain upon the economies of the countries concerned. There is a notable tendency among Latin American countries, for example, to earmark foreign exchange reserves (which were in the past largely used for the purchase of consumers' goods) for investment in capital equipment for domestic industries. During the interval which must elapse before such investment bears fruit, supplies of consumers' goods are less plentiful than they would otherwise have been and inflationary pressure is increased.

The forces thus far described have been forces making for an increase in aggregate demand and tending to raise prices. There have, however, been other influences on the side of demand which have worked in the opposite direction. The most important of these was probably the suspension early in 1951 of the stockpiling of certain materials by the Government of the United States, which was followed by a rapid fall in the prices of many imported

\(^1\) See p. 17 below. In the U.S.S.R., however: "Total wage income in the economy as a whole is effectively controlled by making the wage fund established for each enterprise conditional upon the acceptance, by management and by the workers, of the production target for the enterprise, and by relating, through the centralized financial control of the Gosbank, actual wage disbursement to the achievement of those targets. Payments in excess of the limit established may be made only pari passu with overfulfilment of productivity goals, and, contrariwise, the wage fund for each enterprise may be reduced to the extent that production falls short of the objective." (United Nations: Economic Survey of Europe in 1951 (Geneva, 1952), p. 145, footnote 2.) Efforts are being made to establish a similar pattern of control over wages in other Eastern European countries (cf. what is said about Czechoslovakia on p. 18 below), but these efforts encounter the difficulty that so long as the bulk of agricultural production remains in the private sector of the economy, agricultural prices show a persistent upward tendency and this necessitates adjustments to the planned levels of wages for industrial workers.
raw materials, notably wool, cotton, rubber and tin. In the United States and Western Europe there was also a sharp fall after the first quarter of 1951 in the level of consumers' demand. The textile and footwear industries were among those most sharply affected. This was probably in part a natural consequence of the high level of consumer spending in the two previous quarters (which no doubt included a good deal of stocking up) and in part was inspired by consumers' resistance to high prices. In contrast to the experience of Western Europe, however, buying pressure in consumers' markets appears to have increased in Eastern Europe.¹

Anti-inflationary measures adopted by a large number of Governments helped to check the rise in prices. These took the form partly of fiscal measures—notably increases in tax rates; partly of measures to raise rates of interest and restrict credit; and partly of price control measures.

Increased taxation was imposed in a large number of countries, including Canada, Denmark, France, the Federal Republic of Germany, the Netherlands, Norway, Sweden, the United Kingdom and the United States. In certain countries, for example Denmark, compulsory loans have been used as a partial alternative to tax increases. Government capital expenditure has been reduced, for example in Belgium, Denmark, France and Norway, and Government subsidies to consumption have been lowered (or at least held constant in the face of rising prices) in a considerable number of countries. In the United Kingdom, in the budget for 1952, food subsidies were reduced from £410 million to £250 million. A number of primary producing countries, including Ceylon, Egypt, India, the Federation of Malaya, Pakistan and Thailand, imposed or raised export duties on raw materials whose prices had soared. This was done partly in order to increase Government revenue and partly to exert a stabilising influence on prices by absorbing excess profits and purchasing power.

Central bank discount rates have been raised since June 1950 in Austria, Belgium, Canada, Chile, Denmark, Finland, France, the Federal Republic of Germany, Japan, the Netherlands, Sweden, the United Kingdom and the United States. In most of these countries the change has been accompanied by more effective control over the supply of credit. Restrictions on consumer

credits and mortgage facilities have been introduced, for example, in Canada and the United States, and have notably affected investment in housing and purchases of consumers' durable goods. Other countries too, for example Switzerland, in which central bank discount rates have not been raised, have taken steps to restrict the supply of credit, and there has been a general rise in market rates of interest. While in most countries measures to restrict credit served to limit rather than to prevent further increases in the quantity of money, there were a few countries—notably Canada, Denmark and the Netherlands—in which the quantity of money in circulation actually dropped in 1951.

Among Latin American countries, where inflationary pressures are especially strong, Colombia and Mexico have gone further than others in adopting strict currency policies and siphoning off excess purchasing power through taxation.

Whereas tax increases and measures to restrict credit are attempts to deal with the cause of inflation by reducing the quantity of money available for spending\(^1\), price control aims rather at suppressing the principal symptom of inflation—rising prices. Employed in conjunction with other measures it may however have an important part to play in mitigating the inequities which inflation always brings, and if successful it may prevent cost increases from generating further upward pressure on prices. A good many countries have imposed, reimposed or tightened up price control measures during the past year.

Influences on the Side of Supply

Agricultural and Industrial Production.

Since the essence of inflation is too much money chasing too few goods, an increase in the supply of goods is desirable not only in itself but also for the sake of its effects on prices. Inflationary pressures would no doubt have been even greater but for the increases in production which took place in 1951. In many cases these increases were however less than in previous years.

Changes in agricultural production are especially significant in view of the importance of food prices in the cost of living. According to estimates prepared by the Food and Agriculture Organisation, world food production in 1950-1951 was some 3 per cent. higher

\(^1\) Tax increases are disinflationary only provided that Governments do not spend the proceeds in addition to what they would otherwise have spent.
than in 1949-1950. In Western Europe the increase was about 7 per cent.\(^1\) In Turkey it was as much as 20 per cent. It is true that the world is still producing a great deal less food than it needs. In Eastern Europe the grain harvest in 1951 was better than in 1950 but livestock production declined considerably in most countries\(^2\), and food production in this region does not exceed pre-war levels. In Latin American countries there is evidence that food production has not kept pace with the increase in population. The grain harvest in Argentina was disappointing owing to bad weather. It was disappointing also in Australia. In the Far East, despite some improvement in rice and grain crop production in 1950-1951, food supplies remain generally inadequate and a serious grain famine in India was narrowly averted. In the world as a whole, however, food supplies in the past year did increase sufficiently to prevent food prices from rising as much as at one time seemed probable.

Indexes of industrial production for a number of countries are shown in Chart II. These are chiefly countries of Western Europe and North America, statistical measures of industrial production in other areas being scanty. Among countries shown in the chart, the greatest increases were achieved in Austria, Belgium, Finland, the Federal Republic of Germany, Japan, and Luxembourg. Germany and Japan were still making up the leeway resulting from the post-war collapse of their economies. Whereas most of the countries which suffered war damage had regained pre-war levels of industrial production by 1948, and some as early as 1946, these levels were regained only in 1950 in the Federal Republic of Germany and in 1951 in Japan. The large increases achieved in Belgium and Luxembourg reflected continued recovery from levels which, in the first half of 1950, were still depressed as a result of the recession which began in 1949. Rates of increase were relatively low in Denmark, the Netherlands and the United Kingdom, but in each of these countries industrial production in 1950 had been substantially higher than in previous years.

Both in Canada and in the United States industrial production, by the second quarter of 1951, exceeded the already high monthly averages achieved in 1950 by over 10 per cent. In neither of these countries, however, was the increase sustained during the latter half of the year.

\(^1\) United Nations: Economic Survey of Europe in 1951, op. cit., Appendix A, table VI.
\(^2\) Ibid., p. 29.
In Western Europe as a whole the increase in industrial production in 1951 appears to have been about 8 per cent. (as compared with about 15 per cent., 14 per cent. and 10 per cent. respectively in 1948, 1949 and 1950). By 1951 most of the Western European objectives regarding industrial production set in the early stages of the European Recovery Programme had been achieved (with the notable exception of coal production, which both in the United Kingdom and in France fell substantially short of planned levels), and the level of total industrial production planned for 1952-1953 had already been exceeded. As in North America, the rate of increase of industrial production slackened during the course of the year. The very rapid rate of increase achieved in the second half of 1950 and the first quarter of 1951 was made possible only by the taking in of the slack which had developed in the economies of a number of countries in 1949, and could not in any case have been expected to continue unabated; but in addition production was to some extent hampered by shortages of raw materials, though these proved to be less serious than had been feared, and by the recession in consumer demand to which reference has already been made. These two factors, however, affected different sectors of industry. A marked contrast developed during the course of 1951 between trends in heavy industry on the one hand and in other sectors of industry on the other—a contrast which was common to most Western European countries and to the United States. In the mining, iron and steel and heavy industries demand remained active but production was hampered by shortages of materials and manpower, whereas activity in light industry and house building was levelling off in most countries, or even declining owing to lack of demand or tighter credit conditions. In some countries it appears to have been felt, about the middle of the year, that credit restrictions had gone too far; in Belgium the bank rate was cautiously reduced, in Denmark conditions for obtaining housing loans were eased and in Sweden the central bank resumed support of the bond market.

While the increase in industrial production as a whole in Western Europe has been encouraging, further increases in coal and steel production are of the utmost importance. It will be of the greatest interest to observe the effects upon the production of these two basic commodities of the coming into being of the

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(Computed from stati)
European Coal and Steel Community, which represents an historic landmark in the relations between Western European countries.¹

There are certain countries not included in Chart II for which indexes of industrial production, though not issued regularly on a monthly or quarterly basis, are published from time to time. The following figures showing industrial production indexes in 1951 (base: 1950 = 100)², have been officially announced:

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
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<tr>
<td>Bulgaria</td>
<td>119</td>
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<tr>
<td>Czechoslovakia</td>
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<tr>
<td>Hungary</td>
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<td>Poland</td>
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<tr>
<td>Rumania</td>
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<td>U.S.S.R.</td>
<td>116</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>100</td>
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The fact that the rate of increase in the U.S.S.R. was apparently somewhat less than in previous years is accounted for chiefly by a change in the system of weighting.³ The rapid progress made in some of these countries which are not yet highly industrialised by Western standards represented a continuation of previous trends, and is partly explained by a continued rapid increase in industrial employment.

In Latin America industrial and mining production generally maintained a high level in the first half of 1951. In Brazil, Chile and Mexico it rose considerably. There was probably some drop in the second half of the year owing to difficulties of obtaining raw materials in short supply, and in some countries owing also to the effects of vigorous anti-inflationary measures. Difficulties in importing certain kinds of capital goods needed for industrial expansion, especially from the United States, were also encountered in the second half of the year.

In the Far East, during the first half of 1951, the production of tin and rubber declined but that of petroleum, iron ore, coal and electricity increased, and there were also substantial increases in the production of iron and steel, machinery, cement and cotton textiles in several countries, particularly India and Japan.

As has been said, raw material shortages proved a less serious obstacle to increased production than at one time seemed probable. Action taken by various Governments to control civilian con-

² In some cases these are preliminary figures based on results achieved towards the end of 1951.
sumption, and the sharing of supplies of certain materials through the mechanism of the International Materials Conference, prevented a serious crisis from developing. In the early months of 1951 shortages of raw materials, especially metals, constituted the principal bottlenecks in military production in the United States; these bottlenecks were however in large measure overcome by means of allocation schemes and heavy imports, and later in the year emphasis shifted to the need to expand machine tool production. In Western Europe actual cases in which output has been restricted by material shortages have been fewer than were expected, but serious shortages have in many cases been avoided only by a narrow margin, and uncertainty regarding supplies has made it harder to secure a further rise in output per man. The shortage of coal has had serious repercussions. The resumption of large-scale imports of coal from the United States has been an important cause of the widening of Europe’s dollar gap, and has led to shortages of shipping space for other imports, for example iron ore to the United Kingdom, which has been one of the countries most seriously affected by shortages. During the summer, shortages of coal and steel seemed likely to have serious effects on the level of industrial production in the Federal Republic of Germany, but in the autumn the position improved. Shortages of coal and steel were also encountered in Czechoslovakia.

Employment, Unemployment and Productivity.

The level of production depends partly upon the level of employment and partly upon productivity, or output per worker employed.

On the whole, the employment situation did not undergo marked changes during 1951. In most of the industrially developed countries employment remained at a high level, and in a good many countries shortages of labour in heavy industries became more acute. In almost every country for which indexes of the level of employment in general are available, these indexes were higher in 1951 than in 1950. In Eastern Europe the rapid increase in industrial employment continued. It increased by some 7 to 8 per cent. in Czechoslovakia and Poland and by over 10 per cent. in the German Democratic Republic and Hungary.

The increase in employment was accompanied in most cases, as Chart III shows, by some reduction in unemployment. This

1 Chart III includes only countries in which recorded unemployment exceeded 50,000.
### NUMBERS UNEMPLOYED

*(Monthly averages)*

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<th>1950</th>
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<td>United Kingdom</td>
<td>341</td>
<td>1.6</td>
</tr>
<tr>
<td>United States</td>
<td>3,142</td>
<td>5.0</td>
</tr>
</tbody>
</table>

n.a. = Not available.
Provisional figures. * Jan.-Nov.
CHART IV. INDEXES OF MONEY WAGES AND THE COST OF LIVING
(Average 1950 = 100)

(Computed from statistics published in the International Labour Review. The indexes of money wages are based, with some exceptions, on average hourly earnings (men and women) in manufacturing industry.)
CHART I. COST OF LIVING
(1937 = 100) (Logarithmic Scale)

(Computed from statistics published in the International Labour Review. In a number of countries cost-of-living indexes relate to capital cities only; in certain countries new series have been introduced which are not strictly comparable with earlier series. Base years: Spain, 1938; Ceylon, France, Federal Republic of Germany, Thailand, 1936; Brazil, Egypt, 1936.)
Chapter IV: Indexes of Money Wages and the Cost of Living

(Average 1950 = 100)

Money Wages

Cost of Living

(Computed from statistics published in the International Labour Review. The indexes of money wages are based, with some exceptions, on average hourly earnings (men and women) in manufacturing industry.)
was especially marked in the United States, where it represented the continuation of a trend which began in the first quarter of 1950. There was also a considerable reduction in unemployment in Canada. Elsewhere, however, notably in Belgium and in the Federal Republic of Germany, the improvement was disappointingly small, and in Italy unemployment actually increased slightly. This was also the case in Denmark, India, the Netherlands and Pakistan.

In my Report last year I drew attention to the twofold effect which rearmament expenditure could be expected to have on unemployment. I pointed out that, firstly, to the extent that it raised the level of effective demand it would tend to reduce unemployment attributable to a deficiency of effective demand, but that, secondly, to the extent that it led to shifts from civil to military production it was likely to cause some "frictional" unemployment.

The tendency for rearmament expenditure to raise the level of aggregate demand has been restrained both by the slowness with which rearmament programmes have got under way and by the recession in consumers' demand to which I have already referred—a recession partly spontaneous and partly induced by means of tax increases and measures to restrict credit. Yet in most countries aggregate demand is great enough to support higher levels of employment—the existence of unsatisfied demand, bottlenecks and labour shortages in heavy goods industries is sufficient proof of this. The unemployment which persists in industrial countries appears to be chiefly frictional and structural. There are, at the time of writing, unemployed automobile workers in the United States at the same time as there is a shortage of labour for the production of machine tools. In Western Europe there is unemployment in textile industries and other consumers' goods industries while additional manpower is badly needed in the heavy industries. The need for measures to promote the mobility of labour between places and jobs has become even more clearly visible than it was a year ago. Labour lacks mobility not only within countries but still more between countries. Europe imports coal from the United States partly because it cannot fully man its coal mines, yet unemployment in Italy alone obstinately remains above one-and-a-half million.

For most of the world's underdeveloped countries statistics of employment and unemployment are lacking. Even in countries where statistics are available, these are usually not complete.
This is true, for example, of the figures for Ceylon, India and Pakistan shown in Chart III, for in all these countries employment service registrations fall very far short of measuring the total amount of unemployment. The problem of combating the chronic unemployment and underemployment which is so serious in many underdeveloped countries has engaged the earnest attention of Governments and of international organisations, but it cannot be said that marked progress has been made. In many of these countries rapid rates of population growth make the problem all the more intractable. It can be solved only by means of rapid economic development. The problem, so far as it concerns Asian countries, was discussed by the Asian Advisory Committee of the I.L.O. in November 1951.\(^1\)

In countries for which statistics are available, production increased during last year by a larger percentage than employment. There was thus a further increase in productivity, which, by reason of its effects on costs of production, tended to slow down price increases. In a good many countries, it is true, productivity increased less than in previous years.\(^2\) This was the case in the United Kingdom and in Scandinavian countries, which had already reaped considerable benefits from post-war investment programmes. It was also the case in Czechoslovakia, where manpower shortages were encountered. There were other countries, however, for example Belgium, France and Poland, in which productivity increased more than in 1950. Where productivity increases were disappointing, this was partly explained by raw material shortages and the dislocation caused by these and by switches in production.

**The Rise in Money Wages**

For most countries for which statistics are available it appears, as Chart IV shows, that average hourly earnings in 1951 rose even faster than the cost of living. Real wages\(^3\) in 1951 appear

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\(^1\) See p. 89 below.


\(^3\) As I pointed out in my Report last year, indexes of "real wages" based upon indexes of hourly earnings corrected for changes in prices must be regarded with caution, for they compound the errors of both money wage and price indexes. Regarded as a measure of workers' standards of living they are all the more unsatisfactory in that they take no account of taxes, family allowances, etc., not included in these indexes, or of changes in the amount of overtime or short time worked. See International Labour Conference, 34th Session, Geneva, 1951, Rapport I: Report of the Director-General (Geneva, I.L.O., 1951), p. 22.
to have risen by from 5 per cent. to 10 per cent. in Austria and
the Federal Republic of Germany and by well over 10 per cent.
in Finland and France; in the other countries shown, movements
in real wages, whether upward or downward, were small.

Though it is the declared policy of the Governments of Eastern
European countries to pass on the fruits of increased productivity
in the form of lower prices rather than higher wages, there were
nevertheless considerable increases in the money earnings of indus-
trial workers towards the end of 1950 or during 1951 in Czecho-
slovakia, the German Democratic Republic, Hungary and Yugo-
slavia. Food prices, however, seem in many cases to have risen
even more.

The rise in money wages was in many countries moderated as
a result of the realisation on the part of Governments and workers’
leaders of the need to release resources for rearmament. In most
countries undertaking rearmament programmes a combination of
measures was adopted for cutting back competing sources of
demand, and among other measures restraint on wage increases
played a part.

In the United States, for example, the Defense Production Act
gave power to the President to control wages, and subject to
some adjustments and modifications wages are not permitted to
rise beyond 10 per cent. above the levels ruling on 15 January
1950. In Austria in November 1951 the leaders of the Federation
of Trade Unions called upon wage earners to support the Govern-
ment’s campaign for lower prices by abstaining from demands for
higher wages. In Belgium, where a similar campaign, referred to
in my Report last year\(^1\), met with little success, a widespread
system of sliding wage scales was introduced. In the Netherlands
at the beginning of 1951 trade unions agreed to a 5 per cent.
reduction in real wages. In Norway a price-wage agreement was
in force in 1951.\(^2\) In Sweden the wage freeze mentioned in last
year’s Report, under which real wages in the first quarter of 1951
were considerably lower than in 1950, was discontinued\(^3\); money
wages rose and the average level of real wages prevailing in 1950
was restored or slightly exceeded. In the United Kingdom the
“voluntary wage-freeze” maintained for so long gave way under

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\(^2\) Chart IV does not take account of a general increase in money wages
which became effective in the fourth quarter of 1951.

\(^3\) Wage increases granted later in the year included compensation with
retrospective effect for the fall in real wages during the first part of the year.
Chart IV does not show the effects of this retrospective compensation.
the pressure of the accelerated rise in prices; wage increases granted in 1951 were larger and more widespread than in any recent year, and the resulting cost inflation will inevitably make it harder to check further rises in prices. In Czechoslovakia a system of “compulsory wage totals” was introduced as from 1 April 1951 in all undertakings except the building industry, in order to prevent wages and salaries from increasing more rapidly than productivity, as is reported to have happened in 1950. This measure was replaced at the beginning of 1952 by a system of wage funds. The two systems may be described as successive steps in wage planning, differing in the degree of detail in which wage plans are to be prepared by the various economic agencies. The National Planning Office is responsible for fixing the amount of the national wage fund and for allocating it among the Ministries and Departments responsible for various branches of industry, which in turn must fix the share of each establishment or undertaking.

Moderation in wage claims can be expected only if workers feel that other sections of the community are being called upon to make comparable sacrifices. Inflation makes for high profits, and it is probable that some Governments, without impairing incentives to produce, might have done more than has been done to tax windfall profits or to check increases in dividends paid out. Governments which have used their influence to restrain increases in wages have, however, usually been aware of the need for action to restrain similarly the amount of distributed profits. The Government of the United Kingdom has imposed a form of excess profits tax to operate during the exceptional period when the abnormal process of rearmament creates a fortuitous rise in profits. In Switzerland the Federal Government has announced measures to encourage the creation of capital reserves out of current profits. In Sweden a certain proportion of the profits accruing from the export of forest products, whose prices have boomed, has been sterilised. Norway maintains heavy export duties on such products.

The tax increases which have been imposed in so many countries have in general been on a progressive basis.¹ The O.E.E.C. has reported that in Western Europe “Governments have devoted much attention to securing the necessary increase in revenue by reducing tax evasion, thereby also improving the sense of social

¹ A progressive tax is one which taxes those with large incomes proportionately more heavily than those with small incomes.
justice, and such tax increases as have been made have largely been in direct taxes, or in indirect taxes on luxuries".¹ There are still, however, great differences both in the extent to which Governments rely on direct as distinct from indirect taxes and in the degree of progression of direct taxation. In Latin American countries there appears now to be a general tendency to place greater emphasis on direct as distinct from indirect taxation, and in some cases income tax is being made more progressive. One example is the income tax reform recently adopted in Ecuador. Reforms are under consideration also in Bolivia, Colombia and Guatemala. In Israel the luxury tax has been raised on a wide range of articles. In Egypt steeply graduated increases in income tax and greatly increased succession duties have been imposed.

The standard of living of workers depends not only on movements of prices, wages and taxes but also upon developments in the field of social benefits. On the whole, conditions during the past year have not favoured an expansion of social security systems, and the rise in prices has tended to reduce the purchasing power of social security allowances and pensions. Nearly every country affected has however sought to offset this reduction, at least in part. In most countries this has been done by means of ad hoc legislation but in a small though growing number of countries a sliding scale is now applied. Examples of real improvements in social services have not, moreover, been lacking. Under an Act of 17 March 1951 Bulgaria came into line with other Eastern European countries in providing free medical care at Government health establishments. In France the conditions for the granting of unemployment allowances have been liberalised. In Sweden longer holidays with pay have been granted. In Belgium a number of changes have been made in social security legislation, the general effect of which is to increase the contributions paid by insured persons and their employers, the State subsidies and the rates of benefit, and to liberalise various aspects of the social security schemes. The system of social insurance in Greece has been reformed. In Switzerland minimum unemployment insurance benefits have been increased and the benefit period prolonged. Canada has liberalised its old-age pension legislation. In the United Kingdom family allowances have been increased to provide partial compensation for the cut in the food subsidies and pensions have also been increased.

In Latin American countries the new emphasis on direct, as distinct from indirect, taxation has been accompanied by a tendency to provide more social benefits for workers. Thus in El Salvador there has been new legislation governing hours of work and holidays with pay; in Argentina there has been an extension of old-age pensions for persons in need.

The social security seminar conducted by the I.L.O. in Istanbul in September 1951\(^1\) was held in response to widespread interest evinced in this subject in Middle Eastern countries. In Egypt a new Act concerning compensation for occupational diseases has recently come into force. Steps have been taken with a view to implementing throughout the country the non-contributory pension scheme set up in 1950, and a sickness insurance scheme has been organised in rural districts. In the Lebanon a Ministry of Social Affairs has been established.

**INTERNATIONAL TRADE AND BALANCES OF PAYMENTS**

Workers' standards of living depend not only on what happens within their country but also upon that country's dealings with the outside world. The less self-sufficient the country, the more the cost of living and the level of wages are influenced by international developments.

A high level of international trade, enabling countries to take advantage of the economies of international specialisation and division of labour, is in general a factor making for high standards of living. In the first half of 1951 world trade was about one-fifth greater in volume and two-fifths greater in value than in the first half of 1950.

The way in which the gain from international trade is shared between countries depends upon the terms of trade. I have already drawn attention to the marked shift in the terms of trade which began in 1950 and continued in the early part of 1951—a shift in favour of countries producing and exporting raw materials and against the countries importing these materials. After the first months of 1951 there was some reversal of this movement as raw material prices dropped while the prices of manufactured goods continued to rise.\(^2\) Terms of trade remain, however, at the

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\(^1\) See p. 60.

