THE WORLD
EMPLOYMENT
PROGRAMME

report of the director-general / part 1
(first item on the agenda)

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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.

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INTRODUCTION

It is natural that we should regard this, the fiftieth anniversary year of our Organisation, as an occasion for celebration. The celebrations will take many forms, both here in Geneva and in the 119 member countries of the ILO.

What, however, are we celebrating? In my view, the most significant feature of the fiftieth anniversary is that it marks the survival of the ILO through what has been without doubt the most troubled fifty years in the history of mankind. In that period the world has been devastated by a major war; it has witnessed widespread human suffering; it has been torn apart by conflicts of ideology and national ambitions and interests; it has been shaken by economic crises of unprecedented magnitude, and by bitter social and political conflict within nations. It has seen the decline of colonialism and the birth of many new nations. It has witnessed the beginnings of a world "population explosion" and the emergence of a growing world-wide concern with the massive poverty and misery associated with underdevelopment. It has been a period of dramatic advances in science and technology which man has exploited to promote human betterment, to broaden the range of human achievement, but also to increase human destructiveness. The era of peace, stability and prosperity that was to have begun with the Treaty of Versailles, and which an international system, including the ILO, was to safeguard, has turned out to be a period of tremendous change and upheaval.

The remarkable fact is that the ILO is one of the few institutions resulting from the 1919 peace settlement to have survived this turbulent period; not only has it survived but it has also grown in stature, in influence and in the range of its activities, far beyond what could have been dreamed possible in the early years of its existence. It has been able to adapt itself, its
structure and its methods of action to meet new needs, to face up to the new challenges of a rapidly changing world, and to secure and maintain the interest, support and participation in its work of the most diverse economic, social and political forces.

We are, however, celebrating far more than the survival and growth of an organisation over an exceptionally difficult and trying period. Organisations exist only for the attainment of certain goals, and will cease to exist if these goals lose their validity, or can be better attained through some other institutional framework. In 1969 we celebrate, more than anything else, the fiftieth anniversary of the international recognition of the principles set forth in the Constitution of the ILO—that social justice is an essential ingredient of peace, and that the elimination of conditions of labour “involving... injustice, hardship and privation to large numbers of people” is a matter of international concern. And we celebrate the fiftieth anniversary of the concept that the ILO, with its tripartite membership, with its wide range of activities and fields of interest, is the instrument through which the nations of the world should combine their efforts to translate these principles into practical and realistic programmes of international action. In short, 1969 is the fiftieth anniversary of the birth of an international sense of social purpose which has survived and even flourished in times when social progress could otherwise have been among the least of man’s preoccupations.

There is much, therefore, to celebrate and commemorate: the ILO’s impressive record of output and achievement in its fifty years of existence; the great increase in, and diversity of, the ILO’s membership; the new dimensions it has added to its activities; the constant stimulus it has given to governments to adopt progressive social policies; the assistance it has given to its member States in their attempts to build up a prosperous economy and a stable and just society to make these policies possible. Of all this we can legitimately be proud.

But what concerns me more, and what, I suggest, should concern the whole of the ILO’s membership, is the future of this Organisation. Will the ILO be able to meet the challenge of the
1970s and beyond? Will it be able to maintain its position in the vanguard of social progress?

If I put these questions in this way, it is because in one major respect our record of achievement has been disappointing: I refer to our inability so far to close the widening gap between the rich and the poor. In an article published by the ILO at the beginning of this anniversary year and reviewing the past fifty years of social history, the situation was summed up in the following words:

The social progress of workers in the industrialised countries... is thus indisputable, particularly if account is taken of the general improvement in social security and working conditions.

Although the data available for the developing countries of Africa, Latin America and Asia are meagre, it is obvious that the improvement in the living conditions of workers in these countries is poor compared with that in the industrialised countries. In many cases these past twenty years have even produced increased unemployment, widespread underemployment, considerable inflation of prices and a fall in real wages.¹

This is a situation to which the social conscience of mankind cannot remain indifferent. And there are two harsh facts which indicate that the conditions of the majority of the world's working population will get worse before they get better. One is the painfully slow progress of the developing countries towards economic development; and the second is the rapid growth of their population, which, in many of these countries, is largely cancelling out the benefits that could derive from such economic progress as has been achieved. It has been estimated² that developing countries spend between 30 and 70 per cent of the additional resources generated by economic growth on provision for increased population, leaving little for raising standards of living or for reinvestment for further growth. Thus, the numbers of poverty-stricken people are increasing steadily and are likely to continue to increase.

These facts should make it clear that the ILO's fiftieth anniversary must not be an occasion for self-congratulation alone. Today "injustice, hardship and privation" are still the lot of the vast majority of the world's large and rapidly increasing population; poverty exists today on a larger scale than ever before and constitutes as great a threat to general prosperity as it ever did. While the privileged few become increasingly affluent, the inequalities between the rich and the poor become more glaring, and, for countless and increasing millions of people, the outlook for the future is far from promising.

The ILO, like other organisations in the United Nations system, has for some twenty years now been devoting priority attention to the developing countries in an attempt to raise the standards of living of their populations. The growing emphasis placed on direct assistance to these countries through technical co-operation programmes has represented a profound transformation in the ILO's programme and methods of work. The Organisation gave its full support to the targets set for the first Development Decade, which will shortly come to an end; as its contribution to the attainment of these targets, it concentrated its efforts throughout the Decade very largely on the development and improvement of skills.

In spite of the concerted efforts of the international community, through the ILO and other organisations, as well as through the impressive bilateral aid schemes of the richer countries, the results achieved, in terms of rates of economic growth and of higher standards of living have been, on the whole, disappointing. Moreover, the economic progress that has been achieved has benefited only a small section of the population, a trend which, if continued, could have explosive social and political consequences in the future. Many inhabitants of rural areas have been completely bypassed by growth and modernisation; large numbers of them have migrated to cities where they swell the ranks of the unemployed and are obliged to live in conditions of even more appalling squalor than they knew in the country. In particular, young people with little or no education form a large proportion of these migrants; together with the unemployed urban youth, many of whom have received some
education but not of a type which would prepare them for useful and productive work, they are a source of potential political ferment. This was vividly illustrated in the most recent United Nations report on the world social situation. Referring to Asia—but the same could no doubt be said of other developing regions—it stated that there is a great potential for change and progress among the Asian masses, manifesting itself in various—although not always constructive—ways, such as: “the flight to the cities—in itself a significant form of entrepreneurship and a telling rejection of rural stagnation, even if it often results in failure or new kinds of misery; the unrest and dissatisfaction of the young—rural-urban migrants and urban populations are predominantly youthful, and young people are becoming an increasingly important political factor in the region; the quick adoption—again especially by urbanised youth—of Western cultural trappings; the growth and spread of revolutionary and quasi-revolutionary political movements, and the overt rejection of many entrenched traditional leaders”.\(^1\) And the problem is rendered all the more acute by the fact that young people form a substantial proportion of the population of developing countries: 50 per cent of the population of developing regions is under the age of 20, compared with 27 per cent in the more developed regions.\(^2\)

In short, economic development has neither progressed as rapidly as was hoped, nor has it fulfilled the promises and expectations that were placed in it in terms of better living standards for the masses. This socially unacceptable and politically dangerous situation is, moreover, unlikely to improve in the near future. The population growth in most developing regions is an “explosion” in more senses than one: it is adding new elements of discontent to an already explosive social situation.

The picture is certainly an alarming one. What, however, is to be done about the situation? Should we simply conclude that

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\(^2\) ILO: World and Regional Estimates and Projections of Labour Force (by James N. Ypsilantis), (United Nations, Department of Economic and Social Affairs), document ISLEP/A/VII.4 (mimeographed).
nothing further can be done? That the experience of the Development Decade shows that problems of development are insurmountable? That the most we can do is to keep up the pretence by devoting a fairly considerable volume of assistance to the developing countries, with little conviction that such assistance will bear any fruit in either the long or the short term?

There is, I sense, a growing disenchantment among the industrialised countries with the value of development aid. I do not share this disenchantment. True, the results have been somewhat disappointing. But if the ILO is to continue to stimulate the social conscience of mankind, it cannot give in to despair. To do so would mean not only abandoning the mandate that was entrusted to the ILO fifty years ago but also increasing immeasurably the tensions, frustrations and despair that could lead the world—the prosperous as well as the poorer nations—to another major catastrophe.

Let us therefore consider what has been missing in our efforts so far. In my view, what has been principally lacking is a serious, concerted strategy for development. The setting of targets for the first Development Decade was accompanied neither by the will to attain the targets, nor by a carefully planned programme of action to work towards them, nor by adequate machinery to evaluate progress and adjust national and international action for their attainment. To draw up and implement such a strategy is the challenge that faces the nations of the world, and the international agencies concerned, in the years ahead. And it is important, if we wish the ILO's second half-century of existence to be even richer in achievement than its first, that we should draw up our own strategy for social progress, as our contribution to the over-all strategy for development to which I have referred.

If we accept the need for such a strategy, we must also understand its implications: it means that we have to look into the future to determine what the most urgent needs are likely to be; we have to determine what can be realistically achieved by national and international action towards meeting these needs within a given period of time; we have to plan our action, and
the use of our means of action, over that period in such a way as
to ensure that we achieve specific goals as effectively and
efficiently as possible; and we have to be prepared constantly to
review and assess progress towards the attainment of these goals,
adjusting our action, and the goals themselves, accordingly.

That, briefly, is the nature of the exercise on which the
United Nations agencies, including the ILO, have recently
embarked. The United Nations family is drawing up an over-all
strategy for development in the 1970s—a period which is already
known as the Second Development Decade. It is now for the ILO
to determine its strategy for that period. That is the object of this
Report.

It is suggested in this Report that the cornerstone of the ILO's
strategy for the 1970s should be the World Employment
Programme, the objective of which is to make productive
employment for large numbers of people a major goal of national
and international policies for development, and which will assist
the member States of the ILO in drawing up and implementing
plans of action for achieving that goal. It will be a "strategy" as
I have defined it above; it will be a major focus of ILO action
during the years to come; and it will be the ILO's principal
contribution to the Second Development Decade.

Why should we make employment a principal focus of our
action? Why is it so important that it should be the main theme
of our anniversary year? In devoting greater attention than ever
before to people without work or without sufficient work, is not
the ILO neglecting its principal concern—to improve the
conditions of people at work? And is employment, in any case,
the ILO's business? Does it not depend on questions for which
other agencies are responsible?

This Report aims at answering these questions. Let me,
however, anticipate some of my conclusions.

The seriousness of the economic, social and political problems
of the developing countries, to which I referred earlier, is due
very largely to the fact that those countries have been unable to
put to productive use the resources which they have in greatest
abundance and which are increasing most rapidly—their human resources, their working population, to which it is the ILO's duty to devote its attention. This represents wasted opportunities for increased production but, even more important, it means that such increases as have been achieved in production have not benefited those who are in greatest need and live in the most deplorable conditions—the landless agricultural worker, the underemployed peasant and the unemployed youth. In short, until recently employment was not effectively recognised as an objective in its own right which must be pursued energetically, for social and political as well as for economic reasons. Thus, policies for economic development which did not include employment among their major objectives have resulted in jobs and incomes for only a privileged few.

I can therefore think of no better contribution that the ILO can make, at this point of time, to economic and social development or to the promotion of its own objectives, and of no better or more constructive way of celebrating its fiftieth anniversary, than by pledging itself and its constituents to make employment, in the words of the Employment Policy Convention, 1964, a "major goal" of policies for economic and social development.

The creation of higher levels of employment is basic to the attainment of all the ILO's other goals. We can make no headway in raising incomes and standards of living for the majority of the world's working population unless we can create the conditions in which incomes can be earned and improved—through more productive work. Among the mass of the workers in developing countries, the institutions we are attempting to create in order to enable people to defend their own interests and to participate in the formulation of policies for development can have no significance for those who, remaining unemployed or grossly underemployed, will derive little or no benefit from development. The human rights and freedoms which the ILO attempts to promote are meaningless to people who are deprived of the right to work and thus to an adequate income and to decent conditions of existence. The right to a free choice of employment or to equality of opportunity in employment and
occurrence can be of little consequence to those for whom sufficient work is not available; it is only by first helping to create opportunities for fuller, more rewarding and more productive employment, by ensuring the right to work, that the ILO can contribute to the extension of these and other important human rights and freedoms to ever greater numbers of people.

It is no doubt considerations such as these, coupled with a growing realisation that economic development will not of itself necessarily bring about a substantial increase in levels of employment, that have led large numbers of developing countries in recent years to devote greater attention to the need to make a conscious effort to utilise more fully their human resources for development. This growing concern was reflected in the adoption by the Eighth Conference of American States Members of the ILO (Ottawa, 1966) of the Ottawa Plan of Human Resources Development, in the adoption by the Sixth Asian Regional Conference (Tokyo, 1968) of a resolution concerning the Asian Manpower Plan, and in the request of the African Advisory Committee (Dakar, 1967) that proposals for an African Jobs and Skills Programme be submitted to the Third African Regional Conference to be held later this year. It was reflected in the adoption by the International Labour Conference at its 51st (1967) Session of a resolution concerning international cooperation for economic and social development, which called for the preparation, on the occasion of the fiftieth anniversary of the ILO, of "a world plan for employment and human resources development, setting forth the objectives and the concrete measures required by the International Labour Organisation to meet urgent universal economic and social development needs and calling for intensive and co-ordinated tripartite action to develop and employ human resources, improve conditions of life and work and develop social institutions". Finally, it was reflected in a resolution concerning the development and utilisation of human resources adopted by the United Nations Economic and Social Council in 1967, which invited "the International Labour Organisation, together with the United Nations, UNESCO and the other specialised agencies concerned, to consider what measures should be taken in order to ensure that in the long-term programmes which will follow the present
Development Decade special attention is given to the most urgent problems involved in the development and utilisation of human resources as part of a dynamic employment policy.

The proposals in this Report for a World Employment Programme have been drawn up in response to all these resolutions. The broad lines of the Programme have already been endorsed by the Governing Body and the Conference in connection with the programme and budget for 1969, and plans for 1970-71 are also set forth in some detail in my draft programme and budget for 1970-71 which are to be considered by the Conference this year. The present Report attempts, however, to go further: it considers employment in the context of some of the main social needs with which the ILO will have to be concerned in the 1970s (Chapter I) and it examines the major policy issues which the World Employment Programme will raise for the member States of the ILO (Chapters II and III) and for the ILO itself (Chapter IV).

* * *

Employment is, of course, no new topic for the ILO: “the prevention of unemployment” was made a concern of the ILO by its founding fathers fifty years ago; and twenty-five years ago the Declaration of Philadelphia recognised “the solemn obligation” of the ILO to further among the nations of the world programmes to achieve, amongst other things, “full employment and the raising of standards of living”. In the early 1930s, when the world was racked by a serious economic crisis, employment was among the major preoccupations of the ILO. And in 1964 guidelines for national and international action to promote employment were laid down by the Conference when it adopted the Employment Policy Convention and Recommendation.

Employment has therefore never been absent from the ILO’s programme. What is new about the World Employment Programme is the means by which we shall go about pursuing the objective of fuller employment; and when I say “we”, I refer not only to the Office, to the ILO’s research, operational and standard-setting activities, but also to the ILO’s member States.
As I said in my reply to the debate at the Sixth Asian Regional Conference in Tokyo last year:

By deciding to move forward with this Plan [the Asian Manpower Plan]...governments have committed themselves to reorienting their policies for development towards the highest possible levels of employment that are economically and socially feasible at any point of time... The test of development policies will have to be their results in respect of employment as well as production. ... It [the Asian Manpower Plan] will mean a careful rethinking of the whole approach and attitude towards development.

These words apply equally to the World Employment Programme as a whole, and to its significance for all our member States.

For the ILO itself, the Programme implies a completely new approach to the planning, development, implementation and evaluation of our programme—an approach which is, in any event, implicit in the system of programme planning which has been introduced in recent years.

But the Programme means even more than this. It means that the promotion of higher levels of productive employment in each country is the responsibility not only of the government of that country but of all the ILO's membership—governments, workers and employers. All our constituents—if they endorse the World Employment Programme as it is proposed in this Report—will be committed to seeking ways and means of raising employment, not only at home but also in other countries. This means that not only domestic economic and social policies but also international trade, aid and investment policies will need to be judged by the criterion of their effects on employment as well as by other criteria.

The World Employment Programme will therefore cover the industrialised as well as the developing countries. The former have for many years recognised full employment as being a major goal of national economic and social policies, and have been, on the whole, remarkably successful in attaining that goal. Nevertheless, technological and structural change in those countries have very important and serious manpower implications which require the adoption of appropriate policies if full employment is to be
maintained and satisfactory rates of economic growth achieved. Some suggestions are made in this Report as to how these problems, too, may be dealt with in the World Employment Programme.

* * *

I would, however, make it clear that I do not envisage the World Employment Programme as the only aspect of the ILO's strategy for the 1970s. It is, as I pointed out above, to be the cornerstone of that strategy, since employment is basic to the success of the work of the ILO and its member States in other fields. But employment is not an end in itself; nor will it necessarily or automatically lead to the improvement of incomes and working conditions, to the development of labour administrations, to the strengthening of trade unions, employers' organisations and systems of labour relations, or to the attainment of the ILO's other broad goals. The ILO needs to maintain its action to ensure that those who are employed benefit fully from the fruits of production and enjoy the rights and liberties that alone can enable them to lead a freer, more prosperous and fuller life. For this reason, the ILO will need to develop strategies in the 1970s for its other major programmes—which are not directly concerned by the World Employment Programme—in regard to conditions of work and life and the development of social institutions. Some indications are given in Chapter I below of what the main needs and emphases of these major programmes may be in the 1970s, and some proposals for a concerted strategy in each of these fields will be put to the Conference in my Reports in future years.

It is with these considerations in mind that I would, however, invite the Conference to devote particular attention to the proposals concerning the general objectives and methods of the World Employment Programme set out in this Report. Does this Programme correspond to the most urgent needs of the contemporary world? Do the methods and procedures proposed represent the most effective and efficient way of meeting these needs? Are the major emphases proposed for national and international policies the most appropriate for tackling the
tremendously difficult problem of employment? Are we, in short, on the right lines?

It is on questions such as these that I need the advice and guidance of the Conference as we launch our fifty-year-old Organisation on the most ambitious venture it has ever undertaken.
CHAPTER I

PERSPECTIVES FOR THE 1970s

If the ILO is to make a significant contribution to development during the 1970s and if its work in that decade is to correspond to the main social needs of its member States, it is necessary to determine what those needs are likely to be. Most countries today make some attempt to forecast their economic and social future, as a basis for systematic policy-making designed to achieve desirable goals and to forestall undesirable developments. Such a forward look needs to be undertaken internationally too, if there is, as I have suggested in the Introduction to this Report, to be a properly conceived and concerted international approach to development and to social progress.

Looking ahead at the international level is, of course, fraught with far greater dangers of errors and miscalculations than it is at the national level, where it is already a hazardous undertaking. The absence of the requisite data concerning present economic and social realities in many countries, the lack of comparability of many of the national data that do exist, together with uncertainties concerning unpredictable developments in international affairs—all these factors make international forecasting in most fields highly speculative. Yet the task is, I suggest, worth undertaking. To plan for the future on the basis of the best evidence available is far better than not to plan at all—on the understanding, of course, that any forecasts, and plans based on them, are flexible, kept under constant review, and revised as new evidence and new data come to light.

In the years ahead, an effort will have to be made—for example within the framework of the Second Development
Decade—to orient our programmes towards the attainment of clear and, wherever possible, measurable goals that correspond to the most urgent social needs of our times. If those goals subsequently prove unrealistic, unattainable, or, alternatively, too modest, they will have to be adjusted; if the action envisaged does not appear to be the most efficient or effective way of attaining them, then our programmes, too, will have to be adjusted.

This is the spirit in which I would like to see our Organisation enter upon its second half-century of existence. And it is in this spirit that I set out in this chapter some suggestions of a very tentative nature concerning the form that the main problems to be dealt with by the ILO in the 1970s might take. These suggestions are based on probable trends in the size and composition of the world’s working population. The figures given in this chapter can therefore provide a reasonably clear idea of the magnitude and the nature of some of the main tasks confronting the ILO and its member States in their efforts to develop and utilise their human resources. But they also give some idea of the characteristics of those sections of the world’s population with which the ILO is mainly concerned—the population of working age—and, consequently, of some of the problems on which we shall have to concentrate in our work for the improvement of conditions of work and life and for the development of social institutions. In this context, the trends forecast in the labour force cannot of themselves alone provide the whole basis on which to plan our strategy; moreover, while they can provide much information concerning the magnitude of the tasks to be undertaken, they can tell us little about the types of measures that will have to be adopted to carry out these tasks. They need, therefore, to be complemented by a greater effort of forward-looking research, which the ILO will be undertaking in the coming years. Nevertheless, I have attempted to draw from these figures some general conclusions concerning priority emphases in the ILO’s programme in order that, when preparing more detailed programmes of action in the future, I may have the benefit of the discussion by the Conference.
POPULATION GROWTH AND LIVING STANDARDS

The dual role played by man in development—as a source of production and as a consumer—means that population trends are an important factor in economic and social progress. For example, although during the decade 1955-65, the last for which sufficiently detailed data are available, the developing countries taken as a whole had a higher rate of growth in their gross domestic products than the industrialised countries with market economies, the higher rate of population increase resulted in an over-all annual rate of growth per head of only 2.1 per cent in the developing countries over the period 1955-65 as a whole, compared with 2.8 per cent in the industrialised countries with market economies. In view of the tremendous discrepancies in absolute levels of income per head between various parts of the world as shown in table I, the gap is therefore widening between

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¹ Not including the USSR and the socialist countries of Eastern Europe.
² Not including mainland China, North Viet-Nam and North Korea.

¹ The rate was 4.5 per cent per year for the former as against 4 per cent for the latter. See United Nations, Department of Economic and Social Affairs: World Economic Survey, 1967—Part One (New York, 1968), Ch. I, p. 15. This applies to all parts of the world with the exception of South and South-East Asia, where the annual rate was only 3.9 per cent.

² These figures, however, should be interpreted with care. Conversion into US dollars and the deflation involved by measurement in constant prices are a source of errors which can sometimes be quite considerable.
the living standards of the underdeveloped world and the very advanced economies.

In fact, population growth in some countries has more than cancelled out the growth of the national product, and the gross national product per head has actually fallen. This was the case, for example, in Ceylon and Indonesia during the period 1960-65, when the product per head fell by 0.3 per cent per year.¹

It can be anticipated that the marked trend towards a rapid growth in population will continue. The population projections in the first part of table II show that the number of consumers can be expected to expand at an increasing rate. It is also clear from the table that most of this expansion will occur in the countries which are now developing. A sharp rate of increase in production is therefore an urgent necessity if living standards in the areas concerned are merely to be maintained, let alone improved. It is true that some developing countries have launched family planning campaigns which might reduce the rate of population growth considerably in the years ahead. But it should be emphasised that such measures must be regarded as a very useful supplement to the drive to expand production and in no way as an alternative to it.

South Asia will have the biggest increase in population in absolute terms, if not proportionately. It is also, as table I shows, the region with the lowest average income per head in the world and the slowest rate of growth. The effort required is therefore enormous.

The position is also disquieting in the other regions. The population growth rate in Africa appears to be even higher than in South Asia and the level and rate of increase of national incomes per head in that continent are startlingly low.

Similarly, although the situation in Latin America might at first sight appear to be less disturbing because of the relatively higher average product per head, the slowness at which growth is taking place likewise gives grounds for concern, especially since the

population is expanding particularly fast. Indeed, in certain countries at certain times, gross domestic product per head has declined instead of increasing, with the result that, taking the

**TABLE II. TOTAL POPULATION, LABOUR FORCE AND PARTICIPATION RATES IN INDUSTRIALISED AND DEVELOPING COUNTRIES, 1950-80**

<table>
<thead>
<tr>
<th>Total population (thousands)</th>
<th>1950</th>
<th>1960</th>
<th>1970</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2,515,668</td>
<td>2,997,277</td>
<td>3,596,589</td>
<td>4,339,921</td>
</tr>
<tr>
<td>Industrialised countries</td>
<td>872,252</td>
<td>994,038</td>
<td>1,109,555</td>
<td>1,233,564</td>
</tr>
<tr>
<td>Developing countries 1</td>
<td>1,643,416</td>
<td>2,003,239</td>
<td>2,487,034</td>
<td>3,106,357</td>
</tr>
<tr>
<td>South Asia</td>
<td>697,018</td>
<td>865,247</td>
<td>1,106,907</td>
<td>1,420,257</td>
</tr>
<tr>
<td>East Asia 2</td>
<td>601,479</td>
<td>703,933</td>
<td>809,838</td>
<td>930,398</td>
</tr>
<tr>
<td>Africa</td>
<td>221,535</td>
<td>272,877</td>
<td>345,971</td>
<td>448,871</td>
</tr>
<tr>
<td>Latin America</td>
<td>162,283</td>
<td>212,430</td>
<td>283,269</td>
<td>378,442</td>
</tr>
<tr>
<td>Oceania 3</td>
<td>1,900</td>
<td>2,167</td>
<td>2,550</td>
<td>3,105</td>
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</table>

<table>
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<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>World</td>
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<td>1,509,224</td>
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</tr>
<tr>
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<td>497,590</td>
<td>553,284</td>
</tr>
<tr>
<td>Developing countries 1</td>
<td>744,499</td>
<td>849,460</td>
<td>1,011,634</td>
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<tr>
<td>South Asia</td>
<td>302,026</td>
<td>349,110</td>
<td>419,782</td>
<td>520,173</td>
</tr>
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<td>East Asia 2</td>
<td>302,969</td>
<td>334,339</td>
<td>384,177</td>
<td>453,024</td>
</tr>
<tr>
<td>Africa</td>
<td>98,499</td>
<td>112,124</td>
<td>136,348</td>
<td>168,338</td>
</tr>
<tr>
<td>Latin America</td>
<td>56,560</td>
<td>71,363</td>
<td>92,212</td>
<td>121,579</td>
</tr>
<tr>
<td>Oceania 3</td>
<td>780</td>
<td>865</td>
<td>989</td>
<td>1,164</td>
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<table>
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</thead>
<tbody>
<tr>
<td>World</td>
<td>45.2</td>
<td>43.2</td>
<td>42.0</td>
<td>41.3</td>
</tr>
<tr>
<td>Industrialised countries</td>
<td>45.1</td>
<td>44.9</td>
<td>44.8</td>
<td>44.9</td>
</tr>
<tr>
<td>Developing countries</td>
<td>45.3</td>
<td>42.4</td>
<td>40.7</td>
<td>39.9</td>
</tr>
<tr>
<td>South Asia</td>
<td>43.3</td>
<td>40.3</td>
<td>37.9</td>
<td>36.6</td>
</tr>
<tr>
<td>East Asia 2</td>
<td>50.4</td>
<td>47.5</td>
<td>47.4</td>
<td>48.7</td>
</tr>
<tr>
<td>Africa</td>
<td>44.5</td>
<td>41.1</td>
<td>39.4</td>
<td>37.5</td>
</tr>
<tr>
<td>Latin America</td>
<td>34.9</td>
<td>33.6</td>
<td>32.6</td>
<td>32.1</td>
</tr>
<tr>
<td>Oceania 3</td>
<td>41.1</td>
<td>39.9</td>
<td>38.8</td>
<td>37.5</td>
</tr>
</tbody>
</table>


1 The totals given are lower than the cumulative totals for the regions. This is due to the fact that a number of industrialised countries have been included in these regions. * Without Japan. 2 Without Australia, New Zealand, Polynesia and Micronesia.
Latin American Continent as a whole, there was on the average a fall of 1.2 per cent in gross product per head in 1962-63.¹

**GROWTH OF THE WORLD LABOUR FORCE**

The rapid growth of the population—that is, of the number of consumers—in the developing countries, presents a challenge of daunting magnitude for the remainder of the present century. Let us, however, consider the growth in the number of potential producers who can help to meet that challenge—that is, of the labour force. As is well known, the number of people available for work does not necessarily grow at the same rate as the population as a whole: it depends on a wide variety of economic, social, cultural and demographic factors, including rates of school attendance, the school-leaving age, the role of women in society, the age structure of the population, and so on. Consequently, any projections of the growth of the labour force² over even a short period are bound to be fairly tentative. The second and third parts of table II attempt nevertheless to take probable trends in these factors into account in the different regions of the world in order to show the probable evolution of the labour force, both in absolute figures and as a percentage of the population as a whole, up to 1980.

It will be seen from table II that the participation rate—that is, potential producers expressed as a percentage of consumers—is likely, mainly because of the age structure of the population, to decline somewhat in all the developing regions except East Asia, and that—again with the exception of East Asia—this rate will, for various reasons, remain lower in the developing regions than in the industrialised countries. In most developing countries, therefore, the task of producing goods and

¹United Nations, Economic Commission for Latin America: *Estudio económico de América latina, 1964* (New York, 1966, Sales No. 66.II.G.1), Part I, Table 1, p. 4.

