POVERTY AND MINIMUM LIVING STANDARDS

THE ROLE OF THE ILO

report of the director-general / part 1
(first item on the agenda)
The designations of countries employed, which are in conformity with United Nations practice, and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers.
PREFACE

This is the last Report that I shall be submitting, as Director-General of the International Labour Office, to the International Labour Conference. While I had decided on the theme of this Report some considerable time before announcing my decision to resign from the office of Director-General, it is a happy coincidence that the subject of my last Report to the Conference should correspond so closely to my deepest personal convictions. I expressed these convictions to the Governing Body, on the occasion of my re-election in February 1967, in the following terms: "In the first place, I hate discrimination from the bottom of my toes; in the second place, I am made ill by the vistas of poverty to be seen in the world; in the third place, I am overwhelmed by the problems of sickness that exist everywhere, and especially among the less fortunate peoples."

I have always believed, and I continue to believe, that the ILO has a leading role to play in eradicating the causes of poverty, injustice, and distress, and that it can be a powerful instrument in any world-wide attack on these problems. But the extent of poverty and appallingly low living standards in the world remains alarming and threatens to become even more alarming in the years ahead. It is for this reason that my last Report to the Conference is a call for the rededication of the ILO's constituents to the basic mission of this Organisation and for a renewed and concerted commitment on the part of all the nations of the world to a continuation and an intensification of the war against want.
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INTRODUCTION

In devoting my Report to the 54th Session of the Conference to the topic of poverty and minimum living standards, and to an examination of the role of the ILO in this field, I am motivated by the same concern as when, in my Report last year, I put to the Conference my proposals for a World Employment Programme. The reason for my concern is, basically, that the immense—and, in global economic terms, not altogether unsuccessful—efforts for development during the past two decades have not so far resulted in many perceptible improvements in the living standards of the majority of the world's population.

In the course of the past year, this preoccupation with the inadequate social results of development has been echoed in a number of important and authoritative statements on future policies for development. For example, the United Nations World Economic Survey for 1968 noted that, although the performance of developing regions would probably fall not far short of the target of an annual increase of 5 per cent in the gross national product by the end of the First Development Decade, development had been conceived too narrowly in the past and, in particular, "has not been distinguished from economic growth... Development, as now conceived, is an objective with broad social significance... Its aim is not only greater output, but changes in the level, composition and distribution of output which lead to improvements in the present and future welfare of the community at large. Thus, the many political problems which have economic origins, such as the social tensions generated by disparities in economic well-being or opportunity among regional or racial groups or classes, are not issues to be regarded as diverting development policy from its main purpose of economic growth; on the contrary, they are the very kinds of problems which must be tackled by development policy." 1

The Commission on International Development, which had been set up under the chairmanship of the Rt. Hon. Lester B. Pearson at the request of the President of the World Bank to assess the results and consequences of development assistance so far and to propose policies for

the future, reached similar conclusions. "Stable development", it said in its Report, "would seem to require a more equitable distribution of wealth and a greater degree of participation in political and economic life than has so far been characteristic of many developing countries. . . . Growth which merely makes the rich richer will not make for the stable development of a healthy community. Policies which serve to distribute income more equitably must therefore become as important as those designed to accelerate growth."¹

Finally, the Meeting of Experts on Social Policy and Planning, which was held in Stockholm last September under the auspices of the United Nations, was even more outspoken, when it commented that "any development planning, if limited to economic inter-relationships and neglecting social conditions and social implications, is bound to be misleading"; and that "... the grim prospect of the Second Development Decade is one of rising unemployment, increasing population pressure on the land, urban growth accompanied by increasing concentration of the worst aspects of poverty in the cities, and growing gaps in the level of welfare among social groups and regions in individual countries, as well as growing gaps among countries. All this can take place with rates of increase in national income in most developing countries as high as or higher than the rates achieved by the now advanced countries in their periods of industrialisation. Such being the case, it is apparent that analysis and planning which is confined to accelerating growth of national incomes is utterly inadequate as an approach to the Second Development Decade."²

These quotations are illustrative of the evolution that has recently taken place in thinking on the question of development; and it is clear that, in the coming decade and beyond, it will be quite as important so to plan development that it will yield significant improvements in the standards of living of the masses of the population—in the short term rather than in some indefinite future—as it will be to aim at ambitious global targets of economic growth. To devise and implement appropriate policies to achieve this goal will be a major challenge to governments and to international agencies concerned with development.

With the adoption last year of the World Employment Programme as a central feature of its activities in the future, the ILO has faced up

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INTRODUCTION

squarely to this challenge. For, as I stressed in my reply to the debate on my Report at the Conference last year, it can no longer be claimed that higher levels of employment will automatically result from economic growth. Experience has shown that they will not; and the inclusion of employment as an objective to be consciously sought after in the framework of an over-all development strategy is indispensable if development is to lead to higher standards of living for more and more people, and if the benefits of development are to be spread more equitably.

But the ILO's concern with, and contribution to, raising the living standards of the very poor does not stop at employment promotion. The Declaration of Philadelphia places on the ILO a solemn obligation to promote "policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection"; it also entrusts the ILO with the responsibility to promote "the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care". Similarly, the International Covenant on Economic, Social and Cultural Rights recognises the right of everyone to "social security, including social insurance" (Article 9), and to "an adequate standard of living for himself and his family, including adequate food, clothing and housing" (Article 11).

Today, millions of workers and their families—particularly, but by no means only—in the developing countries, are deprived of the right to economic security and to decent living standards proclaimed in these texts. And it was in view of the appalling extent of poverty in the world, and of the most degrading depths of misery in which a large proportion of mankind is condemned to live, that the Conference adopted at its 48th (1964) Session a resolution concerning minimum living standards and their adjustment to the level of economic growth in which member States were urged to "undertake all efforts to ensure adequate minimum standards of living to all workers and their families", and in which I was requested to "undertake a study dealing with the interdependence of minimum standards of living and economic growth".

The object of this Report is to suggest some tentative conclusions concerning the ways in which, and the extent to which, some progress may be made towards the attainment of the goal set out in that resolution—adequate minimum standards of living for all workers and their families—and concerning the contribution that the ILO might make to assist in its attainment.

I would, at the outset, clarify four major limitations in the scope of this Report.
Firstly, it does not deal with employment. This does not diminish in any way my conviction concerning the importance of employment creation as an essential factor—in fact, as the essential factor—in raising living standards; nor are the programmes and policy emphases suggested in this Report intended to replace, or to be considered as alternatives to, the employment-oriented approach to development which is the basis of the World Employment Programme. That Programme is, and for a long time will remain, the cornerstone of the ILO's strategy for development and social progress. But, as I said in the Introduction to my Report last year, "employment is not an end in itself; nor will it necessarily or automatically lead to the improvement of incomes and working conditions... or to the attainment of the ILO's other broad goals". The proposals contained in the present Report are intended to complement the World Employment Programme, in the context of a concerted worldwide drive against extreme poverty, by suggesting the action that can be taken, nationally and internationally, in such fields as remuneration, social security, the strengthening of certain social institutions, working and living conditions and occupational safety and health, to ensure the extension of adequate minimum living standards for more and more workers and their families.

Secondly, it does not, except for a few passing references, cover another important policy instrument for ensuring adequate minimum living standards—namely minimum wage fixing. This omission is due solely to the fact that the question of minimum wage fixing machinery and related problems, with special reference to developing countries, is before the Conference this year for a second discussion, and I wished to avoid any duplication between the discussion of that item and the debate on my Report. On the other hand, the present Report does attempt to consider minimum wage fixing in a broader perspective—as one means, but only one, of ensuring minimum living standards for all workers. The main limitation of wage fixing lies, of course, in the fact that the majority of the world's working population are not wage earners, and that other means need to be devised for the protection of the millions of craftsmen, peasants and other categories of non-wage earners. Unless appropriate measures for these categories of workers are taken at the same time, the implementation of a minimum wage system (a task which few developing countries, because of limitations in their labour administration, have achieved with full success) will serve only to widen the gap in living standards between wage and non-wage earners. And even in the case of those who do earn their living by wage payments, there are many factors besides the level of wages that affect their living standards, such as: income maintenance in times of illness, accident and misfortune; health
and safety at work; health and welfare facilities available in the undertaking and in the community at large; housing; transportation; fiscal policies (especially indirect taxes); price inflation and so on.

Thirdly, while this Report does deal with the role that employers and trade unions can play in ensuring adequate living standards for workers, it does not attempt to discuss collective bargaining and other industrial relations procedures for determining wages, incomes and working conditions. This is such an important and fundamental topic for the ILO that it needs to be dealt with separately.

Finally, my Report deals mainly with those aspects of levels and standards of living which are of primary concern to the ILO. Its principal objective is to clarify—and to seek the views of the Conference on—the major lines of action to be followed by member States, and the contribution that the ILO can and should make, with a view to promoting and giving substance to the concept of a minimum level of adequacy in living standards. Clearly, other international organisations—indeed, the whole United Nations system—each have their role to play in bringing about adequate minimum living standards for all, and it has been suggested that this should be a major focus of the strategy for the Second Development Decade. It will therefore be important to integrate the ILO’s action in this respect into any over-all programmes adopted for the United Nations system as a whole.

Chapter I of the Report discusses the concept of minimum living standards and their relationship to economic growth; it also gives a brief and necessarily incomplete picture of the extent, manifestations and causes of poverty in the world today. Chapter II reviews the policies and measures that fall within the ILO’s competence and that can be applied in order to ensure a minimum standard of living to workers and their families. Chapter III discusses some priority areas to which attention needs to be devoted in national and international policies for minimum living standards, and the role the ILO should play in promoting and assisting in the application of such policies.

But I would close this Introduction to my Report with a word of caution, which will be repeated at many points in the following chapters. To say that policies for minimum living standards and for the distribution of income should be given as much importance as policies for economic growth does not mean that the latter should be neglected. On the contrary, in most countries of the world appallingly low living standards are

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1 See, in particular, the recommendation of the Meeting of Experts on Social Policy and Planning that "the elaboration of a minimum level of adequacy... should be undertaken both within countries and in the United Nations, and incorporated in the fundamental objectives and detailed proposals for the Second Development Decade"; in Social Policy and Planning in National Development, op. cit., para. 36.
closely linked with low levels of economic development and low levels of productivity. Lasting improvements in living standards cannot be achieved unless sufficient increases in national income are generated through sustained and high rates of economic growth. But it is, I submit, not only possible but also politically, socially and economically essential that tomorrow’s prosperity should not be bought at too high a social cost today. To ensure not only that economic growth takes place but also that it is accompanied by real and substantial improvements in the living standards of the poorest and least privileged sections of the population is the most important challenge of our times. This Report attempts to suggest what further steps the ILO’s member States and the ILO itself can take to meet that challenge.
CHAPTER I

POVERTY, MINIMUM NEEDS AND ECONOMIC GROWTH

A policy for overcoming poverty can be defined as a policy to ensure that everybody's minimum needs can be satisfied. This definition raises, however, the problem of defining minimum needs.

DEFINITION AND MEASUREMENT OF MINIMUM NEEDS

The concept of minimum human needs obviously includes, in the first place, physical needs—what is necessary to stay alive and maintain working capacity. It also includes what are commonly called conventional or social needs. The notion of minimum social needs seems to be related to that of human dignity: families should not be obliged by poverty to live in a manner that excludes them from the rest of society but should be able to live according to the established customs of the community.

The concept of minimum living standards becomes "operational" only if it can be given a measurable content. Attempts to measure minimum needs have mostly proceeded by determining what commodities and what quantities of these commodities are to be regarded as necessary. However, investigators do not at all agree on what commodities, and how much of each, are required to meet minimum needs, and attempts to measure such needs have varied greatly from one country to another. Differences in estimates of the cost of satisfying minimum needs seem to be partly explained by a historical evolution in the treatment of such needs. In the earliest attempts to measure them, and in some more recent attempts made in poor countries, the emphasis was placed largely on biological or physical needs but, as living standards rise and people become more informed and better educated, increasing emphasis is placed on social or conventional needs. There are, then,

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1 In this Report the term "poverty" is used as the negative counterpart of the term "minimum living standards" or "satisfaction of minimum needs", in the sense that if a family is in poverty its minimum needs are not satisfied, while if its minimum needs are satisfied it is not in poverty.

2 For a fuller discussion of the approaches used and the problems encountered, see N. N. Franklin: "The Concept and Measurement of Minimum Living Standards", in International Labour Review (Geneva, ILO), Vol. 95, No. 4, Apr. 1967.
many arbitrary elements in attempts to determine minimum physical needs; there is no clear-cut distinction between these and social needs; and it seems that minimum social needs can be defined, if at all, only in relation to the social norms of particular communities. All these considerations make it extremely difficult to define poverty or minimum living standards in absolute terms.

These difficulties do not mean that attempts to define and measure minimum needs are futile. If the problem is approached from the point of view of finding a definition that can serve for policy-making purposes, these difficulties lose much of their importance. Seen in this light, a quantitative definition of poverty may be useful, even if it is quite arbitrary in a number of different ways.

Firstly, studies of minimum needs and the extent to which they remain unsatisfied may be of considerable value in arousing awareness of the magnitude and urgency of the problem of poverty even in rich countries, and thus in mobilising support for policies aimed at overcoming poverty.

Secondly, it would be possible to set targets—e.g. absorbing unemployment at a certain annual rate, raising minimum wages or selected social security benefits to defined levels by certain dates, etc.—without having in mind any specific definition of poverty. But the adoption, wherever possible, of some sensible and workable definition of poverty, however arbitrary, and attempts to find out how many families in different circumstances are in poverty as so defined, would make it possible to set coherent, sensible and realistic targets in all these fields, adapted to the needs and possibilities of the situation.

Thirdly, a workable definition of poverty would be helpful in any attempt to diagnose the causes of poverty and evaluate their relative importance. It would provide a means of assessing the relative importance of the various phenomena associated with poverty—for example, large size of family (or rather, large number of dependants per breadwinner), sickness or death of the breadwinner, old age and infirmity, unemployment or underemployment (associated, perhaps, with lack of education or training), low wages and, in rural communities, low prices for farm produce. This, in turn, would make it possible to select the best means or policy instruments for attaining the objectives defined. For it is obviously of no use to prescribe better unemployment insurance when poverty is due to the sickness or death of the family breadwinner, or higher minimum wages when poverty is due to unemployment.

Finally, a workable definition of poverty would also make it possible to compare the situation at different points in time and thus to review and take stock of progress towards the attainment of targets, to evalu-
ate the success of different policy measures and to see how far they may need to be strengthened or revised.

It would reflect the current emphasis on the importance of a quantitative approach in the social sciences and social policy-making if governments were to define, in quantitative terms, a poverty line or a minimum standard of living. Each definition would be valid for a particular country at a particular point of time. The poverty line would vary from country to country, being set at a less rigorous level in rich than in poor countries. And it could, and should, be raised from time to time as the general level of living in particular countries improved. Particularly in developing countries, a poverty line should probably be expressed in real terms—certain amounts of food, clothing, house room, and so on. Moreover, it might often be necessary to set different poverty lines for different groups and/or different regions within a country.

In deciding at what level a poverty line should be set, some governments might prefer to try to assess minimum needs mainly in absolute terms, others mainly in relative terms. As regards the former approach, as far as diet is concerned a good deal of progress has been made towards reaching a consensus among experts on basic requirements in calories, proteins, vitamins and mineral salts—with due allowance being, of course, made for differences in sex, nature of work, climate, body weight, and so on. As far as clothing and shelter are concerned it is generally agreed that minimum needs include protection against excessive cold and heat, damp and bacteria. A consensus in regard to the translation of such minimum needs into yards of cloth or minimum standards of housing and sanitation is further away and doubtless more difficult to achieve than a consensus on minimum dietary needs, but it should be possible to make progress in narrowing down the range of disagreement. Similar considerations apply to minimum educational and health needs. The provision of guidance to countries in attempting to quantify minimum needs could be a useful part of the international programme for the 1970s—always remembering that what is wanted is a definition usable for policy purposes.

But social or conventional needs vary with living standards. It is well known that a family with an income barely sufficient to purchase what is considered necessary for the maintenance of health and working capacity (however this estimate may be made) will in fact not spend its entire income on these needs. Experience shows that some other things not considered necessary for these purposes are found to be more necessary for the family's sense of well-being and self-respect. Man is a social animal. To be able to live like other members of one's community, or sufficiently so to avoid being an object of pity or ridicule, is for most
people a necessity ranking higher in their scale of preferences than the satisfaction of some physical needs. Consequently, even if the problem of quantifying physical requirements in absolute terms could, for practical purposes, be resolved, there would remain the problem of determining at what income level minimum social needs would be regarded as being satisfied. Any solution to this problem would have to be even more arbitrary than the quantification of physical requirements. It would have to take account of a country's resources as well as of its people's aspirations.

Another problem is whether minimum needs and minimum incomes should be defined for individuals or for families. Minimum needs and the cost of satisfying them differ for men, women and children of different ages. The best solution is probably to regard a family as living in poverty unless its income suffices to meet the minimum needs of each of the individuals it includes, according to their age and sex, plus a certain minimum of household expenditure. But since in many countries the lack of data is a major obstacle to the establishment of any workable definition, considerable improvements in income statistics and other relevant data will be necessary before many governments can know with a reasonable degree of approximation how many families and individuals are living in poverty, whatever the definition of poverty employed by these governments.

Some Examples of Counting the Poor

As far as is known, attempts to measure "poverty" by certain definitions or criteria have been made, with varying degrees of thoroughness, in only a few developed countries. These countries include the United States, the United Kingdom, Italy and Japan.

In the United States, the Social Security Administration has developed two sets of income lines: a poverty income line and a near-poverty income line. Both take account of family size and composition, place of residence (farm or non-farm) and price changes. In 1967 the non-farm poverty line for an average family of four persons was $3,335 as compared with a median income of $8,995 for a family of that size.¹ A "near-poor" standard averaged about one-third higher than the corresponding poverty line and was still less than one-half of the median income for many types of families.²

² Ibid., p. 153.
The profile of poverty in the United States, as measured by these two sets of income lines, is obtainable from the yearly sample population survey. In 1967, 10.2 million households were defined as poor and an additional 3.7 million defined as "near-poor", representing, respectively, 16.2 and 5.9 per cent of the total number of households.¹

Some of the significant features of poverty in the United States may be briefly indicated. First, the incidence of poverty (the number of poor households expressed as a percentage of the total number of households in the category) falls more heavily: (a) on non-white households than on white; (b) on households in rural than on those in urban areas, with the heaviest concentration in the South and in Appalachia; (c) on unrelated individuals than on persons in families; (d) on families headed by a woman than on those headed by a man; (e) on families with five or more children under the age of 18 than on other families; and (f) on elderly households than on households with heads of working age. Second, the extent of poverty had diminished quite substantially between 1959 and 1967, although it still remained considerable in 1967. Third, in the United States, estimates are also regularly made of the "poverty gap", that is, the difference between the actual incomes of the poor and the incomes necessary to place them above the poverty line. In 1967 the poverty gap was $9.7 thousand million compared with $13.7 thousand million in 1959, measured in 1969 dollars², representing, respectively, about 1.5 per cent and 3.4 per cent of the total national income.

In the United Kingdom the National Assistance Board provides weekly grants to applicants from low-income households to bring their incomes up to the level of its basic scales. The Board's basic scales are calculated on a "needs" basis, according to the number of adults living in households and according to the age of dependent children. These basic scales plus rent and/or other housing costs allowed for by the Board might be taken as roughly representing the officially defined minimum level of living at a particular time.

Based on data collected in two household income and expenditure surveys carried out by the Ministry of Labour, a careful study revealed that 10.1 per cent of the households surveyed in 1953-54 and 17.9 per cent of those surveyed in 1960 had "low" levels of living (i.e. they were living at a level below 140 per cent of the basic national assistance scale plus rent and/or other housing costs).³

¹ Households are defined here as the total of families and unrelated individuals.
These two surveys are not quite comparable, but part of the increase was considered to be genuine, attributable largely to the increase in the proportions of the aged, of large families and of the chronically sick. One significant finding from the study is the extent of poverty among children. It was found that, quantitatively, poverty among children in 1960 was more than two-thirds of that among the aged and that substantially more children than adults of working age were in poverty.

In Italy, in the 1953 Parliamentary inquiry on poverty a distinction was drawn between poverty and distress in the following terms: "...continuous existence at the minimum subsistence income level or at the minimum consumption level, is a condition of poverty; a situation below the minimum subsistence income or consumption levels is a condition of distress." By using certain indicators of standards of living (food, clothing and accommodation) and taking into account some data obtained from the first attempts at analysis of household accounts by sectors, in the early 1950s about 1,357,000 families (or 6,200,000 persons) were classified as living in the worst conditions (that is, in distress) and a further 1,345,000 families (or 5,900,000 persons) were classified as living in conditions of poverty. Taken together, some 12 million persons, or a quarter of the population of Italy, were in poverty or distress. The parliamentary inquiry traced this situation to four main causes: unemployment; irregular, occasional and seasonal employment, particularly in agriculture; old age and disability; and numerous dependants. The same inquiry revealed that "more than 50 per cent of southern families were living in conditions of distress or want, the most acute conditions existing in Calabria and Basilicata".

Similar estimates of poverty and distress in Italy are not readily available for later years. It was, however, observed that the situation had not improved by the end of the 1950s. During the first half of the 1960s, on the other hand, the rapid economic growth in Italy, by alleviating unemployment and underemployment (in the South largely through migration to the industrial centres), had "reduced very substantially... the condition of distress and raised it to a condition of poverty". But the great inflow of migrants brought in its train serious

1 Abel-Smith and P. Townsend, op. cit., p. 60.
2 Ibid., p. 65.
4 Ibid., p. 152.
5 Ibid., p. 157.
problems resulting from the shortage and high cost of housing for the workers in the major industrial centres. Moreover, many of the migrants were able to find only irregular and seasonal work, particularly in the building trades. To reduce their housing costs, such workers and their families frequently lived in shanty-towns, and “living conditions in these shanty-towns were no longer those of poverty, but of distress”.¹

Japan has a long tradition of public relief, dating back to 1875. Up to 1932 only one basic need—rice—was considered appropriate for public assistance. In subsequent years, until 1961, a standard household income for a hypothetical household (at first of five and, later, of four persons) was used for the purpose of providing assistance to meet living costs, such income being calculated by adding up the costs of consumer goods and services in certain quantities. In 1961 the method of calculation was changed.²

Households receiving public assistance, however, formed only a small proportion of all households whose living standards were no better or worse than the income level qualifying for public assistance. In 1955 the first attempt at estimating the size of this poorest group showed that in terms of household expenditure per head approximately 10 million persons, or nearly 11 per cent of the population, were living below the public assistance level of income. In 1961 the corresponding figure was about 5 million, or about 6 per cent of the population. The number of persons in this poorest group as thus defined was taken to represent the extent of primary poverty prevailing in the country.

In addition, for 1962 broader estimates of households living in secondary poverty, i.e. who belong to the income group immediately above the poverty line, are available. For households of urban wage and salary earners, the break-even level for monthly income in 1962 was found to be about 30,000 yen per household and about 8,000 yen per head, or 2.5 times the equivalent of the level of income qualifying for public assistance in 1962. The estimate showed that in 1962 only 27 per cent of households of urban wage and salary earners attained that level of income and that no less than 60 per cent of all Japanese households in 1962, including rural and urban self-employed households, had monthly incomes equal to or less than the break-even income of the urban workers’ household. It was, however, emphasised that “the statistical deficiency of income mentioned above does not imply degradation for all the deficit households. Many of the low-income households in the stratum of secondary poverty are paying their social security

¹ Low Income Groups and Methods of Dealing with Their Problems, op. cit., p. 158.  
contributions, income tax and other public charges, and buying consumer
durables by instalments, although their incomes never seem to catch up
with their rising expenditures.” ¹

The above examples from four selected countries illustrate the variety
of definitions and methods employed in measuring “poverty” in the
particular circumstances of each country. A great deal of intensive work
remains to be done at the national and international levels to develop
operational definitions and feasible methods and procedures for the
measurement of “poverty” and designed specifically to meet the require-
ments called for by the formulation of a minimum living standards
policy. The problems involved are far more difficult for the developing
countries where poverty in its ordinary sense is so much more widespread
than in the above-mentioned countries and where the data available are
much more scanty.

MAGNITUDE AND NATURE OF POVERTY

The definition of the most important components of standards of
living is indeed a difficult task.² Such standards depend on the goods
and services that can be obtained through private incomes, as well as
by means of social benefits and services in kind—for example, health,
education, sanitation, welfare services, or free or subsidised housing
and other benefits which contribute to a person’s real income.

Moreover, it is essential that each worker and his family should not
only be free from want but also from the fear of want. Hence a measure
of employment security—which is a principal aim of the World Employ-
ment Programme, since employment security depends principally on
the availability of employment—and of income security in the event of
sickness, death of the breadwinner and other misfortunes, is an indis-
pensable component of minimum living standards.

In addition, as mentioned above, living standards also depend on
the conditions in which people work. For some categories of workers,
or for workers in certain economic sectors, to earn a given income may
require a far greater effort than for others, and consequently excessively
long working hours. An adequate amount of time for rest, relaxation

¹ Taira, op. cit., p. 143.
² A Committee of Experts, meeting under the joint auspices of the United Nations,
the ILO and UNESCO in 1953, defined twelve such components as follows: 1. health,
including demographic conditions; 2. food and nutrition; 3. education, including
literacy and skills; 4. conditions of work; 5. employment situation; 6. aggregate
consumption and savings; 7. transportation; 8. housing, including household facilities;
(Report on International Definition and Measurement of Standards and Levels of Living
and leisure, including paid holidays, and the existence of safe and healthy working conditions need also to be considered as important aspects of minimum living standards.

Finally, no person can be said to enjoy adequate living standards unless he has certain guaranteed rights and freedoms. While this Report is, of course, principally concerned with the extension to all workers and their families of certain quantifiable and measurable rights of concern to the ILO, proclaimed in the Constitution of the ILO, in the Universal Declaration of Human Rights and the International Covenants on Human Rights, other rights—particularly those relating to individual freedoms—mentioned in these texts, as well as in the basic human rights Conventions adopted by the ILO, are of no less importance for the quality of life. That they are not dealt with extensively in this Report is partly because they are more imponderable in nature and less susceptible to quantitative expression and measurement and partly because I dealt with them at some length in my Report to the Conference in 1968. This, however, should not be taken to mean that I wish in any way to minimise the importance of human freedom as an element in standards of living.

To give a full and accurate picture of the extent and the depths of poverty in the world in which we live would require a far more detailed and exhaustive study than can be attempted in the present Report. But it is clear that, whatever definition is adopted, large sections of mankind are today living well below any acceptable "poverty line".

To give but a few examples of the extent of poverty and misery in the world, one-third to one-half of the world's population is malnourished—that is, the people concerned do not eat the right kinds of food, while some 10 to 15 per cent of the people of the world are undernourished. Calorie-intake levels in most developing countries range from 1,800 to 2,500 calories per person per day, according to the United Nations 1967 Report on the World Social Situation, although the minimum daily diet is estimated to be around 2,500 calories. The calorie deficiency in the developing world itself is estimated to amount to about 20 per cent, while in the more developed countries calorie supplies exceed requirements by some 20 per cent. Moreover, with the present rate of population growth it is likely that the developing countries will shortly possess no more than one-fourth of the farming land per person available in the developed regions.

Children are among the principal victims of undernutrition and malnutrition. In half the countries in Asia and in almost all the developing

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POVERTY AND MINIMUM LIVING STANDARDS

countries of Africa the child mortality rate is at least twenty-five times as high as in France or the United Kingdom.\(^1\) And many of those who do survive suffer from permanent physical and mental disabilities resulting from undernutrition or malnutrition.

Some substantial progress has, of course, been achieved in the developing world as regards levels of health, at least to the extent that the incidence of several diseases has been reduced or brought under control, and average life expectancy has been raised to the age of 50.\(^2\) But by other standards, much remains to be done. For example, public health services in many countries remain grossly inadequate. The World Health Organisation had set, as a standard to be attained in the First Development Decade, a ratio of one doctor for every 10,000 people (compared with the existing ratio in industrialised countries of one for every 750), but only relatively few countries in Africa, South-East Asia and the Eastern Mediterranean region attained this target.

Thus, although more and more people now live longer, for many of them this means merely prolonging an existence of appalling misery, poor health and totally inadequate living conditions. This is particularly evident in the case of housing. The housing target of ten new dwelling units a year for every 1,000 people, which was set for the First Development Decade, was attained only by the more developed countries. In the developing countries housing conditions continued to decline with each passing year; at best they have produced only six or seven new dwelling units per 1,000 people each year, but many of them were able to reach only a third of this figure.\(^3\)

The housing situation is especially acute in the rapidly growing urban areas of the world—and in particular of the developing world, where the urban population is growing twice as fast as the total population. The population of Rio de Janeiro, which may be taken as a fairly typical example, trebled from 500,000 in 1900 to 1.5 million in 1930 and has since again trebled to its present population of 4.5 million; it is continuing to increase by 5,000 a week.