\(^2\) This was true of European manufactured exports; the prices of United States manufactured exports levelled off during the course of 1951.
time of writing, much more favourable to primary producing countries than they were in the first part of 1950. There are reasons for thinking that this state of affairs may well persist, for it is clear that the world's capacity for industrial production has increased and is increasing faster than its production of foodstuffs and raw materials.

It was Western European countries (with the exception of Belgium, Finland, Norway and Sweden) which suffered most from the shift in the terms of trade. Most of these countries had already had to accept a worsening of their terms of trade in 1950 as part of the price of devaluing their currencies in 1949. Most of them experienced a further deterioration of some 10 to 15 per cent. in the 12 months ending in September 1951. The terms of trade also moved heavily against the United States. Many of the countries in the Far Eastern region benefited, as also did Australia and South Africa. The improvement in the terms of trade which Latin American countries experienced in 1949 and 1950 does not appear to have continued in 1951.

The standard of living in any country is affected not only by the volume and the terms of international trade, but also by the balance of payments. By drawing upon its gold and foreign exchange reserves, by borrowing from abroad or by receiving grants from other countries, a country may be able for a time to maintain a higher standard of living than would be possible if it were paying its way. Conversely, by accumulating gold and foreign exchange, by lending abroad or by making grants to other countries, a country may place at the disposal of other nations some part of the goods and services which it might have consumed.

For many years world trade has suffered from a chronic lack of balance. The United States has tended to export more than it imported and there has been a shortage of dollars in the rest of the world. In my Report last year I drew attention to the progress that was made in 1950 towards a restoration of equilibrium in world trade. During 1951, as Chart V shows, this trend was reversed. The world deficit with the United States in respect of goods and services traded once more increased. Western Europe accounted for the greater part of this deficit; other deficit areas were Latin America and Canada.

1 Shifts in the terms of trade have been favourable to these countries—to the Scandinavian countries largely because of the high prices obtained for forest products and to Belgium mainly because of the high price that steel has fetched in free markets.
In their trade with the rest of the world as a whole, the combined deficit of Western European countries in respect of goods and services, which had amounted to about $1 billion in 1950, was running in the first half of 1951 at an annual rate of about $2.5 billion.\(^1\) The main reason for this unfavourable turn of events was the adverse movement of the terms of trade.\(^2\) The trade deficits incurred by a number of Western European countries have in varying degrees cushioned the full impact upon levels of

\(^1\) Figures relating to Western Europe as a whole conceal important differences between the experiences of different countries. There has been, notably, a dramatic change in the pattern of intra-European payments within the European Payments Union. The United Kingdom and France, which were initially the principal surplus countries, had at the end of 1951 the largest deficits. Belgium-Luxembourg had accumulated a very large surplus and the Federal Republic of Germany, whose deficit at first gave grounds for concern, has now a creditor position in the Union. The expansion of German exports, not only to European countries but virtually throughout the world, has indeed been one of the most significant developments of the year. They increased from DM. 8,360 million in 1950 to DM. 14,580 million in 1951.

\(^2\) It appears that at constant import and export prices Western Europe’s import surplus would have shrunk slightly in 1951—vide United Nations: Economic Survey of Europe in 1951, op. cit., table 29.
domestic consumption and investment of rearmament programmes and of the adverse shift in the terms of trade. The O.E.E.C. has pointed out in a recent report that “a continuance of so large a deficit can hardly be countenanced, particularly as Marshall Aid is being reduced and the foreign exchange reserves of many countries are once again declining”.

The position of the United Kingdom, the custodian of the gold and dollar reserves of the whole sterling area, is especially critical. The sterling area reserves, after rising from $1,340 million immediately before devaluation to $3,867 million in June 1951, fell by nearly $600 million in the third quarter of 1951 and by over $900 million in the fourth quarter to a level of $2,335 million at the end of the year. Both the rise and the subsequent fall were accounted for in large measure by the boom and slump in the prices of and trade in raw material products of the outer sterling areas, especially rubber, wool and tin. Another reason for the fall in reserves was the need for substantial purchases by the United Kingdom of key industrial materials, stocks of which had been allowed to fall in 1950. Increased imports by other sterling area countries, for example Australia, also played an important part.

A number of Western European countries will require to divert increased resources for export or to contract imports, or both, on a scale which, when combined with the effects of rearmament programmes, can hardly fail to impose additional sacrifices on consumers. The United Kingdom and France have already taken steps to contract imports, and a meeting of Commonwealth Finance Ministers in January 1952 agreed to put before their Governments proposals for measures to restore a state of balance in the sterling area payments to and from the rest of the world by the second half of 1952, and recognised that recovery will not be complete until conditions have been created in which sterling can become and remain a convertible currency.

In a number of Far Eastern countries the balance of trade became less favourable during the course of 1951 as a result of the fall in the volume and prices of raw material exports and an increase in imports.

The world shortage of dollars has been alleviated by the continuation of United States foreign aid on a scale which, though

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2 Of which $176 million was accounted for by service payments on United States and Canadian loans.
still very large was, however, somewhat smaller than in previous years. The net amount of foreign aid furnished by the United States Government in all forms (grants and credits) in the fiscal year 1950-1951 amounted to $4,471 million, of which nearly three-quarters was received by countries participating in the European Recovery Programme. The continued fall in economic aid more than offset the rise in military assistance. The aid furnished during the year brought the value of net foreign aid provided by the United States Government to a total of over $30,000 million in the six post-war years. At the end of the fiscal year 1951 unutilised funds for foreign aid previously voted totalled $9,800 million and Congress subsequently appropriated an additional $8,700 million. Two-thirds of the total of unutilised aid at the end of the fiscal year 1951 and of subsequent appropriations is for military assistance abroad. The Mutual Security Act provided for the ending of the Economic Co-operation Administration and its replacement by the Mutual Security Agency whose director is responsible for the co-ordination of all foreign-aid programmes.

It has become clear that relatively small shifts in the United States balance of payments—shifts which must be expected to occur from time to time—cause disproportionately large disturbances in the economies of other countries; in other words, that, given the increase in the volume and still more in the value of international trade, gold and foreign exchange reserves, and especially gold and dollar reserves held outside the United States, have become too small to fulfil their function of absorbing, and thus to some extent insulating economies from, the effects of even relatively minor shocks resulting from changes in the volume, direction and value of international trade. How to remedy this situation is a question of growing concern.

Economic Development

In all countries decisions regarding the proportion of resources to be devoted to investment exert an important influence upon workers' standards of living; a heavy investment programme tending to make consumers' goods scarcer and dearer in the present but more plentiful and cheaper in the future. In many countries

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1 United States Department of Commerce: Survey of Current Business, Nov. 1951, p. 16.
measures have had to be taken during the past year, through credit restrictions and in other ways, to reduce investment in the civilian sector of industry in order to release resources for rearmament programmes; the cost of rearmament will thus be felt, in varying degrees, in the future as well as in the present.

It is, by definition, in underdeveloped countries that investment for economic development is of the greatest importance. These are also the countries in which it gives rise to the most difficult problems. Although economic development programmes, in so far as they require imports of capital goods in place of consumers' goods or compete with consumers' goods industries for skilled labour and materials, may intensify inflationary pressures and involve some deferment of consumption in the present, there is no question of the need for pressing ahead vigorously with such programmes if future standards of living of workers in underdeveloped countries are to be raised. In some countries indeed rates of population growth are such that rapid economic development is needed if present standards are even to be maintained.

Plans and programmes for economic development in underdeveloped countries, many of them covering a period of years, were reviewed at some length in my last Report. Further plans have been drawn up during the past year. In Latin American countries there is a growing tendency to expand their economies on the basis of over-all development plans. In India a draft outline of the country's First Five Year Plan, based on a detailed examination of resources, was published in July 1951. In Pakistan a two-year Priority Development Plan has been worked out, representing the first phase of the six-year programme incorporated in the Colombo Plan for the economic development of South and South-East Asia. Preliminary organisational work for the Colombo Plan was completed by the end of June 1951 and the Plan was formally inaugurated on 1 July. Technical assistance and training facilities have been placed at the disposal of the Asian members of the Commonwealth by Australia, Canada, New Zealand and the United Kingdom.

Economic and political conditions during the past year, however, have not on the whole favoured the rapid implementation of development plans. This is true notwithstanding the improvement in the terms of trade for some underdeveloped countries. The benefit which this has brought has been very unevenly distributed between the primary producing countries. It is true that the Governments of many underdeveloped primary producing countries
have taken steps, notably by imposing export duties on raw materials whose prices have soared, to counteract inflationary pressures and to appropriate a substantial part of the windfall gains in foreign exchange with a view to using these for promoting economic development. But the same reasons which caused raw materials prices to soar have made it difficult for the more highly developed countries, notwithstanding their efforts to maintain supplies of capital goods to underdeveloped countries, to provide these countries with the capital equipment they need, and the increase in the quantity of money resulting from the accumulation of foreign exchange has generated severe inflationary pressures in a number of underdeveloped countries. For example, in Indonesia and the Federation of Malaya, the two major rubber and tin exporting countries, the cost-of-living indexes in 1951 were respectively 66 per cent. and 26 per cent. higher than in 1950. Inflation in primary producing countries is associated with inequitable changes in the distribution of income and tends to lead to a deterioration in social and political morale and an atmosphere unfavourable to successful economic development.

It seems true to say that the shift in the terms of trade has on the whole done little to reduce the need of underdeveloped countries for capital from abroad. The International Bank for Reconstruction and Development has played a larger part than ever before in meeting this need. In the fiscal year ending in June 1951 it made 21 development loans to 11 different countries, totalling nearly $300 million. This was more than twice the volume of development lending in any previous year, and indeed exceeded the volume of the Bank's development lending in all previous years put together. Since the close of its financial year other important development loans have been announced, including loans to the Belgian Congo, Chile, Italy (for the development of Southern Italy), Paraguay and Yugoslavia. Substantial development loans have also been made by the United States Export-Import

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1 It has been officially stated that the United Kingdom will do its utmost to maintain the flow of capital goods to the Colombo Plan countries. In the United States, requirements of foreign countries for spare parts and for equipment for petroleum exploitation and processing are given special priorities. Yet it is estimated that in the twelve months ending in June 1951 imports of development goods by the Far Eastern group of countries from the United States and the United Kingdom were, respectively, about 50 per cent. and 30 per cent. less than in 1949, if valued at constant prices. United Nations: Economic Bulletin for Asia and the Far East, Vol. II, No. 2, Second Quarter, 1951, p. 17.

2 The Indonesian index relates to food prices only.
Bank, and “Point Four” agreements have been concluded between the United States and a number of underdeveloped countries.

All this, however, falls very far short of meeting even the most urgent capital needs of the underdeveloped countries, and there is a growing sense of disappointment that it has not thus far proved possible to set in motion a larger flow of capital to the underdeveloped countries. Preoccupation with rearmament programmes in the more highly developed countries accounts in part for this situation. But the reasons why the flow of capital has not been greater are to be found not only in these countries but also in the underdeveloped countries themselves. It is three years since the International Bank for Reconstruction and Development reported that in its experience the dearth of soundly conceived development plans ready for financing was often a more serious limitation than lack of capital. Since then the Governments of underdeveloped countries, often with the advice of experts provided under the technical assistance programme of the United Nations and the specialised agencies, have done much to remedy this deficiency. But there is still much to be done. It remains true in many underdeveloped countries that many of those citizens who have savings hoard them, export them or invest them in real estate. While this is so, it can hardly be expected that private investors in other countries, or their Governments, will take a more favourable view of the prospects of investing capital in projects for the economic development of the countries concerned. Of all the many difficult tasks confronting the Governments of underdeveloped countries; none is more important than the task of creating and maintaining conditions in which capital, both domestic and foreign, will be attracted to productive uses. Methods of mobilising domestic capital have recently engaged the attention of countries members of the Economic Commission for Asia and the Far East; a working party of experts on this subject met in November 1951.

There are some forms of economic development which are less dependent than others on capital and capital equipment. Most forms of industrial development require fairly heavy capital investment in proportion to the numbers of people for whom they will directly provide employment. It may be that the future relationship between the prices of raw materials and foodstuffs on the one hand and of industrial products on the other will be such as to encourage underdeveloped countries, without neglecting industrial development, to place greater emphasis than they would otherwise have done upon the development of their capacity for producing the
foodstuffs and raw materials in the production of which they have the greatest natural advantages. In so far as this form of development requires less capital per worker than is required in industrial development projects (which is not however always the case) the shortage of capital is another reason why economic development may be encouraged to take this form.

It is not only capital which is scarce in underdeveloped countries but also technical and entrepreneurial skills. Efforts which the I.L.O. is making, under its technical assistance programme and in other ways, to assist Governments to overcome the lack of skill and to make full use of their labour resources are discussed elsewhere in this Report.

Finally, the social structure in many underdeveloped countries presents obstacles to economic development. So also do present methods of land tenure, notwithstanding reforms which have been or which are to be introduced in certain countries, for example Iran. In the resolution on land reform adopted by the General Assembly of the United Nations in January 1952 Governments are urged to institute appropriate land reforms in the interests of landless, small and medium farmers, and the United Nations and certain specialised agencies, including the I.L.O., are urged to give high priority to the subject of land reform in their technical assistance programmes. Land reform is, however, in many countries, only one of a series of measures which will be required to release the energies of the whole population for the task of economic development. A United Nations group of experts has recommended that—

To provide the preconditions and institutional framework of economic development, the government of an under-developed country should make clear to its people its willingness to take vigorous action to remove the obstacles to free and equal opportunity which blunt the incentives and discourage the efforts of its people. Under this head we include land reform, abolition of privileges based on race, colour, caste or creed, the establishment of taxation upon a progressive basis, and a programme of mass education.¹

The task of developing the economies of the underdeveloped countries to a level which will ensure freedom from want for all their people presents a challenge which can be met only by the combined efforts of all sections of the community. It will also require more help from the more highly developed countries and from international agencies than has hitherto been provided.

Conclusion

The twelve months ending in June 1951 witnessed a rise in the cost of living which in many countries exceeded the average annual rise either during the war or in the post-war years up to 1950. Since then the rise in the cost of living has in most countries continued more gradually. In most of the countries for which statistics are available money wages appear to have risen about equally fast and in some countries faster; there were other countries however in which they lagged behind the rise in prices. In very many countries rates of taxation have been increased in order to finance rearmament programmes or for other reasons. The year was not remarkable for improvements in social benefits, though such improvements were not entirely lacking. A marked shift in the terms of trade was a factor which—notwithstanding the "cushioning" effect of adverse trade balances in some countries—made it more difficult to maintain or improve workers' standards of living in most Western European countries and in some countries in other regions; there is little information about the effects on workers' living standards of the benefit received by primary producing countries in the form of improved terms of trade, but the high prices of raw material exports would tend in the first place to favour profits rather than wages. Largely as a result of the shift in the terms of trade, a number of Western European countries incurred balance-of-payments deficits of a magnitude which cannot long be sustained; to put an end to such deficits it will be necessary to expand exports or contract imports, or both, on a scale which will tend to reduce the level of consumption in the coming year. The economic and political environment has not favoured rapid progress with economic development programmes in underdeveloped countries. Rearmament has made it difficult for the more highly developed countries to supply the capital equipment needed for such programmes, and the flow of lending to underdeveloped countries, notwithstanding the considerably expanded activities of the International Bank for Reconstruction and Development, has remained disappointingly small.

It has been a year in which political tension has inevitably been reflected in the economic field. Efforts simultaneously to improve standards of living, to maintain or increase the proportion of resources devoted to investment for economic development and to launch substantial rearmament programmes have strained the
economies of many countries. These three objectives compete with each other for scarce materials, labour and capital equipment. Despite some recession in consumers' demand, resources are not sufficient to meet in full even the most urgent requirements in each of these three fields at the same time. The more rapidly we seek to advance in any one of these fields, the more difficult it becomes to maintain progress in the other two. Rearmament has inevitably had adverse effects on workers' standards of living. So long as the present political tension persists, and rearment continues on the basis of present plans, only an increase in production can ease the economic strain. A reduction in unemployment and under-employment would make some contribution to higher production, and if the present recession in consumers' demand should become more serious, action to reduce unemployment will become increasingly important, but in present conditions higher production must be sought chiefly through increased productivity, on which I laid so much emphasis in each of my last two Reports and which remains a matter of the first importance for the economic welfare of men and women in all countries.

Campaigns to raise productivity have been carried on vigorously during the past year. Visits by productivity teams to the United States and other countries have continued, and their recommendations have been publicised, discussed and in many cases acted upon. National productivity centres for research, co-ordination and the dissemination of information on methods of raising productivity have been set up in a number of countries. The member countries of the O.E.E.C. have agreed to aim at a 25 per cent increase in the total production of goods and services in Western Europe over the next five years, and recognise that higher productivity must play the greatest part in bringing this about. In Eastern European countries the socialist work competition movement and the trend towards a more widespread application of the principle of payment by results continue. In countries outside Europe, too, strenuous efforts have been and are being made to raise productivity. The Prime Minister of Israel, for example, has recently announced that "the Government will make special efforts to achieve higher output by labour, more efficient management and the improvement of the quality of production".¹ A recent survey has drawn attention to the considerable increase in industrial productivity that has been achieved in Latin American countries in recent years.² In

Japan the productivity of labour increased considerably after the outbreak of the Korean war, chiefly as a result of longer hours of work and fuller utilisation of plant capacity.\(^1\)

It is clear that there is no one "secret of higher productivity"—that action to promote higher productivity needs to be taken simultaneously along a number of different lines. There are reasons, however, for attaching special importance to certain factors affecting productivity—for example the degree of mechanisation; the extent to which advantage is taken of economies resulting from simplification, standardisation and specialisation; the extent to which capacity can be fully and continuously used; the extent to which the "psychological climate" favours high productivity; and the adequacy of the incentives to higher productivity afforded by the system of remuneration in use.\(^2\)

The failure of agricultural production to increase as rapidly since the war as industrial production makes it especially important to increase productivity in agriculture. This is a problem confronting all countries, but progress is most urgently needed in underdeveloped countries where levels both of productivity and of nutrition are especially low and where agriculture contributes a high proportion of the total national product. In many of these countries it seems probable that opportunities exist for bringing about considerable increases in agricultural productivity fairly quickly and with relatively little capital outlay by the use of insecticides, fertilisers, better seeds and better crop rotation.

Successful efforts to raise productivity will reduce the burden of rearmament. Even so, I do not think, unless there is a great easing of political tension, that we can look forward to substantial relief from economic strain within the next two years. By far the greater part of the planned expenditure on rearmament of most of the countries now engaged upon substantial rearmament programmes has still to be incurred. The period during which this expenditure is at its peak cannot but be a period of great and continuing economic strain throughout the world.

What is now planned, however, in countries which have embarked upon definite rearmament programmes, is to raise defence services to a certain level by 1954, and thereafter, if political

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\(^2\) For a fuller treatment of these subjects reference may be made to I.L.O.: Payment by Results, Studies and Reports, New Series, No. 27 (Geneva, 1951); and Metal Trades Committee, 4th Session, Report III: Factors Affecting Productivity in the Metal Trades (Geneva, I.L.O., 1952).
conditions make it seem necessary, to maintain them at that level. It is not planned to raise them beyond that level. It is not too early to start thinking about what will happen if and when it becomes possible, as we all must pray that it will become possible, for these countries to put their defence services on a "care and maintenance" basis. Two things are already clear. The first is that when that time comes an enormous volume of resources at present harnessed or to be harnessed to rearmament programmes will be released for other uses. The second is that the transition, if it is anything like as sharp as is contemplated in present plans, will present a challenging test of the adaptability of the economies of many countries. Efforts to accomplish rearmament programmes without reducing civilian standards of living, or with as little reduction as possible, mean that the back-log of civilian demand which so greatly smoothed the transition from war to peace seven years ago will not be present in anything like the same degree. It is possible that many countries may, for the first time since the 1930's, be confronted with the problem of maintaining effective demand at a sufficiently high level. It is certain that they will encounter difficult problems of structural adaptation to the changed direction of demand.

How these transitional problems should be resolved cannot be discussed in this Report. Foresight and flexibility will be needed for their solution, but it is legitimate to hope that 1954 will mark the beginning of a period in which standards of living will rise more rapidly and assistance for economic development will be afforded to underdeveloped countries on a larger scale than has been possible at any time during the long years of war, shortages, reconstruction and rearmament. A further deterioration in the world political situation would defeat these hopes; an improvement might bring their realisation nearer.
CHAPTER II

SOCIAL POLICY

In my previous Reports the chapter dealing with social policy has surveyed the most recent developments in various aspects of social welfare. In view of the increasing pressure on the world’s resources described in Chapter I, and the consequent need in all countries to re-examine carefully the allocation of those resources to various uses, I have thought it desirable this year to give a broader survey of social policy. This chapter examines the people’s needs and demands for social improvement and the extent to which public and industrial leaders everywhere have committed themselves to realising these aims. It emphasises the need for social policy to take account of the economic limitations and of the habits and institutions of different countries. It describes the work of the I.L.O. in this sphere in the light of its accepted objectives, and its co-operation with other international agencies in all those aspects of social policy which can be furthered by international consultation and action.

THE WORLD’S NEEDS

For over a generation the minds of men have been preoccupied and perplexed by wars and threats of war. The dominating characteristic of the modern world is insecurity. The fact that countries do not feel safe in the military sense results in a feeling of insecurity which pervades life in all its aspects. The threat of war overshadows every other issue but it must not blind us to the great and pressing social problems which lie behind it. It is no exaggeration to say that most of the peoples of the world are suffering from shortages of the most elementary necessities. In many countries the people stand in dire need of food, housing, health services and elementary education. Even in the best organised and most wealthy countries the meeting of the people’s needs remains a constant concern and preoccupation. The succes-
sion of upheavals caused by preparation for war, the waging of war, the aftermath of war and the organisation of defences against possible future wars has, on the one hand, increased the gravity and urgency of mankind’s needs and, on the other hand, made it more difficult to satisfy them.

Moreover, since the first world war there has been a revolution in ideas as to what constitutes a reasonable standard. It is now taken for granted that people need more food in greater variety, more and better clothing, improved houses with better services, more articles of furniture and household equipment, and, in general, more material comforts of every kind. It is assumed that there must be improved health services, wider provision for social security, better educational facilities and increased opportunities for recreational and cultural activities. There is, moreover, a widespread feeling that work should be made easier and that those who work should enjoy more leisure. These ideas and aspirations are reflected in claims for higher wages, shorter hours of work, longer holidays with pay, welfare facilities and more agreeable conditions of work.

This desire for higher standards of living is a worldwide aspiration. It finds expression in all countries, whether they have abundant natural resources, great financial reserves and a supply of industrious, skilled and inventive manpower or whether they are poor in natural resources and short of capital and technical skill.

The political movements which have swept across under-developed countries and non-metropolitan territories in recent years have been very largely based upon demands for social reforms. The urge to achieve or strengthen national independence lends force to the demands for social reforms with which it is inextricably connected. The desire for improved conditions of life has often been one of the main causes of the growth of movements for national liberation and Governments of newly independent countries have found social policy to be one of their main concerns.

It is generally realised that improved standards can only be achieved through greater production and increased international trade. It must be remembered, however, that though industrial development and increased productivity are keys to the achievement of better standards, the growth of industry increases the demands which it is necessary to satisfy. This is particularly evident where new industries are created, especially in under-
developed countries. The member of a pastoral tribe, or the villager in an agricultural community, may have simple standards and may expect few material comforts as long as he remains in his original environment, but if he becomes an industrial worker his needs and demands may undergo a radical change. The standards of the industrial worker living in a town may not in fact be any higher but they are certainly more complex. His needs are created or aggravated by the conditions of industry or of town life, but under those conditions he has fewer means of satisfying his needs by his own direct effort.

Accordingly, while economic development is essential to the provision of higher standards of living, special care has to be taken to deal with the social problems which this development tends to create.

In spite of the progress of over 30 years, the affirmation made in 1919, in the preamble to the Constitution of the I.L.O., that "conditions of labour exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled" has not lost its validity. This statement applies, however, not only to conditions of labour but to conditions of life in general.

