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9. ABSTRACT
This is a technical manual, designed for the use of developing country officials and for United States development officials and technicians who have a need for information on how manpower and employment programs can function as an integral part of a total development effort, with the objective of achieving an expansion of employment opportunities, enhancing the well-being of working men and women, improving the level of living of the general population and especially the poor, and economic growth of the economy. It is hoped that this manual will be useful to all development officials as well as those specializing in manpower and employment functions.

The manual presents a system for developing goals, programs, administration and program evaluation based upon a careful identification and analysis of social, economic and administrative problems that may exist in the country. A careful application of the system should be of considerable assistance in developing increasingly effective programs.

The material emphasizes the fact that the development and execution of manpower and employment programs can be successful only if they are an integral part of an overall development planning and program execution process. Ways in which manpower and employment programs can be made an integral part of the development planning process are suggested in Chapter VIII.

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PREFACE

This manual was produced by the Office of Labor Affairs of the Agency for International Development (AID) through a contract with a professional society having special skills in the manpower area, the International Association of Personnel in Employment Security.

The Office of Labor Affairs (OLAB), the central office in AID in the labor and manpower fields, provides policy and technical guidance for Agency activities in those fields. As part of that function, OLAB in 1959 published a manual titled "Manpower Programs and Planning in Economic Development, "which was reprinted several times, most recently in 1968. It has now been updated, not only to include new information on the subject but also to stress AID's new priorities, a shift reflected in coupling economic growth with social justice in the manual's title.

Appreciation is expressed to the Department of Labor, the International Labor Office (ILO), the International Bank for Reconstruction and Development, and the Organization of American States (OAS) for their assistance to AID by reviewing this manual in preliminary draft as members of the Technical Advisory Committee.

For a full listing of those who shared in planning and writing this manual, see acknowledgements.

OLAB welcomes comments on this publication, including suggestions on improving any future edition.

ACKNOWLEDGEMENTS

The Agency for International Development (AID) contracted with the International Association of Personnel in Employment Security (IAPES) to prepare this technical manual. Messrs. Burnie Merson and E. L. Nelson of AID's Office of Labor Affairs negotiated the arrangement with IAPES and monitored the contract.

IAPES, founded in December, 1913, is the professional organization of persons engaged in manpower services and employment security work, with more than 30,000 members in the United States, Canada, and 103 other countries.

Its international experience in developing countries includes planning and conducting seminars for AID in Asia, Latin America and Africa; planning and conducting workshops in the United States for manpower officials from developing countries; and preparing and keeping up-to-date a manual used as a guideline for professional manpower associations in developing countries.

IAPES established the following Editorial Committee to arrange for the preparation of the technical manual and to fulfill the provisions of the contract with AID:

James E. Hendricks, Chairman; Past International President, 1972-1973, IAPES; Assistant District Manager, Pennsylvania Bureau of Employment Security

Keith V. Schroeder, Past Chairman, Council for Professional Advancement, IAPES; Executive Secretary, Iowa Employment Security Commission

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The Chairman of the Editorial Committee invited Representatives of International Agencies, the U. S. Department of Labor and AID to serve on a Technical Advisory Committee to review the manual in draft and to make suggestions for the content and organization of the manual.

The Technical Advisory Committee was composed of these representatives:

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Mr. Jack Hurt, Manpower Consultant; formerly served as Deputy Director, U. S. Employment Service, and in various other capacities in the Manpower Administration, Bureau of Employment Security and the Virginia Employment Commission; Member, IAPES.

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Mr. Joe White, Member, Manpower Research Studies, Inc., a non-profit corporation; served in technical and advisory manpower positions in State, National, and Regional Manpower Agencies; overseas Manpower Advisor for AID in Korea, Vietnam, and on special assignments; Past President, District of Columbia Chapter, IAPES; Member, IAPES.

Chapter I was written by Messrs. Leo R. Werts and Harry Weiss; Chapters II and III, written by Mr. Harry Weiss; Chapters IV and VI, written by Messrs. Jack Hurt, Sam A. Morgenstein and Joe White; Chapter V. written by Mr. Alvin M. Rucker; and Chapters VII and VIII, written by Mr. Leo R. Werts.

A TECHNICAL MANUAL ON MANPOWER AND EMPLOYMENT DEVELOPMENT FOR ECONOMIC GROWTH AND SOCIAL JUSTICE

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CHAPTER I

INTRODUCTION

A. Purpose

This is a technical manual, designed for the use of developing country officials and for United States development officials and technicians who have a need for information on how manpower and employment programs can function as an integral part of a total development effort, with the objective of achieving an expansion of employment opportunities, enhancing the well-being of working men and women, improving the level of living of the general population and especially the poor, and economic growth of the economy. It is hoped that this manual will be useful to all development officials as well as those specializing in manpower and employment functions.

One of the assumptions underlying the plan for the manual is that it is not possible for an outsider to suggest a specific program for any particular developing country except, perhaps, after a thorough study of that country's problems and prospects. The most useful function of a general manual is to present various alternative approaches which are worthy of consideration by developing countries in their efforts to:

- identify and define problems in the manpower and employment field requiring attention;

- determine what can and should be done about manpower and employment problems, i.e., establish or facilitate the establishment of goals based on consideration of feasible alternatives;

- develop manpower and employment programs that will deal with identified problems and contribute to the achievement of established goals;

- develop methods and measures for comparing actual with planned performance of programs and actual and planned results of programs, i.e., determining to what extent programs contribute to achieving established goals;

- establish organizations and institutions to administer programs and deliver planned services.

The manual presents a system for developing goals, programs, administration and program evaluation based upon a careful identification and analysis of social, economic and administrative problems that may exist in the country. A

careful application of the system should be of considerable assistance in developing increasingly effective programs.

Since manpower and employment programs can be successful only if they are an integral part of a sound overall development strategy, it is necessary to review the employment problems of developing countries and the basic programs which have been tried or suggested for dealing with them, as well as to create the economic growth needed to achieve the goals of manpower programs. It is also becoming more and more true that economic goals should be reviewed, and where appropriate, modified in the light of the manpower-employment factor.

The material emphasizes the fact that the development and execution of manpower and employment programs can be successful only if they are an integral part of an overall development planning and program execution process. Ways in which manpower and employment programs can be made an integral part of the development planning process are suggested in Chapter VIII.

B. Need for a New Perspective on Development

Many voices, both public and private, have been raised in recent years to urge a reappraisal of the approaches used by developing countries during the past two decades. The debate which resulted has led to a strong consensus that a development strategy directed primarily towards increasing the gross national product was a major factor in the failure of development to provide meaningful employment for the growing labor force, and the failure to reduce the terrible burden of poverty which afflicts a third to one-half of the population of developing countries. Most students of development now accept the general conclusion that priority has to be given in development planning to meaningful participation of all segments of the population in the process, and sharing in the results of development for the millions of poor people. An equally important objective of development policy is the improvement of incomes of those millions who are working for themselves on the land or in other economic activities, but who have not materially improved their standard of living during the past decade of development.

This is not to say that economic growth is to be ignored. Obviously, the above goals cannot be achieved without a substantial increase in the gross national product. There is a conviction among the observers of the development scene that the establishment of priorities in favor of expanding decent and remunerative employment opportunities, reducing structural unemployment, and increasing income for the working poor will not significantly, if at all, reduce growth rates. What it

will do is to provide a growing share of the national income for that part of the population now excluded from the market economy to the detriment of their families and the society of which they are a part.

Instead of growth becoming a means for increasing the wealth of the already wealthy and the well-off, it would be a means for spreading the benefits of economic development to the one-third to one-half of the population now living in abject poverty. As Mahbub ul Haq of The World Bank has put it,

> ". . . development must be defined as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities. We should worry about the content of GNP even more than its rate of increase."

Manpower and employment programs discussed in the following chapters can make a significant contribution to the development of an improved approach to social and economic development. Such an approach will provide meaningful participation in the process and sharing in the results of development for the large percentage of the people now largely excluded.

C. Concerted Action on Manpower and Employment Problems

Social and economic problems and manpower and employment problems are rarely simple. Often, it is difficult to identify the real and basic causes. Likewise, solutions to complex manpower and employment problems are not simple and cannot be solved by single or simple programs. Traditional approaches to dealing with manpower and employment programs will, in most cases, provide only a partial solution. Concerted action by the several professions and the major program units is needed if programs are to be effective in solving problems.

Officials and specialists of major program units in the government and the various professions should work individually and in concert to identify and define manpower and employment problems, and to develop programs that will contribute to the solution of such problems. Officials, specialists and professional people should make an effort to understand and appreciate the contribution that other program units and professions can make towards solving problems, and also the limits of their own programs and disciplines.

Officials, specialists and professionals should learn to be flexible in adapting programs and disciplines so that they complement and supplement other programs and disciplines. This concerted and flexible attack is necessary if all aspects of a problem are to be dealt with effectively.

In the practical operating situation, it will be necessary, in most cases, for the officials and specialists responsible for manpower and employment to provide leadership in securing the contributions of the various government specialists and those of the professions. Where the leadership and ability of the manpower and employment officials and specialists is not accepted by others, the Chief Executive in the government (Prime Minister or President) should designate an assistant to bring about cooperative and concerted action in identifying manpower and employment problems, and in developing and executing programs to deal with such problems.

D. General Organization of the Manual

Chapter II of the Manual presents a summary picture of the seriousness of the manpower and employment problems of developing countries. The pervasiveness of unemployment and underemployment is presented to the extent that available data permit; also, the limitations of the concepts for developing countries, and the need to consider the poverty of some of the employed and many of the self-employed. The growth of urbanization and the critical importance of rural to urban migration on the employment problems is dealt with, along with a picture of the employment problems and poverty problems of rural areas. The distribution of income and its reflection of widespread poverty is presented, including some of the social and institutional factors affecting the labor market, and thus the problems of unemployment, underemployment and poverty.

Having described the nature and seriousness of the employment problems, Chapter III proceeds with a consideration of some of the major approaches to solve the problems which have either been tried, or have substantial bodies of opinion behind them, and therefore, deserve consideration by officials of developing countries. An attempt has been made to present arguments for and against these various proposals and where some experience is available, to summarize the results of such experience. It is hoped that developing countries can select program measures for further study and serious consideration from the very brief discussion which can be given to each of the proposals.

Chapters IV, V, and VI are devoted to specific manpower programs which can make a substantial contribution to an overall social and economic development plan. Chapter IV, Developing Capabilities for Productive Employment, provides a discussion of the problems, goals, programs and administration of skill development, on-the-job training, apprenticeship and orientation of primary and secondary education to better prepare young people for learning and job performance, as well as for choosing occupations and careers.

Chapter V, Matching Men-Women and Jobs, discusses the problems, goals, programs and administration of programs to improve the organization of the labor market, including the counseling of young people and adults, assisting job hunters to find available jobs and employers to find qualified workers. The chapter also contains a discussion of methods to provide occupational outlook information for planning school curriculums and for counseling. How to provide information about surplus labor areas as a basis for allocating resources to create jobs is also discussed.

Chapter VI, Worker Welfare and Well-Being, discusses the problems, goals, programs and administration of programs to maintain and improve the welfare and well-being of workers and their families. Such programs include wages, occupational safety and health, hours of work, and other working conditions, as well as maintenance of income during unemployment and disability, and provisions for retirement.

In Chapter VII, the volume turns to a discussion of U.S. policies on development assistance. (Manpower and Employment; U.S. Development Priorities and Areas of Emphasis.) The chapter presents some suggestions on how manpower and employment programs can make a contribution to:

1) U.S. Priority Sectors are; (1) agriculture, rural development, and nutrition; (2) population planning and health; and (3) education and human resources development.

2) U.S. Areas of Emphasis are; integrating women into the economy, the private sector, and employment and income distribution, and improving the lives of the poorest.

The chapter also contains a discussion of the necessity for participation of local people in identifying problems, setting goals, and selecting programs for local development.

Chapter VIII, (Manpower Planning, Coordination and Administration) discusses the problems, goals, programs, and

arrangements for manpower planning and administration as an integral part of the overall economic and social development strategy. Particular attention is given to the application of methods of management and control of programs in order to achieve program goals in an efficient manner.

E. Essential Need for National Commitment

There is one lesson of the past two decades of development which can confidently be stated at the outset, and which needs to be borne in mind throughout the reading of this volume. The lesson is that there can be no real hope for solving the manpower and employment problems of developing countries without a strong national commitment to persist for a long duration in the very difficult effort required for success. It is not enough that such a commitment be made by the national government alone, though that is an essential prerequisite. Such a commitment must also be shared by every major segment of society, including businessmen, workers and their trade union representatives, large and small landowners, and landless agricultural workers. To obtain the strong support of these diverse and conflicting groups in society, it is necessary that governments engage in a broad information program to achieve a national understanding of the requirements for success in development, and the very difficult decisions which must be made if the country is to achieve a substantial improvement in the levels of living of the forty to fifty percent of the population now living in a condition of utter poverty.

All of this necessarily involves the politics as well as the economics of development. It seems reasonably clear that success will require difficult decisions in such areas as land reform, population policies, fiscal reform, industrial relations, labor legislation, and many other subject matters which will affect powerful groups in a way that they will regard as adverse to their interests, and which they will vigorously oppose unless they become convinced of the necessity to carry them out. A national commitment required for success, moreover, cannot be

for a short period of a few years, it must last for a decade or longer since the goals which are sought cannot be achieved through a single five-year plan.

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CHAPTER II

EMPLOYMENT PROBLEMS OF DEVELOPING COUNTRIES

A. Introduction

1. Purpose

This chapter is designed to give the reader an over-view of the major employment and manpower problems facing developing countries, along with some references which the reader may, if he wishes, pursue in greater depth. It is obvious that not all developing countries share the same set of employment and manpower problems, but it is also clear that each of the problems discussed is faced by a substantial number of countries. This chapter will not deal with the various proposals which have been offered for dealing with the employment and manpower problems or with the actual measures which have been tried in some countries. These will be the subject matter of subsequent chapters. Some aspects of structural unemployment will be dealt with in later chapters.

2. Failures of two decades of development

It has become strikingly clear that despite a creditable performance in increasing the gross national product of developing countries as a whole, large segments of the population of these countries have not shared by any significant degree in the benefits accruing from this growth. This conclusion is clearly indicated by the massive unemployment and underemployment which have characterized these countries to the present day. Other key indicators are the grossly unequal distribution of national income and the widespread existence of poverty, even among many who are employed for wages or are self employed.

One might reasonably expect that the results would be better for those developing countries which have managed to achieve growth rates of six, seven, and eight percent. Even with this rate of growth, many of the countries have been unable to improve the levels of living of the poorest third to half of the population.

Inadequacy of employment opportunities is reflected in both open unemployment, especially in urban areas, and in widespread underemployment in both rural and urban areas. High open unemployment is especially a serious problem in Latin America and Africa. In a large number of Latin American and African cities, open unemployment exceeds ten percent

of the labor force and is probably rising. For the age group fifteen to twenty-four, largely composed of those seeking their first job, it exceeds twenty percent in many cities and is as high as forty percent in others.1/

The distribution of income is closely related to employment since for most people productive work is the main, if not the only, source of income. While the data on income distribution are inadequate, there are enough available of a quality permitting reasonable conclusions. One indication of the extent of inequality in the distribution of income is that in twenty-three of forty-four developing countries for which a study by Adelman and Morris provided income distribution data, the top twenty percent of households enjoyed an average income at least ten times as great as the average received by the poorest twenty percent. In fifteen of these countries, the ratio was more than fifteen to one, and in six, it exceeded twenty-five to one.2/

Unemployment and underemployment,* together with low productivity and extreme inequalities in the distribution of national income, results in abject poverty affecting perhaps eight hundred million individuals out of the two billion represented by the developing world. These eight hundred million must survive on incomes estimated (in U.S. purchasing power) at thirty cents a day in conditions of malnutrition, illiteracy and squalor. The poverty problem of the developing world has been described in the following terms by the President of The World Bank, Robert S. McNamara:

> ". . . One-third to one-half of the two billion human beings in those countries suffer from hunger or malnutrition.
>
> "Twenty to twenty-five percent of their children die before their fifth birthdays. . . . and millions of those who do not die lead impeded lives because their brains have been damaged, their bodies stunted, and their vitality sapped by nutritional deficiencies.
>
> "The life expectancy of the average person is twenty years less than in the affluent world. They are denied thirty percent of the lives of those of us from the developed nations enjoy. In effect they are condemned at birth to an early death.
>
> "Eight hundred million of them are illiterate and, despite the continuing expansion of education in the years ahead, even more of their children are likely to be so.

*See Appendix 1 for a discussion of measurement problems. Table 12 contains one suggested definition of unemployment and underemployment.

"This is absolute poverty: a condition of life so limited as to prevent realization of the potential of the genes with which one is born: a condition of life, so degrading as to insult human dignity--and yet a condition of life so common as to be the lot of some forty percent of the people in the developing countries. And are not we who tolerate such poverty, when it is in our power to reduce the number afflicted by it, failing to fulfill the fundamental obligations accepted by civilized men since the beginning of time?"3/

In addition to the human misery so vividly depicted by McNamara, it should be noted that there are at least two implications for the development process:

(1) The waste inherent in such large scale under-utilization of human resources, the most abundant resource of developing countries, retards the development process; and

(2) The frustrations generated constitute a potential source of disaffection and unrest which could undermine the development process.4/

It should be recognized, of course, that developing countries vary greatly in the stage of development they have reached, in the level of per capita income they have achieved, in the quality of their land, and in the extent of other natural resources they can utilize to finance their development programs. There are a few developing countries which have ample financial resources to achieve development and the abolition of poverty. Among such could be mentioned Iran, Saudi-Arabia, Kuwait, Libya and Algeria.

In most developed countries, the concepts of employment and unemployment are quite well defined and adequate data exists for reasonably accurate measurement. There are some problems in defining and measuring underemployment but this does not constitute a major problem. The transfer of these concepts and definitions to developing countries however, poses some very difficult problems and it cannot be done with any great degree of success. Even the concept of open unemployment is not always applicable because a very large majority of the labor force in some developing countries do not work for wages but are self-employed or working in family enterprises. In many countries there is no counting of the unemployed at all.

If the concept of open unemployment is difficult, consider how much more difficult it is to measure underemployment which is a more serious problem, particularly in the

rural areas. It is extremely difficult even to measure the extent of underemployment in the urban areas for street peddlers selling shoe laces, cigarettes and the like, in an effort to eke out some kind of living. How does one measure the extent of underemployment of rural to urban migrants who are absorbed in a retail or service enterprise (in all probability, already overstaffed with relatives) while they wait hopefully for a regular wage paying job in the urban labor market? How does one measure the extent of underemployment of a rural farm family in which three or four adults are trying to subsist on a farm of one or two hectares?