²It should be noted in passing that this concept of the "labour force", which was devised in order to describe and analyse the situations encountered in the industrialised countries, does not fit the developing economies at all well. Willingness to work, in particular, is likely to wax or wane depending on a number of factors such as the existence of actual job opportunities, information about these opportunities, social patterns, etc. See also Gunnar Myrdal: *Asian Drama* (New York, Pantheon, 1968), Vol II, pp. 1013 ff.
providing services has to be undertaken by a smaller proportion of the total population than is the case in the more advanced countries. At their present stage of development this can be an advantage since it reduces the number of people for whom productive employment has to be found. Nevertheless, it also increases the urgency of raising levels of employment for those sections of the population that are available for work.

As can also be seen from table II, this is a problem of staggering dimensions. Between 1970 and 1980 it will be necessary to absorb an increase of 226 million in the labour force of the developing countries, as the labour force will rise by 22 per cent, from 1,012 million to 1,238 million workers.\(^1\) Once again, Asia (South Asia plus East Asia) will account for the bulk of this total in absolute terms, since its labour force will increase from 804 million to over 970 million, i.e. a probable increase of more than 160 million or roughly 20 per cent. Although smaller in absolute terms, the foreseeable increases in the other regions are relatively even greater: 32 million (23 per cent) in Africa and nearly 30 million (32 per cent) in Latin America. In the industrialised countries, on the other hand, the anticipated increase in the labour force over the same period is about 56 million (11 per cent).

These figures, in themselves, convey a partial idea of the important place that should be occupied by employment in the policies and strategies for economic and social progress in the 1970s—particularly, but not only, in the developing countries. There are, however, other dimensions to the employment problem which will be mentioned below.

Nevertheless, first of all, it would perhaps be useful to examine briefly the expected composition of the world working population during that period and the implications this can be expected to have for national and international policies for development.

\(^1\) The family planning campaigns being launched by some developing countries are hardly likely to have any influence at all on the size of the labour force over the next 15 years, although they might have a growing impact thereafter. If not, the labour force of these countries will more than double between 1960 and 2000.
### TABLE III. LABOUR FORCE BY SEX AND BROAD AGE GROUP IN THE MAJOR AREAS OF THE WORLD, 1950-80

(In millions)

<table>
<thead>
<tr>
<th>Major areas and age groups</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>196.6</td>
<td>221.0</td>
</tr>
<tr>
<td>0-14</td>
<td>4.3</td>
<td>4.6</td>
</tr>
<tr>
<td>15-19</td>
<td>25.1</td>
<td>26.1</td>
</tr>
<tr>
<td>20-64</td>
<td>162.3</td>
<td>184.3</td>
</tr>
<tr>
<td>65 and over</td>
<td>4.9</td>
<td>6.0</td>
</tr>
<tr>
<td>South Asia</td>
<td>209.0</td>
<td>241.4</td>
</tr>
<tr>
<td>0-14</td>
<td>13.4</td>
<td>14.8</td>
</tr>
<tr>
<td>15-19</td>
<td>25.6</td>
<td>29.0</td>
</tr>
<tr>
<td>20-64</td>
<td>163.6</td>
<td>190.0</td>
</tr>
<tr>
<td>65 and over</td>
<td>6.4</td>
<td>7.6</td>
</tr>
<tr>
<td>Europe</td>
<td>164.3</td>
<td>180.8</td>
</tr>
<tr>
<td>0-14</td>
<td>2.5</td>
<td>1.9</td>
</tr>
<tr>
<td>15-19</td>
<td>18.8</td>
<td>15.3</td>
</tr>
<tr>
<td>20-64</td>
<td>135.5</td>
<td>156.6</td>
</tr>
<tr>
<td>65 and over</td>
<td>7.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Africa</td>
<td>63.8</td>
<td>74.3</td>
</tr>
<tr>
<td>0-14</td>
<td>3.6</td>
<td>3.7</td>
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<tr>
<td>15-19</td>
<td>9.4</td>
<td>10.5</td>
</tr>
<tr>
<td>20-64</td>
<td>48.5</td>
<td>57.8</td>
</tr>
<tr>
<td>65 and over</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>North America</td>
<td>47.8</td>
<td>52.8</td>
</tr>
<tr>
<td>0-14</td>
<td>0.2</td>
<td>0.2</td>
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<tr>
<td>15-19</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>20-64</td>
<td>42.3</td>
<td>46.9</td>
</tr>
<tr>
<td>65 and over</td>
<td>2.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Latin America</td>
<td>46.0</td>
<td>56.9</td>
</tr>
<tr>
<td>0-14</td>
<td>2.1</td>
<td>2.5</td>
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<tr>
<td>15-19</td>
<td>6.4</td>
<td>7.5</td>
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<tr>
<td>20-64</td>
<td>35.8</td>
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</tr>
<tr>
<td>65 and over</td>
<td>1.7</td>
<td>1.9</td>
</tr>
<tr>
<td>Oceania</td>
<td>3.8</td>
<td>4.4</td>
</tr>
<tr>
<td>0-14</td>
<td>-</td>
<td>-</td>
</tr>
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<td>15-19</td>
<td>0.3</td>
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<td>20-64</td>
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</tr>
<tr>
<td>65 and over</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>


1 Including Japan.  
2 Including the USSR.  
3 Excludes Polynesia and Micronesia.  
4 Less than 100,000.
SEX-AGE COMPOSITION OF THE LABOUR FORCE

Table III shows the expected evolution, by sex and broad age group, of the composition of the labour force in the major regions. The figures in this table reveal several important trends which can have some major policy implications for the ILO and its member States.

In the first place, the problem of child labour, that is, of children under 15 years of age receiving little or no schooling who are obliged to work or seek work at a very early age, is still very serious. These projections indicate that there will still be some 43 million children under 15 in the world labour force in 1970, although their numbers may be expected to decline, according to present trends, to some 37 million by 1980, when there will be 24 million (almost two-thirds) of them in the South Asia region, over 5 million in Africa, 4 million in East Asia, 2.5 million in Latin America, and 1.5 million in Europe.

There is, of course, no easy solution to this problem. Children are often obliged to work because of the lack of schools and the low incomes of their parents, and a lasting solution will be found only by raising the income levels of the poorest sections of the population. It would nevertheless appear that, particularly in South Asia, a major effort should be made by governments in the next decade, with the support of international agencies such as the ILO, UNICEF and UNESCO, to reduce this figure dramatically, and to provide greater and more widespread facilities for the basic education and prevocational training of young people. If this could be done, it may reduce, by a small but not insignificant extent, the amount of employment to be created; a more important consideration is that a large proportion of these children could thus be saved from a future of abject poverty and ignorance, and would have an opportunity to acquire the education and skills that would enable them to contribute to and benefit from their countries' development. Where it is essential to the livelihood of a family that the children work, it will be necessary to explore means by which work and schooling can be combined and also to improve the conditions in
which children are obliged to work. In any event, an objective which the ILO and other agencies will have to pursue energetically in the next few years is the gradual elimination of child labour, and of its causes, in all countries.

Of equal significance is the large number of young workers under the age of 19 who will swell the world labour force in the next decade. Even if all the under-15s could be excluded from the labour force—and this, clearly, is too much to expect—some 21 million workers in the 15-19 age group will still be added, all of them in South Asia, Africa and Latin America (their numbers will actually decline in Europe). Again, two-thirds of these extra workers will be in South Asia, and their numbers in Asia as a whole will greatly exceed those in the rest of the world together. This age group will represent in 1980 some 15 per cent of the total labour force in Africa, 15 per cent in Latin America and 12 per cent in Asia, as compared with 9 per cent in Europe and 8 per cent in North America, where the "aging" of the labour force is due in part to the increasing numbers of young people attending school and pursuing higher education, and in part to a change in the age structure of the population as a whole.

The problem of finding useful and productive employment for young people in the developing countries will be one of the most urgent and important tasks for the ILO and other organisations and their member States in the years to come. The figures I have quoted only serve to stress the magnitude of the task of providing young people with the education and training necessary to equip them for employment and with the guidance and information to ensure that they are trained for, and guided towards, occupations where employment is most readily available. They also highlight the importance of the discussion the Conference will have this year on youth employment and training schemes for development purposes, and of the youth component in all activities connected with the World Employment Programme.¹

Youth problems will also be a matter of some concern in the industrialised countries. Although young people form a relatively small part of the labour force in such countries, they have become

¹ See below, Chapter II.
an explosive and vocal element, and it would seem necessary to inquire further into the reasons for this. The fact that employment may not be immediately available for young people finishing their education and uncertainty about their future are certainly aspects of the question, but of equal importance are such problems as: the status and conditions of young people in their early years of employment; their incomes and prospects of advancement; and their attitudes towards work, and other institutions of society. These seem to be among the main factors in the recent unrest among young people—students as well as young workers—and the manner in which they are identified and handled at the national, and perhaps also at the international, level may be of decisive importance for the future of industrial societies.

The participation of women in the labour force (especially in agriculture) is extremely hard to measure. It depends on a number of cultural, economic and social factors which vary from region to region and which can undergo radical changes in the course of development. Table III (page 22) shows that in every region there is a steady increase in the numbers of women in the labour force. Altogether their numbers will increase by some 92 million between 1970 and 1980. On the other hand, ILO estimates indicate that the world female labour force will grow less rapidly than the female population as a whole, and also less rapidly than the male labour force. As a percentage of the total labour force, however, there are significant variations in regional trends; thus, in Latin America, it may be expected that the female labour force will almost triple between 1950 and 1980, rising from 10 million (18 per cent of the total labour force) to 28 million (23 per cent). A reverse trend in these percentages, although not in absolute numbers, can be expected in Africa, with 35 million (35 per cent) in 1950 and 53 million (32 per cent) in 1980. The percentage of females in the total labour force will also decline slightly in Europe1 and Asia, but in North America the female labour force will have more than doubled between 1950 and 1980, and the percentage it represents of the total labour force will have risen from 27 to 36.

1 Principally in the USSR; elsewhere in Europe it can be expected to remain almost constant.
Thus, close to one-third of the world labour force will continue to be women workers. The ILO will need to devote continuing attention to the role and status of women in economic and social life, including the vocational guidance and preparation of girls and women and the employment of women with family responsibilities. Moreover, the promotion of women workers' economic rights and opportunities will remain a basic issue everywhere. The problem of ensuring equality of treatment and opportunity for women as compared with their male colleagues, without prejudicing their chances of employment, is a question which will have to engage the attention of the Organisation. In most developing regions, where women are at present mainly engaged in the traditional sector, it will be necessary to find means of extending health and other protective measures to rural areas; but, above all, the problem for the ILO will be to help, in co-operation with other international organisations concerned, to find ways to enable women to play a more active role in economic life in all sectors and in the over-all development of their societies.

In nearly all regions the numbers of workers aged 65 and over can be expected to increase slightly, but the participation rate of this age group in the labour force and the percentage it represents of the total labour force are likely to decline. This expectation is based in part on the extension, particularly in the more developed countries, of social security coverage and retirement schemes, and in part to an expected slight decline in the numbers of family and independent workers in the developing countries, especially in agriculture—a shift in the labour structure that is characteristic of development, and to which reference is made below. This would seem to point to a need for the ILO to intensify its work to assist developing countries in broadening their social security schemes. Although this shift in the labour force cannot be expected to take place very rapidly, it will be important to ensure that social security and welfare schemes in the developing countries are extended to cover the growing number of older persons who withdraw from the labour force, and many of whom will no longer be able to rely on their traditional family ties to shield them from destitution. Moreover, the adoption of special measures for the protection of the large
numbers of older people who will still remain at work and for the prevention of discrimination against them will remain a matter of serious concern to the ILO in all regions. Fresh thought may have to be given to the problems of older people in the more isolated rural areas, especially where health and welfare services are in very short supply.

INDUSTRIAL AND OCCUPATIONAL COMPOSITION OF THE LABOUR FORCE

Table IV gives an estimated breakdown of the labour force by major sector of activity in various regions between 1930 and 1960. It shows that, taking the developing countries as a whole, the proportion of agricultural workers in the labour force is nearly three times as high as in the industrialised countries. Conversely, industry employs between three and four times fewer workers in the less developed countries than in the industrialised countries.

Of course, the tendency in the developing countries is towards a steady decline in the relative importance of the labour force employed in agriculture and an increase in the size of the industrial labour force, both relatively and absolutely. But in absolute terms, the labour force in agriculture is continuing to rise in these countries. The shift out of agriculture into industry is very slow and—as table IV also shows—it took 30 years for the proportion of the agricultural labour force to decline by a mere 4 per cent or so, i.e. from 77.7 to 73.1 per cent. Over the same period employment in industry went up from about 9 per cent to a little over 11 per cent, the remaining “loss” to the agricultural labour force going to swell the service sector.

There is in fact little prospect of any radical change during the years ahead in the distribution of the labour force in the developing countries. In the countries that are already industrialised, it will be noted that the annual growth in non-agricultural employment has rarely exceeded 2.5 per cent. If therefore, as table II (page 19) above suggests, the labour force increases from 850 to 1,240 million in the developing countries between 1960 and 1980, this is equivalent to an annual rate of increase of about 1.9 per
<table>
<thead>
<tr>
<th></th>
<th>1930</th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th>1960</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Agriculture</td>
<td>Industry</td>
<td>Services</td>
<td>Agriculture</td>
<td>Industry</td>
<td>Services</td>
<td>Agriculture</td>
<td>Industry</td>
<td>Services</td>
</tr>
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<td>World</td>
<td>67.1</td>
<td>14.7</td>
<td>18.2</td>
<td>61.5</td>
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<td>21.7</td>
<td>58.1</td>
<td>18.8</td>
<td>22.9</td>
</tr>
<tr>
<td>Industrialised countries 1</td>
<td>33.3</td>
<td>30.5</td>
<td>36.2</td>
<td>30.7</td>
<td>32.9</td>
<td>36.5</td>
<td>22.9</td>
<td>36.0</td>
<td>41.1</td>
</tr>
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<td>Developing countries</td>
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<td>8.9</td>
<td>13.5</td>
<td>75.0</td>
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<td>15.7</td>
<td>73.1</td>
<td>11.2</td>
<td>15.6</td>
</tr>
<tr>
<td>Latin America</td>
<td>63.4</td>
<td>16.1</td>
<td>20.5</td>
<td>54.1</td>
<td>18.6</td>
<td>27.3</td>
<td>50.1</td>
<td>20.0</td>
<td>30.0</td>
</tr>
<tr>
<td>South and East Asia 2, 3</td>
<td>76.8</td>
<td>10.2</td>
<td>13.1</td>
<td>75.3</td>
<td>8.8</td>
<td>16.0</td>
<td>73.1</td>
<td>10.5</td>
<td>16.4</td>
</tr>
<tr>
<td>North Africa</td>
<td>76.0</td>
<td>8.3</td>
<td>15.6</td>
<td>72.9</td>
<td>9.7</td>
<td>17.2</td>
<td>69.6</td>
<td>10.3</td>
<td>20.0</td>
</tr>
<tr>
<td>Others 4</td>
<td>80.1</td>
<td>7.2</td>
<td>12.8</td>
<td>78.3</td>
<td>8.1</td>
<td>13.6</td>
<td>77.3</td>
<td>10.4</td>
<td>12.3</td>
</tr>
</tbody>
</table>


1 Not including the USSR and Eastern Europe. 2 Excluding Japan. 3 Excluding mainland China, North Korea, Mongolia and North Viet-Nam. 4 Mainland China, North Korea, Mongolia, North Viet-Nam, Middle East, Africa (excluding North Africa and the Republic of South Africa) and Oceania (excluding Australia and New Zealand).
cent. The difference between these two rates (2.5 per cent minus 1.9 per cent) shows that even if the non-agricultural sectors in the developing countries were to expand as rapidly as, for example, in Europe at the time of the Industrial Revolution, the differential rate of increase of the non-agricultural labour force would still be well below 1 per cent. Assuming a differential rate of 1 per cent, it would take 70 years for the relative size of the non-agricultural sector to double and over a century for it to treble, i.e. for the structure of the labour force in the developing countries as a whole to be comparable to the present-day structure in the industrialised countries.

Some data are available which give an idea of the future trend of employment in industry. Estimates have been made of future employment in various industries regarded as essential to development (fertilisers, cement, iron and steel, textiles, pulp and paper), on the basis of recommendations put forward by the regional symposia organised by the United Nations Industrial Development Centre and subsequently by the United Nations Industrial Development Organisation (UNIDO). It was estimated that 350,000 workers would be needed in these industries in Africa, 1,110,000 in Asia and 880,000 in Latin America over the decade 1965-75, the only one for which calculations were made. Of course this refers to the increase in only one part of manufacturing industry. The expansion of the industries that are essential to development, which are the only ones considered here, will inevitably lead to the growth of production and employment in allied industries (transport, distribution, extraction of raw materials, etc.) while other branches of industry will develop of their own accord. Furthermore, it was not found possible in these estimates to cover all the developing countries. But even if, in order to make allowances for these factors, the estimates are multiplied by 5 or 10, only a small proportion of the increase in the total labour force will be absorbed, i.e. some 10 to 20 million, out of a total of over 203 million.

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1 This rate, which is purely hypothetical, would in fact be high in the light of the assumptions made earlier, but low on the basis of the projections made in table V (p. 30). These projections suggest that a differential rate of 1.45 per cent could be expected.

Another survey gives us an idea of the future distribution of manpower between agriculture on the one hand and the other sectors (industry and services) on the other. This survey, which is based on projected likely growth rates for each region of the world, gives the probable future breakdown between the main groups of the International Standard Classification of Occupations (ISCO). As it happens, group 4 of this Classification—farmers, fishermen, hunters, loggers and related workers—more or less covers the agricultural sector. Developments in this group between 1960 and 1980 are shown in table V below.

### TABLE V. EMPLOYMENT IN AGRICULTURAL OCCUPATIONS IN THE DEVELOPING COUNTRIES, 1960-80

<table>
<thead>
<tr>
<th></th>
<th>1960</th>
<th>1970</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions</td>
<td>Percentage</td>
<td>Millions</td>
</tr>
<tr>
<td>Labour force</td>
<td>855.6</td>
<td>100</td>
<td>1 019.2</td>
</tr>
<tr>
<td>Farmers and related workers (group 4 of ISCO)</td>
<td>594.7</td>
<td>69.5&lt;sup&gt;a&lt;/sup&gt;</td>
<td>665.9</td>
</tr>
<tr>
<td>Other workers</td>
<td>260.9</td>
<td>30.5&lt;sup&gt;a&lt;/sup&gt;</td>
<td>353.3</td>
</tr>
</tbody>
</table>


<sup>a</sup>The figures given here are not identical with those in table II. The differences are negligible and are due to slight changes in the composition of the regions concerned. <sup>b</sup>This percentage differs slightly from that given in table IV. This is due to the variety of methods of calculation employed and the difference between the concepts of "occupation" and "sector of activity".

In view of what has been said earlier, there are grounds for thinking that the forecasts in this table seriously understate the importance of agriculture. However, the table shows that in the next ten years there will be, in absolute terms, a major increase in the labour force of the agricultural sector in the developing countries (about 80 million). Although this increase will be accompanied by a fairly marked fall in the proportion of agricultural to total employment, it is plain that agriculture will still continue to play a preponderant part in the years ahead.

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Of course, all these forecasts are nothing more than pure estimates. They reflect in part the aims of governments as expressed, for example, in their development plans, and in part the prolongation of past trends, so that there is nothing hard and fast about them. Whether they are reliable and will eventually materialise depends in the main on two essential factors: first, on whether the implications of these forecasts for industrial development, for example in terms of investment or skilled manpower, can in fact be met; and, second, on whether governments, when confronted with the consequences of past decisions, wish to revise their development policies and plans.

It is also worth examining the present position and foreseeable evolution (subject to the hypothesis about growth mentioned earlier) in the other major occupational groups of the ISCO. Table VI summarises the results obtained by the survey already mentioned.\(^1\)

Naturally, the major ISCO groups are not homogeneous in either skills or training requirements. Some striking features, however, emerge from the table. The first is that in both groups of countries the agricultural workers will be the only group to decline in relative importance, but this decline will be greater in the industrialised than in the developing countries.

In the latter, the biggest relative increases compared with 1960 seem likely to occur among the professional workers (groups 0, 1 and 2) and among workers engaged in the physical production of non-agricultural goods (groups 7/8 and 5).

This would seem to imply a large-scale expansion of advanced education facilities (especially as regards group 0—professional, technical and related workers, and group 1—administrative, executive and managerial workers). As training at this level is a very lengthy process, it is certain that the requirements suggested in table VI will be met only if the necessary facilities, combined perhaps with the introduction of accelerated training techniques, are provided without delay.

\(^1\) *The Occupational Structure of Employment, 1960-1980*, op. cit.
<table>
<thead>
<tr>
<th>ISCO groups</th>
<th>Industrialised countries</th>
<th>Developing countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Professional, technical and related workers</td>
<td>8.08</td>
<td>8.84</td>
</tr>
<tr>
<td>1. Administrative, executive and managerial workers</td>
<td>3.74</td>
<td>4.63</td>
</tr>
<tr>
<td>2. Clerical workers</td>
<td>9.67</td>
<td>11.47</td>
</tr>
<tr>
<td>3. Sales workers</td>
<td>8.01</td>
<td>8.31</td>
</tr>
<tr>
<td>4. Farmers, fishermen, hunters, loggers and related workers</td>
<td>25.19</td>
<td>18.54</td>
</tr>
<tr>
<td>5. Workers in transport and communication operations</td>
<td>4.70</td>
<td>5.21</td>
</tr>
<tr>
<td>7/8 Craftsmen, production process workers, and labourers not elsewhere classified; miners, quarry-men and related workers</td>
<td>31.96</td>
<td>34.12</td>
</tr>
<tr>
<td>9. Service, sport and recreation workers</td>
<td>8.65</td>
<td>8.88</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Demand for workers employed in the physical production of non-agricultural goods (groups 7/8 and 5) seems likely to grow very rapidly—even more rapidly than in the industrialised countries. Admittedly, it takes less time to train skilled workers of this type than the high-grade workers referred to in the previous paragraph. But the sheer numbers required make the problem an urgent one, and unorthodox methods will probably be essential in tackling it.

In the industrialised countries the numbers of workers in groups 0, 1 and 2 taken together—that is, in intellectual, non-manual occupations—will, according to the estimates in table VI, grow much more rapidly than in the developing countries, and more rapidly even than workers engaged in non-agricultural production (groups 7/8 and 5), largely as a result of further advances in the introduction of highly sophisticated technology in industry and in the services sector, together with the growth of medium and high levels of education in those countries.

However, in interpreting these calculations, it must be borne in mind that they are based on fairly arbitrary assumptions concerning economic growth. Table VI merely suggests, in order to assist the evaluation of development needs, one possible distribution of the labour force as between various occupational categories and gives a general though inadequate idea of the aspects of social policy that the ILO and its member States will have to deal with in the years to come.

What are the main policy issues suggested by these projections for the ILO and its membership? As far as the developing countries are concerned, even under the most optimistic assumptions concerning future rates of industrialisation and economic growth, the transfer from agricultural to non-agricultural occupations will proceed relatively slowly, and the bulk of the labour force of the developing countries will for years to come remain engaged in agriculture. This would suggest several major priorities in the ILO's action for developing countries.

A large proportion of our efforts—probably much larger than is at present the case—will have to be directed to the millions of
workers engaged in agriculture, whether they are independent operators, tenants, wage earners or members of production cooperatives, whose numbers will inevitably continue to increase, whatever the rate of economic growth. We must be increasingly concerned about these workers, not only because numerically they are so overwhelmingly important but also because their standards of living are so appallingly low, and because many of them are contributing little if anything to, and consequently gaining virtually nothing from, the development of their countries. From the standpoint of economic development and social justice, therefore, a top priority for the ILO in the years to come must be an intensification of its action, in the closest co-operation with the FAO and other organisations, to raise standards of living in rural areas through broad programmes of rural development. This will include efforts to improve agricultural production, and hence the incomes of peasants and other workers on the land, and to promote the development of small industries and handicrafts in rural areas; at the same time continued efforts will have to be made to improve existing institutions and to create new ones which can facilitate these measures and ensure the fuller participation of the rural population in the development process, while removing gross injustices with respect to living and working conditions in such areas.

This has, of course, been an important concern of the ILO for several years—particularly since the adoption by the Conference at its 44th (1960) Session of a resolution concerning the contribution of the ILO to the raising of incomes and living conditions in rural communities, with particular reference to countries in process of development—but it is only recently that it has begun to account for a significant proportion of our activities, particularly our operational activities. Moreover, the basis has now been laid for more concerted and co-ordinated international efforts in this field, mainly through large-scale comprehensive technical assistance projects in which different agencies will play their part. The ground has therefore been prepared for a more massive effort, in which the ILO should participate to the full, to bring about greater opportunities for improved working and living conditions in the hitherto neglected rural areas of developing countries.
There will also have to be a determined effort to develop the state machinery for implementing social and economic measures in the rural sector. Many branches of government are involved, including the national labour administrations, with which the ILO is most concerned. These should contribute fully to the task of ensuring optimum use of manpower resources, as well as promoting the well-being of the workforce, and they should therefore strengthen their action in rural areas.

The priority to be given to rural development should not, of course, be allowed to obscure the needs of the growing industrial sector in developing countries. As stated above, the rate of growth of the industrial labour force may be small in terms of percentages, but the numbers of workers—especially skilled workers—who will be required if a dynamic industrial sector is to evolve is still considerable. Management development and vocational training for industry have for many years been the main fields of ILO technical co-operation, and the increased skill requirements in industry revealed by table VI (page 32) suggest that the ILO will have to continue to make an important effort in these fields. Moreover, as more workers move to the modern industrial sectors, the ILO and its member States will have to make serious efforts to facilitate their integration into an industrial environment. Thus, appropriate social security, safety and welfare schemes and appropriate changes in the wage structure will have to be devised to ensure the protection, stability and productivity of a labour force unaccustomed to work in industry. It will also be important to strengthen and improve labour administrations and employers’ and workers’ organisations, and to develop systems and practices of industrial relations and personnel management to overcome the difficult social problems that will arise in the course of industrialisation. Close working relationships with UNIDO will clearly be necessary in any action we undertake in the industrial sector. I would also hope that the ILO’s Industrial Committees will be able to give us clear guidance concerning, for example, the skill requirements and the particular social problems of individual branches of industry, particularly those industries considered by UNIDO to be crucial for the developing countries.
In the industrialised countries, one of the most striking features of the changes in the structure of employment that are taking place is the growth of non-manual occupations, the numbers employed in which are becoming greater than the number of manual workers. It would seem that the ILO’s activities concerning the industrialised countries should reflect this phenomenon more fully, since the growth of non-manual workers may raise, in many countries, a number of important problems—for example their membership of trade unions, their bargaining rights, their incomes and status in society.\(^1\)

**STATUS COMPOSITION OF THE LABOUR FORCE**

Finally, it is worth considering some figures concerning the extent of wage-earning (including salary-earning) employment, since this, too, has important policy implications for the ILO. No projections have, as yet, been made for this. Nevertheless, table VII contains some recent data relating to countries in different regions and at different levels of development. It will be seen that in most of the developed countries wage earners represent some three-quarters to nine-tenths of the total labour force; in most Latin American countries they represent less than a half, and in most African and Asian countries less than one-third, or even one-fifth. Most of the world working population consists therefore of self-employed workers—small farmers, craftsmen, tradesmen, etc.—or family workers. Since, as noted above, only a relatively small number of workers in this category will in the next ten years obtain wage-earning employment in industry or elsewhere, the situation is not likely to change dramatically in the near future.