This migration of the population from the primitive conditions of the countryside to the appalling slums of the cities has in many countries produced an urban crisis of quite unmanageable proportions. Living in crowded, insanitary conditions, usually with no heating, electricity or access to safe drinking water, and often with even no shelter at all, the

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\(^2\) Partners in Development, op. cit., p. 40.

migrants are scarcely better off than they were in the backward rural areas. Unemployment is widespread, and the population is obliged to live on pitifully low incomes from begging or marginal "service" activities.

To some extent the more developed countries are also experiencing serious urban problems, but these are mainly associated with the growth of giant cities into conurbations and megalopolises, coupled with the continuing and intensive exploitation of resources which results in the pollution of soil, air and water. This growth contributes to overcrowding, traffic congestion, noise, the dehumanisation of urban life, the loss of living space, the loss of natural areas and, for many people, increasingly long journeys to and from work.

In the United States the recent wave of migration from the South has flooded the larger cities of the North and West and has led to large slum areas in the centres of great cities, which have been unable to cope with this influx. The majority of these urban immigrants, who are both unskilled and the victims of racial discrimination, have great difficulty in finding employment. The violence that this has bred in the United States in recent years has illustrated dramatically the need for urgent measures to improve conditions in the world's overcrowded cities. Nor is the United States alone among the industrialised countries in having substandard living conditions in its cities. In the United Kingdom, for example, it is officially estimated that 10 per cent of the population is housed in slums, near-slums or grossly overcrowded conditions; and in Italy a general strike at the end of 1969 was caused by workers' grievances over poor housing and high rents, again due to the overcrowding of cities following the large-scale movement of workers and their families to the industrial centres of the North.

To the problem of substandard living conditions is often added that of poor working conditions—that is, for those who are fortunate enough to have any employment at all. Excessive working hours, in particular, are common in the thousands of small enterprises which work at a very low level of productivity in the developing world. In such undertakings a working week of sixty or even eighty hours is not uncommon, and the conditions as regards heat, lighting and ventilation as well as safety precautions are generally extremely poor. But even in the large-scale undertakings, in both the developing and the industrialised world, where a working week of from forty to forty-eight hours is more generally the rule, and is more strictly enforced, the working hours fixed by law are often greatly exceeded by overtime work. Such overtime is generally—although by no means always—rewarded by extra pay, but it may be wondered whether, in many cases, the resultant excessive fatigue and
TABLE I. DISPERSION OF INCOMES IN SELECTED COUNTRIES

A. IN CERTAIN DEVELOPED COUNTRIES

Percentage Distribution of Personal Income before Tax by Decile Groups

<table>
<thead>
<tr>
<th>Decile groups</th>
<th>United States</th>
<th>United Kingdom</th>
<th>Germany (Fed. Rep. of)</th>
<th>Netherlands</th>
<th>Denmark</th>
<th>Norway</th>
<th>Sweden</th>
<th>France</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest decile</td>
<td>1 1</td>
<td>1.7 2.1</td>
<td>1.3 1.3</td>
<td>1.4 1.7</td>
<td>1.1 1.0</td>
<td>2.0 1.6</td>
<td>0.7 0.5</td>
<td>1.0 0.5</td>
<td></td>
</tr>
<tr>
<td>Second</td>
<td>3 3</td>
<td>2.9 3.2</td>
<td>2.9 2.7</td>
<td>3.2 3.3</td>
<td>3.4 3.5</td>
<td>3.6 2.8</td>
<td>2.2 1.4</td>
<td>3.1 1.9</td>
<td></td>
</tr>
<tr>
<td>Third</td>
<td>5 5</td>
<td>4.1 4.2</td>
<td>4.1 4.2</td>
<td>4.4 4.7</td>
<td>4.6 5.3</td>
<td>5.0 4.1</td>
<td>3.3 2.9</td>
<td>4.8 3.5</td>
<td></td>
</tr>
<tr>
<td>Fourth</td>
<td>7 6</td>
<td>5.7 5.8</td>
<td>5.8 6.1</td>
<td>6.3 6.8</td>
<td>6.2 5.5</td>
<td>5.4 4.7</td>
<td>5.9 5.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fifth</td>
<td>8 8</td>
<td>7.0 7.4</td>
<td>7.8 7.7</td>
<td>7.9 8.5</td>
<td>7.8 7.7</td>
<td>6.8 6.4</td>
<td>7.2 6.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sixth</td>
<td>9 9</td>
<td>8.4 8.6</td>
<td>9.1 9.1</td>
<td>9.7 10.0</td>
<td>9.3 9.7</td>
<td>7.8 7.6</td>
<td>9.0 8.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seventh</td>
<td>11 11</td>
<td>10.6 10.0</td>
<td>10.8 10.9</td>
<td>11.0 11.3</td>
<td>10.6 11.4</td>
<td>10.3 10.3</td>
<td>10.7 11.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eighth</td>
<td>13 13</td>
<td>11.7 11.6</td>
<td>13.3 13.3</td>
<td>13.0 13.1</td>
<td>12.7 13.2</td>
<td>12.4 12.5</td>
<td>13.0 13.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ninth</td>
<td>14 15</td>
<td>14.3 14.6</td>
<td>16.2 16.1</td>
<td>15.4 15.6</td>
<td>15.5 16.1</td>
<td>17.0 16.9</td>
<td>16.4 16.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highest</td>
<td>27 29</td>
<td>35.0 33.8</td>
<td>27.3 27.9</td>
<td>28.0 27.1</td>
<td>27.3 27.9</td>
<td>34.1 36.8</td>
<td>28.9 32.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100 100</td>
<td>100 100</td>
<td>100 100</td>
<td>100 100</td>
<td>100 100</td>
<td>100 100</td>
<td>100 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top 5 per cent</td>
<td>21.0 19.2</td>
<td>36.2 33.7</td>
<td>25.0 23.6</td>
<td>18.0 16.9</td>
<td>17.9 15.4</td>
<td>17.0 17.6</td>
<td>22.4 25.0</td>
<td>18.0 21.0</td>
<td></td>
</tr>
</tbody>
</table>


1 In family units. A family unit is two or more people living in the same dwelling and related to each other by blood, marriage or adoption. A single person unrelated to the other occupants in the dwelling unit or living alone is a family unit by himself.  
2 Includes undistributed profits of corporations.  
3 Post-tax income.  
4 The statistical unit is the family.
<table>
<thead>
<tr>
<th>Decile incomes</th>
<th>Hungary (1962)</th>
<th>Czechoslovakia (1960)</th>
<th>Poland (1962)</th>
<th>Eastern Germany (1960)</th>
<th>Per head household income</th>
<th>Total household income</th>
<th>Per head household income</th>
<th>Total household income</th>
<th>Per head household income</th>
<th>Total household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest decile</td>
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<td>0.53</td>
<td>0.53</td>
<td>0.55</td>
<td>0.60</td>
<td>0.65</td>
<td>0.66</td>
<td>0.68</td>
<td>0.71</td>
<td>0.78</td>
</tr>
<tr>
<td>Second</td>
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<td>0.66</td>
<td>0.68</td>
<td>0.68</td>
<td>0.71</td>
<td>0.78</td>
<td>0.81</td>
<td>0.88</td>
<td>0.90</td>
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<td>Third</td>
<td>0.78</td>
<td>0.78</td>
<td>0.79</td>
<td>0.79</td>
<td>0.81</td>
<td>0.88</td>
<td>0.90</td>
<td>0.90</td>
<td>0.91</td>
<td>0.91</td>
</tr>
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<td>Fourth</td>
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<td>0.90</td>
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<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Fifth</td>
<td>1.00</td>
<td>1.11</td>
<td>1.11</td>
<td>1.11</td>
<td>1.12</td>
<td>1.25</td>
<td>1.26</td>
<td>1.29</td>
<td>1.34</td>
<td>1.33</td>
</tr>
<tr>
<td>Sixth</td>
<td>1.11</td>
<td>1.12</td>
<td>1.25</td>
<td>1.25</td>
<td>1.26</td>
<td>1.42</td>
<td>1.45</td>
<td>1.53</td>
<td>1.42</td>
<td>1.53</td>
</tr>
<tr>
<td>Seventh</td>
<td>1.25</td>
<td>1.26</td>
<td>1.42</td>
<td>1.42</td>
<td>1.45</td>
<td>1.65</td>
<td>1.76</td>
<td>1.65</td>
<td>1.76</td>
<td>1.76</td>
</tr>
<tr>
<td>Eighth</td>
<td>1.38</td>
<td>1.38</td>
<td>1.65</td>
<td>1.65</td>
<td>1.76</td>
<td>1.91</td>
<td>1.91</td>
<td>1.91</td>
<td>1.91</td>
<td>1.91</td>
</tr>
<tr>
<td>Highest</td>
<td>1.65</td>
<td>1.76</td>
<td>1.91</td>
<td>1.91</td>
<td>1.91</td>
<td>2.08</td>
<td>2.08</td>
<td>2.08</td>
<td>2.08</td>
<td>2.08</td>
</tr>
<tr>
<td>Top 5 per cent</td>
<td>1.91</td>
<td>2.08</td>
<td>2.38</td>
<td>2.38</td>
<td>2.38</td>
<td>2.38</td>
<td>2.38</td>
<td>2.38</td>
<td>2.38</td>
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</table>

Source: Incomes in Postwar Europe: A Study of Policies, Growth and Distribution, op. cit., Ch. 9, p. 2.
## TABLE I (cont.) C. IN CERTAIN DEVELOPING COUNTRIES

**Percentage of Income Distribution in Each Decile Group**

### 1. LATIN AMERICA

<table>
<thead>
<tr>
<th>Country</th>
<th>Lowest decile</th>
<th>Second decile</th>
<th>Third decile</th>
<th>Fourth decile</th>
<th>Fifth decile</th>
<th>Sixth decile</th>
<th>Seventh decile</th>
<th>Eighth decile</th>
<th>Ninth decile</th>
<th>Highest decile</th>
<th>Top 5 per cent</th>
<th>Top 1 per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina (1961): individuals</td>
<td>1.9</td>
<td>3.3</td>
<td>4.2</td>
<td>5.1</td>
<td>6.0</td>
<td>7.1</td>
<td>8.3</td>
<td>10.0</td>
<td>13.2</td>
<td>40.9</td>
<td>31.2</td>
<td>16.3</td>
</tr>
<tr>
<td>Brazil (1960): gainfully employed population</td>
<td>1.8</td>
<td>2.4</td>
<td>3.1</td>
<td>4.2</td>
<td>5.3</td>
<td>6.0</td>
<td>8.1</td>
<td>10.3</td>
<td>13.8</td>
<td>45.0</td>
<td>33.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Colombia (1962): economically active population</td>
<td>2.5</td>
<td>3.4</td>
<td>4.1</td>
<td>4.9</td>
<td>5.3</td>
<td>6.1</td>
<td>7.5</td>
<td>9.5</td>
<td>14.0</td>
<td>42.7</td>
<td>30.4</td>
<td>10.0</td>
</tr>
<tr>
<td>El Salvador (1961): economically active population</td>
<td>2.4</td>
<td>3.1</td>
<td>3.2</td>
<td>3.3</td>
<td>4.0</td>
<td>4.8</td>
<td>7.2</td>
<td>10.6</td>
<td>15.8</td>
<td>45.6</td>
<td>33.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Venezuela (1962): households</td>
<td>1.4</td>
<td>1.6</td>
<td>3.0</td>
<td>3.7</td>
<td>4.6</td>
<td>6.0</td>
<td>8.3</td>
<td>13.4</td>
<td>17.3</td>
<td>40.7</td>
<td>26.3</td>
<td>9.0</td>
</tr>
<tr>
<td>Panama (1960): gainfully employed population</td>
<td>1.9</td>
<td>3.0</td>
<td>3.7</td>
<td>5.9</td>
<td>6.0</td>
<td>6.5</td>
<td>7.0</td>
<td>9.4</td>
<td>12.6</td>
<td>44.0</td>
<td>34.5</td>
<td>16.5</td>
</tr>
<tr>
<td>Mexico (1963): households</td>
<td>1.5</td>
<td>2.1</td>
<td>3.1</td>
<td>3.8</td>
<td>4.9</td>
<td>6.0</td>
<td>8.1</td>
<td>12.0</td>
<td>17.0</td>
<td>41.5</td>
<td>29.0</td>
<td>12.0</td>
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<td>Costa Rica (1961): households</td>
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<td>3.8</td>
<td>4.0</td>
<td>4.4</td>
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<td>46.0</td>
<td>35.0</td>
<td>16.0</td>
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</table>


### 2. AFRICA (Indications of concentration of individual incomes)

<table>
<thead>
<tr>
<th>Country</th>
<th>Lowest decile</th>
<th>Second decile</th>
<th>Third decile</th>
<th>Fourth decile</th>
<th>Fifth decile</th>
<th>Sixth decile</th>
<th>Seventh decile</th>
<th>Eighth decile</th>
<th>Ninth decile</th>
<th>Highest decile</th>
<th>Top 5 per cent</th>
<th>Top 1 per cent</th>
</tr>
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<tbody>
<tr>
<td>Chad (1958)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7.5</td>
<td>8.5</td>
<td>13</td>
<td>30</td>
<td>23</td>
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<tr>
<td>Congo (Brazzaville)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<td>7.5</td>
<td>10.5</td>
<td>10</td>
<td>43.5</td>
<td>36</td>
<td>36</td>
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<tr>
<td>Congo (Kinshasa)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7.5</td>
<td>10</td>
<td>—</td>
<td>60</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Dahomey (1959)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<td>50</td>
</tr>
<tr>
<td>Gabon (1960)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<td>10</td>
<td>—</td>
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<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Ivory Coast (1959)</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7.5</td>
<td>10</td>
<td>—</td>
<td>60</td>
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<td>7.5</td>
<td>10</td>
<td>—</td>
<td>60</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Malagasy Republic (1960)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7.5</td>
<td>10</td>
<td>—</td>
<td>60</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Senegal (1958)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16</td>
<td>—</td>
<td>—</td>
<td>20</td>
<td>16</td>
<td>—</td>
<td>50</td>
<td>39</td>
<td>39</td>
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<tr>
<td>Togo (1956-58)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16</td>
<td>—</td>
<td>—</td>
<td>20</td>
<td>16</td>
<td>—</td>
<td>50</td>
<td>39</td>
<td>39</td>
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</table>

TABLE I (cont.)

3. ASIA

India: Two estimates of distribution of pre-tax income by households

(Percentage)

<table>
<thead>
<tr>
<th>Decile groups</th>
<th>The Reserve Bank estimate (1953/54 to 1956/57)</th>
<th>The NCAER estimate (1960)¹</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>All-India</td>
<td>Urban</td>
</tr>
<tr>
<td>Lowest decile.</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Second</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Third</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Fourth</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Fifth</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Sixth</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Seventh</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Eighth</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Ninth</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Highest</td>
<td>28</td>
<td>37</td>
</tr>
</tbody>
</table>


¹The all-India figure of the estimate of the National Council of Applied Economic Research (NCAER) was derived by Myrdal to be consistent with the all-India estimates of the Reserve Bank of India.

Pakistan: An estimate of average incomes in 1959/60

(*In rupees in 1964-65 prices*)

<table>
<thead>
<tr>
<th>Per cent of total population</th>
<th>East Pakistan rural</th>
<th>West Pakistan rural</th>
<th>Karachi</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 per cent lowest income group</td>
<td>186</td>
<td>203</td>
<td>80</td>
</tr>
<tr>
<td>45 per cent lower middle income group</td>
<td>222</td>
<td>276</td>
<td>211</td>
</tr>
<tr>
<td>45 per cent upper middle income group</td>
<td>368</td>
<td>398</td>
<td>624</td>
</tr>
<tr>
<td>5 per cent highest income group</td>
<td>689</td>
<td>995</td>
<td>2 165</td>
</tr>
<tr>
<td>Average income</td>
<td>309</td>
<td>363</td>
<td>488</td>
</tr>
</tbody>
</table>

TABLE I (concl.)

Ceylon: Percentage distribution of pre-tax income by spending units in 1952/53

<table>
<thead>
<tr>
<th>Fifths of spending units</th>
<th>Percentage share in total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom fifth</td>
<td>5</td>
</tr>
<tr>
<td>Second &quot;</td>
<td>9</td>
</tr>
<tr>
<td>Third &quot;</td>
<td>12</td>
</tr>
<tr>
<td>Fourth &quot;</td>
<td>20</td>
</tr>
<tr>
<td>Top &quot;</td>
<td>54</td>
</tr>
</tbody>
</table>


Philippines: Percentage distribution of families and of total family income, by income class, urban and rural, in 1961

<table>
<thead>
<tr>
<th>Income class (in pesos)</th>
<th>All-Philippines</th>
<th>Urban areas</th>
<th>Rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Families</td>
<td>Incomes</td>
<td>Families</td>
</tr>
<tr>
<td>Under 500</td>
<td>17.0</td>
<td>3.3</td>
<td>8.8</td>
</tr>
<tr>
<td>500-999</td>
<td>29.3</td>
<td>12.0</td>
<td>16.3</td>
</tr>
<tr>
<td>1 000-1 499</td>
<td>17.8</td>
<td>12.2</td>
<td>16.0</td>
</tr>
<tr>
<td>1 500-1 999</td>
<td>12.0</td>
<td>11.5</td>
<td>14.9</td>
</tr>
<tr>
<td>2 000-2 499</td>
<td>6.7</td>
<td>8.3</td>
<td>9.3</td>
</tr>
<tr>
<td>2 500-2 999</td>
<td>4.1</td>
<td>6.2</td>
<td>6.6</td>
</tr>
<tr>
<td>3 000-3 999</td>
<td>5.0</td>
<td>9.4</td>
<td>9.1</td>
</tr>
<tr>
<td>4 000-4 999</td>
<td>2.4</td>
<td>5.8</td>
<td>5.2</td>
</tr>
<tr>
<td>5 000-5 999</td>
<td>1.8</td>
<td>5.5</td>
<td>3.8</td>
</tr>
<tr>
<td>6 000-7 999</td>
<td>1.9</td>
<td>7.1</td>
<td>4.4</td>
</tr>
<tr>
<td>8 000-9 999</td>
<td>0.7</td>
<td>3.4</td>
<td>1.7</td>
</tr>
<tr>
<td>10 000 and over</td>
<td>1.4</td>
<td>15.3</td>
<td>3.8</td>
</tr>
<tr>
<td>Percentage</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Average (in pesos)</td>
<td>1804</td>
<td>2970</td>
<td>1203</td>
</tr>
</tbody>
</table>


undermining of health do not more than outweigh the increased income the worker takes home, particularly when the journey to and from work is long.

Finally, no discussion of living standards can be complete without a reference to levels of education. In this respect, too, some encouraging progress has been made. Primary school enrolment increased between 1950 and 1965 from 57 to 137 million and there have been similarly
encouraging increases in enrolment at secondary schools and universities.

These enrolment figures, however, conceal the qualitative deficiencies in educational systems and the wide differences of opportunities among social groups, particularly in the developing countries. There is a high drop-out rate, often because the poverty of the child’s family prevents his continued attendance at school. Moreover, the children’s motivation and learning ability are often impaired by poor nutrition, bad housing conditions and low teaching standards. Thus, in spite of dramatic increases in school enrolment and although, in terms of percentage of the population, there has also been a fall in the illiteracy rate, in absolute terms the number of illiterates is expected to have increased from 700 million in 1950 to 800 million in 1970.¹

Equally disquieting is the fact that much of the education imparted is to a large extent irrelevant to the needs and conditions of developing countries, thus giving rise to the vast and increasing problem of the “educated unemployed”. In India, for example, half a million high-school and college graduates—10 per cent of all diploma holders—are without work.² This situation is all the more alarming when considered against the acute needs of these countries for skilled and trained manpower. The Commission on International Development summed up the situation very aptly when it stated in its report: “There is no doubt that the growth of educational opportunities has been dramatic and has broadened the horizons of millions of people. . . . Yet their educational systems [i.e. of developing countries] fail to provide a satisfactory general education or a level of skill in the labour force appropriate to the needs of the country.”³

The Dispersion of Incomes

One general indication of low living standards can be found in the dispersion of the household or individual incomes of the population. Table I presents the dispersion of incomes in a number of countries for purposes of illustration. For statistical reasons ⁴ the data are not strictly comparable between countries, and for many countries the data used are out of date. None the less, some broad observations may be made.

In the developed countries substantial income dispersion is discernible among the population. Thus, in the United States, where income per head

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² Ibid, p. 34.
³ Partners in Development, op. cit., pp. 43 and 67.
⁴ For instance, for many of these countries the data used are income tax statistics, which exclude those receiving incomes which are at or below the tax exemption limit.
is the highest, the average money income per family unit in the lowest
decile group amounted to no more than one-twenty-ninth of that in the
highest decile group in 1966.\(^1\) In Western European countries the share
of the lowest 20 per cent of income recipients in total personal income
was also small, ranging approximately from 2 to 5 per cent during the
first half of the 1960s in the eight European countries included in table I A.
Figures for post-tax incomes, if available, would be more revealing, since
they would take account of the redistributive effect of taxation. A further
limitation of the figures quoted here is that they do not take account
of social services, which generally lessen disparities in real incomes in
advanced nations to a much greater extent than in developing countries.

As regards the centrally planned economies, the estimates given in
table I B show that in Czechoslovakia in 1958, in Hungary and Poland in
1962 and in Eastern Germany in 1964 wage earners' and, salaried employees' household income in the lowest decile was about 53 to 60 per cent
of the median income and 28 to 36 per cent of the income at the highest
(or 9th) decile. In Hungary an estimate covering the total population in
1962 revealed that the lowest 20 per cent of income recipients shared
about 9 per cent of the total income.

In the case of the developing countries, where income per head is
markedly lower than in the developed countries, various studies show
that the inequality of over-all income distribution is greater than in the
developed countries and that the families at the top of the income scale
receive a much larger share of the total income. The segment representing
the intermediate groups is narrower and that representing the poor
groups forms a greater proportion of the total population.

For Latin America as a whole a recent United Nations study revealed
that in 1965 the richest 5 per cent of the population received 31.5 per
cent of the total income, whereas the poorer half of the population
received only 14 per cent, while the poorest 20 per cent received only
3.5 per cent. It may be noted that in the eight Latin American countries
given in table I C, 1, the share of the poorest 10 per cent in total income
varied from 1.4 to 2.6 per cent, in sharp contrast to about 41 to 46 per
cent accruing to the top 10 per cent. In Africa the rough estimates for
the ten countries in table I C, 2, also indicate a high degree of concen-
tration of income distribution in some of these countries. In Congo
(Kinshasa), Gabon, the Malagasy Republic and Senegal, the richest
10 per cent receive as much as from 48 to 60 per cent of the total income.
In the four Asian countries (India, Pakistan, Ceylon and the Philippines)

\(^1\) Unrelated individuals and single persons living alone were counted as separate
family units.
for which data are available, there were, likewise, large disparities between the lowest and the highest income groups. In the Philippines in 1961, for example, the poorest 17 per cent of families received 3.3 per cent of the total income and the richest 1.4 per cent received 15.3 per cent, their family income averaging about 54 times that of the poorest segment. Furthermore, from the separate estimates made for urban and rural areas in India, Pakistan and the Philippines, it appears that income distribution in urban areas was more unequal than in rural areas.

Even if the percentage of national income accruing to the poorest sections of the population in developing countries were not significantly lower than in the advanced nations, the income needed for subsistence in the latter would represent a much lower percentage of total national income than in the former, where, as noted by Myrdal, “the high degree of inequality means that the vast majority in each nation are forced to eke out an existence on annual incomes well below the already quite inadequate national average”. ¹

*Levels of Wages and Other Incomes*

The dispersion of incomes among the whole population (or in the urban rural sectors separately) as illustrated in the above paragraphs provides only a broad indication of the proportion of the population (or the absolute number) whose incomes and living standards might be considered low in relation to the rest of the population. To obtain a clearer notion of the specific categories of the population falling into the low income groups, there is need for some other indices. For this purpose it is necessary to identify, *inter alia*, those whose incomes are relatively low among the wage earners and among the self-employed.

As regards wage earners, agricultural workers are usually among the lowest paid. This appears to be generally true in the developed as well as in the developing countries. Some examples might first be given of the developed countries. In the United Kingdom the median earnings of farm workers (men working full time and paid for a full week) in September 1968 were 71 per cent of those of all manual male workers and 67 per cent of all full-time male employees.² In the United States the median annual earnings of male “farm labourers and foremen” (year-round full time) in 1966 amounted to only about 50 per cent of those of “labourers, except farm and mine” and 37 per cent of those of

all year-round full-time workers. An earlier study of agricultural wage earners in Western Europe showed that the average hourly earnings of male adult agricultural workers with a dependent family, expressed as a percentage of those of comparable industrial workers, were 63 in the Federal Republic of Germany (1960), 76 to 80 in France (1959), 77 in Belgium (1959), 82 in Denmark (1960) and 93 in the Netherlands (1960). In Italy (1959), where earnings data were not available for comparison, the minimum wage of male day labourers in agriculture, as a percentage of those of labourers in the construction industry, amounted to 102 in Milan in the North, but fell to 80 in Rieti in the centre and 70 in the South. The difference in real wages between agricultural and industrial workers is, however, likely to be smaller if allowance is made for differences in costs of living and in expenditure patterns.

The relative position of landless agricultural labourers in the developing countries appears to be much worse than in most of the developed countries, although such workers normally form a considerably larger proportion of the total labour force. Adequate data for comparison of agricultural and industrial wages in these countries are, however, very scanty. In Latin America—to give some crude estimates—the average earnings of agricultural wage earners, expressed as a percentage of those of workers in manufacturing, were 37 in Colombia (1967), 45 in Jamaica (1965) and 54 in Peru (1962). In Africa, similar rough estimates give percentages of 40 in Zambia (1966), 41 in Kenya (1966), 48 in Malawi (1964) and 51 in Ghana (1966). In Asia, for all India, the estimated average annual income per earner in the households of agricultural workers in 1963 was only 23 per cent of the average per head annual earnings of employees drawing less than 200 rupees per month in manufacturing industries. In Pakistan it was estimated that in the early 1960s, even if it were assumed that wage earners secured 250 days’ employment in agriculture and 62 days’ employment in non-farm activities, industrial wages appeared to be one-third to one-half more than agricultural wages.

Unskilled non-farm workers are also generally among those earning low wages. With a few exceptions, the relative wages of unskilled

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3 Ibid., p. 201.


5 Ibid. Earnings of agricultural wage earners refer to male workers in Ghana and Kenya and to both male and female workers in Malawi and Zambia.
labourers are markedly lower in the developing than in the developed countries—and in some of the latter unskilled labourers in certain occupations earn less than half the amount earned by skilled workers. In developed countries where the average skill differential is small, there is perhaps a greater need to identify the low-paid wage earners in specific occupations and industries and by sex. In the United Kingdom, for example, a new earnings survey shows that in 1968, agriculture apart, occupations containing “particularly large proportions of low-paid workers include cleaners, guards and watchmen, gardeners and caretakers and (amongst women) waitresses, hairdressers, kitchen hands, shop assistants and cleaners”¹; in manufacturing, many of the low-paid workers were found to be in declining industries, or in industries expanding at a rate below the average. There were also many low-paid workers in distribution and catering.² Where rapid structural change is taking place the earnings of workers in declining industries are likely to be particularly low, as is, for example, the case of the miners in the Ruhr area of the Federal Republic of Germany.

One simple way of arriving at some idea of the living standards of the lowest paid wage earners in relation to the national average is to compare the minimum wages established by wage-fixing authorities or by collective agreements with annual national income per employed person. An attempt at such a comparison has been made for nine selected countries and the results are given in table II. It is striking to note from this table that the minimum wages fell far below the level of national income per employed person in the developed countries but were much closer to or even exceeded that level in the developing countries. This seems to suggest that in these selected developing countries, if the applicable minimum wages were effectively enforced, the workers thus protected could earn an income which would compare at least not unfavourably, and often quite favourably, with the low average national output per worker, which results chiefly from low labour productivity in agriculture. Actually, large numbers of urban workers in the developing countries earn much less than the minimum wage. Moreover, rural workers are largely excluded from statutory minimum wage regulations.

To turn now to the self-employed, the income of the poorer sections of this category of worker are quantitatively more difficult to ascertain, because of the paucity of statistical data. Moreover, particularly for this category, one problem which requires further investigation is the method

¹ Employment and Productivity Gazette, op. cit., p. 403.
### TABLE II. ESTIMATED RATIO OF MINIMUM WAGE TO NATIONAL INCOME PER EMPLOYED PERSON IN SELECTED COUNTRIES

<table>
<thead>
<tr>
<th></th>
<th>1957</th>
<th>1960</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed countries:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>0.41</td>
<td>0.44</td>
<td>0.43</td>
</tr>
<tr>
<td>France</td>
<td>0.15</td>
<td>0.14</td>
<td>0.11</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.45</td>
<td>0.40</td>
<td>0.34</td>
</tr>
<tr>
<td>United States</td>
<td>0.36</td>
<td>0.33</td>
<td>0.33</td>
</tr>
<tr>
<td>Developing countries:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>—</td>
<td>0.90</td>
<td>—</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>—</td>
<td>1.17</td>
<td>—</td>
</tr>
<tr>
<td>Philippines</td>
<td>1.16</td>
<td>1.00</td>
<td>1.07</td>
</tr>
<tr>
<td>Senegal</td>
<td>—</td>
<td>0.82</td>
<td>—</td>
</tr>
<tr>
<td>Turkey</td>
<td>—</td>
<td>0.70</td>
<td>0.71</td>
</tr>
</tbody>
</table>

1 Figures for national income per employed person were calculated from national income figures given in United Nations: Monthly Bulletin of Statistics (New York), Feb. 1968 and Aug. 1969, and figures for total employed persons were taken from ILO: Year Book of Labour Statistics, 1965 and idem 1966. Various conversion factors were used to convert hourly, daily, weekly or monthly minimum wages to an annual basis.