A more detailed discussion of the difficulties of defining and measuring both rural and urban unemployment and underemployment is contained in Appendix 1.

As a result of the serious difficulties involved in applying the concepts of unemployment and underemployment to the situations found in developing countries, it has been suggested that these concepts be eliminated entirely and that the focus be placed on "poverty" as the general problem which must be dealt with. Perhaps the strongest proponent of this view is J. Weeks.5/ He begins his argument with the premise that, "It has not been established that unemployment is in fact a general problem in less developed countries." He then argues that in Africa at least, wage employment is relatively unimportant even in urban areas and that the "majority of urban Africans alive today will go their entire lives without a wage job of significant duration." Once it is conceded that the basic problem is "income", he suggests we are dealing with the working poor and that the causes for "unemployment" as stated by proponents of the concept are merely symptoms. He sees the solution as not a piecemeal attack on the problems which are inherent in the development strategy and in many cases beyond the control of the developing country, but to reject the strategy itself. Once the strategy is rejected, the unemployment which was the result of the presence of the alien modern sector is gone and poverty remains.

The main difficulty in accepting the concept of "poverty" is that it obscures the various causes of "poverty" and makes it much more difficult to find solutions. Some people in developing countries are clearly "poor" because they are not able to find jobs or an income through self-employment. Others are "poor" because of inadequate land ownership or the restrictions imposed by tenancy regulations. Still others are poor because of inadequate incomes even though they may be working for wages. It seems necessary to conclude that despite all of the difficulties of application to developing countries, the concepts of unemployment and underemployment are useful tools for determining the nature and extent of a major part of the poverty problem and in suggesting possible solutions.

B. Urban Employment Problems: Unemployment, Underemployment, Low Incomes

1. Shortage of work opportunities--open and disguised unemployment

The ILO has estimated that roughly twenty-five percent of the total work force of developing countries (excluding mainland China), or more than 150 million people out of a total of 670 million, are affected by unemployment or underemployment. It has been estimated also that, taking all developing countries together, the labor force will grow between 1970 and 1980 by not less than twenty-five percent or about 170 million people, as compared to ten percent in the developed world. The Indian labor force alone is expected to grow by over 50 million during these ten years. This is equivalent to the combined labor force of Great Britain and the Federal Republic of Germany.6/

Unemployment in the urban centers is highly visible, much more easily definable than in rural areas, and statistics are generally available to indicate it is of massive proportions. When one notes the serious concern of developed countries over unemployment rates of three to six percent, consider the magnitude of the urban unemployment problem revealed in Table 1 for some representative countries of the developing world. While there are a few countries with rates below five percent, there are twenty countries with rates above ten percent, and fifteen more with rates ranging from five to ten percent. In Africa, eight of the nine countries for which data are available, had rates of open urban unemployment of over fifteen percent when the latest surveys were taken.7/

The unemployment problem in the urban centers of the developing world is likely to become even more acute and more visible because the labor absorption capacity of the traditional sectors is approaching their limit and the modern sector has demonstrated its inability to expand employment as fast as the increase in the labor force, without regard to additions from the rural areas. Moreover, the migration from rural areas is transforming concealed unemployment into open unemployment. Finally, there are no prospects for an early decline in the labor force because the additions for the next fifteen years are already born.

Table 2 shows that while the overall rate of unemployment is very high compared to those found in developed countries, the rate among ages fifteen to twenty-four is very much higher, sometimes running at twice the level of the overall rate. The rate for the educated young is, as a rule, very much higher than the overall rate for young people. Where more recent data are available than contained in Table 2, the rates are invaribly higher indicating an upward trend in unemployment rates.

TABLE 1

RATES OF URBAN AND RURAL UNEMPLOYMENT
(percentages of the active population)

Country	Year	Urban Unemployment	Rural Unemployment
AFRICA			
Algeria	1966	26.6	--
Burundi	1963	18.7	--
Cameroon	1964	4.6	3.4
"	1966	15.0	--
Ghana	1960	11.6	--
Ivory Coast	1963	20.0	--
Morocco	1960	20.5	5.4
Nigeria	1963	12.6	--
Tanzania	1965	7.0	3.9
Zaire	1967	12.9	--
AMERICA			
Argentina	1968	5.4	--
Bolivia	1966	13.2	--
Chile	1968	6.1	2.0
Colombia	1967	15.5	--
Costa Rica	1966-67	5.6	--
El Salvador	1961	6.6	--
Guatemala	1964	5.4	--
Guyana	1965	20.5	--
Honduras	1961	7.8	--
Jamaica	1960	19.0	--
Ntherlands Antilles	1966	16.0	--
Panama	1960	15.5	3.6
Panama	1967	9.3	2.8
Peru	1964	4.2	--
"	1969	5.2	--
Uruguay	1963	10.9	2.3
Venezuela	1961	17.5	4.3
"	1964	16.4	--
"	1968	6.5	3.1
ASIA			
India	1961-62	3.2	1.7
Indonesia	1961	8.5	--
Iran	1956	4.5	1.8
"	1966	5.5	11.3
Korea	1963-64	7.0	1.8
Malaysia (West)	1967	11.6	7.4
Philippines	1967	13.1	6.9
Singapore	1966	9.1	--
Sri Lanka	1956-60	14.3	10.0
Syrian Arab Republic	1967	7.3	--
Thailand	1966	2.8	--

Source: Bairoch, Paul; Urban Unemployment in Developing Countries, ILO, Geneva, 1973, p. 49.

TABLE 2

RATES OF URBAN UNEMPLOYMENT IN THE 15-24 AGE GROUP AND IN ALL AGE GROUPS (percentages)

Country	Year	15-24 Age Group	All Age Group
AFRICA			
Algeria	1966	39.3	24.7
Ghana	1960	21.9	11.6
Zaire[1]	1967	23.0	12.9
AMERICA			
Argentina[1]	1965	6.3	4.2
Chile	1968	12.0	6.0
Colomtia[1]	1968	23.1	13.6
Guyana	1965	40.4	21.0
Panama	1963-64	17.9	10.4
Trinidad & Tobago	1968	26.0	14.0
Uruguay	1963	18.5	11.8
Venezuela	1969	14.8	7.9
ASIA			
India	1961-62	8.0	3.2
Iran[1]	1966	9.4	4.6
Malaysia	1965	21.0	9.8
Philippines	1965	20.6	11.6
Singapore	1966	15.7	9.2
Sri Lanka	1968	39.0	15.0
Thailand	1966	7.7	3.4

[1]Capital city only

Source: David Turnhan; The Employment Problem in Less Developed Countries, O.E.C.D., Paris 1971, p.50.

C. The Nature and Extent of Rural-Urban Migration

Implicit in the preceding discussion of the employment problems of urban centers is the indication that the major cause was not so much the inability of the modern sector to meet the needs of the growing population in the urban centers, but rather of its failure to provide employment also for the millions of individuals who have moved, either singly or with their families, to urban centers in the hope of finding a better life.

1. The pace of urbanization

Table 3 provides two series of indicators of the pace of urbanization in different regions. The first is simply the

annual average growth rate of the urban population. This indicator unduly reflects differences in the growth rate of the total population. The second indicator shows that average growth rates of urbanization, i.e., variations in the percentage of urban population in relation to total population.

Between 1920 and 1960 the urban population in the developing countries rose at an annual rate of four percent, which was twice the rate shown in the developed countries during the same period (including the USSR which was rapidly urbanized during this period). Over the decades, the rate of growth in urbanization of developing countries was as follows:

1920-30.... 2.9%
1930-40.... 3.4%
1940-50.... 4.1%
1950-60.... 5.1%
1960-70.... 4.1%

TABLE 3

ANNUAL AVERAGE RATES OF GROWTH OF THE URBAN POPULATION AND INCREASE IN THE RATE OF URBANIZATION (percentages)

Region and Country	1850-1920	1920-60	1960-2000
Growth of the Urban Population			
Developing countries with market economies	--	4.0	4.1
Africa	--	4.3	4.6
America	--	4.4	4.2
Asia	--	3.8	4.0
Developed countries	2.5	1.9	1.7
Europe	1.9	1.3	1.1
USSR	--	4.0	2.6
North America	4.3	2.2	2.0
INCREASE IN THE RATE OF URBANIZATION[1]			
Developing countries with market economies	--	2.3	1.6
Africa	--	2.6	1.9
America	--	2.1	1.2
Asia	--	2.2	1.6
Developed countries	1.5	1.1	0.8
Europe	1.2	0.6	0.5
USSR	--	3.2	1.4
North America	2.1	0.8	0.5

[1]Rate of urbanisation: percentage of the total population living in agglomerations of over 20,000 inhabitants.
Sources: after 1920, United Nations: Growth of the world's urban and rural population, 1920-2000, op.cit; prior to 1920,

It may be useful to compare this rate of urbanization with Europe in a similar stage of development (See Table 4). When Europe had reached a rate of urbanization of approximately fifteen percent (around the 1850's), the rate was increasing at 1.2 percent a year. In the developing countries the increase for the same stage (about 1950) was approximately 2.6 percent. The conclusion reached by Prof. Bairoch is that "the rates of urbanization recorded by developing countries are indeed very rapid and have nothing in common with those of the European countries when they were at similar stages of development."8/

The basic conclusion drawn from Tables 3 and 4 by Prof. Bairoch is that the third world is definitely over-urbanized. What are the causes of this phenomenon?

TABLE 4

COMPARATIVE TRENDS IN RATES OF URBANISATION
1850-2000 (percentages)

Year	Rate of urbanisation[1]		Average increase in the rate of urbanisation	
	Europe	Developing countries	Europe	Developing countries
1850	15.0	--	--	--
1880	22.0	--	1.2	--
1900	31.0	--	1.7	--
1920	34.7	6.7	0.6	--
1930	37.2	7.8	0.7	1.6
1940	39.5	9.7	0.6	2.2
1950	40.7	12.9	0.3	2.9
1960	44.2	16.7	0.8	2.6
1970[2]	47.1	19.7 (21.0)	0.6	1.6 (2.2)
1980[2]	49.5	23.2	0.5	1.6
2000[2]	55.0	31.7	0.5	0.8

[1]Percentage of the total population living in agglomerations of 20,000 or more inhabitants. [2]United Nations forecasts. The figures in brackets are the author's estimates.

2. Causes of rapid urbanization and the rural-urban drift

(a) The most important cause of the rural to urban migration is the rapid growth of the rural population, the pressure of that population on limited land resources, and the lack of job opportunities in the rural non-agricultural sector. Of course, there is a wide variation in the quantity as well as quality of land resources and the precise role this factor plays varies accordingly.

(b) A substantial gap between urban and rural incomes is a second major cause of migration from rural to urban areas.

One direct measure of the difference between urban and rural incomes is the level of wages. An examination by Bairoch of the literature from ILO sources led him to the conclusion that the average gap must be between one hundred and two hundred percent. He also examined ILO data for two different periods, 1960-63 and 1966-69, for nine countries and found that in all cases but one the gap between the two series of wages widened. On the average, it widened by thirty-five percent; for 1966-69, the gap itself was approximately 120 percent.

A second approach to the question of rural-urban differentials is to measure differences in household incomes, based on surveys of household budgets. Bairoch found the gap in this type of data, admittedly meager in quantity, ranging from forty to one hundred percent, which is considerably narrower than that found in the other approaches. He concludes that the overall gap is, very roughly, between 80 and 150 percent. He concludes also that the probabilities are the gap is widening rather than narrowing, but admits that the evidence is not conclusive on this point.

3. Why do people migrate to urban areas?

The fact of large scale rural to urban migration is clear. It raises the question, however, as to why millions continue to migrate despite the extensive unemployment and underemployment in the urban areas. The most commonly accepted model which attempts to answer this question is that formulated by Michael P. Todaro. He suggests that his model can usefully serve two purposes: first, to demonstrate why the continued existence of rural-urban migration in the face of rising levels of urban unemployment often represents a rational economic decision from the point of view of the private individual; and second, to demonstrate how such a theoretical framework can be used in an analysis and evaluation of alternative public policies to alleviate the growing urban unemployment problem.10/

The basic behavioral assumption of Todaro's model is that each potential migrant decides whether or not to move to the city on the basis of an implicit "expected income maximumization" objective. There are two principal economic factors involved in the decision to migrate, according to Todaro. The first relates to the existing urban-rural real wage differential that prevails for different skill and educational categories of workers. The second crucial element relates to the degree of probability that a migrant will be successful in securing an urban job. He feels that without introducing this probability variable, it would be extremely difficult to explain the continued and often accelerated rate of migration in the face of sizeable and growing pools of urban unemployed.

Todaro's model is a rational one, based on economic expectations. Limiting motivation for migration to purely economic factors, however, ignores considerable evidence of the importance of non-economic factors. While this may result from the need for simple clear cut assumptions in model building, it results in the failure to explain the migration experience of a number of countries which have been the subject of review by ILO World Employment Missions, by The World Bank, and other organizations. To fill this gap, it is necessary to turn to some empirical studies of rural to urban migration and the motivations revealed in these studies.

4. Individual country experience with rural-urban migration

Iran - During the period from 1956 to 1966, two million persons left the countryside to settle in one of Iran's urban centers. As a result of this movement, the rural labor force increased by only nineteen percent while the economically active urban population increased by forty-seven percent. One of the major factors causing this migration was the rural-urban wage differential which widened during the 1960's. The ratio of urban to rural income per head was estimated by the plan organization to have increased from 4.6:1 in 1959 to 5.7:1 in 1969. If these figures are reasonably accurate, they show a much wider differential than Bairoch found for a small group of developing countries. In addition to the wage pull, the ILO Mission noted that in Iran, villagers do not usually have electricity, drinking water, health centers, public baths, elementary schools or adequate training facilities.11/

The Ivory Coast - The World Bank survey of the Ivory Coast noted the anomalies of a boom continuing with a worsening of the unemployment situation and despite the unemployment, an increasing use of foreign labor. The first of these anomalies can be explained by the heavy migration of men and women

(mostly young) from the country into the towns. This movement may be a little different than in other countries because it comes from wealthy as well as poor rural districts. They come even from districts with a shortage of labor as well as surplus areas.12/

To a considerable extent these are the better educated young. "The basic reason is that these youngsters are desperately keen to get on in the world, and are convinced that this is possible only in the towns. Of course, even the most innocent do not really imagine they have only to go to Abidjan to find their dream falling into their lap; all, however, believe that the only way to succeed is to 'escape' from their native village. For such youngsters, rural society is the epitome of the archaic and the antithesis of progress." So, equipped with their rudimentary primary school education, these young people can conceive their future only in terms of city life. They will not, however, accept laborers jobs which they consider a dead end. They would rather settle down to live with relatives or friends and wait for their lucky number to come up in the form of skilled employment or an administrative job.13/

Kenya - In Kenya, the process of rural-urban migration was found by the ILO Mission to be massive and involving all kinds of people--young, old, male, female, the educated and the illiterate, the landless and those with large holdings. Yet there are significant proportions. Many of the migrants were young, men migrated more than women; and migration increased rapidly with education. The desire for a job and inability to find work in the rural areas was the most common reason given for migration. A felt lack of social amenities and even of schools was not of much importance. Landlessness was also not of great importance.

Most migrants tended to seek employment in towns nearest their rural residence, yet also went great distances. Male migrants had substantially more education than the male population, and Nairobi drew the more highly educated. The process of selective migration added to rural problems by leaving behind the uneducated, the very young, the old and a disproportionate number of women. Yet twenty-one percent of the urban wage bill was remitted to families back home and a majority of urban migrants retained strong connections with the rural home areas and expected to return, perhaps even decades later.14/

The ILO Mission to Kenya suggests that two errors should be avoided in considering these facts. The first is to assume that because of the various sacrifices, the individuals who migrate are worse off than before. The migrants see it as a

private gain regardless of social costs. In spite of the struggle that many go through to find work or just to survive for those who succeed it is "clearly worthwhile and even for those who do not succeed it is usually worth trying." The second error is to assume that because private migration is individually worthwhile it must be socially desirable. Some migration is needed, but the high rate reinforces the tendency for the center to absorb even more resources and increases urban problems, particularly employment problems.15/

Colombia - The population movements that have occurred over the last quarter century have resulted not only in a shift from rural to urban locations, but also a very rapid growth of the large towns and the relative stagnation of the small ones. It appears that in many cases rural migrants move to villages and towns while the residents of these move on to the larger cities. As a result, small towns are losing part of the more dynamic inhabitants while gaining rural migrants with few skills.

The reason given by migrants for their move is usually economic, i.e., they move because they believed their economic position would be better; that they were likely to find a job, to get a house, to increase their income, to improve their conditions of living. Better education for their children often is subsumed under "better living conditions." Those who are likely to be most aware of the differences between the countryside and the towns migrate the most: people in the younger age brackets and those who are better educated. Conversely those who have higher wages and access to schooling for young children are less likely to leave the countryside.16/

5. Circular migration in East Africa

It should not be assumed that all migrants move to urban centers on a permanent basis. Part of the urban populations, particularly in East Africa, but also elsewhere on the continent, consist of people who continue to have close connections with their villages of origin, to which they may ultimately return. These people go to the towns to earn a living but only a relatively few remain town-dwellers all their lives.17/

Various explanations have been put forward for what can be called circular migration. It has sometimes been said that the reason is because a spell of work away from home has become a kind of initiation rite to manhood. According to Walter Elkan, however, initiation could hardly account for more than a very small part of the movement today. Another type of explanation focuses attention on the occasional need to save and the difficulty of doing so at home because of the demands of the extended families.

More recently, the stress is placed on economic factors. Perhaps the most widespread explanation and the one for which most evidence has been assembled looks to the conditions of employment. Employment conditions of the towns are far from attractive, sometimes due to government policy. There is growing support for the argument that inadequate wages and unsatisfactory conditions of employment are the true explanations of the failure to settle in towns. There is evidence that as these conditions improve, larger numbers are in fact leaving their villages for good. In Kampala, the latest inquiry indicates that the number of workers with dependent wives and children with them, increased from twenty-seven percent in 1957 to forty-three percent in 1964.18/ Nevertheless, there are still a significant number who return to their villages and circular migration is by no means a condition of the past. This study by Elkan suggests that the typical picture of high wages and social amenities in the urban areas is by no means a universal pattern.

6. International migration

While rural to urban migration constitutes the major migration problem, the consequences of international migration on the employment problems of developing countries cannot be ignored. According to a recent ILO report, there are six main trends of international migration for the purpose of seeking employment. They are, in the order of numbers concerned, as follows:19/

(a) Within Western Europe, with further large movements from North Africa to France, and from various regions (particularly the Caribbean countries) to the United Kingdom. The number of migrant workers and their families is estimated at 11 million, corresponding to an annual flow that seems to be from 600,000 to one million.