The ILO has been increasingly concerned with the problems of these workers in recent years (as evidenced, for instance, by the adoption at the 52nd (1968) Session of the Conference of the Recommendation concerning the improvement of conditions of life and work of tenants, sharecroppers and similar categories of agricultural workers) and should, I suggest, remain concerned with them in the future. For it is among the self-employed workers—

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## TABLE VII. NUMBER OF WAGE EARNERS IN CERTAIN COUNTRIES

<table>
<thead>
<tr>
<th>Region and country</th>
<th>Year</th>
<th>Labour force (in thousands)</th>
<th>Wage-earners In absolute terms (thousands)</th>
<th>In percentages of labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrialised countries:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>1966</td>
<td>4,856</td>
<td>4,039</td>
<td>83</td>
</tr>
<tr>
<td>Belgium</td>
<td>1967</td>
<td>3,810</td>
<td>2,815</td>
<td>74</td>
</tr>
<tr>
<td>Canada</td>
<td>1968</td>
<td>7,871</td>
<td>6,716</td>
<td>85</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1961</td>
<td>6,483</td>
<td>5,231</td>
<td>82</td>
</tr>
<tr>
<td>France</td>
<td>1962</td>
<td>19,829</td>
<td>14,374</td>
<td>72</td>
</tr>
<tr>
<td>Sweden</td>
<td>1965</td>
<td>3,441</td>
<td>2,918</td>
<td>83</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1966</td>
<td>24,857</td>
<td>22,407</td>
<td>89</td>
</tr>
<tr>
<td>United States</td>
<td>1967</td>
<td>80,793</td>
<td>72,086</td>
<td>89</td>
</tr>
<tr>
<td><strong>Developing countries:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Africa:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Botswana</td>
<td>1964</td>
<td>251</td>
<td>21</td>
<td>8</td>
</tr>
<tr>
<td>Ghana</td>
<td>1960</td>
<td>2,725</td>
<td>542</td>
<td>20</td>
</tr>
<tr>
<td>Morocco</td>
<td>1960</td>
<td>3,254</td>
<td>1,131</td>
<td>35</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>1963</td>
<td>938</td>
<td>102</td>
<td>11</td>
</tr>
<tr>
<td>United Arab Republic</td>
<td>1960</td>
<td>7,782</td>
<td>3,836</td>
<td>49</td>
</tr>
<tr>
<td><strong>Latin America:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolivia</td>
<td>1950</td>
<td>1,059</td>
<td>322</td>
<td>30</td>
</tr>
<tr>
<td>Brazil</td>
<td>1960</td>
<td>22,651</td>
<td>10,876</td>
<td>48</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1960</td>
<td>821</td>
<td>362</td>
<td>44</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1964</td>
<td>1,317</td>
<td>604</td>
<td>46</td>
</tr>
<tr>
<td>Mexico</td>
<td>1960</td>
<td>11,332</td>
<td>7,262</td>
<td>64</td>
</tr>
<tr>
<td>Peru</td>
<td>1961</td>
<td>3,125</td>
<td>1,503</td>
<td>48</td>
</tr>
<tr>
<td><strong>Asia:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>1962</td>
<td>2,500</td>
<td>305</td>
<td>12</td>
</tr>
<tr>
<td>China (Taiwan)</td>
<td>1956</td>
<td>2,993</td>
<td>991</td>
<td>33</td>
</tr>
<tr>
<td>India</td>
<td>1961</td>
<td>188,676</td>
<td>24,060</td>
<td>13</td>
</tr>
<tr>
<td>Iran</td>
<td>1966</td>
<td>7,558</td>
<td>3,304</td>
<td>44</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1964</td>
<td>34,367</td>
<td>11,156</td>
<td>33</td>
</tr>
<tr>
<td>Philippines</td>
<td>1965</td>
<td>11,491</td>
<td>3,674</td>
<td>32</td>
</tr>
</tbody>
</table>


including peasant and small farmers and craftsmen in rural areas and those engaged in petty service activities in urban areas—and the members of their families that underemployment and low income levels are particularly serious, a point to which I shall return later. But, in addition, the prevalence of self-employed and family
workers in the labour force of the developing countries has important implications for the ILO's future work in other fields. It means that large sections of the labour force of these countries are unorganised and unable to influence national development policies or to participate in their implementation. Trade unions are, by definition, mainly concerned with defending the interests of wage earners, who represent only a relatively small minority of workers in the developing countries. Self-employed workers in the industrialised countries have begun to form powerful and often militant pressure groups.\(^1\) In the developing countries, however, most of these workers have little or no opportunity of influencing policy decisions concerning matters which directly affect their incomes and standards of living, and few are as yet organised in cooperatives and other mutual aid schemes or occupational organisations through which they can defend their interests and improve their production and hence their incomes. If the ILO is to remain a force for social progress for all workers, it is important that, parallel to its action aimed at strengthening trade unions and associations of employers, it should devote considerable attention to the development of the institutions, including reform of systems of land tenure (in close collaboration with the United Nations and the FAO), which can enable the self-employed—and particularly the rural self-employed—to participate more fully in the life of their country and to raise their own standards of living.

In the field of conditions of work and life, too, much more could be done for the non-wage-earners. So far, the ILO has tended to concentrate its efforts in this respect on improving the conditions of the wage-earning population, but much more consideration could, and should, be given to such questions as the forms of social security that could be extended to the self-employed in the developing countries, the measures that could be taken to raise their incomes and to promote their safety and health at work, and the application of labour inspection to this category of worker.

\(^*\)\(^*\)\(^*\)

\(^1\) Technological Change and Social Progress: Some Problems and Perspectives, op. cit., p. 91.
The figures given in the above tables do not, of course, suffice to enable us to chart a detailed course of international action for social progress in the next decade, nor do they reveal many facts of which we were not already aware. They do, however, serve to indicate some areas where the main emphasis of ILO action should lie in the next decade, and to demonstrate the magnitude of the priority problems that confront us.

All the problems I have mentioned above are of considerable urgency and importance and will no doubt figure among the ILO’s principal concerns in the years to come. I hope to be able to make more specific proposals to the Governing Body and the Conference concerning the future development of our programmes in these areas.

By far the most basic, urgent and challenging problem, however, is revealed by the figures I quoted at the beginning of this chapter. There will be some 282 million new entrants to the world labour force in the next decade, 226 million in the developing countries and 56 in the advanced countries. High priority should, I suggest, be given by the ILO to action to promote measures to ensure that productive work can be found for at least a large proportion of these staggering numbers of people. Our objective is not, of course, to create work as an end in itself; the objective is to make it possible to produce the goods and provide the services which can make human existence not just tolerable but also materially and spiritually rich. This cannot be done, at least for the foreseeable future, unless a large proportion of the population is able and willing to work for this objective. It is the ILO’s duty to attempt to ensure that, everywhere and for all people, work is a dignified and rewarding human activity; but it also has to help to ensure that such work is available for as many as possible. For unless at least most people of working age are assured of remunerative, productive and reasonably secure employment they cannot, at least in the present organisation of human society, share in the fruits of economic progress or contribute to the increased well-being of society as a whole. It is because employment is of such fundamental importance to economic and social progress, and because so many millions of people—and their numbers are increasing—are today deprived of the benefits that derive from
useful and productive employment that the remainder of this Report is devoted to an examination of national and international action to deal with this basic problem.

Moreover, the dimensions of the problem are even greater than the figures mentioned above suggest. It is necessary not only to absorb the new entrants to the labour force but also to attempt to find employment for those who are at present unemployed, and to increase the volume of work of those who are underemployed. I would therefore conclude this chapter by looking briefly at these aspects of the problem in developing and in industrialised countries.

UNEMPLOYMENT AND UNDEREMPLOYMENT IN THE DEVELOPING COUNTRIES

It is difficult to ascertain the exact extent of unemployment in the developing countries, since most unemployment statistics are based on administrative criteria and only partially meet the need for an economic assessment.

The number of unemployed persons recorded is generally far below the actual number: since there is no general unemployment assistance scheme, most persons out of work have to accept any employment, however modest or partial, rather than remain entirely without means of support; to a large degree unemployment is disguised and takes the form of chronic underemployment.

Although it thus appears to be comparatively low in relation to the total labour force, unemployment nevertheless affects a considerable proportion of workers. In India, which in 1961 accounted for some 22 per cent of the entire labour force of the developing countries (including mainland China), according to some estimates 6 per cent of the labour force of the country were unemployed; a few years earlier unemployment had been estimated, by the National Sample Survey (1956-57), at 7 per cent for the rural population and 6 per cent for the urban population. Altogether, the total number of unemployed can thus be estimated at approximately 10 million. Unemployment rates of the same magnitude were officially recorded at this time in the Federation of Malaya.
(6 per cent in 1962), and in the Philippines (6.3 per cent in 1960), while in other Asian countries they were even higher (as in Ceylon, where the unemployment rate was estimated at 10.5 per cent in 1960). Still in 1960, equally high rates were recorded in Latin America: there were more than 6 million unemployed, which, out of a labour force of approximately 70 million, means that more than 9 per cent were out of work.

All these estimates may not be strictly comparable: definitions of unemployment vary from one country to another, as do the methods of assessment and margins of error. Moreover, there are large areas for which practically no data exist. It seems, however, on the basis of the scant information available and particularly of that which has just been referred to, that it may be estimated, for all the developing regions, that around 1960 between 5 and 10 per cent of the labour force were unemployed. Taking an average of 7.5 per cent as a basis for calculation (although this figure is probably too low) and applying this rate to the figures given for 1970 in table II (page 19), the number of unemployed in that year would be approximately 76 million.

This figures should, of course, be added to the 226 million representing the growth in the labour force between 1970 and 1980. This would thus give a figure of some 300 million more persons for whom a means of livelihood would have to be provided during the Second Development Decade.

These estimates are minimum figures which do not take account of the fact that all “employed” persons are not always fully employed. Actually the existence of underemployment (or disguised unemployment) makes the evaluation of existing employment and, consequently, of the employment to be created

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2 E. LEDERMAN: *Hacia una política de los recursos humanos en el desarrollo económico y social de América latina* (Santiago de Chile, Latin American Institute for Economic and Social Planning, 1968), p. 10 (mimeographed).

3 All these terms are frequently used somewhat loosely. G. MYRDAL, in *Asian Drama*, op. cit., analyses (p. 1016) factors affecting the level of labour utilisation in the countries of South East Asia in terms of: working members/labour force; man-hours/working members; output/man-hours.
much more complicated. While working hours are often involun-
tarily below the normal level (visible underemployment), such
work yields abnormally low earnings and prevents the workers
concerned from making full use of their capacities or skills (hid-
den underemployment). For a large number of workers employ-
ment is "precarious" in that they enjoy no job or income sta-
bility. They have no definite prospects of improving their employ-
ment, and consequently have no hope or possibility of improving
their position in general.¹

Underemployment is rife in nearly all the insufficiently devel-
oped countries. This is particularly due to the fact that, as was
seen above, a large part of the labour force in these countries is
composed not of wage earners but of persons who are self-
employed or work in small family undertakings. In such circum-
stances there is no reason why underemployed workers should
give up their activity when their marginal productivity drops
below a certain level; in fact they must go on working in order to
earn anything at all.

Statistics on underemployment are both rare and heterogenous,
giving only a vague idea of the nature and extent of the problem.
As has been seen, the concept of underemployment is a complex
one: it covers both cases of too short working hours and of
insufficient labour productivity, as well as combinations of the
two.

However the term may be understood, underemployment
affects a large part of the labour force in most of the developing
countries, particularly in rural areas. For example, with regard
to Africa and visible underemployment, recent surveys have
revealed that in Senegal seasonal idleness in agriculture affected
30 per cent of the available labour force and represented
600 million working hours per year;² in Kenya underemploy-
ment in agriculture has been estimated as equalling between
500,000 and 700,000 man-years; in Morocco, where the rural
population of working age is estimated at 4,700,000, an average

¹ See P. SYLOS-LABINI: "Precarious Employment in Sicily", in International
² E. COSTA: "Employment problems and policies in Senegal", in International
of 150 days per man-year are spent in idleness; likewise, in the Malagasy Republic, still as regards visible underemployment, the actual number of working days varied between 216 in some regions and 43 in others, whereas the maximum number of possible working days is 250: underemployment thus varies between approximately 12 per cent and 80 per cent or more in some cases.

In Latin America, as is shown in table VIII, there are also considerable variations in estimates of underemployment but the latter is still an important factor, particularly in the agricultural sector but also in urban areas, where it can reach large proportions. Table IX gives some corresponding data for Asia, where underemployment is generally estimated at a lower level than in Africa but is nevertheless quite extensive.

**TABLE VIII. UNDEREMPLOYMENT IN VARIOUS LATIN AMERICAN COUNTRIES**

*(Percentage of the total labour force)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Agricultural sector</th>
<th>Non-agricultural sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>30</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>13</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Paraguay</td>
<td>40</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Uruguay</td>
<td>20</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Venezuela</td>
<td>—</td>
<td>—</td>
<td>20</td>
</tr>
<tr>
<td>Central American countries</td>
<td>30</td>
<td>—</td>
<td>50</td>
</tr>
<tr>
<td>Colombia</td>
<td>25</td>
<td>13.5</td>
<td>—</td>
</tr>
</tbody>
</table>

Source: E. Lederman: *Hacia una politica de los recursos humanos en el desarrollo economico y social en America latina* (Santiago de Chile, Latin American Institute for Economic and Social Planning, 1968), table 5 (mimeographed).

The figures are estimates based on different concepts and methods, and are not strictly comparable.

These few statistical estimates, based on a comparison between the actual situation and an ideal situation used as a standard or term of reference, are necessarily founded on a number of assumptions, which should be kept in mind. In particular

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TABLE IX. UNDEREMPLOYMENT IN SOME ASIAN COUNTRIES
(Percentage of the total labour force)

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Under-employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceylon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>rural areas</td>
<td>1960</td>
<td>20</td>
</tr>
<tr>
<td>urban areas</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>India</td>
<td>1960</td>
<td>10</td>
</tr>
<tr>
<td>Federation of Malaya</td>
<td>1962</td>
<td>2.2</td>
</tr>
<tr>
<td>Philippines</td>
<td>1960</td>
<td>12</td>
</tr>
</tbody>
</table>


it is assumed that underemployment (just as unemployment) is "involuntary" in the sense that members of the labour force who make little or no useful contribution to production do so only for lack of a satisfactory alternative, and that once they are presented with work opportunities, they will take them up. This line of reasoning is premised on the existence of a fluid employment market and a rational outlook towards work and economic activities in general. Actually, however, workers' attitudes in the developing countries are often conditioned by tradition, inertia or simply by their unawareness of the possibility of increasing their output and income by extra work which, for lack of experience, they cannot imagine. Moreover their capacity to work is often reduced by poor health, malnutrition or climatic conditions. It seems, however, that very often this element of conscious choice is in fact neglected and that the desire to work is assumed on the basis of criteria which are easier to measure such as, for example, the number of days worked or the area of land cultivated.

Furthermore, the statistical estimates given necessarily take account only of the quantitative aspect of work: labour productivity (that is to say the intensity of work) and the skills or abilities utilised in the job are passed over because of the difficulty of assessing them. The only type of underemployment taken into consideration is visible underemployment; in many cases, how-

\footnote{\textsuperscript{1} See G. Myrdal: *Asian Drama*, op. cit., Vol. II, p. 962, and Appendix 6, p. 2046.}
ever, low income levels (illustrated in table I, page 17) and the low productivity of the work of most of the labour force are obvious signs of disguised underemployment.

As already stated, underemployment is essentially a feature of rural areas (although it is also associated, to a high degree, with urban service occupations). Two reasons can be given for the predominantly rural incidence of underemployment. First, it is mainly in rural areas that traditional production methods survive, and as the rest of the economy develops their productivity falls below the general level—rarely defined with precision—under which underemployment may be said to begin. Secondly, it is in rural areas that wage-earning employment and the market economy with which it is linked are least developed.

Table X, which gives the percentage of the gross national product derived from agriculture in a number of developing countries and the percentage of the labour force employed in agriculture, clearly brings out the low level of productivity in agriculture as compared with other sectors. The index of relative productivity in column (3) of the table would be equal to unity if average productivity in agriculture were equal to average national productivity; it will be noted, however, that in the countries concerned productivity in agriculture is usually lower than 50 per cent of over-all national productivity. In view of the size of the agricultural sector, which considerably depresses average productivity, this means that as things stand today the productivity of agricultural labour is on the average between three and five times lower than productivity in the other sectors.

Such low average productivity is usually associated with a low average income per worker.¹ Workers' incomes in many cases

¹ Comparisons between the urban sector and the rural sector, whether they apply to productivity or income, are usually very approximate and unreliable and probably tend to underestimate the level of productivity and incomes in the rural sector. This is partly due to the fact that the value of various items in kind which form part of rural workers' incomes is more than likely to be underestimated, e.g. services which people often perform for each other without payment; in addition, comparisons frequently fail to give due weight to the fact that living costs are higher in the towns and certain items of expenditure which are unavoidable in urban areas (e.g. transport to and from work) should be regarded as part of the cost of urban housing rather than consumption out of income.
<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of GNP derived from agriculture (1965)</th>
<th>Percentage of labour force employed in agriculture</th>
<th>Index of relative productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3) = (1) / (2)</td>
</tr>
<tr>
<td>Bolivia</td>
<td>26</td>
<td>63.4 (1950)</td>
<td>0.41</td>
</tr>
<tr>
<td>Brazil</td>
<td>28</td>
<td>51.6 (1960)</td>
<td>0.54</td>
</tr>
<tr>
<td>Chile</td>
<td>10</td>
<td>27.7 (1960)</td>
<td>0.36</td>
</tr>
<tr>
<td>China (Taiwan)</td>
<td>26</td>
<td>50.1 (1956)</td>
<td>0.52</td>
</tr>
<tr>
<td>Colombia</td>
<td>32</td>
<td>47.2 (1964)</td>
<td>0.68</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>32</td>
<td>49.1 (1963)</td>
<td>0.65</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>24</td>
<td>61.4 (1960)</td>
<td>0.39</td>
</tr>
<tr>
<td>Ecuador</td>
<td>34</td>
<td>55.6 (1962)</td>
<td>0.62</td>
</tr>
<tr>
<td>El Salvador</td>
<td>29</td>
<td>60.3 (1961)</td>
<td>0.48</td>
</tr>
<tr>
<td>Guatemala</td>
<td>28</td>
<td>65.4 (1964)</td>
<td>0.43</td>
</tr>
<tr>
<td>Honduras</td>
<td>43</td>
<td>66.8 (1961)</td>
<td>0.64</td>
</tr>
<tr>
<td>India</td>
<td>45 1</td>
<td>72.9 (1961)</td>
<td>0.62</td>
</tr>
<tr>
<td>Iran</td>
<td>27</td>
<td>54.8 (1956)</td>
<td>0.49</td>
</tr>
<tr>
<td>Korea (South)</td>
<td>36</td>
<td>54.4 (1965)</td>
<td>0.66</td>
</tr>
<tr>
<td>Mexico</td>
<td>17</td>
<td>54.2 (1960)</td>
<td>0.31</td>
</tr>
<tr>
<td>Morocco</td>
<td>32</td>
<td>56.3 (1960)</td>
<td>0.57</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>35</td>
<td>59.7 (1963)</td>
<td>0.59</td>
</tr>
<tr>
<td>Pakistan</td>
<td>49 1</td>
<td>75.0 (1962)</td>
<td>0.65</td>
</tr>
<tr>
<td>Panama</td>
<td>21</td>
<td>46.2 (1960)</td>
<td>0.45</td>
</tr>
<tr>
<td>Peru</td>
<td>23</td>
<td>49.7 (1961)</td>
<td>0.46</td>
</tr>
<tr>
<td>Philippines</td>
<td>31</td>
<td>57.4 (1965)</td>
<td>0.54</td>
</tr>
<tr>
<td>Sudan</td>
<td>55 1</td>
<td>85.8 (1956)</td>
<td>0.64</td>
</tr>
<tr>
<td>Thailand</td>
<td>35</td>
<td>82.0 (1960)</td>
<td>0.43</td>
</tr>
<tr>
<td>Venezuela</td>
<td>7</td>
<td>52.3 (1961)</td>
<td>0.22</td>
</tr>
</tbody>
</table>


1964.

are markedly lower than their production per head owing to patterns of land tenure under which an unduly large share of the product goes to the big landowners. In fact, there is a great deal of disguised unemployment in agriculture, which is reflected in exceptionally low earnings by the workers concerned.

It is unlikely there will be any spontaneous tendency towards an early improvement. Between 1955 and 1965 world agricultural output grew by a little over 3 per cent per year on the
average; there is little likelihood that this rate of growth will be exceeded during the years ahead. The projections made by the FAO for the output of all agricultural products covering the period 1962-75 suggest a compound rate of annual growth of between 2.8 per cent (lowest assumption) and 3.5 per cent (highest assumption) for the developing countries as a whole. Even so, it would be a mistake to overlook the possible effect of the introduction of new, high-yield strains of wheat and rice, the discovery of which is regarded as a breakthrough that may completely upset forecasts in certain countries. If this rate of growth of agricultural production is compared with the foreseeable evolution of the agricultural labour force given in table V (page 30), the increase in the labour force in agriculture (at an average of 1.7 per cent per year between 1960 and 1970 and 1.6 per cent per year after 1970) can be seen to imply a rise in average productivity of between 1 and 2 per cent in this sector. In view of the enormous gap that already exists between industrial and agricultural productivity and bearing in mind the productivity gains that will undoubtedly be achieved over the same period in industry, it can be seen that the low absolute as well as relative productivity of agricultural labour will show little spontaneous improvement. Concealed underemployment in agriculture is therefore bound to remain a major problem in the developing countries.

UNEMPLOYMENT AND UNDEREMPLOYMENT IN THE INDUSTRIALISED COUNTRIES

The general level of employment has remained high in the industrialised countries as a whole, with a strong upward trend during the past 10 or 15 years. Ever since the absorption of the unemployment immediately following the Second World War, the number of jobless has, in fact, remained relatively low in Western Europe, Australia, Japan and New Zealand, except around 1958, when it rose for a short time. In most of these countries it has rarely risen above 3 per cent of the labour force. The rise in Western Europe since 1966 can largely be accounted for by the

1 World Economic Survey, 1967—Part One, op. cit, Ch. II, p. 46.
slow-down in economic growth and the fact that over-all demand has not expanded fast enough to absorb the manpower released by the productivity gains achieved during the earlier period of rapid growth. In North America the level of unemployment has never fallen as low as in Europe, but it has shown a downward trend in recent years.

By and large, the main employment problems that face (and will continue to face) the industrialised countries, are due to the quickened pace of technological, economic and social evolution. The structural changes characteristic of expanding industrial economies have everywhere caused strains of one kind or another in the employment market—sudden increases in unemployment in times of recession but, more generally, growing local shortages of skilled and highly skilled manpower and even, in some cases, of unskilled manpower as well. Various factors may either lessen or aggravate these strains. For example, the shift of manpower from agriculture to other sectors has helped the latter to meet their growing manpower requirements. However, although this trend is bound to continue, the available manpower is becoming increasingly limited in some countries. In the last resort, the surplus manpower that agriculture can supply in future will be governed by developments in farming patterns, agricultural methods and farm support policies. Another factor that has made it possible to cope with some shortages is the immigration of foreign workers, which has taken place on a large scale and will probably remain necessary because the demand for manpower in the industrialised countries of Western Europe can be expected to persist in spite of technical progress. However, the high turnover of immigrants from the economically less advanced European countries, the cost of settling them in the host countries, and the selective losses caused by their emigration in their home countries—themselves increasingly concerned about their own growth requirements—tend to cancel out the beneficial effects of migratory movements, which can therefore be expected to slow down.

Greater reliance on women workers can also help, as can the retention of older workers but, as we have seen, the trend of their participation rates over the longer term may not be very encour-
aging in some countries. For example, the reserves of women workers in the USSR have already been very heavily drawn on. In addition, the decline in the participation rates of young people because of longer average schooling will also, at least temporarily, help to curtail the manpower supply while making it easier to overcome shortages of skilled manpower later.

The strains on the employment market in the industrialised countries also reflect the changes taking place in occupational patterns, especially under the impact of technological progress and the growth in the scale of industry. These changes involve the appearance of new types of jobs, particularly in the newest industries (aircraft, electronics, etc.) and a relative increase in the number of professional and skilled workers. The inadequacy of manpower supplies, accentuated by the failure of training systems to keep pace with the demand, has resulted in shortages of technicians, specialists and office workers with the new, increasingly varied skills. This is particularly unfortunate, since the forecasting of future manpower needs, both quantitative and qualitative, though increasingly necessary, is still far from having progressed sufficiently to serve as a useful guide to policy.

Changes in occupational structures also take the form of the disappearance of certain occupations and the conversion of certain industries, which may lead to redundancy and the early retirement of older workers. In the United States, for example, it is estimated, on the basis of present productivity trends and without allowing for any possible quickening of the pace, that 2,330,000 jobs will be either eliminated or drastically changed every year. If work is to be found for the redundant or if workers are to be kept in jobs with an altered content, then adjustment, resettlement and retraining are essential. In addition, the changes in occupational profiles accompanying the changes in occupational patterns mean that the average initial training period is growing longer and therefore more expensive. It so happens, moreover, that the experience of the industrialised countries shows that it is precisely in the occupations requiring lengthy training that expansion is particularly rapid.

These changes have tended to make for structural unemploy­ment in some countries because, from the qualitative viewpoint, manpower supply cannot adapt sufficiently quickly to the new pattern. This structural unemployment seems to be particularly serious in the United States, largely because of the rapid pace of scientific and technological progress in that country, and disquiet­ing inflationary effects are felt whenever unemployment falls below 4 per cent.

However, technical progress has not caused any large-scale unemployment since the Second World War in the industrialised countries with market economies. Even so, almost everywhere it has given rise to misgivings and the spread of automation has helped to keep them alive. There is a great deal of controversy about the consequences of technical progress. On the one hand, by replacing workers by machines and enabling work to be better organised it tends to cause redundancy but, on the other, it reduces costs and prices, thus increasing demand and production, with consequent greater manpower needs. The final outcome of these two tendencies can only be assessed at the level of the national economy or even at the world level, because the repercus­sions of technical progress spread far beyond the plant or in­dustry in which it occurs. The level of employment is bound up with relative rates of growth of production and productivity, so that if production rises faster than productivity, the level of em­ployment should not decline.

By and large, unemployment tends to affect more particularly certain areas suffering from relative stagnation and certain cate­gories of workers. For example, the young are more affected than adults. In the United States in 1964 unemployment among young people was three times higher than among workers of all ages and long-term unemployment had increased twice as fast during the previous years for workers between the ages of 20 and 24 as for the labour force as a whole. Workers over the age of 55, whose average standard of education is usually lower, also tend to be unemployed more often and for longer periods than middle-aged adults. In general, it can be said that the lower an individual's standard of education and skill, the greater the risk of unemploy­ment. The influence of education and skill is such that the rate of
unemployment among older workers with a fairly high standard of education is no higher than that for middle-aged adults. In the United States coloured workers, who are proportionately more numerous in unskilled jobs, are also far more seriously affected by unemployment. In recovering from a recession, their unemployment rate declines more slowly than that of white workers, e.g. in 1967 it was 7.4 per cent, as against 3.4 per cent for whites. Finally, the degree of unemployment depends on the industry, i.e. it is high whenever the industry is subject to heavy seasonal fluctuations (farming or construction), is undergoing long-term contraction (mining) or is expanding relatively slowly, or else is exposed to sudden fluctuations in demand (automobiles).

Manpower surpluses are also encountered in Yugoslavia and other industrialised countries of Eastern Europe. In Yugoslavia unemployment reappeared in 1952 when the former policy of "extensive employment" gave way to a policy of more moderate expansion and more efficient utilisation of the available labour, and managements were no longer required to keep on surplus workers. The economic and social reforms of 1965 strengthened this tendency towards more rational manpower utilisation. Surpluses which were formerly concealed now appeared as a result of changes in working methods, the modernisation of plant, new technology, etc. In the industrialised countries of Eastern Europe, this problem of manpower surpluses has come to the fore as reforms have been introduced in planning and incentive systems, whereby greater discretion is allowed to managements in manpower matters. These surpluses may be difficult to absorb rapidly, especially if efforts are made to take account of individuals' occupational and geographical preferences where redeployment is necessary.

Underemployment, particularly that of the seasonal kind, is still a fact of rural life almost everywhere, including Eastern Europe, where efforts are being made to foster industries and services of all kinds that can provide productive employment for rural workers during slack periods. The existence of visible underemployment in the industrialised countries of Europe, Japan and North America is borne out by surveys of the number of workers employed for fewer than a given number of hours per
week or looking for a second job. In the United States workers employed for less than 35 hours a week for economic reasons (off-season, lack of raw materials, repairs to plant, inability to find other than a part-time job, etc.) accounted for between 15 and 20 per cent of the labour force in 1964, but in practice it is very difficult to gauge the real extent of underemployment as such, since it would be necessary to include invisible underemployment, which is impossible to assess accurately.

In fact, during recessions, unemployment and underemployment are sometimes inextricably intermingled. In Japan, for example, many workers who lose their jobs do not register as unemployed but go back to their villages, where it is difficult to ascertain to what extent they are employed. In addition to visible unemployment, there is also concealed unemployment resulting from the well-known phenomenon of the withdrawal from the employment market of workers who do not think they can find a job that suits them.¹ During the recent increase in unemployment in Western Europe, the actual extent of the unemployment was masked by the return of foreign workers to their home countries and by an involuntary reduction in weekly hours of work. In such cases underemployment takes the form of shorter working hours and lower productivity.