**EXPLANATORY NOTES ON MINIMUM WAGES**


of assessing the value of the self-produced income in kind, which now appears often to be underestimated. As regards the developed countries, it has been observed that in some of the Western European countries (e.g. Denmark, France, Netherlands and Sweden) income dispersion among the self-employed is larger than for wage and salary earners and that an effect of the falling proportion of the self-employed has been to reduce inequality in over-all income distribution. The small farmers and, more recently, the small shopkeepers (e.g. in France) represent a large element of the poorer section of the self-employed in Western Europe. The problem of poor small farmers, however, appears to be far more serious in countries of Southern Europe where there is a high concentration of land ownership.

As I noted in my Report to the Conference last year, the self-employed constitute a much greater proportion—usually between one-half and four-fifths—of the total working population in the developing as compared with the developed countries. Again, the majority of the poorer

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self-employed are working in agriculture. In Latin America, where the concentration of land ownership is extremely high—it has been estimated that in the region as a whole less than 10 per cent of the land holdings contain roughly 90 per cent of the land—the *minifundistas* (share-croppers and tenants living on excessively small holdings and in severe under-employment) are among the poorest self-employed and their living standards are perhaps hardly better than those of the completely landless farmhands. In Asia, though land distribution is less unequal—in many Asian countries the high man-land ratio is the basic cause of low agricultural income—the share-croppers and tenants on small farms are similarly among the poorest of the population and some of them may have an even lower disposable household income than the agricultural labourers without land, since the latter need not pay high rent and are more free to seek supplementary employment; in Pakistan, for example, in 1965 the estimated average income of share-croppers in Punjab was 270 rupees compared with 600 rupees earned by owner operators on farms of 2.5 acres in the cotton area, and 725 rupees compared with 1,550 rupees on farms of 8 acres in the rice area. In India the relatively low income position of the share-croppers and tenants was clearly brought out by the income data on village households in 1960-62 collected under the Agro-Economic Research Scheme of the Ministry of Food and Agriculture. In Africa the poorest self-employed persons in agriculture are to be found in the subsistence sector, having little contact with the money economy. As their agricultural practices are rudimentary, their real incomes and living standards are by far the lowest in relation to other groups of the population. Accurate quantitative estimates of the extent of the disparities that exist between their real incomes and those of others are, however, difficult to make.

The above descriptions of the poorer sections among wage earners and among the self-employed convey only a partial picture of the relative incomes of different groups of population in a country. An attempt to provide a more comprehensive picture is made in table III. This table presents a composite picture of the differences in the level of productivity in agriculture and in non-agricultural activities in Latin America in 1960, employing the threefold classification of sectors—modern, intermediate and primitive—developed by the United Nations Economic Commission for Latin America.

By using productivity as a proxy for income, this table could serve to give an approximate idea of how low the incomes of people in the primitive sector were in relation to those in the other two sectors, with some 40 per cent of the population producing little more than 7 per cent of the gross national product.
### Table III. Productivity, Production and Employment by Sector in Latin America, 1960

<table>
<thead>
<tr>
<th>Branch</th>
<th>Average</th>
<th>Modern sector</th>
<th>Intermediate sector</th>
<th>Primitive sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Agriculture</strong></td>
<td>100</td>
<td>551</td>
<td>127</td>
<td>39</td>
</tr>
<tr>
<td><strong>B. Non-agricultural</strong></td>
<td>100</td>
<td>275</td>
<td>71</td>
<td>11</td>
</tr>
<tr>
<td>I. Goods and basic services</td>
<td>100</td>
<td>264</td>
<td>65</td>
<td>9</td>
</tr>
<tr>
<td>Mining</td>
<td>100</td>
<td>222</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>100</td>
<td>281</td>
<td>72</td>
<td>9</td>
</tr>
<tr>
<td>Factory</td>
<td>100</td>
<td>177</td>
<td>63</td>
<td>—</td>
</tr>
<tr>
<td>Handicrafts</td>
<td>100</td>
<td>381</td>
<td>118</td>
<td>46</td>
</tr>
<tr>
<td>Construction</td>
<td>100</td>
<td>222</td>
<td>72</td>
<td>24</td>
</tr>
<tr>
<td>Basic services</td>
<td>100</td>
<td>189</td>
<td>73</td>
<td>16</td>
</tr>
<tr>
<td>II. Services</td>
<td>100</td>
<td>290</td>
<td>75</td>
<td>13</td>
</tr>
<tr>
<td>Commerce and finance</td>
<td>100</td>
<td>301</td>
<td>76</td>
<td>13</td>
</tr>
<tr>
<td>Other services</td>
<td>100</td>
<td>292</td>
<td>73</td>
<td>13</td>
</tr>
<tr>
<td>Government</td>
<td>100</td>
<td>177</td>
<td>84</td>
<td>—</td>
</tr>
<tr>
<td>Miscellaneous services</td>
<td>100</td>
<td>349</td>
<td>65</td>
<td>15</td>
</tr>
<tr>
<td>Total: 1. Productivity</td>
<td>100</td>
<td>388</td>
<td>98</td>
<td>18</td>
</tr>
<tr>
<td>2. Percentage of total</td>
<td>—</td>
<td>12.5</td>
<td>47.1</td>
<td>40.4</td>
</tr>
<tr>
<td>employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Percentage of the gross</td>
<td>—</td>
<td>47.6</td>
<td>45.6</td>
<td>7.2</td>
</tr>
<tr>
<td>national product</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


#### Family Expenditure Patterns

The differences in living standards among different income groups can be gauged broadly from the differences in the percentage of household consumption expenditure devoted to the necessities of life and on that devoted to less essential things or on luxuries in the economic context of a given society. This is illustrated in table IV, which gives the distribution of household consumption expenditure between the four main categories—food and drinks, housing and related items, clothing and “miscellaneous”—in different income groups in urban areas in Canada, Poland and the Philippines, as revealed by household budget surveys. It will be seen that as total or per head household income increases, the percentage of consumption expenditure allotted to “food and drinks” steadily decreases and, conversely, that allotted to the “miscellaneous” category steadily rises. More significantly, the percentage of urban households which devoted over 60 per cent of consumption expenditure to “food and drinks” was as high as 75 in the Philippines and about
## TABLE IV. CONSUMPTION EXPENDITURE PATTERN

<table>
<thead>
<tr>
<th>Annual income per household</th>
<th>Number of households</th>
<th>Average size of household</th>
<th>Average number of earners per household</th>
<th>Average total consumption expenditure per household</th>
<th>Percentage of consumption expenditure on Food and drinks</th>
<th>Housing and related expenditure</th>
<th>Clothing</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Canada, 1959</strong> (urban, all types of households, in dollars):**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 2,500</td>
<td>146</td>
<td>2.5</td>
<td>0.6</td>
<td>2,242</td>
<td>33.7</td>
<td>33.4</td>
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<td>11.6</td>
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<td>9,679</td>
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<td>26.0</td>
<td>11.8</td>
<td>40.7</td>
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<td><strong>Poland, 1963</strong> (urban, salaried employees and wage earners, in zlotys):**</td>
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<td>1.3</td>
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<td>1.4</td>
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<td>15.0</td>
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<td>10,375</td>
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<td>15.9</td>
<td>19.6</td>
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<td>1.6</td>
<td>12,820</td>
<td>48.7</td>
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<td>17.4</td>
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<td>17.0</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Up to 500</td>
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<td>.</td>
<td>716</td>
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<td>.</td>
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<td>11.6</td>
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<td>.</td>
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<td>21.2</td>
<td>7.8</td>
<td>24.0</td>
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<td>.</td>
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<td>25.2</td>
<td>7.3</td>
<td>25.6</td>
</tr>
<tr>
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<td>7.8</td>
<td>.</td>
<td>10,921</td>
<td>36.4</td>
<td>27.1</td>
<td>6.7</td>
<td>29.8</td>
</tr>
</tbody>
</table>


1 Per head income and consumption. 2 Average total consumption expenditure per household includes some non-consumption items and services in kind.
10 in Poland, whereas in Canada in the two lowest urban income groups the percentage of consumption expenditure devoted to “food and drinks” was no more than 34. Although these data are not up to date, they do give some indication of the differences in the specific needs of the poorest households in countries with different average levels of living.

Social Security

The extent of social security coverage also has an important bearing on incomes and standards of living. Those that are protected by it are automatically guaranteed a substitute income or medical care should the contingencies covered materialise. Those not protected have no such guarantee; they are either forced into destitution, or have to rely on their family and relatives to shield them from destitution.

At the beginning of 1967 at least some type of social security programme was in existence in 120 countries, compared with only 80 in 1959 and 58 in 1948. In the industrially advanced countries the development of social security schemes to cover an ever larger number of persons and a wider range of contingencies has been one of the most positive trends in recent years. There may be still further needs to be met and further problems to be solved in these countries—these will be mentioned in the following chapter—but it is in the developing countries that the most serious gaps in social security coverage occur, in spite of some quite encouraging developments in recent years.

In a large number of countries there are as yet no statutory schemes with wide coverage providing for benefits in case of old age, invalidity and death, and for medical care “as of right”. Moreover, in a considerable number of countries the existing schemes providing for compensation for employment injuries and occupational diseases continue to be based on the traditional principle of employers’ liability. Only six developing countries (four in Latin America and two in Asia) have unemployment benefit schemes.

As an example, table V gives some indication of trends in coverage in one branch—statutory pension insurance schemes—of social security in selected countries over a ten-year period. This table is by no means complete; it refers only to countries in respect of which reliable data on protected persons could be obtained from the available national publications. Moreover, a number of limitations should be kept in mind. The scope of protection by social security is dependent not only on the extent of the numerical coverage of persons by various schemes but also on the quality of the protection afforded by such schemes. There are wide differences not only in the level of benefits but also in such aspects of
TABLE V. COVERAGE BY STATUTORY PENSION INSURANCE SCHEMES IN SELECTED COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Insured persons (in 000's)</th>
<th>Insured persons as a percentage of estimated total economically active population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Countries with social security schemes of wide coverage:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
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<td>1,938</td>
<td>59</td>
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<tr>
<td></td>
<td>1965</td>
<td>2,544</td>
<td>77</td>
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<tr>
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<td>1960</td>
<td>1,513</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>1964</td>
<td>1,891</td>
<td>70</td>
</tr>
<tr>
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<td>1955</td>
<td>5,329</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>1965</td>
<td>6,729</td>
<td>100</td>
</tr>
<tr>
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<td>1955</td>
<td>18,390</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>1964</td>
<td>20,540</td>
<td>100</td>
</tr>
<tr>
<td>Germany (Fed. Rep.)</td>
<td>1955</td>
<td>20,370</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>1967</td>
<td>25,791</td>
<td>93</td>
</tr>
<tr>
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<td>47</td>
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<td></td>
<td>1966</td>
<td>19,985</td>
<td>100</td>
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<td>Israel</td>
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<td>560</td>
<td>90</td>
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<tr>
<td></td>
<td>1965</td>
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<td>99</td>
</tr>
<tr>
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<td></td>
<td>1966</td>
<td>43,349</td>
<td>89</td>
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<tr>
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<td>51</td>
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<tr>
<td></td>
<td>1966</td>
<td>9,505</td>
<td>63</td>
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<tr>
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<td>25</td>
</tr>
<tr>
<td></td>
<td>1965</td>
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<td>45</td>
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<td>90</td>
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<td>1965</td>
<td>21,830</td>
<td>85</td>
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<tr>
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<td></td>
<td>1965</td>
<td>67,800</td>
<td>85</td>
</tr>
<tr>
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<td>31</td>
</tr>
<tr>
<td></td>
<td>1966</td>
<td>4,235</td>
<td>47</td>
</tr>
<tr>
<td><strong>Countries with social security schemes of limited coverage:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>1955</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>1966</td>
<td>76</td>
<td>17</td>
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<tr>
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</tr>
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<td></td>
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<td>234</td>
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<tr>
<td>Mali</td>
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<td>50</td>
<td>3</td>
</tr>
<tr>
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<td>1956</td>
<td>670</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>1966</td>
<td>2,353</td>
<td>16</td>
</tr>
<tr>
<td>Morocco</td>
<td>1966</td>
<td>236</td>
<td>6</td>
</tr>
<tr>
<td>Panama</td>
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<td>60</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>1966</td>
<td>110</td>
<td>26</td>
</tr>
<tr>
<td>Philippines</td>
<td>1957</td>
<td>224</td>
<td>3</td>
</tr>
<tr>
<td></td>
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<td>13</td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>1964</td>
<td>69</td>
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</table>

Source: For insured persons: Annual reports of national social security institutions, national statistical yearbooks and ILO technical assistance reports; for economically active persons: Estimated from data in ILO: Year Book of Labour Statistics.
the schemes as the qualifying conditions for the payment of benefits, the duration of benefit, as well as the degree and speed of adjustment of the benefits to changes in living costs. Furthermore, there are differences in the extent and quality of benefits available to persons through non-statutory arrangements that are not reflected in the coverage by national social security schemes.

Other examples could be quoted to show that although considerable improvements have been made in social security coverage in many countries, the proportion of the population protected in developing countries remains very low. Workers in rural areas are scarcely covered at all, but what is perhaps even more alarming is the fact that a very high proportion of the rapidly expanding urban population of the developing world, many of whom have broken their links with their traditional tribal or extended family background, still have no protection against temporary or permanent loss of income in the event of old age, sickness, death of the breadwinner, or similar contingencies.

Thus, generally speaking, the poorest sections of society, those most in need of protection, are still to some extent outside the impact of social security schemes in the developing countries; again, they do not benefit from any effects these schemes might have on income distribution. On the other hand, the lower income groups not covered by social security, even though they make no direct social security contributions, nevertheless often contribute indirectly, through general taxation, to the protection of other sections of the population. A recent study on the subject found that general taxation was therefore "much more regressive in developing countries than in developed countries" and that "while income redistribution through social security in developed countries could be represented as a movement from the top to the bottom, in developing countries it resembles more a movement from the top and the bottom to the centre".¹

ber States and the ILO itself to improve this situation? That is the question to which the remaining chapters of this Report are addressed. But there are two preliminary questions, which I propose to examine briefly at this stage: What are the causes of the extremes of poverty and hardship that I have described above, however inadequately? And to what extent can policies to overcome them be compatible with policies for economic growth?

In attempting to answer the first of these two questions, it should, of course, be made clear at the outset that in many fundamental respects poverty is indissociably linked with economic backwardness or stagnation. It will have been seen from the preceding pages that low levels of productivity are among the principal causes of low wages and incomes, bad working conditions, or long working hours. Even in the more highly industrialised countries, the most extreme forms of poor living standards are often found in the depressed or backward regions, and consequently a large part of the attack on poverty in those countries takes the form of regional development programmes. In the developing countries it is not just a few isolated regions, but virtually the whole structure of the economy that needs to be developed and modernised if higher levels of productivity and, consequently, sustained improvements in living standards are to be brought about.

Moreover, in both the developing and the developed countries, unemployment and underemployment are among the principal evils to be attacked in a drive against poverty. I shall not dwell on this aspect in the present Report, since I dealt with it exhaustively in my Report to the Conference last year, and since vigorous efforts are being made to implement regional and national programmes of action to raise levels of productive and remunerative employment through the World Employment Programme.

On the other hand, the central purpose of this Report is to suggest that neither policies for economic growth, nor even for the creation of higher levels of employment, will alone suffice to ensure that the minimum needs of all sections of the population will be satisfied. For there are other causes of poverty with which an over-all development policy needs to deal if it is to serve the purpose of eliminating the most extreme forms of poverty. I shall mention here only those which seem to me to be of particular relevance and importance for the ILO.

Firstly, the levels of the incomes and of the working and living conditions of many workers and their families are excessively low, for reasons not always connected with levels of productivity and development. While this is true to a certain extent of wage earners, whose wages in relation to profits and to prices are often extremely low, it is more
particularly true of the self-employed craftsmen and peasants who, in all parts of the world but especially in developing regions, obtain what are probably the lowest incomes from work of any significant group of the active population. To a considerable extent this is because agriculture in most developing countries is largely of a subsistence nature, implying primitive techniques, very low productivity and considerable under-employment of labour. But other factors are also involved. As a result of population pressure, peasants frequently have all too little land at their disposal and, in many instances, are forced to cultivate the less productive land. Farming in general is subject to natural risks to which the small cultivator is particularly exposed because he has little opportunity of spreading his risks; moreover, damage to crops not only deprives him of his current income but may, because of his lack of resources, imply deprivation over a period of years. Farmers are also subject to violently fluctuating prices. Again, the small cultivator, with no financial reserves, has to sell immediately following the harvest, when prices are at their lowest. Furthermore, the small cultivator is generally required to pay high rates of interest on loans, and this frequently results in a permanent state of indebtedness. Finally, the individual cultivator has virtually no bargaining power vis-à-vis the merchant or landlord—frequently better educated and skilled—with respect to the price of his produce.

A second basic cause seems to be the political and economic power structure in many developing countries. In this respect, too, the rural workers are particularly exposed to exploitation. In spite of the fact that programmes of agrarian reform have been introduced in recent years, in many developing countries the political, social and economic power in rural areas is concentrated in the hands of a small landed élite. The implications of this are manifold. In the worst situation—and unfortunately such a situation still prevails in many parts of Latin America, the Middle East and Asia—the cultivator or agricultural worker is forced to eke out an existence on too little land, often of inferior quality since the best lands are reserved for the large landowners. Tenants and share-croppers are frequently subject to inequitable tenancy arrangements under which they are driven to the payment of excessively high rentals—either in the form of cash, a share in the produce or labour services. Under share-renting and share-cropping arrangements, in particular, where the landowner takes up to two-thirds or three-quarters of the crop, there is little incentive for the cultivator to increase his yields, since his own benefit is small. Moreover, the cultivator operating under this type of arrangement is at a great disadvantage in marketing his crop, whether to a merchant or landowner forming part of the rural élite; he pays heavily for credit and has very little opportunity of pro-
viding an education for his children. In the worst situations the rural élite, instead of channelling their capital into productive investment in agriculture or in the rural sector in general, tend to invest in urban development and in luxury consumption. The opportunities of social mobility are severely restricted and attempts at organisation or protesting in other ways against injustices are extremely limited, and sometimes even meet with violent oppression. Organised workers are generally better able to maintain, or to increase, the real value of their incomes in the face of long-term inflationary trends, and to counterbalance a highly inequitable power structure, than are those who are unorganised or unable to organise.

Moreover, the concentration of power in the hands of a few persons inevitably affects government policies and priorities. All too often, resources are allocated to "prestige" projects of questionable value either to economic growth or to social welfare; income distribution, as I have noted earlier, is highly inequitable in most developing countries, and in many cases neither the fiscal and social security systems nor the allocation of the revenue accruing to such systems are designed to meet the needs of those in greatest poverty. There are, of course, at any given time severe limits on the action any government, and particularly governments of developing countries, can undertake to raise the standards of living of the population. It is, however, significant that a survey of the development plans of thirty-four developing countries revealed the absence of objectives concerning nutrition (in twenty-five), working conditions (in twenty-three), agrarian reform (in twenty) and community development (in seventeen).\(^1\) Again, many of the governments that had included such objectives had drawn up no programmes of action, or had not allocated the necessary resources, to attain them.

A third cause to which I would draw attention is the existence of glaring inequalities between different categories of people. I mentioned earlier the growing inequalities between urban and rural workers, or between workers in industry and in agriculture. To these disparities should be added economic and social inequalities among people of different races, castes, religions, languages and national or regional origins. Only in one country is it official policy to discriminate against people on the basis of their ethnic origins—namely the Republic of South Africa, whose policy of apartheid has been severely condemned by the whole world community. But in virtually every country of the world the problem of discrimination in one form or another exists to

varying degrees of gravity. In many countries—and particularly in certain developing countries—inequalities are built into the rigid social structure, the institutions of which prevent social, regional or occupational mobility. Again, in other countries backward nomadic or indigenous populations remain on the fringe of national life. Certain countries, among them the economically most advanced, find themselves facing severe social unrest because of the existence of underprivileged racial groups. And in all regions of the world there is the problem of the foreign migrant workers whose status and conditions in society are greatly inferior to those of the national population.

Whatever be the forms that discrimination may take, it is clear that its victims are to be numbered among the poorest sections of society; and it is evident that policies aimed at attaining acceptable minimum living standards must include an effort to eliminate the more flagrant injustices to which certain minority groups are subjected. This is, however, an enormously difficult problem. Many governments are acutely conscious of the need to promote greater equality among the inhabitants of their respective countries, and several have introduced enlightened policies with that aim in view. But such policies take a long time to bear fruit, since they often involve remoulding the structures of society, or eradicating prejudices which have become deeply ingrained in the mentality and attitudes of people over a number of generations. I shall return to this point in the next chapter.

The fourth cause which I would mention in this connection is the rapid growth of population, particularly in developing countries. In my Report to the Conference last year, I drew attention to the staggering increase in population in the developing world, and its serious social and economic consequences. The effects of this increase on living standards can be judged from a study covering a representative sample of countries with market economies. While developed countries devoted 19.1 per cent of the gains from economic growth to maintaining income per head, the corresponding figure was 55.7 for the developing countries. Thus, rapid population growth in the developing countries substantially reduces not only the resources available for investment, and hence for further economic growth, but also those that can be used for increased consumption.

Moreover, it is not surprising that the families in greatest poverty, particularly in the urban areas of developing countries, often include those with the greatest number of dependants, such as old people who

can now expect to live to a much greater age than was the case in former times, thanks to advances in medicine, and, above all, children; for a much higher proportion of children than of families live in great poverty.

**Minimum Living Standards and Economic Growth**

In concluding this chapter, I shall consider very briefly the second question that I mentioned earlier: is there a danger that a policy to promote minimum living standards may check a country's rate of economic growth? This is a possibility that has to be envisaged and given serious consideration, and I may begin by mentioning two reasons why it might have such an effect.

In the first place, a policy for minimum living standards is a policy to increase consumption by the poor. If they can be enabled themselves to produce the additional goods that they consume, or other goods of equal value that can be exchanged for them, this additional consumption is not at the expense of anybody else's standard of living or of the investment potential of the country. But if producing more consumer goods for the poor means a reduction in a country's saving and investment, then this may, to some extent, inhibit growth.

Secondly, it is possible that growth might be checked through impairment of incentives to work, to save or to incur the risks of enterprise. If everybody were assured of receiving a minimum living standard without working for it, some would probably work less than they do. For this reason it seems desirable, so far as the able-bodied are concerned, to place the main emphasis on creating opportunities for people to earn or produce adequate incomes through their own efforts. If the additional consumption by the poor were to be financed by heavy taxation, some people might feel that the rewards of enterprise and saving had fallen below acceptable levels.

It will be important that countries desirous of adopting policies for minimum living standards should find ways of financing these policies that avoid or minimise these and other unfavorable effects on economic growth or on employment. I shall return to this point in the next chapter.

But policies for minimum living standards are not designed just to increase consumption by the poor. They also aim at investing in the productive capacity of human beings. The distinction between consumption and investment in developing countries may therefore be a misleading oversimplification. Experience has shown that a higher standard of living is associated with an improvement in the quality of human resources. This improved quality, in turn, affects the types of work individuals are able to perform and the efficiency with which they
perform it, thus ultimately affecting the rate of economic growth. It has come to be recognised that raising the quality of human resources is as essential to future development as is the accumulation of capital.

In the first place, the fact that workers who are well fed produce more than ones who are malnourished has been amply demonstrated. There is no doubt at all that vast numbers of people in developing countries are undernourished. Not only are they physically incapable of doing a full day's work but, mentally, they are lethargic and apathetic. The well-known results of studies of the impact of protein deficiency on the capacities for development of infants, and also on the ability of adults to work, are among the most striking evidence in support of this conclusion. In its field projects and in joint projects with the World Food Programme the ILO has also noticed a positive relation between nutrition and work performance.

Similarly, widespread substandard shelter generates a variety of undesirable effects on the quality of the work force. A quantitative study by a United Nations agency supports this thesis, although it cannot be taken as a positive proof. The study showed a high inverse correlation between an indicator of housing standards (average number of persons per room) and an indicator of economic development (gross national product per head). While improved housing is in part a result of a higher gross national product per head, there can also be little doubt that such improved housing contributes in some part to the attainment of higher levels of gross national product per head. Far more persuasively, however, than the fragmentary quantitative information available, personal acquaintance with the intolerable living conditions in the slums in large urban centres provides convincing evidence of the harmful effects of inadequate shelter on human productive potential.

Again, an unknown but undoubtedly large proportion of the labour force of developing countries suffers from debilitating but curable diseases. The productivity of the workers concerned would certainly respond to improved medical care.

Clearly, there is no simple formula for the quantitative evaluation of the contribution a higher living standard can make to economic development. The effects can result from better morale and improved health. It can also happen that growth may be impeded by lack of markets—result-

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1 See, for instance, W. Galenson and G. Pyatt: The Quality of Labour and Economic Development in Certain Countries, a Preliminary Study, Studies and Reports, New Series, No. 68 (Geneva, ILO, 1964), especially the correlation between the adjusted rate of growth of labour productivity and the rate of increase in the average calorie intake of the population.

ing in a situation in which the poor lack the money to buy what they need while rich people hoard money or invest it abroad or spend it on luxury imports. In such situations a policy for minimum living standards would generate demands that would stimulate increased production and employment.

If employment policy plays a prominent part in a policy for minimum living standards, as it must in developing countries, this will provide further reasons for expecting minimum living standards to promote rapid growth. Both in the towns and the villages of developing countries there are very extensive opportunities, as emphasised in my Report last year on the World Employment Programme, simultaneously to promote economic growth and higher living standards for the unemployed and the underemployed.

The impact of a change in living standards on the productivity of labour can take place over a time span ranging from the immediate to a generation and even longer. It is precisely because the "productivity effects" of changing living standards can occur through so many different channels and be so far-reaching in time that greater importance should be attached to understanding and applying the positive effects of higher living standards in order to promote economic development, which in turn can promote further improvement in levels of living.

I am convinced that if the right combination of measures to promote minimum living standards, and the right methods of financing them, are chosen, their stimulating effects on growth can decisively outweigh any retarding effects they may tend to have.

There are, then, many ways in which higher living standards serve to promote more rapid economic growth. But the more important relationship is the opposite one: the overcoming of poverty is the master objective, and rapid economic growth a servant to this end. This means that it would make no sense to pursue rapid economic growth for its own sake, regardless of the effects on minimum living standards. A government which is concerned to ensure minimum living standards would not be well advised to set a target rate of growth without regard to its implications for current levels of consumption. As suggested above, faster growth usually requires, among other things, more investment, and more investment out of a given national income leaves less for consumption—including current government services as well as private consumption. If consumption is treated as a residual, tomorrow's comforts may be purchased at too great a sacrifice of today's needs. A policy for minimum living standards implies giving as much care and attention to the setting of consumption targets as to the setting of investment
targets, and in the case of public expenditure, to striking a proper balance between public expenditures on social overhead capital—communications and transport, power or irrigation projects, etc., which are essential for the development of production—and social services and institutions—health, education, welfare, public administration, etc.

More attention may need to be given to the setting and attainment of production targets for particular types of consumer goods, particularly food but also housing and perhaps textiles, to say nothing of education and health services. If measures are taken to increase the incomes of people in poverty, the effective demand for the goods required to satisfy minimum needs will also increase; these goods must be available in sufficient quantities to satisfy the increased demand. They need not, of course, all be produced at home—some may be imported in exchange for exports. Thus governments giving a high priority to policies for minimum living standards should perhaps think in terms of setting targets both for the consumption and for the production of basic necessities. And it need hardly be stressed that they should ensure that such consumption targets are consistent with their production, export and import targets.

There are, of course, limits to what can be achieved in the foreseeable future. In the face of the frightening extent of poverty in the world, and the extremely complex economic, social and political factors which are responsible for this poverty, progress towards the establishment and the raising, to socially and humanly acceptable levels, of minimum living standards for all can at best be slow. Whether or not progress can be made towards the goal I have indicated depends essentially on whether there is a political will to adopt and implement the necessary policy measures. The following chapter attempts to indicate some of those measures that are of particular concern to the ILO.