If the risks of another world war are finally overcome it will not be done by military measures alone. Peace must not only be defended in the military field but actively promoted by the positive and creative solution of mankind’s problems. The opening words of the Constitution of the I.L.O., as restated in 1946, that “universal and lasting peace can be established only if it is based upon social justice” are not simply a high-sounding phrase; they are a statement of inescapable fact. In the search for an enduring peace the nations of the world must press forward in the light of the principles and programmes postulated by the I.L.O. in its Constitution and in the Declaration of Philadelphia. To this end they must aim at striking a wise balance between the requirements of defence, of economic development and of social justice.

Fortunately, the importance of the “condition of the people problem” is now everywhere recognised by Governments, employers and workers alike. The means by which social betterment is to be sought will vary in the different countries. In some the chief advances are secured in negotiations between trade unions and employers, with Governments intervening mainly in connection with aspects of wellbeing that cannot be or as yet are not covered by these negotiations. In others the main initiative is undertaken
by Governments themselves laying down and administering policies of social welfare. For all countries, the same basic problems exist—at what pace and in what direction to advance. Here the practical difficulty is to determine what improvements each country's resources will permit, what action is best suited to its conditions, requirements and possibilities and to what extent it can be helped by assistance from other countries.

All countries are already heavily committed to the pursuit of a progressive social policy. The United Nations, under Article 55 of its Charter, is pledged to "promote higher standards of living, full employment, and conditions of economic and social progress and development". Obligations derived from this general principle have been entered into by the Governments of the States which are members of the various specialised agencies, including the 65 States Members of the I.L.O.

Most countries have, in recent years, made greater efforts towards social improvement than ever before in their histories. After the second world war the immediate task naturally was to repair the physical damage caused by the war and to restore the economic and financial strength of the countries which had been drained by the war effort. But countries all over the world placed a marked emphasis on the social aspects of reconstruction and aimed not merely at restoring what had existed before the war but at improving upon it. The hope of a better world and the ideals of a higher civilisation had sustained the peoples during the long years of war and occupation. The end of the fighting released pent-up forces which were eagerly put to the task of achieving social advancement for all mankind.

The impressive impetus of this forward movement was drastically slowed down as a result of the outbreak of fighting in Korea. The diversion of money, materials, effort and manpower to the Korean campaign, and the decision to develop defence programmes on a massive scale over a period of years, has imposed severe limits on expenditure on social policy. The choice between guns and butter will remain a reality for many countries as long as the feeling of insecurity persists. It is therefore the fervent hope of all who see the true significance of social betterment that security and confidence may soon be established throughout the world.

But even when more normal conditions return and when the march of social progress can once again be accelerated, the problem of adapting the choice of objectives to the means available will still remain. The increasing pressure of population on food supplies,
and indeed upon all resources, and the continual development in the aspirations of the peoples, heighten the gravity and urgency of this problem but do not alter its nature. The question which is always present, as I have already indicated, is how to adjust the speed and scope of social progress to the conditions, requirements and possibilities of the different countries. It is not a question of an advance at a uniform speed on a world front but of simultaneous movements in all the countries and regions, adapted to their respective requirements and possibilities.

The Aims of Social Policy

Social policy, being many-sided and in constant evolution, now covers a vast field of human activity. In a general way social policy is concerned with all the problems which arise out of the relations between people in society. The social problems with which this Report is concerned do not cover the whole of this extensive range. They may be described broadly as labour problems and problems which affect standards of living. Social problems and problems of industrial and economic policy are closely related. Everyone who deals with problems arising in industry or in the wider economic field is confronted with issues of social policy; while those who are concerned with the solution of social problems are obliged to have regard to their economic implications.

Social policy in industry has tended in every country to start from a realisation that there are serious abuses which have to be remedied, and to develop into a search for the most desirable conditions of work. From being remedial and defensive it has become positive and constructive. As ideas of what constitutes progress in labour conditions develop, the unit of manpower comes to be recognised as a human being, a "hand" is seen to be a partner with his employer in a common enterprise. The development from the first beginnings to the acceptance of a new attitude towards the worker as a human being and partner has reached different stages in different countries and regions and expresses itself in varying ways, but the general trend is universal and unmistakable.

A similar process of evolution has taken place in a wider field. Social policy in its broader sense begins with attacks upon the worst aspects of poverty, malnutrition, disease and ignorance, and leads
on to positive and constructive action for the provision of good health conditions, ideal homes, garden cities, elementary schools for all and facilities for higher education of every kind. The movement which began with a desire to do away with unnecessary suffering has developed into an urge to create conditions in which mankind may have opportunities to develop the arts of civilisation and the highest forms of human endeavour.

Activity in all these fields is of direct concern to the I.L.O. Even in its earliest days the I.L.O. took the whole field of social policy for its province, and as the ideals and possibilities of social progress expanded the Organisation adapted its policies and actions to the changing situations. In the Declaration of Philadelphia, which was adopted in 1944 and now forms an integral part of the revised Constitution of the I.L.O., it is affirmed that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material wellbeing and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”. This ideal, by which all the work of the I.L.O. is inspired, is perhaps the highest that social policy can pursue. Its importance is emphasised by two further affirmations, namely, that “the attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy” and that “all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective”.

The inclusion of such statements in the Declaration of Philadelphia not only confirms that the I.L.O. is dedicated to the pursuit of social progress in its fullest and richest sense, but also shows how the ideals of social policy have developed. The extent of this development is revealed in another way by the changes in the specific tasks for which the I.L.O. is responsible. While the main emphasis in 1919 was placed upon conditions of labour, the programmes which the I.L.O. is now under a solemn obligation to promote in accordance with the terms of the Declaration of Philadelphia range from “full employment and the raising of standards of living”, through the employment of workers “in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common wellbeing”, to the provision of “adequate nutrition, housing and facilities for recreation and
culture” and the assurance of “educational and vocational opportunity”. These are not simply paper programmes; they are aims which the I.L.O. is consistently pursuing and constantly promoting.

In the International Labour Code—which covers only those subjects on which Conventions and Recommendations have been adopted—the I.L.O. dealt during the inter-war period with the most important aspects of employment and unemployment, general conditions of employment, the employment of children and young persons, the employment of women, industrial health, safety and welfare, social insurance, industrial relations, the employment of seamen, standards of colonial labour policy and migration, and with certain other problems of importance in the application of social policy, such as the administration of social legislation and the collection of statistics. Agreement was also reached on many other problems of social policy which could not be dealt with in Conventions and Recommendations. For example, standards of social policy were laid down in a number of resolutions adopted by the International Labour Conference; others were approved by various conferences and committees which met to deal with particular subjects and even with particular industries or categories of workers; and others again by regional conferences.

From its earliest days the I.L.O. was regarded as an international forum for the discussion of such problems and as a centre of research and enquiry through which the cause of social progress could be advanced. The International Labour Conference was universally recognised as a world parliament for labour questions, both because of its work in laying down standards for incorporation in national legislation and because of its debates on the great issues of social policy with which the world was confronted. The I.L.O. was accepted, indeed, not only as an authority on social problems but also as a pioneer in every part of this vast and expanding territory.

It was because the importance of this work was so widely recognised that the I.L.O. was maintained in being throughout the period of the war. Even during the war, the International Labour Conference met—in New York-Washington, 1941, and in Philadelphia, 1944—and on these occasions consideration was given to questions of social policy which arose under war conditions and to those which would have to be faced as soon as hostilities came to an end. The Philadelphia Conference had on its agenda the whole question of the future policy, pro-
gramme and status of the I.L.O. The report on this item affirmed that in order to give practical effect to the Declaration which the Conference had under consideration vigorous action by the I.L.O. in the social field would be necessary. It sketched out a programme of action which could be progressively evolved in the light of changing circumstances. This programme provided for further action on all the main aspects of social policy covered by the International Labour Code and for certain new departures which were called for by the needs of the time. It therefore included proposals relating to subjects which had acquired a new significance, such as wage policy in its widened scope; freedom of association, collective bargaining, the settlement of industrial disputes, labour-management co-operation for the improvement of production, and the collaboration of labour and management in the framing and application of public policy on social and economic questions; problems of management; housing policy, including the organisation and financing of housing for low income groups and the relation of housing policy to the level of economic activity and employment; greater equality of educational and vocational opportunity, and so on.

This vast programme has formed the basis of the activity of the I.L.O. during the post-war years, but still further extensions have been made necessary by changes in the world’s requirements. To meet the challenge of the new era, the I.L.O. revised its Constitution, introduced new machinery, tightened up its procedures, e.g., in regard to the application of Conventions, and extended its operational activities. For example, it set up a number of Industrial Committees to deal on an international basis with problems in the most important industries, inaugurated a new series of regional conferences, pressed forward with action to deal with post-war manpower problems—especially recruitment and training—co-operated in the provision of technical assistance to underdeveloped countries and worked out an operational programme for promoting the migration of workers. At the same time its tried and tested procedure in studying international problems, promoting their discussion and enabling the people concerned to agree on solutions was continued and developed. All this activity played a considerable part in the stimulation of social progress throughout the world. There is now an awareness of the importance of social advancement.

which was neither so widespread nor so profound when the I.L.O. first came into being. This awareness is not one of the least important of the signs of our time.

One measure of the results achieved is the number of ratifications of international labour Conventions. At the end of the war, in 1945, of the 67 Conventions then in existence 52 had received a sufficient number of ratifications to bring them into force, and a total of 902 ratifications had been registered. Now there are 100 Conventions, of which 74 have received sufficient ratifications to bring them into force, and the total number of ratifications is 1,267. This increase in the number of ratifications is not merely a proof of solid progress in regard to the subjects covered by the Conventions, but is also an indication of the way in which the social thinking of the world has developed.

By the very fact of its existence, the I.L.O. has stimulated action in the social field. It is significant that one of the first decisions taken in regard to international affairs by nearly every country which has achieved independence in recent years has been to apply for membership of the I.L.O. The number of countries belonging to the Organisation at the time of writing—65—is the highest figure in its history.

Membership of the Organisation, of course, involves certain obligations, both constitutional and moral. Accordingly, every country which has associated itself with the work of the I.L.O. has received a stimulus to develop its own social policy in line with the views expressed and the standards agreed upon in the Organisation. The countries which were least advanced have had the greatest needs to meet and the greatest difficulties to surmount, and it is they which have benefited most from the advice, support and encouragement which membership of the Organisation can give. Many countries would not have overcome these difficulties with the same success nor have developed their thinking about social problems to the same degree if they had not received the stimulus and backing provided by the I.L.O. Practically every country in the world now ensures a wide measure of protection for the workers by means of collective agreements or legislation or even through its constitution, and there are few countries which have not established a department of labour or of social affairs and other services to carry out the policies laid down. High objectives of social progress which might have been confined to a few of the more fortunate countries have become part of the common stock, and efforts are being made to put them into effect in
every corner of the world. Social problems are now problems of international concern, and concepts of social policy are developing into a social philosophy which is securing worldwide acceptance.

It is now generally held that every country has the responsibility of promoting the wellbeing of its people. The world today accepts certain broad aims of social policy which may be expressed as follows: the protection of the people’s health, including the provision of adequate food and clothing, opportunities for productive employment, provision of reasonable conditions of work, social security, provision of housing, facilities for education—the whole summed up in the desire for improved standards of living. Social policy, as thus understood, is concerned with questions for which the I.L.O. has a special competence and responsibility. It is a policy to the development of which the I.L.O. has contributed largely. It embodies the aspirations of people of every race and creed in every continent. It represents hopes and beliefs to which peoples everywhere are firmly attached. Men have fought and died for the ideals which an enlightened social policy seeks to attain, and men are fighting and dying for those ideals today. I believe that in the present period of world history, the problems of social policy occupy such an important place in the minds and hearts of the people of every country that they must be given more earnest attention than ever before by responsible national leaders and by international organisations.

The Possibilities

This universal preoccupation with social problems comes up against formidable practical difficulties. It is not possible for all countries to advance at the same pace. Nor is it desirable that changes be introduced too rapidly or on too wide a scale, for this may result in financial, administrative and other difficulties which endanger the new reforms and retard further development. A steady advance, with each step consolidated and each position secured, is to be preferred to the introduction of sweeping reforms if such action results in disillusionment. The path of social progress must be pursued in every country as well as internationally, and the rate of progress related not only to the needs but also to the possibilities of each individual country. Nevertheless, it is imperative that the gap between developed and underdeveloped countries should be narrowed.
It is now widely accepted that economic activity should lead to the satisfaction of the people's needs—in other words, that economic policies must have a social purpose. The view that the people's wellbeing can be left entirely to take care of itself no longer finds support. There is an encouraging similarity of outlook in most countries regarding the fundamental purpose of economic activity; the differences of opinion are mainly concerned with the ways of achieving it. In the industrial field, in particular, the concept that industries and services exist to satisfy social needs is widely accepted. The leaders of great industries, irrespective of their political affiliations or economic ideologies, affirm that their aim is to provide sound goods and honest services at prices which the public can afford; and progressive employers the world over have shown their concern for the welfare of their workers. Trade unions, for their part, have developed greatly in influence and in responsibility. In addition to concerning themselves with better conditions of labour and a fair share of product for the workers they show an increased readiness to co-operate in raising levels of output. Furthermore, the trade unions in the more advanced countries are giving practical assistance to the healthy growth of trade unionism in the less advanced countries.

The economic realities still remain, however; higher standards require the production of more goods and services but the economic possibilities vary from country to country. In recent years, all countries have been seeking ways and means of increasing their productivity, the need for such increase being particularly felt in underdeveloped countries. They are seeking to train their people in appropriate skills, to develop natural resources, to bring all available land into effective cultivation and to build up their capital equipment, so that there may be a steady rise in real income.

In the development of any country, the essential first steps are a desire for increased production and a willingness to make the efforts and to effect the adjustments in existing practices and institutions necessary to achieve it. Where such desire and such willingness exist, the process of development can be considerably speeded up by help from other nations. The most obvious form that assistance can take is loans and gifts of capital by developed to underdeveloped countries. For this purpose the International Bank for Reconstruction and Development was established. The operations of the Bank, which are supplemented by substantial intergovernmental loans and by private investment, are being
steadily expanded, but it is realised that there are of necessity strict limitations on the possibilities of such assistance. All the more important therefore is international co-operation in the form of technical aid; this is being provided by industrialised countries individually and by means of organised international schemes of which the largest is the Expanded Programme of Technical Assistance undertaken jointly by the United Nations and the specialised agencies. The primary purpose of the Expanded Programme of Technical Assistance is “to help [underdeveloped countries] to strengthen their national economies through the development of their industries and agriculture, with a view to promoting their economic and political independence in the spirit of the Charter of the United Nations, and to ensure the attainment of higher levels of economic and social welfare for their entire populations”.¹

Assistance to underdeveloped countries may be expected to result in higher levels of production, but it will only bring about improved standards of living if the development of the social conscience keeps in step. The ability to produce more cheaply and efficiently might simply result in unfair competition in world markets which would endanger the living standards in the more advanced countries without improving them in the countries which had received assistance. Higher levels of production, at reduced cost, must therefore be reflected in advantages for the workers and consumers derived from an equitable distribution of the resultant benefits. Side by side with improvements in productivity must go advances in social policy, leading to improved conditions for the workers and the provision of better food, clothing, housing and other necessities for the people in general; otherwise the assistance given to underdeveloped countries will fail of its main purpose.

Although the problem of the condition of the people must be tackled by each country for itself, it is nevertheless one of the outstanding subjects of international concern and it presents one of the main fields for international co-operation. In the words of the Declaration of Philadelphia, “poverty anywhere constitutes a danger to prosperity everywhere . . . the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort . . .”. I do not hesitate to say that international social policy is no less

important than international security policy. Neither must be neglected for the sake of the other.

During and after the second world war it was realised that in order to establish lasting peace it would be necessary to set up new forms of international machinery and that the multifarious problems of the post-war era could not be handled successfully by a single new international organisation. The responsibility is now shared by a number of bodies, each working in its own special field and all helping to achieve common ends.

There is much significance in the fact that one of the principal organs of the United Nations is its Economic and Social Council, which in turn has established several commissions specialising in different subjects and concerned with different areas. Moreover, in the creation of new international machinery the emphasis was placed on the need for organisations which would extend the work of international co-operation in the social field. The I.L.O. was the first body to enter into an agreement with the United Nations as a specialised agency and its competence was specifically recognised when that agreement was approved by the General Assembly of the United Nations.

The fact that world organisation has now become more extensive and more complex has created both a need for co-ordination of facilities and activities and a danger of overlapping and duplication of effort. In my Report each year I have described the steps taken to ensure effective co-ordination; this year part of Chapter IV is devoted to this important question.

The I.L.O. is fully conscious of its noble mission, which it regards as an essential contribution to the great task of bringing peace and happiness to mankind. It is anxious to co-operate to the full with all who are playing a part in this high endeavour. It is uniquely placed for making this contribution, both because of its unrivalled experience and because it alone of the international organisations includes in all its gatherings the representatives of employers and workers as well as the representatives of Governments. It is a fundamental principle of the I.L.O., restated in the Declaration of Philadelphia and consistently adhered to, that in carrying on the war against want the representatives of workers and employers shall enjoy equal status with those of Governments and shall join with them in free discussion and democratic decision with a view to the promotion of the common welfare. The reason for the continued significance of the I.L.O. may be found partly in the fact that the social problems with which the I.L.O. deals are
real and vital and partly in the fact that its tripartite nature confers a realism and vigour upon all its activities.

It is an essential feature of the I.L.O.'s activities that it does not seek to impose policies on Member countries, which remain free to choose the means by which they will pursue their social objectives and the time at which they will achieve them. The I.L.O. does, however, provide a forum for international discussion. It formulates internationally acceptable standards of social policy, and it stands ready to give, at the request of individual countries, assistance and advice in the formulation of national policies and in the development of appropriate and efficient administration.

In view of the heightened importance of social problems in the world today, it is necessary for the work of the I.L.O. to receive more active support within every country. The 34th Session of the International Labour Conference, held last year, set up a record both in regard to the number of delegates and advisers present and in regard to the number of countries represented. This is only one of the indications that the aims of the I.L.O. are now more widely understood and accepted than ever. But that recognition must be translated into more vigorous action in the international field and in every individual country.
CHAPTER III

OPERATIONAL WORK AND PROBLEMS ENCOUNTERED

The foregoing discussion of social policy has brought out clearly the important role to be played in economic and social development by international technical assistance. The I.L.O. has responded to the occasion by expanding greatly its activities in this field—activities which are in large part operational in character. In this chapter I propose to review the wide range of social problems covered, giving certain specific examples. I shall conclude by outlining some of the problems which have been encountered and which must be solved in order that technical assistance may be rendered more effective. In dealing with operational activities separately from the other work of the I.L.O., I am of course fully conscious that they are in no way divorced from the other activities and functions of the Organisation. They are singled out merely for convenience of discussion.

Operational activities comprise all action designed to provide Governments with direct help in raising living standards, in increasing production and productivity, in applying the policies and objectives formulated by the International Labour Organisation, and in avoiding the mistakes and difficulties which have often attended and still do attend the growth of industry and the reorganisation of agriculture. Such assistance includes the critical examination of national schemes, the sending of experts, the organisation of training courses and the award of fellowships, the establishment of field offices and missions, and the convening and conduct of seminars. It is in pursuit of this task that the Organisation today has manpower field offices in Asia, in Latin America and in the Near and Middle East; that it is setting up a field office for co-operation in Asia; that at the time of writing it has 60 experts of ten nationalities in some 24 countries, working on a wide range of subjects within the responsibility of the I.L.O.; that it has 17 Fellows at present being trained in four different countries; that it has recently held seminars on social security, on labour statistics and on labour inspection in Istanbul, Lima, New Delhi
and Calcutta; and that it is associating itself with the establishment of a Joint Field Mission on Indigenous Populations in the Andean Highlands.

It is too early to attempt any general assessment of the outcome of this work. Spectacular results are not to be looked for, but it is already possible to see the effect of assistance rendered in certain individual cases where a particular problem has been settled or a specific improvement registered, due in some measure to these activities. I may quote the words of Mr. Vaidya, head of the Weaving Department of No. 1 Mill of the Ambica Mill Group, Ahmadabad, after an expert attached to the Asian Manpower Field Office had carried out a pilot Training Within Industry project there in October-November 1951. He said—

The better selection and fitting of cones has reduced the number which failed to empty completely by over 50 per cent. Bad knots and curly places have been eliminated. The warping production of 90 counts has risen by 20 per cent and that of 70 counts by 7 per cent. Much of this improvement is due to the systematic training being given to workers and others who have received the job instruction course in training.

Technical assistance work has not, of course, been uniformly successful. There have been failures and disappointments where perhaps a specialist unfamiliar with local conditions has been unable to meet problems adequately; where plans worked out have proved too ambitious to be immediately applicable; where advice given has for one reason or another, for the time being at least, not been acted on by the Government concerned; where a Fellow has failed to benefit adequately from his studies or after completing his training has not been put in a position where he can make use of what he has learned. Cases of this kind have, however, been few in number and the record as a whole is one of useful achievement and growing promise.

The kind of work the I.L.O. is doing is perhaps best illustrated by a few examples. First place among these may appropriately be given to action undertaken in those countries for which the United Nations has assumed a special responsibility.

When the General Assembly decided in November 1949 that Libya should be established as an independent State before 1 January 1952 it was felt by the administering authorities—and the provisional Government, when it was constituted, took the same view—that the new country would need considerable financial and
technical assistance if it was to progress along the lines that its leaders and people desired.

The I.L.O. participated in the preparation of a plan for economic development by 18 experts of the United Nations and the specialised agencies working under the direction of a chief economist. The I.L.O. mission consisted of four experts and dealt with questions of employment and conditions of work, of social security, of the organisation of handicrafts and of vocational training for agriculture, handicrafts and industry. It prepared a series of precise recommendations on these questions, which were incorporated in the report of the chief economist. Amongst the most important were the recommendations for the progressive application of the social security system to the whole working population rather than only to certain classes of wage earners; the rehabilitation of the blind, who represent a large portion of the population; the organisation and development of various handicrafts such as textiles, leather industries and silver work; and the development of two technical schools for the training of skilled workers for industry and the improvement of two existing agricultural schools in Tripolitania and in Cyrenaica.

The conclusions of the mission led to the preparation of a programme of technical assistance in the various fields mentioned above. This programme was approved by the Government of Libya and is already being implemented. A vocational training expert has begun work in connection with the technical schools, and seven instructors have begun or are about to begin their work in the technical school at Tripoli.

Particular interest attaches to international work in trust territories. Shortly after the General Assembly of the United Nations decided that the Italian Government should be the administering authority for Somalia, that Government asked the I.L.O. to survey the labour problems of the territory and to indicate measures which might be adopted to improve labour conditions and increase output. This task was entrusted to the Chief of the Non-Metropolitan Territories Division of the I.L.O. His recommendations relating to the revision of existing labour legislation, the administration of the labour and social assistance services and the improvement of attendance at work have been favourably received by the Italian Government and steps have been taken towards implementing them.
MANPOWER AND PRODUCTIVITY

It is perhaps in the field of full employment and the efficient use of labour that the Office is doing most by way of assistance. Economic development requires the rational use of both human and material resources. This may necessitate the training of workers for new tasks; the development of machinery for their effective placement; the migration of surplus labour; the development of basic resources, including land; the development and organisation of handicrafts; and the raising of productivity in a wide range of industries and occupations.

Manpower Resources

Ceylon is one of a number of countries which, though eager to launch new schemes of development, found themselves without adequate information on their manpower resources and so unable to develop soundly-based plans. In the case of Ceylon, in July 1951 the I.L.O. sent an expert to assist in conducting a manpower survey for long-range economic planning and in establishing an employment information programme. The results of the manpower survey, now being tabulated and analysed, bring together the data necessary for the better organisation of the employment market, for the initiation of training programmes and for the planning of specific schemes of economic development. The survey, which covered 2,000 establishments and about 50 villages, provided much information on employment patterns, particularly in cottage and small-scale industries. By agreement with U.N.E.S.C.O., the I.L.O. expert also dealt with requirements for professional and scientific personnel. In addition, he drew up model forms and rules of procedure, assisted in the training of national employment service personnel, and initiated a system for maintaining contact with employers. It will be recalled that the Asian Manpower Technical Conference held in Bangkok in December 1951 emphasised that employment information programmes were of even greater importance than manpower surveys, which after a time became out of date.