* * *

Employment problems are therefore a major preoccupation of countries at all levels of development. However, they differ considerably in magnitude and nature as between the developing and the industrialised countries. The former are faced with the overwhelming task of making economic development provide a decent

¹ Some experts argue, on the other hand, that more workers come forward during a recession and that this offsets the losses due to unemployment, whereas others believe that this increased participation in the active population is offset by the phenomenon of withdrawal mentioned above. A survey in the United States covering the years 1953-62 showed that withdrawals tended to predominate at the beginning of a recession and that the other phenomenon became more apparent as the recession went on. A loss of 100 jobs in that period due to the decline in economic activity was accompanied by a net withdrawal from the active population equal to 50 persons. (K. Strand and Th. Dernburg: "Cyclical Variation in Civilian Labor Force Participation ", in The Review of Economics and Statistics (Cambridge, Mass., Harvard University Press), Vol. XLVI, No. 4, Nov. 1964, pp. 378-391).
livelihood for millions of unemployed, for countless millions of underemployed and for a staggering number of new entrants to the labour force. For the latter, the problem is not so much one of absorbing large numbers of workers in the economy as, rather, of facilitating the adjustment of these workers to rapid structural changes which are inevitable in a growing industrial economy.

The difference in the nature of the problem calls therefore for completely different approaches, and the policy issues that arise for the developing and the industrialised countries are accordingly dealt with separately in the next two chapters.
CHAPTER II

EMPLOYMENT POLICIES IN DEVELOPING COUNTRIES

THE INTEGRATION OF EMPLOYMENT POLICIES INTO POLICIES FOR ECONOMIC DEVELOPMENT

Recent experience of developing countries has shown that the growth rate of productive employment as a rule falls far behind that of national output, and that massive underemployment and substantial unemployment can persist even with rapid economic growth. Many developing countries have, it is true, set employment targets in formulating their development plans. The approaches used for fixing these targets, however, leave much to be desired. Employment targets are usually treated as a passive factor in economic development or as a by-product of growth targets. Some countries have introduced special employment-creating programmes or measures to relieve unemployment, but these are only loosely linked with the main structures of the development plans and little has been done to assess their contribution to national output in relation to the costs incurred.

The unsatisfactory rate of employment growth in the development process, together with inadequacies in the present state of employment planning, point to the need to accord a higher priority to employment creation in development planning and to work out appropriate policies to achieve it. The developing countries are increasingly aware of this need. To translate the need felt into concrete programmes of action, however, is a challenging task, since it may require reorientation of the path of development hitherto pursued in the country concerned.

The primary aim of the World Employment Programme is to assist developing countries in carrying out this difficult but urgent task of integrating employment creation into the development
process. What is required is assistance not merely in formulating and implementing the necessary policy measures for national action toward this end but, equally important, integration of employment objectives into international policies for economic development. It is in this sense that the World Employment Programme will be a truly world programme.

*The Principle of Development through Fuller Employment*

In most developing countries, economic development thus far has been characterised by two striking features. The first is the slowness of economic growth in relation to population growth, which was discussed in Chapter I. The second is the scarcity of capital, coupled with an overabundance of labour, in most of these countries. The scarcity of capital is often considered as a major constraint on economic growth. On the other hand, vast amounts of labour remain unused or are insufficiently or unproductively used. Some contend that this under-utilisation of labour is almost a necessary concomitant of scarcity of capital because labour requires capital to work with. This simple view, which has not been without its influence on development policies, seems to call for a critical re-examination.

A basic factor in development is the rapid growth of the population itself, and measures to bring the rate of population growth under control through an active population policy can, in the long run, have a positive effect both in reducing employment problems and in raising the level of income per head. The effect of population policy on employment, however, will not be felt until after a long lapse of time.

Apart from population policy, therefore, the only way of circumventing the two basic difficulties mentioned above would seem to be to make the maximum possible productive use of available labour to accelerate economic growth and, more particularly, to substitute labour for scarce capital where this is economically feasible. In this way capital can be released for essential uses for which such substitution proves technically difficult or economically unsound. This solution, if properly applied, would not only raise the level of productive employment but also bring
about larger increases in national output and a wider sharing of the increased income among the working population.

This unifying principle of development through fuller employment is the central theme of the World Employment Programme. The Programme will be largely devoted to helping countries to apply this principle to the maximum extent possible. Broadly, this will mean helping countries to combine employment policies and development policies in such a way as to further simultaneously both the employment and growth objectives. To the extent that countries can provide productive work, in the sense of work yielding products whose value exceeds their costs, they can avoid having to choose between measures to increase employment on the one hand, and measures to increase production and real incomes on the other: the same measures will serve both purposes. Creation of production-oriented employment is quite a different matter from creation of relief-oriented employment. If an intelligent and vigorous search is made for ways of providing productive work for those who need it, it is likely that in all countries opportunities hitherto neglected for making productive use of underemployed manpower will come to light. At an early stage attention should be concentrated on making sure that the employment of labour does not fall short of the level that would make for optimum growth. At a later stage it might be necessary to consider whether, and in what circumstances, it might be reasonable to forgo a certain amount of potential growth in exchange for a certain gain in short-term employment, by accepting a pattern of development (as determined by decisions regarding the product-mix and the choice of techniques) that would not be optimum from the point of view of growth, but that would produce more jobs more quickly.

The main focus, in the first instance, would no doubt be on those obstacles to economic growth which an increase in the use of labour could help overcome, particularly on such closely interrelated problems as the lag in the growth of agricultural output,

1 Writing of agriculture in South Asia for example, G. Myrdal emphasises that "a fuller utilisation of the labour force and a higher level of agricultural production are not only compatible objectives, but, indeed, two aspects of the same thing" (Asian Drama, op. cit., Vol. II, p. 1255).
the inadequacy of infrastructure development, the high capital requirements of industrialisation and the shortage of foreign exchange.

Prima facie, there seems to be considerable scope for effective use of more labour in relation to capital in overcoming each of these obstacles. In agriculture there are possibilities of increasing output by putting to more productive use the labour at present underemployed and by improving methods of agricultural production. Similarly, on certain types of larger-scale infrastructure projects or for certain construction operations under such projects and on numerous smaller-scale projects, especially in rural areas, available local labour could be used with relatively little capital. The high capital requirements of industrialisation could also be reduced if a determined effort is made to do so. To overcome the shortage of foreign exchange a greater emphasis might be placed on labour-intensive products in the country's policy for export promotion and import substitution, having regard to the prospects of world markets and the country's own endowment of national resources.

The desirability of policies of this nature has long been recognised in many developing countries. The difficulty lies in translating them into effective programmes of action best suited to the conditions of the country concerned. In planning for their implementation very many policy issues and problems have to be resolved, some of which are briefly indicated below.

First, an important policy issue is to determine the degree to which a labour-intensive approach can appropriately be applied to the solution of each of the obstacles mentioned above. For instance, in some countries where land is scarce, where the average size of a farm is exceedingly small and where farming practices are already highly labour-intensive, the bulk of the surplus labour on the land could perhaps be more productively employed in labour-intensive industries than in agriculture itself, which may have to depend largely on other means for increasing output.

In this connection special attention might be drawn to the adequacy of the future growth potential of food output to meet the increasing food requirements of a growing population in the
EMPLOYMENT POLICIES IN DEVELOPING COUNTRIES

developing countries, particularly in several Asian countries where the man-land ratio is already high. It may be that in such countries the man-land ratio will become so unfavourable that it is more economic for them to plan to import a considerable part of their food supplies. This would require liberal import policies for manufactures from developing countries in order to enable them to pay for these supplies. But many people advocate putting a halt to an increasing dependence of the developing countries on food imports.¹ Whether one or the other course is taken would determine the balance desired between the development of agricultural and industrial production and would therefore directly influence employment strategy in these countries. The employment implications of the alternative policies would thus need to be fully analysed.

Second, measures may have to be introduced to remove institutional or organisational barriers to the effective application of a labour-intensive approach. For example, in agriculture a fuller and more productive use of labour to increase production is frequently made difficult by systems of land tenure or by fragmentation of landholdings. In infrastructure development economically sound labour-intensive construction techniques might be unfamiliar or unacceptable to foreign contractors. In industrialisation a wider dispersal of labour-intensive small-scale production might be hindered by the irregular or inadequate supply of other essential inputs, or by lack of adequate credit and marketing facilities. As regards foreign trade, increased exports of labour-intensive industrial products might encounter trade restrictions imposed by importing countries.

Third, a wide range of positive measures will also have to be developed to make the policies decided upon effective where they really count—on the farm, in the workshop and on the construction site. From the technological point of view there is a pressing need for government measures, with international co-operation, to build up quickly a comprehensive knowledge of appropriate

¹ "To provide for the increase in demand...will mean an expansion of between three and four per cent per year in the food production of developing countries if the rising trend in their food imports is to be checked." (E. H. Boerma: "The Role of FAO", in Economisch-Statistische Berichten (Netherlands Economic Institute), 53rd year, No. 2639, 10 Apr. 1968, p. 352).
labour-intensive production methods available for immediate application to agriculture, industry and infrastructure development and to promote a rapid flow of technological innovations adapted to the factor proportions of developing countries in each of these fields. The body of technical knowledge thus selected and developed must be diffused as speedily and as widely as possible to individual producers and workers. To this end measures must be taken to institute the most effective schemes and facilities for training and retraining on a nation-wide basis. The content of training should naturally cover not only technical skills but social and managerial skills as well. In many developing countries the existing approach to basic education may also have to be radically modified in order to link it more closely to the needs of vocational training.

Fourth, the mere acquisition and diffusion of the necessary skills and knowledge may not suffice to induce producers or entrepreneurs to put labour-intensive techniques into practice. There are two main reasons for this. In the developing countries the rates of foreign exchange, the rates of interest in the modern sector and other prices affecting the money cost of machines are often kept artificially low and thus favour the purchase of machines. In addition, money wages in these countries, though low, are in fact sufficiently high to discourage the adoption of labour-intensive techniques. To overcome these and other factors hampering the employment of labour, special incentive measures may have to be adopted. For example, in industry some fiscal measures (e.g. wage subsidy coupled with a tax on capital assets) might be introduced to induce industrialists to adopt more labour-intensive methods of production. In infrastructure development such moderate cost differences as might be found between more and less labour-intensive construction techniques might be charged to unemployment relief, as is the case in some countries.

Fifth, the integration of employment policies and development policies will obviously have to correspond closely to the characteristics and trends of unemployment and underemployment. For example, a number of developing countries, especially in Latin America and Africa, have an acute problem of urban unemployment which calls for immediate remedial measures in addition to
long-term measures. How can these measures best be integrated with the country's development policies? Would it be better to put the urban unemployed to work on urban housing construction, on urban small-scale industry projects, on "green-belt" land settlement projects adjacent to the urban centres or on some schemes combining these features? In some countries the pressing problem is to seek the best ways of reducing seasonal underemployment. For instance, would it be more conducive to economic growth to draw part of the agricultural labour force into non-agricultural employment on a year-round basis by lowering the peak labour requirements, or to schedule more productive work for periods of low agricultural activity? In other countries the dominant characteristic is the heavy concentration of severe rural underemployment in certain regions with a high population density whereas in other remote and sparsely populated regions potentially cultivable land and other natural resources are still plentiful. The question then arises of whether there are economic possibilities of creating sufficient productive jobs for the surplus labour in the densely populated regions or whether large-scale colonisation and regional development programmes will need to be undertaken immediately. Furthermore, the different categories of unemployed and underemployed workers—unskilled landless agricultural workers, underemployed handicraft workers affected by competition from machine-made goods and the educated unemployed—may each require different policy measures to provide the right kind of employment from the point of view of income and of economic development.

Sixth, one essential aspect of a labour-intensive or employment-oriented approach to economic development concerns the labour productivity of additional employment. If employment of a very low level of productivity were provided, goods equivalent in value to the additional output would all be consumed, with none left for saving and reinvestment, and under certain condi-

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1 In the case of wage employment, if the productivity of the newly employed is below the minimum institutionally determined wage rate, the difference is likely to be financed out of public savings, which would reduce public investment. As regards the self-employed, if the additional output is all consumed, this would also reduce investment to the extent that the resources would otherwise have gone into investment. In either case the adverse effects on investment could only be neutralised by imposing a corresponding restriction on consumption by the rest of the community.
tions the increased consumption might reduce savings and investment in the country as a whole.\textsuperscript{1} If employment of unduly high productivity were provided, at a high ratio of capital to worker, the amount of additional employment would be too small to have any significant immediate impact. The choice of optimum labour productivity in each activity—agriculture, industry and infrastructure development—and the selection of effective measures to achieve it are therefore matters of crucial importance. In this connection, there would seem to be an imperative need to explore every possibility of increasing labour productivity while employing as little as possible of the scarce capital. This involves not only seeking the right equipment or techniques but also improving the organisation of work and production in all its aspects.

Seventh, and complementary to an optimum labour productivity policy, it is necessary that widespread savings schemes should induce working families benefiting from fuller employment to save part of their increased incomes. The savings that each individual family could afford might be still relatively small even if fuller employment of its members were accompanied by higher productivity. Nevertheless, when there are many such families, the aggregate sum of savings thus obtained can be quite considerable. It takes systematic planning and action to ensure that the larger national income brought about through employment-oriented policies will in fact generate a larger sum of aggregate savings than would be the case with a more capital-intensive approach.

Eighth, a greater increase in employment and a more equitable distribution of income will entail a greater increase in the demand for essential consumer goods as compared with non-essential consumer goods and services. Effective policy measures will therefore have to be taken to enable the structure of production of consumer goods to be adapted quickly to this changing pattern of demand. To the extent that this involves a shift of total demand from imported luxury goods to domestic products, the size of the internal market will expand still further, which may provide a necessary condition for enlarging the range of industries for development in certain small countries.

Finally, a determining factor in the planning and application of appropriate employment policies will be the degree of popular
support for them. Such support can only be obtained if adequate incentives are provided and if the benefits to be derived, in terms of higher incomes and better working conditions, are clearly understood. It is therefore of the greatest importance that organisations of workers or of peasants, and other social institutions, be consulted and, wherever possible, associated in the planning and implementation of policies to promote employment. Unless this is done, people will see little reason to support such policies, and the policies themselves will have little chance of success.

THE STRATEGY FOR INCREASING EMPLOYMENT

The foregoing considerations have drawn attention to some of the problems that need to be taken into account in planning the integration of employment policies with policies for economic development. The final objective of this planning is, of course, to produce the strategy best suited to national conditions for increasing employment in the short and longer term.

While the specific content of such a strategy is bound to differ from country to country, the main lines appropriate to a large number of developing countries appear to be more or less similar. This stems chiefly from the broad similarities in the relative importance of agriculture, industry and services as sources of employment at their present stages of development.

As was seen in Chapter I, agriculture absorbs by far the largest proportion of the labour force. This suggests that rural development would perhaps best produce the desired impact on economic growth as well as on employment. Most of the under-employment in the developing countries is to be found in rural areas. Rural development could provide work opportunities for increasing agricultural and rural production, thereby reducing the gap between urban and rural incomes and slowing down the flow of rural workers to overcrowded urban centres.

In any programmes of rural development, much underemployed labour could be utilised in building up the rural infrastructure. In addition, there is also scope for more labour-intensive construction work to carry out infrastructure projects for other
components of economic and social development such as multi-purpose river valley projects, national projects for transport and communications and low-cost urban housing. Since much of the infrastructure development remains to be done, and since the skills required by labour-intensive construction projects are low, it would be possible to expand construction employment fairly rapidly in most developing countries. One limiting factor, however, would be the available supply of wage goods for construction workers.

There is also a need to create more industrial employment, more particularly by fuller and more effective utilisation of industrial capacity, by promoting labour-intensive products for domestic and export markets, and by applying economically sound labour-intensive techniques. In the short run the impact of these measures on total employment is likely to be relatively small since in many developing countries the present industrial base itself is very small.

A number of developing countries are concerned about the immediate problem of the displacement of workers in cottage and handicraft industries due to competition from modern factories. This problem is a serious one because these traditional industries usually account for a large portion of total manufacturing employment in developing countries. The employment strategy for these countries will have to incorporate effective measures to deal with this problem.

For the longer term the strategy for increasing employment would aim at a progressive shift of the growing labour force from agriculture to modern industry. To achieve this shift, the key factor would be the reduction of the capital intensity (i.e. capital cost per worker) of industrialisation. At its present high

\[\text{1 In many densely populated countries agriculture may still offer scope for creating productive work for the present number of underemployed workers, thereby raising their productivity per man-year, but its capacity to provide additional work opportunities for additional labour will soon reach a limit because of the shortage of land. In other developing countries where land is still plentiful, a growing part of the additional labour force will also need to move into industry because the productivity of labour is generally higher in industry than in agriculture. Further agricultural development would tend increasingly towards raising productivity per man-day.}\]
average capital intensity, industrialisation is not likely to generate more than a moderate fraction of the productive jobs needed to absorb the additional labour force, even if its indirect expansionary effects on employment in the allied service activities are taken into account. Much of the additional labour force will perforce drift into those segments of the services sector (e.g. petty trading and personal services) in which most of the present workers are not only already underemployed and earn a very low income, but perform work of a kind which contributes little to raising living standards. A more rapid expansion of industrial employment, therefore, calls for a deliberate effort to reduce the average capital intensity of industrialisation in such a way as to promote economic growth or at least not to compromise it.

* * *

The three pillars of a strategy for fuller employment are, therefore, rural development, labour-intensive public works programmes, and the reduction of the capital intensity of industrialisation. Let us examine each of these in more detail.

*Rural Development*

Rural development can make a contribution of major importance to an employment strategy. To do so, it must be so conceived as to give special emphasis to making productive use of underemployed labour and to raising the productivity and incomes of the poorer segments of the rural population. For most developing countries, this would mean that rural development has to make it possible for the large masses of the rural population to contribute to increases in total rural production and to share in the increased income accruing therefrom.

This basic consideration has many important implications. First, it provides a guide to the selection of approaches to agricultural development. Agricultural development as such does not necessarily bring much benefit to the underemployed and poorer members of the rural community. For instance, if agricultural extension were concentrated on assisting the minority of larger and well-to-do élite landowners in improving their methods and
volume of production, this would not materially affect the large numbers of underemployed small farmers whose incomes are among the lowest\(^1\), although it might result in an increase in over-all production of supplies for the market.

Second, rural development will need to cover much more than agricultural production alone. Action needs to be taken, inter alia, to bring about an increasing diversification of economic activities, and particularly a growth of processing and manufacturing activities in rural areas; and to develop various social services and amenities essential to the improvement of rural life, in particular, education, health, and housing. Only by a simultaneous and comprehensive attack on several fronts can rural development produce a sufficient impact on rural underemployment and on the rural exodus of the younger generation. To make this possible there is a clear need for diverting some public investment from urban to rural development. The manner in which this can best be effected is perhaps the most important problem in the adaptation of public investment policy to the needs of this employment strategy.

Third, in carrying out rural development activities—agricultural, non-agricultural and social—it will be necessary to rely to a large extent on the initiative of the local people and on the utilisation of locally available manpower, employing as little of the scarce physical capital as is economically feasible. These two conditions are essential if rural development is to be self-sustaining and to contribute to employment without encroaching too much on the capital resources needed for the development of other key sectors of the economy.

To put into operation a programme of rural development along the lines indicated above, three groups of measures are necessary: technical measures to increase rural production and expand rural social services; measures for agrarian reform; and promotional measures. In each of these three respects the measures to be taken will undoubtedly vary according to the particular conditions of the country and region.

\(^1\) For instance, the failure to benefit the majority of small peasants appears to have been a major weakness of community development in Asian countries.
The main technical measures are listed in the Annex to the Employment Policy Recommendation, 1964. They are—

(a) local capital-construction projects, particularly projects conducive to a quick increase in agricultural production, such as small and medium irrigation and drainage works, the construction of storage facilities and feeder roads and the development of local transport;

(b) land development and settlement;

(c) more labour-intensive methods of cultivation, expansion of animal husbandry and the diversification of agricultural production;

(d) the development of other productive activities, such as forestry and fishing;

(e) the promotion of rural social services such as education, housing and health services;

(f) the development of viable small-scale industries and handicrafts in rural areas, such as local processing of agricultural products and manufacture of simple consumers' and producers' goods needed in the area.

In applying these and other technical measures the first problem is to select from them, wherever possible, those which will contribute most effectively both to employment and to production in the light of local conditions. In many cases a rational choice might be to place the major emphasis initially on certain labour-intensive local capital-construction projects (for example, minor irrigation and drainage works to increase and regulate water supply) and on introducing more labour-intensive methods of cultivation.¹ A combination of these two types of measures might enable the local population to practice multi-cropping, which could greatly increase their incomes and reduce seasonal unemployment. In some other cases where, for instance, intensive agriculture with multi-cropping is already practised, and where underemployment is due primarily to the small average size of farms, the most feasible measures might be to develop livestock

¹ Referring to agriculture in Asia, an ILO report observed that "The popularisation of the well-known labour-intensive practices . . . requires little capital investment and could be largely accomplished by a more intensive application of the labour of the cultivator and his family. The introduction of these simple and easily intelligible techniques is known to result in substantial increases in output." (See ILO: Employment Promotion with Special Reference to Rural Areas and with Due Regard to I.L.O. Social Objectives and Standards, Report II, Fifth Asian Regional Conference, Melbourne, 1962 (Geneva, 1962), pp. 58-59 (mimeographed).
or poultry raising and processing or other similar activities. In still other cases application of the newly developed high-yield varieties of cereals to local agriculture might be of crucial importance in increasing agricultural output. This of itself might not necessarily require more labour inputs but might indirectly create many new avenues of employment locally. In all cases, considerations of cost, returns and markets need to be carefully weighed when the choice is being made. In this connection the possibilities of substituting small-scale labour-intensive projects for large-scale capital-intensive construction projects and the complementarity between such projects deserve particular attention.

The effective application on a nation-wide scale of the measures suggested above often requires agrarian reform in order to change certain traditional rural institutions. Agrarian reform may comprise, inter alia, some or all of the following elements: land redistribution; improvements in land tenure, in the conditions of tenancy and in agricultural taxation; expansion of extension services and other training facilities; extension of credit facilities; development of better marketing facilities; and promotion of co-operative organisations. Such measures of agrarian reform can provide the small cultivator with incentives to improve farming methods and can therefore act as a powerful stimulus to agricultural development. Here again each country will have to work out specific reform measures best suited to its own conditions.

A more general aspect of agrarian reform concerns the organisation of agricultural production best calculated to promote the growth of both output and employment in agriculture in the developing countries. A choice needs to be made, for example, as to whether agriculture should be undertaken on large farms (private, state or "collective") with good managers applying "labour-intensive" methods (either employing wage labour or organised on a co-operative basis) or, alternatively, on smallholdings worked by owner peasants. The choice will be largely determined by the

1 It is also possible that, like other improvements, the introduction of the new high-yield varieties of cereals may cause considerable disruption in certain countries. For those who cannot or do not adapt their methods of cultivation to take advantage of the new opportunities, serious problems may arise. This strengthens the need for measures to diversify rural economies. It may also call for special studies of the employment implications of the use of the new high-yield cereals.
country's over-all social policy for agriculture, which obviously will be of direct relevance to the formulation of concrete policies for rural employment promotion in these countries.

In addition to agrarian reform, positive promotional measures will be needed to ensure that rural development will soon become a self-sustained growth process.

At the national policy-making level, measures for training competent personnel to man extension services, rural and agricultural administration and research and experimental stations will be of capital importance. The training needs arising from employment-oriented agricultural and rural development will be considerably greater than under any other alternative approach. Closely related to this are measures to promote institutional arrangements with assistance from the government (for instance, community development programmes) which will foster local participation and initiative. The role of local rural public works schemes also needs to be clearly defined in relation to large-scale capital construction projects. All these matters call for careful decision at a high level with respect to the amount of public funds required, the extent of the area to be covered over successive periods, and the modes of operation based on co-ordinated action of various government departments.

At the local level the emergence of rural leadership from among the younger generation will be an essential factor in rural development. Such leadership could be developed to a large extent through the improvement of rural education. Another important measure is the establishment or strengthening of local representative bodies or institutions charged with the over-all planning of local development projects and with organising the active participation of local inhabitants in carrying out these projects. In planning for local projects, the following policy objectives seem to deserve special attention: (a) the maximum possible use of local financial and material resources in addition to local manpower, with a progressive reduction of dependence on government assistance; (b) gradual extension of the scope of local development programmes to cover wider geographical areas with a view to enabling some of the neighbouring rural towns to become grow-
ing centres of new economic activities; (c) the most effective planned utilisation of local underemployed labour on the development projects, based on an adequate assessment of local manpower.

Such local development programmes obviously need to be integrated with the national development plan through close co-ordination of the planning process at both the high and the local levels.

**Labour-Intensive Public Works Programmes**

Public works programmes occupy a prominent place among those measures which have an immediate and direct impact on employment. They can bring immediate relief to the problems of unemployment and underemployment, particularly those experienced by seasonally employed labour in rural areas, while at the same time improving the infrastructure for industrialisation and rural development in general. They can also have indirect employment effects of a more long-term nature. For instance, local markets for food, raw materials and manufactured consumer goods may be stimulated and the development of industries producing small equipment for use in conjunction with labour-intensive activities encouraged. These activities will have a multiplier effect on the development of the total resources of the region on an integrated basis.

Nevertheless, several difficulties have been encountered in attempting to encourage the use of labour-intensive methods in public works programmes. Whether they be wage-paying schemes or self-help schemes, each has its own special set of difficulties. Some of these programmes have not been sufficiently integrated with national, regional and area development planning, although infrastructure development and the promotion of productive activities are, in fact, closely related aspects of the planning process. There is also no adequate knowledge of the volume of unemployed and underemployed manpower available for employment under public works programmes. The nature and scope of unemployment and underemployment vary greatly between regions and areas, even in a single country; the type and size of the public works projects which could be usefully undertaken depend
on these variations. Organisational and technical bottlenecks pose another problem. There are certain minimum requirements which must be adhered to even though many types of public works programmes do not call for high-level administrative and technical skills; however, low-quality work, wastage of resources, dissatisfied workers and the general discredit of public works programmes are often the result if these programmes fail to respect even the minimum requirements in this regard. A better assessment of the needs for adequate staff resources and the provision of training to meet these needs are essential. Emphasis needs also to be placed on encouraging and motivating the population concerned to make greater contributions to infrastructure improvements which are often in their own direct interest. This is essentially a question of fuller local participation in development planning in general, which in turn is closely associated with the problem of establishing local institutions and fostering of leadership. Workers' and farmers' organisations can be very effective in mobilising support for schemes of this nature, provided that they are consulted at the planning and implementation stages and that adequate working conditions are ensured.

The scope for public works projects, particularly in the rural areas of developing countries, is very wide, as has been seen above, but to overcome the practical problems which arise firm action must be taken, as has been done in some countries. In addition to better co-ordination of promotional measures in the production and infrastructure fields, efforts to meet the financial problems involved have been made by paying part of the wages of workers engaged in public works programmes in the form of food supplies. The World Food Programme and bilateral aid schemes have provided increasing assistance in this experiment. Food aid has demonstrated its value, particularly in those cases where the projects do not lead to any direct personal benefit for the labour force employed, in contrast to self-help or community development projects for which, by definition, personal motivation should be substantial and of itself provide the necessary incentives.

Since public works programmes are of a short-term nature they should be appropriately timed to ensure continuity of em-
ployment opportunities for both the seasonally and the permanently unemployed, as well as for landless rural workers. For the seasonally unemployed (mainly owner-operators and self-employed workers, including family members), the need for additional employment opportunities is likely to diminish when the impact of public works projects on production facilities and capacity (improvement of irrigation, land reclamation, feeder roads, storage and marketing facilities, etc.) is actually felt. The impact of such schemes may also be felt by the permanently unemployed who can benefit from the resultant employment opportunities in various productive rural activities, thus becoming less dependent on employment outlets offered by public works. The derivative employment effect of public works programmes must be closely reviewed so that the scope and type of future public works projects may be geared to a changing employment structure and pattern. The possible emergence of more wage employment opportunities and the development of a more diversified and modern employment market as a result of these schemes will also need to be carefully assessed.

As regards the technologies to be used in public works programmes, intermediate technologies might be more suitable for minor and more local public work programmes, which may yield more immediate beneficial results, than for the longer major projects. Large-scale projects, while possibly best carried out by more capital-intensive methods, nevertheless require auxiliary operations such as the construction of feeder roads, small dams, canals, etc., which might lend themselves to labour-intensive techniques. The same applies to other small and more widely dispersed projects, which, although important in building up the rural infrastructure and offering a means of employing a large number of workers, have not been undertaken with sufficient energy in many countries. This is, however, still a relatively unexplored field and one that will need to be investigated in much greater detail under the World Employment Programme.

A recent meeting on productive employment in construction in Asia emphasised the need, in the first place, for intensified research on the development of intermediate technologies suitable for adoption in construction activities. In addition to such
research other possible areas of action include: the development of seminars to stimulate local examination of prospects for employment expansion; the giving of encouragement to governments, through technical co-operation, to recognise the value of the use of labour-intensive methods; and the provision of assistance and the undertaking of investigations in fields where such methods would allow fuller and more efficient use to be made of human resources, while at the same time conserving foreign exchange and other capital resources for other development activities.