(b) Towards North America, particularly Canada (161,000 immigrants in 1969) and the United States (370,000 in 1970-71), where there are now 4.2 million resident foreigners.

(c) Between the countries of Latin America, particularly towards Argentina, where there are reckoned to be from 340,000 to 600,000 Paraguayans, and from 150,000 to 450,000 Bolivians; and to Venezuela, where the number of Colombians is estimated at from 300,000 to 700,000.

(d) Between the countries of West Africa, particularly towards the Ivory Coast and Ghana, where the number of immigrants from other African countries, according to estimates for these two countries, is thought to be from 900,000 to 1.5 million, many of whom come from Upper Volta.

(e) Towards Australia, which received approximately 150,000 immigrants in 1969 and 1970.

(f) In the southern section of Africa, where some 300,000 migrant African workers are recruited for the Republic of South Africa and Southern Rhodesia.

The ILO report indicates that although the number of migrants whose preparation, recruitment and entry into the country of immigration has been on an organized basis, is appreciable, they appear to represent only a small proportion of all migrants. The number of spontaneous migrants is still very high and, taking the world as a whole, spontaneous migration seems to be the rule rather than the exception. Much of the latter is clandestine and illegal.

There are some types of international migration which can be considered helpful to economic and social development. for example, the organized migration from developing countries of southern Europe and North Africa to Northern Europe may be said to be a positive factor for developing countries on two counts:

(1) The very substantial remittances sent home and the substantial savings which are usually invested in farms or commercial enterprises when the migrants finally return home; and

(2) The skills learned by the migrants even though the specific skills may not be usable when they return home. Just learning the discipline of industrial life can be an important aid to the developing country.

A second type of international migration is usually considered a very negative factor in development. This is the migration of highly skilled workers and professionals who have been unable to find employment utilizing their skills and leave for developed countries where the skills are in great demand. This is the so-called "brain drain" which has affected many developing countries with the loss of some of their most highly educated and trained people. Much has been written during the past decade regarding the "brain drain" with a strong emphasis on the adverse effects of this drain on the progress of development. Among these writers was Susumu Watanabe of the ILO.20/ Since 1969 when he wrote his article expressing serious concern on the "brain drain", Watanabe has changed his position somewhat.

In a recent paper prepared for a United Nations Experts Group meeting, Watanabe calls attention to the publication of twenty-two country papers contributed by member governments of the Colombia Plan, sixteen of them being developing

countries and six developed countries. Out of the sixteen developing countries, nine governments expressed the belief that the "brain drain" is no problem or is negligible. Only five countries (Khmer, Korea, Sri Lanka, (Ceylon), Thailand and Vietnam) report that the problem is a serious one. In several of these countries, serious internal political problems may have been a major factor in causing the "brain drain". The principal reason why the problem is not serious in a majority of countries is the existence of large pools of unemployed among highly educated persons and the inability to coordinate educational programs to effective demand for such personnel.21/

Watanabe concedes there is one area where the problem may be serious; the loss of doctors and nurses. It is obvious that developing countries need more medical personnel to care for their own people but "in many countries the limiting factor on the use of trained medical personnel is lack of effective demand rather than lack of supply."22/ Watanabe suggests that the most important cause of the "brain drain" is the overproduction of highly trained personnel. This in turn is due to poor manpower planning and to the excessive devotion of resources to higher education instead of to elementary education which would be more productive to the local economy.

The cost of the "brain drain" to developing countries is difficult to estimate. From a technical, economic point of view, one could argue that the "opportunity cost" to the home country is zero as long as there are no jobs for them. It has even been argued that the country is being relieved of manpower it cannot use. From a long term point of view, however, the social cost to the country of educating these people is very great and their services might well be needed in the future. With effective manpower and educational planning, resources could be shifted to lower forms of education, with substantial benefits to development. The "brain drain" however, serious, should be regarded as a sign of waste of scarce resources in poor countries and a sign of poor manpower and education planning.

D. Employment Problems in Rural Areas

1. Basic problem - underemployment

The basic employment problem in rural areas is "underemployment" rather than the "open unemployment" of the urban areas. Nevertheless, the end result is quite similar: rural poverty, maldistribution of income and wealth, deficient

resource allocation and inefficient production methods. Overt unemployment does exist in some developing countries but not nearly on the scale of urban centers.

The most comprehensive summary of agricultural unemployment in Latin America estimated that in 1960 there was an average "unemployment equivalent" of 32.6 percent among the agricultural work force of the region. ("Unemployment equivalent" is the sum of unemployment and of underemployment and part time employment, calculated proportionately.) The range was from 24.1 percent in countries classified in Group I to 50 percent in countries belonging to Group III.23/ The bulk of the "unemployment equivalent" was underemployment.

The data available for other regions, though not strictly comparable to Latin America, "appear to show somewhat lower but still high levels of unemployment and underemployment."24/

The employment problems of rural areas extend beyond the numbers which can be considered as unemployed or underemployed. In addition, many of those for whom employment opportunities do exist, consisting of a large majority of the agricultural population--small land owners, sharecroppers, and landless laborers--are insufficiently remunerated to provide them and their families with a decent living. Not only are per capita incomes considerably lower in agriculture than in other sectors of the economy but, owing to more unequal distribution of income, they are especially low for the majority of persons listed above. It is unlikely even in the average Latin American country or in the more developed countries of Asia (excluding Japan and possibly Taiwan) that the majority of the active agricultural population earn more than US $300 per family each year. In the more populous countries of Asia and Africa it is doubtful if the figure is as high as $100. Thus on a per capita basis, one could reasonably conclude that income rarely exceeds $75 per annum among the majority of the agricultural population.25/

2. Seasonality of unemployment

Many regions in developing countries, particularly in Africa, are characterized simultaneously by severe seasonal labor bottlenecks and chronic unemployment of labor during most of the year. Complete rural unemployment may not be substantial in a majority of developing countries, but seasonal unemployment is probably universal. This creates an especially difficult problem not usually faced in the urban centers. Added to this problem is the additional complexity created by large variations of population pressure on the land. Some tribes and groups have more than

enough land in Africa, while others are crowded by historical accident into limited areas and have to struggle to maintain a bare existence.

3. Problems of land tenure and land distribution

The rural employment picture is also complicated by problems growing out of the distribution of land and land tenure customs and regulations. The high concentration of land ownership is a universal problem. In Latin America this concentration divides the rural population into two major socio-economic groups: (1) a small elite, wealthy and powerful, consisting of landowners and a few of their representatives and (2) the masses of small cultivators together with the growing body of landless laborers. In Africa, it formerly divided the bulk of the population into expatriates and nationals. This pattern, of course, has changed since most countries of Africa achieved their independence. In Asia, land ownership has created a somewhat more complex hierarchy--into landlords and intermediaries on the one hand and various groups of cultivators and landless laborers on the other.26/

The result, on all three continents, is extensive farming on large holdings and intensive cultivation on the small holdings. Another result is that there are too many workers on the small holdings and too few on the large. "This results in underemployment on small holdings and because ownership and control of the land and complementary resources enable the elite to gain a disproportionate share of agricultural incomes, low earnings for the bulk of the agricultural population."27/

A second obstacle to increased employment is the undue fragmentation of individual plots. While partly a result of the high concentration of land ownership, it has developed in certain countries independently of land concentration. Its effect, particularly in densely populated areas where such plots are extremely small, would seem to lie not so much in reducing the number of job opportunities, as in depressing the level of remuneration of existing employment.

A third obstacle to increasing employment in rural areas is the land tenure institutions themselves. The lack of security of tenure is particularly important in areas where tenancy and sharecropping predominate (as in many parts of Asia) and where traditional communal holdings remain prevalent (as in Africa) and also where illegal or semilegal occupation of public lands is common.28/ The link between employment and insecurity of tenure rests largely on the lack of incentives for the cultivator to invest in his holdings and to intensify production even if he has sufficient resources.

Under stable tenure arrangements providing security and incentive, the landlord, tenant and sharecropper may all invest more. Inability to save and invest plagues the small landowner also, but the non-owing cultivator has the additional disadvantage of having to share the gains with the landlord. The landless laborer occupies a position of little influence (except for organized labor on some plantations) and thus has been unable to improve his employment possibilitie

4. Some country studies

Once again, it may be useful to go from the general to the concrete by reviewing a few individual country studies with respect to the nature and extent of the employment problem in rural areas. Here too, the best sources are the reports of ILO Missions and those of the IBRD.

Colombia - Professor Albert Berry, who has studied the rural employment problem in Colombia extensively, is cited in the ILO Mission Report as concluding that there is little unemployment at peak periods. The real problem is during the slack period but he found little information available on how long these slack periods last and how severe they are.

The available data on agricultural incomes indicates that many have incomes below the statutory minimum wage for agriculture, which itself was generally considered inadequate for any kind of acceptable minimum standard. About one in six agriculturally occupied wage earners or self-employed earned less than 1,100 pesos in 1960, which was equivalent to less than US $200. The major reason for this low income was that forty percent of rural families had less than two hectares of land and six percent had none at all.29/

What makes this extremely serious is the limited availability of the basic government services such as health, education, clean water and basic sanitation. Professor Berry has estimated that real wages in the countryside have not improved significantly since 1935--a fall in the following fifteen to twenty years has been barely made up by a rise which ended in 1963.

Ceylon--Sri Lanka - Unlike Colombia, Ceylon has a serious unemployment problem in the rural areas. The ILO Mission found that about 434,000 of the total of 552,000 open unemployment in 1970 were in the rural areas or on the "estates." Fully eighty-three percent of the rural unemployment and ninety-four percent of those on "estates" were young people between the ages of fifteen and twenty-four. Another feature of the employment situation is the existence of considerable numbers of job vacancies in such unpopular jobs as toddy-

tapping on plantations, which are filled by Indians because of the unwillingness of native Ceylonese, particularly the young who have attended secondary schools, to accept such work.

Since unemployment--both rural and urban--is concentrated among young people, many of whom are living with their families, the effects show mainly in the distribution of income. There are large numbers of families living below the poverty level, both among the rural Ceylonese and among Indian labor on plantations. The ILO Mission estimated that 46.1 percent of the rural families had incomes of less than 200Rs (which was assumed to be slightly above the poverty line) while the figure for the "estates" was 59.1 percent below this level. It should be noted, however, that Ceylon has free education and health services as well as social security and food subsidies which tends to mitigate the adverse consequences of the low level of earnings.30/

Kenya - While roughly seventy percent of rural households owned some land, fifty-two percent of the small holdings were less than two hectares each. About one-fifth of the small holders (approximately 225,000 farmers) have increased their income sharply during the past decade because they have benefited from settlement and irrigation schemes or from land registration. They derive substantial cash incomes and tend to hire workers on a full time basis as well as on a seasonal basis. Below these are some 250,000 farmers who have been able to commercialize their operations to some extent but so far with only a limited effect on returns. Finally, the majority of farm families (about 620,000) in medium potential land areas or with very small plots in high potential areas, lack the ability to raise the productivity of their land more than marginally. They must exist in extreme poverty or obtain income from other sources by working in rural areas or the towns. These are the rural working poor and they account for most of the employment problems as it exists in Kenya today.31/

Iran - Open unemployment in the rural area was found by the ILO Mission to be only two percent but the extent of seasonal employment is so meager as to yield an income totally inadequate to support rural workers. Moreover, the ILO Mission estimated that under prevailing conditions and with current techniques of cultivation, the present agricultural output could be produced by 2.6 million workers. Thus, a million workers in agriculture may be potentially unemployed while those seasonally unemployed are mainly landless laborers probably working much less than one-hundred days a year.32/

The Ivory Coast - The Ivory Coast is one of probably very few developing countries in which the employment problem in

the rural areas is far less serious than in the urban areas. This is largely a result of the heavy migration from the countryside to the towns. It is estimated that the rural labor force will increase by about eight percent by 1980 and this will probably not be adequate to meet manpower requirements needed for the increased food production desired by the government.

While there is considerable poverty in the rural areas, the situation does not appear to be nearly as bad as in many other developing countries. On the bigger farms and plantations of the traditional kind, wage earners already enjoy the same advantages as the workers in modern industry. Nevertheless, the proportion of indigenous labor on such farms does not exceed twenty percent of the labor force, indicating the strong reluctance of the natives to take unskilled agricultural work.33/

Liberia - The group of wage earners who have benefited least from economic growth are employees of locally owned rubber plantations, most of them being paid at or near the legal minimum wage of eight cents an hour. This was established in 1963 (fifteen cents for industrial workers) and has not been changed since, though "gross domestic product" has doubled. The average yield of the concession plantations are more then double the locally owned plantations and therefore wages are much above the legal minimum. But the group which has gained the least from development, partly because they have contributed very little, are the roughly seventy percent of the total work force who are primarily engaged in subsistence agriculture. In all probability they have suffered a decline in real income.34/

E. Income Distribution And Its Relationship To Employment

As Dudley Seers, the director of the ILO World Employment Mission to Colombia, has pointed out, ". . . employment depends not only how goods are produced but also on what goods are produced. . . . The distribution of income not only reflects the existence of unemployment. . .; it also causes unemployment." Seers goes on to suggest that it is hardly conceivable that a high level of employment will be achieved in Colombia (or other developing countries) as long as the distribution of income by size (and its related distribution between town and country) is such as to generate a heavy demand for goods and services with big import requirements and heavy skill needs, but little demand for goods and services incorporating a high content of unskilled labor.35/ If this relationship between income distribution and employment is valid, the

conclusion must follow that redistributive policies are required in most if not all developing countries if employment opportunities are to be increased, apart altogether from their ethical justification.

1. Nature of income distributions in developing countries

Systematic work on the distribution of income by size at different stages of development probably began in 1955 with Kuznets' article on economic growth and income inequality.36/ His 1963 study contains indications of size distribution of income for the United Kingdom, Prussia, Saxony, Germany, the Netherlands, Denmark, Norway, Sweden and the United States. Although the data presented were quite heterogeneous, Kuznets felt able to draw some tentative conclusions. For the period extending through the post-second World War years, he felt there had been a narrowing of inequality in the size distribution of income. In most countries, the share of the top five percent group in income was twnety percent or less after World War II, compared with about thirty percent in the 1920's and 1930's.37/

For developing countries, income distribution data are seldom available for more than one year. Recently, a basis for comparison of data for a single year was produced by Irma Adelman and Cynthia Taft Morris for forty-four countries. 38/

The wealth of data compiled by Adelman and Morris has permitted Felix Paukert of the ILO to develop an improved picture of income distribution for fifty-six countries.39/ This was accomplished by dropping data for four countries where the basic information was inadequate, replacing the data for three countries by superior data from other sources, recalculating the data for nine countries, and adding information for sixteen other developed and developing countries. The resulting information on income distribution by size for fifty-six countries is presented in Table 5.

For each country, the table shows the share of personal pre-tax income accruing to the lowest twenty percent of families or households (the first quintile); then to the second, third, and fourth quintiles; then to the next fifteen percent; and finally to the top five percent. The table also shows two measures of concentration calculated from these figures: the GINI coefficient 40/ and the maximum equalization percentage, indicating what percentage of total income would have to be shifted between quintiles in order to achieve equal distribution of income.

TABLE 5

SIZE DISTRIBUTION OF PERSONAL INCOME BEFORE TAX IN 56 COUNTRIES: INCOME SHARES RECEIVED BY QUINTILES OF RECIPIENTS IN THE NEIGHBORHOOD OF 1965

Country and level of GDP per head	Percentiles of recipients						Gini ratio	Maximum equilisation percentage	GDP per head in 1965 (US $)
	Below 20 %	21-40 %	41-60 %	61-80 %	81-95 %	96-100 %			
Under $100									
Chad (1958)	8.0	11.6	15.4	22.0	20.0	23.0	0.35	25.0	58
Dahomey (1959)	8.0	10.0	12.0	20.0	18.0	32.0	0.42	30.0	73
Niger (1960)	7.8	11.6	15.6	23.0	19.0	23.0	0.34	25.0	81
Nigeria (1959)	7.0	7.0	9.0	16.1	22.5	38.4	0.51	40.9	74
Sudan (1969)	5.6	9.4	14.3	22.6	31.0	17.1	0.40	30.7	97
Tanzania (1964)	4.8	7.8	11.0	15.4	18.1	42.9	0.54	41.0	61
Burma (1958)	10.0	13.0	13.0	15.5	20.3	28.2	0.35	28.5	64
India (1956-57)	8.0	12.0	16.0	22.0	22.0	20.0	0.33	24.0	95
Madagascar (1960)	3.9	7.8	11.3	18.0	22.0	37.0	0.53	39.0	92
Group average	*7.0*	*10.0*	*13.1*	*19.4*	*21.4*	*29.1*	*0.419*	*31.6*	*78.3*
$101-200									
Morocco (1965)	7.1	7.4	7.7	12.4	44.5	20.6	0.50	45.4	180
Senegal (1960)	3.0	7.0	10.0	16.0	28.0	36.0	0.56	44.0	192
Sierra Leone (1968)	3.8	6.3	9.1	16.7	30.3	33.8	0.56	44.1	142
Tunisia (1971)	5.0	5.7	10.0	14.4	42.6	22.4	0.53	44.9	187
Bolivia (1968)	3.5	8.0	12.0	15.5	25.3	35.7	0.53	41.0	132
Ceylon (Sri Lanka) (1963)	4.5	9.2	13.8	20.2	33.9	18.4	0.44	32.5	140
Pakistan (1963-64)	6.5	11.0	15.5	22.0	25.0	20.0	0.37	27.0	101
South Korea (1966)	9.0	14.0	18.0	23.0	23.5	12.5	0.26	19.0	107
Group average	*5.3*	*8.6*	*12.0*	*17.5*	*31.6*	*24.9*	*0.468*	*37.2*	*147.6*
$201-300									
Malaya (1957-58)	6.5	11.2	15.7	22.6	26.2	17.8	0.36	26.6	278
Fiji (1968)	4.0	8.0	13.3	22.4	30.9	21.4	0.46	34.7	295
Ivory Coast (1959)	8.0	10.0	12.0	15.0	26.0	29.0	0.43	35.0	213
Zambia (1959)	6.3	9.6	11.1	15.9	19.6	37.5	0.48	37.1	207
Brazil (1960)	3.5	9.0	10.2	15.8	23.1	38.4	0.54	41.5	207
Ecuador (1968)	6.3	10.1	16.1	23.2	19.6	24.6	0.38	27.5	202
El Salvador (1965)	5.5	6.5	8.8	17.8	28.4	33.0	0.53	41.4	249
Peru (1961)	4.0	4.3	8.3	15.2	19.3	48.3	0.61	48.2	237
Iraq (1956)	2.0	6.0	8.0	16.0	34.0	34.0	0.60	48.0	285
Philippines (1961)	4.3	8.4	12.0	19.5	28.3	27.5	0.48	35.8	240
Colombia (1964)	2.2	4.7	9.0	16.1	27.7	40.4	0.62	48.0	275
Group average	*4.8*	*8.0*	*11.3*	*18.1*	*25.7*	*32.0*	*0.499*	*38.5*	*244.4*