Technical Training

The I.L.O. is dealing with more assistance projects in the field of technical training than in any other field. Perhaps one of the most important of the training projects which the Office is at
present carrying out is designed to benefit the countries of Latin America. The Government of Brazil had decided that part of its contribution to the Expanded Programme of Technical Assistance of the United Nations and its specialised agencies would be in the form of services, mainly training facilities. At the request of the Technical Assistance Board the I.L.O. entered into discussions with the Government of Brazil and the National Service of Industrial Apprenticeship (Senai). On 14 November 1951 the I.L.O. signed an agreement with the Government of Brazil by which the I.L.O. undertook to administer a training scheme for Latin America making use of the wide training facilities and the scholarships for industrial instructors offered by Senai. The Office is also providing foreign instructors, fellowships and training materials in order to supplement the technical and administrative resources of Senai and enable it to cope with this large training programme.

Of the 50 Ecuadorian workers and foremen in various trades that the I.L.O. has undertaken to train, some 20 are studying, or will shortly begin their courses, at the Senai. The I.L.O. is also helping the Government of Ecuador to place a further 50 industrial workers for training abroad; the I.L.O. is not financially responsible for this training. In addition, the I.L.O. will arrange correspondence courses for another 200 Ecuadorian workers and will provide three foremen mechanics for trade schools.

The I.L.O. is carrying out another large training programme, along similar lines, for Yugoslavia. It will send 44 instructor-supervisors to Yugoslavia to train nearly 1,000 skilled workers, some of whom will be selected as foremen. Moreover, 263 skilled Yugoslav workers and 114 younger workers who have completed their apprenticeship will be sent for intensive training to industrial centres in other countries. Besides helping Yugoslavia, this scheme will provide useful experience for carrying out similar training projects for other countries, some of which are already watching this programme with great interest.

The value of programmes of this kind has been recognised by the General Assembly of the United Nations, which, in January 1952, during its last session, recommended that sympathetic consideration be given to requests for the placement of teams of workers, foremen and technicians from underdeveloped territories in appro-

1 The Technical Assistance Board, set up by decision of the Economic and Social Council, consists of the executive heads of the organisations participating in the Expanded Programme, or their representatives, and serves as a co-ordinating body.
priate enterprises in other countries for such periods as may be necessary for such teams to acquire the technical proficiency necessary for effective use in their country of origin and also to enable them to train other workers in those techniques or to adapt such techniques to the conditions in their country.

One more example of work in the field of vocational training may be cited. Two specialists who had spent most of their lives dealing with this question, and who had had previous experience in Asia, arrived in Pakistan in February 1951 to assist the Government in its plans for technical training. The Government accepted their recommendation that a training directorate should be established within the Pakistan Ministry of Labour, and the experts helped the Government in the selection of the personnel required. They suggested the calling of a National Conference on Training and Employment, and helped in preparations for it. The Conference met in January 1952. The experts conducted a course on instructing techniques for vocational instructors and prepared plans for the establishment of demonstration training centres in both East and West Pakistan. They also made recommendations concerning national training programmes, the reorganisation of training centres and the establishment of a polytechnic institute in Karachi. At the request of the Government, one of the experts will remain in the country until the end of 1952 in order to help in the implementation of his recommendations and in the training of officials to carry on the work after he leaves.

**Employment Service Organisation**

The Pakistan Government, besides being keenly interested in its training programme, was seriously concerned about the future of its employment service. An I.L.O. expert began a study of this problem in March 1951, and after a thorough examination of the situation recommended that the service should be made permanent, as an employment service was essential for a country with an expanding economy. Most of his detailed recommendations bore on the future organisation and operation of the service, but he also undertook certain immediate tasks, including the preparation of a manual of instruction and the revision of the occupational classification structure. This expert co-operated with the two I.L.O. training experts referred to above in the preparation of the National Conference on Training and Employment.

Though much of the work carried out by I.L.O. advisory
missions bears on long-term developments, many immediate tasks have also been undertaken. One example is the establishment, with the aid of an I.L.O. expert, of a model employment office for the Lima-Callao area of Peru; this pilot project is expected to serve as the starting point for a network of employment offices.

The large-scale immigration into Israel placed a particularly heavy burden on the employment service, which played an important part in integrating immigrants, many of whom lacked skills and training. The service not only distributed available work but initiated employment projects and training schemes, advised on the setting up of immigrant villages, and was responsible for the payment of wages in rural areas. An I.L.O. expert spent some six months making a thorough examination of the organisation. He made various recommendations on administration, procedure and the division of functions, worked out in detail the exact functions of each official at local and central offices, and defined procedures to be followed. This material is being published as a manual for the guidance of personnel. Many of his recommendations are being carried out and a number of committees are examining other points made in his report.

**Migration**

In order to help in dealing with the manpower problems raised by migration, the I.L.O. operated field missions in the main European emigration countries—Italy, Austria, and the Federal Republic of Germany. It also strengthened the Manpower Field Office in São Paulo to meet the needs of the various immigration countries in Latin America. Missions have been sent to various immigration countries, including Bolivia, Brazil, Ecuador, Paraguay and Peru, to assist national administrations in their work. They have helped Governments to evaluate immigration possibilities, to set up immigration councils, to draft or amend relevant legislation and to prepare schemes for land settlement.

Certain problems encountered in the organisation of migration lend themselves particularly well to international solutions. The I.L.O. has, for instance, drawn up an international system of occupational classification for placement and migration purposes. Seven occupational analysts drawn from four countries worked at I.L.O. headquarters and in the field in preparing this classification, which will serve as a medium of exchange between different national systems. In the process of matching this international
classification with various national systems, the experts visited some 15 countries of emigration and immigration. The new classification permits workers to be classified for the widest possible range of employment opportunities which their basic skills permit, and, conversely, permits the classification of work opportunities according to the widest range of categories of workers who may be suitable for them.

In October 1951 the French Ministry of Labour asked the I.L.O. for assistance in negotiating an agreement with the Italian Government under which 300 Italian workers would be trained in France for the building industry, provided that they undertook to work in France for a period of at least three years in order to justify the cost of their training. The I.L.O. participated in a series of meetings in Geneva, Rome and Paris between the representatives of both Governments. An I.L.O. expert assisted the Italian employment offices in the preselection of workers, and when the first contingent was selected by the French authorities, in Milan on 24 January 1952, the French officials were able to accept 38 out of the 48 candidates proposed.

Handicrafts and Small-Scale Industries

For most of the countries of Asia and the Far East the most immediate problem is one of underemployment rather than unemployment. One of the most effective means of meeting this problem is through the development of handicrafts and cottage industries. Most Asian countries place great stress on these and are turning increasingly to the method of co-operation to ensure their effective organisation and to strengthen their ability to withstand competition from new large-scale industries. After an I.L.O. specialist had carried out a survey of handicrafts in Ceylon the I.L.O. appointed an expert in handicrafts to the fundamental education centre established by U.N.E.S.C.O. in the District of Minnerya. It is hoped that specialised knowledge will be disseminated through the teachers trained at this centre.

A joint U.N.-I.L.O. mission made a detailed survey of small-scale industries in Burma, and the experts on co-operation whom the I.L.O. is proposing to send to that country shortly will base their work on the results of this survey.

When U.N.E.S.C.O. and the Organization of American States established a fundamental education training and production centre in Patzcuaro, Mexico, they asked the I.L.O. to supply a
specialist in the teaching of handicrafts. An I.L.O. expert has, therefore, been working at this centre for the past year, training teachers who will in their turn train handicraft workers.

Co-operatives

The work and suggestions of the Office expert on co-operatives who visited Iran in 1947 aroused considerable interest in the co-operative system. The Government decided that the various proposals he had made should be followed up, and co-operation formed an important part of the country's Seven-Year Plan; moreover, the draft labour law now before Parliament includes a chapter on workers' consumer co-operatives and the aid which the Government should give them. An expert in the organisation of co-operatives arrived in Teheran in May 1951, and was joined by a second in September. These experts worked on the framing of a law concerning co-operation and drew up model rules for co-operatives. They also prepared a handbook on co-operatives. In order to expedite interministerial consultation they examined the possibility of setting up a council for co-operatives with representatives of the different Ministries interested. The experts proposed the establishment of a series of model co-operatives in various places. The first such co-operative is being set up in Demavend, while other centres are being selected. Ways and means are also being planned by which consumers' co-operatives could be set up in urban centres.

When the Shah of Iran decided to distribute a part of his lands, it was arranged that the new owners should organise themselves into co-operatives. The office responsible for supervising the distribution of these lands ("Amlak") has been assisted in this task by the two specialists.

The I.L.O. experts are also studying the possibility of transforming local agencies of the agricultural bank into rural credit co-operatives and are preparing training courses in co-operation for officials.

Methods of Raising Productivity

National production can be increased not only by setting up new undertakings and industries but by raising the production of existing establishments. This is particularly important where capital formation and investment are slow. One of the most effective ways of raising productivity in individual plants, and
thereby making possible increased earnings and improved industrial relations, is the application of modern techniques of work study and work simplification, the proper layout of factories and the organisation of work. Where appropriate, these techniques may be combined with systems of payment by results or with other forms of incentive payment. An I.L.O. expert in this field is advising the Government of Israel on methods of raising productivity; and arrangements are being made for a team of experts to assist in the design and introduction, or the improvement, of systems of payment by results in selected establishments in the textile and engineering industries in India.

LABOUR LEGISLATION AND ITS APPLICATION

The preparation and application of legislation in fields such as industrial hygiene and safety, workmen’s compensation, employment contracts, wage determination, conditions of work for women and young workers, weekly rest, holidays with pay, workers’ welfare and recreation, labour inspection and living-in conditions in agriculture, raise technical problems which are often difficult to solve. It is perhaps in these fields that the techniques learned elsewhere through trial and error are most useful to countries which are in the early stages of enacting industrial legislation.

In many cases the preparation of specific legislation is preceded by a general survey of labour conditions and needs in order to determine priorities and the bases for such legislation. The I.L.O. is assisting in such a general survey in Thailand in order to help the Government to determine what action would be most appropriate in the field of labour.

The Labour Code of Guatemala provided for the institution of machinery for the determination of wages, and the I.L.O. was asked to assist in implementing this provision. An expert was sent to Guatemala in October 1951 in order to assist in setting up the necessary machinery, in elaborating the methods and criteria to be adopted in minimum wage determination and in working out arrangements for supervision. He was made a technical member of the recently established National Wages Committee and at his suggestion administrative machinery was set up to deal with minimum wage decrees. The Labour Department has detailed certain Government officials to work with the expert in the application of the new regulations so that he may give them
the benefit of his special knowledge and experience. During a part of his mission he was assisted by a member of the Economic Division of the I.L.O.

One of the main difficulties encountered by countries wishing to introduce or extend labour legislation is the inexperience of the officials required to draft and apply these measures. The I.L.O. has provided a number of fellowships for Government officials in labour administrations in order that they might visit and study methods and procedures in other countries. During 1951, 34 fellowships were provided for Government officials from 15 countries, enabling them to study in Chile, France, the Netherlands, Sweden, the United Kingdom and the United States. It may also be mentioned that the I.L.O. is publishing a revised edition of the *International Labour Code*, which analyses and presents the provisions of I.L.O. Conventions and Recommendations in a way designed to assist those engaged in drafting national legislation.

We have also provided direct assistance in the building up of labour departments in various countries. Before undertaking any new programmes in the labour or industrial field, the Government of Liberia wished to strengthen its labour department. The I.L.O. awarded a fellowship to the Labour Commissioner, who was enabled to spend five months in Nigeria and the United Kingdom in order to study the organisation and working of their labour departments.

A particularly interesting experiment is being carried out in Bolivia. The United Nations, in collaboration with various specialised agencies, including the I.L.O., sent a large mission to Bolivia in 1950 to carry out a general survey of the country and to recommend lines of development. The mission came to the conclusion that no substantial progress could be made unless the public service was strengthened and therefore recommended that the Government should appoint certain United Nations nominees to key posts in its civil service. The Government accepted this recommendation and the I.L.O., for its part, has nominated two administrative assistants in the Ministries of Labour and of Social Welfare, one of whom has wide administrative experience in the general field of labour while the other is a specialist in social security.

The proper training of labour inspectors is essential for the effective application of industrial legislation. In February 1952 the I.L.O. convened and conducted in Calcutta a regional seminar on labour inspection. Over 30 officials attended from seven
countries and territories: Ceylon, India, Indonesia, the Federation of Malaya, the Philippines, Singapore and Viet-Nam. Courses were given by five specialists, including an expert from the Office. It will be recalled that the subject of labour inspection in the Asian region was studied intensively, both at a technical meeting held in Kandy in November 1948 and at the Asian Regional Conference, Nuwara Eliya, in January 1950.

Statistics

Labour statistics, essential to proper economic planning, are of special value when they are such as to permit trends and tendencies to be compared internationally. During the past year, I.L.O. experts have visited Burma, Ceylon, Denmark, France, Ireland, the Netherlands, Norway, Pakistan, the Philippines and Yugoslavia, in order to study with the responsible services the possibilities of improving the international comparability of employment and unemployment statistics.

Towards the end of last year a regional seminar on labour statistics was held in New Delhi, when 47 participants attended from Burma, Ceylon, Hong Kong, India, Indonesia, the Federation of Malaya, the Philippines, Singapore and Viet-Nam. The courses were given by six outside experts and two officials from the Statistical Division of the I.L.O.

Social Security

One of the most interesting features of post-war social development has been the rapid extension of social security schemes. The Office has at its disposal a great deal of knowledge and experience of widely differing systems of social insurance and social security, and this experience is being made available to countries which are either establishing systems of social security for the first time or extending existing systems to cover further categories of workers or additional risks.

The Government of Singapore set up a Commission of Enquiry to investigate the possibilities of a scheme of retirement benefits for wage earners. Two officials of the I.L.O., one of whom was an actuary, spent some time in Singapore between July and September 1951 studying prevailing conditions and advising the Committee on various questions connected with a retirement scheme. In line
with the resolutions of the Preparatory Asian Regional Conference, New Delhi (October-November 1947), the I.L.O. experts stressed the ultimate advantages of a pension insurance scheme over a provident fund. They also reviewed the techniques and procedures developed in other countries to overcome administrative difficulties and prepared financial estimates for the alternative measures considered. The draft report of the Commission was later sent to the Office, which was thus able to comment on it.

In Paraguay a decree which came into force on 1 January 1951 extended the range of persons covered by the compulsory insurance scheme; at the same time medical care was made available to members of the families of insured persons. An I.L.O. expert with considerable practical experience in other Latin American countries began work in Paraguay in October 1951 to help to solve the difficulties encountered. On his recommendation the Superior Council of the Institute of Social Welfare established a consultative committee composed of Chiefs of Departments, under the chairmanship of the Director-General of the Institute. This committee examined all the services of the Institute, particularly those dealing with the registration of employers, the collection of contributions and the payment of benefits in money and in kind. It paid particular attention to rural districts. At the request of the Director-General of the Institute, the I.L.O. expert also prepared estimates of receipts and expenditure for the first half of 1952 and proposed a plan for the investment of accumulated funds.

Due to the increase in the cost of living since 1944, when the system of benefits and contributions for the Venezuelan social insurance scheme was adopted, the financial situation of the Venezuelan Social Insurance Institute was unsatisfactory. The Chief Actuarial Adviser of the I.L.O. visited Venezuela in 1951, analysed the causes of the deficit in the sickness insurance branch and established estimates bearing on future development. In the light of this analysis he made suggestions for the application of new legislation and for the administrative measures necessary to implement the proposed legislation. The expert also suggested ways of accelerating the geographical extension of the scheme and advised on the preparatory studies which would be necessary before the scheme could be enlarged to include long-term risks. He paid special attention to the extension of social insurance to the petroleum industry and to co-operation between the Venezuelan Social Insurance Institute and the Ministry of Public Health. Furthermore, he prepared a note on social security for public
employees and participated in several meetings of the technical consultative committee set up to prepare draft regulations for an institute to cover civil servants.

The Government of Turkey had decided to extend its social insurance scheme and had provided for such extension in successive stages to different regions. Two I.L.O. experts whose advice was sought stressed the need for simplifying administrative technique and rendering the system more easily understandable by the beneficiaries. They proposed the reform of the system for the collection of contributions and for the payment of sickness insurance benefits; this reform is being carried out. They also suggested changes in the plan for the collection of statistics prepared by the appropriate service of the Workers' Insurance Institute. They pointed out ways by which various data which would be useful for the proper functioning of the scheme could be collected monthly, and in certain cases weekly, as a by-product of the routine work of various services.

The services of a medical adviser were also made available to assist the authorities in organising medical care within the social insurance scheme and in ensuring co-ordination with the other health services. He made recommendations concerning the organisation of the medical services, his suggestions on the administrative aspects of such services being worked out in co-operation with the other two experts.

In the countries of Europe where social insurance is highly developed, problems arise with respect to mutual agreements and reciprocity. The I.L.O. has given expert assistance to the Committee of Experts on Social Security established by the Committee of Ministers of the Council of Europe and prepared for them the texts of instruments concerning equality of treatment for nationals of all signatories and concerning the extension to nationals of all signatories of the advantages resulting from any agreement already concluded between two or more of them.

The Office has conducted two regional seminars for the benefit of officials dealing with social security. In September 1951 a seminar for the countries of the Near and Middle East was held in Istanbul and was attended by 29 participants from Greece, Iran, Israel, Syria and Turkey. Besides the Chief of the Social Security Division and five other members of the staff of the Office, six recognised experts gave intensive courses, mainly on the administrative and financial aspects of social security. Another seminar was held in Lima in November-December 1951, when 29 officials
participated from Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru and Venezuela. Courses were given by three lecturers from the Office and eight other experts, of whom one was on a technical assistance mission to Peru on behalf of the I.L.O.

It will be recalled that a social security seminar for Central America, in which the Governments of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama took part was held in Costa Rica in January 1951.

**TABLE I. COUNTRIES IN WHICH NATIONAL TECHNICAL ASSISTANCE PROJECTS ARE PLANNED OR BEING CARRIED OUT**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of projects</th>
<th>Number of experts envisaged</th>
<th>Number of fellowships envisaged</th>
<th>Number of experts in field or completed work</th>
<th>Number of fellowships awarded</th>
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<td>French West Africa</td>
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<td>Liberia</td>
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<tr>
<td>Somalia</td>
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<tr>
<td>Union of S. Africa</td>
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</tbody>
</table>

n.d. = not decided.
### TABLE I. COUNTRIES IN WHICH NATIONAL TECHNICAL ASSISTANCE PROJECTS ARE PLANNED OR BEING CARRIED OUT (concl.)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of projects</th>
<th>Number of experts envisaged</th>
<th>Number of fellowships envisaged</th>
<th>Number of experts in field or completed work</th>
<th>Number of fellowships awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Latin America:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<tr>
<td>Bolivia</td>
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<td>8</td>
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<td>1</td>
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<tr>
<td>Brazil</td>
<td>7</td>
<td>26</td>
<td>19</td>
<td>2</td>
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<tr>
<td>Chile</td>
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<td>2</td>
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<td></td>
</tr>
<tr>
<td>Colombia</td>
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<tr>
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<td>1</td>
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<tr>
<td>Cuba</td>
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<td>6</td>
<td>11</td>
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<td>1</td>
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<td></td>
</tr>
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<td>11</td>
<td>11</td>
<td>4</td>
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<td>Paraguay</td>
<td>3</td>
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<td>n.d.</td>
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<td></td>
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<tr>
<td>Peru</td>
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<td>3</td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>2</td>
<td>6</td>
<td>n.d.</td>
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</tr>
<tr>
<td>Uruguay</td>
<td>3</td>
<td>3</td>
<td>1</td>
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<td></td>
</tr>
<tr>
<td>Venezuela</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>n.d.</td>
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<td><strong>Europe:</strong></td>
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<td></td>
</tr>
<tr>
<td>Austria</td>
<td>3</td>
<td>n.d.</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
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<td>Hungary</td>
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<td>1</td>
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<tr>
<td>Ireland</td>
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<td>n.d.</td>
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<tr>
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<td>Yugoslavia</td>
<td>2</td>
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<tr>
<td><strong>Oceania:</strong></td>
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<td>Australia</td>
<td>2</td>
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<td>n.d.</td>
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<tr>
<td><strong>Total</strong></td>
<td>277</td>
<td>391</td>
<td>840</td>
<td>75</td>
<td>52</td>
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</tbody>
</table>

n.d. = not decided.

This account of recent technical assistance activities does not in any way purport to be complete. I hope, however, that it will give an indication of the various ways in which the I.L.O. is endeavouring to provide direct and effective assistance to Governments. In the accompanying pages an attempt has been made to give, in tabular form, a condensed picture of all technical assistance work recently carried out, at present being carried out, or planned. It must be realised, however, that any attempt to present in the
form of tables and statistics work that is essentially human, complex, and subject to so many variable factors, is bound to be inadequate and may be misleading. It must also be remembered that the various projects listed differ greatly in magnitude, ranging from those which envisage the training of hundreds of workers and the provision of scores of trainers to those that can be worked out with the help of one specialist in a few weeks.

Table II gives some indication of the fields in which technical assistance has been requested. As the Conference noted in 1949, some of these questions bear more directly on economic develop-

TABLE II. FIELDS IN WHICH TECHNICAL ASSISTANCE PROJECTS ARE PLANNED OR BEING CARRIED OUT

<table>
<thead>
<tr>
<th>Field</th>
<th>Asia</th>
<th>Middle East</th>
<th>Africa</th>
<th>Latin America</th>
<th>Europe</th>
<th>Total</th>
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<td>Handicrafts and co-operatives . .</td>
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<td>Productivity and wages . .</td>
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<td>—</td>
<td>1</td>
<td>—</td>
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<td>Labour legislation .</td>
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<tr>
<td>Labour statistics .</td>
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<tr>
<td>Agriculture . .</td>
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<td>1</td>
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</tr>
<tr>
<td>Social security .</td>
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<td>7</td>
<td>—</td>
<td>8</td>
<td>—</td>
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<td>Others . .</td>
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<td>—</td>
<td>—</td>
<td>2</td>
<td>—</td>
<td>3</td>
</tr>
</tbody>
</table>
ment than others. It will be of interest, I believe, for the Conference to note the subjects which are receiving the special attention of Governments and the I.L.O.¹

**Resources**

The I.L.O. has provided direct assistance to Governments from its earliest days, but such activity has recently been greatly extended. This was made possible by funds from two sources: the Expanded Programme of Technical Assistance for the Economic Development of Underdeveloped Countries, undertaken by the United Nations and the specialised agencies, and an offer, made by a number of States Members of the I.L.O. which are members of the Organisation for European Economic Co-operation, of special funds to enable the I.L.O. to undertake an intensified programme of international action to facilitate European emigration.

The I.L.O. continues to carry on various technical assistance activities under its ordinary budget. For instance, the Manpower Field Offices in Bangalore, in São Paulo and in Istanbul are established on the ordinary budget, though in some cases additional experts are attached to them on special funds. The regular programme of fellowships and internships which during 1952 pro-

¹ The period covered by these tables is roughly from 1 January 1951 to 1 March 1952.

The I.L.O. awards 12 internships every year. These are not included in these tables.

Missions of officials or other experts mainly for eliciting information or for negotiation are not included.

Where fellowships are awarded or requested by themselves they are counted as a separate project. Where they are part of a request including advisory assistance, they are included in the whole project.

Table II excludes fellowships unless they accompany a project including advisory assistance.

International and regional projects and seminars are excluded from these tables.

Several projects are in very early stages of discussion and negotiation, and may not materialise, or may do so in a form different from that contemplated.

Several projects are being undertaken in co-operation with other organisations and the form and extent of I.L.O. action depends on the result of negotiations now taking place.

Projects in non-metropolitan territories are undertaken at the request of the metropolitan power, and negotiations are carried on through it.

Fellowships awarded for 1952 to metropolitan territories in respect of their non-metropolitan territories are not included, as it is not yet known from which territories the candidates will be chosen.

Projects are of widely differing size, form and content, and their number alone does not always give the best indication of the extent of the assistance to be rendered.
vided 41 fellowships and 12 internships is also an item on the ordinary budget.