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1 Cf. W. A. Lewis: "Economic growth creates disturbing tensions in society, which can be resolved only if the increased output is used to secure more equitable distribution.... Narrowly conceived economic interest may seem to point in the direction of holding down consumption as long as possible; but the interest of creating a healthy society with tensions and injustices moderated and limited requires that welfare be given equal priority with growth right from the beginning.... To provide a framework of services for the unemployed, the aged, the orphaned, and the handicapped is just as important as saving to build factories to produce more radios or bicycles." The quotation is from National Bureau of Economic Research: "Planning Public Expenditure", in *National Economic Planning*, a Conference of the Universities—National Bureau Committee for Economic Research (New York and London, Columbia University Press, 1967), pp. 214-215.
CHAPTER II

NATIONAL POLICIES FOR MINIMUM LIVING STANDARDS

The concept of a minimum living standard—that is to say, of a threshold below which the living standard of any group of the population must not be allowed to fall—derives from fundamental human rights, according to which every member of the community should enjoy a degree of well-being and security compatible with human dignity.¹

Of course, the first requirement (and especially in a developing country), if living conditions are to be improved, is growth, modernisation of economic structures, expansion of employment and greater productivity. As we have seen in Chapter I, the requirements of economic development and the need to raise standards of living overlap in some respects. In fact, to guarantee a minimum standard of living is, in essence, to overcome the contradictions which seem to exist between economic and social necessities. In practice, concern for economic realities and concern for social needs must be reconciled by an act of national solidarity.

A family’s living standard depends, first and foremost, on its effective income, the main components of which need to be identified, with account being taken of their relative importance. The major element in earnings is the income derived from work whether performed as wage earner of self-employed. In countries where the majority of workers are wage earners, a statutory minimum wage is for many people a very real safeguard. In the developing countries, however, wage earners are a minority and the scope of statutory minimum wage fixing machinery is limited, so that measures to render such a wage obligatory, important though they may be, could not in themselves suffice to ensure a minimum standard of living. The income derived from work can be supplemented by payments in cash or in kind from other sources (social security, state subsidies, and the collective use—through co-operatives, for example—of workers’ savings), thus palliating the consequences of a reduction in, or the loss of, such income. Supplementary income of this kind may greatly affect a family’s standard of living.

¹ The United Nations General Assembly proclaimed the same principle not long ago in adopting the Declaration on Progress and Social Development (doc. A/RES/2542 (XXIV), 30 Dec. 1969); see, in particular, arts. 10 and 11.
Very broadly speaking, action to ensure minimum living standards is of two main kinds: firstly, measures to extend to those who do not yet enjoy them the social protection and the privileges afforded to certain categories (wage earners, pensioners, large families, self-employed workers, etc.); and, secondly, action to raise the standard of living of whole sections of the population, especially in rural areas. The poorest and most needy will benefit from such action only when it is selective. In developing countries, where wage earners count for a relatively small number of the urban and rural workers (and particularly the latter), it is the standard of living of the great majority of non-wage-earning workers which has to be raised. In the industrialised countries, structural reforms and regional development programmes are needed to facilitate the economic and social adaptation of many groups, such as small farmers, artisans, small employers, shopkeepers, etc., who have suffered from the effects of structural change. Nor, of course, is there any need to emphasise that a standard of living does not depend on an assured minimum income alone; it will also depend on the measures taken to safeguard the worker's health and welfare both in his communal life (particularly at the workplace) and in his personal life.

**Special Action in Favour of Disadvantaged Groups**

Perhaps the first priority, in efforts to guarantee a minimum living standard, is to take selective action in favour of the needy and of those kept at or below the poverty line by discriminatory practices, whether deliberate or not. In fact, protection must be extended to all who need it, no matter what, for example, their ethnic or national origin, class or creed, may be. That formal inequality is not upheld by law or confirmed by official policy is not enough: to treat in the same way persons who, to begin with, are on a footing of inequality is to demonstrate ignorance of what real equality and social justice mean.

In every country there are numerous groups labouring under disadvantages that render them particularly vulnerable both economically and socially. This is true, for example, of women workers (especially those who are heads of families), and of certain categories of women (widows, etc.) who are not in employment and who figure prominently among those whose total income is inadequate. It is true, also, of various categories of young workers, who in some cases are excluded from social security benefits because they have not accomplished the qualifying period or, in other cases, are at a disadvantage in relation to older workers as regards wage scales. Such groups are frequently the first victims of unemployment and of any inadequacies in social welfare arrangements.
The problem is especially acute when the groups in question are in any way ethnically, socially or culturally apart, by reason of race, national or regional origin, creed, caste, or language, and for various reasons do not share in the prosperity they see around them. In such circumstances the economic and social inequality which accompanies and aggravates group distinction of this kind can have the gravest consequences, as has been demonstrated by too many recent examples.

When the problem has regional features, it is clearly essential that action to guarantee a minimum living standard should be undertaken on an equitable basis throughout the area concerned, special efforts being made, if required, to remedy particular local inequalities. It will suffice here to mention the plight of numerous indigenous or nomad peoples in the developing countries—I will revert to their problems in more detail later—and, in the industrialised countries, that of workers in depressed areas or areas left behind by economic and technological development.

In many cases the position may be made worse by the juxtaposition of groups with markedly different standards of living, a striking example being cases where the less favoured groups are relegated to urban ghettos or shanty-towns, with all their attendant miseries. Some national inquiries have shown how serious are the combined effects of discrimination in employment, education or housing and of the atmosphere of insecurity, poverty and alienation in which some groups live.

There is no simple solution to these very complex problems. Experience shows that they must be attacked simultaneously on several fronts.

The law offers one weapon, and education of public opinion another, to combat discriminatory practices and the sentiments which inspire them. Both may be employed to good effect in preventing social distinctions from appearing, or if such divisions do exist, in preventing them from getting worse and in offsetting some of their ill-effects. However, these two instruments will not by themselves suffice. Further action is required to enable the underprivileged to surmount the handicaps of their condition and to secure the education, the jobs and the housing they need if they are to compete on equal terms with the rest of society.

Such action may take many different forms. In this field, obligations imposed by law will be of but limited effect. In some countries a percentage of jobs is reserved for the underprivileged in sectors under the control of the public authorities, together with a proportion of the places available in schools and training establishments generally. Arrangements of this kind, however, call for very delicate handling and it is generally agreed that they are only partially effective. More generally speaking, it has been found that if the underprivileged are to enjoy
equality in recruitment and promotion, and to have access to the jobs which will give them a higher standard of living, employers must, in the processes of recruitment, selection and training, adopt principles and procedures which are adapted to the peculiarities of the group concerned but do not lead to a reduction in the level of skills. Thus, for example, from the technical viewpoint care must be taken to ensure that requirements conceived (even inadvertently) in the light of the characteristics of some other group and bearing no relation to the aptitudes possessed by the members of the groups it is desired to help do not indirectly lead to actual discrimination. Other measures, too, may have to be taken to ensure that those responsible for selection make a positive effort to find suitable candidates among the underprivileged, and do not adopt a neutral and passive attitude. It is, of course, for the authorities to ensure that appropriate principles and procedures are duly applied; this they can do either by imposing an obligation or by offering encouragement in various ways (through the employment service, for example, or when public tenders are being examined), with the necessary co-operation of employers’ and workers’ organisations and, above all, of representatives of the underprivileged groups concerned.

On another level, a whole series of measures should be taken to improve conditions in the environment of the underprivileged. Direct, urgent action is required to raise the living standards of such people, together with indirect action to break the vicious circle of poverty, lack of education and training, and discouragement. Experience has shown, time and again, that such action should include development projects for poverty-stricken areas, investment, the development of social services, the improvement of education and training and information services and the fostering of a sense of participation and responsibility on the part of the groups concerned.

The above remarks also apply to the case of foreign workers, who constitute a special class of the underprivileged. It may, however, be well to dwell briefly on some of the problems peculiar to them. The conditions of life and work of foreign workers are often among the lowest to be found. The reasons for this state of affairs are many: the workers in question may lack the requisite skills, and the social services and community facilities available to them may be quite inadequate; they may be badly organised and ignorant of the rights and advantages to which they may be entitled; and they may be handicapped if their right to reside in the country where they work can be very easily revoked. Foreign workers are very often to be found in the kinds of jobs which have the least attraction for local manpower and at the very bottom of the wage scale. Furthermore, they may be subject to much more
stringent conditions as regards social security benefits (such as old-age and survivors' benefits, unemployment allowance, etc.), if eligible at all, or they may be unable to meet the relevant requirements. The foreign worker may also encounter special difficulty in improving his vocational skills. He finds himself in new and unfamiliar surroundings; exposed to various kinds of exploitation, he may all too easily commit an error of judgment. His housing may all too often be intolerably bad. Many of these difficulties are worse if he has his family with him; if he has not, and this is frequently the case, other difficulties arise and his financial burdens generally become heavier still.

In many respects such problems are bound up with migration policies, a question that is outside the scope of this Report. Regardless, however, of what these policies may be, there are many ways of overcoming the particular difficulties affecting a foreign worker’s standard of living in the host country. Thus, it might prove necessary to give special attention to the wages paid in the trades and occupations in which foreign workers are heavily represented, so as to ensure that such wages do not fall below the normal level. It is exceedingly important, too, that they be offered access to a wide variety of occupations. Generally speaking, there is steadily increasing awareness of the fact that, in order to improve the lot of the foreign worker, it is not enough merely to observe the principle of equality before the law. Policies and practices specially designed to meet his needs must also be put into effect. A foreign worker can be helped to overcome many obstacles, and much can be done to ensure that he enjoys a decent standard of life, if action is taken to see that he is well informed about his rights and duties both within the undertaking and vis-à-vis the authorities and in society at large, and if he is helped to share in the life and responsibilities of the community in which he lives. Moreover, a direct attack can be launched on some of the difficulties with which he has to cope. This can be done by a judicious housing policy and by a system of tax relief or other facilities designed to compensate for the special burdens he has to bear, special attention being devoted in this respect to his family problems.

In many industrial countries rapid economic growth and the resultant demand for manpower have led to a vast influx of foreign workers from countries with manpower surpluses. However, the industrial countries are by no means alone in experiencing such movements of manpower, since they also occur, although in a different form, in the developing countries at present engaged in a process of regional economic co-operation or integration. The free movement of labour, a concomitant of integration, may aggravate some problems unless precautions are taken in advance. The migration of workers in the developing countries gives
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rise to particular problems which deserve very close and serious attention if adequate solutions are to be found. It may well be, however, that in concluding agreements for co-ordination or reciprocity in the treatment of migrant labour, the developing countries will derive valuable lessons from the experience acquired elsewhere, notably in Europe.

GUARANTEED MINIMUM INCOME

Clearly, any policy designed to ensure minimum living standards must devote special attention to the maintenance of workers’ earnings. It will have to lay down a level below which wages must not drop. The lowest wages will have to be increased, while arrangements must be made to ensure that, should a worker’s income be reduced or disappear, he and his family will still have resources in the form of a system of benefits in cash or in kind.

A worker’s earnings are guaranteed against certain risks by virtue of social security systems. In the industrialised countries, such protection is being extended to the whole population, although much still remains to be done in this respect. In the developing countries, social security is likely to remain relatively limited in scope in the foreseeable future. Priority is being given to the protection of health by affording medical care, preventive and curative, to everybody. It may well be that more will be achieved, more speedily, in this field than in protection against other kinds of risk.

Minimum wage fixing, of course, concerns the wage earner only. Other ways have to be found of guaranteeing that the earnings of people other than wage earners (i.e. peasants, small farmers, artisans, etc., who represent a majority of the population in the developing countries) shall not fall below a certain level. Non-wage-earning agricultural workers deserve special mention here. Any arrangements to increase their earnings are difficult to separate from the action required to protect them against risks which social security in the narrower sense of the term cannot cover. Hence increasing agricultural productivity and protecting the peasant against loss of earnings for reasons beyond his control are two aspects of the same general problem.

Minimum Wage Fixing

I shall deal very briefly with minimum wage fixing in this Report since this is one of the technical items before the present session of the Conference for second discussion. But the question has to be considered

in the perspective of a policy on minimum living standards, of which it is an integral element.

In industrially developed countries, where the bulk of the labour force consists of wage earners and where unskilled wage earners tend to be at or near the bottom of the income scale, statutory minimum wage fixing has an important role to play in a policy for minimum living standards.

The contribution that minimum wage fixing can make to relieving poverty in developing countries may be limited in scope, firstly because a smaller proportion of the economically active population is in wage-earning employment, and, secondly, because most other incomes are low and wage earners may, on the whole, be better off than peasants. On the other hand, anomalies in the wage structure, and the hardships that they cause, are probably greater in developing countries than in developed ones. If market forces cannot be relied upon to put an end to this situation, neither can collective bargaining, for the workers least able to organise are likely to suffer most from these anomalies.

A first important point is that, of all the instruments of a policy for minimum living standards, minimum wage fixing is one of the most widely applied throughout the world. Seventy-six countries have ratified the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26). But this does not mean that all wage earners who may need protection in regard to minimum wages are covered by the systems in force in these countries. The Conference has under consideration the question of whether a new Convention should require ratifying countries to extend minimum wage protection to all groups of workers whose terms of employment are such that coverage would be appropriate. The replies to the questionnaire on this subject indicated that a substantial majority of governments were in favour of the principle of general application of minimum wage fixing provisions, subject to some exceptions which were considered necessary.

The needs of workers are usually (and the ILO has insisted that they should always be) taken into account in fixing minimum wages. There is, however, the problem of determining the number of dependants whose minimum needs should be met by the minimum wage. In some countries the minimum wage is supposed to cover the needs of an “average”, “standard” or “synthetic” family, considered to be in some way representative. Often this is taken to be a family consisting of man, wife and two (sometimes three) children. But the “average” family is in fact exceptional, and a wage which would just meet its minimum needs (if agreement could be reached on what these minimum needs were) would be too high or too low to correspond exactly to the minimum
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needs of most families. Family allowances provide, of course, a partial answer to this difficulty.

Minimum wage laws are difficult to enforce, particularly in the case of agricultural workers, domestic servants and workers in very small commercial, industrial and service establishments. In many countries there is a big gap between the protection in regard to minimum wages formally provided by the law and the protection that workers actually enjoy. The Conference will consider the question of including in a new instrument stricter provisions regarding the application of minimum wage laws than those included in earlier instruments.

Finally, governments committing themselves to ensuring minimum living standards would have to bear in mind the interaction between minimum wage fixing and other policy instruments, particularly employment policy. The objectives of minimum wage fixing are important social goals but have to take their place among other policy objectives, including not only economic growth but also the relief of poverty among non-wage earners and the promotion of employment.

Social Security, including Medical Care

Minimum wage fixing and policy measures for the adjustment of minimum wage levels to increases in productivity or in the cost of living are relevant for those who are working. They are, however, of little use to persons who are unemployed or are unable to work because of sickness, invalidity or old age or who carry the burden of supporting large families. The concept of an assured minimum income becomes meaningful only when these contingencies are covered by an adequate programme of social security, benefiting not only those in wage-earning employment but also the large groups of non-wage earners, including farmers, artisans and other self-employed persons.

In industrialised countries social security has, over the years, proved an important instrument in providing at least a minimum income to increasingly large numbers of people, with benefits being extended to the entire working community and, in many cases, to the whole population. The possession of a job provides current income and at the same time, by means of social security schemes including medical care and/or cash benefits in the event of sickness, employment injury, occupational illnesses and disability, unemployment benefits, old-age pensions as well as family allowances, it affords protection against the loss of that income as a result of the occurrence of the various contingencies. The rapid development of social security in the industrialised countries is reflected in the increase in the proportion of their national product devoted to it
in recent years. In many industrialised countries in Europe, social security benefit expenditure in 1966 totalled over 15 per cent of their gross national product for that year, the percentages being, for instance, 15 in Belgium, 15.7 in France, 16.6 in the Federal Republic of Germany, 15.1 in Italy, 15.7 in Luxembourg, 15.8 in the Netherlands and 15.9 in Sweden.\(^1\)

Cash benefits provided under social security schemes help to keep large numbers of people above the poverty line. For example, in the case of the United States it has been estimated that, in terms of 1965 money incomes, the Old-age, Survivors' and Disability Insurance (OASDI) programme alone kept 3.6 million households, or about 10 million people, out of poverty. The emphasis laid upon programmes to maintain minimum income as a way of combatting poverty is demonstrated by the growth in recent years of income-conditioned entitlement tests in social insurance programmes. Different approaches have been adopted for the purpose: for instance, in France and in Switzerland supplementary pensions are paid as an extension on a selected basis of the benefits to which the recipients are entitled under the social insurance system. In the United Kingdom the public assistance programme (now called supplementary benefits and allowances) has been merged with the contributory insurance programme, thus facilitating the introduction of a system guaranteeing a minimum income for the aged.

In many industrialised countries social security has become the most important way of providing income security in old age. A recent cross-national survey of living conditions of elderly people undertaken in Denmark, Great Britain and the United States disclosed that in all the three countries pensions and benefits from public sources constituted the most important source of income for the aged. In 1960 an ILO study of this aspect of social security protection had revealed that during the 1950s there had been a steady increase in the ratio of the total number of pension beneficiaries over a particular age to the total population over that age in many industrialised countries. New statistics reveal a further increase in this ratio in recent years; for example, the number of pension beneficiaries aged 65 and over, expressed as a percentage of the total population in the corresponding age group, was 100 in Denmark (1966) and the Netherlands (1965), 92 in New Zealand (1964), 88 in the United States (1966) and 85 in the United Kingdom (1964). A recent study covering a few selected countries showed, however, that, while in most cases minimum old-age benefits increased in the past decade at a greater rate than the increase in the cost of living and in average earnings, there was

considerable variation in the relationship between minimum old-age benefits and average earnings, the former still constituting in some cases only a small proportion of the latter.

Family benefits schemes also help to guarantee a minimum income. For low-income families, children's allowances and other benefits under such schemes are an important factor in enabling them to provide their children with better nourishment and in helping them to defray the cost of their maintenance and education. While the most common form of family benefit is a periodical payment in respect of children below a specified age, many schemes also provide benefits in kind either in the form of consumer goods supplied directly to children, e.g. milk, medical care, etc., or in the form of welfare services and facilities made available to mothers and children, e.g. prenatal allowances, etc.

Some advanced countries have now instituted national health services in which the various medical care services are integrated in a system providing comprehensive coverage for the entire population on a statutory basis. The main problem facing such countries at present is no longer how to guarantee a minimum standard of care but rather how to finance the increased cost of medical services resulting from improvements in medical care techniques, increased consumption and rising prices.

The search for more effective protection has prompted many countries to introduce changes in their concepts of social security and their methods and techniques of providing it. The setting up of a national health service reflects the trend in some countries towards universal coverage of the population by combining organised efforts for health protection under a unified authority.

Several highly developed countries have taken measures to render more effective the system whereby cash benefits are paid with a view to making up losses of income resulting from the occurrence of the various contingencies and thus to providing more than a minimum income. Such measures include raising or abolishing the income ceiling employed for the purpose of calculating benefits, increasing the benefit rates, adapting benefits to increases in levels of living, introducing various systems of guaranteed wage payments in the event of sickness, maternity, employment injury or unemployment, and developing complementary schemes. Thus, the large majority of national legislations provide for a minimum pension in order to guarantee at least a minimum level of protection in old age. In addition, they have introduced supplementary benefits, either on an insurance or on an assistance basis, to make such protection more effective. Further improvements in the provisions concerning minimum pensions are, however, called for in order that benefits may keep pace with changes in living costs and average earnings and maintain a reason-
able relationship with the former level of earnings of the beneficiaries. In Scandinavian countries, in the United Kingdom and in Canada, for instance, the systems which provided basic flat-rate benefits have been amended or supplemented and new schemes of graduated benefits related to former earnings have been introduced.

In developed countries two of the main objectives of present research into and reforms of social security schemes are to extend the guarantee of a minimum income to the broadest possible population groups and to raise the level of such minimum incomes. Moreover, the rapid economic growth and structural changes that have taken place in recent years are bringing new needs to the fore. Many countries are amending their legislation in this field and, for instance, are making provision for partial unemployment benefits to compensate for loss of earnings resulting from short-time work, for waiting benefits in case of temporary shutdowns, for the payment of redundancy benefits and for various forms of economic aid to individuals for the purpose of retraining, rehabilitation and change of employment.

In addition, certain non-wage earners, mainly small farmers, are exposed to particular risks against which they must be protected through special means. Modernisation of agriculture results in the redeployment of small farming units of a low profitability level, as well as the introduction of new working methods. Small farmers, and particularly the older ones, are undoubtedly those most vulnerable to the effects of economic development, whether spontaneous or deliberate. Certain European countries have taken action to guarantee a sufficient income for older farmers wishing to retire, through compensation schemes, hoping to induce some of them to put forward their retirement and hand over their farms to younger and more dynamic farmers or to rural development agencies.

All this points to the need for a new approach to the protection of workers’ incomes—taking account of the objectives of employment promotion and economic development—and for an active policy in the field of social security designed to minimise the cost in human terms of the structural changes which accompany economic growth.

In spite of the expansion and the strengthening of income security programmes in recent years, some groups—such as large or fatherless families, old persons, deserted and divorced wives, widows, etc.—remain below the poverty line. More adequate incomes should be provided for those groups of the population which include a rather large proportion of “inactive” persons (old people, children, etc.). These groups would require selective protective measures because they either are not covered at all or are insufficiently protected under the general systems. A com-
bination of measures in the fiscal, social security and social welfare fields is called for.

Assistance in the form of family allowances and tax relief often may not suffice to prevent the rapid decrease in levels of living of large families. Minimum wage regulation cannot provide income support in all such cases. Other measures to guarantee minimum incomes have been introduced or are being considered, including the introduction of a special allowance for non-working mothers looking after their children, extended paid maternity leave, differentiation in family allowances according to income per head, etc.

As regards developing countries, the information given in Chapter I illustrates the limited coverage of existing programmes of social security. It can be said that, in general, the poorest sections of society remain outside the scope of social security. Agricultural workers, artisans and other low-income groups in rural areas are, in most cases, not covered; even in urban areas, not all workers receive a minimum of protection. Social security schemes in those countries have as yet had a relatively small impact on poverty.

For the developing countries a most important matter is to define minimum social security objectives compatible with their stage of economic development. In countries where unemployment and underemployment are widespread, it would doubtless be unrealistic to plan the immediate introduction of unemployment benefit programmes. In many cases it has been possible to establish cash benefit schemes providing a minimum of protection against loss of income resulting from sickness, employment injury, maternity, old age and death, at least in the case of urban and industrial workers. Much progress in this respect has been noted in recent years, but a great deal remains to be done. Social security schemes, moreover, should be suitably co-ordinated with programmes in the field of public health, education and the like. Programmes aimed at providing a minimum of social security should therefore be integrated with over-all national planning.

Some developing countries with long-established health insurance schemes for selected categories of the employed population (usually including their dependants) are now engaged in gradually extending coverage and improving the statutory services. In spite of the shortage of personnel and financial resources, progress is being made. Social security schemes in Latin America have made a substantial contribution to increasing the quantity and improving the quality of free medical services available to low-income groups. Most developing countries in Africa and in Asia seem less well equipped to implement in the immediate future health insurance policies which would complement and support
the public health services. The main handicaps are low income levels, limited administrative skills and capacity, acute shortage of medical personnel and material facilities and the tendency to concentrate available resources in the urban areas. In many developing countries both public health services and social security schemes contribute to the planning and implementation of medical care services. Efforts are thus being made to avoid unco-ordinated development.

In view of the scarcity of resources and the need to establish priorities in the development of a health policy, it would be desirable to define the minimum targets as regards medical care protection to be achieved under social security legislation. But this is an extremely complex problem. One of the difficulties encountered in establishing "minimum protection" targets is that of striking an appropriate balance between preventive and curative services. The question of whether medical care services should be extended rapidly, thus limiting quality, or built up quantitatively and qualitatively, area by area, and thus with a more gradual rate of growth towards national coverage, is another difficult decision that has to be taken.

Experience shows that special arrangements are needed to facilitate the participation of self-employed persons in existing social security schemes. In some countries voluntary organisations, in particular cooperatives, have evolved systems to protect their members against certain social risks. Such systems may in turn serve to prepare the way for social security schemes proper; it may be mentioned, however, that they are to be found mostly in urban or industrial areas.

As regards the modern agricultural sector, including plantations or areas where a market economy is organised along modern capitalist or co-operative lines, it would not be impossible to protect workers under some form of social security or insurance, as has, in fact, already been done by some countries.

Traditional agricultural communities, where a subsistence economy often prevails, and certain categories of rural workers, have entirely different problems of income security. One of the most difficult arises from the lack of an institutional pattern of income security which would correspond to the needs and conditions of the non-wage earners who comprise the majority of the population but who hardly ever come within the scope of protective systems. Various methods other than social security schemes, or methods combined with them, could be, and are being, employed to raise the income of those groups to a minimum level. These methods are examined in the next section. An attempt to extend social security to these rural populations cannot be based on the methods used to cover industrial or urban workers. To begin with, it would be
necessary to have a better understanding of the nature and magnitude of the needs of the various rural communities. Income levels and living conditions are not uniform in the rural sector; differences exist between countries, and within a given country the various groups—farm labourers, small farmers, share-croppers, etc.—present different characteristics. The traditional methods of self-help, mutual aid, savings and income security in general must be further studied with a view to evolving new approaches. Changes in systems of land tenure and the impact of agrarian reforms must be anticipated. The possibility of combining special forms of social protection with the traditional forms of mutual help and co-operation or or broadening the scope of action of existing rural development agencies should be explored further. Where community development programmes are in operation in rural areas, it might be worth while examining the extent to which such programmes could be adapted in order to provide an element of income security for rural workers.

Thus, in the developing countries the problems of guaranteeing a minimum income through social security are indeed complex and call for further study and research in order to evolve the policies most suitable in the differing circumstances.

**Minimum Income for Rural Non-Wage Earners, in Particular Agricultural Workers**

In the developing world in particular, the bulk of the agricultural labour force, except in the special case of plantations and similar large-scale commercial enterprises, is composed of independent cultivators and of a great variety of agricultural workers who do not have the status of wage workers. The focus of our attention should, of course, be on the small owner-operator and the disadvantaged tenant or share-cropper. To enable this group to receive adequate incomes a variety of social, political and economic measures need to be taken, preferably within the framework of a well-conceived rural development policy or programme which, in turn, should form part of an over-all development plan. The concept of integrated rural development, dealing with the various aspects of the situation at one and the same time, is becoming more and more widely accepted. The goal of such integrated programmes is to ensure that an adequate share of the national product goes to agriculture, that the agricultural sector can make its proper contribution to national development and at the same time—and this is what I am primarily concerned with in this Report—to raise the living standards of the great mass of the agricultural labour force to a minimum level which is conducive to economic growth and covers their basic needs.
Agrarian Reform.

It is now generally recognised, both by governments and at the international level, that defects in the agrarian structure are a primary reason for low incomes and low living standards in rural areas in many developing countries.

Two distinct aspects of agrarian reform are relevant in this context. In the first place, situations in which there is an inequitable distribution of land, with heavy concentration of ownership in the hands of a few, are bound to result in inadequate incomes and in lack of opportunity for the majority of rural workers. Such situations are probably most strikingly illustrated in certain Latin American countries, where frequently much of the best land is in large holdings which are commonly operated at a level far below the optimum use of resources. At the same time, and as a direct result, millions of small peasants are forced to eke out a bare subsistence on holdings of inferior land which are far too small to enable them to obtain an adequate income or use their labour resources fully. In these circumstances there is surely an urgent need for land redistribution, not only to promote social justice but also to contribute to economic development. But the mere distribution of land will not of itself solve the problem of inadequate incomes. Comprehensive agrarian reforms imply that redistribution be accompanied by substantial improvements in the availability of credit and better marketing facilities and that considerably greater attention be devoted to agricultural extension and other training programmes such as those aimed at enabling the beneficiaries of reforms to cope with the technical and management problems of a viable farm enterprise.

No one can be very satisfied with the progress that has been made during the twenty years or so which have passed since agrarian reform was first brought to the attention of world opinion. In only a very small number of countries has it been possible to carry out an effective agrarian reform in the post-war years. In several countries the reforms are too recent to enable their future impact to be judged. In too many instances reform policies, however well conceived, have been so weakened in the legislative process that the final Act has been of little value and has been virtually impossible to enforce. Where good laws are on the statute books, their implementation has often been systematically opposed by the vested interests concerned or else the countries have discovered that they lacked the financial resources to implement them.

Agrarian reform is essentially a political process and is therefore a matter for each government. There is, however, a tremendous amount to be done as regards improving the administration of agrarian reform
programmes, training both administrative personnel and the beneficiaries of the reform, providing in rural areas the various services and facilities needed by peasants (including the ones needed to take the place of those formerly provided by the landlords), and ensuring that when reform measures are being implemented there is the fullest possible participation by the people most directly concerned, namely the rural masses.

Finally, in areas where population pressure is heavy even the most successful agrarian reform programmes cannot by themselves solve the problem of underemployment, and therefore of low incomes, and non-farm employment opportunities must be found for those not needed in farming. In areas where, owing to the shortage and poor quality of the land, it is likely that farming alone will not produce an adequate income for the operator and his family, it is essential that farm income should be supplemented by employment in other occupations, such as handicrafts, rural industries, public works and so forth. In many countries, in fact, small farmers derive a considerable proportion of their income from non-farming activities—for instance, in Japan they account for over 30 per cent of income. With the steady increase in mass tourism and leisure it is not unreasonable to expect that many rural areas in developing countries could benefit considerably from the expansion of trades connected with the tourist industry. These are matters to which attention will need to be given under the World Employment Programme.