Reduction of the Capital Intensity of Industrialisation

Industrialisation with a lower average capital intensity per worker does not necessarily retard economic development. It can, on the contrary, eliminate waste of scarce capital in industrial development, by substituting labour for capital wherever this is economically feasible.

The three main lines of action for such a policy have already been mentioned above, namely: fuller and more effective utilisation of industrial capacity; promotion of labour-intensive industrial products for domestic and foreign markets; and application of economically sound labour-intensive techniques. The scope and impact of each of these courses of action may vary in different countries. What is important is their total effect, in various combinations, on the growth of industrial employment.

Fuller and More Effective Utilisation of Industrial Capacity.

Apart from the industrial technology used, capital investment per worker is also determined by the degree of utilisation of capacity. For example, in many developing countries it is known that much of the industrial capacity is under-utilised, even on a single-shift basis. Wider use of multiple-shift working in industry would therefore seem an obvious way of providing more industrial employment to promote economic growth. In the more advanced developing countries with an appreciable degree of unused capacity in their modern industries this could be a partial remedy for urban unemployment. In other developing countries where the existing total capacity of modern industries is still very small multiple-shift working will be of little avail for the immediate
relief of unemployment but its effect on employment will increase as new industrial capacity expands.

To enable industrial undertakings to introduce multiple shifts is, however, a complex matter. There can be many different obstacles, and their relative importance may vary from country to country and from industry to industry; they include lack of demand for additional output, shortage of foreign exchange to buy the imported materials and the spare parts which will be needed in larger quantities, the imbalance in the expansion of new capacities as between industries, and the shortage of skilled manpower and key personnel to operate additional shifts. Action to promote such working may therefore involve wide-ranging measures affecting many different fields of development policy, such as foreign trade and aid, investment programming, pricing policy, and labour and management policy.

As concerns the labour and management aspects, night work is likely to create difficulties for many workers. Special arrangements will need to be made for them in matters relating to feeding, transport and housing. Moreover, from the savings made in capital costs, premium payments might be offered for working night shifts. A possible reduction of labour productivity on night shifts should also be taken into consideration. For management, the efficient running of a three-shift continuous process system might, in addition, call for internal measures to improve co-ordination between different production departments and to introduce new repair and maintenance procedures. Under certain conditions a two-shift system may perhaps be the only practical alternative to a single shift, but even this would approximately double the number of workers employed and the output with little increase in capital investment.

Another possibility of employing more labour in conjunction with a given amount of equipment is more intensive staffing with a view to reducing the idle time of machines. The high proportion of idle time of many machines is often an important reason for low productivity in many developing countries. The more costly a machine, the more important it is to keep it continuously working, even if this means that some of the men operating it are less
TABLE XI. FIXED CAPITAL PER WORKER IN SELECTED GROUPS
OF INDUSTRIES IN ASIAN COUNTRIES

<table>
<thead>
<tr>
<th>Industry</th>
<th>India 1961 (in Rs 1,000)</th>
<th>Pakistan 1959-60 (in Rs 1,000)</th>
<th>Philippines 1960 (in P 1,000)</th>
<th>Japan 1963 (in Y million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and tobacco .................</td>
<td>3.1</td>
<td>6.23</td>
<td>4.46</td>
<td>0.97</td>
</tr>
<tr>
<td>Textiles ........................</td>
<td>2.1</td>
<td>3.41</td>
<td>6.95</td>
<td>0.81</td>
</tr>
<tr>
<td>Wood-based products (excluding paper)</td>
<td>2.4</td>
<td>2.18</td>
<td>3.70</td>
<td>—</td>
</tr>
<tr>
<td>Cement, glass and clay products</td>
<td>5.4</td>
<td>6.93</td>
<td>10.77</td>
<td>1.31</td>
</tr>
<tr>
<td>Chemicals ........................</td>
<td>13.0</td>
<td>9.14</td>
<td>8.16</td>
<td>2.40</td>
</tr>
<tr>
<td>Metallurgical ....................</td>
<td>10.3</td>
<td>2.89</td>
<td>7.80</td>
<td>1.91</td>
</tr>
<tr>
<td>Engineering ......................</td>
<td>4.1</td>
<td>2.25</td>
<td>4.77</td>
<td>0.98</td>
</tr>
<tr>
<td>Others ..........................</td>
<td>2.7</td>
<td>4.35</td>
<td>3.13  3</td>
<td>0.80</td>
</tr>
<tr>
<td>All industries ..................</td>
<td>4.3</td>
<td>4.36  4</td>
<td>5.30</td>
<td>1.18</td>
</tr>
</tbody>
</table>


1 These figures cover mainly the larger establishments and exclude most of the traditional cottage industries sector. * Excludes tobacco. # Includes petroleum and coal products and manufacture of tyres and tubes which are not included in the chemical group.

The optimum degree of intensity of staffing depends, however, partly on the ratio between labour costs and capital costs.

Promotion of Labour-Intensive Products.

The industrial output of developing countries consists of many products requiring widely different capital investment per worker according to the techniques employed. To the extent economically feasible and desirable, efforts would need to be made to promote a pattern of industrial output containing a high proportion of products with a higher ratio of labour to capital.

For illustration, table XI shows the amount of fixed capital per worker in selected broad groups of manufacturing industries in four Asian countries.

In the domestic market a promising approach would be the production of labour-intensive industrial goods catering to the demand of the rural population. There are at least two reasons for this. First, in many developing countries there are a number of traditional goods used by rural people the manufacture of
which is highly labour-intensive and which are supplied by local small producers. They include both consumer goods (e.g. cotton cloth, certain processed foods, utensils, ceramic products, furniture) and producer goods (e.g. ploughs and harrows, bricks, wheelbarrows, wooden boats). Second, the increase in agricultural production and income which would result from fuller utilisation of available manpower will also increase the rural demand for such products. There is therefore a strong case for vigorous government action to bring about, wherever economically feasible, a rapid growth in the production of these labour-intensive goods by small producers in rural areas as an alternative to the production of capital-intensive substitutes by a few large producers in urban areas.\footnote{In Nigeria, for example, according to some estimates investment per worker in small-scale industry is about £100 to £200, whereas in large-scale establishments the average ratio is from £2,000 to £3,000 per worker. (See C. R. Frank, Jr.: "Urban Unemployment and Economic Growth in Africa", in Oxford Economic Papers (New Series) (Oxford University Press), Vol. 20, No. 2, July 1968, p. 268).} A crucial element in this approach is to help the small producers to introduce simple technical improvements calculated to reduce the labour content of their products and to raise the quality without much additional capital. At present many of these products, even though they use only a small amount of capital relative to labour, are produced at an exceedingly low output per worker, and therefore yield a very small income. In addition, institutional improvements can be made to enable small enterprises in rural areas to produce on a profitable basis. These improvements include the establishment of common facilities such as modern credit and marketing organisations, possibly on co-operative lines.

Clearly, a policy for the development of small industries in rural areas need not be confined to the existing traditional labour-intensive products, some of which will soon go out of favour. To meet the expanding rural demand, it could readily be extended to cover an increasing range of new products manufactured on a small scale by more labour-intensive methods. How far this policy can go depends on several factors including, in particular, the vigour with which the technological and training measures and measures for institutional improvements are implemented, and on close co-ordination of the country's infrastruc-
ture development, including especially rural electrification. If these and other favourable supporting conditions exist, this policy may well lead to a new pattern of dispersed and more labour-intensive industrial development. An industrial policy moving in this direction will have to be carefully integrated both with any policy for rural development and with an over-all industrialisation policy. In this connection the question of an appropriate division of labour between the small-scale labour-intensive industries in rural areas and the large-scale capital-intensive industries in urban areas will have to be resolved.

In those developing countries in which industrial development is still in the very early stages, production of labour-intensive industrial products for the domestic market can be fostered by an import-substitution policy. Products that use more labour and less capital, or can be readily made to do so by alternative well-proven techniques, are undoubtedly better suited for domestic purposes since their production corresponds more closely to the country's initial relative endowments of labour and capital. If the workers do not possess industrial skills, it will not be difficult to train them if the skill requirements are not too high. Import substitutes falling into this broad "labour-intensive category" generally cover not only light consumer goods such as textiles and processed foods but also simpler types of equipment. For countries with a very small population, production of such labour-intensive import substitutes becomes particularly advantageous, as with these goods relatively little advantage is to be gained from economies of scale and they can be adapted to the small domestic markets. It will be necessary to link such an import-substitution policy directly with any policy for the decentralised development of small industries in rural areas as discussed above, it being understood, of course, that labour intensity is not the only criterion for selecting import-substituting industries.

For foreign markets, especially for the markets of developed countries, a similar emphasis might be placed on the export of labour-intensive industrial products. It would seem that the developing countries will, for some considerable time, continue to benefit from a cost advantage in exporting such products, because, owing to the underlying difference in the relative supply
of capital and labour, interest rates are higher and average manufac-
turing wages are lower in developing than in developed coun-
tries. Apart from earning more foreign exchange, the develop-
ment of industries manufacturing labour-intensive products for
export markets would have the additional advantage of provid-
ing more immediate opportunities for industrial employment. The
extent to which exports of labour-intensive industrial products,
along with capital-intensive products where profitable, from devel-
oping countries will increase in the years ahead depends partly
on the promotional efforts of the developing countries themselves
but partly also on the extent to which the developed countries
are prepared to help them benefit from this comparative cost
advantage by admitting labour-intensive industrial exports more
freely to their markets. This question will be examined in greater
detail below.

Application of Economically Sound Labour-Intensive
Techniques.

Besides being underutilised, the productive equipment of the
modern industrial sector installed thus far in the developing coun-
tries often tends to be more capital-intensive in character than is
economically desirable. Such excessive capital intensity can be
ascribed to a variety of factors—psychological, institutional, tech-
nological—as well as to cost distortions. If they could be cor-
rected, the role of industry as a direct provider of jobs could be
considerably greater than it is. It should, however, be pointed
out that in certain industries (e.g. electric power, steel, cement,
fertilisers, petroleum) capital-intensive technology is practically
the only feasible technology. To the extent that capital resources
need to be allocated to the development of these industries, it
becomes all the more necessary to economise on the use of the
remaining capital for the development of other industries in
which a choice is possible between various techniques employing
more labour and less capital.1


2 The real cost to society of employing labour is often lower than its money
cost even at the prevailing low money wages because the value of alternative
production forgone will be nil if the worker was wholly unemployed, and may
be very low if he was greatly underemployed. On the other hand, the real cost
of employing capital is likely to be higher than its money cost because (a) the
imported capital equipment is often costed on the basis of an over-valued
The difficulty is to devise effective measures to correct those factors giving rise to excessive capital intensity, a difficulty caused by the paucity of actual experience acquired in this field. In general, two types of measures would be called for: administrative measures to influence or modify entrepreneurial decisions in favour of economically sound labour-intensive techniques (direct control, fiscal and financial measures, proper licensing and wage policy)\(^1\); and measures of a technical nature designed to augment the availability of such techniques.

In the case of administrative measures, the difficulties likely to be encountered in their implementation and their possible adverse side effects need to be thoroughly examined. Further, the planners will have to develop some objective criteria, by means of "shadow" or "accounting" prices for example, by which to determine whether a particular labour-intensive technique or process is, in fact, economically worthwhile.

currency, and (b) the rates of interest on borrowing from public sources or with government guarantee for some privileged types of investment in the modern industrial sector are usually lower than in an open market. These cost distortions have often made it profitable for entrepreneurs to choose a type of technology that uses more capital and foreign exchange and less labour than would be in the best interest of the country as a whole. This has led to the suggestion that governments, for planning purposes, should use not market prices but "shadow prices" reflecting the best estimates they can make of the real costs of different resources from the social point of view. This suggestion gives rise to various difficulties—not the least of which is the question of where the additional money is to come from if the use of shadow prices for planning purposes leads to a choice of techniques which, even though cheaper in real terms, is dearer in money terms given the distorted market prices prevailing.

\(^1\) Governments could initiate, *inter alia*, the following kinds of measures:

(a) Direct control over the choice of techniques used in public industrial enterprises through well-thought-out instructions to their managers.

(b) Fiscal measures: tax concessions varying with the ratio of wages to added value; tax on machinery, together with a subsidy on wages; selective duties on imports of certain types of labour-saving equipment; payment of social security benefits from public revenue to relieve employers of their contribution.

(c) Financial measures: higher official interest rates on capital investment to raise the cost of capital as compared with labour; qualitative credit controls providing lower interest rates for approved projects with relatively low capital-labour ratios and higher interest rates for projects with unnecessarily high capital-labour ratios.

(d) Licensing, after careful scrutiny of the techniques they propose to employ, of industrial projects, preferably limited to the larger ones, to ensure that the projects approved are not excessively capital-intensive.

(e) Placing greater emphasis on productive employment as one of the criteria guiding the formulation of wage policy.
Technological measures designed to augment the availability of economically sound labour-intensive techniques are perhaps even more important than administrative measures, which alone might not produce a significant impact on employment because the entrepreneurs might soon encounter difficulties caused by gaps in the spectrum of techniques. When such gaps are encountered, three solutions are possible: the techniques needed to fill such gaps may be already available but are unknown to the entrepreneur and need only be brought to his attention; they can be introduced quickly by making simple improvements upon the existing techniques; or they can be developed only by intensive research and experimentation. Active measures of this kind would need to be taken separately and simultaneously to remedy each such deficiency.\(^1\)

These technological and administrative measures will, of course, have to be properly co-ordinated. While administrative measures are matters for national action, progress in implementing technological measures—in particular those relating to appropriate or intermediate industrial technology—can be greatly accelerated by concerted international action, including increased technical co-operation by international agencies.

\(^1\) Such measures might include —

\(a\) measures to set up central documentation and information centres to keep track of past and current technical developments in the industrial field throughout the world and to effect the widest possible dissemination of the detailed knowledge about economically sound labour-intensive techniques distilled therefrom;

\(b\) measures to provide, through institutes and as rapidly as possible, technically competent industrial advice which would assist small industries and artisans in improving their existing techniques and processes with relatively little capital investment;

\(c\) measures to promote large-scale research and experimentation designed to foster the emergence of appropriate or intermediate industrial technologies better adapted to the relative endowments of labour and capital in the developing countries—i.e. to achieve a technological breakthrough in manufacturing industries comparable to the recent genetic breakthrough in agricultural science;

\(d\) in connection with \(c\), special measures to encourage the setting up or expansion of indigenous machine-building industries which would at first provide capital equipment of a simple type but could later be developed and diversified for the manufacture of more advanced equipment;

\(e\) measures to provide technical advice to industrial managements on methods of productivity improvement specially designed to make more economic use of machinery, raw materials and inputs other than labour, and to persuade them to refrain from introducing labour-saving devices which will cause unnecessary redundancy and dismissal of workers.
INVESTMENT IMPLICATIONS OF INCREASING EMPLOYMENT

The strategy for increasing employment as outlined above has far-reaching implications for investment planning, and those responsible must prepare specific, sound investment programmes and projects to meet the requirements of this strategy while taking account of the particular conditions of the country.

In terms of the apportionment of total investment (public and private) for different purposes, the following broad shifts of emphasis would be necessary.

First, there will need to be more investment (at least of certain kinds) in "human" as compared with physical capital. An employment strategy requires, above all, a quick transformation of masses of unskilled manpower into semi-skilled and skilled manpower and the widest possible dissemination of knowledge of economically sound labour-intensive production techniques—newly developed and already well proven—to which skill formation must be adapted. These special requirements in knowledge and skills can be met only by a rapid expansion of vocational training in its broadest sense, in-plant and institutional, accompanied by extension services, and by research and experimentation essential for rural development, for labour-intensive infrastructure development and for reducing the capital intensity of industrialisation.

Second, a greater volume of investment should be directed to rural development rather than to urban development. In many developing countries there appears to be much scope for curtail- ing public and private expenditure on urban social overheads, including, in particular, the construction of housing for the upper-income groups and of large public buildings. The savings in expenditure by eliminating these and other uneconomic urban uses seem to provide the first potential source for financing rural development.

Third, investment plans will have to give some preference to small-scale over large-scale projects. Large-scale projects are necessary in any development plan but are likely to be capital-intensive and employ less labour if only because of economies of
scale. Wherever economically advantageous, small-scale projects should therefore be encouraged with a view to replacing or complementing large-scale projects in all fields of economic development—in rural and infrastructure as well as in industrial development. In addition to creating more employment and output with the same amount of capital, such an investment policy would also involve more people in making investment decisions, though each in a small way. By changing the traditional attitudes of the people this could have a favourable effect of an intangible nature on the rate of development.

Fourth, a shift in investment towards economically sound labour-intensive industries rather than capital-intensive industries will be necessary. This approach to industrial investment will need to be buttressed by the various measures suggested above relating to the choice of techniques and to the promotion of labour-intensive products. There would still be room for investment in capital-intensive industries but it would need to be limited to those industries in which only capital-intensive technology is available, which are judged indispensable for economic development, and are necessary in order to exploit the particular natural resources of the country.

Fifth, more industrial investment should be directed to the production of essential rather than non-essential consumer goods. This is a necessary counterpart to any policy for employment promotion, since the increased demand of the newly, and more productively, employed will be not only for food but also for industrial consumer goods, a demand which will continue to increase as their incomes rise. To the extent that labour-intensive techniques are available or can be developed for the production of such goods at a lower capital cost per unit of output compared to more capital-intensive techniques, this would at once secure the dual advantage of creating more industrial employment and producing more industrial goods that the workers themselves need. It may be added that to enable resources to be released for the production of essential industrial consumer goods needed by the workers, some restriction, by taxation or other means, would have to be imposed on the consumption and production of non-essential or luxury goods and services.
As has been stressed earlier, in planning for an employment-oriented pattern of investment attention must also be directed to the return on total investment in terms of output and income. The planners must make sure that the return would be higher, or at least not lower, than that obtainable under alternative investment patterns that create less employment. To achieve this, there is a need for the closest possible co-ordination of various measures in each field of economic development—e.g. co-ordination between technical, institutional and promotional measures in rural development and co-ordination between technological, vocational training and administrative measures in reducing the capital intensity of industrialisation. Similarly, there must be a careful appraisal of the cost and effectiveness of each individual investment project intended to use more labour—e.g. agricultural development projects, small-scale industry projects, vocational training projects. Special efforts also need to be made to raise the productivity of labour with relatively little increase in capital at fairly low ratios of capital to labour in agriculture, industry and construction.

Each of these lines of action is likely to raise many difficult problems which have to be tackled with thoroughness but also with a keen sense of realism both in the stage of investment planning and of implementation.

The Setting of Employment Targets

As a guide to concrete action, the strategy for increasing employment should be crystallised in employment targets, in aggregate and by sector, set in quantitative terms. It may be recalled that the Employment Policy Recommendation, 1964, stresses, *inter alia*, that: "The aims of employment policy should be clearly and publicly defined, wherever possible in the form of quantitative targets for economic growth and employment."

The starting point for the setting of such targets will be the supply of available labour—namely the initial volume of unemployment and underemployment distributed among various sectors and the prospective increase in the labour force over the
The larger the supply, the higher the targets for additional employment will have to be set. For planning purposes the magnitude of the supply of labour is more or less fixed; its components can be estimated (in the case of unemployment and underemployment) or projected (in the case of additional labour force) by applying appropriate concepts and statistical techniques. The central and far more difficult part of the task is to determine the magnitude of demand.

Under a positive employment strategy the magnitude of the demand for labour, and hence the employment targets to be set, can be adjusted by a deliberate manipulation of development policies on various fronts at once. The demand will depend, in fact, principally on the extent to which a policy for fuller and more effective utilisation of the country’s existing productive capacity (including land under, or readily available for, cultivation, capital equipment and skilled personnel) can be implemented. It will also depend on the extent to which an employment-oriented pattern of investment can be put into effect without compromising growth or development objectives. Finally, it will depend on the extent to which the total size of investment can be increased, in particular by raising the ratio of domestic savings to national income.

The setting of employment targets must be based on a realistic appraisal of the effectiveness of the measures adopted to pursue development and employment policies on the lines indicated above. If the employment targets thus arrived at are found to be lower than would be desirable on social grounds, it would still be possible to direct some resources to schemes aimed primarily at employment creation or simply at the relief of unemployment. This, however, would have to be based on a careful assessment of the costs of such measures and the sacrifices they would incur in terms of a reduction in economic growth.

1 As noted in Chapter I, the distinction between the economically active and their dependants, and in the case of the former, the distinctions between the fully employed, the underemployed and the unemployed, are not clear-cut, particularly in the traditional sector of developing countries. There are thus important conceptual, as well as practical, problems in connection with the setting of employment targets.
ADJUSTMENT OF LABOUR SUPPLY

The World Employment Programme will assist governments in devising measures not only to promote employment but also to adjust labour supply, qualitatively and quantitatively, to employment needs. Specific fields where such action may be taken and which need to form part of a strategy for increasing employment and employment opportunities include: prevocational and vocational training, including management training and the development of small-scale industries, and youth employment schemes. Each of these fields of action will be examined below.

Training and Employment

Vocational training, including prevocational and management training, has a definite role to play in promoting an expansion of employment, although it should be kept in mind from the outset that its possibilities in this respect are rather limited given the magnitude of the problems and in view of the fact that, to a large extent, training promotes employment directly only when there is an unsatisfied effective demand (or at least a latent demand that can be made effective) for trained people. Nevertheless, there are several ways in which vocational training can contribute to employment creation, however indirectly.

The provision of the trained personnel needed to fill existing skilled jobs is likely to create additional jobs for helpers at the semi-skilled or unskilled level. In cases where it is not possible to train sufficient numbers of fully skilled workers, or where such workers cannot be made available sufficiently quickly, recourse may be had to workers who can be trained in a narrow speciality in a rather short time. Instead of filling one complex skilled job with one skilled worker, such a job may, if its nature permits, be broken down into several specialised and simpler jobs to be performed by several workers. While this is not a permanent solution, it is often of value in the initial stages of industrialisation and in large-scale industrialisation. Such an approach could even produce rapid and positive results, as was demonstrated in the early stages of industrialisation in the USSR.
Of particular importance for employment creation is the training of small-scale entrepreneurs in the traditional crafts. Such training is extremely important in countries with little or no tradition in economic activities, with limited entrepreneurial resources and where small undertakings constitute the bulk of industrial enterprise. Furthermore, the role of small undertakings may become more important as the number of large undertakings grows. If well managed and efficient small undertakings are available, the bigger undertakings may farm out to them the production of certain parts and accessories or the performance of some types of maintenance, or have them perform other such services on contract. Training can make a major contribution to raising the efficiency of small undertakings by providing their proprietors with managerial skills, such as costing, marketing, salesmanship, planning and organisation of work, and instruction techniques, and also by updating and widening their technical skills and knowledge.

Another particular aspect of employment creation in the developing countries through training and related activities is the training of national personnel at the middle and higher levels, e.g. technicians, foremen, engineers, managers, scientific personnel, etc. Action in the management field, in particular, has helped to increase productivity and create new jobs. Such action includes, to cite only a few examples, training entrepreneurs, establishing new enterprises, developing new markets, training in the application of electronic data-processing techniques where appropriate, and co-ordinating productivity improvements in industry with credit arrangements permitting an expansion of the operations of small- and medium-scale enterprises.

The economic growth of any country requires both that a sufficient number of managers be available for the expansion of economic activities and of employment opportunities and that the knowledge and skills of these managers be adequately developed, in response to the changing needs of the country. Very often the shortage of competent managerial resources is one of the causes of retarded development in certain economic sectors. These sectors, which vary from country to country, may include publicly owned enterprises, construction, transport, public works using
labour-intensive methods, domestic, wholesale and retail trade, foreign trade (export and import), tourism, etc. In aiming at more effective management development programmes, serious attention should be devoted to the planning and preparatory stages in order to ensure alignment with the government’s intentions and targets regarding employment as well as economic growth. This involves a highly methodological and comprehensive analysis of (and planning for) managerial resources and of management development needs with respect to national development and employment programmes; the larger the programme the more acute these needs become.

The existence of a training system capable of responding quickly and efficiently to new needs may also act as an incentive for the development of new undertakings, thereby contributing to the creation of new employment opportunities. The development scheme launched in the Shannon Airport area in Ireland in the late 1950s may be cited as an example: industrial companies were attracted to the area because they were offered economic incentives and advantages and had very good training facilities put at their disposal, the result being a substantial reduction in the serious unemployment in the region around Shannon Airport. A similar approach was adopted by the Government of Singapore in its Four-Year Plan (1961-64) which aimed at establishing a number of industrial estates and attracting industrial capital. One of the incentives offered was technical consulting and training services.

Finally, an indirect contribution of training to employment creation may be seen in India where training activities for farmers, aimed at modernising and rationalising agricultural work, has helped some of them to increase their incomes considerably, in some cases up to tenfold.

Prevocational Training.

One of the major problems facing all developing countries is the growing number of unemployed and out-of-school youth. Many of these young people never attended school, particularly those in rural areas which are less well provided with educational facilities than are urban areas. Also, many of those who com-
mence their primary education drop out before completing it. Furthermore, the majority of those children who complete their primary schooling have little chance of continuing their education either in secondary general education or in technical and vocational education and training. The education they have received is mostly elementary and non-technical in character. Consequently, an overwhelming majority of young people have no employable skills nor the opportunity to acquire such skills. It is for these underprivileged masses of youth (those between 12 and 18 years of age) that attempts are being made in many countries, often with the assistance of the ILO, UNICEF and other international organisations, to introduce prevocational training which aims at providing the children with some basic skills and knowledge needed for useful employment in a modernising society.

The type of training given under these prevocational training programmes may differ between urban and rural areas, for boys and girls and according to the needs and requirements of the society in which these children and young people are living. The aim is not only to increase the employability of the trainees but also to increase their understanding of their civic responsibilities and their opportunities for assisting in the modernisation of their society. An important goal of most schemes is to help the trainees in achieving self-employment of various kinds, for example as small entrepreneurs or as farmers. All the schemes for prevocational training emphasise the development of an understanding of modern methods of work and work discipline.

It is still too early to attempt a full evaluation of the effectiveness of such schemes. A recent assessment, carried out in cooperation with UNICEF, based on experiences in several countries in Africa, Asia and Latin America, is encouraging.¹

Briefly, the conclusions of this assessment are as follows:

(a) prevocational training action must be based on a realistic assessment of employment possibilities in the broadest sense, including employment within the family and self-employ-

¹ The results of this assessment are summarised in a report to be submitted to the Executive Board Meeting of UNICEF at Santiago de Chile in May 1969.
ment, and the social culture and economic characteristics of the children and young people for whom such training is arranged;

(b) the long-term aim should be to make prevocational training an integral part of the systems of education and vocational training;

(c) different concepts of prevocational training are likely to have to be applied to different groups of children and young people in most developing countries;

(d) any scheme should provide children and young people with a comprehensive, simple and effective orientation concerning what contributions they can make to the modernisation of their society; it should provide for the teaching of elementary skills and the imparting of practical technical knowledge which these children and young people can use effectively in their homes and elsewhere; it should also provide them with a basic knowledge and understanding of how society works, as a preparation for entry into the changing world of adults;

(e) prevocational training may be arranged as—

(i) an element in general education;

(ii) a course of technical practical instruction complementary to informal learning in trades, manufacturing, agricultural production or services;

(iii) a period of basic training and pre-apprenticeship as a starting point for entry into regular vocational training;

(iv) training viewed as an essentially terminal period of elementary practical technical education and training designed to improve the employment possibilities of children and out-of-school youth.

Prevocational training should, in all cases, be conceived as a part of an over-all human resources development policy.
Planning, Organisation, Administration and Methodology of Vocational Training.

It was seen in Chapter I that a vastly increased training effort will be required in the 1970s. The development of training must therefore be planned in such a way as to make the most effective use of scarce resources. This entails the need, in particular, for: the identification of key categories of personnel and careful assessment of training requirements for these categories; the determination of effective training paths; and consideration of the financial, organisational and methodological aspects of training.

The planner of education and training must first determine priorities, which vary according to the economic and social conditions and to the stage of development of each country. Special emphasis will have to be placed on providing training for those occupations expected to play a strategic role in development and in raising levels of employment. Key categories of personnel to be trained, e.g. higher and middle-level managers, and scientific, technical, administrative and teaching personnel, have to be identified by each country in accordance with the priorities of its development plan. This may call for a hard decision such as Tanzania had to make several years ago: faced with a serious shortage of personnel at the middle and higher levels for which secondary education was a prerequisite, it was decided to expand secondary at the expense of primary education, although this obviously deprived a substantial portion of the country's children of the opportunity to receive an appropriate education.