TABLE 5 - Continued

$301-500									
Gabon (1960)	2.0	6.0	7.0	14.0	24.0	47.0	0.64	51.0	368
Costa Rica (1969)	5.5	8.1	11.2	15.2	25.0	35.0	0.50	40.0	360
Jamaica (1958)	2.2	6.0	10.8	19.5	31.3	30.2	0.56	41.5	465
Surinam (1962)	10.7	11.6	14.7	20.6	27.0	15.4	0.30	23.0	424
Lebanon (1955-60)	3.0	4.2	15.8	16.0	27.0	34.0	0.55	41.0	440
Barbados (1951-52)	3.6	9.3	14.2	21.3	29.3	22.3	0.45	32.9	368
Chile (1968)	5.4	9.6	12.0	20.7	29.7	22.6	0.44	33.0	486
Mexico (1963)	3.5	6.6	11.1	19.3	30.7	28.8	0.53	39.5	441
Panama (1969)	4.9	9.4	13.8	15.2	22.2	34.5	0.48	36.7	490
Group average	*4.5*	*7.9*	*12.3*	*18.0*	*27.4*	*30.0*	*0.494*	*37.6*	*426.9*
$501-1 000									
Republic of South Africa (1965)	1.9	4.2	10.2	25.2 ~~26.4~~	31.5 ~~18.0~~	27.0 ~~39.4~~	0.56 ~~0.58~~	43.7	521
Argentina (1961)	7.0	10.4	13.2	17.9	22.2	29.3	0.42	31.5	782
Trinidad and Tobago (1957-58)	3.4	9.1	14.6	24.3	26.1	22.5	0.44	32.9	704
Venezuela (1962)	4.4	9.0	16.0	22.9	23.9	23.2	0.42	30.6	904
Greece (1957)	9.0	10.3	13.3	17.9	26.5	23.0	0.38	29.5	591
Japan (1962)	4.7	10.6	15.8	22.9	31.2	14.8	0.39	28.9	838
Group average	*5.1*	*8.9*	*13.9*	*22.1*	*24.7*	*25.4*	*0.438*	*32.9*	*723.3*
$1 001-2 000									
Israel (1957)	6.8	13.4	18.6	21.8	28.2	11.2	0.30	21.2	1 243
United Kingdom (1964)	5.1	10.2	16.6	23.9	25.0	19.0	0.38	28.1	1 590
Netherlands (1962)	4.0	10.0	16.0	21.6	24.8	23.6	0.42	30.0	1 400
Federal Republic of Germany (1964)	5.3	10.1	13.7	18.0	19.2	33.7	0.45	32.9	1 667
France (1962)	1.9	7.6	14.0	22.8	28.7	25.0	0.50	36.5	1 732
Finland (1962)	2.4	8.7	15.4	24.2	28.3	21.0	0.46	33.5	1 568
Italy (1948)	6.1	10.5	14.6	20.4	24.3	24.1	0.40	28.8	1 011
Puerto Rico (1963)	4.5	9.2	14.2	21.5	28.6	22.0	0.44	32.1	1 101
Norway (1953)	4.5	12.1	18.5	24.4	25.1	15.4	0.35	24.9	1 717
Australia (1966-67)	6.6	13.4	17.8	23.4	24.4	14.4	~~2.30~~ 0.30	22.2	1 823
Group average	*4.7*	*10.5*	*15.9*	*22.2*	*25.7*	*20.9*	*0.401*	*29.0*	*1 485.2*
$2 001 and above									
Denmark (1963)	5.0	10.8	16.8 ~~18.8~~	24.2	26.3	16.9	0.37	25.4	2 078
Sweden (1963)	4.4	9.6	17.4	24.6	26.4	17.6	0.39	28.6	2 406
United States (1969)	5.6	12.3	17.6	23.4	26.3	14.8	0.34	24.5	3 233
Group average	*5.0*	*10.9*	~~17.9~~ 17.3	*24.1*	*26.3*	*16.4*	*0.365*	*26.2*	*2 572.3*

Source: Felix Paukert, International Labour Review, op. cit., p. 114
The table contains a few corrections obtained from the author.

The countries in the table are grouped according to their level of economic development as measured by gross domestic product per head in 1965, expressed in US dollars. This basis of grouping was selected so as to be able to investigate the relationship between income equality and the level of economic development. Averages for the various groups produced in Table 6 relates not only to the basic data for each country but also some further calculations made by Paukert based on those data. A summary of the findings presented by Paukert are of great interest even though they do not answer all the questions one would like to raise.

Regarding the question whether there is greater income inequality in developed or developing countries, the data provides a reasonably clear answer. Taking the forty-three countries with "gross domestic product" per capita below $1,000 as developing, and the remaining thirteen as developed, the average GINI ratio is found to be 0.467 for developing, and 0.392 for developed countries. Similarly, the maximum equalization percentage is 35.8 for developing, and 28.4 for developed countries.41/ Although the differences are not as great as one might have expected, they are significant nevertheless.

The greater inequality in developing countries is due primarily to the high share of income received by the richest five percent of the population - 28.7 percent compared with 19.9 percent in developed countries, and is a startling contrast between the two groups of countries. There is a similar although relatively less pronounced difference between the shares of the richest twenty percent of income recipients--54.8 percent of total personal income in developing countries compared with 45.7 percent in developed countries.

On the other hand, the contrasts between the two groups of countries regarding the share of the lowest income recipients is less remarkable. The share of the poorest twenty percent of the population (5.3 percent) is actually slightly higher in the developing than in the developed countries (4.8 percent). Even comparing the shares of the poorest sixty percent of population, the difference is not great, with this share amounting to 26.3 percent in developing and 31.7 percent in developed countries.

The differences in income distribution between the developed and developing countries are not as important as the pattern of income distribution which is typical for particular levels of development. Paukert's data supports the view that with economic development (measured by growth in free market economics), income inequality tends to increase,

TABLE 6

INDICATORS OF SIZE DISTRIBUTION OF INCOME
IN THE NEIGHBORHOOD OF 1965
(Average for groups of countries)

GDP per head (US $)	Number of countries	Q_1	Q_2	Q_3	Q_4	P_{80-95}	P_{95-100}	Q_5	Q_1+Q_2	$Q_1+Q_2+Q_3$	Q_5/Q_1	Q_4/Q_1	$\frac{Q_5}{Q_1+Q_2+Q_3}$	Gini ratio	Maximum equalisation percentage
		percentages													
Below 100	9	7.0	10.0	13.1	19.4	21.4	29.1	50.5	17.0	30.1	1.87	7.21	1.68	0.42	31.6
101-200	8	5.3	8.6	12.0	17.5	31.6	24.9	56.5	13.9	25.9	2.26	10.66	2.18	0.47	37.2
201-300	11	4.8	8.0	11.3	18.1	25.7	32.0	57.7	12.8	24.1	2.35	12.02	2.39	0.50	38.5
301-500	9	4.5	7.9	12.3	18.0	27.4	30.0	57.4	12.4	24.7	2.73	12.76	2.32	0.49	37.6
501-1 000	6	5.1	8.9	13.9	22.1	24.7	25.4	50.1	14.0	27.9	2.73	9.82	1.80	0.44	32.9
1 001-2 000	10	4.7	10.5	15.9	22.2	25.7	20.9	46.6	15.2	31.1	3.38	9.91	1.50	0.40	29.0
2 001 and above	3	5.0	10.9	17.9	24.1	26.3	16.4	42.7	15.9	33.8	3.58	8.54	1.26	0.36	26.2

Note: Q_1 represents the percentage of total personal income received by the poorest 20 per cent (the first quintile) of income recipients, Q_2 the share of the next 20 per cent, etc; P_{95-100} is the share of the richest 5 per cent of income recipients, P_{80-95} the share of the next 15 per cent.

Source: Calculated from data in Table 5

then becomes stable, and then decreases. The data shows clearly an increase in inequality as countries progress from the below $100 level to the $101-200 group level and beyond. They establish that the peak of inequality is reached in the group of countries with per capita income between $200 and $500. Paukert believes that up-to-date figures both for income distribution and for per capita GDP would show the peak of inequality between $250 and $600. Most of the countries with the most pronounced inequality of income can be found within this range, although two or three of the high inequality countries are in the $100-$200 group, and one (South Africa) in the $501-$1,000 group. Countries in the $501-$1,000 group (other than South Africa) have a markedly lower level of inequality and an even further reduction of this level is to be found in the above $1,000 group.

Paukert's data also confirms the hypothesis suggested originally by Kuznets that the share of the lowest twenty percent can be expected to be higher in the countries with the lowest per capital income. Even the share of the lowest sixty percent of population is higher in the countries below $100 per capita than in other developing countries. Only in the developed countries do the lowest sixty percent of the population receive a higher share of total income than in the poorest countries.

2. Is income distribution becoming more or less unequal?

There is very little data on distribution of income in a particular country over a period of time to determine whether inequality is narrowing or widening. John Eriksson has stated that he knows of such information for only nine countries and in all these cases only for two periods of time. He concludes that ". . . these data suggest a significant worsening in income distribution over time." He found that only in Taiwan (Republic of China) was there a dramatic increase in equality of income distribution and this was accompanied by rapid per-capita GNP growth and employment growth. He attributes this result to appropriate policies, among them: (1) economic policies encouraging appropriate choices of investment and technology, taking advantage of relative abundance of labor and scarcity of capital: (2) a comprehensive redistribution of the most important asset, land; and (3) important institutional changes, including the development of multi-purpose small farmers' associations providing both credit and technical assistance.42/

Eriksson concedes that information for only two time periods may be misleading because data for any particular time might be unusual because of special characteristics.

F. Factors Responsible for High Rates of Unemployment and Underemployment in Developing Countries

Neither unemployment nor underemployment, nor poverty for that matter, are limited to developing countries. There are few developed countries in the world which have acquired the status of full employment societies and even these are likely to suffer from unemployment periodically. What is unique among developing countries is the much greater level of unemployment, underemployment and of poverty and its persistence in both urban and rural sectors of the economy. Some of the causes of this unemployment are no different than for the developed world. For example, structural unemployment which affects the United States and many countries of Europe is also acutely present in most developing countries. In order to find solutions, it is necessary to take a close look at the principal reasons why unemployment is so high in developing countries and why the process of development has failed to reduce these levels. Although some of the causes may be common to developed countries, the primary objective of this section is to consider factors which are unique to the developing world.

1. Population and labor force growth

It is generally accepted by scholars that the most important factor responsible for the exceptionally high rate of unemployment and underemployment in the developing world is the rapid rise in population during the past several decades. This sharp rise in population is responsible for the rapidly growing labor force for whom employment opportunities must be provided if the spector of unemployment and poverty is to be mitigated (if not eliminated) during the balance of this century.

Table 7 presents estimates of labor force growth in developing countries between 1950 and 1980, together with a comparison with developed countries. While questions can be raised regarding population and participation estimates for countries, the general picture of rapid population and labor force growth is clear. Turnham, from whose study this table is taken, states that the changes made in participation rate assumptions from currently estimated levels "are almost entirely in a downward direction to allow for earlier retirement and more education."43/ One might question the soundness of this assumption in view of the rapid rise in participation rates for females, but precise accuracy is not very important when the basic conclusions of the data are so apparent.

TABLE 7

ESTIMATES OF GROWTH OF THE LABOUR FORCE IN LESS DEVELOPED COUNTRIES: 1950-1980

	Rates of Growth 1950-1965		Rates of Growth 1965-1980		Rates of Growth 1970-1980	
	Total	Annual	Total	Annual	Total	Annual
Developed Countries	17.6	1.1	15.8	1.0	10.0	1.0
Less Dev. Countries	28.1	1.7	39.0	2.2	25.2	2.3
Regions:						
Other East Asia	30.7	1.8	56.5	3.0	35.3	3.1
Middle South Asia	23.2	1.4	33.2	1.9	21.6	2.0
South East Asia	32.3	1.9	43.0	2.4	28.0	2.5
South West Asia	31.8	1.9	50.4	2.8	31.3	2.8
West Africa	38.9	2.3	40.2	2.3	25.8	2.3
East Africa	21.1	1.3	30.8	1.8	19.8	1.8
Central Africa	16.0	1.0	19.4	1.2	12.9	1.2
North Africa	17.5	1.1	45.7	2.5	29.0	2.6
Trop. South America	48.3	2.7	55.6	3.0	34.7	3.0
Central America	52.0	2.8	62.7	3.3	39.1	3.4
Temperate South America	25.7	1.5	25.0	1.5	16.0	1.5
Caribbean	31.1	1.8	40.6	2.3	25.8	2.3

Source: Turnham

The table clearly shows the extent of the problem facing developing countries. The rate of growth is, on the average, more then twice as great as developed countries and implies an overall increase of about twenty-five percent for the next decade and almost forty percent over the fifteen year period beginning with 1965. Moreover, in all of the developing regions, the labor force is estimated to grow appreciably faster in the future than in the past.

In Latin America and the Caribbean, the annual increase in the population was 2.3 percent in the decade of the forties. It rose to 2.8 percent in the next decade and to almost 3 percent in the sixties. The direct result of this population explosion was a rapid increase in the labor force between 1960 and 1970 of almost twenty million individuals and the prospective rise in the decade of the seventies of thirty million more. (See Table 8)

The population of Asia grew somewhat more slowly but started from a worse initial position and the heavier pressure of people on land resources made the situation extremely serious. Population grew at a rate of 2.2 percent from 1950 to 1960 and about the same for the decade of the sixties. It is expected that the growth rate in the current decade will be at a somewhat higher rate and it seems reasonable to estimate that the Asian continent (excluding mainland China) will have to absorb upward of 100 million workers in the decade ending in 1980. (See Table 9)

The employment problem of Africa is less acute because population increased by 2.0 percent in the fifties and an estimated 1.8 percent in the sixties. Nevertheless, the labor force is expected to increase by 32.7 million individuals between 1970 and 1980. (See Table 10)

Taking all three continents together, the expected increase in the labor force is about 170 million people (excluding China). Given the fact that visible unemployment (excluding underemployment) may affect some 36 million people in 1970, some 200 million people will have to be absorbed in productive jobs if full employment is to be achieved by 1980.

If developing countries are grouped according to their per capita income, it will be found that a large majority with the lowest per capita income have the highest estimated rate of labor force growth from 1970 to 1985. This does not bode well for the prospects that these countries can resolve their employment problems during this period. Table 11 presents a comparison of countries with various levels of per capita income and the expected growth rate of their labor forces.44/

TABLE 8

ESTIMATED ECONOMICALLY ACTIVE POPULATION OF LATIN AMERICA - 1960, 1970, 1980
(millions of persons)

Region	1960	1970	1980	Increase 1960-70	Increase 1970-80
Tropical So. America	36.5	47.4	63.5	10.9	16.1
Central America	15.0	20.7	29.8	5.7	8.1
Temperate So. America	12.3	14.3	17.1	2.0	2.7
Caribbean	7.7	9.6	12.1	1.9	2.5
Total	71.5	92.0	121.4	20.5	29.4

Source: Y. Sabolo; "Sectoral Employment Growth, Outlook for 1980." p.44 & 67, Reproduced in Essays on Employment, Ch. 11, p. 3

TABLE 9

ESTIMATED ECONOMICALLY ACTIVE POPULATION OF ASIA (excluding Mainland China) 1960, 1970, 1980
(millions of persons)

Region	1960	1970	1980	1960-70	1970-80
East Asia	15.4	20.3	27.4	4.9	7.1
South Central Asia	239.1	283.1	344.3	44.0	61.2
South East Asia	89.7	110.1	141.0	20.4	30.9
South West Asia	20.4	26.6	34.9	6.2	8.3
Total	364.6	440.0	547.6	75.5	107.5

Source: Sabolo, pp. 44 and 67

TABLE 10

ESTIMATED ECONOMICALLY ACTIVE POPULATION OF AFRICA - 1960, 1970, 1980
(millions of persons)

Region	1960	1970	1980	1960-70	1970-80
West Africa	40.0	49.6	62.4	9.6	12.8
East Africa	30.1	35.8	42.9	5.7	7.1
Central Africa	13.7	16.1	18.7	2.4	2.6
North Africa	22.2	28.1	36.3	5.9	8.2
South Africa	6.1	7.6	9.6	1.5	2.0
Total	112.1	137.2	169.9	25.1	32.7

Source: Sabolo, pp. 44 and 67

TABLE 11 - Current Income Level and Future Growth of Labour Force: Selected Less Developed Countries[1] per capita income in 1969

	Low Income Countries Under $200 per capita	
High Labour Force Growth Over 2.5% per annum 1975-85	Kenya Uganda Tanzania Chad Togo Niger Rwanda Sudan Somalia Malawi Malagasy Rep. Morocco	Yemen U.A.R. Afghanistan Cambodia Pakistan Indonesia Thailand
Moderate Labour Force Growth 1.5-2.5% per annum 1975-1985	Nigeria Burundi Dahomey Mali Upper Volta Guinea Sierra Leone Congo Ethiopa Cameroon	India Ceylon Laos Bolivia
Low Labour Force Growth under 1.5% per annum 1975-85		

Source: DAC Document, op.cir., p. 7; ILO Projections of Labour Force and the World Bank Atlas, 1971

(1) Countries underlined are those for which per capita income grew as fast or faster than 0.8% per annum, 1960-1969.

TABLE 11 - Continued

Intermediate Income $200-350 per capita		Intermediate Income $350-700 per capita		High Income over $700
Ghana	Colombia	Iran	Costa Rica	Singapore
Zambia	Brazil		Jamaica	Venezuela
Algeria	Peru		Nicaragua	Trinidad & Tobago
Iraq	Ecuador		Panama	
Jordon	Paraguay		Mexico	
Syria	El Dalvador			
South Korea	Honduras			
Malaysia	Dom. Republic			
Ivory Coast	Taiwan	Turkey	Chile	
Sengal		Lebanon		
		Uruguay	Yugoslavia	Greece
		Argentina		Ireland
				Spain

2. Capital intensive development

The priority given by developing countries during the past several decades to capital intensive development is a second major factor explaining the high unemployment and underemployment rates. The traditional technology of these countries is very labor intensive but the technology which has been transfered from abroad was developed for industrialized countries characterized by relative abundance of capital and scarcity of labor. While the economies of most developing countries are still rather labor intensive because of the large size of traditional sectors, much of the technology introduced during the past two decades has been much more capital intensive and labor saving than is appropriate for the scarce capital and plentiful labor which is universal. The result is that the number of jobs generated per thousand dollars of investment is much lower than it should be. The consequence is that employment in the modern sector--especially manufacturing--has been growing at a rate no more than half that of production growth and the absorption of the growing labor force is not proceeding at a rate in keeping with the growth of the labor surplus.