The Expanded Programme of Technical Assistance, launched by a resolution of the Economic and Social Council adopted in August 1949 and approved by the General Assembly in December 1949, was financed during its first period, from 1 July 1950 to 31 December 1951, by contributions pledged at a technical assistance conference convened by the Secretary-General of the United Nations in June 1950. Some 50 Governments undertook to provide the equivalent of approximately 20 million dollars, in 49 different currencies, for the execution of this programme. In accordance with the resolution of the Council, a certain portion of this amount was allocated automatically to the participating organisations according to determined percentages. The I.L.O. received 11 per cent. of this portion, which was somewhat less than the equivalent of two million dollars, partly in the form of services. This amount comprised several currencies, hard and soft, convertible and non-convertible, and in carrying out technical assistance work due regard had to be paid to the currencies available. For instance, while the I.L.O. has exhausted its share of three currencies it has so far been unable to use any portion of eight other currencies. However, it was able to exchange its share of two of these for other currencies with other participating organisations. The Economic and Social Council has decided that this programme should continue during 1952. On 6-7 February 1952 a conference, at which 66 countries were represented, met and 52 countries pledged a further amount equivalent to just under 19 million dollars for 1952, while some nine further countries were expected to indicate the amount of their contributions at a later date. The Council has decided that for 1952 the percentages determined by its original resolution should be maintained but that the automatic allocation should be limited to the equivalent of the first ten million dollars received. The remaining amount will be allocated by the Technical Assistance Board to organisations for specific projects.

Following preliminary discussions early in 1950, the Governing Body decided at its 112th Session (June 1950) to accept an offer, made by a number of States Members of the I.L.O. who are members of the Organisation for European Economic Co-operation, of special funds to enable the I.L.O. to undertake an expanded programme of international action to facilitate European emigration along the lines laid down by the I.L.O. Preliminary Migration Conference (April 1950). It was as a result of this offer that the
I.L.O. was able to establish migration field missions in Austria, in Italy and in the Federal Republic of Germany and to set up a migration unit in the Latin American Manpower Field Office. Various missions of migration experts such as those to Bolivia and Paraguay were also financed from this account. Under the terms of the offer the account will be closed on 30 June 1952; this will necessarily affect the extent of the work that the I.L.O. can carry out in this particular field.

PLANNING AND ADMINISTRATION OF TECHNICAL ASSISTANCE

While certain technical assistance projects are planned initially by the International Labour Office, the majority are prepared and carried out in response to requests from Governments. Every request received either directly by the I.L.O. or through the Technical Assistance Board is subjected to careful study. If it is considered that more effective assistance could be given in some form other than that requested, the Office enters into discussions with the Government. After all, the provision of an expert is not an end in itself: the purpose of technical assistance is not simply to send as many experts as possible to as many countries as possible. In attempting to relate the work to the general development plans and needs of the country, particular account is taken of the reports of missions undertaken by other organisations, and especially the survey missions of the International Bank. For instance, the social security expert in Colombia has taken into consideration a report of the Bank mission \(^1\) in which it was stated that social security was overdeveloped for the economy of the country and that greater stress should be placed on public health and preventive measures.

After the Office has examined the request and has discussed it with any other interested international organisation, proposals are submitted to the Government. If these are acceptable, an agreement is negotiated and signed, defining the technical work to be undertaken as well as the financial and administrative responsibilities of the Government and of the I.L.O., and the work of implementing it is begun. The name and qualifications of each

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expert proposed are submitted to the Government for its approval before he is actually engaged. The procedure naturally varies from case to case, due not only to individual differences but also to certain rules imposed on the use of special funds.

The selection of an expert presents many difficulties, for the effectiveness of the assistance depends in large measure on the qualities, both technical and human, of the person selected to carry out the work. In many cases I have assigned to this work I.L.O. officials who have acquired an international outlook during the years of their service; during the past year alone 19 officials of 11 different nationalities carried out technical assistance missions to various countries. When outside experts are recruited—and during the past year about 82 experts have carried out work on behalf of the I.L.O.—every attempt is made to see that they spend a period at the headquarters of the I.L.O. or, if this is not feasible, at some branch or field office, in order that they become acquainted with the principles, policies and objectives of the Organisation before they begin their assignment. During the mission itself, the expert remains in regular contact with the Office in order that his work shall be in harmony with the principles and guiding lines established by the I.L.O. and so that he may have the benefit of all the information and experience available. The Technical Assistance Board also is placing increasing emphasis on the proper training and orientation of experts, but the matter is one which needs constant attention.

The recruitment of experts often depends on the willingness of a national administration to release highly qualified officials. Such secondment naturally puts a heavy strain on the administration concerned. However, in the main, Governments have cooperated willingly in making experts available. Difficulties sometimes arise in regard to the period for which they can be released. To give effective results most expert missions need to spend a substantial period of time in the country which made the request; but an absence of long duration causes considerable inconvenience to the administration from which the expert comes. With the increase in technical assistance work this problem is likely to become more and more acute, and the full co-operation and understanding of Governments is needed to meet it.

The co-operation of Governments and of employers and workers is also necessary in order that workers may be placed in foreign industrial establishments for training. With the increase of schemes such as that envisaged for Yugoslavia, this training is
likely to make growing demands on a number of countries, and the carrying out of the projects will be possible only with their co-operation and active help.

Occasionally the scope of the expert’s work is widened after his arrival in the requesting country, as was the case with the manpower expert in Ceylon. Any such enlargement, however, has to be carefully considered lest the expert dissipate his energies over a wide range of subjects without making an effective contribution in any of them. In some cases a Government has requested the extension of the period spent by the expert in its country; this happened, for example, in the case of the social security experts in Turkey and the training expert in Pakistan. The possibility of such extension often depends on whether the administration which has lent the expert can spare him for a further period.

When several experts in similar or allied fields are working in a particular region, their work can often be best co-ordinated and necessary guidance most effectively provided from a regional centre rather than from Geneva. The manpower field offices in Latin America and in Asia have been used extensively for this purpose. From 6 to 8 December 1951 all I.L.O. experts in the Asian region met in Bangalore; this provided an opportunity for them to meet the Chief of the Manpower Division, the Director of the Field Office, various other officials and experts, and also each other.

For much the same reasons it is proposed to establish a field office to deal with co-operation in Asia; this step was recommended by the Asian Technical Conference on Co-operation, held in Karachi in December 1950-January 1951. A proposal to set up a field office to deal with social security in Latin America is under examination. These, it may be noted, are the fields of activity which up to the present time have proved to be of particular interest to these two regions. The establishment of such field offices and their work follow logically from the increasing stress being laid on regional operations.

Technical assistance is not limited to that being provided through the United Nations and the specialised agencies. Several Governments have entered into bilateral or multilateral arrangements for technical assistance. It is, therefore, important to avoid any duplication of or competition with these schemes. For this purpose the Technical Assistance Board maintains liaison and co-ordinating arrangements with the following organisations: the Organization of American States (Co-ordinating Committee on
Technical Assistance); the Council for Technical Co-operation in South and South-East Asia; the Commission for Technical Co-operation in Africa South of the Sahara; the South Pacific Commission; and the Caribbean Commission. It also has liaison arrangements with the Mutual Security Agency and the Technical Co-operation Administration of the United States Government. It is expected that several projects will be carried out in co-operation with one or more of these organisations. A joint I.L.O.-O.A.S. seminar on vocational training in Latin America has already been planned and will be held at the University of Maryland in August-September 1952.

The Expanded Programme of Technical Assistance was conceived as an undertaking to be carried out by the United Nations and the specialised agencies in co-operation. It is on those lines that it is being put into effect and it is in that spirit that the I.L.O. has worked. The Technical Assistance Board, on which the I.L.O. is represented, has proved increasingly important as a meeting place where representatives of participating organisations can discuss problems of mutual interest and agree on the action to be taken. The Board does not restrict itself to activities under the Expanded Programme but functions as a central clearing point for all technical assistance work. Some 60 of the projects currently being dealt with by the I.L.O. are being undertaken with the co-operation and collaboration, in varying degrees, of one or more of the other international organisations.

Wherever possible the I.L.O. attempts to follow through a project even after its experts have left, to help the Government in any further difficulties that may arise, and to see that the work begun is carried on. Such supporting work is not always possible, but here again the field offices provide a valuable base for operations.

I have outlined some of the measures which the I.L.O. takes to ensure that its technical assistance work is effective. It endeavours to see that this work is properly planned and prepared, that it is co-ordinated with the work being done by other organisations, that the experts chosen are fit in every way to carry out their task, that their work is effectively supervised and the technical resources of the Office placed at their disposal, and that work begun receives continued support and encouragement. These measures, of course, are not perfect, and mistakes have been made in their application. Sometimes a project has been inadequately prepared or too hastily implemented; in other cases negotiations
have been unnecessarily prolonged. Sometimes the work of the I.L.O. has not been adequately co-ordinated with that of other organisations. Some of the experts selected have not taken sufficient account of existing conditions and social patterns, or have prepared plans which are too far-reaching to be capable of immediate implementation. But improvements in the organisation and execution of the I.L.O.'s technical assistance activities are continually being made in the light of experience, and when any project falls short of expectations every effort is made to draw lessons for the future.

PROBLEMS

All technical assistance work is ultimately designed to raise standards of living by making possible an increased production of goods and services. Such increased production depends to a large extent on capital investment. It was recently estimated that in order to raise their national incomes per head by 2 per cent. a year, the underdeveloped countries would need to invest some $19,000 million a year; and that of this amount some $10,000 million a year would have to be imported. These are very large figures in relation to the past history of these countries, and the difficulty of achieving and maintaining such levels of investment makes it important to see that the fullest use is made of those methods of raising productivity which require the least capital. Every effort must be made, in particular, to improve the human, as distinct from the material, resources of these countries. Levels of skill can be raised, knowledge of improved techniques can be imparted and industrial relations can be improved by measures which require little capital investment but yield a high return in increased productivity. It is in directions such as these that the I.L.O. can make some of its most useful contributions.

Even here, however, the shortage of capital is a serious problem. Governments receiving technical assistance are chary of undertaking new schemes involving high expenditure, and even in the labour and social field plans are often held up by lack of finance. For instance, a vocational training centre requires certain minimum equipment; a social security scheme requires administrative offices,

personnel and medical facilities; and the improvement of handicrafts often entails the acquisition of new tools or machines. Ways and means of helping Governments in the acquisition of equipment essential for the effective use of technical advice provided are, however, continually being sought by international organisations. At its Thirteenth Session (August-September 1951) the Economic and Social Committee approved a recommendation of its Technical Assistance Committee to the effect that the Secretary-General and the participating organisations should interpret the rules regarding the provision of supplies and equipment more generously than had been done in the past.

I have referred to the way in which the I.L.O. tries to carry out its responsibility for technical assistance. But recipient Governments have corresponding responsibilities, and these are perhaps even more important than those of the I.L.O. Technical assistance is no more than its name implies and it cannot in any way replace Government action. It can only aid Governments at certain key points: it presupposes the national effort which it seeks to aid.

That is why, if assistance is to be fully effective, before making its request a Government must have examined its programme and its priorities and done a certain amount of preparation; it must, moreover, be prepared to give experts the necessary facilities, to consider their proposals on their merits, to co-ordinate the action of the different ministries concerned and to carry the project through to completion. In practice these conditions have not always been fulfilled; and experience has shown that failure in respect of any one of them may limit seriously or even destroy the value of the assistance rendered.

It is of particular importance that national priorities should be determined before requests are made for technical assistance on specific projects. If this is not done there is always a risk that assistance given may become valueless when priorities are finally fixed. The I.L.O. and other international organisations can of course in some ways help Governments in considering and planning their development programmes as a whole and in drawing up appropriate schedules of priorities; but the responsibility for decisions must rest with the Government concerned.

Adequate co-ordination of the activities of the different governmental departments interested in and affected by technical assistance is scarcely less important than the fixing of priorities. I have referred earlier to the measures taken by international organisations
to ensure effective co-ordination in their technical assistance work. These measures have sometimes proved inadequate when Governments have failed to ensure good co-ordination within their own departments. Overlapping requests emanating from different departments have been addressed to different international organisations simultaneously or successively. Moreover, there are few projects which can be carried out without the co-operation of two or more departments or ministries, and the difficulties involved in securing such co-operation have sometimes given rise to frustrating delays. To cope with this problem several Governments have decided to set up internal co-ordinating committees, and this has greatly facilitated the effective use of assistance and the avoidance of duplication. The Technical Assistance Board has appointed resident representatives in the following countries in order to help in co-ordinating and expediting the provision of assistance: Afghanistan, Bolivia, Burma, Colombia, Greece, Haiti, Indonesia, Iran, Israel, Libya, Pakistan, the Philippines, Turkey and Yugoslavia.

During the early stages of planning and negotiating assistance on particular projects prompt action by the Government on requests for information and on proposals submitted to it is as important as prompt and careful attention by the I.L.O. to requests from Governments. Occasionally the negotiation or final signature of an agreement has been held up for months, for instance by the difficulty of finding time for it to be considered by Parliament; or the actual provision of assistance has been delayed while a decision was awaited on the acceptability of an expert whom the I.L.O. had proposed. Such delays often affect work not only on the particular project concerned but on others as well. Sometimes the delay has meant that a suitable expert, who was willing to undertake the mission contemplated, has accepted another engagement, so that when finally a definite offer could be made his services were no longer available.

The effective utilisation of technical assistance requires an efficient and progressive public service in the recipient country. Even in the initial stage of making the surveys and studies on which policy recommendations can be based, the expert must be able to rely on the co-operation of Government departments, and at all stages the success of his work will depend to a large extent on the collaboration he receives from them. There have been cases where Governments lacked the administrative organisation or the trained personnel needed to carry out enquiries or to put into effect the proposals made by experts. The building up of
such administrative services, and particularly of labour administra-
tions, is a task of primary importance and one on which effective
social progress must to a large extent depend. The experiment
being carried out in Bolivia, referred to earlier in this chapter 1,
is of particular interest. Valuable guidance for future work in
this field may also be expected from the consideration by the
International Labour Conference of the question of the organisa-
tion of labour departments, which the Governing Body has placed
on the agenda of the Conference for next year.

It was mainly with the aim of helping to develop national
administrative services that the Technical Assistance Board con-
cluded that participating organisations should grant more fellow-
ships than hitherto. The result will, I am sure, be to increase the
extent to which effective use can be made of expert advice. The
training given at seminars should also prove of value in building
up qualified staff in labour departments.

Technical assistance is sometimes frustrated by changes in the
general economic and political situation. A Government may
undertake a certain project for which it requests technical help,
but by the time this can be provided it may find that changed
circumstances, political or financial, necessitate the postponement
or abandonment of its plans. The hostilities in Korea forced
several countries to readjust their priorities and programmes.
Internal political instability is also a factor which has to be con-
tended with and technical assistance work and plans are some-
times affected by sudden changes of Government or of senior
officials.

The assistance provided by the I.L.O. is designed to help to
solve some of the specific problems presented by the many-sided
process of development. Unless the solutions thus worked out are
effectively applied, and the work initiated by technical assistance
experts is carried forward by the Governments concerned, the
effort will be in vain. In some cases the impetus given to develop-
ment by an expert has been lost after his departure and early
enthusiasm has waned in the face of daily tasks and problems.
The dangers of this can be lessened if the Government assigns
officials from its own departments to work with the expert so that
they may study his methods and be able to carry on the work
after he has left. Economic development is a process which
involves many difficult adjustments, and occasional setbacks are

1 See p. 57.
to be expected. It is, however, reasonable to expect each Government which signs a technical assistance agreement to regard that agreement as a firm pledge to carry out its share of the undertaking and to make full and effective use of the assistance provided. This is already, I am glad to say, the policy of many of the Governments concerned.

The results achieved by technical assistance are seldom likely to be sudden or spectacular. They can, however, be solid and far-reaching. Difficulties, problems and occasional frustrations of the kind to which I have referred are no reason why we should lose confidence or slacken our effort. Let us rather welcome them as a challenge to the I.L.O. to intensify its operations in this field so that, as experience grows, the assistance it provides may become increasingly valuable to the Governments and peoples that it serves.
CHAPTER IV

ACTIVITIES OF THE I.L.O.

In the earlier chapters of this Report I have described some of the problems of this critical period in the social and economic as well as in the political relations between nations. The nature of these problems has required a shift of emphasis in the I.L.O.'s activities. The worst economic depression and the most destructive and extensive war ever experienced have finally brought home to people the fact that nations are closely interdependent and that underdeveloped countries must be helped to progress further. Originally the main emphasis in I.L.O. activities was on the negotiation of international standards of social policy such that their application by States competing in international trade would permit advances in social welfare to be made without adverse effect on their relative competitive strength. Now the emphasis is rather on developing co-operation and mutual assistance between nations so as to achieve a greater measure of social welfare for all. International action is therefore concerned more and more with detailed technical problems. This means that social policy must be dealt with by the I.L.O. not only through the formulation of international standards but also directly within the particular context in which problems arise in different regions, countries and industries.

I have therefore devoted special attention in this Report to a description of the nature of the I.L.O.'s operational work and of the problems it encounters. For the development of this work, additional regional machinery is needed, special arrangements to deal with problems of certain industries and increased facilities for giving practical assistance to Governments. The international standards adopted by the I.L.O. have a new and more positive role to play as objectives of social policy to be attained through economic development, as statements of policy to guide the I.L.O. in all its technical work. It is important, therefore, that the Conference, which is charged primarily with the formulation of international standards, should have before it a full picture of this other aspect
of the Organisation's work. The present chapter is designed to permit the Conference to take its decisions in the light of a comprehensive knowledge of the I.L.O.'s work and to enable it, in turn, to give me the guidance which is essential to the balanced development of the I.L.O.'s activities.

THE MAIN EMPHASIS

The I.L.O.'s activities are designed as part of a general effort to attain the major objectives of the Organisation. This effort can bear fruit only over a period of years. A single year is thus a rather arbitrary time limit within which to examine the range of these activities. Inevitably, in the process of carrying out work in the different fields within the competence of the I.L.O. more weight will appear to attach to certain questions during certain years because they become ripe for action then. The long-term objectives derive directly from the long-term social problems of our age. The particular times at which the different aspects of these problems come up for action by the I.L.O. depend upon a wide range of factors, predominant among them the practicability of taking action in the circumstances prevailing and the likelihood of securing effective results. Further, urgent and unforeseeable social problems are bound to arise from time to time, perhaps as a result of major political upheavals, and in order to cope effectively with them there has to be some readjustment of our activities.

The Conference is aware of the long-term objectives of I.L.O. activities. They were set forth in the Declaration of Philadelphia in 1944. Since then certain major problems arising in regard to matters within the competence of the I.L.O. have been attacked with ever-increasing vigour. An extensive programme of work in industrial relations was taken up by the Conference in 1947 and has been continued up to and including the present session with the drafting of a veritable international code on the subject. Questions concerning industrial relations have also been considered by a number of Industrial Committees and by the regional conferences. Manpower questions have come before the Conference in recent years and standards have been set up on employment service organisation, vocational guidance and training, and immigration. The Industrial Committees and regional conferences have also carried out investigations of manpower problems and a vast
operational programme has been put into action. In regard to wages the Conference and other I.L.O. bodies have dealt with general wage questions and such special aspects as protection of wages, fair wage clauses in public contracts, equal pay for equal work for men and women workers, wages in agriculture, the wages of seamen, the guaranteed wage and payment by results. *Social security* questions are before the Conference at its present session; preparations for action by the Conference have been going on for several years, together with a wide range of other activities in this field. One of the major problems of the present time is how to raise *productivity*. Many branches of the I.L.O.'s work, including the undertaking of special studies, contribute towards its solution. This is also the case with another of the I.L.O.'s general objectives, the creation and maintenance of conditions of *full employment*.

These are a few of the subjects on which the I.L.O. has concentrated in recent years. The account of the year's work which appears below must be read with them in mind. Any special attention which it has been considered advisable to pay during any one year to certain special aspects must not be interpreted as indicating a deviation from the main lines to be followed in the activity of the I.L.O.

**Regional Activities**

During the past year particular attention has been given to the problems of regionalism and their impact on the I.L.O. It will be recalled that general lines of policy for I.L.O. regional action were laid down by the Conference Delegation on Constitutional Questions in 1946, when it was considering what changes in I.L.O. machinery were necessary to meet post-war needs. The I.L.O. has regarded the development of regional work as necessary to meet the special needs of the different areas of the world. It has maintained that no attempt should be made to impose a rigid uniform pattern for regional action but that regional arrangements must be adapted to special conditions prevailing in each region. The regional activities of the I.L.O. are designed to contribute to a larger measure of world unity and must not be allowed to become a factor in the perpetuation of disparities between different regions of the world. It is in line with these general considerations that the I.L.O.'s regional arrangements have been worked out—regional conferences, regional meetings of experts and technical assistance in underdeveloped regions.
Since these basic principles were set forth by the Conference Delegation in 1946 there has been a significant expansion of regional action outside the I.L.O. which includes action on subjects of concern to the I.L.O. The United Nations and other specialised agencies besides the I.L.O. have responded to the need for special regional arrangements. These have met with the fullest co-operation from the I.L.O. under the agreement with the United Nations, under agreements with other specialised agencies and within the established co-ordination procedures for giving effect to these agreements. A greater problem arises from the rapid growth of a large number of purely regional organisations outside the framework of the United Nations and the specialised agencies, covering practically every major area of the world. These regional bodies have shown an increasing interest in economic and social problems, including some relating directly to matters with which the I.L.O. is dealing. The I.L.O. has developed relations with the more important of these organisations in appropriate cases. Formal agreements have been concluded with the Organization of American States and with the Council of Europe; the first entered into force on 26 July 1950 and the latter on 23 November 1951. In the case of other organisations, for instance the Organisation for European Economic Co-operation and the Caribbean Commission, working relations exist and the I.L.O. has followed a policy of giving the fullest co-operation feasible in supplying at their request information on technical questions which are within the competence of the I.L.O. and with which these other organisations are also concerned. It is hoped that sound working relations will continue to develop with newly-established bodies such as the Council for Technical Co-operation in South and South-East Asia (Colombo Plan) and the Commission for Technical Co-operation in Africa South of the Sahara (C.C.T.A.). A full report on the aims, structure and activities of regional organisations not coming within the framework of the United Nations and on their relations with the I.L.O., where such relations exist, was made to the Governing Body, which is keeping this situation under review. This is a matter to which the greatest importance attaches. The development of fruitful co-operative relations between the I.L.O. and regional organisations will afford a further means of extending the influence of the international standards and policies formulated by the I.L.O. On the other hand, if, in the absence of such good relations, regional organisations were to proceed entirely apart from the I.L.O. and adopt standards and policies on social matters which might diverge
from those of the I.L.O., the success of the I.L.O.'s universal work might well be prejudiced and disparities in economic and social conditions between the different regions perpetuated.

In the meantime the regional work of the Organisation continues at an active pace. At the time of writing the Fifth Conference of American States Members of the I.L.O. is scheduled to meet in April 1952. The questions to come before this Conference—the application and supervision of labour legislation in agriculture, social security, and methods of remuneration of salaried employees—are mentioned below in the account of the I.L.O.'s activities. The technique of the regional seminar has been used more widely; instances of this have been given in Chapter III. A new Manpower Field Office has been established for the Middle East. Proposals for regional action in Africa were advanced by the Committee of Experts on Social Policy in Non-Metropolitan Territories. Chapter III gives an indication of the extent to which the technical assistance work of the I.L.O. is of value in helping the Governments of the underdeveloped regions to deal with problems of social policy. All these different forms of action unite in the common purpose of making more effective the work of the I.L.O. in promoting practical solutions to practical problems in areas hitherto untouched by international action.