In industrialised countries, where opportunities for more productive employment in other sectors are more readily available, policies for low-income groups in agriculture concentrate more on measures to speed the process of transferring human resources. Retraining programmes and various grants to help individuals make the change, along with industrial decentralisation and regional development, figure prominently in government policies. At the same time farm rationalisation and structural adjustments are being strongly encouraged, with the help of subsidies of various kinds, so as to make farming more efficient and capable of providing adequate incomes.

Another important aspect of agrarian reform is the improvement of conditions of tenancy, taken in its widest meaning of all those who work land that belongs to another under arrangements which do not involve the payment of a wage. A tenant or share-cropper does not receive an acceptable income if he has to pay excessive rent for the use of land, whatever form that rent may take, and if he has no security of tenure. There is not necessarily anything wrong in tenancy per se, as long as it provides adequate opportunities for the tenant. European experience, for example, shows that good systems of tenancy can evolve which allow
full scope for economic and social betterment while still ensuring sound husbandry. Given such conditions, many farmers even prefer to be tenants since, if they have only limited funds at their disposal, these can be employed as working capital rather than being tied up in land. In other circumstances, as in the United States, for example, tenancy is fast ceasing to be the major problem it was a few decades ago, as the impact of national development and general prosperity takes effect.

These highly developed systems of tenancy have, however, little in common with the practice in many parts of the developing world where many agricultural workers exist in conditions which often differ little from serfdom. Many countries have attempted to improve tenancy conditions by legislative action. Although there have been some notable successes, this method has proved to be extremely difficult. In many cases tenancy arrangements are based on custom and the force of custom is hard to overcome. In countries where population pressure is heavy, land hunger is so great that, just in order to obtain the use of a piece of land, tenants are willing to accept conditions far below the standards laid down in the regulations. Moreover, tenants may be too ignorant to be aware of their rights, or afraid to assert them. Several countries have therefore followed a policy of eliminating all forms of indirect cultivation and of solving the problem through land redistribution measures. But it would be unrealistic to assume that tenancy will disappear overnight, and for the millions of disadvantaged agricultural workers concerned the most important elements in any improvement must surely be that the rent be at a reasonable level, that the tenant have a certain degree of security, that adequate machinery be set up to handle disputes between the tenant and the owner of the land and that both in this machinery and in that concerned with the enforcement of the regulations the tenant’s interests be fully represented.

In taking measures for the protection of tenants and similar groups of agricultural workers it is necessary to ensure that such action will lead to the desired result. It is not enough to abolish existing systems and structures without providing for adequate alternatives. In one developing country which abolished a particularly arduous form of labour tenancy the immediate result was that the workers concerned were left to occupy totally inadequate plots of land, without any guidance or help; they were not prepared for their new status and are now probably worse off than before.

Protection against Various Risks.

In general terms it can be said that for rural populations, especially in developing countries, income security may be a more relevant concept
than social security as far as protection against personal risks is concerned. The natural risks to which farming is subject include, in addition to damage by fire or storms, such specific hazards as hail, flood, drought and plant and animal diseases. Some of these may affect only an individual farmer and only part of his production or, as can happen in the case of extensive floods, droughts or epidemics, they may permanently destroy the income-earning capacity of a farm or of a group of farmers. Moreover, agriculture is usually practised by a large number of individuals each acting independently and with little opportunity of joint action to influence their incomes. With his limited bargaining power, the farmer is usually at a disadvantage both in selling his produce and in purchasing farm requisites. Given the limited resources at his command and his low income, he seldom has such reserves as would enable him to bear the effects of income loss, whether temporary or permanent.

In a number of countries, especially in the more developed ones, protective measures against such risks have been taken by introducing crop and livestock insurance schemes. The introduction of such schemes in developing countries has proved to be extremely difficult because income levels are generally so low that most cultivators are unable to pay the premiums and governments have difficulty in bearing the considerable costs which such schemes may involve. Furthermore, the successful implementation of crop and livestock insurance schemes requires administration of a rather high standard. Even in the United States, where an official crop insurance scheme has been in operation since 1938, less than 20 per cent of all farmers growing commercial crops are covered and the scheme operates in only about 40 per cent of the counties. Crop and livestock schemes cannot be expected to provide adequate protection against major disasters—in such cases the government will have to provide relief and grants to the rural population, as it does for other sectors. As regards flooding, this risk may be mitigated by flood control works, which can be combined with hydro-electric schemes, to add to the power resources of the country, and with irrigation works, thus opening up possibilities of more intensive and productive systems of farming.

The farmer is also exposed to economic risks, in particular those related to price movements. Crop yields vary considerably from year to year with the result that supplies, and consequently prices, fluctuate. Of more particular concern in this context are violent downward movements in the prices paid to the producer, which fluctuate more violently than those at the wholesale and retail level. Such sharp drops in prices frequently result in serious loss of income to the farmer for reasons completely beyond his control.
It is, however, extremely difficult to stabilise the prices of farm products, especially in developing countries. To be effective, schemes offering protection against risks of this kind should cover all the producers involved, a tremendous task because of the dispersal of farms and the difficulty of access to them owing to poor transport and communications. Such schemes also require large numbers of trained staff and highly developed administrative services as well as considerable financial resources, especially as at the same time measures have to be taken to protect consumers in urban areas against rising prices.

Price support measures are frequently associated with schemes to improve marketing organisation, as in the case of the marketing boards in several African countries. In certain instances guaranteed prices are announced for certain crops in advance of the growing season, as is done in India under the Third Five-Year Plan. In general, these price support schemes have proved less effective for staple food crops because of the lack of reliable statistics concerning produce entering the market from the many small producers. Price support measures for export crops are still more difficult to implement since in this case price fluctuations on the world market play an important role. But it is in such schemes that most interest has been shown, in view of the need to increase foreign currency earnings and of the importance of agricultural products in the external trade of the developing countries. Stabilisation of the prices of primary commodities is therefore one of the basic economic and financial issues of the world situation. Measures are called for, at both the national and international levels, involving both industrialised and developing countries in order to co-ordinate production and demand, to improve productivity and the quality of products and to diversify production in developing countries. International agreements have so far had only limited success. A modest beginning has been made with a number of commodities—coffee, wheat, olive oil, sugar, etc.—and it is to be hoped that the international organisations mainly concerned, in particular the United Nations Conference on Trade and Development (UNCTAD), the General Agreement on Tariffs and Trade (GATT), the Food and Agriculture Organisation (FAO) and the International Bank for Reconstruction and Development (IBRD), as well as specialised commodity bodies, will be in a position to forge ahead and encourage further progress in this connection.

But price stabilisation schemes are of only limited interest to the vast majority of the peasants in developing countries, who are on the fringes of the exchange economy. Improvements in storage and marketing may be of more immediate relevance. Because of their need for cash, many small farmers, in particular, are forced to sell immediately after the
harvest, although this is the period when prices are at their lowest. If suitable storage facilities were available, together with appropriate credit arrangements, producers could obtain higher prices. It is reported, for example, that the village storage facilities in South Korea have reduced the seasonal variation in the price of grain by 30 to 40 per cent. Traditional storage facilities are, in any case, far from adequate; in many developing countries losses through wastage and spoilage may be anywhere between 30 and 50 per cent. Recent technological advances can contribute much to the control of spoilage and pests.

A serious feature of the marketing situation is the wide divergence between the prices paid to producers and those paid by consumers. Measures to remedy this include not only the elimination—for instance, through the establishment of co-operatives—of the several middle-men customarily involved in marketing but also the improvement of transport and communications between the farm and the market and of credit facilities, together with the promotion of attempts to improve the quality of produce. A considerable strengthening of credit facilities is urgently necessary throughout the rural economy, not only to help the small farmer in marketing but also to make it possible for him to obtain the necessary inputs at more reasonable cost.

In addition to such institutional measures there is the over-riding need to improve agricultural methods and thus raise the yields from crops and livestock, which can be expected to lead to higher incomes. The problem lies both in identifying appropriate improvements in technology, such as the remarkable progress made in developing high-yielding varieties of crops in recent years, and also in having small farmers adopt such improved techniques. Agricultural extension schemes and other training facilities must be on a sufficiently large scale to reach the bulk of the peasantry. These facilities are extremely costly and take a long time to put into place. Unfortunately, there has also been an excessive tendency on the part of those operating agricultural extension schemes to concentrate on the more progressive farmers, who in any case might be expected to introduce innovations on their own initiative. It is reported that even community development programmes, which are designed to reach the masses, have—as far as agricultural improvement is concerned—mainly reached only the more progressive elements and have certainly benefited tenants and share-croppers to only a very limited extent. In connection with agricultural innovations in general, some thought has recently been given to the idea of introducing so-called "innovation insurance", to protect the farmer against loss following the use of new inputs or agricultural methods which require a considerable cash outlay.
Much hope is being placed in the "green revolution", that is the introduction of high-yielding varieties of wheat and rice, as a means of helping to solve the food problem in developing countries and also as a means of increasing agricultural incomes. Preliminary evidence, however, points to the fact that these new practices are being adopted primarily by the bigger and more prosperous farmers, with the result that the income gap between the rich and the poor farmers is widening. If these preliminary findings should be confirmed it is obvious that a major effort will be required to find ways and means of enabling the rural masses to benefit from such technical improvements. Although food production is clearly important in view of the increasing population growth, desirable policies must surely include measures designed to ensure that technical progress is accompanied by social progress for all.

Both in developed and developing countries it is obvious that the governments will be called upon to allocate considerable resources for the provision of minimum incomes for rural people, if it is accepted—as it undoubtedly must be—that an object of social policy should be to ensure that no individual is left to bear himself the consequences of loss of income security caused by factors over which he has no control. In implementing such policies various types of co-operative institutions and other organisations representing the groups concerned must undoubtedly play an important role.

Programmes for Indigenous Populations and Nomads

Large groups of indigenous populations are often found to be living in miserable conditions, on the fringe of society; in many areas, indeed, their situation seems to be deteriorating. It will suffice to refer, for instance, to the several million people of Indian origin and culture in Latin America, particularly in the Andean Indian region; to the large concentrations of indigenous groups which still live under a tribal structure in many parts of Asia and Oceania; and to the primitive forest-dwelling tribes which live in the latter areas as well as in Latin America and Africa. Moreover, throughout the arid and semi-arid regions of the northern part of Africa, the Middle East and in some areas of Asia, there are nomadic populations whose problems are of a somewhat particular nature.

It is probable that some of the suggestions aimed at ensuring a measure of income security for, and raising the levels of living of, non-wage earners in rural areas of developing countries might also apply to such populations. The improvement of the conditions of all these people calls, however, for comprehensive and well-thought-out pro-
grammes designed to cope with the complex problems of their economic and social integration. In doing so, particular account must be taken of the need to preserve what is good in their cultures and institutions and to adapt this to the requirements of modernisation. It need hardly be said that the process of integration and modernisation must proceed through educational means rather than coercion.

The primary responsibility for developing co-ordinated and systematic action for the protection of such populations rests with governments. Their protection can be achieved by ensuring that they benefit from policies, services and facilities available to the population as a whole without discrimination; it is recognised, however, that special services might be created for them as a temporary measure to meet their specific needs.

The experience of the Andean Indian Programme, which the ILO, in collaboration with other agencies, has been directing over a period of years in the Andean countries of Latin America, would seem to indicate that governments are coming to recognise the importance of meeting their obligations with respect to indigenous populations. In some of these countries governmental policies and services are being so adjusted as to cater for the needs of the Indians. Progress has also been made in incorporating programmes affecting indigenous groups, such as the Andean Indians, in the over-all governmental machinery; and efforts are being made to train larger numbers of technical and administrative staff to deal with the particular problems of these groups. Needless to say, any measure aimed at promoting the economic and social progress of indigenous groups must tackle the land problem in countries where the agrarian structure is a limiting factor. This is particularly true of the Andean region, where, in the course of time, the Indians lost most of their communal lands. The agrarian reform in Bolivia has resulted in a number of promising developments for indigenous peasants, although much remains to be done, given the hostile physical environment of the High Plateau.

Nomadic groups, which in some countries represent considerable numbers, constitute a particular problem. Their whole way of life is different from that of more settled populations, being based on more or less regular movements with their herds and flocks over considerable distances in order to find suitable grazing areas, according to the seasons. Their tribal structures and institutions are generally rigid and have little in common with those of the rest of the country. Many nomads see no advantage in adopting a more settled pattern of life.

But nomadism poses a number of problems; while to some extent it represents an appropriate use of physical and economic resources, given
the limitations of the climate, it also represents a threat to more modern institutions and development, for instance in matters related to the rights over land used for grazing. Special problems of a political and administrative nature are involved when nomadic groups cross national frontiers. From a welfare point of view it is extremely difficult to provide nomads with adequate social services, such as education and health facilities. Moreover, a number of factors are at work to make their conditions even more precarious than in the past: population is increasing because there are fewer tribal wars and health standards are being improved; to support this larger population bigger herds and flocks are necessary, and this in turn is leading to deterioration of the soil; the desert is encroaching upon grazing lands; and traditional handicrafts are no longer able to compete with manufactured products.

Two principal types of action can be considered with a view to improving the conditions of nomads. One is to encourage nomadic groups to establish themselves in more permanent settlements, based on settled agriculture and other occupations. This is a complicated process which requires very careful preparation and has to be approached in an integrated manner so as to take account of all the various needs involved. It is also an expensive undertaking, particularly with respect to the development of land suitable for cultivation, the provision of water, the creation of new communities, and so forth. A number of interesting projects of this type are, however, being implemented. Given the limited resources available, only a small number of nomads is likely to be affected in the coming years. On the other hand, increasing numbers of nomads are entering employment in industry and other occupations.

The other approach is to improve the basic element of nomadic life, that is the pastoral economy, while leaving it to the nomads themselves to decide on a way of life best suited to this occupation. Pastoral production can be improved by making water available both for livestock and for human use; by improving pastures and the quality of the livestock, and in other ways, earning capacity can be increased. Other interesting developments include the establishment of mobile schools and welfare services to cater for the essential needs of the nomads. Institutional improvements can be made to adapt structures to a rapidly modernising world. Those who favour this approach argue that in this way the very basis of nomadic life can be maintained without destroying the human qualities of the people; moreover, under certain conditions, in the arid zones nomadism may represent the most appropriate use of resources.

The presence in certain countries, particularly in Africa, of increasingly large numbers of unassimilated refugees has given rise to economic, social and other problems. In many cases the refugees belong to separate
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ethnic and tribal groups and this leads to difficulties in integrating them in the countries of asylum. Overcrowded conditions in refugee reception centres in host countries have created a health hazard, and the absence, or inadequacy, of school facilities in settlement areas has obvious disadvantages; the lack of occupational skills prevents refugees from obtaining gainful employment, while communication between the newcomers and the citizens of host countries is inhibited in cases where they speak different languages. In addition, a large influx of refugees constitutes a latent source of social tension.

Through concerted international action, in which the ILO has played an important role, considerable progress has been made in the integration of such groups. Schemes for the integration of refugees have not only resulted in the permanent settlement and the improvement of the living and working conditions of refugee groups in countries of asylum but have also paved the way for wider rural development projects benefiting both the refugees and the local populations alike.

IMPROVING CONDITIONS OF WORK AND LIFE

While it is, of course, essential to take action to ensure a minimum income for the worker, his actual standard of living depends on other hardly less important conditions of work and life. Accordingly, action must be taken to look after his general welfare and to protect him from disease and injury. There are four factors which we shall consider more closely here, namely hours of work, occupational safety and health, plant-level welfare services, and housing.

Hours of Work

National policy in this respect is designed to ensure that the worker enjoys sufficient regular rest and recuperation. Reduction of hours of work and extension of holidays with pay are the most common methods serving this purpose. Legislation and regulation, together with collective agreements, are the means usually employed to attain this end.

It is true, generally speaking, that many countries are reducing normal hours of work, in so far as their economies permit. The usual working week is one of forty or forty-eight hours; in some cases it lies between these two figures. The position with regard to weekly days of rest and annual holidays with pay as determined by law and collective agreement is also tending to improve. The weekly rest period, as laid down by law, is usually twenty-four hours or one calendar day, although in some countries it is more. In practice, a day and a half or
even two whole days are becoming more and more common, particularly in the case of shops and offices. The duration of paid holidays, too, has been increasing at a rapid pace; in most countries it amounts to two or three weeks a year, while in a few countries it is as much as four weeks. In some instances, the duration of holidays is governed by age rather than length of service in an undertaking. Often, too, hours of work are further reduced and extra days of leave provided for certain categories, especially for young workers. In some industrialised countries, longer holidays are accompanied by additional remuneration. Some countries—still few in number—are systematically endeavouring, over a period of time, to increase the worker’s leisure. In the USSR, all undertakings, administrations and organisations have gradually gone over to a five-day week and progressively reduced hours of work. Very complex technical problems have sometimes arisen as a result. In the developing countries, as has been seen in Chapter I, the average working week, especially in the many small undertakings not subject to supervision, may be exceedingly long. Data are scanty, but it does appear that in some cases hours of work have increased over the last ten years. Moreover, it often happens that overtime is not paid for extra hours of work.

In a few of the more advanced countries, actual hours of work are very close to what may be regarded as normal. But in the majority of countries, they exceed—and often to a considerable extent—the figure laid down by law. The practice of working overtime has become so widespread that it may well be asked whether the reduction in normal working hours does not sometimes appear to be a device to increase the individual worker’s take-home pay, with the protection which the law is intended to afford remaining largely inoperative.

The promulgation of further labour legislation will not be enough in itself to remedy this situation. Labour inspection departments will have to be reinforced and the earnings and purchasing power of the working masses increased (for if so many workers are prepared to work overtime which in effect greatly lengthens hours of work, to forgo their leave, to work on the side or to take a second job, the reason often is that they do so to make ends meet; the problem is aggravated by the encouragement to spend afforded by advertising and the introduction of new consumer lines). Productivity must be increased, especially in the countless small undertakings struggling to survive in the less developed countries. An effort must be made to develop co-operatives, which (whenever they can afford to do so) tend to offer better conditions of work. The workers themselves must be encouraged to organise, the better to defend their interests, and employers made aware of the cost to them of workers’ fatigue in the shape of absenteeism, instability, and reduction in working
capacity. In agriculture, hours of work are difficult to regulate because the work is seasonal, and an effort of structural reform and reorganisation will be needed to spread the total work load more evenly throughout the year. Finally, how much free time does a worker really have? Transport difficulties and housing problems mean that more and more time is spent on travelling to and from work. Such questions raise the whole problem—now of critical importance—of controlling the process of urbanisation.

An extension of the shift-work system might be a means of reducing hours of work, although it would mean a profound upheaval in the way work is organised and might also harm the worker’s health and his family and social life. New working conditions which can neutralise the harmful effects of shift work need to be evolved; a reduction in hours of work could perhaps be one way of achieving this aim. The question is all the more important in that the developing countries are gradually coming to appreciate the possibilities offered by shift work for greater productivity and expanded employment.

A new system in the industrialised countries is that of part-time or temporary employment, whereby people who cannot or do not want to work full time (e.g. for family or health reasons) can nevertheless earn a living. There is, however, a risk that the workers concerned may be exploited, especially those engaged for temporary work by commercial agencies. There would seem to be scope here for legislative action. From the viewpoint of protecting workers’ standards of living, it is important to ensure that people who want to work under normal conditions and are capable of doing so should not be prevented by such expedients from securing normal employment.

**Occupational Safety and Health**

To protect a worker’s life and health is of course first and foremost a moral and social duty. But occupational injury and disease, apart from the suffering they cause, entail a substantial financial loss for the victim, his family, and society as a whole. Moreover, it is commonly recognised today that to eliminate the principal causes of accident and disease is not enough. The working environment may be such that there is an insidious risk of stress and fatigue, leading to accidents, sickness, psychological and mental troubles, and reduced output. As I said in 1964 when addressing the Conference after the discussion on my Report: “...our emphasis has changed...from protection in a negative sense to a more positive policy of promotion of health and safety...” The tendency today is to devise conditions of work suited to the worker’s
physical capacity and mental aptitudes, by applying the principles of ergonomics in such a way as to ensure safe and healthy working procedures and an appropriate working environment.

In the industrialised countries, technical progress and the rapid change in methods of work have eliminated certain risks but have given rise to others. The physical efforts demanded of a worker are less today than they used to be, but there has been a marked increase in stress, and the requisite adaptation gives rise to formidable problems. To these risks may be added those attributable to the use of new substances and materials (even in agriculture), the effects of which on the human organism are still obscure. Hence it is all the more urgent that work should be adapted to the man and that the surroundings in which the worker has to spend so appreciable a part of his existence should be healthy.

Occupational safety and health give rise to special problems in the developing countries, where endemic and parasitic disease and undernourishment undermine the resistance of a high proportion of the population, making them more vulnerable to illness, while the emergence of modern undertakings entails profound changes in traditional ways of life and work. Thus it is that accident and disease all too often take a heavy toll of persons who have to pass, almost overnight, from traditional agriculture to mechanised agriculture or to industrial employment. In circumstances such as these, much can be done to improve conditions of life and work if a vigorous programme of health and safety training (including training in prevention) covering the most urgent local health and safety problems is launched in undertakings. However, in improving conditions at places of work, it is important to ensure that the action taken is in fact well suited to the particular circumstances prevailing in the undertaking (be it big or small, industrial or agricultural).

I cannot here dwell on the special (and often very serious) problems involved in protecting workers against injury and disease in particular branches of activity. Hence I shall do no more than briefly review the general problems arising, particularly in the case of small undertakings and agriculture, in which the majority of the labour force in the developing countries is employed.

In general, conditions are better in the big undertaking than in the small. There is usually a greater concentration of financial resources and

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1 See, for example: Government of India, Ministry of Labour, Employment and Rehabilitation: Report of the National Commission on Labour (New Delhi, 1969). The Commission concluded that legislation was adequate but inadequately applied. It urged that safety officers be appointed in undertakings, that a standing committee be set up, composed of machinery manufacturers and users and labour safety specialists, that labour safety councils be developed, that labour safety committees be set up in all undertakings employing 100 workers or more, and that a qualified safety officer be appointed in every port.
technical skills, work is more systematically organised, supervision is more thorough, the workers are necessarily better trained and the work itself is more specialised—in all such respects the bigger concern is at an advantage. But this does not mean that concern for productivity may be allowed to cause neglect of safety matters. The pace of work must not be excessively rapid, nor must workers be tempted to take undue risks for the sake of an output bonus. Because technological advance is proceeding so rapidly, new procedures and substances are sometimes introduced before effective safety precautions have been evolved. And a worker who has grown accustomed to risk may neglect to take the necessary precautions.

Hence much remains to be done in stimulating effort, laying down appropriate standards, encouraging safety services, training and educating the personnel at all levels, making workplaces safer and healthier and encouraging adoption of the principles of ergonomics, the aim of which is to render labour more human. Special attention should be given to keeping the staff well informed and well educated. In very many branches of activity, the application of health and safety precautions, and of the experience acquired in this respect, lag well behind technical development. True, very marked progress has been made. But this is all too often the fruit of individual initiative and of efforts which are not properly sustained. Neither those responsible nor those directly affected seem to give the question the close and sustained attention it merits.

What is the position with regard to health and safety in the small undertaking? One special difficulty which has arisen concerns the criteria applied in prescribing particular safety precautions. Thus, the law may require certain precautions in undertakings with more than five or ten workers, and certain others (for example, the creation of safety committees, the appointment of nurses, or the provision of rest rooms) in undertakings employing more than twenty or fifty. In fact, this criterion by itself is inadequate; a very big, but highly mechanised or automated undertaking may employ a mere handful of people. Another criterion more and more frequently applied is that of the motive force employed. In some countries, any workshop where motors are used is thereby subject to the law. In others, the regulations apply only to establishments in which the power of the engines used exceeds a certain rating. In fact, the legislation in force needs to be reviewed and recast on the basis of the features peculiar to the small undertaking: namely the small size of workforce, limited financial resources, direct management and supervision by the employer, nature of the activities, and geographical dispersion. One undertaking will differ from another and there will be variations from country to country, but it
is on these factors that the methods to be used for improving occupational safety and health depend.

The small employer is very close to his employees and frequently works alongside them; he is, therefore, well placed to take the requisite health and safety precautions, the more so in that the pace of work in a small concern is usually less strenuous and the simpler methods make fewer demands on the worker. However, the small concern often lacks financial resources; this may often affect the choice of the material and machinery, the lay-out of the workplace and health and safety measures.

Furthermore, the smaller undertaking, the productivity of which is often low, is sometimes obliged to accept orders which make excessive demands on its technical capacities. Urged on by the prospect of an output bonus and subject to considerable psychological pressure, employees then work at an excessive pace and safety and health precautions are all too easily overlooked. The small employer is not always technically competent to organise effective safety precautions, yet he will rarely call in a specialist. Moreover, while the specialist may settle a specific technical problem, it is not his function to supervise general working methods, to which so many occupational injuries and illnesses are attributable. Lastly, it may be mentioned that the smaller undertaking is often very conservative when it comes to changing traditional working methods.

All these problems are to be found, frequently in a more serious form, in the craftsman's workshop. The craftsman works with even fewer persons (often with his family alone) and is strongly tempted to consider certain safety precautions of a technical or administrative nature as superfluous. In addition, his financial resources are usually minimal and he may have difficulty in securing suitable premises and equipment. To this must be added the empirical nature of the working methods used, and the fact that the craftsman is inured to risk and fails to realise how dangerous are many of the products in daily use. All these factors go to explain why it is that the craftsman's work is often carried out under unhealthy and dangerous conditions.

Separate consideration needs to be given to the question of what can be done by rules and regulations, and of what the labour inspection services, the safety organs, and the employers' and workers' organisations can do to ensure the health and safety of workers in small undertakings.

In principle, small undertakings should be subject to the legislation and regulations concerning occupational safety and health. It does, for example, seem quite wrong that they should be exempt from compliance with regulations governing such matters as guarding of machinery, prohibitions on the use of harmful substances or rules governing the marking of toxic substances, preliminary medical examinations and those
aimed at early detection of certain illnesses, removal of dust, gas and fumes, protection against poisoning, etc. And in fact there is an increasing tendency to make legislation binding on small undertakings, even down to the level of the craftsman or self-employed worker. But in regard to health or comfort (cleanliness of the workshop, amenities, provision of working clothes, sanitary and welfare installations, etc.) frequent and sometimes automatic exemption is granted to them, as when, for example, the relevant regulations apply only to workplaces where a specified number of workers are employed. Sometimes the authorities, normally the labour inspection department, are made responsible for deciding whether the regulations shall apply or not.

It is essential that everything possible be done to promote health and safety by ensuring that the regulations are properly complied with. The responsible authorities should, moreover, be in a position to advise the persons concerned and help them to overcome any difficulties with which they may be confronted, while at the same time drawing attention to possible shortcomings in the relevant regulations. To this end, they require a fairly numerous and well-trained staff, especially as regards inspection of small undertakings. In most developing countries, the departments responsible are short of staff. Furthermore, their inspectors are frequently unable or ill-equipped to assess the nature and seriousness of any risks there may be. Finally, the training of specialised inspectors gives rise to problems.

It is, of course, impossible for laws and regulations to cover everything. The employer, inevitably, has on many occasions to take the initiative and the co-operation of the workers themselves is essential. Hence it is exceedingly important that all concerned be thoroughly well informed. In many advanced countries, such matters are among the principal responsibilities of occupational associations and national occupational health and safety centres. Such bodies are active in a variety of ways. They issue technical documents, organise meetings and demonstrations, run refresher courses and undertake safety campaigns dealing with particular risks or for the benefit of particular trades and occupations. Furthermore, these bodies often have their own advisory services, the skilled technical staff of which can advise employers on how to make good any particular shortcomings and how, in general, to improve health and safety in the undertaking, including the smaller concern.

In the developing countries the unhealthy conditions in so many small workshops and undertakings are a source of increasing concern. Governments, and more particularly labour inspection departments and the public or private bodies dealing with health and safety, will have a
long and difficult job to do in putting matters right. In this field, of course, as in so many others, any isolated action runs into innumerable difficulties. A more promising way of achieving results might be to take advantage of the broader programmes needed to reorganise and modernise small-scale industry and handicrafts, and to use them as an incidental means of providing the worker with more effective protection against disease and injury.

In agriculture, risks to health vary with the area, the environment and the economic, social and cultural level of the workers. A feature common to many types of agricultural activity, however, is that, especially on the smaller farm or plot, people often live and work in one and the same place. Hence, in the countryside, any action to bring about a general improvement in hygiene and in living conditions will usually have its effect on health and safety at work. The provision of drinking water and sanitary facilities, proper guards for machinery used in the yard, and the correct storage of toxic substances are some of the important factors in this connection.

Problems will also depend on the nature and size of the farm. In large, relatively specialised undertakings, where modern methods of cultivation and harvesting are used in conjunction with machinery and chemical products, the risks involved can be more easily identified. The work can be better organised, the workers more effectively supervised, and work involving risk (the operation of agricultural machines, the use of pesticides and protective substances and the care of stock) can be entrusted to specialists. Advantage, too, can be taken of procedures tried and tested in industry in connection with workers’ training, especially in safety matters. Hence it should prove easier to take health and safety precautions and to see that the relevant rules are complied with. But the risks arising in agriculture nevertheless remain considerable, by reason of technological changes, and specially mechanisation and the increasing use of pesticides.