The emerging structure is characterized by a small, deeply capitalized sector employing relatively few workers (although at relatively high wage rates) and a large thinly capitalized traditional sector. This traditional sector exists in the urban centers and also in the rural areas.

The normal tendency for capital intensive production by new industries and new enterprises has deliberately been strengthened by the policies of developing countries. Among the policies to be found in many developing countries are the following:

(1) High levels of protection for domestic import-substituting industries;

(2) Relatively cheap access to credit, particularly for capital equipment;

(3) Subsidizing of imported capital equipment;

(4) Fiscal incentives for foreign as well as domestic investors;

(5) Heavy infrastructure investment to support industrialization and corresponding neglect of agriculture;

(6) In a number of countries, ambitious social legislation, patterned on the example of industrial countries, has also tended to discourage use of labor.45/

Why is it that despite the urgent need of developing countries for increased employment as part of their economic development, they have engaged in policies strengthening the trend toward capital intensive development? A useful summary of these reasons is to be found in a special volume prepared by the ILO on "Employment in Africa: Some Critical Issues."46/

(1) Developing countries have been influenced by growth theory and recent experience of developed countries in which both the supply and demand for additional output depends on the amount of capital invested.

(2) There is a psychological factor in which modernity is associated with capital intensiveness--a problem often made worse by engineers and architects attuned to producing a more modern factory than the last one.

(3) Because of the abundance of labor and sometimes of land in developing countries, it was supposed that the reason for failure to develop lay in the shortage of capital. Therefore, capital was made available by international institutions and the governments of industrialized countries on terms making it cheaper than the use of labor.

(4) Developing countries also instituted policies to attract investment. Interest rates were kept artificially low, tax incentives were accorded to investors, and capital goods were admitted at low rates of duty or none at all, while finished goods they produced were heavily protected.

(5) It was assumed that developing countries could only export traditional primary products. Therefore, hope for industrialization was seen not to lie in exports but in substitution for imports. By promoting overvaluation of currencies, the high protection on imports of finished goods discriminated against exports, including traditional goods produced by labor intensive methods.

(6) Trade unions, often protected and encouraged by government, raised wages in manufacturing to levels much higher than alternative earnings in handicrafts or rural industries. By encouraging employers to

substitute machinery for labor, these high wages not only reduced employment possibilities but also encouraged migration through increasing attractiveness of urban employment.

One need not agree with every point in this listing of the reasons why developing countries have aided the introduction of capital intensive industries. Substantial reservations, regarding point (6), for example, can be justified. Secondly, there is inadequate appreciation that certain industries are basically capital intensive and cannot develop in any other way. This is obviously true for the basic steel industry, chemicals and most other basic industries. If a developing country concludes that such industries are essential to its ultimate goals, there are no labor intensive ways to bring them into being. There has been much discussion of intermediate technology but for the basic industries this is not often practicable. In any event, employment has not increased sufficiently with the strategy that has been followed, to absorb the rural to urban migrants or even the natural increase in the labor force of the urban centers.

3. Ineffective preparation of human resources for development and modernization

The educational institutions of developing countries have been severely criticized in recent years for contributing to the unemployment problem by failing to provide youth with the kind of education needed for their changing economies. One of the strongest of these critics is Dr. Toh Chin Chye, Vice Chancellor of the University of Singapore. He points out that the developed countries have the resources to pay for primary, secondary and post-secondary education and that this fact "has frequently been misconstrued by developing countries that education is the key to their prosperity." However, ". . . painful experience has shown that free education from primary to university level and turning out of excessive numbers of university graduates in developing countries not only leads to brain drain but makes the large numbers who remain behind an embittered and frustrated generation because their education has led them into a cul-de-sac. Centuries of Asian veneration for scholarship has led to a cultivation of attitudes that there is an equivalence between education, status and jobs, and it is when jobs are not forthcoming that the educated are ready for insurgency."47/

An African official of the ILO, Albert Tevoedjre, observes that "Africa is saddled today with a growing number of young persons turned out by primary and secondary schools who have none of the skills required by industry

and who therefore remain not only unemployed but unemployable."48/ Dr. Karka Gurung points out that "the increase in the number of educated unemployed, alongside with shortages of trained personnel, has become a standard pattern in most of the developing countries. . . .This adverse situation is very much the making of maladjustment between the education system and the socio-economic needs of the developing countries. The persistence of class monopoly of education has continued to make education primarily a means of escaping from manual labor."49/

The result of this distortion of the educational systems, points out the Department of Economic and Social Affairs of the United Nations, is that "educated unemployment has been growing while at the same time shortages of persons with comparatively simple skills - mechanics and foremen for instance - have frequently impeded the pace of production."50/

There is some reason to believe that the kind of education given in many developing countries leads not only to white-collar mentality but also to a lack of initiative. Educational institutions should be able to stimulate students towards becoming entrepreneurs, managers of small business or co-ops, or self-employed to make a better living.

Several of the World Employment Missions of the ILO found considerable evidence to support the views of these critics. Perhaps the strongest evidence was found by the Mission to Ceylon, headed by Dudley Seers, who also headed up the Colombia Mission. His report concluded that there are a number of major culprits for the serious unemployment problem of Ceylon but for the leading culprit "a strong candidate is Ceylon's system of education." The report notes that more than 100,000 young people come pouring out of secondary schools each year "with paper qualifications for which the demand is very limited and one wonders about the relevance of the expectations and values they have acquired at school for the real task of development that now faces Ceylon."51/

The result of this outpouring of poorly trained youth is an especially high rate of unemployment among educated youth. While a recent survey (1969-70) showed some five percent open unemployment among those who had never been to school, the figure was over thirty percent for students passing the 10th grade and no less than seventy percent for those passing the 12th grade but had not gone on to the university. The basic conclusion of the ILO Mission is that the kind of education system which was appropriate for a time when all the products of secondary school could be absorbed into middle class

occupations "became glaringly inappropriate now when the majority of secondary school leavers have no alternative but to beome farmers or manual workers."52/

In Kenya, the problem, according to the mission, is not so much the number of school leavers as the whole philosophy of education "which mentally prepares the pupils for formal, non-rural employment in the context of an economy which has failed to generate enough employment opportunities of this sort; and in the foreseeable future will continue to do so, unless there are fundamental changes both inside the school and outside."53/

A recent study by Mark Blaug on Education and the Employment Problem in Developing Countries for the ILO World Employment Program, casts doubt on some of the contentions of the critics of the educational system and comes up with a different theory of what is wrong. The author contends, first of all, that the blame for a major part of the complaint of over-education or misdirected education at higher levels is due to the poor forecasting of manpower requirements by manpower forecasters. He concedes that short term forecasts are reasonably good but not those for the long term, concluding that "over the next decade or so there will be little point in arguing whether the educational systems should be geared to long term manpower requirements, because experience has shown that they cannot be."54/ There may be some validity to the doubt raised regarding long term forecasts but it should also be noted that in too many instances, misdirected education continued long after their misdirection had been pointed out by manpower forecasters.

Blaug also questions the alleged seriousness of the educated unemployment problem, primarily the difficult time all youth have in getting their first job. He suggests that the statistics are not adequate to reveal this. It should be noted, however, that in the case of Ceylon, the educated unemployed were usually unemployed for at least three years so that it appeared to be a more serious problem than merely the normal transition from school to work.

Blaug also feels that the ILO Missions were too much concerned with the qualitative problems of education which are very difficult to solve, rather than the quantitative aspect which he feels is the heart of the current problem. He concludes, on the basis of cost-effectiveness studies, that neither secondary nor higher education are nearly as productive for developing countries as elementary education and that too much of the resources of these countries are being directed in these areas. His basic conclusion is that "primary education must be given top priority."55/

Blaug disagrees with the desire of some critics of education to increase the emphasis on vocational education in the schools in an effort to meet the needs of development, contending that vocational training can only be accomplished in on-the-job training. However, it may be necessary for the schools to provide better orientation as well as background information for students ending up in industry. This study, which was published in late 1973, raises important questions for those concerned with the relationship between education and employment. Some of these questions will be discussed further in Chapter IV.

4. Neglect of agriculture and other rural industries

Clearly one of the major causes for the serious employment problems in the rural areas has been the neglect of agriculture and other rural employments by many of the developing countries. This is the obverse side of the concentration on, and priorities for, the development of capital intensive industries in the urban sectors. The result of this neglect has been a deterioration of rural life in the developing world. In Africa, for example, "Farms are being subdivided into smaller and smaller size. At the same time cultural patterns are changing. Many men no longer undertake warrior training or carry spears. Frequently, menial tasks are no longer acceptable." A sizable portion of the rural population, for the first time, finds nothing to do. And despite the rural to urban migration, the population in rural areas is growing rapidly.56/

The neglect of agriculture and rural employments occurred despite the fact that in many countries a large majority of the population was engaged in such pursuits. African countries especially depend on agriculture as a source of employment and incomes. It still makes the largest contribution to the gross national product of the majority of countries and to their export earnings. It is thus a key element for generating savings for domestic capital formation. Moreover, even as late as 1970, seventy-one percent of the labor force in the continent as a whole worked in agriculture. In eastern and middle Africa, the proportion was as high as eighty-three and eighty percent, respectively. In Western Africa it was sixty-nin percent and in Northern Africa sixty percent.57/

In recent years, economists have come to the fundamental conclusion, sometimes with a great deal of reluctance, that for many years to come, the primary sector where jobs can be created for the growing labor force is in agriculture and related activities in the rural areas. Owens and Shaw, for example, estimate that of the sixty-three million new workers

projected to enter the Indian labor force in the next decade, forty-seven million are expected to need jobs in the rural areas. In Latin America, if present trends continue, about a third of the new increase in the population will have to remain in agriculture during the coming decade or two. The rural work force in Latin America has been growing since 1950 at an average of about 500,000 a year and can be expected to grow during the next fifteen years at an average of close to one million workers annually. This increase is occurring even though agricultural employment has fallen from fifty-four percent of the total force in 1950 to forty-five percent by 1968 and expected to drop to forty percent by 1980.58/

The continued growth of the number of people dependent on agriculture for their livelihood is the result of three major factors: (1) the initial large size of the agricultural population; (2) the high overall rate of population growth; and (3) the inability of the urban sectors, despite every effort, to increase employment sufficiently to absorb the rural-urban migrants. It is the obvious need to slow this migration that is turning many observers to the recognition that greater attention must be placed on increasing employment opportunities in the rural areas. A government that succeeds in providing more urban jobs but does nothing to improve rural living standards and employment opportunities is likely to discover that every new job created in the city will attract two or more migrant families from the countryside.59/

Recognition of the need for providing many more job opportunities in the rural areas is not enough. There has to be recognition also that the problem is extremely complicated and that there are very great difficulties in pursuing this objective. Some of these difficulties were noted above in the discussion of rural employment problems.

An additional complexity in the rural employment problem grows out of the conditions of the soil and the nature of its seasonality problems. Many regions in Africa, for example, are characterized "simultaneously by several seasonal labor bottlenecks and by chronic unemployment of labor over most of the year." Seasonal surpluses and bottlenecks both appear, particularly in the savannah areas of Africa where the rainfall patterns permit only a single cropping season and severely limits its duration. Ways must be found to cope with these problems if improvement in the employment situation is to be achieved.60/

A final complexity which should be mentioned is due to the variations in the degree of population pressure on the land. Some tribes and groups in Africa have more than enough

land; others are crowded by historical accident into limited areas and have to struggle to maintain a bare existence. Where land has been nationalized, efforts have sometimes been made to equalize the land situation among different tribes, but traditional and political pressures frequently prevent such a course of action.

5. Inadequate demand

Dudley Seers was cited above as one who felt that inadequate demand was a serious part of the employment problem and that extreme inequality of income was one of the root causes for inadequate demand. Whatever the cause, there seem to be little concern expressed by most development economists on the adequacy of demand for consumer goods produced by local manufacturers, who frequently operate far below capacity because of inability to compete in export markets and because of an inadequate domestic market. It is probably a concern over inflation that leads economists away from suggesting measures to increase demand.

There are a variety of measures which can be considered by governments for increasing demand for local manufactures and services, including housing. These will be considered in Chapter III. They include such programs as government investment in housing and social amenities, fiscal measures to increase the income of the poorest segments of the population, minimum wage laws and the like. At this point, it is mentioned as one of the causes of the employment problems of developing countries which needs to be given consideration.

6. Some social factors which may exacerbate employment problems

Any listing of the causes of employment problems of developing countries should include a number of social and institutional factors which occasionally worsen the employment situation and sometimes serve as negative factors in efforts to alleviate the problems. This section contains a discussion of a few social factors which appear to be of substantial significance. The next section will turn to several institutional factors.

a. The extended family system and tribalism

In both Asia and Africa, the extended family and tribalism play an important role in governing society. One obvious effect of the extended family system is to disguise a great deal of unemployment. In Pakistan, for example, a new work-seeking member who fails to find a productive job

(i.e., wage paying) is simply absorbed within the family enterprise, whose volume of work and income is shared by all the family members. Under this arrangement, everybody in the family enterprise labor force is employed, in the sense that their time is fully occupied. However, the capacity of members is not adequately utilized (reflected in very low productivity) and incomes are very low.61/

The weight of recent evidence supports the view that the extended family system, along with tribalism, encourages rural to urban migration. Once a family or tribe has begun a pattern of migration into a particular urban area, the pattern becomes reinforced through time and has a cumulative effect. Moreover, the presence of relatives in town facilitates the flow of migrants, as relatives often provide the new migrants with a temporary home and often give him money and food during the period he is seeking a job.62/

In Africa, this waiting for jobs can take years, and migrants often turn down menial jobs. They can do this because they can find subsistence in the meantime from relative and tribal friends who have preceded them to the city. It has been suggested by observers of the African scene (Philip Ndegna and John P. Powelson) that "family solidarity and tribal ties make the possible waiting period longer in Africa than it might be anywhere else."63/ It is not suggested that family or tribal support of a migrant is socially undesirable. It must be pointed out that this is one strong factor stimulating rural-urban migration at too high a level. Any attempt to reduce the flow must take this factor into consideration.

Kenya offers an example of a country in which the extended family system plays an unfortunate role in the operation of the labor market, while tribalism provides a serious obstacle to the implementation of a program to reduce the growth of population and the labor force. According to the ILO Mission report, large firms in the modern sector rely on key members of an extended family to screen out qualified people from among job applicants and to recommend new hires. Naturally they give preference to the members of their own extended family. From the point of view of a young job seeker, it is therefore very important to have links with good brokers: "In other words, he should be part of a family network that has good brokers." This method of operating the labor market is not fair to those young people who do not have good family connections and is probably not an efficient way to provide the best workers for the available jobs. The Mission concluded: "The letters to Kenya papers show - if such additional evidence were needed - how deeply felt and widespread

are the frustrations caused by the absence of a service providing fairer access to jobs for those without personal connections or other special advantages."64/

Perhaps the most serious problem stemming from tribalism in Kenya has been its effect in hindering the implementation of an effective population policy. Population in Kenya has been growing at a rate of 3.5 percent a year and this may move up to four percent unless an effective family planning program is implemented. It appears, however, that "regional and ethnic rivalries have often been cast in the framework of relative population size and may thus have led to rejection of family planning for fear that political power would be lost." Though considerable effort has been expended on a family planning program, its accomplishments have been meager thus far. Up to the present time, less than five percent of the more than 2.3 million women of child-bearing age have had any contact at all with the family planning program.65/

b. The strong prejudice against manual labor

One of the basic factors underlying the failures of the educational systems discussed above is the strong prejudice against manual labor and in favor of white-collar work which apparently exists throughout a large part of the developing world. Guy Hunter suggests that "there is overwhelmingly strong evidence that the attempt to teach rural subjects, crafts, even technical skills, is regarded by parents and children alike as an attempt to deflect pupils from their real interest--to learn white-collar skills or a skill in modern industry.66/ It was noted above that in Ceylon, secondary school leavers will not accept manual labor and Indians have to be imported to take these unpopular jobs. The same thing was found to be the case in the Ivory Coast where imported labor handles the unskilled manual jobs because the native with some degree of education insists on white-collar work. Roussel suggests that there is a strong possibility that job aspirations are going to be set even higher. "Having attended a secondary school, even if for no more than two or three years, young people are not going to settle for anything less than an office job."67/

Needless to say, this problem is of major importance to developing countries.

c. Racial discrimination in employment

While racial discrimination in employment is on the way out in most parts of the developing world, the effects of past discrimination continue to serve as an impediment to the

effective utilization of human resources. In Africa, where most of the legal and conventional forms of race discrimination have been swept away, except in a few countries, a vital part of this process is seen as the Africanization of many sectors of the public service and the economy which have been the exclusive preserve of the Europeans and Asians.68/ This program of rectification is necessarily a long term effort and development could be adversely affected if carried out too rapidly. There is also the danger that "rectification" can be carried out to the point that serious discrimination against Asians and Europeans may ensue.

There is little doubt that there are forms of racial discrimination still in existence here and there. The ILO Mission to Ceylon, for example, found serious discrimination against Indians on the plantations. There are official restrictions on the employment of estate labor in other sections of the economy. As a result there is considerable unemployment among them - some 100,000 - but they cannot be employed elsewhere. A program of repatriation is being worked out in cooperation with the Indian Government. If this repatriation is successful, it may create shortages of labor difficult to fill because of the unwillingness of native Ceylonese to undertake some types of manual labor.69/

Professor Yesafu of the University of Lagos suggests that various forms of discrimination exist in African countries other than Rhodesia, South Africa and Portugal. He urges that "social, tribal and religious discriminations prevalent in other countries need to be equally condemned."

d. Discrimination in employment on the basis of sex

The elimination of discrimination against women in the labor market has not proceeded as far or as fast as discrimination on racial grounds. It has been observed that in Africa generally, more and more educational facilities are being made available to them, but beyond secondary education, little effort is made to develop and utilize their potential skills. Even those who manage to become trained rarely encounter full parity of treatment with men in employment matters. The ILO Mission to Kenya concluded that "these disparities in educational attainment, combined with educational criteria as absolute requirements for wage employment, bars most women from access to jobs in many occupations and industries."70/ It has to be recognized, of course, that there are many historical, cultural and social factors which underlie this situation and that they cannot be changed drastically over a short period of time.