**Industrial Committees**

The Industrial Committees are now more than seven years old. They have held 25 sessions, from the first meeting of the Coal Mines Committee (London, December 1945) to the Fourth Session of the Inland Transport Committee (Genoa, December 1951). By the time the Conference meets this figure will be increased by two, with the Fourth Session of the Metal Trades Committee (Geneva, 21 April-3 May 1952) and the Fourth Session of the Iron and Steel Committee (Geneva, 3-17 May 1952). The Industrial Committees have now established themselves as an integral part of the I.L.O.'s structure. Increasing importance is being attached to their work. Some instances will serve to illustrate this. Since the Committees were first formed, their membership has been enlarged by the inclusion, at their own request, of other countries as follows: Coal Mines Committee, two; Inland Transport, seven; Iron and Steel, four; Metal Trades, six; Building, Civil Engineering and Public Works, four; Petroleum, two; and Chemical Industries,
four. Representation at the different sessions has also increased. The last session of the Inland Transport Committee was attended by 200 representatives from 29 countries, the last session of the Chemical Industries Committee by 102 from 14 countries, the last session of the Petroleum Committee by 110 from 14 countries, and the last session of the Textiles Committee by 141 from 20 countries. These figures do not include the representation of international organisations. Besides increased representation, there has been a large measure of continuity in the personnel of delegations, thus enhancing the strength of the Committees and making for a steady growth in their experience. A further testimony to the success of the work of the existing Committees is that there have been a number of requests for the establishment of new committees for branches of industry, including: mines other than coal mines; lumber (timber) and woodworking; printing and allied trades; hotels, restaurants and cafés; the paper and cellulose industry; the leather and shoe industry; the glass industry; the sugar industry; the margarine, oils and fats industry and bakeries.

The Governing Body continues to devote attention to certain general questions affecting the work of the Industrial Committees. In this connection a difficult problem arises. On the one hand, it is desirable that a large measure of latitude should be allowed to bodies highly representative of different industries; on the other, central supervision is necessary so that their work shall always be related to the over-all objectives and policies of the I.L.O. Just as there should be no regional separatism, so it is important, in studying problems arising in one industry, to avoid any tendency to neglect those of others. The responsibility of the Industrial Committees to the Governing Body is a guarantee against this risk. The Governing Body, through its Committee on Industrial Committees, continuously reviews and co-ordinates the work of the Industrial Committees and supervises their development.

The Conference at the present session has before it a good example of how the work of Industrial Committees can contribute to its own work, in the texts prepared by the Coal Mines Committee for international regulations on the employment of young persons in underground work in coal mines.

Another of the Governing Body's preoccupations is to ensure that the Committees shall be truly universal in their approach. The Industrial Committees have an important contribution to make to the task of furthering economic development of underdeveloped countries. The proceedings of recent sessions have
shown that increasing attention is in fact being paid to the problems raised. The increases in membership of the Committees—which in general have afforded fuller representation to under-developed countries—will make it possible for the special industrial problems of these countries to be given greater consideration.

The Governing Body has also devoted a good deal of attention to the effect to be given to decisions of Industrial Committees. Further consideration of this matter will undoubtedly be necessary but it is now clear, on at least one point, how the work of these Committees can be most effective in practice. The suggestions made by the Committees for the solution of problems dealt with by them more often take the form of recommendations for action to be taken by agreement between employers and workers than of proposals for legislation. One of the objectives of the procedure recommended by the Governing Body for giving effect to the conclusions of Industrial Committees is to ensure that these conclusions are brought to the attention of the national employers' and workers' organisations in the industries concerned. And the meetings of the Industrial Committees themselves contribute to the strengthening of the good industrial relations essential to effective application of these conclusions by bringing together the representatives of employers and workers in the different industries alongside representatives of Governments.

The I.L.O.'s Role in Fact-Finding and International Investigation

I would like to mention specially one aspect of the I.L.O.'s work which has assumed increasing importance and concerning which a number of substantial developments have occurred during the past year. The I.L.O. under its Constitution has always had certain responsibilities for supervision of the application of international standards embodied in ratified Conventions. These responsibilities were broadened with the revision of the Constitution in 1946, which increased the obligations of Governments with regard to unratified Conventions and to Recommendations. Apart from these constitutional supervisory functions, it was decided during the last few years that the I.L.O. should deal, by means of special machinery, with certain problems affecting fundamental human rights directly related to the aims of the I.L.O.—the enforcement of trade union rights and the abolition of forced labour.
Both these questions have been before the I.L.O. and the United Nations. The Fact-Finding and Conciliation Commission on Freedom of Association was established by the I.L.O. both on its own behalf and on behalf of the United Nations. The Ad Hoc Committee on Forced Labour was set up jointly by the United Nations and the I.L.O. During the year under review the I.L.O. was also charged with the making of a special investigation into alleged conditions of forced labour in the Suez Canal Zone. The action taken in connection with the Fact-Finding Commission and in regard to forced labour is dealt with in some detail below, but I wish to emphasise here that the demand for the I.L.O. to take action in these matters not only is a tribute to its recognised impartiality but—while imposing a heavy responsibility upon this Organisation—will afford the possibility of vastly increasing its effective strength and real international authority.

CONCENTRATION OF EFFORTS AND RESOURCES

All international organisations have been faced, especially during the last two years, with the extremely difficult problem of matching the growing needs for international action with the very real limitations of the resources available for such action. Consequently there has been great emphasis on the need to concentrate efforts and resources on the most urgent tasks, on those questions which will yield the most positive results and contribute most effectively to the achievement of the aims of the United Nations and the specialised agencies. Concern on this point has been shown not only in the I.L.O. but also in the United Nations and the other specialised agencies, and a number of recommendations have been made by the United Nations to the agencies with this purpose in view. These recommendations have all been given the most careful consideration by the Governing Body in planning I.L.O. activities and they are being brought to the attention of the Finance Committee of the Conference in connection with the budget for 1953.

The Governing Body at its 115th Session (June 1951) approved a statement on the concentration of effort and resources which was transmitted to the United Nations. The statement outlines certain general principles which the Governing Body considered fundamental to the successful co-ordination and effective concen-

1 See pp. 111 et seq. and pp. 115 et seq.
tration of effort and resources. These principles include the following: that effective concentration of effort implies the fullest use of existing international machinery rather than the creation of new machinery for dealing with each individual question which arises; that effective budgetary control presupposes a close relationship between the determination and elaboration of programmes in each organisation and the taking of the financial measures necessary to give effect to such programmes; and that while budgets should be kept as low as is consistent with the effective discharge of the responsibility of each international organisation, and while new activities should not involve automatic increases in budgets, the test must be the resources necessary for the efficient and economical fulfilment of the tasks which it is wise and appropriate to undertake in a given situation.

The problems of co-ordination of activities between the United Nations and the specialised agencies continue to be dealt with in a spirit of friendly co-operation. I have discussed certain of them directly with the executive heads of other organisations in the Administrative Committee on Co-ordination. To an increasing extent co-ordination is effected by a series of practical arrangements for co-operation on specific tasks.

The I.L.O. will continue to co-operate closely with the United Nations and with the other specialised agencies in the general international effort.

THE YEAR'S WORK

Manpower

The general problems of manpower remain substantially the same as in previous years. Countries in process of economic development require an accurate knowledge of the needs of industry for workers, both in terms of numbers and of skills required. The I.L.O. can assist such countries by helping to organise manpower surveys and adequate permanent employment information services. Help is frequently required in establishing occupational classification, an essential aid to mobility of labour. The I.L.O. can also be of use in connection with the training of employment service staff, since a well established employment service is basic to the solution of long-term national manpower problems.
The need to increase productivity and promote economic development calls not only for the better organisation of manpower but also for the improvement of its quality. In the long term this means that better facilities are needed for vocational guidance and employment counselling, for vocational education and apprenticeship. The I.L.O. is helping to build up these facilities. On questions of vocational education in schools the I.L.O. has co-operated with U.N.E.S.C.O. Experience has shown that steps to increase the number and quality of intermediate personnel—trainers and supervisors—not only provide an immediate stimulus but have far-reaching beneficial results. The I.L.O. has developed and applied training-within-industry (T.W.I.) techniques to meet this situation. Training of supervisors and instructors, it has been found, results in the better training of qualified workers through the use of educational methods and helps to raise productivity by promoting the better organisation of work; it also helps to improve human relationships in industry.

The problem of surplus population in Europe and the complementary need of a number of countries, especially those of Latin America and of the Commonwealth, for manpower to further development plans has received special attention in many quarters during the past year. The I.L.O. has approached this problem from the standpoint of manpower requirements as a whole, taking full account both of the number and skills of workers available for migration and of the needs of the immigration countries, and looking upon migration as a continuous process from pre-selection in the country of origin to final placement in the country of immigration.

To meet these general problems the I.L.O. has acquired a sound basis of principle, experience and organisation. The first need was for general standards of policy: these were supplied by the international standards for employment service organisation, vocational guidance and training and migration adopted by the Conference. The next need was for a means of meeting special conditions existing in different regions while working towards the attainment of these standards. To meet this the I.L.O. set up a network of field offices and field missions. During the past year the Manpower Field Office for the Middle East has been established at Istanbul with the co-operation of the Government of Turkey. This completes the groundwork for a world-wide attack on manpower problems. Now the I.L.O. is gaining an increasing measure of operational experience in technical
assistance work in different countries. It is on such work that its efforts in regard to manpower problems are mainly concentrated. The need for action at the national level is more and more evident; and for such action to be effective it must embrace manpower problems as a whole, dealing with each specific aspect in its relation to a programme for the general improvement of the manpower situation.

Thus the manpower programme is primarily an operational programme. More and more it is coming to grips with specific practical problems. In the preceding chapter a number of illustrations are given of the different projects being carried out in the manpower field. The I.L.O. will continue to carry forward its work in this way. The solution of one practical problem brings to light another which must be dealt with if the momentum of development is to be kept up. What is most required is to maintain and develop the I.L.O.'s flexible operating machinery so that it will be capable of meeting different practical problems of different countries and regions. What the I.L.O. is able to accomplish from now on will depend largely on the extent to which resources are available for technical assistance and the extent to which Member Governments desire to make use of the machinery which has been set up to render service to them.

Apart from the specific technical assistance projects described in Chapter III there are two matters calling for mention here: the Migration Conference held at Naples in November 1951, and the Asian Manpower Technical Conference held at Bangkok in December 1951.

The Naples Conference was called to consider the best form of international action to further European migration. The I.L.O. devoted considerable efforts to preparing a plan as a basis for discussion by the conference, covering all aspects of the migration problem, and proposing in particular a programme of technical assistance and technical operational functions at every stage of the process, to be available at the request of Governments; the establishment of a fund to provide for transportation and related costs on a reimbursable basis or through outright grants; and the setting up of a special migration administration within the framework of the I.L.O., consisting of a council of interested Governments and a staff equipped to render the technical services required.

At the outset of the conference, however, delegates made it clear that they were not in a position to discuss a migration aid fund, transport operations or the migration administration. The
conference recommended instead the establishment of a Consultative Council of European Migration to consider questions of policy. The Council would not undertake operational functions but would use the services and facilities of the United Nations, specialised agencies and other international organisations directly interested in migration.

The Naples Conference considered that the I.L.O. should continue to render technical assistance on migration—particularly on vocational training aspects—within the resources currently available; and suggested that whenever the cost of assistance exceeded these resources it should be borne by the countries requesting it. The conference proposed that certain activities in particular should be expanded. These relate to provision of information and materials required for migratory operations; provision of information on statistics of shortages and surpluses of manpower in various countries, on the cost of living in these countries in relation to the purchasing power of the inhabitants and on the uniform classification of jobs and occupations. The Naples Conference further suggested that the I.L.O. should expand its efforts to facilitate, at the request of the countries concerned, the conclusion of bilateral agreements for migration.

Thanks largely to the Special Migration Fund placed at its disposal by certain Member countries which are also members of the Organisation for European Economic Co-operation, the I.L.O. had, prior to the Naples Conference, already been able to undertake certain activities of this sort. The migration field missions in Europe have devoted attention to a large number of practical measures calculated to speed up migration. They are acting as a link between emigration and immigration countries, promoting the simplification of administrative formalities and the improvement of information services for migrants and of pre-selection techniques, and rendering assistance in adapting vocational training and employment service facilities to the needs of migrants, for instance through the collection of migration statistics.

Assistance has been given in the preparation of bilateral agreements. Work is in hand on two questions to which the Naples Conference attached particular importance: medical selection of migrants and transport accommodation. Information concerning the numbers and occupational characteristics of migrants required is being collected and will be issued regularly. As a result of the assistance given to immigration countries in the
assessment of their manpower requirements certain specific and immediate needs for migrants in individual establishments have been cleared through arrangements established by the I.L.O. with the countries of emigration. An international occupational classification for migration and placement purposes has been prepared and certain emigration and immigration countries are adapting their national occupational classification systems to it. Assistance has been given on certain projects for land settlement in Latin America. The I.L.O. has also an important role to play in facilitating the placement of migrants in countries which have no adequate machinery for the purpose.

The I.L.O. is also continuing to prepare materials and studies designed to help in planning migration. This work includes an *International Guide to Employment Service Organisation*, a *Guide to Vocational Training of Migrants*, revision of the monographs prepared in 1946 on immigration policies of various countries, a study of bilateral agreements and a study on laws and regulations of certain immigration countries concerning admission of various categories of “white collar” workers to professional employment which is being prepared at the suggestion of the United Nations and in collaboration with other specialised agencies.

Following the Naples Conference, an Inter-Governmental Conference held in Brussels at the end of November 1951 at the suggestion of the United States Government set up the Provisional Inter-Governmental Committee for the Movement of Migrants from Europe (P.I.C.M.M.E.). This body is to organise land, sea and air transport for migrants; in particular it is to charter the ships formerly operated under the auspices of I.R.O. The Brussels Conference expressly stated that there is need for the pursuit by the appropriate international agencies of all migration activities falling within their respective fields. The I.L.O. was represented at this conference and offered to place its experience at the disposal of the new Committee. The Governing Body has, moreover, reaffirmed its desire that effective working relationships should be maintained and developed as appropriate with all intergovernmental organisations having responsibilities in the migration field, so as to establish a co-ordinated programme of work and thus ensure the most efficient use of international resources.

The Asian Manpower Technical Conference put great stress on the provision of adequate employment information facilities, which it felt could be achieved by strengthening the existing employment service or by making special *ad hoc* arrangements, by training
personnel in employment information work and by developing and improving operational standards and techniques (including occupational classification systems and labour statistics). The conference recommended that the Director-General should explore the possibility of holding a regional institute (or course) on the techniques of collecting and disseminating employment information and statistics. It also proposed the establishment of a training institute for employment service officials. The course would last for about eight weeks; full account would be taken of the needs of countries with employment services in different stages of development; efforts would be made to follow up the training given by providing fellowships; and field office experts would be ready to advise on the most practical means of applying the training received.

The Asian Manpower Technical Conference emphasised the need for organisation and development of the training of supervisory and managerial personnel and of instructional staff. It considered that two institutes should be held during 1952 to deal with organisation and administration of national vocational training programmes and with organisation and administration of apprenticeship training. On the basis of experience acquired during the institutes already held, the conference recommended that future courses should be of longer duration and more practical in character; it also suggested that they should be followed up by the grant of fellowships to participants so that they could acquire practical experience in other countries. It was considered that regional training centres for instructors of skilled workers in industry and of workers in handicrafts, of which the establishment was suggested, would be useful.

The conference pressed for further action on the proposal that technical documents be reproduced in the national languages of the region; it recommended that the Asian Field Office should issue a regular news bulletin and ad hoc technical memoranda on specific topics of general interest, and that the Governments of Asian countries should encourage the development of libraries on manpower questions in each country, with the aid of the Field Office documentation services. These documentation services include a Monthly Bulletin on activities of the Field Office and significant developments in the manpower field; two news letters, one for trainees who attended the Asian Regional Training Institutes, the other for officials who attended the T.W.I. institutes; and a bibliography by subject of all books and publications in the Field Office Library which is now being prepared as a first step towards the
operation of a lending library. Through the Council for Technical Co-operation in South and South-East Asia (Colombo Plan) the Field Office has initiated action to obtain from countries which are members of the Council films and film strips to enable it to build up its film library and thus to amplify its action in the field of visual aids to training.

In all its manpower work the I.L.O. continues to co-operate with the United Nations and with other international and regional organisations which are concerned with different aspects of manpower problems. This co-operation takes the form of a wide range of practical activities undertaken either jointly or after consultation with other organisations, or at their request. Enumeration would involve giving a great mass of detail. The important thing is that co-operation has become a regular and accepted practice.

Underemployment

Many different I.L.O. activities contribute to a solution of the problem of underemployment. The manpower programme, in that it makes for the better organisation of employment, is one. Encouragement of co-operatives and handicrafts is another particularly useful approach. But the magnitude of the problem in the underdeveloped regions calls for special examination of the subject as a whole. In 1950 the I.L.O. gave prominence to it in the study on Action Against Unemployment prepared for the Conference. The Asian Advisory Committee during the past year discussed underemployment in Asia. This Committee concluded that in order to reach a balanced solution of the social and economic problems raised by underemployment a full appreciation is required of the possibilities of increasing output, raising living standards and creating employment opportunities by improving methods of cultivation and by increasing the supply of capital; and that in view of the scantiness of information at present available on the subject of underemployment there is an urgent need for an immediate investigation of the present extent of underemployment under existing methods of cultivation in various Asian countries, as a basis for planning and action. It recommended the undertaking of rapid sample surveys and field enquiries for the purpose of determining the extent of underemployment and of framing proposals for practical remedial measures. Some I.L.O. technical

1 I.L.O., Studies and Reports, New Series, No. 20 (Geneva, 1950).
assistance missions have already made enquiries into underemployment. The I.L.O. members of the United Nations General Mission to Libya made a survey of the problems in that country; and the manpower survey carried out in Ceylon will provide some of the material required for a fuller analysis of the problem which is to be made.

Productivity

A wide range of I.L.O. activities contributes to the achievement of higher productivity. The whole programme of assistance for economic development of underdeveloped countries is directed to this end. In the industrialised countries also particular attention is being given to the raising of productivity. Consequently the I.L.O., besides pressing forward with the various aspects of its programme which contribute directly to increased labour productivity, has undertaken investigations into the problem as a whole, or as it arises in particular industries. The I.L.O. has a special responsibility for ensuring that full attention is paid to the social and human factors as well as to the technical factors involved. Following the general debate on labour productivity during the discussion of my Report to the 1950 Session of the Conference, problems in two industries in which higher levels of productivity are most urgently required were referred to Industrial Committees. Productivity in coal mines was discussed by the Coal Mines Committee in May 1951, and factors affecting productivity in the metal trades are to be considered by the Metal Trades Committee at its fourth session, in April 1952. The Coal Mines Committee emphasised that a policy of increasing productivity in the coal mining industry should be adopted in all coal-producing countries. It considered that these results could be achieved only through the combined efforts of operators, workers and Governments and particularly through co-operation with a view to the modernisation of mining methods. Employees should be awarded a just share of the benefits of increased productivity and the introduction of methods and equipment for increasing productivity should be accompanied by measures to increase the safety of workers and improve health conditions in coal mines. The I.L.O., at the instance of the Committee, is carrying out studies on the progress and results achieved in coal mining undertakings in regard to productivity; on the training of workers; on the possibilities of obtaining comparable statistics of productivity in respect of all coal-producing countries; and on the possibility of facilitating the
organisation of visits by appropriate national missions to study productivity in other countries.

The Meeting of Experts on Systems of Payment by Results, held in April 1951, came to certain conclusions which are relevant to the problem of productivity. The experts noted that systems of payment by results which are well adapted to the production processes and organisation of the plants concerned can make a substantial contribution to the raising of productivity, to lower costs of production, and to increased earnings for workers; but that if adequate precautions are not taken, systems of payment by results may have various disadvantages. Many of the advantages yielded by well-designed systems, they noted, result from the work study which is required to enable a system of payment by results to function smoothly and successfully.

Proposals have been laid before the Governing Body for the convening of a meeting of experts on productivity following the present session of the Conference. Such a meeting could provide guidance on general principles the application of which in particular industries and regions might later be discussed by Industrial Committees and regional conferences. Both human factors and organisational and technical factors affecting productivity would be considered.

Wages

At its last session the Conference, during the discussion of my Report, dealt particularly with the question of wages policies in conditions of full employment. During the past year the I.L.O. has given attention to payment by results, which is of particular interest at the present time since, as shown above, it is related directly to the effort to increase productivity. The Meeting of Experts on Systems of Payment by Results concluded, after considering the advantages and disadvantages of such systems, that "on balance, it would appear that in many industries or undertakings and for large groups of operations, well-designed systems of payment by results, introduced with the agreement of the workers in accordance with conditions in the country concerned and accompanied by appropriate safeguards for the workers, can yield advantages to all concerned." The experts also indicated in detail the principles which they considered should be followed in the design, introduction and oper-

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1 See I.L.O., Studies and Reports, New Series, No. 27: Payment by Results (Geneva, 1951), pp. 176 et seq.
2 See Payment by Results, loc. cit.
ation of systems of payment by results. For example, they regarded it as an essential condition for the successful operation of a system of payment by results that the workers should understand it fully and be able to check their earnings without difficulty, and that therefore preference should be given wherever possible to the simplest systems which meet the essential needs of the undertaking and the workers concerned. The meeting also proposed further I.L.O. work on this subject. It suggested that small groups of technical experts chosen from the industries in which systems of payment by results are most widely used or are under active consideration should be invited to consider the systems which are most appropriate to the special circumstances of these industries, and the best methods of applying them, with a view to subsequent study of the matter by the appropriate Industrial Committees. It also proposed that the I.L.O. should make known its willingness to provide technical assistance on the subject of payment by results. Since this meeting, arrangements have been made, at the request of the Government of India, to send a mission of experts with practical experience of work study, job evaluation and payment by results, to assist in introducing or improving systems of payment by results in the Indian textile and engineering industries, and also to prepare a practical handbook on methods of introducing and applying such systems. Such a handbook will be of use to the mission itself as well as to the employers and workers concerned. In response to a resolution of the Building, Civil Engineering and Public Works Committee, the I.L.O. is also carrying out further studies on the subject of payment by results in the construction industry, with a view to possible consideration of the question by a special meeting of experts and by the Committee. A study on wages on plantations will also deal with payment by results on such undertakings.

During the year a study of general problems concerned with the guaranteed wage was completed. This covers the relationship between guaranteed wage schemes and unemployment insurance, the types of schemes which are applied in various countries, and experience gained in the working of these schemes. Another study was made on the problem of stabilisation of dock workers' earnings. The question of guaranteed wages in the textile industry will be considered by the forthcoming session of the Textiles

Committee, and the Building, Civil Engineering and Public Works Committee has requested that the question of application of the principle of guaranteed wages in the construction industry be placed on the agenda of the Committee's next session in 1953.

Other wage problems of different industries are also being considered. Wages, allowances and other benefits were dealt with by the Inland Transport Committee when, in December 1951, it examined labour problems in the co-ordination of transport. The structure of wage rates and systems of wage payment are to be taken up by the Metal Trades Committee at its meeting in April-May 1952 in the course of its examination of factors affecting productivity in the metal trades. The general report for the third session of the Chemical Industries Committee (1952) deals, among other things, with the evolution of systems of payment by results in the chemical industries. At the request of the Petroleum Committee, studies have been undertaken on the subject of principles and methods used in determining wages which is to be considered by the next session of the Committee. The work done by the Textiles Committee at its meeting of November and December 1950 on the question of disparities in textile wages is to be followed up by a revised and more complete report on this subject. The question of equal remuneration has been included in the agenda of the next session of the Textiles Committee. Wage problems of salaried employees, who are concerned at the unfavourable effects of post-war increases in the cost of living on their remuneration, relative to the remuneration of manual workers and certain other classes of the community, are also being studied. Closely connected with this problem are questions relating to compensation for dismissal and for short-term unemployment. The results of studies on this matter were placed before the Advisory Committee on Salaried Employees and Professional Workers at its meeting early this year.¹ The question of methods of remuneration of salaried employees has also been included in the agenda of the Fifth Conference of American States Members of the I.L.O.²

Social Security

The Conference last year discussed suggestions for international standards of social security. Proposals for a Convention on minimum standards are before the Conference at its present session and a first discussion is to be held on objectives and advanced standards. A Consultant Group of medical experts appointed by the World Health Organisation at the request of the I.L.O. met late in 1951 to advise on the medical care provisions embodied in the proposed social security standards; due account of the observations of the Consultant Group has been taken in the proposed Convention and conclusions prepared for the Conference. This is an instance of valuable co-operation between international organisations. The proposed international regulations, when adopted, will provide a solid and up-to-date basis for national action and for the further development of the work of the I.L.O. in this field.