Safety and health on the smaller farm give rise to more difficult problems. There is usually very little specialisation. The small farmer may use modern equipment and methods, such as substances for treating crops, without being aware of the risks involved and without any clear idea of the precautions to be taken. Financial resources are limited and means of providing training or information are rare. Hence redoubled efforts must be made to ensure that agricultural workers receive proper training and are adequately informed, perhaps as part of a broader programme for agricultural development.

It will not suffice merely to distribute literature (although this can be helpful), especially when it is remembered that in the developing coun-
tries the bulk of the peasants are often still illiterate. As far as possible, a
direct approach must be made to small farmers and peasants themselves.
They must be taught safe working procedures, and made aware of the
importance of safety precautions. Thus, it could prove useful if health
and safety questions were regularly dealt with in the assistance given to
agricultural co-operatives, through which so many agricultural workers
can be reached; this would contribute to the education of a large section
of the rural population in matters of hygiene. Similarly, the rural nurse
can do most useful work as regards first-aid and giving advice in questions
of general health and hygiene, and can provide a link between rural
workers and the staff of health centres.

_Social Services and Workers’ Housing_

The social services provided in connection with employment (canteens, transport, medical care, kindergartens, recreational facilities, housing, and the like) meet needs common to all workers and must be equally available to all of them. Moreover, they do much to increase productivity by creating a more human working environment and by reducing the imbalance which may exist between life in the factory and life at home. Although available to all, such services are certainly more highly appreciated by the lowest-paid workers and their dependants, especially when community facilities are lacking, as they nearly always are in developing countries (and not infrequently, too, in the more advanced ones). Be that as it may, the relative weight to be given to cash income (earnings from work more particularly) and to benefits in kind and services which form part of labour costs (some or all of which may be borne by the employer) remains very much an open question.

In the industrialised countries, the law often compels the employer
to provide certain facilities required at the workplace itself, such as
sanitary installations, dressing rooms, rest rooms, first-aid kits, etc.
In the economically less advanced countries the law is generally limited
in scope, so much so that a small proportion only of wage earners
ejoy its protection. Circumstances are sometimes such as to make
it necessary that a whole range of welfare services be provided. This is
so, for instance, in remote areas where the workers on farms, in planta-
tions, on public-works sites, in mines or on oil-fields, have to live in
close contact with the undertaking. The goods and services provided
(which frequently include housing) are free of charge, or are con-
sidered as part of a worker’s wage paid in kind. Stores, shops and
co-operatives are sometimes run to supply current consumer goods.
Sometimes the employers themselves organise such services so as to
attract labour. In some countries, too, the law entails certain obligations for the land owner as regards the housing of his tenants and share-croppers. But in the majority of countries, despite all regulations and guarantees, the bulk of the workers in the countryside continue to eke out a wretched existence. They are the victims of abuses not easy to combat, for the labour inspection authorities, already hard pressed to maintain proper supervision in towns and cities, are usually powerless when it comes to exercising effective supervision in the countryside.

Other circumstances, too, may render certain welfare services particularly necessary. The introduction of shift work may call for the provision of rest rooms and canteens and the organisation of transport for the workers. Shortening the lunch-hour, also, may make it necessary to open a works canteen. In such circumstances, custom and collective agreement usually operate, rather than legislative enactment.

Quite apart from any special circumstances, some welfare services have grown up in the undertakings of industrialised countries without having been imposed by law. Frequently supplied by the employer and contributed to in a modest way by the workers, they bring about a definite improvement in the workers' standard of living.

Arrangements subsidised in some way or other by the employer for the supply of meals are now widespread, and to be found even in some smaller undertakings (usually in the form of a canteen, although workers are sometimes issued with meal vouchers). On the other hand, children's nurseries are still very inadequate in relation to the number of women at work. As regards workers' transport, undertakings sometimes reach an understanding with the local authorities when a plant is opened in some remote area ill-equipped with transport services, unless of course they organise their own transport system. What usually happens, however, is that the workers make use of the public transport system (which is becoming more and more overloaded in the big towns); the time spent on travel to and from work is often very long because of the housing shortage, which obliges them to live a long way from their work.

As regards housing, the appalling situation of many families at the lower end of the income scale, both in the developing and in the developed parts of the world, has been briefly described earlier in this Report. This is, of course, only one aspect of the broader problem raised by rapid urbanisation and must be tackled within this larger framework. But it affects so profoundly the conditions of life of such large masses of people, especially recent migrants from the countryside and foreign workers, and has such actual and potential consequences on the quality of life and on public safety, that top priority must be given to ways and means of improving the present situation in slum areas.
There are two main aspects of the question of workers' housing. In a number of cases housing is provided as part of the labour contract—this is common on isolated sites (mines, plantations, oil drilling and production, etc.). In such cases careful study is required in order to ensure that the housing provided is of an adequate and realistic standard, conforming to law and practice in this regard.

In the great majority of cases, where there is no such contractual obligation, efforts are being made, albeit on a relatively limited scale, to promote low-cost housing through such means as: programmes financed by employers and public authorities; urban renewal and housing programmes financed by public authorities only; and housing co-operatives and self-help schemes.

By way of illustration, the main recommendations presented in India by the National Commission on Labour may be summarised as follows: a higher priority should be given to housing in the country's development plans; state governments and local authorities should control land development, town planning and house building activities more effectively; housing boards should be set up in states where they do not exist; co-operative housing societies should be encouraged and loans at preferential rates of interest should be advanced to them both by public authorities and by employers; adequate fiscal and monetary incentives should be provided to employers to encourage them to build houses for their employees; and these incentives should be so designed as to ensure that rents do not exceed 10 per cent of the workers' earnings. Further recommendations deal with workers' housing in mines, plantations and rural areas (with special emphasis on backward and depressed classes).

In the developing countries, the bigger undertaking can usually offer its employees a range of advantages and services (notably medical services, when national health services are inadequate). Moreover, it often provides such services voluntarily even when under no legal obligation to do so. Medium-sized undertakings rarely do so, except under pressure from the law. The small undertakings are usually exempt from the law and are difficult, in any case, to supervise; left to their own resources, they could not possibly offer the services in question. The answer in their case might well be to set up joint services whenever circumstances lend themselves to this, as for example, on industrial estates. In some countries, such as Ceylon, India, Pakistan, and a few African countries, it has proved possible by this means to provide adequate sanitary facilities, together with the kind of service usually to be found only in the big concern (such as works canteens) for the benefit of the workers in certain small undertakings. Provision is made for such facilities in the initial planning stage. It might be well to adopt the same procedure
elsewhere and to encourage small workshops and factories which are already close together to set up joint services of this kind.

The European countries with planned economies prefer a more direct approach. They have promoted collective consumption and distribute a proportion of the national resources in the form of welfare services, provided either free or at reduced rates. Apart from social security benefits, medical care, educational allowances, and subsidised goods and services of various kinds, there is direct investment in nurseries, kindergartens, etc., in low-cost public transport systems, in the construction of cheap housing, in the creation of hostels for young workers, in creating canteens open to the workers of one or more undertakings, or subsidised collective restaurants, and in the organisation of the workers' leisure time.

**Population Policies**

No discussion of policies for minimum living standards would be complete without a reference to population policies. This is, of course, a vast and highly complex question which goes well beyond the scope of the present Report. Nevertheless, as has been mentioned in Chapter I, large families are often among those which live in the greatest poverty. As a result, the adoption of policies and programmes of family planning in a number of developing countries has to a large extent been motivated by a concern to promote family welfare as well as by a more general concern with the effects of population growth on over-all economic and social development.

The number of developing countries which have adopted a governmental population policy establishing a national family programme has risen from five at the end of 1962 to twenty-seven by mid-1969, accounting for about two-thirds of the population of the developing regions (excluding mainland China). The movement started in Asia and is gaining ground in the Americas and North Africa.

But a paradox of present efforts for family planning is that initially they generally by-pass those who are most in need of it, the poorer groups of the population. The health and social services through which family planning activities can be channelled do not yet reach the weaker and unorganised strata of society in an effective manner, especially in the countryside. Fertility regulation thus tends first to yield results among better-off people.

Moreover, as long as low productivity prevails in certain economic sectors (agriculture, small enterprises, handicrafts, etc.) and infant mortality remains high, children may be considered by families engaged
in those sectors as economic assets and a small family may not be readily and widely accepted as a standard.

While family planning remains the centre-piece of the population policies adopted in developing countries, increasing attention is now being paid to the demographic implications of other social policy measures primarily designed with other ends in view. The panoply of such measures includes: family allowances, tax concessions for dependants, maternity benefits, etc. for the promotion and protection of families; laws on compulsory schooling and the prohibition of child labour; social security programmes; measures to raise the status of women and to promote social reform; laws relating to abortion, contraception and sterilisation, as well as to marriage, including the minimum age for marriage, which are primarily motivated by cultural, religious and health considerations. It would therefore be desirable to reconcile and harmonise population policies, to the largest extent possible, with the relevant social policies, including many of the policies mentioned earlier in this chapter, taking into account all relevant cultural, social and psychological elements.

**Action to Raise Minimum Living Standards: Financing and Apportionment of Costs**

There are various ways in which a worker and his family have access to the goods and services—food, clothing, housing, transport, education, health, leisure, etc.—they actually consume. Obviously, earnings from work chiefly determine how far a man is able to meet these minimum requirements, although even here there are certain essential services which only society can provide. But to raise minimum living standards and to combat poverty, it is essential, in every country, to bring about to a certain extent a redistribution of the national income. Choices have to be made as regards the kind of welfare benefits to be offered, and the best means of paying for essential services must be explored. Some way must be found, too, of getting the workers themselves to use their savings to best effect. These are very complicated matters which are still to some extent obscure; hence I shall merely mention very briefly two aspects which merit close attention, namely taxation and the use of other means of meeting social welfare costs.

Revenue for transfer is derived mainly from taxation and from the contributions to social security schemes. The sums thus accumulated may then be used to pay welfare benefits in cash or kind, to provide social service facilities, to maintain prices, to provide credit, and so on.

In every country, an attempt should be made to assess the incidence of the tax system and to analyse government expenditure, which, according
to how it is apportioned, inevitably has either a favourable or an un-
favourable effect on the various income classes. An effort must be made
to ascertain what can be done in the way of welfare assistance to protect
the population against loss of earnings in the event of sickness, death
and unemployment, to protect health, and to help families to bring up
their children. Redistribution of the national income and concerted use
of these various resources would make it possible to meet family require-
ments more equitably. It is not sufficient for this purpose to lay down a
minimum wage or to guarantee a minimum income since this will only
affect the worker's individual remuneration.

All these measures have to be considered together as instruments in
over-all policy, although it must never be forgotten that the funds avail-
able for redistribution and the relative size of the elements composing
them, together with any selective action taken to eliminate the most
glaring disparities, depend in the last resort on political decisions. An
instance of this is afforded by the recent preferential income adjustments
undertaken in Western Europe (particularly in the United Kingdom,
Sweden and France) in favour of the underprivileged.

While it is difficult at the present stage to assess the over-all effect of
such transfer systems on the distribution of income in the advanced
countries, it is virtually impossible to do so in the case of the developing
ones. But a number of important points can be made.

In Western Europe, it seems that taxation, direct and indirect,
together with contributions to social security schemes, on the one hand,
and social welfare benefits, together with collective services and facilities
in such areas as health and education, on the other, lead to a net increase
in the incomes of the low-income groups (including many persons
not actively employed whose primary income is exceedingly low).
But it would appear that the most important part is played by transfers
between persons belonging to the same income groups, and by the
distribution of individual income (as between the years of employment
and retirement respectively).

In most European countries with planned economies, there is a
steady increase in the proportion of family income which derives from
social security and welfare funds and is received in the form of benefits in
cash or kind. Similarly, it has been deliberate policy in the past few
years to increase the ratio of collective to total consumption, although
the pace of this increase varies in time and from country to country.
It has been estimated that between 20 and 30 per cent of individual
income, at the beginning of the 1960s, was derived from sources other
than work. Poor persons and families have gained most from social
welfare and security benefits, in relative terms. Very broadly speaking,
the value of benefits in kind tends to exceed that of benefits in cash. Benefits in kind are mostly medical services and educational facilities, provided according to demand or requirements; hence the lower the individual's income, the greater will be that proportion of it which such benefits represent. Income tax tends to be low, except in the case of very large incomes, which are comparatively rare. Indirect taxation is chiefly levied on luxury goods, while subsidies are used to keep down the prices of goods and articles of an essential kind. Social welfare and security services are largely financed by taxing undertakings. Much more accurate information will be needed, however, before the effect of the action taken or envisaged in these various fields on income groups and standards of living can be assessed.

In general, it seems that public social services absorb a comparable proportion of the new wealth created by growth in the industrialised countries and in the developing countries with a market economy. In the countries now in process of rapid industrialisation, it appears that this proportion is increasing more slowly than growth itself, which would seem to indicate that although social service expenditure does grow with economic expansion, it does so more slowly than private consumption and, above all, investment. On this critical question further research is required to determine the optimum share of resources to be devoted to public expenditure (apart from investment) and to its various components, in different national conditions and at different levels of development.

Lastly, a recent inquiry reveals that the contributions paid by insured persons represent a higher proportion of social security funds in the industrialised than in the developing countries, while the contrary applies to employers' contributions. Employers' contributions, however, can be considered as a part of labour costs and passed on to the consumer in the form of higher prices; they may also be considered as an element of remuneration for the purposes of bargaining and wage fixing, so that the burden is shifted to the wage earners; finally, they can be deducted from gross income for taxation purposes, in which case it is the taxpayer who bears the cost. The extent to which the employer's contribution will in fact be borne by the workers depends on the bargaining power of the workers themselves. Similar problems arise in connection with the real distribution of the cost of those welfare services which employers have to provide, by law or by collective agreement, especially in the developing countries.

At this stage, it would be appropriate to consider rather more closely the criteria which should govern fiscal policy if it is to serve as a means of raising minimum living standards, and to consider alternative means whereby social service expenditure might be met.

\textit{Fiscal Policies}

One essential source of money for measures aimed at the improvement of the living standards of the poorest members of the community is the government. Public investments are required for "pump-priming" activities—for example, for employment-creating projects which to some extent pay for themselves or create elements of infrastructure which are needed, such as roads, irrigation systems, etc. An important part of the funds spent on alleviating or overcoming poverty takes the form of transfers, in cash or kind, to the needy. But the resources distributed to alleviate poverty have to be collected from other members of the society.

Fiscal policies for maintaining minimum living standards may, in certain emergency situations, include special fiscal measures such as raising existing taxes or introducing special new taxes. But a sound economic and social policy aimed at eliminating poverty should have a broader financial basis. The resources which are to be transferred to the poor or used in other anti-poverty measures should be collected through the same general fiscal system as resources needed by the governments for any other purpose. Furthermore, the whole fiscal system (and not only taxes needed to alleviate poverty) should also aim at promoting minimum living standards.

Fiscal systems vary according to the specific features of each society, particularly according to the level of economic development; the structure of the economy and its dependence on foreign trade; the strength, efficiency and honesty of its civil service; the administrative structure of the country; cultural and social habits of the population, etc. But a few general guidelines may be usefully indicated here.

Firstly, fiscal policies for minimum living standards have to take into account what are sometimes called "economic growth criteria", based on the simple consideration that it is easier to transfer income from some persons to others when the general level of income is higher. Two such criteria are of primary concern to us in the elaboration of a strategy for minimum living standards.

One is the impact of fiscal policies on investment. A fiscal policy has unfavourable effects on the growth of income in general, including the incomes of people below the poverty line, if it reduces the propensity to
save, induces a flight of capital abroad, discourages importation of capital, and hampers the investment of savings in productive activities. Thus reduced investment leads to smaller production, that is to smaller total income, and thereby reduces the possibility that some people may have of rising above the minimum standard line through their own efforts. It is particularly important to guard against the unfavourable effect of fiscal policies on investment in the developing countries, where the shortage of resources for capital formation is often the most important obstacle to further development.

The other growth criterion to be taken into consideration in the choice of fiscal measures is their effect on labour supply or, more generally, on incentives to work. Income taxes, particularly if they are at high rates which reduce substantially the reward for any additional effort, may result in a reduction of effort and thus have a negative growth effect. Similarly, various public assistance payments may, by offering income unrelated to work effort, reduce the inclination to work on the part of the recipients.

Another basic consideration is the effect of fiscal policies on income redistribution. All fiscal measures—taxes, subsidies or transfer payments—have some redistributive effect but the strength of the effect differs greatly, as does the direction of redistribution: e.g., while the incidence of some taxes falls more heavily on the "rich" than on the "poor", other taxes weigh more heavily on the revenue of the "poor" than on that of the "rich". From the outset, we are faced with one difficulty concerning the effects on growth. While it is generally recognised in this connection that a more even distribution is better than a strong concentration of income, it is hardly possible to define optimum patterns of income distribution in terms sufficiently precise for operative purposes. But in the choice of fiscal measures for minimum living standards, the primary concern is to transfer income from the people above the minimum level to people below the minimum level of living. Clearly, it would be socially undesirable to increase the income of people below the poverty line solely at the expense of people just above the line. The burden has to be shared by all people above the line.

In specifying the desired qualities of fiscal measures for minimum living standards the impact of the fiscal system as a whole should be considered rather than that of particular taxes. Nevertheless, it may be useful to examine briefly some components of the systems from the point of view of their utilisation for ensuring minimum living standards. Although there are many exceptions to the rule, direct taxes are generally progressive in character and thus contribute to transfers from the "rich" to the "poor", while indirect taxes are less progressive and sometimes
rather regressive in character, thus having a less desirable redistributive effect.

As regards indirect taxes, however, there are substantial differences among existing systems. One is the "concentrated" structure, such as the British system, whereby taxes are concentrated on final goods and especially on specific items, e.g. drink and tobacco. As the various income groups have substantially different patterns of consumption, it is possible to place the onus on the purchases of the higher income groups. Goods purchased predominantly by the lower income groups may be taxed very lightly or not at all. They may even be subsidised. Subsidies of basic foodstuffs, such as wheat or milk, are sometimes proposed with a view to improving the living standards of the lowest income groups.

The situation is different in countries where there is a "diffused" structure of indirect taxes, such as in the Federal Republic of Germany or France, where the central pillar is a general turnover tax or a value added tax imposed at all stages of production or sale. With a completely "diffused" structure the incidence of indirect taxes is more or less proportional to household expenditure and there is little scope for alleviating indirect taxation for the lowest income classes by means of exemptions from taxes on, or by subsidies of, goods which figure prominently in the expenditure pattern of the poorest.

Indirect taxes predominate in the fiscal systems of the developing countries, where taxes on imports are of particular importance. Their effects lie somewhere between those of the "concentrated" and those of the "diffused" types. In so far as tax revenue is levied by taxing imports of machinery and other capital goods, their incidence is neither progressive nor regressive and there is little scope for provisions in favour of the poor. Import taxes on consumption goods, however, would appear in most cases progressive in character, since relatively few imported items are included in the family expenditure patterns of the lowest income groups. There is a case, however, for exempting from such taxation the goods which predominate in the family budgets of the latter groups.

Direct taxes are generally more important in the industrialised countries. In all Western European countries, with the exception of France and Italy, direct taxes are the main source of revenue. They are levied on individuals or on corporations, in relation to their income or wealth. It is therefore possible to introduce provisions in favour of the lower income groups in the form of progressive rates and of exemptions, as regards not only personal income taxes but also taxes on corporations and wealth.

Taxes on corporations are usually geared to profits and, although rates differ from corporation to corporation according to the size of
profit, the fact that profits accrue mostly to people in the higher income brackets may introduce a strong element of progressivity into the incidence of such taxes. Taxes on wealth, particularly taxes on land, could be of particular interest for policies aimed at a minimum living standard in the developing countries. They can be imposed on a regular (e.g. once a year) basis. In that case they can be compared to an income tax, because the landowner can arrange to pay them out of income from the land; but since the tax is based on the value of the land (or other capital asset) and not on the income accruing from it, its effect as a disincentive is much lighter than that of an income tax and its redistributive effect may be as strong. Taxes on land or wealth can also be paid on a once-for-all basis; they then acquire the character of a capital levy. Capital levies have been used in the past with rather limited success—one of their consequences has usually been inflation and the flight of capital. If appropriate safeguards are provided, such taxes could be instrumental in the redistribution of wealth (with a resulting change in income distribution) and in the implementation of land reforms in developing countries.

Death duties can also be effective in reducing the greatest inequalities of wealth and income distribution (by having progressive rates) if they are linked with measures to reduce tax evasion and with a progressive gift tax which would at least partially reach assets which are transferred _inter vivos._

Income taxes can have the strongest redistributive effect where rates are sharply differentiated according to the size of income. This can be effected by applying different tax rates to different components of individual incomes, by excluding specified amounts of income from the tax base and using other criteria for further exemptions—e.g. number of dependent children or other relatives. The wide range of built-in progressive measures makes income tax particularly suitable for a fiscal policy aimed at securing a minimum income level. It is possible to fix the exemption level in such a way that people below the minimum income level pay no income tax and people above that level progress gradually from a very small to a very high percentage of earnings payable in income tax. It is also possible to differentiate the minimum income level according to other criteria, such as the size of the family; in this way different levels of minimum income, each of which would also be operative as regards liability to income tax, can be determined according to actual needs.

The high degree of flexibility offered by income tax recently led to proposals to use the income tax mechanism in a reverse direction, namely to distribute cash to poor people. A number of schemes of "negative income tax" have been proposed by United States economists. According to such schemes the minimum income level could be differen-
tiated according to family size and actually determined by means of exemptions from and reductions of income tax. A proposal to pay only a given percentage of "negative income" represents a compromise between the objective of bringing everybody to a minimum standard level, which would be equivalent to the level of guaranteed income, and an attempt to minimise the unfavourable effect on the incentive to work.

Other Means of Financing Social Welfare Expenditure

Finding the means of financing the social welfare facilities essential in raising the workers' standard of living is the subject of constant concern.

Mention has already been made of the contributions, voluntary or otherwise, which undertakings make towards the welfare and security of their workers, in the form of services or of contributions to collective funds, and of some of the problems arising out of this means of meeting social welfare expenses. Regarding housing, for instance, certain countries are concerned about the negative economic effects of the system whereby employers provide housing for their workers. It has been suggested that employers be invited, instead, to contribute to a public housing fund, preferably tripartite. In some African countries, notably Congo (Brazzaville) and Senegal, a special tax is levied for housing purposes on pay-rolls (in Senegal, workers and employers each pay half). This is the practice, too, in a number of Western European countries.

The workers can, by forming associations, increase their incomes and use them more effectively, or make better use of their savings. Different sorts of associations are possible, from small-scale friendly societies to multi-purpose co-operatives and social welfare services financed by the unions. Measures to encourage such initiatives can take various forms: legislation can be enacted, financial and technical assistance given, and action taken to acquaint the workers with the advantages such schemes present. Community development and programmes of rural animation have yielded valuable experience of assisting unorganised workers in town and countryside in raising their standards of living.

The co-operative movement offers an effective means of improving the living standards of the most disadvantaged. The movement can have a stabilising effect on prices and profits and serve to mobilise small savings (which otherwise might never get invested), and its resolute social aims are clear. As regards housing, co-operatives are already doing most useful work whenever general housing policy is propitious to them, as can be observed in industrialised countries such as Norway, Sweden and the Federal Republic of Germany, where, far from limiting
themselves to building houses, the co-operatives also set up various indispensable community facilities.

Co-operatives are set up, too, for the distribution of consumer goods and to promote thrift and credit activities; in this field they have been remarkably successful in many developing countries. Workers have also set up transport co-operatives (as in Mexico, to overcome the lack of public facilities, and in the Sudan). Co-operatives have been formed for building purposes, as well as in the fishing industry, and even for the provision of services. In Asia, co-operatives have been helpful in getting people to abandon certain traditional rural customs and in improving public hygiene, by opening the way to community development.

Housing is a field in which the unions, too, are extremely active, especially in several Latin American countries. Depending on the level of development reached, activities of this kind are very well suited to adaptation as part of new self-help building systems. This promises to be a most useful development in the campaign to improve the conditions of the masses at present subsisting in the squalor of shanty-towns and depressed rural areas.

The unions are also active in other ways in their efforts to ease the daily lot of the working masses. Some of their achievements have had a considerable impact, as witness the welfare activities carried on by the Argentine unions, or the services offered by the Ahmedabad Textile Workers’ Association in India, the social welfare centres run by the trade union federation of the United Arab Republic, or the economic achievements of the Tanzanian trade union organisation. Certain other initiatives of this nature appear to have run into difficulties, but the movement has made a good beginning and several governments are giving it active encouragement. In some developing countries the unions also enjoy the support of the international trade union movement. Finally, the unions sometimes try to extend their social welfare activities to others apart from their members. Thus, in Africa, certain unions in towns and cities are trying to help the rural worker in the fields of education, training and co-operation.

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If effective action is to be undertaken in the various spheres I have alluded to, the appropriate institutions have to be created or reinforced, particularly since the problem is to raise the standard of living of the poorest and most needy classes, which are precisely those least well organised in the defence of their interests.

To a very large extent (and especially in the countries with a market economy) the problem is to find some means of counteracting any
adverse effects resulting from the free play of economic forces and of eliminating the most glaring social disparities. The authorities will almost certainly be induced to intervene ever more frequently in social and economic affairs. To guarantee a minimum living standard, a whole series of measures need to be taken in different fields. Although these measures will have to be considered separately, it is essential to have an over-all view so as to determine the relative importance of the various component activities, decide on an order of priority, see how action in one field can supplement action in another, and see what other possibilities are available.

The government, including the labour administration, must set up the complex machinery required for the implementation of a policy based on equity and national solidarity, the ultimate aim being to provide a guaranteed minimum income for the poorest workers and their families and to protect their health and welfare.

At the same time, trade unions, occupational associations, co-operatives and other bodies able to represent collective interests, assume responsibilities, act in lieu of or in support of the authorities, and participate in planning and carrying out action programmes, must be given every possible encouragement.

Labour legislation must always protect the worker against exploitation, especially when trade union organisation is weak. But it is no good enacting legislation if the authorities cannot enforce it, either directly, through labour inspection, or indirectly by such means as programmes for the modernisation of agriculture, handicrafts and small-scale industry which can lead to an improvement in conditions of life and work.

Lastly, national solidarity must be institutionalised if tax systems and social welfare schemes are to result in the requisite transfers of wealth in the form of benefits in cash and kind, in social services, in collective facilities, etc.

While no answer has yet been found to certain questions, especially in the developing countries, considerable experience has already been acquired with regard to ways of alleviating the inhuman conditions in which countless workers live. Human capacity for survival is remarkable, but we all know how degrading such conditions can be. We know, too, that areas of poverty, in town or countryside, are liable to flare up in outbreaks of violence and disorder after years of quiescence on the part of politically underprivileged groups. And at the same time, we can see how a policy which would be at one and the same time imaginative, realistic and respectful of human rights could improve the conditions of the most disadvantaged workers.
I am persuaded that such a policy, far from putting a brake on economic progress, would in fact set free new forces promoting further growth. The ILO has never neglected these problems—on the contrary, in some respects it has indeed broken new ground. Because its activities are so varied, and because there is a danger of dispersion of effort, this seems an opportune moment to review the efforts of the ILO and its means of action, and to consolidate our programme. This is the task to which I shall devote the following chapter.
CHAPTER III

RAISING MINIMUM LIVING STANDARDS:
THE ILO'S CONTRIBUTION

In the previous chapters I have discussed the concept of minimum living standards, the extent of poverty in the world as well as the policies and measures, in areas for which the ILO has a substantial responsibility, by which minimum standards can be raised. I shall now turn to the ILO's role in this context. First, for what reasons, constitutional and other, should the ILO seek to promote the broad objective of raising minimum living standards, what is the nature of this objective and how does it complement and reinforce the ILO's other objectives of furthering social progress? Second, in the light of the national economic and social policies to raise minimum living standards discussed in the preceding chapters, what are the key areas of ILO concern in which the member States may be asked to consider defining and clarifying national goals and adopting appropriate policies for attaining these goals? Finally, how can the ILO best use the means at its disposal, and in what specific ways can it help its member States to realise the goal of ensuring and then raising minimum living standards for all their peoples?

THE APPROACH TO MINIMUM LIVING STANDARDS

The ILO's Mandate

The ILO's concern with the protection and the promotion of minimum living standards can be traced back to the very origins of the Organisation. The ILO was born in a war-torn world in which the lot of the majority of industrial workers, even in the privileged areas which constitute the advanced countries of today, was a hard one. This was recognised as being at the root of much of the social tension and political instability of the times. The ILO was entrusted with the mission of helping to redress this situation, described in the words of the Preamble to the ILO Constitution as "conditions of labour . . . involving such injustice, hardship and privation to large numbers of people". To this end, it devoted its main attention in the early years to regulating
minimum working conditions and safeguarding workers' living standards through social security, minimum wages and other protective measures. In fact, this remained a central preoccupation throughout almost all the years of turmoil, economic depression and war which marked the first quarter-century of the Organisation's existence.