The situation is not too different in Latin America despite the much greater degree of modernization achieved by most countries of that continent. A recent OAS (Organization of American States) seminar on the status of women came to the following conclusions:

- Deeply rooted social attitudes in the countries adversely affect working women;

- There is widespread discrimination against women, particularly women with children and those over twenty-five;

- Women have limited access to professional training, particularly in the non-traditional occupations.71/

7. Importance of certain institutional factors

A number of institutional factors must be accorded some importance in explaining the seriousness of unemployment and underemployment in developing countries. It seems clear that credit, education, land tenure, agricultural extension, marketing and other institutions tend to favor the already privileged and to penalize or ignore the poor. Large, well established enterprises and upper income groups enjoy better access to these institutions, partly because of powerful connections and partly because it is easier to deal with large clients than to reach out to dispersed, less well informed, less able to afford risks, less market oriented enterprises and lower socio-economic groups. And of course, the smaller units are often more labor intensive. All of this favoritism skews income distribution and provides fewer employment opportunities that would otherwise be generated.72/ The discussion will be limited, however, to several institutional factors which are of importance to the operation of the labor market. Chapter III and V will consider ways in which these institutional factors might be modified so as to contribute positively instead of negatively in increasing employment.

a. The wage and salary structure

The wage and salary structure in many developing countries reflects, as well as accentuates the desire of young people and their parents for white-collar employment and supports the prejudice against manual work, whether of a skilled or unskilled variety. The ILO Mission to Kenya, for example, found this to be the case. Although skilled manual workers, at the beginning of their career, appear to have an advantage over clerical workers, the latter pick up quickly and at mid-career earned twice as much as the skilled manual workers.

These disparities in income prospects clearly explain much about the choice of education and about the job expectations of school leavers.

The wage and salary structure in Ceylon was also found to favor white-collar rather than blue-collar occupations. Government salaries still embody substantial differentials in favor of administrative and clerical occupations, as against those which are professional and technical - such as engineers and architects. Substantial differentials also exist in favor of jobs requiring formal qualifications and such differentials far exceed what would be necessary to attract sufficient applicants for further study. "These excessive differentials must bear a large part of the blame for the continuing pressures for secondary and higher education, even after educated unemployment has become severe."73/

There is considerable evidence that the distorted relationship between white-collar and blue-collar pay scales is common throughout most African countries. Guy Hunter suggests that the "whole incentive system, the whole pattern of wage differentials has rightly convinced the parents as well as the children that these are the ladders to success, however hard it may be to 'get a foot' in them." He argues that only when the rural economy begins to afford real rewards will there be a change in these attitudes.74/ There also needs to be a realistic transformation of wage incentives in urban areas to stimulate young people to take training for skilled blue-collar jobs rather than seeking schooling for clerical work.

In Colombia, the ILO Mission found that salaries in the middle and upper levels of government were sharply lower than comparable jobs in private industry. The result was that many competent individuals worked for the government for a few years to obtain experience and promptly shifted over to the private sector, with adverse effects on government efficiency. The rural-urban differential in wages and salaries is also very great as noted above in the discussion of rural-urban migration.

b. Trade unions and collective bargaining

Noted above was the belief of some development economists that trade unions, often protected and encouraged by government, raised wages in manufacturing to levels much higher than alternative earnings in handicrafts or rural industries. This, according to these experts, encouraged employers to substitute machinery for labor and not only reduced employment possibilities but also encouraged migration

through increasing attractiveness of urban employment. While there does appear to be some truth in this assertion, one could question the importance of high wages as a major factor in the decision of industries in the modern sector to select capital intensive methods of production.

It should be recognized also that trade unions can play a constructive role in furthering development and maximizing employment if the developing countries succeed in enlisting the cooperation of trade unions by providing participation in development planning. In Ceylon during the 1960's to cite one example, the situation was deteriorating in many respects but inflation was kept in check and wages rose very moderately slightly less than three percent in the private sector and about two percent in the public sector. The ILO Mission found that while this was due in part to the extensive unemployment, "it was also due in some degree to the cooperation between the government and the organizations of workers and employers in keeping down wage rates during this increasingly difficult period."75/

Another example of a constructive role played by trade unions occurred in Kenya where the trade union movement joined the employers federation and the government in two formal agreements whose aim was to hold wages steady and at the same time increase employment. This cooperative effort will be discussed in Chapter III. The only point in calling attention to it here is to indicate that trade unions can be a force for favorable as well as for unfavorable results in expanding employment in developing countries. If trade unions are to perform effectively in cooperating with governments, they need to attract more workers into their organizations, particularly in the rural areas.

c. Labor legislation

In a study prepared for the Development Assistance Committee of the O.E.C.D. (Organization for Economic Cooperation and Development), it was suggested that "in a number of countries ambitious social legislation, patterned on the examples of industrial countries, has also tended to discourage the use of labor."76/ The ILO Mission to Colombia, Ceylon, and Kenya, found a number of examples of adverse effects on employment by provisions of these countries' labor code. This is a matter deserving of serious attention and will be discussed in Chapter III.

d. Weaknesses of governmental institutions

The inadequacy of governmental institutions is usually high on any list of institutional factors which have been found to impede economic development and employment creation.

For example, a recent ECAFE report noted that "the performance of public administrations in most Asian countries has not measured up with the governments' proclaimed intentions of rapidly accelerating economic and social progress, and that shortcomings in this area have probably been more directly responsible than anything else for the serious shortfalls in development planning implementation experience in one form or another by the majority of countries in the region."77/ Among the government institutions which are of importance in the labor market are ministries of labor and manpower, and especially such units as employment exchanges, statistical agencies, and training institutions. Chapter VIII will deal with the problems of government organization for sound economic and social development.

APPENDIX 1

DIFFICULTIES IN MEASURING UNEMPLOYMENT AND UNDEREMPLOYMENT IN DEVELOPING COUNTRIES

In most developed countries, the concepts of employment, unemployment, and underemployment are pretty well defined and adequate data exists for reasonably accurate measurement. There are some problems in measuring underemployment but this does not constitute a major problem. The transfer of these concepts and definitions to developing countries presents very difficult problems, however, and it cannot be done with any great degree of success.

Even the concept of open unemployment is not applicable in many countries because a large majority of the labor force do not work for wages; they are engaged in family enterprises in agriculture and trade or self-employed. In many countries, there is no counting of the unemployed at all. If the concept of open unemployment is difficult to apply, consider how much more difficult it is to measure underemployment which is a far more serious problem in most developing countries, particularly in the rural areas.

How does one measure the extent of underemployment of street peddlers selling shoe laces, cigarettes, and a host of other articles in the cities of developing countries?

How does one categorize and measure the extent of underemployment of the rural to urban migrants who are absorbed in the retail and service enterprises of relatives while they wait hopefully for absorption in the urban labor market?

How does one measure the extent of underemployment of a rural farm family with three or four adults trying to make a living on a farm of one or two hectares?

What about a landless farm laborer who may get a total of three or four months employment at different times of the year on nearby farms?

In many African countries, nomadic tribes (e.g., the Masai in Kenya and Tanzania) have clung to traditional life and thereby suffer from periodic hardships from drought. Are they not part of the employment problem of developing countries even though there is no clear distinction as to who is and who is not in the labor force?

Even in non-nomadic tribes the situation is not clear cut. In family enterprises everyone does the task for which

he is most fit or which the culture assigns to him. It need not be full time, the remaining hours being devoted to family care, education, or community obligations.

It may be useful to consider a concrete situation in a more advanced developing country such as Colombia. In such a country there are a substantial number of individuals in the labor force who are clearly and openly unemployed. These can be counted if the country has a reasonably good periodic census and labor force surveys on a sampling basis between censuses. Even in such a country, there are a great many individuals who do not have gainful employment but are not counted because they make no attempt to find jobs since they feel it is futile to do so. If unemployment were less severe, they would be brought into the active labor market. The ILO Mission to Colombia estimated this group in 1967 at ten percent of the male labor force and seven percent of the total labor force.

Some workers, even in the modern sector, work only part time and are clearly underemployed. This was defined as work of less than thirty-two hours in the ILO Colombia report and was found to represent two percent of the total urban labor force in 1967.

Another group of persons working part time did not seek additional work because it appeared to them hopeless to find it. This situation may be considered as disguised underemployment and was so classified by the ILO Mission which estimated the number at three percent of the total urban labor force.

Another difficult problem involving urban employment concerns a number of individuals who are employed full time but whose contribution to output is very low or even zero. Many of these individuals fill in for others in a family enterprise, particularly in the retail and service sector, but their contribution is slight and perhaps only nominal so as to justify support by the family. Another large segment are self-employed in various street selling or service activities such as shoe shining, which yield a meager income. Perhaps these groups should be counted among the hidden unemployment or underemployment but there is no way to make a reasonable estimate of this pool of unutilized and underutilized labor. It was estimated by the ILO Mission that in Colombia the equivalent of 13.5 percent of the non-agricultural labor force were underemployed in this manner.

These difficulties have led to consideration of low income per se as part of the employment problem. Thus the ILO report on Colombia asserts that "all those with low

incomes are really part of the total employment problem." Poverty and unemployment are not different problems but different aspects of a single problem, according to the authors of the Colombia report. The same conclusion was reached in the ILO Mission report on Kenya. It led both these missions to consider the extent of low incomes as one measure of the size of the employment problem, along with estimates of unemployment and underemployment. Others, like J. Weeks, have proposed the abandonment of any attempt to measure unemployment and underemployment, relying solely on measuring poverty as the basic nature of the employment problem of developing countries.

If it is difficult to apply developed country concepts of employment and unemployment to urban areas, it becomes almost futile to do so for the rural areas. For one thing, the situation in the rural areas varies sharply from one area to another. Secondly, the seasonal nature of the work makes it impossible to consider the situation only in the season of peak activity or the season of no activity. There may be no unemployment or underemployment in the peak season and enormous amount of it in the slack season.

There is also the problem of family labor on a small plot of land and the difficulty of determining who and how many are employed and the extent of underemployment. Here it appears that levels of income is a better measure of the seriousness of the employment problem. It was estimated in the report of the ILO Mission report on Colombia, for example, that one in six of the agriculturally occupied persons (wage earners plus self-employed) received less than the 1,100 pesos minimum wage in 1960--which was the equivalent of less than US $200. The major reason was that forty percent of the families were estimated to have less than two hectares of land each and six percent had none at all.

The difficulties in measuring unemployment in rural areas of Africa have led to several proposed definitions departing sharply from accepted definitions. One proposed definition is that a person is "unemployed who has no opportunity to perform those tasks for which he is culturally adapted." This is obviously an imprecise definition and probably impossible to quantify. Another suggestion arbitrarily defines a man as fully employed if he works 250 days a year and a woman if she works 150 days. This too is hardly acceptable as a general definition although it has the merit of simplicity.

Dudley Seers, author of the ILO Mission report on Colombia, suggests a schematic approach to analyzing the employment problems of a country which takes three separate but overlapping factors into account. These three factors are:

I - Insufficient work opportunities;

II - Inadequate incomes; and

III - Unutilized or underutilized labor resources.

His suggested approach is contained in the attached table - Schematic Summary of Three Measures of the Unemployment Problem.

Seer's three pronged approach can be applied reasonably well to urban areas because statistics, however crude, are usually available on income as well as employment, but for the rural areas it has to rest largely on informed guesses.

TABLE 12 - SCHEMATIC SUMMARY OF THREE MEASURES OF THE UNEMPLOYMENT PROBLEM

	Visible	Disguised
I. Insufficient Work Opportunities		
A-Unemployed	Persons without work but seeking at going wages	Persons, without work, not openly seeking it but who would seek it at going rates if unemployment were much lower
B-Underemployed	Persons employed but seeking to work longer hours	Persons employed, not openly seeking longer hours but who would seek it at going rates if unemployment was reduced to "reasonable levels"
II. Inadequate Incomes		
A-Unemployed	Defined as in IA	Defined as in IA
B-Employed but receiving less income than required to provide "Minimum living standards"		
III. Unutilized or Underutilized Resources		
A-Unemployed	Defined as in IA	Defined as in IA
B-Underemployed	Defined as in IB	Defined as in IB
C-Underutilized	Persons working full time but not efficiently utilized	

Source: Essays on Employment; Selected and Introduced by Walter Galenson, International Labour Office, Geneva 1971, p. 180.

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CHAPTER III

EXPANDING EMPLOYMENT OPPORTUNITIES

A. Introduction

1. Purpose

While there may be basic similarities in the employment problems of many developing countries, it is unlikely that any two developing countries will have an identical set of such problems. Nor can it be assumed that where basic problems are similar, the same set of programs will yield identical or even similar results. Although the problems may be quite similar, the economic perspectives of the two countries may be quite different because, for example, the natural resource endowments of the two countries may be different. Differences in social and institutional characteristics may also dictate different strategies for dealing with employment problems.

The primary purpose of this chapter is to review the major proposals which have been made to deal with the problems outlined in Chapter I in an effort to expand the volume of employment and reduce the incidence of structural unemployment, within the framework of an effective development program. It is hoped that this will assist the officials of developing countries to select program ideas which offer sufficient potential to justify careful consideration in formulating their development strategy. The literature on development is so extensive that it is not practicable to try to discuss every proposal which has been made.

An attempt has been made to present a supporting point of view of each proposal as well as a contrary position where possible. Because of the vast literature on the subject of development, it is quite possible that in some instances the best supporting statement of a proposal or of the opposition to it have not been selected. That is a hazard which must be faced unless one has the time and resources to review the entire literature on development.

2. Need for new perspective on development

Many voices, both official and unofficial, have been raised in recent years to urge a reappraisal of the strategies of development which have dominated the thinking of the last two decades. This discussion will be limited to just one voice, that of Mahbub ul Haq of the World Bank whose appeal for a new perspective toward development has attracted much attention.1/

Mahbub ul Haq begins by noting the meagerness of our knowledge of the problems of unemployment and poverty but, he suggests:

> ". . . we suffered from no modesty when it came to definite policy prescriptions. The favorite prescription of the economists--besides the doubling and tripling of growth rates--is to correct the price system, particularly exchange rates, interest rates, terms of trade between agriculture and industry and prices of all factors of production."

But, he asks, ". . . has this faith in the price system been tested empirically?" In any case, "How large a segment of the economy does the price adjustment affect when there is a large subsistence sector in these countries, and the modern industrial sector contributes less than ten percent to total output?"

Critics have pointed out that if one takes the total modern sector, the percentage of both employment and output is much larger in most developing countries.

Mahbub ul Haq proceeds to raise doubts regarding the wisdom of one of the most common prescriptions offered by developing economists: the development of an "Intermediate Technology" which would be more labor intensive and therefore more suited to the needs of developing countries than the modern technology found in developing countries. "Where does it exist?" he asks, and concludes that he has not found it in the developed world or in developing countries except perhaps mainland China.

He argues that employment was often a secondary, not a primary, objective of the national plans of developing countries, sometimes added as an afterthought to make them look "complete and respectable" and was hardly an integral part of the growth strategy or policy framework. "The employment objective, in short, has been a stepchild of planning, and it has assumed, far too readily, that high rates of growth will ensure full employment as well." Experience has shown, however, that they do not have that result even in countries which have shown a high rate of growth over a sustained period. After looking at the experience of India and Pakistan and concluding that in these cases at least it has not had favorable results, he argues that the essential point is "that a high growth rate has been, and is, no guarantee against worsening poverty and economic explosions."

This brief summary of Mahbub ul Haq's paper is presented not because it represents the complete truth about development

strategies of the past decades or a necessarily sound perspective for future development. Some of his factual assumptions can be challenged and some of his criticism of alternative views rebutted. Haq offers a challenging statement on the dual objective of increasing employment and reducing poverty--now widely accepted by governments and international organizations. It will be noted below that other development economists are prepared to defend some programs of which he is critical. The leadership of each developing country will have to decide for itself which of the conflicting points of view it will accept.

B. Correcting Factor Price Distortions

1. Introduction

Many development economists recommend a program of correcting factor price distortions as a principle element in a strategy to increase employment along with increased production. During the latter years of the decade of the sixties, economists began to warn developing countries of the high costs of policies aimed at import substitution and the development of capital-intensive industries. They recommend a program of readjustment of relative prices in order to eliminate the bias in favor of capital equipment, with the expectation that it would lead to a greater use of human resources. It was hoped also that once agriculture was no longer discriminated against in terms of trade with industry, it could play its historical role of generating surpluses which could provide for greater exports.

2. Recommendations of Missions to developing countries

The ILO Mission to Colombia pointed out that there have been times, in recent Colombian history, during which exchange rates, tariff and direct import control policies lowered unduly the relative price of foreign investment goods. One effect was to encourage the adoption of excessively capital-intensive techniques. Following the exchange reform act of 1967, it was noted that the strength of some factors causing a bias in favor of capital-intensive techniques had been reduced.2/ The Mission urged that this change in policy be continued because a very large expansion of investment for an employment strategy was needed, and this would require a major increase in exports to pay for essential imports of capital goods.

The ILO Mission to Iran made a number of recommendations on this subject, including: The abolition of all tariff concessions on imports of machinery and equipment, and the progressive abolution of all prohibitions, quotas and exemptions relating to imports.3/

An IBRD Employment Mission to Trinidad and Tobabo suggested that the most promising way to correct the existing imbalance between petroleum (capital-intensive) and the rest of the economy was by judging the appropriateness of the exchange rate as much on the need for acceptable levels of employment, capacity utilization and profits, as on the balance of payment considerations. The Mission also proposed that investment incentives take the form of profits tax relief rather than capital subsidies, that capital goods now imported free be made dutiable, and that overly generous depreciation allowances be abolished.4/

The ILO Mission to Kenya, in its recommendations dealing with technology, also made several recommendations designed to correct factor price distortions.5/

One of the principal recommendations made by the participants in a round table discussion on automation in developing countries sponsored by the ILO in Geneva in July of 1970, was that "Capital-intensive methods must not be subsidized when their main effect is to increase unemployment." The seminar participants recognized that sometimes capital-intensive methods may have advantages that outweigh the employment creating effects of other methods of production but suggested that when "these advantages are small and doubtful, it is better to err in the direction of maintaining employment rather than to adopt costly automation and computers prematurely." The panel was firm, however, in recommending that equipment must not be subsidized directly or indirectly. It must not be subject to unduly low tariffs, higher tax exemption, easier credit, or even subsidized servicing.6/

3. Suggestions for factor price distortion in favor of labor intensity

Most development economists are content with proposing the elimination of existing biases in favor of capital. There are a few who argue in favor of a bias in the opposite direction, i.e., in favor of labor intensity. Michael P. Todaro, for example, suggests that government consider the advisability of distortion in the opposite direction by forcing the price of capital above its "opportunity cost" and reducing the effective price of labor by some system of wage subsidies. Other students have suggested methods to provide such a wage subsidy. For example, a number have suggested that in government investment programs, instead of basing cost estimates on actual wages which will have to be paid, the government should use some measure of "shadow wages" (representing what labor to be employed would be likely to earn in the absence of employment on the public project.)