Likewise, systems of education and training must be planned to meet the needs of the rural areas. It has already been observed that the low per head yield in agricultural production in most developing countries is largely due to the insufficiency of education and training facilities in rural areas. Mali, for example, is taking a decisive step in this direction in its "ruralisation" of education policy.

Important decisions also have to be taken concerning the most effective and most economical organisation of training. There are several ways in which this can be done: institutional training, i.e. full-time training in vocational and technical schools, colleges or
training centres; apprenticeship under contract with an employer; other forms of in-plant training, e.g. upgrading and updating training for adult workers, training for promotion, retraining for other work; and various combinations of institutional and in-plant training, e.g. day-release or block-release schemes, sandwich training. Different forms of organisation may have to be chosen in different regions or in different branches of economic activity within one country.

The type of organisation chosen will have to depend on economic as well as on pedagogical considerations. Institutional training is the most expensive form of training, although in certain cases it may be the most effective one from a pedagogical point of view and, therefore, in the long run the most economical. Institutional training is preferable in countries or areas where industry is not yet strong enough and does not yet have enough qualified technical staff to assume training responsibilities. It is also preferable for those occupations, such as clerical occupations, which are better taught in the classroom than in an undertaking.

For most of the technical occupations at the semi-skilled, skilled, and technician level a combination of institutional and in-plant training appears to be the best solution. It is also the one adopted in most of the industrialised countries. The most widespread type of such a combination is apprenticeship under contract with an employer, where the undertaking gives all or most of the practical instruction while related theoretical, and possibly part of practical, instruction is given in public vocational schools on a day-release or block-release basis. The latter practice—block-release—is most appropriate for apprenticeship in agriculture where apprentices may be released for periods of several weeks, or even months, to attend vocational schools during the slack seasons.

Another widespread form of training is an initial period of basic training in a training centre or school, followed by an apprenticeship in an undertaking. This form has frequently been adopted by industrialised countries and by several Latin American countries.
Sandwich training may be considered as an extension of the last-mentioned type of organisation. It starts with a period of basic training in a school or training centre which is followed by a period of practical experience in industry and rounded off by another period of specialised training in a centre.

In many regions there are several firms which belong to the same branch of industry, but none of which have a sufficiently broad and complete range of operations to give full skill training to apprentices. The best way out of this predicament is a group training scheme, in which each firm has a number of apprentices under contract who move from firm to firm, according to a pre-established plan, receiving training in the whole range of skills they have to acquire and which no one firm can offer. This type of organisation of training has been particularly successful in Japan, where the volume of in-plant training has tripled in recent years and there are twice as many apprentices in group training schemes as in individual undertakings.

There are two ways of ensuring that training corresponds to the actual requirements of the undertakings. Where undertakings themselves are in a position to shoulder part of the responsibility by organising in-plant training, the problem will be easily solved. Where this is not the case, the only solution lies in close co-operation between the government authorities responsible for training and the employers' and workers' representatives in the different branches of industry, agriculture and the services, since no government department can reasonably be expected to plan and carry out training precisely corresponding to the requirements of these different branches unless their requirements and wishes are known.

In order to ensure a coherent policy of training and an appropriate co-ordination of all government and private agencies involved in the planning, organisation and management of vocational training, it appears desirable to have one body responsible for vocational training activities in the country. This may be a special ministry as in Senegal, a central co-ordinating organ as in the United Arab Republic or a type of autonomous or semi-autonomous national vocational training institutions such as those
successfully operating in a number of Latin American countries. One of the tasks of such a responsible body will be the setting up of uniform standards to be met wherever training is given. It need hardly be emphasised that standard-setting will remain ineffective unless compliance with the standards is properly supervised. Nevertheless, standards should be set so that they correspond to the highest standards already achieved in a country by any undertaking. If standards are set lower, it may well happen—and has happened—that undertakings lower their standards, previously higher, to the minimum required.

As regards the financing of vocational training, different practices are followed and each country has to make the decision most appropriate to its particular conditions. Apart from the most obvious solutions whereby the government finances all institutional training while industry, agriculture and the services finance any training done in the various undertakings, there is the practice of financing vocational training by special training levies to be paid by undertakings. This principle has been adopted by several Latin American countries as well as by the United Kingdom. One argument militating against this practice, however, is of particular concern to developing countries: since such levies are usually calculated as a percentage of the payroll of an undertaking, this system may induce undertakings to introduce labour-saving technology in order to decrease the payroll and, consequently, the levy to be paid—which would diminish employment opportunities and thus defeat the efforts directed towards employment creation. It is also worth noting that one developing country, Tanzania, felt that its industry was still too weak to accept the additional burden of a training levy and therefore rejected the idea.

In addition to the many well-known methods of training such as active training as opposed to ex-cathedra teaching, the use of audio-visual aids, etc., two methods might be mentioned which are of particular interest to developing countries. The first is the use of mobile training units—lorries or railway wagons—equipped with appropriate teaching aids: projectors, models, books, radio sets. This is a convenient means of bringing training to where it is needed instead of making the trainees travel long distances. For example, this method is used in Iraq by the
Iraq Petroleum Company to provide training at the stations along the pipelines. It is also used in Argentina to bring training to areas in which it cannot be provided otherwise.

The second method which appears to be gaining wider application is programmed instruction. In recent years this method has been tried out in many countries and has now passed from the experimental stage to that of practical application, as it has become clearer what kinds of programmed instruction can successfully be applied to what subjects. This method may prove particularly useful for developing countries because it can to some extent relieve the pressure on scarce teaching personnel.

Special Youth Employment and Training Schemes

Faced with the dilemma represented by the large numbers of more or less educated, but largely untrained and unemployed young people, on the one hand, and the aspirations of these young people for full and remunerative employment which economies in the early stages of development cannot yet provide, some governments have set up special youth employment and training schemes. These Governments include those of the Ivory Coast, Jamaica, Kenya, Malagasy Republic, Malawi, Mali, Senegal, Tanzania and Zambia. Such national schemes generally have the threefold aim of giving young people a basic civic and practical training, of enabling them to contribute to development projects and, in this way, of creating new work opportunities.

This question is to be the subject of a first discussion by the Conference this year, and the conclusions reached should give us valuable guidance on one important aspect of the World Employment Programme.

Broadly speaking, youth employment and training schemes may be divided into two categories according to the level of education and the technical skills of the participants: (a) those which emphasise training and productive employment for unskilled, unemployed youth; and (b) those which focus on service to the community by educated young people.
The majority of programmes at present fall under the first category. In Africa alone they are in operation in some 20 countries. Such schemes as the Young Pioneers in Malawi or the "centres d'animation rurale" in Mali place emphasis primarily on rural development, with a view to preparing and interesting youth in settling in the rural areas after their service. The development of modernised agriculture is assigned a prominent place, but preparation for employment in non-agricultural activities such as processing industries, metal and wood working and various construction activities is also included in these schemes. In general, participants are between 14 and 25 years of age and are selected from among the unemployed who have received little or no education or vocational training.

The second group of programmes is aimed at young people already possessing secondary or higher education or special skills which can be used in service to society. Participants are assigned to work in the less developed regions of the country as in Iran through its Army of Knowledge Corps or in the Ethiopian University Service. These programmes are often instituted in the hope that many of the participants will subsequently settle in the regions where their service was performed.

These programmes require adequate advance planning, especially in order to ensure they are integrated with economic, as well as employment, development programmes. This pre-planning would avoid hasty ad hoc programmes which, in the long run, fail to meet the needs of the country concerned.

Closer co-ordination of youth employment and training schemes with general development planning might go a long way towards alleviating many difficulties. It would help to ensure that the projects undertaken complement other national or regional development work and that training is so organised as to yield the maximum benefit within the framework of the general vocational training and educational system and of development plans. It would also reveal more clearly where the needs and opportunities are greatest, what types of employment and training projects are most essential and what regions are the most suitable for carrying them out. At the same time, the more careful planning of youth
employment and training schemes should also make it easier to obtain proper guidance for the selection of recruits. Co-ordination with manpower planning, especially with respect to the assessment of present and future job opportunities and potentialities, should contribute greatly to the subsequent settling of participants in employment and to planning training so that the skills imparted are those for which there is actual or potential demand.

On the organisational and administrative side, practically all programmes have encountered difficulty in securing qualified personnel and retaining them in the areas where the schemes operate, particularly in the more or less remote districts. A special problem seems to have been the shortage of qualified leaders with managing ability, particularly in the larger projects.

Another serious problem of youth employment and training schemes is the lack of finance. Almost all types of programme require a fairly high initial outlay and they take several years before any appreciable results become evident. These financial implications are particularly important, since the evidence shows that those schemes which make the greatest contribution to economic development are not necessarily the ones that yield financial returns in the shortest time.

The ultimate test of the success of youth employment and training programmes is the settlement of the participants in productive employment after completion of their service. This transition is, of course, greatly facilitated if employment needs and prospects have been taken into consideration in planning the various projects carried out under the youth employment and training programme.

The problem of placement assumes particular importance for those employment and training programmes which are aimed substantially at developing the infrastructure, especially in the case of work projects which require a large volume of labour for a limited period of time while creating few new permanent job outlets in the short run. If priority is to be given to providing permanent employment opportunities, projects must be selected on the basis of their potential for the creation of such employ-
ment. Under present conditions in most developing countries this implies that preference might well be given to such projects as land reclamation and improvement, afforestation, fishing and the creation of ancillary constructions, facilities and services which are required for the full utilisation of the new productive capacity established. From the employment point of view, job opportunities may be created, directly and indirectly, not only in agriculture, but also in non-agricultural activities, thus at the same time contributing to the diversification of the employment structure and to regional and national economic and social development.

**The Importance of International Action**

The success of efforts to integrate employment policies with development policies at the national level depends very much on effective international action in support of these efforts, particularly with respect to international trade and international aid.

International trade may have a major impact on the extent to which it will be possible for developing countries to increase their output of labour-intensive products. As already indicated, in the industrial field the developing countries are likely to continue to enjoy cost advantages in exporting some labour-intensive products for many years to come. By removing or substantially reducing trade barriers to such industrial imports as well as imports of other manufactures and semi-manufactures from developing countries, the developed countries could make an important contribution towards helping developing countries to accelerate the transfer of labour from agriculture to industrial employment, apart from enabling them to earn more foreign exchange. In this connection there is an obvious need for the early establishment of a generalised non-reciprocal and non-discriminatory system of preferences in favour of the developing countries, as advocated in the resolution on preferential or free entry of exports of manufactures and semi-manufactures of developing countries to the developed countries adopted by the United Nations Conference on Trade and Development at its Second Session (New Delhi, 1968). In addition, a relaxation of agricultural protectionism in the various forms in which it persists in a number of developed countries could help developing countries to raise levels of em-
ployment in agriculture by enlarging their export outlets for agricultural products.

A shift of labour from low-productivity sectors adversely affected by increased labour-intensive imports from developing countries to high-productivity sectors which will increase exports to these countries as a result of their increased foreign exchange earnings will also bring economic gains to the developed countries. However, increased competition can create serious problems for workers and employers in certain sectors. This problem will be examined briefly in Chapter III below.

Likewise, international aid can play a very important role in assisting developing countries to achieve their employment objectives. The question of how best to provide international aid for this purpose would call for thorough reflection and considerably more planning at the international level. Some possible lines of action are suggested below.

International aid projects could be designed to link up more closely with employment objectives: for example, in the case of specific aid projects the granting by donor countries of more liberal terms without "procurement tying"—which often requires the import of up-to-date but excessively capital-intensive equipment from the donor countries—could result in more employment being created by these projects. In the case of infrastructure projects, more jobs might be created in construction if techniques of a higher labour intensity were employed wherever economically and technically feasible. More generally, in pre-investment feasibility studies careful consideration should be given to the possibility of using more labour-intensive production methods.

Within appropriate limits, and depending on the nature of the project, greater emphasis could be placed on the employment aspects when the distribution of international aid is being decided. More emphasis could be given, for instance, to projects for rural and agricultural development and for the development of economically viable small-scale industries on a more labour-intensive basis. In regard to international lending through such agencies as the International Bank for Reconstruction and Development and the regional development banks, consideration could
be given to charging lower rates of interest on loans to finance those projects that promise larger increases in productive employment. For those developing countries where the shortage of maintenance imports (e.g. spare parts and materials) is a major obstacle to fuller utilisation of existing industrial capacity, a more balanced distribution between specific project aid and capital aid not tied to specific projects could—by making available more foreign exchange for financing such imports—bring about a greater immediate increase in industrial employment as well as output. There is also a clear need for further increases in international food aid, particularly through the World Food Programme, which would be of special help to developing countries in reducing the risk of inflation arising from the rapid expansion of employment.

The over-all level of international aid might also be adapted to some extent to employment objectives. Even with a more employment-oriented pattern of development, the growth of productive employment in developing countries will still depend largely on the level of investment. In many of these countries the slow increase in productive employment is attributable, basically, to the insufficiency of capital investment. An increase in the total flow of international capital aid might be necessary to enable them to attain a satisfactory rate of employment growth, particularly where a policy of industrialisation at a lower capital intensity proves difficult to implement. In this regard attention may usefully be drawn to the recommendation of the United Nations Conference on Trade and Development at its Second Session to the effect that "each economically advanced country should endeavour to provide annually to developing countries financial resource transfers of a minimum net amount of 1 per cent of its gross national product (GNP) at market prices in terms of actual disbursements, having regard to the special position of those countries which are net importers of capital".¹

CHAPTER III

EMPLOYMENT POLICIES IN THE INDUSTRIALISED COUNTRIES

The growing seriousness of employment problems in the developing countries and the difficulty of devising and implementing suitable policies will constitute a tremendous challenge to the ILO and its member States in the years ahead. This explains why the World Employment Programme will concentrate mainly on the developing countries. However, it is essential that the industrialised countries should be associated with this programme—for two main reasons.

For one thing, these countries have difficulties of their own. As we have seen, their rapid pace of development creates awkward employment and manpower problems, some of which seem to be the unavoidable lot of expanding industrial societies, irrespective of their political and economic system. These problems are tending to become more acute in the market economy countries as international trade expands and is progressively liberalised, as regional economic integration progresses, as structural changes take place in industry and, more generally, as international competition becomes keener—thereby introducing yet another unknown quantity into forecasting, which nevertheless is becoming ever more necessary. At the same time, the existence of underprivileged groups deriving little benefit from economic growth and the general improvement of occupational prospects has become morally untenable and in a good many countries is even tending to be recognised as economically harmful as well. And secondly, the achievement of employment objectives in the developing countries requires a combined international effort and the industrialised countries have a vital contribution to make in several respects. Above all, prosperity and full employment in the
industrialised countries are the best guarantees of expanding trade between them and the developing countries.

OBJECTIVES OF EMPLOYMENT POLICIES

Before discussing the policies needed to achieve productive full employment and overcome some individual problems that figure prominently among the concerns of the industrialised countries, it is worth noting a major difference between the latter and the very great majority of the economically less advanced countries. This is the attitude towards the objective of full employment in the industrialised societies which, having already achieved a high degree of wealth, now demand that work should not only provide a livelihood, and a good livelihood at that, but should also give people an opportunity of personal fulfilment together with the feeling that they are doing something socially useful. This demand, which is particularly widespread among the younger generation, reflects an undoubted feeling of unrest and an ill-defined fear of the alienating constraints that an "industrial society" involves. I expressed my disquiet over this unrest before the 45th Session of the United Nations Economic and Social Council (July 1968) in the following words:

Growing unrest among young people in many countries, which has recently erupted in waves of violent discontent, has forcibly brought to the fore the problem of their adaptation and integration into the form of society we have been trying to build. Serious questions have been raised as to whether formal schooling and training are proving adequate to prepare these young people for the enjoyment of the rights and the assumption of the responsibilities inherent in a developed social structure, without which their knowledge and skills are of little avail. Moreover, their revulsion also casts doubts on the quality of life this social structure is offering them.

The approach to the achievement of full employment in the industrialised countries is tending to become inseparably bound up with this unrest. It is of course only because these countries have achieved such a degree of economic growth that such a thing has become possible.

This does not mean that full employment is no longer a priority objective, i.e. a means of giving each individual adequate economic security through his own work. It is essential that it should continue to be given priority, because not all the industrialised
market economy countries have yet equipped themselves with sufficiently comprehensive or efficient economic, social and institutional machinery to meet this need. It will be recalled in this connection that there are differences of opinion as to what percentage of unemployment among the labour force can be regarded as compatible with full employment in the market economy countries. Despite the difficulty of making international comparisons, it would seem that this percentage still remains higher in the United States than in Europe, but that it has tended to rise in Western Europe in recent years owing to the difficulties the economies of some of these countries have had in adapting themselves. It is particularly important therefore to emphasise that full employment is still one of the main objectives of economic policy and that unemployment should not be regarded as a structural feature of certain modern economies.\(^1\) Guaranteed means of support in the event of technological or structural as well as cyclical unemployment, combined with new forms of income security to cope with structural change are a desirable development and in fact foreshadow an active policy of social security consciously designed to promote employment and the adjustment of labour to economic change. But it must be emphasised that this in no way lessens the obligation on governments to pursue a policy of full employment.

However, full employment is also a means to other ends. Some authorities even argue that—

once the idea of employment policy has been accepted, full employment is no longer a rational aim. A rational policy would be to consider what the resources of the economy had best be used for, to work out a consistent plan, and steer them into the appropriate channels.\(...\) Employment policy since the war has been carried out more or less [through] reducing taxation when demand seemed to be flagging and squeezing credit when it seemed to be rising too fast. The aim of policy was to maintain the over-all level of employment, without paying attention to what employment should be for.\(...\)\(^3\)

In short, the industrialised countries, having achieved full employment to all intents and purposes, are faced with the problem

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not only of maintaining it but also of ensuring that the available human and physical resources are properly used to satisfy individual and community needs.¹ This is in my view one of the main lessons to be drawn from the crisis many industrial societies are now passing through.

**GENERAL EMPLOYMENT POLICIES**

By 15 January 1969 only 12 industrialised countries had ratified the Employment Policy Convention², which, together with the corresponding Recommendation, was adopted, it is true, only in 1964.

In the market economy countries, economic growth, full employment and monetary stability are now implicitly or explicitly considered to be essential as well as interdependent objectives, and greater efforts are being made by governments in such fields as economic policy making, the reform of educational and vocational training systems and the strengthening of manpower services, etc., to make the best use of the human resources available. These policies, which are increasingly being dovetailed into medium-term planning, combine social aims—enabling the greatest possible number to exercise their fundamental right to work, and improving living conditions by meeting new and more diversified consumer needs—with economic objectives—evening out swings in the employment market which might have harmful economic effects, raising productivity throughout the economy and developing economically backward or declining areas. In these countries, an “active manpower policy” forms part of a more general policy of improving manpower supply, preventing and where necessary reducing imbalances on the employment market, and cushioning the adverse effects of economic stabilisation measures on growth and employment.

¹ Thus in the United States, the National Commission on Technology, Automation and Economic Progress, which was set up to assess the economic and social impact of automation, estimated that 5,300,000 new jobs could be created between 1966 and 1975 for badly needed work of value to the community in such fields as health, education, beautification, individual welfare, public protection, hygiene, urban renewal, etc.

² Byelorussia, Canada, Finland, Ireland, Netherlands, New Zealand, Norway, Poland, Sweden, Ukraine, USSR, United Kingdom.
At the present time, balance of payments and monetary stabilisation problems seem to be overshadowing the objective of full employment, which for quite a long time seemed to be on the verge of achievement in most of the market economy industrialised countries. The tax and monetary restrictions imposed in times of difficulty to eliminate any excess demand which cannot lead to higher output and employment but only to inflation (and perhaps a worsening balance of payments as well) usually cause a general slackening in economic activity, a rise in unemployment, under-utilisation of productive capacity and a decline in investment. Their basic aim is to cut domestic consumption by preventing rises in nominal wages and prices and putting a brake on investment, which slows down the increase in real incomes and lowers the volume of employment. Their social cost is therefore high. Hitherto, their more deep-lying consequences have not always been fully appreciated, partly because these measures have had to be taken hastily and piecemeal at times of emergency and partly also because over-all action to damp down the general level of demand produces its effects, and more particularly its long-term effects, on the economy as a whole and it is difficult to gauge the time needed for it to bear fruit and for its harmful effects to be dealt with. It has become obvious that selective measures are needed, with graduated effects on employment and manpower, and that these measures must be incorporated into general policy concerning demand. It is true to say that the problem of combining price stability and a sound balance of payments with a satisfactory rate of expansion and the maintenance of full employment has not yet been overcome in a number of the industrialised countries and one of their most urgent tasks is to find ways and means of doing so.

The maintenance of full employment through the management of demand implies careful co-ordination of employment policy with economic planning. In practice, the market economy countries are increasingly tending to dovetail employment policy into their general economic and social policies. The pressures brought to bear on the planning authorities by employers' and workers' organisations when faced with the consequences of economic fluctuations and structural change, and fears of manpower shortages in key industries have all strengthened this tendency.
Economic policy and employment policy are co-ordinated in a number of very different ways and the degree of development of the machinery varies considerably from one country to another. In Sweden there is a single autonomous agency which co-ordinates all employment and manpower services and to a considerable extent supervises the execution of job creation schemes even when they are the responsibility of different departments. It is also empowered to take action in financial and tax matters. In France, at the general economic planning level, the Manpower Committee of the Planning Commission takes part in the setting of growth targets, and there is provision for co-ordination at various levels of the civil service chain of command. In other countries the large number and variety of agencies concerned with growth targets and manpower and employment policy make co-ordination difficult. The Netherlands and the United Kingdom, for example, have had to set up complex though flexible consultation and collaboration machinery linking the agencies and government departments concerned. The measures taken in Canada and the United States since 1962-63 reflect, though in different ways, the same desire to tie in economic policy more closely with manpower policy.

Furthermore, while employment policy was originally designed to tackle difficulties caused by economic fluctuations, its scope has been substantially enlarged in recent years owing to the scale of the structural changes taking place and the problems they cause—which show no sign of diminishing. Employment policy can now take a wide variety of forms. It may include general economic measures using the financial and fiscal powers available to governments seeking to keep their economies on an even keel during periods of recession or boom, e.g. budgeting for a deficit or surplus, regulating public investment and influencing private investment. It may also comprise measures that come under the heading of "manpower policy" and can in fact be used irrespective of the level and character of the unemployment or the degree of strain on the employment market.

It is worth briefly recalling the main features of such a policy. They may consist of preventive measures forming part of general manpower planning, e.g. forecasting the industries and occupations that can be expected to expand or contract and estimating
the numbers of skilled workers of all kinds that will be required so as to match supply and demand as closely as possible, improving vocational guidance, and planning general and technical education and vocational training facilities accordingly. Alternatively, they may consist of corrective measures whenever preventive action turns out to be inadequate, e.g. regional development schemes in areas where manpower supply and demand are out of balance (encountered in the great majority of the industrialised countries), assistance to industry and the speeding up of public works projects through loans, subsidies, tax reliefs, government orders, etc., action to create employment for workers near their homes by finding alternative uses for existing plants or by establishing new industries in areas affected by unemployment or underemployment.

Measures to improve the efficiency of labour through better education and training have everywhere become essential tools of employment policy in expanding industrial economies. For it is not enough to give young people the kind of vocational training they need or to help unemployed workers to learn new skills through special arrangements for leave and allowances, or courses catering for their requirements; many members of the labour force must also be helped to acquire new skills before they even become unemployed, which explains the current expansion of in-service training. These opportunities of training or education should be made available to everybody, irrespective of financial circumstances. Freedom of choice of employment and equality of opportunity, which must be primary objectives of any employment policy, can only exist for young people if they have a basic training suited to their abilities and ambitions, and for adults if resettlement and retraining facilities are available to them throughout their working lives. Vocational guidance services collaborating with the educational and training systems and the whole employment service organisation are essential if such a policy is to be carried out. Their economic value is also coming to be recognised.

An active manpower policy, backed up by the organisation and resources to forecast future developments and assist workers having difficulty in finding a job or liable to become redundant, can help to keep unemployment down to a minimum or, alterna-
tively, to ease the strain on the employment market and the economy. In so far as such a policy succeeds in widening the range of job opportunities and distributing manpower resources more efficiently, it can do much to damp down the danger of inflation caused by a demand for labour exceeding the supply, while at the same time resulting in a higher level of employment and a fuller utilisation of production capacity. Schemes to improve manpower supply in this way and ensure that it is used as well and as fully as possible also assist modernisation in that they make it easier for uneconomic firms to close down by helping the redeployment of the workers affected. In other cases, they can do much to offset the effects of redundancy caused by the decline of individual industries, the introduction of more capital-intensive methods or the physical or financial concentration of certain firms.

The latter phenomenon merits separate study. This would involve careful examination of its repercussions on employment and management methods and of the new situation created by the fact that firms' general policies may be settled in places remote from those where the goods are actually made—sometimes separated by national frontiers in the case of international firms, or agreements between firms in different countries. In such cases, collaboration between representatives of management and labour at the plant level has a number of novel features and the same applies to relations between the unions concerned in different countries. A further point is that government intervention may be needed to prevent uncontrolled expansion by industries which may not necessarily fit into national plans geared to particular employment promotion targets or, more generally, to certain economic and social development goals.

In the industrial countries with market economies, the widely varying measures falling under the heading of manpower policy have not yet caught up with the need and still reveal gaps and shortcomings. Having been devised and put into effect to cope with emergencies as they arose, they hardly ever form a coherent, comprehensive whole capable of steady development—which by definition is necessary for an active manpower policy. Even so, nearly all these countries in varying degrees and ways have begun
to set up appropriate machinery and are allocating a growing share of public resources for this purpose.

In the socialist countries, full employment is a general principle devolving from the constitutional right to work and is regarded as a decisive factor in economic growth. The need to make this employment as productive as possible has assumed crucial importance in recent years as the drive for efficiency and productivity throughout the economy has led to greater emphasis on the optimum use of human resources, in both quantitative and qualitative terms.

Employment policy in these countries is dovetailed into economic planning by means of a central manpower plan and a series of interdependent plans dealing with employment and wages, the distribution and recruitment of labour, the training of skilled workers and the demand for specialists. The manpower plan itself is tied in with the central economic budgets to ensure consistency between the various components of the plan as regards targets and expenditure. All the central development plans conform to certain overriding objectives which prescribe, *inter alia*, the distribution and utilisation of the available manpower resources. However, employment policy is tending to place less and less reliance on direct intervention. In some instances, most of the targets under the central plan are no longer binding, and control by means of directives is being superseded by influence exercised through economic instruments. In such cases undertakings largely operate within a decentralised framework as the market dictates and without any hard-and-fast obligations regarding employment and wages. Elsewhere, however, the link between the central economic development plan and the plans for individual undertakings through a graded set of detailed objectives (either binding or indicative) has been retained up to a certain point. In the USSR, which belongs to the latter group, each undertaking must still meet its wage fund target, but the former directives to management concerning employment, average wages and rates of pay for each grade of worker have been abolished.

At the present time, attention is being concentrated on ways and means of co-ordinating economic policy with the geographi-
cal pattern of industry and the demand for various types of skills. In planning the location of new investment, account is taken of the manpower supply and the type of skills available locally, and investment plans are designed to make the most efficient use of this manpower. This growing tendency to use manpower as a yardstick of economic choice is also apparent in economic, technical and cultural co-operation between the socialist countries. In the long term it is expected that manpower factors will be used as one of the criteria governing the international division of labour between them. As part of long-term economic and cultural development plans, education syllabuses are being overhauled with an eye to the type of skills that will be needed in the future. But it is considered that further improvements are needed in planning and forecasting methods concerning employment and vocational training. The socialist countries are actively collaborating in carrying out research on this subject and growing interest is being taken in the economic aspects of education and training and in the standardisation of employment and training systems. Simultaneously, it is being recognised that if individual preferences are to be matched more closely with the demands of the national economy at large, then a whole array of economic, sociological, psychological and administrative measures are needed. A good deal of work is now being done on this subject.

The economic reforms undertaken in the countries with centrally planned economies and, particularly, the wider margin for initiative given to undertakings, the encouragement by various incentives of the best utilisation of the factors of production—with the consequent impact on the size of undertakings and the elimination of those which are not sufficiently profitable—greater recourse to market mechanisms to give the production units more flexibility and to improve the adaptation of production to demand, are so many factors that could speed up the structural evolution of employment. At the same time, however, they make some of the bases for forecasting more hazardous, revealing the persistence of localised surpluses and shortages of workers which will make it necessary for undertakings, the State, the manpower services and the trade unions to intensify and perhaps further diversify the programmes aimed at helping workers to adapt to the changes. In view of the gradual using-up of man-
power reserves (which accompanies the methodical reduction of working hours on a more or less long-term basis), the increasing emphasis on profitability and the need to carry out a vast programme of manpower redistribution presupposing greater labour mobility, it is obviously essential to deal as efficiently and as quickly as possible with the problems of vocational guidance, as well as those relating to the transfer, redeployment and training of workers. The new development phase calls for a new policy and new institutions. The reconstitution and strengthening of the manpower services at various levels (federal, national and local) in the USSR in 1967, together with the fact that in many Eastern European countries some of the traditional functions of the employment service have been reintroduced or extended and linked with the tasks of manpower planning proper, are further indications that this issue is one of great current importance.