This mandate of the ILO was renewed forcefully in the Declaration of Philadelphia in 1944, in terms which are now well known the world over. I shall merely cite here the pointed references to specific issues of social policy which lie at the heart of the ILO's preoccupation with minimum living standards. The Declaration of Philadelphia states, in Part III:

The Conference recognises the solemn obligation of the International Labour Organisation to further among the nations of the world programmes which will achieve:

(a) full employment and the raising of standards of living;

(d) policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection;

(f) the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care;

(g) adequate protection for the life and health of workers in all occupations;

The international social setting has changed beyond recognition since the Philadelphia Conference. The emergent nations of Asia and Africa, which have now become an integral part of the new world order, are striving hard to give economic and social substance to the newly won national freedom and political equality of their peoples. The target of a 5 per cent annual increase in national product set by the First United Nations Development Decade has been met for the developing world as a whole. But this economic growth has not been matched by adequate improvement in individual welfare and social progress, which, in any case, have fallen far short of popular expectation. The industrialised nations have forged ahead with technical progress and, on the whole, stable economic growth, so that many of them have become, or are well on the way to becoming affluent societies. Nevertheless, prosperity has by-passed certain social groups, while technical advance has left in its wake its own problems of social and environmental adaptation.

However, for the ILO neither the changes in the composition of its membership nor the transformed nature of the problems have rendered
the basic objectives and principles of the Declaration of Philadelphia outmoded or irrelevant. The continuing vitality of the Declaration was testified by the resolution concerning minimum living standards and their adjustment to the level of economic growth, which was adopted by the International Labour Conference in 1964. This resolution urges member States to ensure adequate minimum living standards to all workers and their families, particularly through "dynamic" minimum wage and social security measures which systematically take account of economic growth and rising living costs. The resolution has given a fresh impetus over the last few years to ILO activities for the promotion and protection of minimum living standards, particularly by way of research and the revision or complementing of existing international labour standards on minimum wages and social security.

The ILO should, then, rededicate itself to one of its fundamental constitutional objectives—the promotion of socially desirable and economically feasible minimum living standards. The ILO's constituents and the world at large have also now come to regard the rallying of opinion and the mobilising of action in favour of the weaker sections of society as one of the central purposes of the Organisation. The ILO should, accordingly, seek to win acceptance for the goal of raising the minimum living standards of the people and the adoption of appropriate policies to this end by member States. A realistic approach to this requires that the situations in the developing and the advanced countries be considered separately.

It would also be useful to distinguish in each case different kinds of needs in relation to the degree of urgency and to the practical possibility of early improvement. Clearly, the relief of avoidable human misery or suffering should have the first claim as a matter of conscience. For other needs, while the results may be expected to be achieved in time, the appropriate policies may have to be planned and the requisite action initiated now. Besides, the policies to meet the various needs are likely to be largely interdependent, so that the timing of action to meet the needs may relate rather to the results aimed at than to the corresponding kinds of action themselves. I hope to bring this view out in more concrete terms in the following paragraphs.

**Developing Countries**

In the developing countries a hierarchy of three needs, according to the degree of priority for remedial action, may be identified. At the bottom of the social pyramid, there usually exist disadvantaged groups—indigenous or tribal populations, particular castes or ethnic groups, the
landless labourers, the "Lumpenproletariat" of the cities—whose existence is often so wretched, miserable and hopeless that it stands out even against the common poverty of the majority of their countrymen. Measures to improve the lot of such deprived groups by bringing them up to the level of common poverty should not brook further delay, provided, of course, that an austere test is applied to define this "misery" line, so that the population below it does not amount to more than a manageable fraction of the total.

In the second place there are usually a large number of people—share-croppers and tenant farmers, workers in handicrafts, petty commerce and the like—who, although not as badly off as the first group, earn such very low incomes that they cannot afford food, clothing, housing, personal care, etc. to meet the minimum norms of adequacy in regard to nutrition, health, etc. The living standards of these people should be raised as quickly as possible to reach at least the levels of this minimum adequacy. This is also necessary to enable the workers to acquire normal productive efficiency. However, the poorer among the developing nations cannot accomplish this in a short span of time because those in such want might well make up a majority of the population.

It has to be recognised frankly that with redistributive and welfare measures alone, however desirable they may be, an effective attack cannot be mounted on mass poverty; such an enterprise requires wide-scale application of technology and far-reaching structural change, which are the essential ingredients of the development process itself. But mass poverty will not take care of itself once development has advanced sufficiently far. On the contrary, I am convinced that the raising of low living standards has to be consciously planned now and that policies to this end should become an integral part of development policies. In the past many developing countries were perhaps inclined to emphasise production-oriented strategies to the neglect of social objectives. Accordingly, social development, and in particular, income distribution and redistribution and welfare services were considered distinct from, and regarded as a hoped-for consequence of, economic growth. There are now welcome signs that this misconception is being dissipated and that a better appreciation is emerging of the interlocking and mutually reinforcing relationships between social progress and economic development. In the efforts to raise the pitifully low living standards of the mass of the people in the low-income countries, measures of social policy which stimulate and support economic development should therefore be accorded due priority. As I have indicated in the Introduction, authoritative opinion has recently endorsed the view that measures to make income distribution more equitable are justified not only on moral and
social grounds but are also necessary to spur sustained development effort.

The third in the hierarchy of needs in the developing world is to raise minimum living standards for a large number of people above the norms of sheer physical adequacy to provide for a modicum of comfort and well-being. This is needed primarily to enable people to develop their individual and social potential. But it is also necessary to fire the incentive for further development efforts. While such higher living standards may well remain out of reach for many people for some time to come, the promise that they are nevertheless capable of attainment should be seen today to carry conviction. In any case the groundwork, by way of studies, elaboration of objectives, policy guidelines and institutional machinery, etc. has to be laid in advance so that the programmes can be implemented in a fair and rational manner when the time becomes ripe.

I am not suggesting that the achievement of humane, socially desirable, minimum living standards for all people should necessarily be a long-drawn-out process for all or most developing countries. However, for many countries, especially in Africa and Asia, at the lower end of the per head income scale of nations, the targets set have to be realistic, otherwise the danger of setting meaningless, premature or unwise minimum standards—and possibly entailing a misdirection of national development efforts—might arise. In a number of other developing countries, however, the economic resources available are already more plentiful and the very poor, although numerous, do not make up the vast majority of the population. These countries can make real the promise of socially desirable minimum living standards for all their peoples within the space of a decade or so. This requires, however, political will, firm commitment and readiness to overcome the constraints imposed by the power structure.

*Advanced Countries*

In the industrialised countries, want, in the sense of inability to satisfy the minimum physical needs of human existence, has been banished to a very large extent. But the yardstick of sheer physical needs is fast losing its significance. General standards of living are rising steadily but certain groups, such as the elderly, foreign migrants, the handicapped, or workers made redundant by technical change, are unable to receive their fair share of increased prosperity if left on their own. The persistence of pockets of poverty in the midst of plenty not only causes avoidable hardship and suffering to those deprived but is also a blemish on the social conscience of the community. In the case studies to which I
referred in Chapter I, where an empirical poverty line was drawn in the light of national conditions, the fraction of the total population falling below the poverty line did not exceed some 10 to 15 per cent. I am, therefore, convinced that the living standards of the poor in the industrialised nations can be raised to socially acceptable levels within the present decade, provided that sufficient priority is accorded to this objective of social policy.

In fact, several advanced nations have recently embarked upon action programmes of different kinds to improve the lot of their poor. This is a very significant development. Such action is, of course, needed in its own right, but it has also an international dimension. I believe that efforts to help the poor within a nation will stimulate a more purposeful and sympathetic understanding of the problems of world poverty and thus foster a moral and social climate in the advanced countries more favourable to development assistance. The Pearson Commission has drawn pointed attention to this question: "The war against poverty and deprivation begins at home but it must not end there. Both wars must be won. Both problems must be solved." 

Part of the problem of poverty in industrial societies lies in the fact that minimum wages, social security benefits and other means of providing for the basic needs of all their members have at times lagged behind rising living costs and often have not kept in step with advancing social norms and opportunities for improvement afforded by economic growth. A second need, then, is to give reality to the concept of "dynamic" minimum living standards by making appropriate institutional arrangements for a systematic review of these standards in the light of changing conditions.

Finally, a totally different kind of need is emerging in industrial societies. This need relates to the community as a whole and is not confined only to those of its members in want. Paradoxically, it has resulted as a by-product of the very success achieved in raising material consumption and in harnessing technology.

For most people, a degree of satiety begins to be attained sooner or later as the consumption of goods grows steadily beyond essential personal and social needs. Technology is contributing to phenomenal growth in productivity but is also having undesirable side-effects, such as the pollution of the human environment and the nuisances produced by noise, crowding and congestion. This is leading more and more to a quest for a fuller and better life or for spiritual development in which excessive weight would not be attached to the possession and enjoyment

\[1\] Partners in Development, op. cit., p. 8.
of material products, but in which the aesthetic and cultural dimensions of life would be increasingly cultivated.

This issue of improvement in the quality of life and its implications for social policy is likely to hold the centre of public debate to an increasing extent in much of the industrialised world in the closing decades of this century. I should like briefly to mention here the kind of choices it poses for the ILO's constituents. Should greater leisure—through shorter working hours, longer paid holidays, early retirement age—be preferred to higher current income or higher pensions on retirement? How can a wide range of choice in such matters be effectively offered to individual workers? Should rising living standards emphasise the consumption of more, better and more varied goods and services to be bought in the market by individuals from their personal incomes or the provision of public services, financed largely from taxation, to improve and beautify community and national life, through urban development and renewal, adequate holiday facilities, parks, theatres, encouragement of cultural activities of all kinds, and so forth? What proportion of prospective gains should be sacrificed by society in its gross national product, and of their personal incomes by its members, in the fight for the preservation of human environment and in the control of air and water pollution?

I do not claim to know the answers to these questions. But I do feel that such broad issues of long-range social policy should provide a proper perspective for a more meaningful and forward-looking discussion of many of the burning social problems of the day, such as incomes policies, occupational pension plans, youth dissatisfaction and so forth.

It will thus be seen that, while the objective of raising minimum living standards is universal in scope, the contents of these standards as well as the nature and the pace of improvements therein would vary according to national conditions, such as the welfare levels already attained, the level of economic development, the rate of economic growth, preferences of the society and the priority accorded to social goals. In particular, there can be no question of drawing an international poverty line. Minimum standards have to be set realistically in the specific context of each society. However, a number of international labour instruments do provide guidance on principles and policies in many matters pertinent to minimum living standards, such as the duration of the work week, the level of social security protection and the like. The ILO's member States will, no doubt, wish to draw inspiration from such instruments in formulating relevant national policies.

In reaffirming the ILO's concern for minimum living standards, it would be essential to ensure that such concern is reasonably consistent
with the other objectives that the ILO is seeking to promote in the interests of a unified approach to social policy.

I shall refer here very briefly to our major new initiative endorsed by the Conference last year—the World Employment Programme—which is proposed as the primary contribution of the ILO to the Second Development Decade. The objective of raising minimum living standards is complementary to that Programme. The promotion of higher levels of productive employment is one of the most effective means of extending and protecting the minimum standards of most people. However, work is not an end in itself, as people work primarily to earn a living. In the first place, deliberate measures of policy need to be promoted to make employment more rewarding to the workers and more productive to the economy. In the second place, some support is needed for new job-seekers who cannot find employment quickly enough or for workers who lose their jobs due to changing market conditions such as recession, changes in demand or the fact that technical progress renders their skills obsolete. In the third place, workers need income security in case of interruption or loss of earning capacity as well as health care to maintain earning capacity or restore it in case of sickness or accident. Finally, the working environment needs to be made safe and healthy to the maximum extent possible.

The effective formulation and application of policies to promote minimum living standards can be greatly facilitated by an adequate framework of social institutions, the development of which is another major ILO objective. Strong, representative and responsible bodies of workers and employers, having satisfactory working relations among themselves and with the public authorities, can do much to stimulate and support action for the betterment of the underprivileged sections of society. A sound system of labour administration is essential for formulating and applying many measures to promote and protect minimum living standards. Viable co-operatives and rural institutions, together with the reform and the adaptation of structures, can help to ensure that the fruits of growth and development are not cornered by a powerful minority but are fairly shared by the nation as a whole.

However, the promotion of rising minimum living standards is too formidable and wide-ranging a task to be handled by the ILO alone at the international level. As in many other spheres of development, it calls for a co-ordinated approach and, where appropriate, the pooling of resources of various international bodies. The ILO has certainly a primary responsibility for several aspects of minimum living standards. But for other aspects a substantial or major responsibility lies with other organisations, e.g. as regards agrarian reform, population policies,
health and education. Here the ILO should work closely with, and, in particular, fully co-ordinate any activities it may undertake within its fields of competence with those of the United Nations, the FAO, the WHO, UNESCO and the other bodies concerned.

**Priority Considerations concerning Minimum Living Standards**

I shall now attempt to bring into sharper focus the specific national objectives and policies in areas of ILO concern to which member States may consider according priority in their efforts to raise minimum living standards. In so doing I shall deal with the subject in the light of each of the following five aspects of minimum living standards: income from work; social security; working conditions and environment; living conditions and environment; and equality of treatment.

**Income from Work**

Income from work is the mainstay of the livelihood of most people and ensuring that it does not fall below a basic level would in large measure safeguard minimum living standards for working persons and their families. The kind of income from work that seems more readily amenable to such a guarantee is wage payment when a worker works for an employer. Wage-employment accounts for a major share of total employment in industrial societies but for only a minor share in the developing world. Besides, in the latter, the great majority of the poor are not wage earners. Nevertheless, the adoption and effective implementation of appropriate minimum wage policies are essential elements in safeguarding minimum living standards in most countries. Conventions Nos. 26 and 99 concerning minimum wage fixing machinery, the corresponding Recommendations as well as the new instruments on this subject that the Conference is expected to adopt at its 54th Session this year provide and will provide guidance on the purpose, principles, scope and methods of minimum wage policies and related machinery.

Most of the needy workers in the developing countries are, however, not wage earners; many of them are part of the rural labour force, comprising small peasants and tenant farmers and share-croppers. For them the Conference adopted at its 52nd Session the Tenants and Share-croppers Recommendation, 1968 (No. 132), which includes provisions concerning fair rents, security of tenure, adequate incentives for better farming as well as various measures for social protection adapted to their traditions and needs, etc. The Conference in 1965 also adopted
a comprehensive resolution on agrarian reform setting forth basic guidelines for policy in this important field. The effective application of these provisions (in this connection, other ILO instruments, in particular the Indigenous and Tribal Populations Convention and Recommendation, 1957, and the Plantations Convention and Recommendation, 1958, are also directly relevant) would certainly contribute to the objective of raising the minimum living standards of the masses of rural workers. But it should be recognised that to carry through successfully such fundamental reforms requires political courage and organisational capacity.

The promotion and strengthening of co-operative institutions is another effective means of improving the lot of rural workers. Co-operation was developed specifically as a means of raising the incomes of disadvantaged groups in all sectors; being an institution having both economic and social objectives, through the pooling of resources and the promotion of action, it offers vast scope for contributing to the solution of many of the problems to which reference has been made in this Report. For example, consumer co-operatives can overcome deficiencies in the distribution system and make consumer goods available to low-income groups; housing co-operatives can help make adequate housing at low cost available to workers; marketing co-operatives can help to increase the incomes of subsistence farmers by obtaining better prices; and service co-operatives of various kinds can bring health, educational and other social services to those not reached in other ways. The fundamental principles laid down in the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), constitute a broad framework for national action.

Social Security

The basic instruments adopted by the Conference at its 26th Session (Philadelphia, 1944)—the Income Security Recommendation, 1944 (No. 67), and the Medical Care Recommendation, 1944 (No. 69)—envision a major role for social security in safeguarding minimum living standards. Accordingly, social assistance should complement social insurance to guarantee comprehensive income security under which normal income would be replaced by the grant of a benefit in case of loss or interruption of earnings or would supplement earnings if they are insufficient. In principle, such income security should be afforded to all people, as should also comprehensive medical care. The instruments specifically refer to the need to afford social security protection to rural and self-employed workers. Further, the Social Security (Minimum Standards) Convention, 1952 (No. 102), identifies nine branches of
social security for which concrete technical minimum standards are specified. During the 1960s, pre-war standards were replaced by new ones in regard to several branches—employment injury, old age, invalidity and survivors, and sickness and medical care—which embody more advanced standards than those laid down in Convention No. 102.

Social security policies can further the objective of safeguarding minimum living standards in several ways. Firstly, social security may be extended to vulnerable social groups which still lack such protection. In the developing world priority consideration needs to be given to the coverage of workers in smaller establishments and of the rural population. Careful planning and preparatory work are, however, necessary since this may well involve innovation to resolve certain conceptual and organisational problems. In industrial societies coverage may need to be extended to hitherto neglected groups such as the low-income self-employed. In fact, early attainment of near-universal coverage may well be a desirable and realistic goal for many advanced nations.

Secondly, protection may be broadened by coverage of additional risks in human and social life. In the developing countries the provision of basic medical care and income benefits at least in respect of sickness and employment injury would seem to have a priority claim. Moreover, social security can make a useful contribution to the implementation of population policies, particularly by facilitating the access of protected persons to family planning services. Cash benefits would not generally be a suitable method of providing income security in case of unemployment. In advanced countries, early attention seems needed to fill gaps in coverage of medical care benefits in the case of the elderly and other needy groups.

Thirdly, benefit levels need to be systematically raised in order at least to catch up with rising living costs, and preferably also with gains in real wages. The levels prescribed for standard beneficiaries in the relevant instruments provide valuable guidance in this regard. Fourthly, benefit systems may be adapted to provide income security for workers adversely affected by structural change. Fifthly, foreign migrant workers and their families are in particular need of adequate social security protection, a need which is especially acute in Europe and parts of Africa and the Americas where large-scale migratory movements have been taking place. The co-ordination and harmonisation of national social security laws on a regional or subregional basis, particularly in the context of multinational economic co-operation, can make a valuable contribution in this regard.
Working Conditions and Environment

In this area of prime concern to the ILO, the foremost task is naturally the protection and promotion of the safety and health of workers in all sectors of activity. The continuing high toll of occupational injuries in nearly all countries impairs workers' income security, health and morale and entails loss to the national economy. Scientific and technical progress has introduced fresh occupational hazards but has also provided the means of dealing with them more effectively. Safe and pleasant working surroundings and other favourable conditions and practices at the workplace help to create a social climate which enhances the workers' sense of human dignity and reduces alienation. Finally, a working environment adapted to the workers' physical and mental capacities can help to raise their productivity.

In the promotion of plant-level safety and health measures several priority needs may be identified. First, preventive action should be organised against common risks to which large numbers of workers are exposed. Second, effective protection should be afforded against serious hazards specific to certain industries or to the use of certain dangerous substances. Furthermore, the pollution of air and water by industrial waste has become a problem of world-wide concern. The health and safety of workers should be fully protected against the hazards of toxic substances and other aggressive agents in the working environment. It is also essential that an effective system for the harmless disposal of industrial waste be developed so that the pollution of the human environment can be kept within tolerable limits. Moreover, working equipment and environment should be progressively improved by the application of ergonomics. To ensure the practical application of safety and health measures, the setting-up of the appropriate plant-level services should be promoted. The growth of such services in developed and developing countries, both on a statutory and non-statutory basis, is a clear indication of the practical contribution they can make towards the protection of workers' health. A special effort should now be made in order to ensure that these services are able to meet local high-priority needs.

Reduction in hours of work, prohibition or regulation of work by children and young persons, protection of women workers, better adaptation of work schedules to social and economic needs and holidays with pay are other socially desirable improvements in working conditions, not only from the point of view of the workers' well-being but also as a contribution to the improvement of safety and health and to increased productivity.

The reduction in working hours has been a long-standing social
objective, most recently embodied in concrete terms in the Reduction of Hours of Work Recommendation, 1962 (No. 116). In many developing countries small establishments still largely remain "sweat shops", where workers toil for long hours in unhygienic conditions detrimental to their physical and mental well-being. Abuses of this kind can and should be checked by regulations, supplemented by the organisation of appropriate safety and health bodies and group medical services and by the effective dissemination of information, especially concerning the provisions of existing regulations. In the larger undertakings, the optimal use of scarce equipment is of the utmost urgency and may be ensured in many cases by working multiple shifts. In the advanced countries excessively long hours may still prevail in certain unorganised occupations, e.g. domestic service, garment-making at own home under contract, etc. Such malpractices need to be checked. Recommendation No. 116 specifies reduction of hours of work to 48 a week as a first step in cases where this duration is now exceeded and progressive reduction to 40 hours or less a week as a second step.

The regulation of the minimum age for entry to employment has been another major concern of the ILO and a number of instruments on the subject have been adopted over the years. The social gains from such regulation need hardly be further emphasised, provided that the children and young persons barred from early employment are enabled to continue their education and training.

Changing economic and social conditions have brought to the fore the need for more flexible work schedules. Two important cases may be mentioned. In developing countries multiple shifts should be encouraged in industry wherever this is economically sound and technically feasible, in order to contribute to the optimal use of machinery and also to employment expansion. However, the social problems of shift work, e.g. transportation to work, disruption of family life, etc., have to be resolved to the largest extent possible. Secondly, in both the advanced and the developing countries, certain skills in short supply might be available only on a part-time or temporary basis. This is particularly true of qualified women, e.g. doctors, social workers, secretaries, etc., with family responsibilities. The social and organisational problems of such part-time or temporary work schedules need to be resolved. This may be supplemented, where feasible, by organising appropriate social services such as maternal and child care services and facilities, home help, etc., so that such women, if they so choose, can also work full time.

Holidays with pay have come to be regarded more and more as part of minimum social standards, especially in the advanced countries. The
large differences observed as regards the practice of granting, and the length of, paid holidays stem mainly from the varying norms and preferences in different countries. The Conference is expected to adopt new standards on this subject at its 54th Session. On the whole, social policies in many advanced countries tend to favour the enjoyment of more leisure as a fruit of progress. But adequate attention also needs to be paid to the complementary question of the more rewarding use of leisure.

**Living Conditions and Environment**

Living conditions and environment are largely determined by the level of family income accruing from participation in productive activities or from social security benefits and by individual decisions concerning the disposal of this income. The quality and range of social services—organised on a “collective basis”, singly or jointly, by public authorities, employers, unions or voluntary bodies such as co-operatives—provided to individuals free or at part of the real cost also have an important bearing, particularly in safeguarding minimum living standards. There are many types of such social services, but three seem to be particularly significant from the standpoint of the ILO in raising minimum living standards: housing; industrial welfare services; and family planning services, where appropriate, especially in developing countries.

Housing is a basic need which is conditioned by physical as well as cultural factors. In the developing world housing conditions are almost universally appalling in urban areas and primitive in rural areas. However, urban housing, in particular, may compete for scarce resources with more productive uses and may encourage the drift to the towns from rural areas. The housing problem needs therefore to be approached with care. A main thrust for advance can come from cutting the real costs of housing construction by making efficient use of cheap, local resources and appropriate self-help schemes. A valuable contribution can be made in this regard in urban and rural areas by developing managerial skills and vocational training for house-building and by using idle time and local materials to impart elementary building skills under community development activities for new housing projects, renewal schemes and slum clearance. The formation of workers’ housing co-operatives may be encouraged to help workers overcome the problems of financial organisation.

The housing problem persists even in many industrialised countries. This is particularly true in the case of housing for certain underprivileged groups, such as foreign workers and ethnic minorities; as noted in Chapter I ‘recent events have also shown that poor housing can be a
weighty factor behind some of the present-day social tensions and unrest. The public authorities in a number of countries have adopted vigorous measures to provide adequate housing on reasonable terms to families with low and moderate incomes, migrant workers and other needy social groups. Such measures need to be intensified, with due consideration being given to employment objectives, improvements in management techniques and vocational training. It would further be desirable to ascertain whether the social groups with the lowest incomes do, in fact, benefit from these measures and, if necessary, to take appropriate steps to ensure that they do. Moreover, policy in the field of low-cost housing should be properly co-ordinated with the provision of community services and facilities.

In both developing and advanced countries where housing or accommodation is provided to workers by employers as part of the terms of employment, as is the case in isolated sites like plantations, mines, construction sites or on board ships, the facilities provided should come up to at least the minimum standards of adequacy.

Plant-level welfare services take many different forms—recreational amenities, crèches, advice on personal and social problems, medical care, family planning, canteens, transport to and from work, etc. They are particularly appreciated since they are adapted to workers' needs and are readily accessible. Such services are of paramount importance on isolated work-sites such as mines, plantations, etc. They also make a significant contribution to workers' well-being in many developing countries where the corresponding community services tend to be weak. Welfare services of this kind at or near the workplace should be promoted and developed through the concerted efforts of employers, workers and public authorities. Special emphasis should be placed on services which protect or promote health.

Rapid population growth is being increasingly recognised as a factor seriously impeding progress in many developing countries. The subject, however, still remains controversial since cultural and religious considerations are also involved. The adoption of a population policy is naturally a matter for each government to decide. Population policies and, in particular, family planning programmes, can contribute to raising minimum living standards. In countries where governments operate or strongly support family planning programmes workers' families should be enabled to have effective access to information, education, advice and services relating to family planning. In this task, valuable support can be furnished by the social security system, by occupational health services providing doctors' or nurses' advice and plant-level welfare and workers' education services.
Equality of Treatment

Most nations lay great store by the principle of equality of all their citizens before the law, as a matter of respect for fundamental human rights. But, in practice, certain groups tend to suffer from economic and social disadvantages or handicaps which might prejudice the chances of their members effectively enjoying minimum living standards. In fact, a concern underlying some of the policies and objectives which I have mentioned above is to bring about progressively a greater degree of equality of treatment among different categories of workers.

In the first place, the victims of some of the worst forms of discrimination are usually workers of different racial or ethnic origins. Vigorous and prompt action against all forms of discrimination based on such grounds should be a matter of conscience for the whole of civilised mankind. In the second place, a greater measure of protection should be afforded to all foreign migrant workers as early as possible. Many countries have now adopted special measures guaranteeing equality of treatment to migrant workers but in practice such workers generally have lower standards of living, enjoy less security and protection and, particularly in the case of workers of different racial origins, may be subject to discrimination both at work and in society at large.

The problem of equality of treatment of women workers is also extremely important. Social policy should aim at bringing about progressively the abolition of discrimination based on sex. Indeed, although I have drawn special attention here to the more widespread and flagrant cases of discrimination, the objective should clearly be to work towards equality of treatment for all workers.

THE ILO’S CONTRIBUTION TO RAISING MINIMUM LIVING STANDARDS

It is self-evident that the main burden of making and applying policies of the kind I have discussed above for raising the minimum living standards of their peoples would fall on the member States themselves. In fact, this is true of most action for the furtherance of almost any development objective. But the national responsibility is even greater in the case of the objective of ensuring rising minimum living standards for the community as a whole. Measures to secure fairer treatment for share-croppers and tenants, to introduce or extend social security and to improve safety and health appear costly, involve major policy decisions and require faith and vision, since the economic benefits are not immediately apparent. Such measures are also a test of political will and commitment since they are likely to clash with vested interests. Only the
national leadership can therefore provide the driving force for making progress towards this economically complex and politically sensitive objective.

But I am convinced that well-designed international efforts, particularly those of the ILO, can stimulate, facilitate and support this process in various ways. And it seems to me particularly fitting that the Conference should consider in what specific ways the ILO can assist its member States in accepting the goals and adopting the policies proposed earlier.

At the outset, I would stress that one important function of an international organisation such as the ILO is to help to create an international climate favourable to the objectives it wishes to promote. However, the objective of minimum living standards is too broad and the resources at its disposal too limited for the ILO effectively to fulfil this function alone. It must work to this end in full co-operation with the other international agencies concerned—leading them where appropriate, supporting them in other cases and always fully co-ordinating its activities with theirs. The ILO is already working towards acceptance of the goal and of the policies for affording minimum levels of adequacy to all, within the framework of the concerted strategy adopted by the United Nations family of organisations for the Second Development Decade. But this purpose needs to be supported by real action on the part of the world community. To this end, the ILO should try to ensure that this objective is given its proper place in the context of international development assistance. This should, firstly, naturally hold good of multilateral assistance. But, secondly, the ILO should also endeavour to ensure that due weight is attached to the objective of providing minimum levels of adequacy for all under bilateral aid since the volume of the latter still remains much larger than that of multilateral aid.

It is, however, natural that the primary focus of the ILO's attention should be its own constituents. Here the ILO should seek to demonstrate—through research, pooling of experience, etc.—how minimum living standards can be raised without prejudicing employment expansion, economic growth, or incentives for productive effort; to create a base of support for appropriate policies to this end among opinion-formers and leadership groups—employers, union leaders, government and academic circles—and to persuade decision-makers to take action through dissemination of information, discussions at meetings, the promotion of the application of labour standards, etc.; and to provide practical assistance to member States through technical co-operation, for instance in planning and extending social security, setting up and developing national occupational safety and health programmes, etc. All the means of action at the disposal of the ILO will be required for the purpose and they should
be combined judiciously to constitute an effective programme of ILO action for the protection and promotion of minimum working conditions and living standards.

The contribution that can be made by each of the principal means of ILO action is considered below. But it is important to bear in mind that the different means are usually interdependent and mutually supporting in the achievement of the programme objectives. For instance, research work may provide the basis for examination of basic technical and policy issues by meetings of experts for the subsequent adoption of new standards by the Conference; conversely, an examination of the application of standards may help to identify research and technical co-operation needs.