"Shadow wages" might even be zero if the real alternative is unemployment.

4. Results of efforts to correct factor price distortions

Significant evidence is not yet available on the results of policy changes aimed at correcting price distortions. Gustav Ranis is of the strong opinion that where such policies have been carried out it has "been remarkable in turning situations of virtual stagnation in the 1950's into sustained growth situations in the 1960's." He bases his conclusion largely on the experience of Korea. In May of 1964, Korea substantially devalued her currency and simultaneously unified a complicated multiple exchange system. Moreover, imports were liberalized, i.e., the licensing system was broadened through the widening of import quotas and other measures.7/

The effect of a change in signals in these relative prices, according to Ranis, "have been startling." Exports, which had grown at annual rates of less than fifteen percent during the 1958-62 period, have been growing at thirty to forty percent annual rates since 1964. Moreover, this export boom has been especially pronounced in the area of light industry, where value added in the form of pure unskilled labor could play an increasing role. In 1962, seventy-five percent of Korea's exports were land-based raw materials and primary goods; by 1968, seventy-seven percent of her exports were industrial labor-based products.8/

In 1965, relative prices in the credit sector were changed dramatically. Interest rates, which had been kept at artificually low levels, were drastically raised and the gap between low official rates, actually available only to established prime borrowers, and the astronomically high rates facing ordinary people on the curb market was substantially narrowed. Interest rates on savings deposits were doubled and deposits responded by rising more than 700 percent by September of 1968. The overall saving rate which had been negative in the 1958-62 period and had stood at only 5.8 percent as late as 1962-64, reached 13.6 percent in 1968 and is currently in the fifteen percent range.9/

Ranis concludes that the change in these two relative prices, the exchange rate and the interest rate, "more than anything else, have led to the spectacular turn-around in the performance of the Korean economy. . . ." As a direct consequence, Korea was placed in a position to put her abundant human resources to use in an export-led rather than import-substitution-dominated industrialization effort.

C. Programs to Achieve More Labor-Intensive Development in Industry

The critical fact which must be accorded serious consideration is that the development of modern industry in virtually all developing countries has failed to provide enough new jobs to provide employment for the increase in the labor force, without taking into account the large numbers unemployed or underemployed and the large influx of rural labor attracted to urban centers in the hope of finding gainful employment. Despite the enormous expenditures for modern sector development and the special priorities and subsidies provided by governments, the total employment provided by this sector does not, as a rule, amount to more than twenty to thirty percent of total employment. There has to be a much better performance in employment expansion if disastrous consequences are to be avoided.

In recent years, many development economists have urged as one basic solution, the discovery or development of "intermediate" technologies which would be more labor intensive and therefore create much more employment than the highly capital-intensive technology of the past. The use of the term "intermediate" has been objected to by some students of technology because it implies a linear plane on which are to be found a variety of technologies from which a country simply has to choose one that may be "intermediate." They prefer to use the term "appropriate" technology while one writer uses the term "progressive" technology. A careful analysis of proposals for an "intermediate" technology indicates that at least two different concepts are encompassed by the proposal:

1) One proposal is to select labor-intensive industries, to the extent practicable, in the mix of industries incorporated in the development plan for priority attention;

2) The second proposal is the heart of the theory, the seeking out or creation of "intermediate" or "appropriate" technologies in lieu of the highly capital-intensive technology of the developed countries.

1. Choice of different product and industry mix

Nicholas Kaldor (and others) have suggested that once import substitution has largely been accomplished, the further growth of industry becomes dependent, in the main, on the development of industrial exports or the growth of agriculture to create a surplus for exports.10/ Most development

economists would agree that the development of exports should be a priority objective in the second stage of development, but it would seem that there is also room in an employment oriented development plan to provide for an expansion of industries producing for the domestic market. In any event, there is general agreement that developing countries should give priority consideration to the encouragement of products and industries which will yield a high rate of employment per dollar of capital investment.

This kind of generalization, however, is not of much help to developing countries seeking to utilize very limited financial resources on increasing the volume of employment along with economic development. What is needed are concrete suggestions to specific countries by competent observers who have carefully analyzed the potentials of the country and the costs and benefits of alternatives available to it. This is the kind of advice which has been ofered by ILO World Employment Missions, by special IBRD Missions which have employment as their primary focus, and also by Missions of the Organization of American States (O.A.S.).

The ILO Mission to Kenya, for example, has suggested that Kenya needs to develop a light capital industry to produce simple agricultural equipment. The Mission also suggested that Kenya should cooperate with the East African Community to develop the manufacture of small tractors and other farm implements, as well as spare parts.11/

The IBRD, in its report on Employment in Trinidad and Tobago, suggested that there was scope for expanding small scale fabrication industries as well as repair and service establishments. The Mission proposed a number of institutional and policy changes with the objective of improving the competitiveness of Trinidadian industry and developing lines of production with an important employment potential.12/

The ILO Mission to Iran suggested a concentration of investment on diversifying the industrial structure by setting up medium-sized industries which, if chosen with the most appropriate technology and located in a decentralized manner will: (a) build up and fill out the industrial structure, (b) provide employment and widen the consumer market, and (c) contribute to the policy of decentralization and the building up of growth poles in the country.13/

The ILO Mission to Colombia noted that some industries appear to have special possibilities for providing more employment. For example, metal processing and machine workshops were able from 1956 to 1965 to create an additional job with only one third of the average capital needed by industry

as a whole. The same point was made regarding the processing of agricultural products which would also have some export potential. In fact, the processing of agricultural products appeared to the Colombia Mission and other Missions as one of the cheapest and most efficient ways of increasing employment in rural areas and at the same time stimulating agricultural production.14/

An O.A.S. Mission to Jamaica suggested a number of possibilities for expansion of employment in apparel, cottage type industries, primarily home needlework, and light assembly. It also suggested a number of possible agro-industries which could be developed in tandem with an idle land utilization scheme, including: (1) canning, freezing, and fresh packing; (2) dairy processing; (3) soybean processing; (4) mushroom packing, and (5) beef processing.15/

A similar O.A.S. Mission to the Barbados made recommendations for a variety of new industries which would help fill the whole unemployment gap of the country.16/

2. The search for "Intermediate" or "Appropriate" technology

As noted above, many development economists have come to the firm conclusion that the highly capital-intensive technology, which has been sold to developing countries by industrialized countries of Europe and North America, is not "appropriate" for most developing countries with their large surpluses of labor and their acute shortage of capital and foreign exchange. This conclusion led to the suggestion that developing countries should obtain or create "intermediate" technology which would not be as expensive and would utilize more extensively the labor resources which they have in abundance. While some economists thought such "intermediate" technology could be found in various parts of the world, it became increasingly apparent that such was not the case, except rarely, and the search was started as to how developing countries might themselves create such a technology.

One approach utilized was to seek out the experience of countries which had their industrial development later than the countries of Europe and North America. The most striking case of such a country, one which had an amazing success in industrialization, is Japan and much intensive study has been made of the Japanese experience, especially by Gustav Ranis. He reported that in the early Meiji period in the nineteenth century, Japan had the ability to choose relatively freely from among the items on the technological shelf perfected in the west and observed that ". . . it is noteworthy that. . . the majority of domestic innovation activity

consisted of the adaptation of foreign techniques to domestic conditions."17/

The simplest and quantitatively the most important example of capital stretching innovations was the running of machinery at rates substantially in excess of those used abroad, and the use of two and three shifts in lieu of the one shift operation in the United Kingdom and the United States at that time. A second innovation was running the machines faster. A third innovation brought savings in plants by placing many operations in the workers' homes. Cottage style industry contributed more than two-thirds of production in 1878 and three-fifths in 1895, retaining its importance well into the twentieth century.

More recent examples of capital stretching studies by Ranis involved Korea and Taiwan. He reports that the Koreans and Taiwanese are showing a wide range of technological choices in textiles, electronics and in the plywood industry during the last decade. "What the Japanese were doing relative to British and American machinery in the nineteenth century, they are now doing relative to the Japanese as well as the American technology.18/ He claims they are producing the same quality textile, plywood, and transistors with three to four times as much labor input per unit of capital. In Korean silk spinning, for example, thirty-three percent more workers are reported to be employed per unit of capital than in contemporary Japan. Small scale manufacturing for export (fewer than ten workers) grew from 18.6 percent of the total in 1963 to 31.4 percent in 1968. In Taiwan, Ranis reports that largely as a consequence of plant and machinery saving technological change, the country was experiencing an unskilled labor shortage in 1970.19/

Ranis also notes that international subcontracting which the United States formerly sent to Japan is now being sent by the latter to Korea, and that this too is an example of technological adaptation in response to international differences in factor endowment. There is considerable doubt, however, that international subcontracting is an example of "intermediate" technology. Moreover, it is used more by developed than developing countries.

While the experiences of Korea and Taiwan may offer useful suggestions to other developing countries, there is a serious question as to how much value the Japanese experience of the last century offers. This occured in a rather early stage of industrial development in Europe and the United States and there were many opportunities for more intensive utilization of new technology which no longer exists to a significant degree.

A more useful example of the application of "intermediate" technology under current conditions is to be found in Indonesia. This is developed in a study by Louis T. Wells, Jr., Harvard Graduate School of Business Administration, based on empirical research covering about fifty different companies engaged in six different industries: plastic sandals, cigarettes, soft drink bottling, bicycle and betjak tires, flashlight batteries, and woven bags. In four of these industries, there were different technologies available which lent themselves to capital-intensive, intermediate, and labor-intensive methods of production. The differences in employment offered by the different categories are very striking. For example, in cigarette manufacturing, the median number of workers required in the capital-intensive class to produce one million cigarettes was three; in the intermediate category, six; in the labor intensive, forty. For the volume of cigarettes produced by all the firms interviewed, this would result in an employment of 3,009 workers if all firms used capital-intensive technology, 6,018 workers if all used the "intermediate" technology and 40,120 workers if all used the labor-intensive techniques.20/

Professor Wells concludes that the manager's choice of technology appears to be influenced by two objective functions which, in low wage countries, are generally conflicting. The first objective, that of the "economic man", is to minimize costs leading to a relatively labor-intensive production process. The objective of the "engineering man", on the other hand, leads to more sophisticated, automated technology. Where price competition is the rule, the objectives of the "economic man" seems to override the "engineering man." However, where the firm has a monopolistic position (which is frequently the case in Indonesia, especially among foreign owned firms), there is a reduction of the pressure on the firms to minimize costs to survive and the goals of the "engineering man" are allowed to move the firm to a level of technology that is more advanced than the "economic man" would choose.21/

Second hand equipment

One approach to an "appropriate" if not "intermediate" technology is for developing countries to buy second hand equipment rather than expensive new equipment. This approach has been suggested particularly where the new equipment is of a later vintage and probably less labor intensive. A case study on the use of second hand equipment in jute processing in Kenya comes to the conclusion that there are possibilities in this approach but also serious pitfalls. They found, for example, that second hand spinning frames are efficient and socially as well as privately optimal: they use one-third of

the investment per workplace needed for new machines, and they were obviously a good investment.

The main problem found by the authors is that although any investment involves risks and uncertainties, "the problem about investment in second hand machines is that the risks and uncertainties are nearly always much greater than in the case of new machines." It is very easy to make mistakes.22/

The tremendous interest in the possibilities of developing "intermediate" or "appropriate" technologies has led to the establishment of institutes for the study and development of such technologies because of the belief that developed countries cannot be trusted to expedite such development. Todaro, for example, has argued that:

> "The only real and viable long run alternative is for the developing countries themselves, singly or in cooperation, to begin the task of generating their own technology through the creation of a capital goods industry that will be responsive to the unique needs of labour-surplus societies."23/

He proposes the establishment of regional institutes for the development of labor intensive technologies along the lines of programs for high yielding cereal varieties sponsored by the Ford and Rockefellar Foundations.

Several institutes and projects have been established under the sponsorship of international organizations for the development of "intermediate technologies" especially in Asia. One private non-profit organization has been established in Europe. This is the Intermediate Technology Development Group Limited, with headquarters in London. Its limitation is a small budget of about 3,000 pounds a month.24/

D. Employment Expansion Through Government Expenditures

The use of government expenditures to expand employment is widely accepted as one useful approach to dealing with the employment problems of developing countries. It is especially favored because it offers considerable opportunities to utilize labor-intensive techniques. These are especially feasible in such activities as road building, irrigation projects and public housing construction. This is an important area for consideration since capital investment by government constitutes a large part of the total investment program of many developing countries.

In Nigeria, for example, W. Arthur Lewis suggested that planners should take a good look at investment projects to determine whether there are cases where greater labor intensity and higher money cost would not actually result in an increase in real income. He suggests that the place to start is with government projects, which are a third of capital formation. He calls attention to the fact that the "greatest misuse of machines is to be found in construction and civil engineering, where machines are imported to move dirt and other objects which labour could move just as well." Heavy import duties on bulldozers and similar creators of unemployment would be justified, especially if levied on government as well as private use.25/

In its survey of employment prospects in Trinidad and Tobago, an IBRD Mission concluded that the level and composition of public investment is a crucial instrument to convert benefits from the oil boom into long term gains for the economy. The Mission felt that the most promising activities for additional job creation appeared to be in low cost housing and road maintenance.26/

The ILO Mission to Iran also suggested an increase in public construction on a labor-intensive basis as part of its suggested program for increasing employment. The Mission also proposed that the government launch an extensive low cost housing program to be subsidized from public funds through capital grants and low interest loans.27/

N. T. Wang, Department of Economic and Social Affairs of the United Nations, suggests that the most potent policy at the disposal of governments is their own investment programs and yet "it is evident that most public investment programmes are not oriented towards employment creation." However, while all public investments will have some employment impact, he rejects the proposition that all investment projects should be designed to maximize employment.

Wang believes that it is the practical difficulties of mobilizing labor and finance that inhibits many governments from engaging in public investment programs for employment creation. He feels that a dual approach to remuneration is essential to overcome this difficulty. The cost of a major program would be prohibitive to most governments if they had to pay the going wages for these special projects. One approach to deal with the problem, he suggests, is to rely on voluntary contributions of labor as in some community development programs, but recognizes that the unemployed can hardly afford to contribute voluntary labor. An alternative approach to duality suggested by Wang is by means of conscription. He

recognizes that in civilian work, conscription is distasteful to most developing countries though it has been tried successfully in the military. It should be noted also that conscription runs counter to an ILO Convention on forced labor which has been widely adopted by many developing as well as developed countries. If voluntary contribution of labor and conscription are inadequate or impractical, he proposes that a national service program be devised and Wang has developed a detailed proposal for such service.28/

E. Prospects for Employment Expansion in Agriculture

1. Some general observations

In a note by the Secretariat to the Development Assistance Committee (DAC) of the OECD in December 1972, it was asserted that for many years to come a large part of the new entrants to the work force will have to find employment in agriculture, the predominant sector in most developing countries.29/ It was also suggested that smaller units in agriculture tend to be more labor intensive than large commercial farms and land reform may therefore be an essential aspect of employment creation programs.

Robert S. McNamara, in his well publicized address to the Board of Governors meeting in Nairobi, Kenya, on September 24, 1973, suggested that the next step in a development strategy to reduce the terrible burden of poverty in developing countries is to increase production on small farms by five percent a year. In order to achieve this goal, he outlined the following six point program:

a) Acceleration of the rate of land and tenancy reform;

b) Better access to credit;

c) Assured availability of water;

d) Expanded extension facilities backed by intensified agricultural research;

e) Greater access to public services; and,

f) ". . .most critical of all; new forms of rural institutions and organizations that will give as much attention to promoting the inherent potential and productivity of the poor as is generally given to protecting the power of the privileged."30/

Guy Hunter makes the point that the rural-urban labor force distribution, combined with population growth, ". . . implies a rising absolute number of people in rural areas for at least a generation and perhaps fifty years. . . ." Because he believes that production per acre on small farms is higher than on large farms, he concludes that more and probably better family livelihoods can be generated by intensive rather than extensive farming.31/

A pessimistic appraisal of the possibilities of increasing employment in agriculture is presented by Nicholas Kaldor who suggests that a technological revolution leading to a faster growth in output is generally associated with a steady reduction and not an increase in agricultural labor demand. The best proof of this, he contends, are countries like Denmark, Australia and New Zealand which have only ten to twenty percent of the labor force in agriculture as against seventy percent for low income countries. Kaldor argues for a growth in agriculture surplus as the main determining factor in determining the growth of employment opportunities in the non-agricultural sectors of the economy, but he believes this can be accomplished only by a technological revolution which will reduce employment in agriculture itself.32/

Most development economists believe, however, that agricultural output can be increased substantially on small farms without the technological revolution which Kaldor feels is required. It is essential to determine who is right.

2. The Green Revolution, mechanization and employment

For a few years after the introduction of the Green Revolution, it was thought that the problems of production and employment in agriculture were on their way to a rapid solution. Increased yields of various grains were of such a tremendous magnitude that observers began to call an end to the specter of starvation throughout the world. Because a large increase in manpower was required to prepare the soil, apply large amounts of fertilizer, and for cultivation, it was also assumed that employment in agriculture would rise sharply. But after five or six years of the Green Revolution, a more realistic appraisal of results began to temper the optimism. The hopes for increasing employment were checked by the increasing tendency for the Green Revolution to be accompanied by mechanization.

Kieth Marsden suggests several hypotheses to explain the link between the "Green Revolution" and mechanization.33/

a) Maximum yields from the new varieties are more dependent upon thorough land preparation and

regular water supply, and human and animal power alone could not reach the requisite technical standards.

b) Timeliness in completing various tasks became more important in determining yields, particularly when it allowed double cropping.

c) A shift in relative factor and produce prices made mechanization an economic proposition for more farms.

Another factor may simply be a government policy of encouraging mechanization whether or not essential to the success of the "Green Revolution." An OECD study asserts, for example, that in the Philippines it was the government provision of credit supplied through the World Bank which was the major factor encouraging the use of tractors in land preparation.34/ The result of this easy credit policy was the spreading introduction of combines and tractors even though it used up valuable foreign exchange and capital resources which could have been better used elsewhere.