To ensure that the standards proposed will be both realistic and effective, the I.L.O. has studied intensively a variety of questions, including the financial and actuarial implications of the proposed standards, the relation of the standards to provisions of existing social security laws, income and expenditure under present social security provisions and their relation to national income, and methods of adapting the standards to divergent approaches to social security as well as to economic differences between the various countries.

As a means of assisting in the improvement of the administration of social security, the I.L.O. has continued to give its support to the International Social Security Association, a private international association of social security institutions the secretariat of which consists of officials of the I.L.O. The 10th General Meeting of the Association, held in Vienna in July 1951, considered recent developments in the field of social security, the social security of independent workers, technical problems involved in the administration of social security laws, rehabilitation, and assessment of social security benefits.

Action has also been taken on special regional problems in social security. As mentioned above, the I.L.O. has furnished

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2 See Chapter III, p. 60.
the Council of Europe with assistance of a technical character in connection with social security matters. Social security is to come before the Fifth Conference of American States Members of the I.L.O. The discussion at that meeting should prove valuable in relation to the new international standards to be drawn up by the International Labour Conference since, while benefits under existing social security legislation in American countries in general reach the minimum standard proposed, the proportion of the population covered in the different countries is still relatively small, chiefly because these systems rarely extend to agricultural labour. This regional conference will also afford an opportunity for discussion of the maintenance of social security rights of migrants, with a view to encouraging the conclusion of bilateral or multilateral treaties. The Third Inter-American Social Security Conference met at Buenos Aires in March 1951. Among its decisions was one calling for the conclusion of an inter-American regional Convention on social security reciprocity and inviting the I.L.O. to take action towards its adoption. The Fourth Inter-American Social Security Conference, to be held at Mexico City in March-April 1952, will consider extension of social security to agricultural workers, general family benefits and medical and pharmaceutical problems in social security. The I.L.O. has given its support to the Permanent Inter-American Committee on Social Security since its establishment in 1940. The question of the future status of the Committee is now being examined in consultations between the Committee, the I.L.O. and the Organization of American States.

Regional seminars on social security have proved to be a useful means of providing assistance to groups of countries. Mention has already been made of those held in Costa Rica, Peru and Turkey. Officials of the I.L.O. also participated in social welfare seminars for the Arab States of the Middle East, organised by the United Nations. Social security is one of the fields in which a large number of requests for technical assistance have been received from Governments. The work of various technical assistance missions has been described in Chapter III.

Social security has also been approached from the point of view of special occupations and industries. For example, a review of pension schemes for salaried workers was submitted to the second session of the Advisory Committee on Salaried Employees

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2 See Chapter III, pp. 60-61.
and Professional Workers in Geneva in February-March 1952, and a study on social security provisions for workers in transport undertakings, with special reference to railwaymen, was prepared for the Inland Transport Committee, which met in Genoa in December 1951.

Social security thus affords a good example of how the I.L.O. can work simultaneously on different levels—by drawing up international standards and making general studies, by dealing with regional and industrial problems and by assistance to different countries—towards a general advancement of its objectives throughout the world.

Working and Living Conditions

Health and Safety.

My Report to the Conference last year outlined the recommendations of the Committee set up by the Governing Body to examine the programme of the I.L.O. in the field of industrial safety and health. These recommendations have formed the basis for the present programme of the I.L.O. in this field.

One of the main results of the Committee's work was the definition of the scope of the item “Protection of the Health of Workers in Places of Employment”, which is on the agenda of the present session of the Conference and which it is anticipated will be carried forward for second discussion at the 1953 Session of the Conference. Preparations for consideration of this item by the Conference along the lines suggested by the Committee have been made in consultation with the World Health Organisation.

A problem to which attention has been directed by a number of I.L.O. bodies, including the Tripartite Technical Conference on Safety in Coal Mines held in 1949 and the Pneumoconiosis Conference held in Australia in 1950, is dust prevention and suppression. The Metal Trades Committee called for a study of the use of sandblasting and of measures which should be taken to abolish its dangers. The Coal Mines Committee at its fourth session attached particular importance to dust suppression in coal mines as a factor affecting productivity. The Inland Transport Committee

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1 See General Report, op. cit., pp. 80-91.
also called for action on the problem of dust reduction among dockers unloading cereal cargoes. The Committee set up by the Governing Body to examine the programme of the I.L.O. in the field of safety and health suggested the holding of a meeting of experts to consider techniques of dust prevention and suppression in mining, tunnelling and quarrying, and a special consultation of experts to consider preventive measures in connection with sandblasting. Action is being taken on these recommendations and a proposal has been laid before the Governing Body for the calling some time this year of the meeting of experts on the prevention and suppression of dust in mining, tunnelling and quarrying. The intention is to have a meeting of a purely practical character.

The Committee set up by the Governing Body to review the safety and health work of the I.L.O. gave special attention to the collection and dissemination of information by the I.L.O. and to the most suitable types of publication and made recommendations which are being acted upon. For example, the scope of the *Occupation and Health* encyclopædia is being broadened to include all aspects of accident prevention. The former *Industrial Safety Survey* has been replaced by *Occupational Safety and Health*, which deals with both safety and health questions. The I.L.O. has compiled an international catalogue of safety and health films and has examined a very large number of them with a view to forming a small film library.

It is planned to publish this year the first volume of a study of safety in coal mines. It includes chapters on accident statistics, inspection and activities connected with safety generally. A second volume consisting of a detailed analysis of safety and health regulations relating to underground work will be published later. With the help of outside experts, the I.L.O. is also preparing a set of safety provisions for the textile industries, supplementary to those in the *Model Code of Safety Regulations for Industrial Establishments for the Guidance of Governments and Industry* published in 1949. Other subjects connected with health and safety examined by the I.L.O. during the past year include: means of abating noise in textile mills; the possibility of international action to reduce the frequency and severity of accidents in coupling operations in rail transport (this particular study of the subject, to which the I.L.O. has been giving attention for many years, has been undertaken at the request of the Economic Commission for Europe); the classification and labelling of dangerous substances (study undertaken at the request of the Chemical Industries Com-
mittee), and (at the request of the United Nations) the transport of dangerous goods. An enquiry concerning action to be taken by employers and workers for the reduction of health risks to workers in the construction industry has been undertaken, with a view to proposing practical measures for the guidance of the industry, at the instance of the Building, Civil Engineering and Public Works Committee. Health of workers in shops and offices, a matter which has received little attention in the past, was considered by the Advisory Committee on Salaried Employees and Professional Workers at its meeting early this year. The I.L.O. is also studying safety and health problems of indigenous workers, accidents and accident prevention policies in agriculture, and the nutrition of workers on plantations.

Holidays with Pay.

The subject of holidays with pay has been included in the agenda of the 1953 Session of the Conference. The main work of the I.L.O. in this field will therefore be to prepare the material for discussion by the Conference. The subject of holidays with pay in agriculture is before this session of the Conference for second discussion. Holidays with pay in the textile industry will be considered by the Textiles Committee this year.

Hours of Work.

Special problems concerning working hours in different industries have been studied by various Industrial Committees. The Coal Mines Committee failed to agree on a proposed revision of existing Conventions (adopted in 1935) concerning hours of work in coal mines but proposed that the question should be included in the agenda of a future session of the Conference with a view to the adoption of a Recommendation; the Governing Body will give further consideration to this question at an appropriate stage. The Inland Transport Committee has recommended revision of the 1939 Convention concerning hours of work and rest periods in road transport; action on this proposal is pending before the Governing Body. The next session of the Petroleum Committee will have an opportunity to consider hours of work in the petroleum industry. Hours of work in mines other than coal mines form the subject of a study prepared by the Office.

Workers' Welfare.

The I.L.O. has continued to pay special attention to the problems of industrial welfare in countries which are in the process of
industrialisation, where the provision of welfare facilities and amenities for workers is an important factor in the promotion of higher standards of living and can be regarded as one of the most appropriate means whereby labour recruits entering industry can be helped to adapt themselves to the new ways of life created by modern industrial developments. Welfare problems in certain industries have also been examined.

The Asian Advisory Committee considered in particular workers' welfare in Asian countries, taking as a starting point the basic requirements laid down by the Asian Regional Conference of 1950 in respect of sanitary facilities, medical and child care, canteens, rest, recreation and education, housing and other forms of welfare facilities for workers; it concentrated its attention on practical methods for the establishment, financing and administration of these facilities. The Committee was unanimous in recognising that minimum standards of welfare for workers employed in industry and on plantations should be laid down by legislation. It drew attention to the usefulness of I.L.O. technical assistance in the formulation of labour welfare legislation and in the organisation of effective machinery for the enforcement of legal standards respecting welfare facilities, and in regard to methods of financing and administration of welfare schemes and the organisation of seminars for the study of particular questions concerning labour welfare; and expressed the view that the I.L.O. should grant fellowships to enable qualified persons from Asian countries to study the organisation, administration and other aspects of labour welfare in countries where such services are relatively more advanced.

Health and social services for plantation workers are being studied in preparation for the second session of the Committee on Work on Plantations, in 1953. On-the-spot investigations are to be made in some underdeveloped countries into welfare in the construction industry with a view to obtaining guidance in regard to the welfare arrangements appropriate to underdeveloped countries. The Governments of such countries have been requested to supply information to the I.L.O. on the welfare of construction workers. Social services in the petroleum industry will be examined at the next session of the Petroleum Committee, with special reference to supply schemes, transport of workers, recreation facilities and co-operative societies. An enquiry is being made into the conditions of life and work of forestry workers, particularly as regards housing accommodation and maintenance given at the
workplace, general hygiene, occupational diseases, accident prevention and the truck system; the survey also covers general questions of wages and hours of work.

Housing.

The I.L.O. has approached housing policy from the point of view of the raising of the workers' standards of living. At the instance of the Building, Civil Engineering and Public Works Committee investigations are being made, in co-operation, where appropriate, with the United Nations, concerning workers' and employers' participation in the drawing up and implementation of housing programmes within the framework of a full employment policy; reduction of housing costs through increased productivity; rent policy; and increased facilities for the acquisition of small properties. This Committee also urged that technical assistance programmes for underdeveloped countries be expanded as much as possible and recommended that an exchange of information on housing problems should be carried on under the auspices of the I.L.O.

The Committee of Experts on Social Policy in Non-Metropolitan Territories, the work of which is dealt with below\(^1\), urged that Governments should consider the advisability of developing town planning and housing programmes, to include control of housing sites and standards, financial aid, rent control, priorities in publicly-financed housing to workers with families, and an inspection service. The Asian Advisory Committee, as noted above, emphasised the importance of housing in workers' welfare and urged that Governments should provide all possible assistance to employers who assume responsibility for workers' housing. The Committee also called for further studies of the problems of workers' housing in Asia.

In order to collect information for these studies and to prepare a basis for practical assistance in this field, the I.L.O. has sent a questionnaire to Asian countries concerning their housing problems and programmes. The questionnaire was prepared in consultation with the United Nations, the Food and Agriculture Organisation and the World Health Organisation, in order to avoid possible duplication of enquiries and to ensure that the material collected will be such as to meet the requirements of those organisations as well. A study of housing problems and policies in Latin America

\(^1\) See pp. 108 \textit{et seq.}
surveyed progress in recent years and examined problems which it was expected would be discussed by the Fifth Conference of American States Members of the I.L.O. A survey of housing conditions and programmes was included in Labour Policies in the West Indies.

Co-operatives

Co-operation and handicrafts have assumed particular importance in the effort to increase productivity and to combat underemployment in the underdeveloped countries. This is one of the fields in which I.L.O. technical assistance is most frequently requested (see Chapter III). The Asian Technical Conference on Co-operation (Karachi, December 1950-January 1951) laid down general lines for the development of I.L.O. activities in the region. It proposed setting up an Asian Field Office for technical assistance on co-operative questions. This proposal has since been approved in principle by the Governing Body and details are being worked out. The main functions of the Field Office will be to draw up programmes for the training of senior co-operative personnel, either on a national or on a regional basis, to organise training interchanges between co-operative institutions in the Asian countries, to assist Governments to draw up and implement programmes of basic education in co-operation and to survey co-operative progress, and to supervise and co-ordinate the work of I.L.O. experts on co-operative questions stationed in Asian countries.

Plans are being made for further development of the I.L.O.'s programme of assistance to Latin American countries in connection with co-operatives and handicrafts. The Organization of American States has for a number of years been specially interested in this field and recently has convened several regional seminars on social welfare at which co-operative problems have been discussed. The I.L.O. was represented at two of these seminars held during the past year, one at São Paulo and the other at Porto Alegre. Consultations have also taken place on the best means of coordinating the work of the O.A.S. and the I.L.O. in regard to

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2 INTERNATIONAL LABOUR OFFICE: Labour Policies in the West Indies, Studies and Reports, New Series, No. 29 (Geneva, 1952).
3 p. 55.
co-operatives in Latin America. The I.L.O. has also undertaken a general study of the development of the co-operative movement in Latin America, on similar lines to those already made for the countries of Asia and the Middle East. Full use is being made in this survey of information available to the Pan American Union. The Fifth Conference of American States Members of the I.L.O. will be able to consider further co-operative and handicrafts development in the region. The possibility of the calling by the I.L.O. of a technical conference on co-operatives in Latin America, similar to that for Asian countries held at Karachi, is being examined. Special consideration is being given to the development of homecrafts among indigenous populations of Latin American countries.

In addition to sending technical assistance missions and making regional surveys the I.L.O. has continued to act as a centre of information on co-operative problems and to prepare general studies. These include a new edition of the international directory of co-operative organisations; a statistical analysis of co-operatives throughout the world; and studies on co-operative legislation, Government encouragement of co-operatives, the organisation and management of co-operatives, inter-co-operative relations, and conditions of work in handicrafts and small-scale industries.

Workers in Various Occupations

Agricultural Workers.

In my last Report to the Conference I mentioned the new importance accorded to problems of agricultural labour and the particular significance of the I.L.O.'s work in this connection for the underdeveloped countries, where the vast majority of the population is engaged in agriculture and where any general improvement of the standard of living will depend to a large extent on the progress achieved in agriculture.¹

At its last session the Conference adopted a Convention and a Recommendation concerning minimum wage fixing machinery in agriculture. At its present session it will deal with international regulations on holidays with pay in agriculture. In addition to the work of the Conference, other activities of the I.L.O. in this field have been directed to special problems of particular importance to underdeveloped areas. The Economic and Social Council and

the General Assembly of the United Nations have during the past year paid particular attention to problems of land reform in connection with economic development and the Governing Body of the I.L.O. associated itself with the Council in recognising the importance of the problem of land reform and placed on record the willingness of the I.L.O. to co-operate with the United Nations and with other specialised agencies concerned, in taking action on this question. The conclusions reached by the Council are being communicated, in accordance with the wishes of the Governing Body, to the different organs of the I.L.O. which are considering matters relevant to problems of land reform. The Fifth Conference of American States Members of the I.L.O., for example, will have an opportunity, in considering the Report of the Director-General, to discuss the bearing of land reform in its social aspects on the general problem of economic development of Latin America.

The conclusions arrived at by the Committee on Work on Plantations at its first session are being followed up by means of a study of wage regulation and of health and social services. These two questions, together with a general report, will figure on the agenda of the second session of the Committee, which is to meet early in 1953. The work of the I.L.O. on behalf of indigenous workers in independent countries, the bulk of whom are engaged in subsistence agriculture, is referred to below.\(^1\) The enquiry into the conditions of life and work of forestry workers has been mentioned above. The I.L.O. also has co-operated with the Food and Agriculture Organisation in the preparation, for a meeting of the Committee on Agricultural Problems of the Economic Commission for Europe, of a report on the status of tenant farmers and share-croppers in Europe.

Proposals before the Governing Body for the reorganisation of the Permanent Agricultural Committee may be expected to result in a further impetus to the agricultural work of the I.L.O.

**Seafarers.**

The maritime work of the I.L.O. centred around the meeting of the Joint Maritime Commission in May 1951. One of the principal questions before the Commission was conditions of employment of Asian seafarers. The Commission found that sufficient information was not available for adequate consideration of a proposal to convene a regional maritime conference. The

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\(^1\) See pp. 107-108.
I.L.O. is accordingly making a first-hand study of the problem in all the major ports in the Asian region with special reference to methods of recruitment, welfare facilities in ports and employment conditions in the coasting trades of those countries, and a report will be submitted to the forthcoming session of the Joint Maritime Commission, which it is expected will be convened in May 1952. The Commission will then be asked to decide whether it considers that an Asian Maritime Conference should be convened in the near future. In this connection it may be mentioned that the Inland Transport Committee has requested that a study be made of conditions of workers in inland waterways in Asia.

The International Transportworkers’ Federation Congress proposed that the I.L.O. should convene a regional maritime conference to consider the effect of present competitive conditions in the short-sea trades of west and north-west Europe upon the wages and other conditions of employment of seafarers engaged in these trades. The question is being studied by a bipartite subcommittee of the Joint Maritime Commission. This subcommittee, which met in London in January 1952, decided to concentrate in the first instance on the problem of hours of work. The I.L.O. is collecting information on the matter and will present it to a further meeting of the subcommittee to be held immediately before the next session of the Joint Maritime Commission. The Inland Transport Committee has similarly proposed that the I.L.O. should study the effect of prevailing competition on wages and conditions of employment of workers in North Sea and Channel ports.

The possibility of revising the Convention concerning wages, hours of work and manning was also raised by the International Transportworkers’ Federation. The Governing Body has recommended that no action concerning the revision of the Convention should be contemplated at present but that the position should be examined again after 12 or 18 months. The attention of the I.L.O. was drawn by the International Refugee Organisation to the status of refugee seafarers. Because of the nature of their calling it is extremely difficult for refugee seafarers to comply with the conditions of residence normally required by Governments for the obtaining of a travel document; and the I.L.O. was requested to assist in improving this situation. The Governing Body, at the suggestion of the Joint Maritime Commission, decided that the problem should be brought to the attention of the High Commissioner for Refugees and of the Members of the I.L.O., on the understanding that action suggested would not encroach upon or duplicate
the activities of other international organisations. The I.L.O., as noted above, has also been giving particular attention to the question of the accommodation of migrants on board ship.

_Salaried Employees and Professional Workers._

The meeting of the Advisory Committee on Salaried Employees and Professional Workers in February-March 1952 dealt with hygiene in commerce and offices and with the rights of performers in broadcasting, television and the mechanical reproduction of sound. It also had before it a general report covering such questions as the contribution of non-manual workers to economic activity in general and productivity in particular, professional organisations, the employment contract, unemployment, vocational training, conditions of work, social security and so forth. Activities regarding remuneration of salaried employees are mentioned above.\(^2\)

The Governing Body accepted the invitation of the International Union for the Protection of Literary and Artistic Works (Berne Union) to be represented at a meeting of the Mixed Committee of Experts convened by the Union in November 1951 to prepare, for possible adoption, the texts of one or more conventions regarding the rights of performers, manufacturers of phonographic records and similar instruments and broadcasting organisations. The Mixed Committee of Experts approved a draft of a single convention with parts covering the different interests concerned. The I.L.O. delegation, which included tripartite representation of the Governing Body, reserved the position of the I.L.O. so as to allow for consideration of the proposed convention by the Advisory Committee on Salaried Employees and Professional Workers, and in particular to permit the Governing Body to make recommendations for the control of the application of provisions dealing with the rights of performers in accordance with usual I.L.O. procedure. The Advisory Committee on Salaried Employees and Professional Workers had before it the report of the Mixed Committee of Experts of the Berne Union as well as an I.L.O. report on the general problem of performers' rights.\(^3\)

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2. See p. 93.
Special Categories of Workers

Women's Work.

Considerable progress has been made during the past year on matters affecting women's employment. The last session of the Conference adopted a Convention and a Recommendation concerning equal remuneration for men and women workers for work of equal value. The present session has before it proposals for revision of the 1919 Convention concerning maternity protection. In December 1951 a meeting of experts on women's work was held in Geneva. It examined problems of vocational training of women, the services rendered to women by public employment offices, and measures to facilitate the application of the principle of equal remuneration for men and women workers for work of equal value. The conclusions of the experts will serve as a guide for further I.L.O. action.

Problems of women's employment in the textile industry, in which women form a high proportion of the total workers employed, are to be examined by the Textiles Committee in 1953. Particular attention will be given to recruitment, training and promotion, and to problems of equal pay for equal work. The Building, Civil Engineering and Public Works Committee has called for measures to prohibit the employment of women and children on construction jobs which are beyond their physical powers. The Asian Advisory Committee is to consider women's employment in relation to protective legislation which affects women. A report on vocational guidance and technical education for women has been prepared by the I.L.O. for the United Nations Commission on the Status of Women. Another report on national laws and regulations concerning maternity protection in American countries was prepared for the Inter-American Commission of Women, a specialised organisation associated with the O.A.S.

Domestic Workers.

A Meeting of Experts on the Status and Conditions of Employment of Domestic Workers was held in Geneva in July 1951. The meeting discussed and adopted conclusions concerning the following subjects, which it suggested might be considered by a preparatory technical conference prior to discussion by the International Labour Conference with a view to the adoption of international regulations: the contract of employment; conditions of
life and work, including rest periods; board and lodging; remuneration; maternity and health protection; special protection for young domestic workers; social security; and vocational training followed by the grant of officially recognised diplomas or certificates. The experts urged further development of home aid services organised or controlled by the public authorities. They recognised that regulations must take into account the special character of the employer-employee relationship inherent in domestic service where employer and worker frequently share the same household and where mutual obligations of a special character must be recognised.

Protection of Young Workers.

The regulation of employment of young workers in underground work in coal mines is before the present session of the Conference and may be placed on the agenda of the 36th Session for a second discussion. The Coal Mines Committee has proposed standards which have been submitted to this session for consideration.

The I.L.O. is working with the United Nations and with other specialised agencies concerned in a co-ordinated long-range programme to help Governments to meet the special needs of children. Problems affecting children and young persons in rural areas and in non-industrialised regions are receiving particular attention. Similar co-ordinated action is being undertaken in regard to rehabilitation problems, including problems of handicapped children.

The protection of children and young workers in Asian countries in relation to their vocational preparation and employment opportunities has been the subject of special study and a technical meeting on the question is to be convened this year.

Indigenous Workers.

The programme of work on behalf of indigenous populations of independent countries drawn up by the Committee of Experts on Indigenous Labour at its meeting in La Paz in January 1951 was outlined in my Report to the last session of the Conference. The Committee laid emphasis on vocational training, social security, indigenous homecrafts, the organisation and control of recruitment of indigenous workers, health and safety of workers in industry and mining and the dissemination among indigenous populations of information concerning their constitutional rights and concerning labour laws. The Committee drew up a comprehensive list of studies which it considered could usefully be
made by the I.L.O. in collaboration, where appropriate, with the
United Nations, other specialised agencies and the Organization
of American States and recommended the setting up of a joint
field working party to carry out such of these studies as require
co-ordinated field work among the various international orga-
nisations concerned.

This joint field working party is now being planned by the I.L.O.
in consultation with the United Nations, other specialised agencies
concerned and the Organization of American States through the
Technical Assistance Board. For practical reasons the project
will at first be limited to the high plateau region of the Andes;
it is proposed that at a later stage a similar study shall be made
for the Guatemala-Mexico region. The general objective is to help
the Governments concerned to bring about closer integration of
their indigenous populations into the social, economic and cultural
life of their respective countries.

The I.L.O. is also preparing a study on conditions of life and
work of indigenous populations in independent countries and is
examining legislation concerning forest-dwelling indigenous popu-
lations as well as the various methods by which they can be inte-
grated into the economic, social and cultural life of their countries.
In order to give a broader international character to the Com-
mittee of Experts on Indigenous Labour, the Governing Body has
increased its membership by four experts from Burma, Colombia,
Pakistan and Venezuela.

Workers in Non-Metropolitan Territories.

The Committee of Experts on Social Policy in Non-Metropo-
litan Territories, meeting at the end of 1951, reviewed the pro-
gramme of work of the I.L.O. in this field and set forth the lines
along which it should proceed.

Recommendations made by the Committee in regard to two
matters, penal sanctions for breaches of contracts of employment
by indigenous workers, and migrant labour, may lead to eventual
action by the Conference.