*Research and Studies*

It seems to me that the main thrust of the ILO's research work should be directed towards vulnerable social groups such as rural and migrant workers, in respect of whom existing arrangements for regulating working conditions and protecting living standards are generally inadequate. The purpose of the studies would be to identify the needs, to analyse the problems, to suggest remedial measures and to assess the relative priority of action for the various groups in question. The results of the research would, of course, not be an end in themselves; in most cases, they should provide the basis for further action by the ILO through, for instance, formulation of new standards or fresh approaches in technical co-operation, while in others they may provide useful insights for policy-making to member States.

The largest single group, especially in the developing world, which stands in need of the extension of social protection measures is the rural or agricultural population. The ILO has prepared, or is preparing, a number of national monographs on incomes of agricultural workers in the developing regions as part of a broader study for consideration by the Advisory Committee for Rural Development in 1971. The Committee may be expected to provide valuable guidance for the further development of the ILO's work towards protecting and raising the incomes of agricultural workers. Industrial Committee-type bodies will be considering during 1970-71 similar questions for workers on plantations and in the timber industry.

The policy discussions on this subject are, however, usually handicapped by certain methodological problems in adequately measuring wages and other incomes in agriculture and other rural occupations, particularly as regards the estimation of wage payments in kind. It is planned to undertake studies to help clarify concepts and methods in this field.
In many countries the rural population lacks social security protection, which is a prime means for the maintenance of the minimum living standards of the other segments of the population. This is because, in providing social security for the rural population, complex problems, organisational and others, remain to be understood and tackled. Studies in depth are therefore required to find imaginative and viable approaches and methods for this purpose. The ILO has completed an international study which reviews the present stage of social security in agriculture and identifies research and policy needs for further progress. Field studies have also been carried out over the last few years by ILO experts on the needs and methods of promoting social security measures among the rural communities in various regions. But it is now becoming clearer that research effort, including field work, on a greatly expanded scale will be required to develop valid policy guidelines for extending social security to rural workers. Further study is also required with respect to problems of income security for rural people. While many aspects are of more immediate concern to other agencies, the ILO has an important role to play in this field.

The questions of occupational safety and health in agricultural and other rural activities are receiving increased attention. The introduction of improved agricultural technology, including the much greater use of mechanised equipment, fertilisers, pesticides, etc. in many developing countries, brings in its wake new occupational hazards, and the preparation of further codes of practice, guides, etc. for the safe handling of tractors and chemical products is envisaged by the ILO. Field inquiries also seem desirable with a view to throwing light on the needs and the methods of promoting measures of safety, health and ergonomics in agriculture and other rural pursuits.

In general, as far as rural workers are concerned much needs to be done to identify the future requirements of institutional development. How can the implementation of basic structural reforms be improved and institutions strengthened so that the less advantaged groups may have access to the basic services, such as marketing and credit, which they need? What sort of rural organisations are suitable for defending the interests of low-income rural groups and how can they be promoted and strengthened? Are there government services adequate for the social protection of rural populations and for ensuring that the latter benefit from economic and social progress? These are matters to which the ILO is already giving attention in its research activities and which will be given further emphasis in the coming years.

Foreign migrant workers constitute another important group, the adequacy of whose social protection is a matter of wide concern, parti-
cularly in international discussions, since the problems and their solutions go beyond individual national boundaries. The Conference drew attention to this question in the resolution it adopted in 1967 concerning action by the ILO for migrant workers. The need for action appears to be particularly acute in certain regions such as Europe and parts of Africa and the Americas. The ILO should stimulate and participate in studies of various aspects of working and living conditions—wages, housing, social services, safety and health, etc.—especially in some of the advanced countries which receive large numbers of immigrant workers. Particular attention might be paid to the extent to which, and the ways in which, migrants suffer from discriminatory treatment and to special measures that can be and are being taken to improve their status and conditions.

The maintenance of existing, and the granting of new, social security rights for migrant workers pose difficult problems, which at the same time, however, are probably more amenable to remedial measures, since such rights fall mainly within the purview of the public authorities. The ILO has a useful record of recent activities to its credit—for instance, its participation in the technical work relating to the new European Convention on Social Security and other pertinent instruments and studies in Europe, as well as in the Central American Convention on Social Security for Migrant Workers. This type of work at the regional or subregional level, which complements the work of the ILO at the international level aimed at affording adequate protection to migrant workers through the adoption of standards, etc., is undertaken in cooperation with competent regional bodies and is designed to lead to legal and semi-legal instruments and administrative regulations and arrangements, as well as the harmonisation of relevant national laws. It would seem highly desirable for the ILO to intensify activities of this kind in response to the demand for its services, especially in the context of regional groupings for economic and social co-operation.

The foreign migrant worker is often considered to be more accident-prone than national workers. This impression arises partly from the fact that the migrant worker tends to be employed in the more hazardous industries or occupations. But it can also be partly attributed to his inadequate preparation in accident prevention. The ILO might usefully study schemes of pre-employment or in-service training or orientation in safety and health of migrants in various industries in the different countries which are known to be effective, and disseminate this information for the benefit of others concerned.

Technological progress poses serious problems of social adjustment and income security for workers adversely affected by it, especially in
certain branches of activity in the industrialised countries. Studies are needed to keep the problems under review and to suggest possible lines of action to alleviate them. As recent trends indicate, social security measures may need to an increasing extent to be complemented by measures relating directly to wages and designed to provide workers with regular earnings and work schedules, while income security and manpower policies require close co-ordination to facilitate labour mobility, retraining, etc. Such studies should respond to the needs of the World Employment Programme for the solution of employment problems of the advanced countries.

Various Industrial Committees periodically discuss the social implications of technical advance or structural change in the industries within their competence. The studies could therefore usefully contribute to the preparation of reports when this subject is on the agenda of the Industrial Committees concerned. The subject of income security is also on the agenda of the Second European Regional Conference and the question is one which requires continuing attention in Europe.

Water transport workers—seafarers, fishermen, dockworkers and inland waterway workers—are affected to varying degrees by some of the problems of migration and technological change mentioned above, such as stability of income and employment, social security, occupational hazards and working in exposed conditions, disruption of normal family and social life and the resulting needs for special welfare facilities, social services and so forth. Besides, many inland boatmen and small-scale fishermen, as well as seafarers on board ships operating under flags of convenience, earn only low incomes and have poor working conditions. Questions of equality of treatment also arise in regard to the conditions of work and life of workers of different nationalities in employment of this kind. The ILO has an active concern for these workers and has made special arrangements to deal with their problems, especially in regard to seafarers, in view of the international character of the work they perform. The ILO should, therefore, study special aspects of the problems of protecting and promoting minimum living standards for these workers, mostly to provide the basis for further action by the Organisation.

There remain other categories of workers in respect of whom special attention to working conditions and to the protection of living standards is required. The ILO would need to undertake studies and take follow-up action as appropriate. I shall mention some of these cases very briefly. First, the ILO has evolved over the years guidelines for enlightened social policy regarding the work of women and young persons which need to be kept under review in the light of social evolution and changing
needs. Second, the practice of temporary and part-time work is spreading fast and is leading to abuses, since those engaging in it tend to remain outside the scope of existing labour laws; this problem needs to be studied with a view to affording better social protection. Finally, resolutions adopted by the Second African Regional Conference (Addis Ababa, 1964) and by the General Conference at its 49th (1965) Session drew attention to the need to study the working and living conditions of domestic workers, especially in the developing countries, and to propose measures for improving these conditions.

In the foregoing account of ILO research and related action I have approached the subject primarily from the viewpoint of meeting the needs for social protection of the most vulnerable categories of workers. Some fact-finding and research work is, however, also needed on the problems involved, with a view to evolving possible policy orientations concerning all or most workers. For instance, a study of workers’ housing as an aspect of social policy should inquire into the adequacy of the housing provided by employers in virtue of the law as well as into the extent to which workers actually benefit from public housing programmes for low-income groups or from housing programmes financed by employers with public assistance. A comparative analysis of the achievements and shortcomings in the different countries, and of the underlying factors, should provide useful insights into the requirements of effective policies for worker’s housing. Factual and policy-oriented studies of general scope on several aspects of living and working conditions are needed, such as: leisure; plant-level welfare services; social security and economic development; the contribution of social security to population policy; education in occupational safety and health; and application of ergonomics.

The growing concern with the population problem and its effect on living standards was recognised by the ILO when the 51st (1967) Session of the Conference unanimously adopted a resolution calling for a study on the influence and consequences of rapid population growth on employment, training and welfare of workers, with special reference to developing countries. The Governing Body, at its 173rd Session (November 1968), reviewed a preliminary draft of the study and approved, in the light of the study, broad lines of ILO action in the field of population, including support, where appropriate, for national and international efforts to moderate population growth. It is planned to publish shortly a revised version of the study.

There is also a continuing need for the preparation of guides, manuals etc. of an operational nature in support of the ILO’s own technical co-operation activities as well as for the benefit of national practitioners
in the less developed countries. Such materials—which in many cases would take account of the standards or decisions adopted by the Conference and other ILO organs—would help to increase the efficacy of measures taken to protect and promote various elements of minimum living standards. The guides and manuals would cover a wide variety of topics but just a few may be mentioned here by way of illustration: financial organisation and actuarial techniques in social security; the transformation of provident funds into pension insurance schemes; the organisation of medical care under social security; various aspects of co-operative development and promotion; organisation of plant-level welfare services; occupational health services in developing countries; promotion of safety and health in small undertakings; and industrial nursing.

Conferences and Meetings

Problems and policy measures relating to the protection of minimum living standards differ according to the branch of activity and the region concerned. Full use should therefore be made of the opportunity afforded by the Industrial Committee-type and regional bodies of the ILO for substantive consideration of these questions, in order to keep under constant review the progress made towards the attainment of adequate minimum standards and to advise the ILO and its member States on the main needs, and policy measures to meet these needs.

As I have mentioned before, the meetings of Industrial Committees from time to time deal with items relating to income security, safety and health, etc. The inclusion of such items could perhaps be on a more systematic but selective basis. In deciding on the frequency of meetings of individual committees and on their agendas, due weight might be given to whether the branch of activity employs large numbers of workers suffering from substandard working and living conditions or otherwise facing particularly acute problems of social protection, such as might, for instance, be the case in agriculture, plantations, forestry, textiles and clothing, food and beverages, building and construction, and for seafarers. The relevant Committee might then examine, as an item on its agenda, the broad issues of social protection—income security, working hours and other conditions of employment, safety and health, etc.—arising in its branch of activity with a view to suggesting ways of dealing with them. Such a comprehensive approach has already been envisaged, for instance, in the case of the Second Tripartite Technical Meeting for the Timber Industry, the agenda of which, as established by the Governing Body at its 177th Session (November 1969), includes the item “conditions of work and life in the timber industry”.
At the regional level a somewhat similar broad review, covering remuneration and working conditions, has been carried out by both the regional advisory committee and the regional conference in the Americas. It would be worth considering whether similar items should also be placed on the agendas of the meetings of the regional bodies in Africa and Asia, in order to identify those problem areas where national and international action is particularly needed.

The fact-finding and research work on the problems of migrant workers might point to the desirability of considering this question at regional conferences or at a special conference to meet the needs of member States most concerned, especially in Europe and parts of Africa and the Americas.

Viewed in the industrial and regional contexts, some of these questions might call for action of a universal nature, particularly as regards the setting of new standards by the International Labour Conference. This is a subject to which I shall return below.

Apart from action by the representative organs referred to above, the ILO needs advice on social policy and technical questions from expert bodies, especially as regards standard-setting. Accordingly, the ILO should seek guidance, in particular from the Committee of Social Security Experts and from specialised groups dealing with occupational safety and health, both as regards the elaboration of new standards and the further development of ILO research, technical co-operation and other activities in the fields concerned.

There is also a further need for technical meetings at which specialists can exchange experience. Such meetings can also contribute to stimulating the production and dissemination of research literature. This need is met to some extent in the specialised fields of social security and occupational safety and health through the activities of the International Social Security Association (ISSA), in which the ILO participates, and through the organisation of various symposia, seminars, etc. under ILO sponsorship. It would be highly desirable to intensify such activities and reach the widest possible audiences in these and other fields.

International Labour Standards

Social legislation and adequate machinery for its effective implementation have been and remain a major instrument for the protection and promotion of minimum working conditions and living standards; there is, however, now an increasing need for a more meaningful relationship between such legislation and development planning. In certain cases the legislation will require to be streamlined and adjusted, to facilitate
implementation and make it more effective. International labour standards are designed not only to stimulate and guide progressive legislation in member States but increasingly to orient their social policy in desirable directions in other ways also. The adoption and the effective application of the large body of relevant standards built up over the years continue to be a principal means of ILO action for promoting social advance.

This influence is not confined to the examination of the annual reports from member States on ratified Conventions, under article 22 of the Constitution of the ILO. The reports on selected unratified Conventions and Recommendations requested periodically under article 19 of the Constitution are analysed by the Committee of Experts on the Application of Conventions and Recommendations and later by the Conference. This provides not only the ILO but also the member States with an excellent opportunity to review the progress made and the experience gained. Searching on-the-spot studies may also be made by the ILO, in co-operation with member States, into specific problems encountered in the application of selected instruments and into the ways of dealing with such problems. This might, in particular, help to identify the needs for research and technical co-operation by the ILO. Such technical reviews are being carried out in regard to the Employment Policy Convention and Recommendation (No. 122) under the World Employment Programme. The Asian Advisory Committee, at its 14th Session, to be held in September 1970, will, furthermore, be reviewing in depth the problems encountered in the ratification and application of a number of Conventions selected in the light of their bearing on the priority needs of the region and the prospects of securing early favourable action in their respect. Reports under article 19 of the Constitution and reviews of the kind mentioned might be envisaged in coming years for selected additional instruments which are considered central to the protection and promotion of minimum living standards.

The examples given earlier in this chapter show that the existing body of international labour instruments is fairly comprehensive in providing guidelines for the formulation of policies on a number of aspects concerning minimum standards of working and living conditions. But other aspects may still need to be considered. The 54th Session of the Conference is expected to adopt instruments in two key areas—a Convention or Conventions concerning holidays with pay revising the pre-war Convention on the subject and a Convention and a Recommendation on minimum wage fixing and related problems, with special reference to developing countries. The 55th (Maritime) Session of the Conference, which will meet in October 1970, is also expected to adopt new or revised instruments affecting seafarers and concerning
such questions as wages, the effects of technical developments on employment, crew accommodation, accident prevention and welfare. All this reflects the continuing commitment of ILO member States to social progress. In the years to come the main thrust should be directed towards the practical implementation of the standards already adopted.

Nevertheless, a modest and well-conceived programme of standard-setting may have to be envisaged in the coming decade to meet emerging needs. Some of these needs have been under consideration by the Governing Body, which has reviewed law and practice reports on a number of subjects with a view to placing the relevant items on the agenda of the Conference for the possible adoption of new or revised standards.

In the first place, some of the existing instruments still need to be brought up to date or to be consolidated, despite considerable progress in this respect in recent years. This is the case in particular for a number of those relating to workers in agriculture. A number of instruments concerning the minimum age for admission to employment have been adopted at different times in regard to various branches of activity; these need to be reviewed in the light of educational requirements and practices and social evolution. Further, the Committee of Social Security Experts has recommended the revision of the pre-war Conventions concerning unemployment and of Convention No. 48 concerning the maintenance of pension rights of migrants; indeed, in the light of the studies undertaken on the subject it may become desirable to make a comprehensive review of the various existing instruments relating to migrant workers with a view to adopting new or revised standards to meet current and emerging needs. Moreover, it also seems desirable to explore the possibility of formulating an up-to-date basic instrument covering the full range of occupational safety and health questions, labour inspection, organisation of safety and health at workplaces and on farms, education and training etc.—which would be somewhat comparable to Convention No. 102 in the field of social security and would consolidate instruments which already exist, in particular Recommendations Nos. 31, 97 and 112.

In the second place, social evolution may point to the need for new standards. A case in point is that of family benefits, which provide an income supplement to those with family responsibilities. Such benefits have become widespread in advanced nations since the Second World War and have also been introduced in a number of developing countries. The Committee of Social Security Experts has recommended the formulation of a new standard and the question has received attention recently from the Governing Body; it will, however, be necessary to keep in mind the relationship between benefits of this kind and population policies. Another question arising from social progress is that of a possible
instrument on paid education leave, which was also considered recently by the Governing Body.

Finally, technical progress constantly reveals fresh challenges concerning social adjustments and occupational health risks. In this connection, in view of the introduction of new methods of cargo handling, the Tripartite Technical Meeting on Dock Labour held in early 1969 recommended the adoption of instruments for, among other things, the regularisation of employment and the stabilisation of income of dockworkers, a matter which has subsequently been considered by the Governing Body. Similarly, the Governing Body has already considered the possibility of action by the Conference on certain aspects of employment in branches of the inland transport industry, an industry where conditions leave much to be desired, particularly in the developing countries. As regards occupational health needs, instruments concerning the control of atmospheric pollution in the working environment may be desirable with a view to complementing the Protection of Workers’ Health Recommendation, 1953. This can also contribute to the common action by the United Nations system for the preservation of the human environment. Another health hazard which may need early attention is the prevention of occupational cancer, a subject on which the Conference adopted a resolution in 1967.

**Technical Co-operation**

ILO technical co-operation, through pooling and transferring knowledge and experience, can make a key contribution in assisting developing nations—in a direct and practical way and in accordance with the specific needs of each nation—to evolve sensible policies for the promotion of minimum living standards and to apply them effectively. But only a relatively small proportion of the ILO’s technical co-operation resources are at present devoted to activities explicitly designed to improve working and living conditions. Of course, the real impact in the receiving country of a small technical co-operation project in this field can at times be much bigger than that of an average project, since the former may entail important decisions of social policy and the commitment of large domestic resources. Nevertheless, this small share of technical co-operation does reflect the low priority which has so far been accorded by the governments of developing countries to measures for safeguarding and raising minimum living standards. The time has now come for ILO projects in broader areas (e.g. rural development, small-scale industries) to have a very considerable impact on the levels of living of low-income groups.
This situation is, however, changing and the outlook for the future is distinctly brighter. As I mentioned before, the international climate of opinion in regard to development issues is becoming more favourable to measures of social progress. I am confident that the ILO will contribute its share to strengthening this new awareness and understanding and to keeping the social purpose of development in the forefront of the preoccupations of the world community. In this process, the ILO would naturally address itself primarily to its own constituents. An improvement of the quality and quantity of ILO operational services made available to developing countries is also envisaged, through promotional measures and more diversified forms of action in this field.

Firstly, as part of the over-all decentralisation of the Office activities, more specialists in various aspects of conditions of work and life are being assigned to the field. This should enable the Organisation to acquire a better knowledge and appreciation of the conditions prevalent in developing countries and to enhance its capacity to serve these countries. The duties of this field staff include research and development work designed to analyse the needs, to assess and identify opportunities for useful ILO action and, where feasible, to undertake preparatory work for technical co-operation projects. At the same time, through such activities, the member States will become increasingly aware of the kind of assistance the ILO can render them.

Secondly, wherever appropriate, efforts will be made to introduce components for improving methods of remuneration and working conditions and for promoting occupational safety and health in larger advisory and training projects in other fields such as management development, vocational training, the development of small industries and labour law and administration. There are also great opportunities for improving minimum living standards through strengthening and promoting co-operatives. In many cases social policy elements incorporated in well-designed composite projects are likely to be more effective than projects in a single social field. In any case, closer links between projects in various economic and social fields are desirable, since the development process calls for an integrated approach. This is now current practice in the field of rural development to which the ILO is devoting increasing attention. A many-sided attack on problems in the rural sector seems to be essential to deal adequately with the various problems to be solved; experience shows that such an approach can have quite striking effects on improving the lot of disadvantaged groups.

Thirdly, it would be desirable to intensify and expand the scope of education and training activities in order to spread knowledge and understanding more widely and to improve the effectiveness of various
activities designed to improve working and living conditions. This aim will be accomplished mainly through seminars, training courses, study tours at the national, regional and world levels as well as through organising appropriate educational and training activities within the framework of advisory and institution-building projects. Such activities should naturally cover the needs for in-depth instruction and further development of the specialised personnel responsible for planning and implementing policies, legislation and other measures relating to wages and working conditions, occupational safety and health and social security. But they should also increasingly seek to enlighten and orient much wider circles with some degree of responsibility in these matters—labour administrators, planners, managers, trade union leaders, and so forth—since their understanding, co-operation and support are essential for successful action. It may be desirable to reach out even farther. For instance, I feel that it would be worth while for the ILO to stimulate and assist bodies engaged in medical, technical, vocational or general education in developing curricula in occupational safety and health, to provide them with teaching aids and facilities with a view to exposing large numbers of students in selected educational streams to safety problems, since many of these will be called upon later to assume technical and managerial responsibilities for production.

Fourthly, the protection of workers and the stimulation of their capacity for work require a more comprehensive approach—drawing upon industrial physiology and psychology, safety and health, hygiene, ergonomics and other related disciplines—to achieve the best results. The ILO has been helping three countries in Asia and the Middle East to set up and develop national institutes for this purpose, while preparatory work is being carried out with a view to assisting in the establishment of similar institutes in several other countries. If such institutes prove to be effective and viable, the ILO should step up its promotional action in their regard.

Fifthly, in the field of social security, special attention is being paid to the adaptation and modernisation, through technical co-operation, of socially inadequate protection afforded to workers under anachronistic types of arrangements. This includes, in particular, assistance in the conversion of measures based on the principle of individual employer’s liability, e.g. in regard to employment injury, into systems based on the pooling of risks and the conversion of provident funds into pension insurance schemes. A major task is to advise developing countries on the drawing-up of sound financial and actuarial plans for social security schemes, taking into account the over-all economic and social conditions and policies. Another important task is to advise on the planning and
implementation of measures for the gradual extension of coverage to new risks and to additional categories, e.g. workers employed in areas, industries or small establishments not hitherto covered.

The biggest challenge, of course, continues to be the protection of the rural population. A number of ILO member States are already receiving ILO advisory services concerning new social security schemes specially designed for the rural sector. As further policy guidelines are evolved in this regard from the research and field studies mentioned earlier, this activity is bound to grow into a major commitment and the ILO must be equipped to meet this challenge. The orientations indicated here are based on previous ILO activities and in particular on the conclusions reached on this subject by recent regional conferences in the Americas and Asia and the experience gained by the ILO in technical co-operation in Africa and the Middle East.

Sixthly, in regard to wages, remuneration and general working and living conditions, technical co-operation specifically devoted to these fields needs to be built up practically from the beginning. It is hoped that the specialised field staff will contribute particularly to the development of work in this sector. Special attention will be paid to activities relating to minimum wages, workers' housing, industrial welfare services and working and living conditions of foreign and domestic migrants. In the Americas, the discussion this year of this subject as an item on the agenda of the Ninth Conference of American States Members of the ILO will provide an added impetus for the expansion of activities in this area.

Finally, in view of the urgency of the population problem in the developing world and its close bearing on minimum living standards, it is intended to initiate and intensify technical co-operation in this field in accordance with the decision taken by the Governing Body in 1968. As I have mentioned in Part 2 of my Report the object will be to encourage, where appropriate, the active involvement of social security and industrial health and welfare services in questions of population policy and, in particular, in the promotion of the small family as the norm and in the provision of information, education, advice and services relating to family planning to workers and their families. Several projects, undertaken with financial assistance from the United Nations Fund for Population Activities, are expected to become operational in Asia this year and it is hoped gradually to develop similar activities in the other regions as well.
CONCLUSIONS

The subject of this Report is vast and complex—in terms both of the magnitude and the nature of the problems to be tackled, and of the wide range of areas of policy which it covers. To do full justice to a theme as broad and as challenging as this would have required a far more detailed and comprehensive analysis than is possible in this short Report. But, whatever the omissions and shortcomings of the treatment of this theme in the preceding chapters, my Report will, I hope, have succeeded at least in raising a number of major issues of policy for discussion by the Conference.

The most important of these issues relates to the degree of priority to be accorded, nationally and internationally, to policies for raising to acceptable levels the living standards of the poorest members of society. My view, which I have stressed throughout this Report, is that nothing can have greater priority than this. Vast numbers of people throughout the world are living in conditions which can only be described as appalling and degrading. And I would suggest that the raising of their living standards to at least a minimum level of adequacy must be the over-riding goal of all economic and social policies.

Since the degree, the nature and the causes of poverty vary so greatly from one country to another, and often from one region to another within countries, there can be no question of prescribing a "poverty line" of universal validity, or a set of policies which can be universally applied to ensure that no one falls below that line. The approach to be adopted will be essentially a matter for each country to decide in the light of its economic situation, the social and cultural context, the degree of development and a large number of other factors.

Nevertheless there are a number of general principles which are, I suggest, of universal applicability.

Firstly, it has to be recognised that, especially in developing countries, the possibilities for effective action to eliminate the most extreme forms of poverty are bound to be limited by the availability of resources, and it is only through dynamic economic growth that further resources for this purpose can become available. Nevertheless, I have tried to show in this Report that the two aims of promoting economic growth, on the one hand, and raising the living standards of the most underprivileged,
on the other, can be reconciled, and indeed must be reconciled if there is to be effective and balanced economic and social progress. To subordinate social to economic considerations is not only contrary to the principles for which the ILO stands; it is also bound to compromise the very success of the whole development effort. Thus, in every country, even at the lowest levels of development, there is some scope for adopting the necessary measures to raise the living standards of, and to afford a greater degree of protection to, the lowest-income groups. The extent to which this is actually done will depend on the degree of priority which governments accord to such measures.

Secondly, the concept of minimum living standards must be regarded as a dynamic one. The minimum must be raised, and must be extended to broader groups of the population as more resources for this purpose become available through economic growth; and it should, at least, be continually adjusted to take account of increases in the cost of living.

Thirdly, the types of policies I have referred to in this Report need to be co-ordinated with policies for raising levels of employment, which were the subject of my Report to the Conference last year. Policies for incomes and working conditions should not compromise efforts to create employment, but it is also necessary to ensure that employment policies really do lead to an improvement in living standards for more and more workers and their families—or, at the very least, do not lead to a lowering of living and working conditions, of standards of protection, or of the incomes of the poorest sections of the population. Indeed, the World Employment Programme and the policies for living standards I mention in this Report should be seen as mutually complementary aspects of a world drive against poverty.

Fourthly, the emphasis I have placed in this Report on an adequate minimum for all workers does not mean that policies to promote the general welfare of the community as a whole, including that of workers who already enjoy conditions above the established minimum, should be neglected. In fact, it will be clear from Chapters II and III above that there needs to be a close link between general measures affecting the community as a whole and selective measures for the most underprivileged groups. But it is, I suggest, an important principle that no section of the community should be excluded from the benefits of growth and development, and the highest priority in social and economic policies in the years to come should accordingly be devoted to those in the greatest need.

To translate these principles into effective action is, above all, a matter of political will. For many governments it will require a considerable amount of courage and singleness of purpose, since there will
inevitably be much resistance to many of the measures and reforms that are necessary for establishing and raising minimum standards. But even if the political will is there, it will also be a highly complex task, requiring a higher degree of technical competence and efficiency and greater administrative and organisational capacity than many governments yet possess. And, above all, it requires the enthusiastic and willing support of the population as a whole. As noted earlier in this Report, employers and workers and their organisations, co-operatives, organisations of peasants and rural workers and other forms of association can all play a highly important role—and many of them do play such a role—in attacking the basic causes of poverty and low living standards. But to play this role effectively they often need the stimulation, technical guidance or financial support of the public authorities.

That the war against poverty is a matter of international as well as national concern scarcely needs emphasising; and, as I have noted in Chapter III, the ILO's commitment to the protection and promotion of adequate minimum living standards can be traced back to the very origins of our Organisation. Consequently, the proposals I make for ILO action in this Report do not represent a major new departure for the ILO; rather should they be seen as a continuation and intensification of our work to ensure that all men enjoy adequate protection, decent living standards and a just share in the fruits of progress. What I am proposing is a rededication of our Organisation to its basic mission by concentrating a large part of its resources and efforts on stimulating and supporting national and international action in favour of those, in every country, whose living standards fall short of an acceptable minimum.

But I would emphasise that important aspects of the problem of minimum living standards do not fall within the competence of the ILO. The promotion of adequate standards of health, nutrition, education and shelter is a matter for which international organisations other than the ILO have the primary responsibility. And, indeed, it is to be hoped that the determination and promotion of minimum levels of adequacy will be an important component of the strategy for the Second Development Decade, so that all the organisations of the United Nations system—and, indeed, many bilateral aid-giving agencies too—may work as a closely knit team in a concerted attack on extreme poverty within the framework of that strategy.

In any concerted international effort of this nature it is clear that the ILO has a key role to play. Incomes from work, social security, working conditions and other areas of ILO concern are highly important components of over-all living standards; and the ILO's tripartite structure
can enable it to mobilise the support of employers and workers in each country for an effort of national and international solidarity to improve the conditions of the most poverty-stricken of the world’s population.

At its historic session in Philadelphia in 1944, the Conference proclaimed that "the war against want requires to be carried on with unrelenting vigour within each nation and by continuous and concerted international effort". Today, twenty-six years later, those words remain as relevant as they ever were. My Report has no other aim than to seek the renewed commitment of the whole membership of our Organisation to the struggle against poverty and injustice wherever they exist.

4 March 1970.

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