SPECIAL PROBLEMS

The main features of an active employment and manpower policy having been outlined above it may now be appropriate to concentrate on a number of problems with particularly far-reaching implications.

Rural Development

For the various reasons indicated above, agriculture in many industrial countries is passing through a critical period and, on the whole, earnings remain lower than in other occupations. The policy hitherto followed in many countries often seems to be partly responsible for accentuating existing problems.

In countries with market economies, governments have first taken price support measures (thus encouraging the expansion of supply) and only then have considered structural reforms, which are imperative but are held back by social and political factors, including the traditional conception of the family undertaking.\footnote{The \textit{Mémorandum sur la réforme de l'agriculture dans la Communauté économique européenne} recently submitted by the Commission of the European Communities to the Council of the Community proposes combining a careful price policy with vigorous structural policies (Brussels, Dec. 1968), Doc. COM(68) 1000, Part A (mimeographed).}
However, new forms of agricultural organisation are taking shape, although there is inclined to be a shortage of the skilled middle- and top-level staff which such organisation increasingly requires. Various types of group ventures have developed in agriculture, including of course, production and marketing co-operatives. There has been an expansion in the activities of large private undertakings that are better equipped and financially organised to take advantage of the most modern techniques and to sell their products; it seems that these undertakings have benefited most from the price support measures. Furthermore, the tendency towards the vertical integration of agricultural production and marketing activities is becoming general.

The problem in this field therefore appears to be twofold: on the one hand, there is the problem of social protection in a changing environment and, on the other, that of the economic promotion of efficient and viable production units. In various countries, measures have been taken to provide self-employed agricultural workers with financial assistance in order both to encourage older workers to leave agriculture by providing them with means of support and to promote changes in agricultural organisation. Such measures facilitate the essential consolidation of holdings and the adoption of new working methods for which older farmers are often untrained. Moreover, from the material and training points of view, assistance is needed to provide young people with the education and training required in rapidly changing rural conditions and to help those who must leave or wish to leave agriculture to obtain productive employment in other sectors of the economy. Nor should one overlook transitional systems which make it possible to carry on an agricultural activity on a part-time basis or in combination with a non-agricultural occupation; this latter formula has the advantage of enabling a worker to live in a rural area while working mainly in industry.

In countries with centrally planned economies, the question of the optimum size of agricultural undertakings is again coming to the fore; not only must uneconomic units be merged but in many cases care must also be taken to avoid excessive size, which can also be a drawback from the economic viewpoint. In addi-
tion, it has become increasingly necessary to continue improving living conditions and standards in agriculture and to enable farms to undertake various activities (especially auxiliary ones) in order to eliminate seasonal slack periods and to slow down labour migration—particularly that of skilled workers—towards the towns, since such migration is an obstacle in the way of modernisation and improved efficiency in agriculture.

**Regional Development**

The remedying of imbalances in the agricultural labour force is linked to some extent with regional development which requires greater occupational and sometimes geographical mobility on the part of the workers. In development areas it may be necessary to provide special facilities for vocational training or retraining to help workers to acquire the skills required by potential employers or, when employment is no longer available locally, to help workers find jobs in other regions, both by means of training and by financial or other assistance. In addition, a policy of selective investment is necessary in order to expand employment as far as possible wherever this makes it possible to avoid uprooting workers or further depopulating areas that have already been partly abandoned. From the human point of view, job mobility, wherever practicable, certainly seems preferable to labour mobility. The increased mobility demanded of workers causes them considerable concern, together with uncertainty about the future and the fear of being uprooted, of losing their job status and of becoming economically dependent. It is essential that all this be taken into account. A reasonable balance must be found between the workers' preferences and the expense that can be borne by the community. For society as a whole, generous assistance granted once and for all to compensate for the sacrifices made by displaced workers may be less costly than the continual subsidising of activities that do not pay their way. Both the successes and failures of regional development show that many factors are involved and need to be fully investigated.

Among the spheres in which there is the most urgent need for measures to stabilise or attract the labour force, housing and rent policy are very important. In the market economies, however, the
co-ordination of housebuilding with the growth in employment has so far rarely been fully achieved. Equally important is the setting-up of a whole infrastructure embracing not only housing but also a satisfactory network of transport facilities, social and health services, educational, recreational, cultural and other institutions, etc. Such an infrastructure also has a positive effect, as is beginning to be realised, on the workers' productivity. Moreover, there are numerous examples to show how it attracts investment in ventures providing new employment. If employment is to be promoted with more rational geographical considerations in mind, extensive town and country planning and a comprehensive housing policy will be necessary. In particular, it is indispensable to ensure the balanced growth of urban centres of all sizes, from both the economic and the social points of view, taking into account the possible availability of a labour force that is not being used to full advantage and the existence of underdeveloped or declining rural or industrial areas in which there is a heavy incidence of unemployment and underemployment; it is also necessary to offset the adverse effects of present imbalances on daily living conditions.

All these questions call for increased attention on the part of the public authorities from the point of view of utilising human resources more rationally throughout the country. With particular reference to the employment aspect, in building and public works improved ways of regularising employment throughout the year are now available thanks to the new materials and techniques employed and to credit and financing policies. In addition, the improvement of the general conditions of living—housing, services, etc.—by the possibilities (latent or otherwise) it opens up, can create employment in various industries and services and thus offset, in certain conditions, fluctuations in employment that are due to structural or cyclical factors.

Underprivileged Groups

Despite economic growth, there are still particularly underprivileged groups in the industrial countries. In the market economies, even though a policy of income redistribution is being followed to some extent, this has not yet succeeded in checking
EMPLOYMENT POLICIES IN THE INDUSTRIALISED COUNTRIES

the widening gap between earnings or in compensating all the categories of persons who have suffered as a result of economic expansion and the misfits of all kinds; the measures necessary to overcome their problems include some essential ones relating to employment and manpower.

These underprivileged groups, the “poor” for whom a country like the United States has gone so far as to launch a vast national campaign, are of the most varied origin. There are the rural families who are unable to modernise or improve their production methods or enlarge their farms and who struggle on until the breaking point is reached, when the young people—often the more dynamic elements—leave the countryside. There are the ethnic minorities, migrant workers (particularly seasonal ones) and immigrants, as in Western Europe, for example, where so many are accepted on a temporary basis and often live in barely decent conditions. There are all the groups affected by economic insecurity, whose numbers grow in times of recession or of haphazard and over-rapid structural evolution. There are the large families living on small incomes, the disabled and physically and mentally handicapped, the old people for whom there is no longer a place in the economy and who are ill-protected by retirement or pensions schemes, or yet again the virtually unskilled women workers with families. All these cases frequently involve a problem of lack of work, of access only to poorly paid jobs, of excessive instability of employment, of inability to acquire useful vocational training, of lowered job status, etc.

The best means of ensuring a degree of equality of opportunity for those of the underprivileged who are able to work is, above all, to provide them with suitable basic or further training according to the methods suiting their particular characteristics and, at the same time, to provide them with the material means of following such training (paid holidays, grants, loans, etc.). Where necessary, an endeavour should be made to adapt the jobs themselves to the workers’ skills, to set up sheltered workshops, to reserve certain jobs for them and to guide them towards the most suitable openings. In the case of young people, it is essential to break the vicious circle of poverty by trying to offset the influence of a background that is often disturbed and “under-cultivated”
and to help them acquire personal discipline and work experience; efforts in this direction, for example, have been made by the "corps" or special centres established in the United States to help the young unemployed to take up worthwhile activities or to make contact with working life while at the same time undergoing training or studying. When discrimination or prejudice are the causes of, or aggravate, the underprivileged position of certain groups on the employment market, it becomes necessary to take legislative action, to establish appeals procedures, to adopt energetic compensatory measures and to educate the public and the persons concerned.

THE ROLE OF EMPLOYERS' AND WORKERS' ORGANISATIONS

The concept of an employment and manpower policy, its reassessment or revision involves a series of political decisions and it is therefore essential that all parties concerned should have a say in determining the course it is to take. For such a policy to be successfully carried out, the support and active co-operation of all concerned is a crucial factor.

I cannot dwell here on the many ways, official and unofficial, in which employers', workers' and producers' organisations in the industrialised market economy countries can be consulted in respect of decisions concerning employment or manpower proper, income maintenance, teaching and technical and vocational training or other economic and social measures that constitute the basis of any policy aimed at full employment. Apart from the machinery for participation in national economic planning, in some countries various services, such as vocational training, unemployment insurance and retirement schemes, are managed by bodies which include workers' and employers' representatives or by trade union organisations or workers' representatives. With the expansion of state-financed vocational training systems, cooperation between the government, teaching bodies, employers and workers is likely to develop still further in the future. As for collective bargaining, in view of the fears raised by technological progress, it is bearing increasingly on employment problems—job security, the redeployment of labour, early retirement procedures, compensation for loss of employment or temporary cutbacks in
working, etc. The demand for wage payments by the month is partly linked with growing concern for employment security. In the United States, in particular, agreements even providing for a guaranteed annual income have been reached in some branches that are deeply affected by structural changes and in which the trade unions are very strong. On the whole, workers' organisations recognise the need for technological change but demand safeguards against its less favourable consequences.

In practice, employment is a field in which the difficult problems raised by any effective participation in planning, at whatever level, are apparent. In particular, the workers have very little influence on important economic decisions, especially those relating to investment. "Business secrecy" can often be a serious bar to the timely adoption of measures to safeguard the interests of workers whose employment may be affected, especially where there is a need for labour redeployment. This is a difficulty that is growing with the "internationalisation" of an increasing number of undertakings. Nevertheless, it is becoming more common for workers to be informed and consulted and for agreement to be reached with them when decisions concerning the undertaking are going to affect their employment. The demand for participation in the management of undertakings, a source of much controversy in the industrialised countries of Western Europe, is also partly related to this need of the workers to be able to have a real say in decisions on which their jobs depend. The profit-sharing schemes that are being introduced in various countries may also have a beneficial effect, either because the workers' share gives them the right to a say in the general policy of their undertaking or because it enables them to set up funds (managed by the trade union organisations or in other ways) whereby productive investments can be made outside the framework of the individual undertaking in which the savings of the workers in question originate. Lastly, the problems raised within the trade union movement itself—problems of trade union unity or plurality, definition of representativity, the ability of federations to enter into commitments and, above all, to ensure that they are respected by their members, needs for material resources and competent technical staff—may have repercussions on the possibilities of the movement to participate effectively in
an employment policy. In particular, the difficulties encountered in ensuring the observance at the works level of agreements reached at higher levels, in respect of wages for example, in order to relax tension on the employment market, have received special attention.

In the socialist countries, the trade union organisation has close links with the machinery of planning and economic management at all levels, which enables it to co-operate in general economic and social planning and, particularly, on a largely consultative basis, in employment planning. At the level of the undertaking, in particular, the trade unions play an essential role in vocational training and in raising productivity. Current economic reforms may enlarge their role within the framework of the greater autonomy granted to the production units. In those countries where there are no planned limits on wages or employment, collective bargaining on these two questions is assuming growing importance.

**INTERNATIONAL COLLABORATION**

It is in the interest of all the industrialised countries, both for themselves and possibly also for the guidance of the economically less advanced countries, to compare the general patterns of their employment policies and, perhaps even more, to examine together the best means of solving certain particular problems. There is already every reason to hope that they will be prepared to co-operate more closely by exchanging information and experience.¹

The comparative studies to be undertaken or intensified along these lines include, for example, studies on manpower planning methods, on the functions and organisation of employment services, and on the question of the "brain drain". Studies could

¹ This emerges from the deliberations of the Manpower and Social Affairs Committee of the OECD and of the United Nations Economic Commission for Europe. For its part, the ILO can also make a worthwhile contribution to such collaboration between all the industrialised countries. I have already emphasised the part it could play in "widening considerably the scope of collaboration on a truly European scale" in my Report to the Second European Regional Conference (*Technological Change and Social Progress: Some Problems and Perspectives*, op. cit., Conclusions).
also be undertaken on the relationship between educational and vocational training systems, on training methods for various categories of workers—young people and adults—at particular times or in particular situations in their working life, as well as on the comparatively long-term cost-benefit aspects of the various methods of acquiring occupational skills (taking account of what at first seem imponderable factors, such as the quality of training acquired, the actual degree of assimilation of knowledge, ability to adapt to innovation, etc.). Studies could also be made on one of the most thorny problems, which it is most important to solve, particularly in order to help the developing countries: that of classifying occupations according to their rapidly evolving requirements in the field of vocational training.

But it is also essential that the activities of the industrialised countries on behalf of the developing countries should be redirected and more co-ordinated so that the latter may have a better chance of reaching their employment targets. As was seen in the previous chapter, the economically advanced countries have an important part to play in pursuing these objectives in the field of international trade and development aid. Nevertheless, the consequent problems for them should not be underestimated. For example, a change in trade patterns to meet the wishes of the developing countries could create or aggravate certain structural employment problems in the industrialised countries. If the efforts made by the developing countries to industrialise or to increase and diversify their exports bear fruit, the industrialised countries would then have to be prepared to offset the consequent difficulties for certain sectors of their own economies, particularly in the field of employment, and facilitate the redeployment of the workers who would thus become redundant, by developing alternative economic activities as well as by any other means of increasing employment. The trade unions of the countries with market economies, while recognising that such changes are more or less inevitable, are already concerned about the need to anticipate and offset their less desirable consequences for the workers.

At present this problem can, of course, be discussed only on the basis of very general assumptions. According to some esti-
mates, the above-mentioned employment difficulties would be less serious in certain sectors—particularly those most exposed to competition from the products of the developing countries—than those stemming from technological progress in the industrialised countries themselves. On the other hand, this competition could stimulate transfers of workers to new or expanding sectors which have higher productivity, or towards industries exporting to the developing countries. Furthermore, if suitable investment—and consequently employment—policies were applied in the industrialised countries, they might stimulate the industrialisation of the developing countries in that there would be wider or new markets for their goods. Participation by the industrialised countries in the World Employment Programme should mean that their responsibilities would include that of helping to develop the possibilities of productive employment in the less advanced countries by all the means within their power.

CHAPTER IV

THE WORLD EMPLOYMENT PROGRAMME

In this chapter I propose to present my views as to how the World Employment Programme might be carried out. Doing so will provide the Conference, as well as myself, with an opportunity to review with some care the various means of action open to the Organisation, and the ways in which each of these means can be applied. Such a review should, I believe, be valuable because it will clarify the full potential of the Organisation as an instrument of social progress in the world of tomorrow, not only in matters of employment, but also in other fields of major concern to the ILO—conditions of work and labour relations. We should then be able to see more clearly both the strength and the limitations of our Organisation, and we should be able to define more precisely the functions of the ILO and those of other organisations. In this way we should find a firm basis for setting goals of ILO action, goals that must be bold but not unrealistic.

Perhaps the first thing to be said about the World Employment Programme is that, although the scope and nature of the problems which it is to tackle are very different from anything foreseen in the early days of the Organisation’s existence, the general goal remains unchanged. Earlier in this Report I recalled that in 1919 the Constitution of the ILO made full employment one of the objectives of the Organisation; that in 1944 the Declaration of Philadelphia made the furtherance of international programmes to that end a “solemn obligation” of the ILO; and that in 1964 the International Labour Conference adopted a Convention and a Recommendation concerning employment policy. Although new inter-governmental agencies were set up during and after the Second World War, and even though their work is highly relevant to the employment of labour, primary responsi-
bility for international action in this field still remains with the ILO.

It might be thought that the scale as well as the nature of the work needed to discharge this responsibility are so vast as to make the Programme unduly ambitious. This would, however, imply that, since the problem is so vast and difficult, we should give it only low priority and devote all our resources to smaller and easier tasks. It is, of course, essential to recognise at the outset that the problems which the World Employment Programme seeks to tackle surpass in scope and complexity anything contemplated either fifty or twenty-five years ago. Nevertheless, these problems must be tackled. As I have tried to show earlier in this Report, it is through the provision of productive and remunerative work that we can, at this point of time, make the most direct and positive contribution to the achievement of social justice and of better conditions for all workers. While the difficulties of achieving this goal are much greater than they were in the past, it may be pointed out that the international means of action at our disposal are now also much greater. In fact, the resources now available for large-scale technical and financial international assistance by the ILO and other agencies are vastly greater than ever before.

Mobilisation of All Means of ILO Action

What exactly is the World Employment Programme intended to bring about, and what should the ILO, as an international organisation, do to achieve the results envisaged?

The ultimate aim of the Organisation, in this particular field as in other areas, has always been, and must remain, the furtherance within the member States of labour policies that make for social progress. The role of international organisations in this regard must be to create international conditions facilitating and supporting such national policies. More specifically, the World Employment Programme should promote the adoption by developing countries of measures of the kind already examined in Chapter II—measures for rural development, for the reduction or reversal of the rural exodus, for the application of more
labour-intensive techniques, shift work in industry and so on. It should also encourage and assist the industrialised countries in the formulation of active manpower policies to ensure the maintenance of full employment, on the lines discussed in Chapter III. The Programme should further aim at ensuring that policies concerning international trade and development assistance are adapted to the requirements of increasing employment in the developing countries, so that there will be more open markets for labour-intensive products exported by these countries, more international loans to finance the local cost of wages for public works in rural and other areas as well as for the foreign-exchange costs of imported equipment, more technical assistance for agriculture, rural handicrafts and small industry projects, and more technological research directed towards labour-intensive methods of production. It is, of course, not envisaged that the ILO should itself undertake large-scale action in all these fields (though it should in some of them) but the World Employment Programme should encourage those national and international agencies that have responsibility in these fields of social and economic development to take account of the employment objective when formulating and implementing their own policies and programmes. The ILO’s role should be to show what can be done to increase employment without interfering with production; to induce those responsible to take appropriate measures; and to provide such direct assistance to member States as may be needed—for instance as regards manpower assessment and planning, training, and the efficient management of labour-intensive construction projects and youth employment schemes.

This formulation should make it clear that the World Employment Programme requires the intensive application of all means of ILO action. The Programme should not be merely a new venture in technical co-operation, although it should certainly have a major impact on the direction and scale of the ILO’s operational activities, nor should it concern only our usual procedures for supervising the application of international instruments on employment policy and related topics, although systematic follow-up of their application should play an important part in the Programme. Furthermore, although such follow-up, and the provision of technical co-operation, should be among the urgent
action to be taken under the World Employment Programme, the latter will also have to include a substantial research component, in order to throw light on the many technical questions of employment creation, and the training necessary to this end, to which no adequate answers have been found as yet. Last, but not least, any recommendations for international action that may emerge from the World Employment Programme should be addressed to a wide range of international organisations. The ILO's own terms of reference and means of action are limited. The employment objective of economic development calls for international support from many agencies in the United Nations system, as well as from some outside that system. For this reason it is essential that the Programme be closely co-ordinated with the work of those other organisations, within the framework of any concerted action that may be taken for economic and social development during the 1970s.

Each of these means of action is examined in more detail in the following pages.

**The Global Context: Need for World-wide Action**

Such an examination may appropriately be commenced by considering briefly the implications of a possible world-wide approach to economic and social development during the 1970s. Such an approach might help to place the World Employment Programme in its real context by indicating the need and possible scope for increasing employment in the developing countries, and by guiding the concerted efforts of all those concerned with development toward the attainment of this objective.

When the present Report was being prepared, consideration was already being given to implementing a resolution of the United Nations General Assembly calling for "an international development strategy for the 1970s, which would enunciate, within a comprehensive, coherent and integrated framework, the goals and objectives, both general and sectoral, as well as concerted policy measures at the national, regional and international levels, to realise these goals and objectives". Resolution 2411 (XXIII) concerning international development strategy, adopted on 17 Dec. 1968. Other calls for a global development strategy have
strategy raises a number of difficult questions which have not yet been resolved. For instance, to what extent and how should the goals and objectives be expressed in quantitative targets? And to what extent and in what ways could, or should, member States be committed to implementation of the strategy by means of their national policies? Whatever the answers to these questions may be, the strategy would presumably indicate the priorities to be observed in devoting national and international resources to a variety of development objectives. This would mean that, in determining the tasks before the individual countries and before the world community acting through various organisations, such a strategy would be concerned not only with the growth of production, but also with other objectives, such as the sharing of increasing output among the population at large, and the evolution in all countries of just and humane societies.

It would obviously be important that such a strategy include higher levels of employment among its goals and objectives and provide, among its policy measures, for national and international action to achieve this end. Not only may unemployment and underemployment pose increasingly acute threats to law and order, and thereby to development, in the poor countries but to increase employment also appears to be the only realistic approach towards achieving the ultimate purpose of development, i.e. a better living for the many rather than the few, and that within the next decade rather than within the next century. Furthermore, the availability of useful, regular and gainful work should prove a powerful aid in creating a feeling that people's economic and social position can be improved—essential if they are to look upon work as ennobling rather than degrading. Thus, employment will help to instil attitudes that are widely regarded as basic to development in the poor countries.

For all these reasons it is important that employment should be a major goal of any international development strategy; its inclusion, moreover, will make it possible for other international organisations, such as the FAO, UNCTAD, UNESCO, UNIDO,
the UNDP, the United Nations regional economic commissions, the regional development banks, the World Food Programme, the World Bank and the OECD to be associated in action to achieve it. The contributions of such organisations will in fact be essential if the World Employment Programme is to make progress, whether or not an effective global strategy for economic and social development can be elaborated. As already mentioned above, the ILO's terms of reference and means of action are limited and the employment objective of development can be attained only if it is adopted as one of the goals of action by all the national authorities and all the international organisations in a position to exert a major influence on economic development. Therefore, I have sought, and found, interest in and support for the World Employment Programme on the part of the executive heads of other international agencies and of bilateral programmes for development assistance. The object of their association with the Programme (e.g. through the regional teams of experts to which reference is made below) is that these agencies may see and appraise for themselves the need for increasing employment in relation to their own objectives and may reflect the implications of this need in their own programmes and policies. In this way, the employment problem can receive proper attention in international action and discussions concerning trade, investment, the world food and agricultural situation, education, industrialisation, and technical and financial assistance.

The effectiveness of inter-agency working arrangements for the World Employment Programme will undoubtedly be greater when there is a global development strategy. But these arrangements should be made whether or not such a strategy is evolved. It is, indeed, primarily through them that the World Employment Programme can become a true "world" programme. This is particularly evident in regard to such questions as international trade and development assistance, because it is in these sectors that the policies and activities of rich and poor countries are most closely intertwined. In addition, the inclusion of the employment problem in the technical deliberations, exchanges of experience, and research work taking place in other international organisations will also help to create wider awareness of that problem among national authorities of both the developing and the indus-
trialised countries, and thus strengthen support for the employment objective.

**INTERNATIONAL STANDARDS AND REGIONAL ACTION**

While a world-wide development strategy will play a useful and important role, policies for development and employment must be carried out by individual countries. As already noted, the role of international organisations in this regard is to foster and facilitate national policies that are internationally desirable. In the ILO the concept of international standards has always played an important role from this point of view, and it may be of help to consider their possible functions in relation to the World Employment Programme.

The two ILO instruments which are of particular relevance to the World Employment Programme are the Employment Policy Convention and Recommendation, 1964. The Recommendation, in particular, can play a strategic part in the implementation of the Programme in two respects.

First, it provides guidelines, especially in the Annex attached to it, for practical national measures to tackle the employment problem in developing and industrialised countries. The Recommendation is neither a perfect nor a complete instrument for this purpose and, as suggested below, one of the most important functions of the World Employment Programme ought to be the improvement of our technical standards in the field of employment policy. Nevertheless, in its present form the Recommendation shows clear directions in which member States themselves could begin to attack the problem, and the ways in which their efforts could usefully be strengthened by international assistance, if they so wished.

The second way in which the Recommendation can help in improving national employment policies is that it provides a standard of reference for assessing progress made in the member States, for identifying the main obstacles and causes of failure to make progress, and thus for pinpointing problems calling for intensified national action, for increased or different forms of inter-
national assistance, or for further research. These will be among the main functions of the World Employment Programme.

Thus, the World Employment Programme will provide the basis for a major concerted effort towards implementation of the international labour Convention and Recommendation concerning employment policy. In practical terms, this means that we shall have to undertake an intensive follow-up programme on the application of these instruments. The ILO would need to be informed, at fairly frequent intervals, of the progress countries are making in applying them and of the results achieved. Such progress reviews should reveal what kinds of efforts by certain countries had been particularly effective, or seemed specially promising, in dealing with some aspect or other of employment policy—be it rural development, the organisation of youth employment and training schemes, or the introduction of shift work in industry. Information of this kind could be of immense help to other countries facing comparable problems. Conversely, progress reviews would reveal the main difficulties and obstacles encountered by individual countries. Such findings could also be of great value in warning countries against unpromising lines of attack, focusing their attention on crucial conditions for success, and learning from each other how certain obstacles might be removed or circumvented. But, in addition, such reviews would point to the areas in which specific types of international assistance could be particularly useful—for instance, they would be helpful in the design of programmes and new types of projects of technical assistance, whether by the ILO or by other agencies of the United Nations family, or by bilateral programmes of development assistance. Again, they might make it apparent that certain specific measures were badly needed in the area of international trade, or in the field of technological research, and such findings could then be brought to the attention of the international organisations dealing with these matters. It is in such cases that the association of other agencies with the World Employment Programme would be of the greatest importance.

Such an approach could become a most valuable addition to our conventional procedures with regard to the application of standards, and would forge a clear and meaningful link between the application of standards and the ILO's operational activities.
Progress reviews of other aspects of development besides employment—for example appraisals of progress in education, health and nutrition—are likely to form part of the kind of international strategy for development in the 1970s that is now under consideration. If the World Employment Programme is to take its place as part of a co-ordinated international strategy for development, it might be useful, and perhaps necessary, to prepare periodical appraisals of progress in employment promotion for consideration not only by the International Labour Conference but also by the Economic and Social Council and the General Assembly of the United Nations. This would be a way of keeping those concerned with other aspects of development policy alert to the importance of employment considerations and to the need to give special attention to these considerations in an over-all strategy for development.

Generally speaking, it would seem that the ILO's progress reviews could normally be undertaken most fruitfully at the regional level. In spite of the quite considerable variations in economic and social conditions that exist among countries within individual regions, member States grouped in a particular region tend to be linked by cultural and political bonds, and even in other social and economic respects they tend to have more in common with each other than with most countries of other regions. Our regional conferences and advisory committees provide excellent forums for the examination at the regional level of the questions suggested above but they might be supplemented by further regional bodies. For instance, the Eighth Conference of American States Members of the ILO (Ottawa, 1966), and the Inter-American Advisory Committee at its second meeting earlier this year, called for the establishment of a tripartite regional technical commission to concern itself with the Ottawa Plan of Human Resources Development. The findings and recommendations of regional conferences and meetings would, of course, be transmitted to the Governing Body and the International Labour Conference as a basis for appropriate action as regards the ILO programme or otherwise.

But it would be very important, in order to gain wide international support for the Programme in the right quarters, that it
also be considered by the regional meetings and conferences of other agencies, particularly by the regional economic commissions of the United Nations, the regional development banks, and the regional conferences and meetings of the FAO and UNESCO.

The approach outlined here would call for progress reviews on the application of the Employment Policy Convention and Recommendation and other relevant instruments to be regularly on the agendas of our regional meetings. It would also call for suitable technical ILO services in the regions. To provide such services would be one of the functions of the regional teams to which further reference is made below; participation in these teams by other agencies is clearly most desirable.

This regional approach seems all the more necessary in view of the regional origins of the World Employment Programme. As I have pointed out earlier in this Report, the Programme is based on initiatives taken by our regional bodies—the Ottawa Plan of Human Resources Development for the Americas adopted by the Eighth Conference of American States Members of the ILO in 1966; the recommendations of the Asian Advisory Committee meeting in Singapore, also in 1966, which were later endorsed and further developed in the resolution concerning the Asian Manpower Plan adopted by the Sixth Asian Regional Conference (Tokyo, 1968); and the request formulated by the African Advisory Committee, at its meeting in Dakar in 1967, for an African Jobs and Skills Programme. The implementation of these resolutions, and of similar decisions that may be adopted by other regional bodies in the future, should, I believe, be considered as the essential focus of the bulk of the ILO's efforts in the field of manpower and human resources in the years to come.