As regards penal sanctions, considerable advances towards their
general abolition have been made since the adoption by the I.L.O.
of the Penal Sanctions (Indigenous Workers) Convention of 1939 and
the Committee recommended that the States Members concerned
which have not ratified this Convention should be invited to
reconsider the possibility of doing so. It also proposed that the
Convention be supplemented by a Recommendation providing for
the immediate abolition of penal sanctions in connection with women workers and certain other categories of workers and in respect of certain types of breaches of contract; for the abolition of all penal sanctions not later than 31 December 1955; and for the submission to the I.L.O. of periodic reports on the progress being made towards such abolition and of statistics concerning the annual numbers of workers upon whom penal sanctions have been imposed.

As regards migrant labour, the Committee reviewed the whole situation, particularly in so far as African territories are concerned, in the light of the latest available information. The impoverishment of the countryside through soil deterioration, unsuitable agricultural methods and policies and pressure of increasing population on available land, forces the inhabitants of certain African territories to seek employment elsewhere. Their absence means further neglect of cultivation, more men are driven to leave the region in order to look for work, and a vicious circle is thus formed. In order to stop this trend, vigorous action to rehabilitate and develop the land occupied by Africans is essential. This might deplete the supply of manpower available to industrial undertakings but in any case it is advisable that the practice of relying on mass supplies of unskilled labour should be replaced by policies more economical of manpower. A prosperous countryside is, moreover, essential if food supplies for the industrial workers of the towns are to be assured. Policies tending to utilise more profitably smaller supplies of labour will naturally involve training. Trained workers will tend to become stabilised workers and stabilisation involves urban development to meet the needs of settled employees. The Committee made two series of recommendations, the first dealing with the measures to be taken to raise the economic and social level of rural communities and the second with measures concerning the protection of migrants during their journeys and at their places of employment. The Committee suggested that its conclusions in regard to the latter subject should be submitted to the Conference with a view to the adoption of a Recommendation.

The Committee suggested the setting up of an I.L.O. Field Office for Africa on the lines of existing field offices in Asia, Latin America and the Middle East. The question will be examined in consultation with the Governments concerned.

The Committee also emphasised the possibilities of I.L.O. technical assistance to non-metropolitan territories and laid particular stress on the importance of securing full active co-opera-
tion of local authorities. It considered that technical assistance by way of regional surveys and projects might be particularly useful in solving problems common to large areas in which there are non-metropolitan territories which are administered by different Members. A regional survey of the possibilities of developing African handicrafts and home industries was suggested.

A report on labour policies in the West Indies has recently been published. Further studies by the I.L.O. are proposed on training facilities in non-metropolitan territories; work carried out in workers' own homes or without direct employer supervision; wage systems and structures; co-operative organisation; trade unions and industrial relations; workers' housing; the extent of participation of indigenous inhabitants in the deliberations of bodies dealing with social and labour subjects; and practical ways to help administrations in the fuller application of internationally agreed standards and in the collection and publication of texts of laws and regulations on social and labour questions concerning Africa. The Committee of Experts suggested that seminars on labour and social problems held by the I.L.O. in regions where non-metropolitan territories predominated would be a very useful way of supplementing these proposed studies.

The United Nations Trusteeship Council has been kept fully informed of the progress of the I.L.O.'s work in regard to penal sanctions and migrant labour, in which it has expressed special interest. Data concerning migrant labour in Africa, co-operation and training problems have been supplied to the United Nations Special Committee on Information from Non-Self-Governing Territories. The General Assembly has recommended that the Trusteeship Council should consider inviting the I.L.O., among other agencies, to assist it in its study on rural development of trust territories.

The I.L.O. has continued to co-operate with various regional bodies concerned with questions affecting non-metropolitan territories. Particularly close collaboration has been established with the Caribbean Commission. A paper on the improvement of labour productivity was submitted to a conference on industrial development held in Puerto Rico under the auspices of the Caribbean Commission in February 1952. The I.L.O. is also preparing a report on vocational training for the West Indian Conference to be held in Jamaica late in 1952. It is hoped further to develop

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1 *Labour Policies in the West Indies, op. cit.*
contact with the South Pacific Commission as that body embarks on the consideration of questions of special interest to the I.L.O. Close co-operation is also envisaged with the African Labour Bureau which is being set up within the framework of the Commission for Technical Co-operation in Africa South of the Sahara (C.C.T.A.). An African Labour Conference is expected to be held in Bamako, French Sudan, at the end of 1952 or early in 1953. The I.L.O. participated in the African Labour Conference held in the summer of 1950 at Elizabethville, Belgian Congo, and similar co-operation with the forthcoming conference is anticipated.

**Fact-Finding and Conciliation Commission on Freedom of Association**

Two years ago the International Labour Conference approved and confirmed the decisions taken by the Governing Body in connection with the establishment of the Fact-Finding and Conciliation Commission on Freedom of Association. During the past year the Governing Body took action to improve the internal procedure which it had adopted under these decisions for the preliminary examination of complaints. Under the former procedure complaints were referred in the first instance to the Officers of the Governing Body, who were to consider whether a *prima facie* case had been made out. After some experience in the use of this procedure it became apparent that the Officers of the Governing Body were being called upon to take on their own responsibility very delicate decisions with wide implications both for the Governments involved and for the I.L.O. It was suggested that this responsibility should be shared by other members of the Governing Body. The Governing Body accordingly decided to establish a committee composed of nine of its members, each of whom would have a substitute, including the Officers of the Governing Body when available, to undertake the duty of preliminary examination. To ensure that this preliminary examination of the facts should take place in an atmosphere free from prejudice or influence in favour of any interested parties it was agreed that a Government member of the committee should be replaced when the Committee was dealing with a case involving his Government and that no representative or national of the State against which representation had been made and no person occupying an official position in the national association of employers or workers which made the representation might sit as a member of the Committee.
This would not, of course, preclude the Committee from hearing such persons, but they would not share in the responsibility for its recommendations to the Governing Body. The Governing Body further decided that in future the Director-General, unless he considered that there were special circumstances which made it desirable to refer the matter in the first instance to the Committee should communicate all allegations to Governments as soon as they were received and ask the Governments whether they had any preliminary observations to make. Thus the Committee would have an opportunity of considering without undue delay both the allegations submitted to it and any preliminary observations concerning such allegations which were received from Governments.

The Committee is not called upon to express any view on the question whether a prima facie case has been made out; its responsibilities are essentially (1) to consider and to advise the Governing Body whether the case is such as to merit examination by the Governing Body, and (2) where the Governing Body so decides, to attempt to secure the consent of the Governments concerned to the reference of such cases to the Fact-Finding and Conciliation Commission. The Committee (after examination, including the consideration of any observations made by the Governments concerned, if received within a period of time which the Committee has indicated as reasonable) would, therefore, be expected to report to the next session of the Governing Body on the following lines: that a case does not call for further examination (if the Committee finds, for example, that the alleged facts, if proved, would not constitute an infringement of the exercise of trade union rights); or that the allegations made are so purely political in character that it is undesirable for the I.L.O. to pursue the matter further; or that the allegations made are too vague to permit a consideration of the case on its merits; or that the complainant has not offered sufficient evidence to justify reference of the case to the Fact-Finding and Conciliation Commission. When the Committee, after such preliminary examination, concludes that a case warrants further examination it is to report this conclusion to the Governing Body, which will decide whether it is desirable to attempt to secure the consent of the Government concerned to the reference of the case to the Fact-Finding and Conciliation Commission. The Committee is to submit to each session of the Governing Body a progress report on all cases which the Governing Body has decided warrant further examination.
In every case in which the Government against which the complaint is made has refused consent to referral to the Fact-Finding and Conciliation Commission or has not within four months replied to a request for such consent, the Committee is to include in its report to the Governing Body recommendations as to the "appropriate alternative action" which in the view of the Committee the Governing Body might take under the approved procedure.

The Committee held its first meeting in January 1952 under the chairmanship of Mr. Paul Ramadier, Chairman of the Governing Body. It had before it 39 complaints which had been received directly by the I.L.O. or referred to it by the Economic and Social Council. The Committee was struck by the extent to which the same questions constantly recurred in different cases and it therefore formulated certain general criteria for dealing with cases before it. The question is sometimes raised whether a particular complaint is to be regarded as having been made by an organisation of workers or of employers, on the grounds that persons purporting to act on behalf of such an organisation are not entitled to do so because the organisation has been dissolved or because the individuals lodging the complaint have ceased to be resident in the country concerned. The Committee considered that it would be altogether inconsistent with the purpose for which the procedure for the examination of allegations had been established for it to admit that the dissolution or purported dissolution of an organisation by Government action extinguishes the right of the organisation to invoke the procedure. Similarly the Committee will not regard any complaint as being irreceivable simply because the Government in question has dissolved or is purported to have dissolved the organisation on behalf of which the complaint is made or because the person or persons making the complaint have taken refuge outside the country concerned. One of the responsibilities entrusted to the Committee, as noted above, is that of reporting that a case does not call for further examination if the Committee finds that the allegations made are so purely political in character that it is undesirable to pursue the matter further. In taking its decisions the Committee will be guided by the general principle that it is inappropriate, inconsistent with its traditions and prejudicial to its usefulness in its own sphere, for the I.L.O. to discuss political questions directly relating to international security, but that situations which are political in origin may have social aspects which the I.L.O. may justifiably examine by appropriate procedures. Accordingly the Committee proposes to form
its own judgment in each case as to the course which it should advise the Governing Body to pursue. The Committee further concluded that it must reject as unfounded allegations which are not sufficiently substantiated to warrant further enquiry, even though the Committee, or a majority of its members, may not be convinced that the position of trade unions in the country concerned is in all respects fully satisfactory. A special responsibility accordingly falls on those lodging complaints to formulate their allegations in detail and to substantiate them with satisfactory evidence. In the same way, where precise allegations are made the Committee cannot regard as satisfactory replies from Governments which are confined to generalities. The purpose of the whole procedure is to promote respect for trade union rights in law and in fact, and the Committee is confident that, if it protects Governments against unreasonable accusations, Governments on their side will recognise the importance for the protection of their own good name of formulating for objective examination detailed factual replies to such detailed factual charges as may be put forward. In any case in which a Government does not respond within a reasonable period, indicated by the Committee, to such a request for more detailed information the Committee will report the circumstances to the Governing Body.

The Committee concluded that if the I.L.O. is to fulfil its responsibility in regard to trade union rights it must avoid two contrary dangers: on the one hand it must not be distracted from its task by attempting to deal with a wide range of cases which it is neither appropriate nor necessary to examine internationally; and on the other hand it must not hesitate to discuss cases which are of such a character as to affect substantially the attainment of the aims and purposes of the I.L.O.

Apart from these general observations, the Committee communicated to the Governing Body the result of its preliminary examination of the 39 complaints before it. In 20 cases observations on the complaints had been received from the Governments concerned. In 13 cases complaints had been communicated to the Governments concerned for their observations but these had not yet been received. The remaining six cases submitted to the Committee by the Director-General for its opinion had not yet been referred to the Governments concerned. The Committee recommended that seven of the 20 cases in which observations had been received from Governments should be dismissed as not calling for further examination. These cases related to Egypt, France,
Israel, Italy, the Netherlands, and the non-metropolitan territories of Cyprus and Uganda under the administration of the United Kingdom. In ten others of these 20 cases, the Committee has asked the Director-General to obtain further information from the Governments before it makes its recommendations to the Governing Body. The Committee suggested that two other cases should be further examined by the Governing Body and decided to postpone consideration of the remaining case until its next meeting in March 1952. At that meeting the Committee was also to consider and make recommendations concerning the 13 cases on which the observations of Governments had not yet been received.

The Fact-Finding Commission can, of course, function only with the consent of the Governments concerned; and up to the present no Government has given its formal consent to the reference to the Commission of an allegation concerning it. The responsibility for success or failure in this task which the I.L.O. has undertaken rests squarely upon the Governments concerned. Only by impartial and disinterested investigation of any allegations of infringements of trade union rights can charges and counter-charges relating to such rights be prevented from becoming a permanent element in international tension.

Forced Labour

In my Report to the last session of the Conference I mentioned that the Economic and Social Council in March 1951 decided to invite the I.L.O. to co-operate with it in establishing, as early as possible, an Ad Hoc Committee on Forced Labour, to consist of not more than five independent members, chosen for their competence and impartiality, to be appointed jointly by the Secretary-General of the United Nations and the Director-General of the I.L.O. The Committee's terms of reference were as indicated in my Report.¹ The Governing Body in November 1950 had already expressed the willingness of the I.L.O. to co-operate in this manner with the United Nations.

The following persons were invited and agreed to serve as members of the Committee:

Mr. Paal Bæg, former President of the Supreme Court of Norway; Government Chief Mediator and member of the Norwegian Labour Disputes Committee; President of the Norwegian Industrial Court;

Minister of Social Affairs and Minister of Justice; former President of the International Labour Conference; former Chairman of the Governing Body;

Sir Ramaswami MUDALIAR, member of the Imperial War Cabinet and Pacific War Council, London, 1942-1943; Member without Portfolio, Viceroy's Executive Council, 1942-1943; former Chief of the Government of the State of Mysore; Chairman of the Indian delegation to the San Francisco Conference, 1945, where he also served as Chairman of the Economic Committee which formulated the economic and social sections of the United Nations Charter; first President of the Economic and Social Council, 1946, re-elected 1947; first Vice-President of the Economic and Social Council, 1950-1951;

Mr. Felix Fulgencio PALAVICINI 1, prominent Mexican Statesman and diplomat; former Ambassador to London, Paris and Rome; delegate to various international conferences; one of the drafters of the Mexican constitution of 1917; prominent in action in regard to social questions and, more particularly, problems of child welfare, education and public health.

The Ad Hoc Committee held its first session in Geneva from 8 to 27 October 1951. After consideration of its terms of reference and methods of work the Committee stated in a progress report that it proposed to discharge its task, within the limits of its terms of reference, without prejudice of any kind and with complete impartiality and objectivity, on a universal basis, with the sole aim of safeguarding human rights and improving the situation of workers. In order that the Committee might be able to proceed with its work it drew up a questionnaire, which is being sent to Governments, requesting information concerning the laws, regulations and administrative practices of the various States bearing upon forced labour.

Progress of International Labour Legislation

The total number of ratifications registered in 1951, 56 in all, falls substantially short of the corresponding figures for the two preceding years, when 76 and 80 were received. A large number of ratifications is, however, at present pending before the parliaments of various countries and in the case of several other Members, e.g., Cuba, Greece, Mexico, Portugal and the Union of South Africa, the competent national bodies have already given their approval and communication to the Office is now merely a matter of form. During the first months of 1952, 23 ratifications have already been registered; of these, 13 are by Guatemala and 3 are the first ratifications by Haiti.

1 Members of the Conference will have learnt with regret of the death on 9 February 1952 of Mr. Palavicini.
During the year 1951, ratifications were communicated to the I.L.O. by the following 14 Members: France (9), Belgium (6), Canada, Ceylon, Finland and Israel (5 each), Austria, Iraq and Pakistan (3 each), Ireland, the Netherlands and the United Kingdom (2 each), Denmark and Turkey (1 each). In addition, Indonesia has declared herself bound by four Conventions previously ratified by the Netherlands. Indonesia and Israel, who only recently became Members of the Organisation, have communicated ratifications for the first time. The total number of ratifications, including those registered since 1 January 1952, now stands at 1,267.

Consequent on last year's ratifications, three more Conventions enter into force in the course of 1952: the Migration for Employment Convention (Revised), 1949 (No. 97), in January; the Labour Clauses (Public Contracts) Convention, 1949 (No. 94) and the Protection of Wages Convention, 1949 (No. 95), in September. The total number of international labour Conventions in force will thus be brought to 73.

The number of Conventions adopted since the war which have entered, or are about to enter, into force, is 14; of these several have received a dozen or more ratifications. Although this is a not inconsiderable number, efforts to secure more ratifications are necessary.

As only two Conventions were adopted by the Conference at its sessions in 1950 and 1951, Governments may now be able to give particularly thorough consideration to the possibility of ratifying these and other Conventions. The Conference has, on more than one occasion, drawn the attention of Members to the importance of the provisions of Article 19 of the Constitution of the I.L.O., which require Governments to bring the Conventions and Recommendations adopted by the Conference “before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action”. The Committee on the Application of Conventions and Recommendations warned the Conference at last year's session that unless this provision was strictly complied with by Members the texts adopted by the Conference would be in danger, in many cases, of remaining a dead letter.

As has been frequently stated, it would be unrealistic to regard the progress of ratifications as the sole yardstick with which to measure the effect given to the International Labour Code. The formulation of the social standards which this Code embodies,
followed by their publication and their adoption by a number of countries as national standards cannot but influence social conditions in the countries where for various reasons such adoption may not have been achieved. The reports on unratified Conventions and on Recommendations received from Members in the past few years reveal in several cases a substantial measure of conformity between the national law and practice and the relevant Conventions and Recommendations. While this furnishes a welcome illustration of the manner in which the "legislative" work of the I.L.O. is indirectly stimulating and accelerating national measures to improve the conditions of the workpeople, it also makes clear the need for a concerted effort by all concerned, inasmuch as it shows that there is a definite possibility of wider ratification and adoption of I.L.O. standards. After all, the function of the Organisation in the definition of standards—the careful preparation of preliminary texts and the thorough consideration and final drafting of standards by the Conference—derives its ultimate value from the measure of recognition it obtains from the Members through the ratification and implementation of these standards. In this connection the practice of examining unratified texts in order to ascertain whether any of them could be adhered to either on the basis of the existing law and practice or after certain minor changes in legislation assumes special importance. It has been followed with good results in some countries and is to be commended to those which have not yet applied this method. Finally, the close relationship between the I.L.O.'s legislative and operational activities has been accentuated. The material advances achieved through technical assistance can best be consolidated through parallel advances in social legislation.

Finance


I am pleased to be able to report that the various activities of the I.L.O. described in this chapter have been financed in a smooth and orderly fashion and that the financial operation of the Organisation in 1951 presents a favourable picture. In 1951 the total income of the I.L.O. on the regular budget amounted to $6,381,319, equivalent to 101.78 per cent. of the budget, and the total expenditure on the regular budget amounted to $5,834,588, or 93.06 per cent. of the budget. As a result of the working of the Organisation
in 1951, therefore, a cash balance of $546,731 remained at the end of the year.

This cash balance is unusually big. It compares with a cash balance in 1950 of only $69,591. The largeness of the cash balance in 1951 is due to a series of exceptional circumstances. In the first place, in 1951 we received, from States admitted or readmitted in 1950 and in 1951, $209,911 in respect of contributions for periods for which contributions were not assessed in the budget. In the second place, we received an unusually large sum, namely $718,840, in respect of arrears due for previous years. Since this considerable excess of income over expenditure arose in the main from causes of a non-recurrent nature, it cannot be assumed that in 1952 a large cash balance can again be expected.

A particularly favourable feature of the financial position in 1951 is that the contributions assessed for that year which were received before 31 December 1951 amounted to 85.45 per cent. of the budget, as compared with only 82.43 per cent. in 1950.

In addition to the income under the regular budget, the I.L.O. had at its disposal in 1951 certain extra-budgetary resources.

Under the Expanded Programme of Technical Assistance, the share of the contributions received by the Secretary-General of the United Nations for the first financial period to 31 December 1951 transferred to the I.L.O. amounted to the equivalent of $374,501. Expenditure up to 31 December 1951 amounted to $336,315, leaving an available balance of $38,186.

Under the Special Migration Programme the total amount of the contributions received for the period ending 31 December 1951 was the equivalent of $588,322. Expenditure up to 31 December 1951 amounted to $570,535, leaving an available balance of $17,787.

Finally, under the arrangements approved by the Conference in 1950 for financing the extension to the Geneva building, the sums received in 1951 on loan from the Geneva authorities amounted to Sw. frs. 1,001,500, and expenditure on the extension to Sw. frs. 1,001,211, leaving an available balance of Sw. frs. 289.

It has, therefore, again been possible to observe in 1951, in respect not only of the regular budget but of extra-budgetary funds, the principle, to which the Governing Body and the Conference have always attached great importance, that expenditure should be kept within the limits of income.

It should be added that under all the three schemes referred to above financial resources will be available in 1952 for the continuation or completion of the projects. Under the Expanded Programme
of Technical Assistance, for instance, over one million dollars will be available in 1952 for the I.L.O. from its share of the contributions received by the Secretary-General of the United Nations for the first financial period to 31 December 1951, in addition to its share of the contributions to be received by the Secretary-General for the second financial period (1952).

Budget Estimates for 1953.

The procedure for the adoption of the budget for 1953 will be the same as in previous years. The first stage was the preparation of detailed proposals by the Director-General which were sent to the Financial and Administrative Committee of the Governing Body before the end of last year. The next stage was the examination of these budgetary proposals by the Financial and Administrative Committee. The Financial and Administrative Committee devoted a very great deal of care to a full and detailed discussion of the estimates. Members of all three groups, Governments, Employers and Workers, agreed that on the one hand it was necessary to provide the Organisation with the necessary financial resources to undertake its tasks, and that on the other it was equally necessary, in the interests of the Organisation as a whole, to examine the budgetary proposals closely and objectively on the basis of the justification for each item.

As a result of this detailed discussion and the suggestions made for a review of the original proposals on certain points, agreement was finally reached on the estimates to be recommended by the Financial and Administrative Committee for consideration by the Governing Body. The Governing Body examined the proposals made by its Financial and Administrative Committee and agreed unanimously to recommend them for the approval of the Conference.

In the course of the discussion by the Governing Body I emphasised that my action in keeping the 1953 budget estimates below those for 1952 was a drastic measure to meet what had been represented to me by Governments as a serious problem, in view of the financial and economic difficulties they were experiencing.

These budgetary estimates are being sent to Governments of all Members as part of the report on Financial and Budgetary Questions.¹ That report contains, besides the proposals made by the Governing

Body, a report of the discussion in the Financial and Administrative Committee, together with the detailed justification for the various proposals made and a summary of the estimates presented on project budget lines. In respect of each of the projects listed an estimate of the 1953 workload of the various Divisions and Services of the Office contributing to the accomplishment of that project is given.

The net expenditure estimates for 1953 recommended by the Governing Body amount to $6,223,368, compared with the net expenditure budget for 1952 of $6,224,922. The gross expenditure budget estimates for 1953 amount to $6,469,085, compared with the gross expenditure budget for 1952 of $6,470,639.

**Arrears of Contributions.**

The Conference has each year voted unanimously the budget for the following year. But not all Members have paid their contributions in the year for which they were due. Each year the accounts show a substantial sum of arrears of contributions owed to the Organisation by Members. The Governing Body at its 118th Session (March 1952), devoted special care to an examination of the question of arrears of contributions. It noted that the total arrears due by Members on 7 February 1952 was $1,381,546, of which $760,508 was for years prior to 1951 and $621,037 was for 1951. The arrears for years prior to 1951 were due by only eight States Members of the Organisation. The Governing Body came to the conclusion that no new constitutional or administrative measures were called for but it agreed to recommend to the Conference that the budget estimates for 1953 should be accompanied by a recommendation, addressed to all Members, to pay their contributions within the year for which they are assessed and as early in the year as their national budgetary procedures permit.

In drawing attention to this recommendation, I should like to take the opportunity of expressing gratitude for the willing financial support given to the Organisation by the great majority of the Members. In these difficult times this is a particularly significant indication of the importance which they attach to social policy and to the ideals of the I.L.O.
CONCLUSION

In this Report I have tried to outline certain matters for your consideration: problems of inflation and overstrained resources; the lines of social policy to be followed by nations; the operational work of the I.L.O. In surveying the background to your discussions I have perhaps struck rather a sober note, but no more sober than I believe the situation warrants. The difficulties that face social progress have not diminished in the past few years, and they cannot be ignored. It is the duty of our Organisation to be in the vanguard of the movement to overcome them, and it cannot abdicate its great responsibilities now.

It is significant that, in spite of these difficulties, the I.L.O. has been able to expand its operational activities, to which Governments are attaching increasing importance. It is this aspect of the I.L.O.'s work that I have stressed in this Report, giving an account of our methods, achievements and difficulties. I look forward to receiving valuable guidance from you in carrying on this work, which is fast being woven, not only into the fabric of the Organisation, but into the very pattern of all international efforts for peace.

11 March 1952.

DAVID A. MORSE.