In the resolutions adopted by these regional conferences, countries were urged to engage in action along the lines of the Employment Policy Convention and Recommendation, and to arrange for reporting and evaluation of progress, while the Office was requested to provide various kinds of technical service, and to seek co-operation in these regional programmes of action by agencies concerned with international technical and economic assistance.
Thus, there is a firm basis on which to organise the World Employment Programme by the regional action outlined above. The result of such action should be that, eventually, as advocated in the resolution concerning the Asian Manpower Plan, all member States in a particular region would have "comprehensive employment programmes, indicating specific targets to be progressively achieved and the methods by which they would be achieved", that in implementing these programmes they would benefit from each other's experience, and that the general requirements of effective international support for these national programmes would become clearly known.

Should regional action go further and provide for agreed minimum quantitative results as regards increasing employment or reducing unemployment and underemployment? The notion of such international or regional (or perhaps "sub-regional") targets is attractive. They are to be found, for instance, in the Social Security (Minimum Standards) Convention, 1952, which contains several provisions specifying minimum proportions of various population groups to be covered and minimum levels of benefits to be provided in various contingencies. In the resolution concerning international co-operation for economic and social development adopted by the Conference at its 51st (1967) Session the Office was invited to prepare plans for ILO action, "including the formulation of targets in the field of employment and human resources development and improvements of conditions of work and life". The Asian Advisory Committee recommended that the regional Asian Manpower Plan comprise "indicative targets" in the fields of employment and training, and the consideration and adoption of these targets "at an appropriate forum" as a basis for, among other things, assessing the volume and nature of external aid needed for attaining them. If the World Employment Programme and the regional plans of which it is composed are viewed as part of an international development strategy for the 1970s, it might also be felt that such a strategy ought to have some specific quantitative goals, first, to express

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the precise nature of the world community's concern with the plight of the developing countries, second, to determine the concrete scope and nature of measures that would be needed to meet that concern and, third, to provide a standard of reference by which to measure the results achieved.

On the other hand, deciding upon the relative weight to be given to a policy goal such as employment, as compared with other goals (such as the growth of production, social security, or the development of democratic institutions) and, therefore, the fixing of targets to be attained in these various fields, is at the heart of national policy making. International or regional standard setting regarding this matter is therefore a very delicate political matter. It also raises extremely difficult technical problems because these relative priorities must depend largely on complex economic and social conditions that differ greatly even as between countries in the same region. For these reasons it may seem, on balance, that at the present stage attempts at setting regional targets concerning the level of employment ought not to be given high priority, but it would be of great assistance to me in the further development of the Programme if I could have the Conference's views on this question.

NATIONAL ACTION, REGIONAL TEAMS AND TECHNICAL CO-OPERATION

The centre of gravity of the World Employment Programme must unquestionably lie at the national level, as must also the main weight of ILO action under the Programme. At the Ottawa and Tokyo regional conferences, at the Second Session of the Inter-American Advisory Committee (San Salvador, 1969) and in the Governing Body's discussions of the programme and budget proposals for 1970-71, it was abundantly clear that the main direct contribution which our membership expects from the ILO is in the form of technical co-operation both in formulating national employment programmes and in carrying them out.

The focus and basis of such action should be the employment and manpower programmes of the individual countries, within the framework of their over-all national development policies.
The first need that will have to be met in several countries, therefore, is to provide assistance in formulating clear programmes for attaining the highest possible level of productive employment and for meeting the training needs arising from this goal. To provide such co-operation will be the main initial function (i.e. during the next two years or so) of the regional teams. Closely associated with this is the function of helping to programme international assistance for increasing employment.

Thus, the teams will have to begin their work by visiting those in the individual countries who are concerned with employment and manpower questions, in order to learn their main preoccupations and plans and to survey the practical possibilities in each country of formulating national employment and manpower programmes and of providing a minimum of services and resources to give practical effect to such programmes. From this survey, recommendations should emerge concerning technical co-operation to be provided from the ILO regular budget, the UNDP, and from other agencies involved in development assistance. In addition, in certain countries of each region we would attempt to launch some large-scale pilot employment projects. These projects, if successful, could have a considerable demonstrative effect for neighbouring countries and would certainly yield useful lessons to be borne in mind in planning and implementing similar projects elsewhere.

It is because of this programming function of the regional teams that the association of other agencies in them is so essential. For, while some of the assistance to individual countries could be provided from the ILO’s regular budget, and more substantial further assistance could be given by the ILO in fields within its technical programmes, through the UNDP as well as through the World Food Programme, the attainment of employment objectives calls for much more help from other international agencies and, perhaps equally important, from bilateral aid programmes. All this assistance would not necessarily, and in any case not primarily, involve the addition of new programmes and projects to existing activities. Rather, it should mainly take the form of reorientation of existing operations with a view to ensuring that they contribute to the creation of employment as well as
to increasing output, whether in the fields of industrial or agricul-
tural production, infrastructure development, or basic service
activities. There could hardly be a better method of arranging
for such reorientation than by having the agencies concerned par-
ticipate in the study and advisory work undertaken by the
regional teams in connection with the employment and manpower
problems and programmes of the developing countries.

Thus, the work of the regional teams in consulting with and
assisting countries on employment programmes should yield an
important additional result, namely the co-ordination of interna-
tional assistance activities in so far as they have a major impact on
employment. This co-ordination should, ideally, not be limited to
agencies of the United Nations family but extend also to the
relevant parts of other multilateral and bilateral development as-
sistance programmes. The co-ordination of multilateral and bilat-
eral assistance programmes has often been advocated. It is from
this point of view that the contributions by the Governments of
the Netherlands and Sweden to the regional team concerned
with the Asian Manpower Plan are of outstanding interest and
importance.

The technical co-operation which the ILO itself can provide
for the implementation of national employment programmes is
limited, both in volume and range. Yet, as far as it goes, its
contribution can become quite substantial and important. Its
potential scope and nature can be gauged by considering the cur-
rent and projected field operations within the major programme for
human resources. In the Draft Programme and Budget 1970-71
(paragraphs 224 and 226) the main objective of this major pro-
gramme is defined as that of contributing to the achievement
of the highest possible level of productive employment in the
developing world, in the over-all framework of the World Em-
ployment Programme. During the period 1969-71 operational

1 An interesting example of how existing development assistance pro-
grammes could be made much more effective in creating employment can be
found in A.I.D. Discussion Paper No. 16, Unemployment in the Less Developed

2 For a recent statement on this question see Richard SYMONDS: "The
Relationship between Multilateral and Bilateral Programmes of Technical
Assistance", in International Development Review (Washington, DC, Society
for International Development), Mar. 1968.
activities in the field of human resources are expected to reach an annual rate of expenditure of the order of $20 million, very largely from extra-budgetary (and predominantly from UNDP) resources. To this may be added resources of approximately $2 million, to be devoted annually to technical co-operation under the rural development component of the major programme for social institutions development, most of which has a direct bearing on rural employment and will, therefore, become an integral part of the World Employment Programme.

In giving practical effect to the World Employment Programme, it will be our task to channel these resources toward projects and programmes that make the greatest contribution to alleviating the employment problem of the developing countries. This will mean, for instance, that countries, when defining their priorities among the many possible requests that they could make for technical co-operation, would give special attention to projects clearly and directly related to the employment programmes which they were urged to draw up under the relevant resolutions of the American and Asian Regional Conferences to which I referred earlier. For its part, the ILO, when asked to assist governments in orienting their development plans and in taking priority decisions regarding technical co-operation projects, would draw the special attention of governments to the possibility of arranging for such projects. The Office would also, as urged by the Inter-American Advisory Committee at its Second Session in San Salvador earlier this year, “devote increasing attention to ensuring that the organisation and performance of its tasks under the Ottawa Plan will be carried out in such a manner that the technical aid and the material resources which the ILO and other international agencies are devoting to the implementation of the Plan by the American countries will be determined and maintained at a level corresponding to the importance of the employment problems in the region and the measures taken by individual countries to draw up and implement employment policies and manpower programme”. Furthermore, that Committee urged that “in par-

ticular, the processing of national requests to the United Nations Development Programme or to other sources of finance should be speeded up, so as to allow a rapid start to be made on the projects provided for in requests lodged in accordance with the Ottawa resolutions.

If the ILO's member States and the Office act along these lines, the pattern of both project requests and approved technical co-operation projects in the field of human resources should evolve toward more effective support for national employment policies in two ways. First, there would probably be significant changes in relative emphasis as regards the objectives and technical content of our human resources programmes. For instance, there might well be a considerable shift in priorities toward ILO projects in the rural sector in such fields as vocational training and the development of handicrafts and small industries. Also, in the programme of management development much greater emphasis might be placed on the organisation of labour-intensive works programmes (including youth employment and training schemes) and on examining possibilities of employing more labour-intensive technologies than has been the case in the past. Furthermore, in utilising the ILO's regular budget resources for technical co-operation much more attention might be given to "pilot projects" designed to test new techniques and technologies for increasing productive employment in the developing countries; this would also be in line with the Conclusions on industrialisation adopted by the Conference at its 51st (1967) Session, which stated (paragraph 9) that technical co-operation should continue to be financed primarily from UNDP funds "so that the ILO regular budget resources for technical co-operation . . . can be devoted to pilot projects and the development of model schemes ".

The second direction in which the ILO's operational activities in the field of human resources should evolve is toward projects fitting more clearly within comprehensive programmes for increasing productive employment. Thus, there should be less fragmentation and more co-ordination among our own projects within any country, and between ILO projects and the projects of other agencies, on the basis of the inter-agency programming
function to which reference was made above. It may be added that the co-ordination of technical assistance was stated as one of the objectives of the Ottawa Plan in the resolution concerning a plan for the co-ordination and development of manpower programmes for the Americas (paragraph 1 (a)) adopted by the Eighth Conference of American States Members of the ILO.

This co-ordination must, of course, include, but will have to extend far beyond, projects concerning manpower planning, vocational training and handicrafts and small industries. Thus, within the areas of competence of the ILO, the level of wages compared with other incomes, and other elements of labour cost, have a bearing on employment, and the aims and methods of any technical co-operation projects relating to these matters should be adapted to the employment situation and policies of the country concerned. In addition, the activities of the International Centre for Advanced Technical and Vocational Training in Turin in the fields of management and vocational training can be of very direct relevance and assistance to the World Employment Programme. And the educational activities of the International Institute for Labour Studies can be used to stimulate an awareness of employment problems and policies among the leaders of tomorrow’s society. I therefore hope that the activities of these two centres can be tied in very closely with the ILO’s work under the World Employment Programme.

Outside the ILO’s area of competence, basic education and questions of agronomy are among the many factors that have a direct impact on the scope and nature of rural development and, in consequence, on employment opportunities in the rural sector; in the design of technical co-operation projects in such fields, their potential impact on employment must be fully taken into account. Here again, the association of other agencies with the regional teams of experts will be of the greatest importance.

STUDIES AND RESEARCH

The most important ingredients of the World Employment Programme are the political will to tackle the problem and the effective organisation of national employment programmes and of
adequate international support for them. Nevertheless, studies and research will be critical to the success of the Programme, in that they will enable us to gain a greater understanding of the possibilities of quantitative increases in employment and skills by various methods. Knowledge of the cost of these methods and of the time which they take to yield results will also be required. All this calls for hard and patient work.

The present situation is that, as mentioned in Chapter II, certain general directions which public policy should take in order to bring about increases in employment are known. They include, of course, a higher rate of over-all production, and also agrarian reform, land colonisation and settlement, certain forms of community development, growth of small-scale industry, greater use of labour-intensive methods in construction and manufacturing. They also include the training necessary to make all this possible, as well as sensible policies concerning labour cost, taxation, investment, and international trade. Far less is known of the quantitative effectiveness of these policy instruments and of their cost and, again, of the ways in which instruments of manpower policy may affect the economic system as a whole. But it is not only about questions of economics and technology that too little is known: while many sociological and political obstacles have an impact on employment and manpower policy, their influence is not fully understood but it is probably strong. We must know more about these obstacles before we can do much to remove or circumvent them. To gain this knowledge studies are needed both at the ILO headquarters and by the regional teams.

It is easy to be impatient with research in fields where the need for immediate action is so clearly apparent. To many people it seems much more useful to help the underemployed than to analyse them. Do we not need immediate action instead of further surveys and theories? The answer is that we must have both. There is some similarity between the fight against the social disease of underemployment and unemployment and the fight against cancer. At present, the destruction wrought by both is increasing rather than decreasing. Neither of these diseases is under control yet, because it is not exactly known what can be done about them. Of course, the need for research on a malignant
disease must not stand in the way of expanding facilities for treating those who suffer from it. Also, experts and social scientists should not withhold their policy advice until all the technical questions they raise have been fully clarified—if they do, the policy decisions will be taken by impatient politicians, without the benefit of any technical advice. But we cannot hope to find better ways of treatment, and to get diseases under control, without meticulous study of their causes and of all possible remedies. And we must study immediate remedies as well as those which will yield results only in the longer run. In the case of unemployment, some important remedies will probably take a long time. The employment problem in the developing countries is not just an accident that happened to an otherwise healthy social system: it arises from the structure of the social systems themselves, because there is a major imbalance between the nature and volume of human resources, on the one hand, and the structure of education and the organisation of production, on the other. To change social systems, once we know exactly what changes are needed and practically possible, takes time.

This should not, however, prevent us from studying these problems now. That is why my proposals for the ILO's programme in 1970-71 contain fairly substantial provision for research connected with the World Employment Programme with particular emphasis on subjects such as measures for promoting employment in rural areas, the training and employment of youth, the management and organisation of labour-intensive public works programmes, and the possibilities of increasing industrial employment, particularly through the development of handicrafts and small industries. I would stress that this research is of an eminently practical nature; it does not aim to develop abstract theories and models concerning employment but rather to give the ILO and its member States—as well as other organisations—practical guidance on the ways and means by which unemployment and underemployment can be effectively reduced and eventually eliminated. It will be undertaken simultaneously with the more direct assistance we shall be giving our member States; as it throws new light on employment problems and the means of combating them, so it will serve as a basis for reorienting and developing our practical action or for testing new approaches in that action. At
the same time the operational activities, regional meetings and other action described above may uncover new areas where research is needed, or new aspects of the employment problem which have not been adequately studied. Without this constant feed-back between research and practical action, the World Employment Programme would, I am sure, never really get off the ground and become an effective programme of action for economic and social progress.

Apart from these studies of a general character to be undertaken by the ILO, there will have to be very concrete policy-oriented studies in individual member countries—studies that will seek (a) to identify the causes of unemployment or other forms of underutilisation of labour; (b) to select appropriate policy measures for dealing with them; and (c) to determine how such policy measures should be applied. Such studies will obviously have to be undertaken mainly by, or on the initiative of, the governments concerned. Indeed, a good deal of such work is already under way. It will be an important part of the World Employment Programme that the ILO should do all it can to stimulate and assist this work, and help to ensure that it serves as effectively as possible to bring into focus the questions that need answering and to provide the answers. As a way of multiplying the resources available for the work that will have to be done, a useful ILO contribution would perhaps be to prepare, for discussion at regional meetings, outlines of studies in respect of which it would seek to make matching contributions, and, if desired, provide technical advice, to governments undertaking such studies in their own countries.

**The World Employment Programme and the Industrialised Countries**

The remarks in this chapter so far have been devoted very largely to the action the ILO should undertake for the developing countries. As I have stated in earlier chapters, the employment problems faced by the industrialised countries are totally different in magnitude and in nature from those of the less developed countries, and the policies required to deal with them are correspondingly different. This is no doubt due in part to the fact that
the industrialised countries have long been aware of the need to give full employment a prominent place among national policy objectives, and hence have been gradually able to develop the experience, the methods and the machinery to attain and maintain very high levels of employment. When dealing with the industrialised countries, the World Employment Programme will not, therefore, be entering upon relatively unknown ground, as will, to a large extent, be the case with the less developed countries.

Nevertheless, as pointed out in earlier chapters, these countries face difficulties—in some areas very acute difficulties—in achieving the objective of full productive employment. The rapid pace of economic growth and technological innovation, the progress of economic integration programmes, the rise of new economic sectors and the decline of old ones, all these factors are making for rapid changes in the structure of labour demand. At the same time, in many of these countries the future rate of increase of the labour force will be relatively slow, and existing manpower reserves, particularly in agriculture, have reached a very low level. Therefore, the path to continued economic growth will lie mainly through higher productivity. In manpower terms, this implies avoidance of waste in the use of manpower, raising of the skills of workers, and more shifts of workers from one undertaking to another, from one occupation to another and from one location to another.

Experience suggests that fast-growing economies can accommodate many of these changes in employment structure without serious difficulty and to a great extent through spontaneous adaptation of the workers concerned. However, help has to be available for workers who are in the greatest need, and the necessary adjustments are carried out more effectively and more smoothly in the context of well-thought-out manpower policies based on the best possible forecasting, developed in concert by governments, managements and workers and put into effect by active manpower institutions.

The maintenance of full, productive and freely chosen employment in this rapidly changing situation is not easy. Some
countries, as well as some regions of other countries, have not yet succeeded in attaining full employment. Some countries are facing difficulties in transferring workers from less productive undertakings to more productive employment. Some countries, finally, have not solved the problems associated with combining the three goals of full employment, economic growth and a stable currency.

While the approaches vary in different countries there is a growing area of common ground. A number of similar problems are faced by all industrialised countries: how to utilise, in the best interests of the workers themselves and of economic growth, the services of workers becoming redundant in agriculture or because, for example, of changes in the pattern of fuel consumption or means of transport; how to make adjustments to meet the later age of entry of young people into the labour force; how to share responsibility for measures of adjustment between government institutions and the enterprises concerned; and how to facilitate the full employment of special categories of workers, such as women with family responsibilities, older workers and disabled workers.

For these reasons, there can be no question of restricting the role of the advanced countries in the World Employment Programme to one of providing the resources and the expertise to raise levels of employment in the developing countries. It has to be a world-wide programme, concerned with employment problems in all countries, whatever their level of development.

What form should our action for the industrialised countries take under the World Employment Programme? It seems evident that the approach suggested above for the developing regions—that is, regional teams of experts providing advice and assistance to governments in formulating employment policies, followed by fairly large-scale assistance to implement these policies—would be neither necessary nor appropriate for the more advanced countries. While they face quite difficult problems, most of these countries already have substantial experience in devising and applying active manpower policies to meet the needs of structural change, and probably require no direct assistance from the ILO.
I would therefore suggest that the most useful function for the ILO to undertake for the advanced countries under the World Employment Programme would be to act as a clearing-house for information and analysis concerning the experience different countries have had with measures to facilitate the achievement of full employment.

The ILO's Industrial Committees and certain of its regional bodies, such as the European Regional Conference, could provide a useful forum for exchanges of experience with regard to the manpower problems of industrialised countries. In addition, however, the Conference may wish to consider whether additional machinery might be established—for example a technical manpower committee which would meet periodically to review the experience of all our industrialised member States in applying the relevant provisions of the Employment Policy Convention and Recommendation, 1964. It is clear, however, that any action of this nature by the ILO would require very close collaboration with other organisations, particularly the OECD and the Council for Mutual Economic Assistance, which are active in this field.

Technical reviews of this nature would reveal areas where further research, either by the ILO or by other organisations, was required. Some areas for research or other action in this field are suggested in Chapter II above, and in a report prepared recently by the ILO for the Second European Regional Conference.1 Here, too, the aim of our research will be an essentially practical one: to collect, compare and analyse information on the employment situation and on the policies and measures adopted by different countries to deal with their employment problems, and to disseminate this information through the ILO's publications (including, for example, the CIRF Abstracts and Bulletin), or through reports for technical and regional meetings so as to stimulate constructive thinking on manpower problems in all our member States—among employers and workers as well as governments.

Thus, the benefits that our industrialised member States can expect to derive from the World Employment Programme may be more indirect than the assistance received by the less developed countries. But they can nevertheless be useful; and I would welcome further suggestions from the governments, employers and workers of industrialised countries concerning the ways in which the World Employment Programme can serve their own needs.

An important goal of our action in this respect should, in any event, be to promote policies in the industrialised countries which will enable them to import more products—particularly labour-intensive products—from the developing countries, and thus to contribute to raising employment levels in the latter without creating unemployment in the former. The policy measures to be adopted by the developing countries to stimulate the production of labour-intensive goods, and by the advanced countries to adjust to the structural changes which might result from the increased imports of such goods, have already been discussed in Chapters II and III respectively. Our aim under the World Employment Programme must be to promote the effective application of these policy measures. In this way, the World Employment Programme can contribute to bringing about an improved international division of labour from which workers in all countries will benefit.
CONCLUSIONS

I opened this Report with a note of some concern. Let me now close it on a note of cautious optimism. The problems before us, particularly in regard to the World Employment Programme, but in other fields too, are immense and complex. They require concerted and carefully prepared programmes of action at the national and international levels. But the most encouraging aspect of the world situation today is that individual countries, and the international community as a whole, appear to be increasingly aware of the urgency and complexity of these problems, and of the need for a massive attack on world poverty through an appropriate strategy for development.

Moreover, there appears to be universal recognition among governments, employers and workers that the attainment of higher levels of employment must be among the principal components and objectives of such a strategy.

This Report has attempted to suggest how this objective might be achieved, through national and international action, under the World Employment Programme. It has also considered the World Employment Programme in relation to other fields in which the ILO must be active in the years to come. I would now appreciate the views and the guidance of the Conference on the major policy issues raised in this Report.

The Conference may wish, in the first place, to comment on some of the general questions raised in the Introduction and Chapter I, including: the need for the ILO to draw up and implement a strategy for development in its fields of concern; the central place of the World Employment Programme in the ILO's strategy; the need for comprehensive and concerted plans of action in other fields of concern to the ILO; the principal problems
that may need to be dealt with in such plans of action; and the ways in which the ILO's strategy might be co-ordinated with the goals and the implementation of an over-all international strategy for development.

A broad discussion of these matters would enable the Conference to celebrate the ILO's fiftieth anniversary by considering some of the principal problems which must claim our attention in the years to come, and the role to be played by the ILO in dealing with them. But it is particularly on the nature and scope of national and international action to be undertaken in connection with the World Employment Programme that I would appreciate the views of the Conference.

The objective of the Programme is, I think, quite clear: to make productive and remunerative work available for ever larger numbers of people. It will also aim at orienting national and international policies for development to the attainment of this objective.

The goal of the Programme can thus be stated quite simply; but it will be evident from the preceding chapters that this is a highly complex undertaking. There are two main reasons why this is so.

In the first place, the relationship between employment and economic development is itself extremely complex. Experience has shown that the growth of productive employment tends to fall far short of the growth of output; rapid population growth in many countries makes this situation all the more alarming. But there is evidence to show that development can be so planned as to lead to more rapid expansion of employment without a loss of momentum in economic growth. Chapter II above suggested a strategy that might be adopted to this end—a strategy comprising efforts directed in particular at rural development, labour-intensive construction works, and the encouragement, wherever appropriate, of more labour-intensive methods of industrial production, coupled with measures for training and skill formation at different levels. The World Employment Programme will be essentially concerned with promoting the adoption of these measures in
developing countries, and with assessing their effectiveness in raising levels of productive employment. As far as the more industrialised countries are concerned, the problem is less complex but nevertheless acute in some places, and the Programme will aim to stimulate in those countries the adoption of active employment policies that have been applied by some governments with considerable success in recent years, so as to ensure that technological and other change benefits all sections of the community.

The second factor which makes the World Employment Programme such a complex undertaking relates to the new demands it will make on the ILO's programmes and procedures. These are discussed in Chapter IV. Here I would only emphasise what seem to me to be the three basic principles which must guide the ILO in the implementation of the Programme.

First, all the ILO's methods of action—standards, technical co-operation, educational action, meetings and research—must be so planned and designed as to bring about concrete results in terms of employment as rapidly as possible in its member States. All our action under the World Employment Programme must, in short, have a practical, operational focus; and it will have to be a major objective of our procedures for planning and evaluating the ILO's programme to ensure that this is so.

Second, the ILO's activities must be directed at strengthening and supporting national action. Regional bodies, such as the regional conferences and advisory committees, or the regional teams of experts, and world-wide bodies, such as the Conference, the Governing Body and the Office, will all have a vital part to play in developing and evaluating the World Employment Programme. But their action will be aimed at advising and assisting national governments who are and must remain the senior partners in this operation.

Third, the World Employment Programme will require very close working relations between the ILO and other agencies and bilateral programmes for development. The leadership and the inspiration necessary for the development of the Programme must
come from the ILO. But the ILO must enlist the support, the
technical advice and the participation of others in carrying out
work related to the Programme. This joint approach may involve
in many ways a new departure in inter-agency relations, and in
relations between bilateral and multilateral action for develop-
ment. But it is only in this way that the World Employment
Programme can succeed in making employment a major goal of
the international strategy for development that is contemplated
for the next decade.

Thus, in proposing the launching of the World Employment
Programme, I am suggesting that we launch the ILO into its
second half-century of existence with renewed vigour, with a new
sense of purpose, and with a new and challenging role in interna-
tional action for development. For this reason, the Conference's
discussion of this Report, and the conclusions it may reach on the
basis of this Report, will be of exceptional importance to the
future of this Organisation.

At the same time, however, I would add a word of caution.

By deciding to make employment a principal focus of our
action in the years to come, we are committing our Organisation
to an enormously difficult and challenging task. In many respects
we shall be pioneering a new approach to development since there
is, as I have said, relatively little available knowledge and ex-
perience of the ways in which the employment problems of the
developing countries can be effectively tackled. We have therefore
to proceed empirically. Inevitably there will be setbacks; inevi-
tably the results of many of our efforts, particularly in the early
stages of the Programme, will be disappointing. We cannot ex-
pect immediate, spectacular results from our action. But this does
not mean that the effort is not worth making; it means that we
have to proceed carefully, analysing the causes of our successes
and failures, and constantly building up our experience and com-
petence in this field. Only in this way can the World Employment
Programme gain momentum and start achieving concrete and
lasting results in terms of higher living standards for ever larger
numbers of people.
I would stress, too, as I have done throughout this Report, that the ILO, as an international organisation, can do little to achieve the objectives of the World Employment Programme, unless its action is complemented by determined and energetic action on the part of others.

I refer primarily, of course, to governments, on which the main responsibility for the implementation of the World Employment Programme will fall. If this programme is to be fully effective, all governments must commit themselves to the pursuit of policies aimed at achieving the highest possible level of productive employment; and I would hope that more and more governments will demonstrate their commitment to such policies by ratifying the Employment Policy Convention, 1964. It will then be necessary for governments to make every effort to live up to this commitment, and for the international community as a whole to assist them to do so. Clear policies and targets for raising levels of employment will have to be drawn up and integrated into over-all development plans; and these policies must be pursued with the necessary determination and with adequate resources, and kept under constant review in the light of results achieved. The governments of the more advanced countries, for their part, will of course have to be concerned with drawing up and implementing their own domestic employment policies, but will also have to adjust their policies for international trade and development assistance so as to make it possible for the less developed countries to attain their employment objectives.

Such a determined effort by all governments is basic to the success of the World Employment Programme. The ILO can do no more than stimulate and encourage national action and assist governments in carrying it out.

Employers' and workers' organisations also have a vital role to play in implementing the World Employment Programme. Both stand to gain much by the creation of higher levels of em-

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1 In addition, it should be recalled that the Employment Policy Recommendation, 1964, calls upon the ILO's membership to facilitate the release of highly qualified experts in the various fields of employment policy for work in developing countries (Para. 34 (4)).
mployment, and should be given the incentives to support and contribute to the governments' policies for employment. The entrepreneur will have greater markets for his products as employment expands and incomes rise, but he needs to be encouraged to employ more labour himself. Workers' organisations can be assured of greater security of employment and progressively higher standards of living for their members as more employment opportunities become available. Moreover, employers' and workers' organisations can be very effective vehicles for mobilising popular support for, and understanding of, the government's policies for employment, without which those policies cannot succeed. It is therefore important that employers' and workers' organisations should be fully consulted and closely associated at every stage of the elaboration, implementation and review of national employment policies, and that they should be willing to play their part in ensuring the success of such policies.

Finally, as I have also stressed repeatedly in this Report, the success of the World Employment Programme in attaining its objectives will depend on the amount of support it receives from the international community as a whole. Without the active participation of other organisations in the Programme, the ILO will be unable to provide governments with the advice, assistance and support necessary for drawing up and carrying out comprehensive employment policies. This is why I consider it to be of the greatest importance that the employment objective should be incorporated into any over-all strategy for development that may be drawn up for the next decade.

The enthusiasm and support that has been received from the ILO's membership and from other organisations for the concept of the World Employment Programme makes me confident that these conditions will be met. It is now for the Conference to confirm its support for the Programme, and to point the way forward for a concerted attack on poverty in the years that lie ahead.

It is in this spirit that I would ask the Conference to examine and to comment on the many suggestions contained in this Report. There can be no better way to celebrate the fiftieth anni-
versary of our Organisation than by looking to the future, by setting our sights squarely on the principal issues of our time, and by resolving firmly to make the ILO an even more powerful, positive and constructive force for social progress in the years to come.

10 March 1969.

DAVID A. MORSE.