Figures for several countries in Latin America cited by Abercrombie show that tractors have had a substantial displacement effect. For example, the mechanization of irrigated rice cultivation resulted in a decline in labor input per hectare from forty-eight to thirty-three man-days in Chile, from seventy-one to thirty-six in Colombia, and from eighty-five to twenty-six in Paraguay. He estimates that if all farms in Mexico achieved their present level of output with the more mechanized techniques used on the larger farms, almost a million more workers would be displaced. If all the country's present agricultural production were accounted for by large farms with their current techniques, 2.3 million workers would be displaced, one-third of the total employment in agriculture.35/

Based on his review of available evidence, Marsden suggests that:

> ". . . whatever benefits may have accrued from uncontrolled mechanization in the form of higher yields attributable to improved technical standards or the removal of labor bottlenecks, (and these remain debatable) they are small compared with the windfall profits realized by a priveleged group of farmers who have been able to take advantage of heavily subsidized machinery."36/

Shaw suggests that in order to slow down agriculture mechanization, it is essential to raise interest rates and to value foreign exchange at a higher, more appropriate level. At the very least, taxation and pricing policies should place the full burden of all costs on those farmers who purchase machines. It may also be necessary, he suggests, to place a heavy tax on agricultural machinery, and even the more drastic step of import controls. Shaw fears that unless drastic steps are taken to spread the benefits of the "Green Revolution" widely, as quickly and as extensively as possible, the tendency towards "polarization between rural groups is likely to congeal."37/

Ahmad of the ILO agrees with Shaw that while the achievements of the "Green Revolution" are unquestionable, it has also led to the emergence of new problems, essentially of a social and economic nature.

> "The main problem is to ensure that the benefits resulting from the use of high yielding varieties are disseminated amongst all classes of agricultural and rural workers--smallholders, tenants, sharecroppers and permanent and seasonal agricultural laborers. It would be the greatest tragedy of the twentieth century if the technological advances embodied in the "Green Revolution" were allowed to widen regional and income disparities as well as to increase unemployment and underemployment in the rural areas."38/

3. Is mechanization essential for success of the "Green Revolution"

Steps to discourage mechanization of agriculture would not be justified if it were found that mechanization is essential for the success of the "Green Revolution." A related question is whether it is feasible technically and economically for small farmers to participate in the use of high yielding seeds. If the answer should be negative, developing countries would have to depend on large commercial farms for the production of grains and the case for mechanization would be strengthened.

On this latter question, Zubeido Manzoor Ahmad of the ILO contends that although the evidence is still meager,

> ". . . there is enough evidence to conclude that, once supporting institutions are made available, small farmers are as interested in introducing HYS as those working larger holdings.39/

Another authority on agriculture, William C. Thiesenhusen, of the University of Wisconsin, asserts that:

> ". . .there is no available evidence to show that small-scale farmers are less efficient than those who operate large tracts, if supporting service institutions are designed to help draw them into the mainstream of economic life. Indeed the weight of evidence coming mainly from some Asian countries seems to be to the contrary: peasants can be efficient both in terms of their own production and that part of it which is sold as surplus to cities."40/

The experience of Taiwan indicates that it is quite possible to modernize agriculture and increase production on the basis of labor-intensive methods on small farms. If Taiwan had followed the United States' example in developing large, highly mechanized farms, it would have needed fewer than 50,000 farmers. Unemployment would have risen from three percent to forty percent of the entire labor force. But Taiwan chose a plan of developing small farms with labor-intensive agriculture and was highly successful.41/

If one were to conclude that only large commercial farms can be counted on to increase agricultural production through HYS, the case for land reform with the objective of creating a large number of small farms would be placed in serious jeopardy. Most students of agriculture feel strongly, however, that such a conclusion would not be justified by available evidence. Shaw, for example, points out that a major study of land reform demonstrates that small farms have higher productivity per acre than do large farms.42/ This is supported by an AID review of post reform experience which concluded that though there was an initial decline in productivity, average productivity per acre increased rather substantially after reforms.43/

Ahmad of the ILO concludes that land reform ". . . far from being incompatible with the "Green Revolution". is essential to its successful continuation."44/

Keith Marsden believes that the key issue is whether labor shortages during seasonal peaks would prevent a labor-intensive modernization strategy from being implemented. He concludes that even with some shortages, there is plenty of growth in the rural population and that there would not be an overall labor shortage, though some spot shortages would undoubtedly arise.45/

Although the views of most students strongly support a policy of giving priority for labor-intensive production on

small farms, it is important to note that there are dissenting views in favor of large commercial farming. One such view was presented in an article in the International Labour Review by J. N. Sinha.46/

F. Expanding Employment Through Integrated Rural Development

1. The new role of rural development

Until very recently there has been very little attention given to the employment potential of the rural non-farm sector. As the interest in agriculture developed, so too was the realization that there is little hope for increased production in agriculture unless a supporting infrastructure in the rural areas was also created along with social amenities, such as education and health, to deter some of the young and educated from leaving the rural areas for the attractions of urban living. It is also agreed that agricultural development, to be fully successful, must be integrated into a comprehensive program of rural development.

Guy Hunter was an early exponent of the view that it is wrong to concentrate development in the modern urban sector and that development policy should be turned upside down.

> "The point is to develop and use a modern sector to meet the needs and achievements of a vitalized rural sector and not to build a modern sector first, hoping, irrationally, that it will absorb the reservoir of villagers into wage paying employment."47/

Todaro presents a more cautious view of the role of rural development although he agrees with a number of other students on the central role of rural and agricultural development. He feels that most proposals made to increase rural incomes and amenity levels have the common goal of reducing urban-rural disparaties in real income and thus the magnet effect of the city. He notes that programs of this type require scarce organizational and financial resources if they are to be successful.48/

Dudley Jackson and H. A. Turner argue, on economic grounds, that because of capital scarcity and unemployment growing so rapidly, productive use must be made of the labor-time it represents by using only a little additional capital to employ it. They feel that only in this way can the unemployment problem be substantially alleviated in the short and medium term at least.49/

2. Some examples of rural works programs

Jackson and Turner based their conclusions regarding the usefulness of rural development projects on the experience of the Moroccan Promotion Nationale. They report that, on the average, over the first ten years of the program, about 60,000 man-years of employment were created each year. In 1968, the program provided an annual employment equivalent to 1.2 percent of the total labor force and between ten and twenty percent of unemployment. Because of the rationing of work, the benefits of the program were spread much more widely than these figures indicate.50/

Unfortunately, the conclusions of Jackson and Turner on the Moroccan Promotion Nationale are not supported by a study of a number of rural works projects made by E. Costa of the ILO. He noted that food alone is not a sufficient inducement to attract the labor and that payment of wages usually becomes necessary. Costa found, moreover, a strong tendency for wages to rise towards parity with wage levels of agricultural workers due to institutional factors such as trade union pressures. Parity with the minimum wages for agricultural workers was achieved, for example, in the Moroccan Promotion Nationale, at least in projects of general interest. He found a similar situation on development projects in Tunisia and Algeria.51/

This means, reports Costa, that workers on these projects may earn more than small-holders. He found that the level of wages serve as a powerful incentive to participate in these programs but also that wages begin to play an overriding part of the total cost of the projects and, bearing in mind the low productivity, the projects begin to lose their point and the absorption of large numbers of unemployed may be jeopardized. In Morocco, the Higher Council for National Development and Planning declared that the existing wages (two dirhams in cash and two in kind; which was higher than the minimum cash wages for agricultural workers) ". . . cannot be maintained if the mass of underemployed persons is employed, without placing an intolerable burden on the State." In point of fact, following the twenty-eight percent increase in the minimum agricultural wage in November of 1971, the level paid by the Promotion Nationale underwent a corresponding increase.52/ This raises doubt about the validity of Jackson and Turner's thesis, which is premised on the need for only a small amount of capital to create a substantial volume of employment in rural development projects.

An OECD study of the Tunisian program notes that the channeling of food aid for work in labor-intensive development projects is generally recommended on the ground that

these projects do not compete for foreign exchange and other scarce revenues needed for investment. But in Tunisia, the total cost of the program from 1958 to 1969 was more than 135 million dinars, or 295 million dollars, of which more than eighty percent was in cash born by the Tunisian Government. This represented 9.5 percent of the country's gross investment during this period. The author of the OECD study concluded that:

> ". . . considering the low level of labour productivity in these programmes, and the quality and lack of viability of their projects, there is a serious possibility that the new direct effect of the heavy burden they imposed on the country's resources was to retard rather than accelerate development."53/

The OECD study does not condemn the basic idea behind these programs but stresses the need for great care in preparation, quality projects, and their effective development performance, rather than simply the number of men employed. The main pitfall to be avoided is that these programs may be regarded by the general population as welfare measures. They conclude it would be preferable to distribute food freely to needy families if this is to be the result.

A meeting of a group of experts produced a report to the ILO on the major lessons to be taken into account in planning for the future of integrated rural development. The most basic lesson suggested by the experts is that a successful rural development program requires a government commitment involving not only statements and declarations of principles, but commitment in terms of resource allocation and the provision of appropriate administrative structures. A second point of agreement among the experts is the need for careful preparation and planning of projects and, in particular, the establishment of a realistic relationship between the objective set and the means available to the project. Finally, the group quoted with approval a statement made by Mr. Martin, Chairman of the DAC of OECD, who stated that:

> ". . . in view of the many factors which must be allowed for, it is clear that a rural development operation takes some ten to twenty years before it can be expected to bear fruit."54/

3. Social and institutional factors affecting rural development programs

In addition to such economic problems as high cost and low productivity, rural development programs are frequently

beset by social and institutional problems which planners frequently fail to take into account. An illustration is to be found in an experience in the Philippines. One of the projects of an Emergency Employment Program involved a self-help barrio road project in a number of rural areas. The tenant cultivators did not like to offer their labor (even though they were idle) because the program was thought to bring relatively greater prosperity to the landowners in the form of unearned increment in the value of their land. The landless wage earners, on the other hand, living as they do from hand to mouth, were in no position to spare even a single day for self-help projects because it would result in starvation in the absence of wage payments in cash or in kind. As a result of this lack of cooperation from tenants as well as landless workers, more than two-fifths (41.6%) of the approved road projects were either abandoned or suspended.55/

Iran is another country which has had serious difficulties in implementing rural development programs because of social factors. An ILO study noted that because of the landlord-peasant relationship which existed, those projects which aimed at improving the social conditions of the peasants were often blocked by the landlords as not in their interest. On the other hand, the peasants were generally unwilling to participate in many other self-help projects for improvement of the economic infra-structure since the benefits of such projects accrued mainly to the landlord. Moreover, the selection of projects on the basis of village council approval favored the landlord interests since the members of the council were "usually hand picked by the landlords."56/

The study concludes that a basic cause of the difficulty of gaining the cooperation of the villagers was the persistence of traditional attitudes of the peasantry and government officials towards one another.

> "Through Iran's long history the peasant has feared and distrusted representatives of government, whose function in his village has usually been to tax his income or conscript his sons, and who have traditionally misused power in extortion of the peasant. Although an increasing number of village-level officials are now engaged in programs designed to help the peasant, old fears and suspicions die hard."57/

Recent developments in Iran, growing in part from the enormous increase in income from oil, strongly suggests that the conclusions of the ILO study are no longer applicable to the degree suggested. For one thing, Iran is rapidly moving from a serious labor surplus situation to one of increasing

labor shortage, particularly in the skilled and semi-skilled categories. Secondly, a major land reform program in the rural areas is rapidly changing the social and institutional restrictions of the sort found by the ILO just a few years ago.

While these examples deal primarily with self-help projects, they illustrate the importance of social and institutional factors on rural development and suggest that if these programs are to be successful, there has to be an understanding by developing country officials of the social and institutional problems in the rural areas and the need for developing a strategy for dealing with them.

The failures of many rural development projects can also be attributed in no small part to the inadequacies of local government in developing countries. A study by Edgar Owens and Robert Shaw concluded that the major cause of the weak performance of development during the past two decades was the failure to establish effective institutions, both government and private, to take over responsibility for matters requiring local participation in decision making and implementation. Their proposed solution is to build self-governing institutions at the local and provincial level, transforming power from the elites to broadly based institutions capable of getting the information needed for decision making on local development matters and integrating these decisions with provincial and national planning.58/

G. Employment Opportunities in Traditional Sectors of the Economy

The traditional sectors of the urban and rural economy are usually overstaffed with relatives and friends; they have, for this and other reasons, a very low level of productivity and they usually yield incomes no better than those of unskilled rural workers. These facts usually lead to the conclusion that policy should be directed to reducing the work force, with the surplus moving over to the modern sectors of the economy. The ILO Mission to Kenya, however, made a strong point that though this sector usually conjures up a picture of a parasitic group, this is not necessarily so. While it is true that they are unable to achieve a minimum acceptable standard of living for its workers, and often for the owner as well, this is also true of the small farmer. The Mission found that this sector represents a vital part of the Kenya economy, both urban and rural, and in a country whose population is growing at a rate of 3.5 percent a year, must provide a large share of income and employment. The Mission

suggested the need to develop new policies for promoting the informal sector and linking it with the formal sector.59/

The Mission suggested that there was a strong potential for employment expansion in repair and maintenance services which needs to be exploited by:

a) encouragement of capital sharing among small enterprises by providing equipment for hire, linked with central repair and maintenance facilities, and

b) promotion of small repair workshops through an appropriate tariff policy.60/

One of the major segments of the traditional sector is the retail and service industries. Despite the large surplus labor supply available, there has been a tendency in some developing countries to establish policies which distort factor prices, leading to indiscriminate mechanization which economizes on labor without perceptible benefits to economic growth. The proliferation of supermarkets and laundramat chains, large scale use of computers for banking and office activities are some examples. In this situation a strong policy of discouraging mechanization is clearly justified.

The construction industry is another branch of the traditional sector which is increasingly being recognized as an important potential for expanding employment. The ILO Mission to Colombia, for example, concluded that ". . . the construction sector has a major part to play in helping Colombia to reach full employment by 1985." The Mission pointed out that this is a sector using a great deal of labor, especially unskilled labor, and few imports. At the same time, its output is "necessary for raising productive capacity and for creating social infra-structure, especially for providing the housing that is badly needed in cities, small towns and country districts alike."61/ Although the Mission did not oppose all technological progress in methods of construction, it felt that "moderate hurdles should be placed in the way of mechanization in construction, to ensure that the construction boom which is now feasible yields it full potential impact on employment."

The ILO Mission to Iran also stressed the need for increasing employment in construction, especially in housing.62/

The IBRD study of employment prospects in Trinidad and Tobago also came to the conclusion that the most promising source for additional jobs appear to be in construction, especially low cost housing and road maintenance.63/

In a study of the role of services in employment expansion, A. D. Bhalla has come up with an interesting comparison between Taiwan and the Philippines. He came to the conclusion that there is a tendency in both Taiwan and the Philippines for the service sector to absorb a large bulk of the new additions to the labor force. However, he found a decline in the unorganized traditional service activities in Taiwan in the wake of rapid economic growth. In the Philippines, on the other hand, there was a marked shift of traditional activities from manufacturing to such services as commerce. Bhalla is inclined to the conclusion that in an economy such as the Philippines, where the rate of growth of industrial output is relatively slow, the surplus agricultural labor shifts to traditional manufacturing and from there to traditional services when manufacturing expands under conditions of modern technology. At higher rates of growth such as Taiwan has experienced, however, the potential surplus labor in traditional services is absorbed in industry at the same time because the growth of industry generates modern employment in complementary services.64/

H. Incomes Policies and Employment

1. The case for wages "restraint"

Many development economists are concerned with the relatively high level of wages in the modern urban sector of developing economies, especially in comparison with rural wages and incomes of small farmers. The Department of Economic and Social Affairs of the United Nations, for example, has suggested that:

> ". . . the urgent need is to achieve substantially greater employment at reasonable wages rather than limited employment at substantially improved wages."65/

Michael Todaro has suggested that:

> ". . . any serious incomes policy must have the objective of gradual elimination of unwarranted differentials between urban and rural earnings capacity. . . Consequently, there is an important need gradually to align urban wage incomes more closely with average incomes in the agricultural sectors."66/

Elliot Berg has written extensively on the need for a policy of "wages restraint," which he defines as a policy of reducing the level of real urban wages in most developing

countries. Berg's primary objection to the present level of wages in the modern sector is that it reduces the ability of the government to hire more workers. A second objection is that the level of wages contributes to rural-urban migration though he is inclined to believe that it is not a major factor in this regard.67/ Other economists base their concern on the level of wages in the modern sector, on the belief that it hinders the expansion of employment which they feel would take place if wages were lower. Berg, however, does not feel that the high wage level is an important factor in accounting for the slow growth of employment in the modern sector. He feels it is the impact of wage levels on public sector employment that gives a low wage policy its strongest rationale.

In proposing guidelines for a wages policy, Berg's basic principle is to relate wages for unskilled workers in the modern sector to average income levels in agriculture, recognizing the need for some differential on the basis of skill. His prescription is a simple one: hold skilled wages down "in money terms letting real wages fall."68/ Among the difficulties Berg anticipates to his guidelines is discontent and a sense of inequity which will affect the more highly skilled workers and probably lead to lower effort and productivity. He also concedes that the proposed policy will tend to alter the distribution of income in favor of profits. These difficulties can be mitigated, he suggests, by a government policy of controlling the prices of locally manufactured goods, though he recognizes that few countries possess the administrative capacity to do this effectively.69/

2. Some difficulties with a policy of wages "restraint"

The most important question regarding any proposal to reduce the level of real wages in the modern sector is whether the current level of wages does in fact seriously inhibit the expansion of employment. There are several reasons for believing that this is not the effect of high wages in the modern sector and that they do have beneficial effects of increasing the market for locally manufactured goods and for rural agricultural products, in spite of the inequity of having such wide differentials between the urban and rural sectors. The modern sectors of developing countries are usually not very competitive and often quasi-monopolistic in character. One result is that the high wage level found therein is not a significant deterrent to employment expansion.

The ILO Mission to Colombia, for example, while recognizing that wages in the modern sector were relatively high, did not think it wise or practicable to reduce them. Instead, the Mission suggested increasing the wage and salaries of the

middle and higher levels of government in order to make them competitive with private industry. In connection with the admittedly wide rural-urban differentials, the major emphasis of the report was to suggest various programs to improve the incomes and the levels of living of the rural population.70/

The Wage Policy suggested by the ILO Mission to Kenya called for a more rapid increase among the lower income groups and the tapering of increases at higher income levels. The Mission also felt it essential that a wages policy be linked to a price control program.71/ The ILO Mission to Iran concluded that a general increase in the lower and intermediate rates of wages paid was an inescapable necessity. It suggested that this be achieved through periodic increases in the statutory minimum wage. To reduce the disparity between urban and rural incomes, the Mission recommended a variety of programs, including subsidies for agricultural inputs and a relative increase in farm gate prices for agricultural products.72/

Whatever the merits of proposals to reduce real wages in the modern sector, it is an unrealistic policy and impossible to apply in most developing countries without creating dissatisfaction among the workers in the modern sector, and serious conflicts with the trade unions. It is possible that a few developing countries may be able to impose such a policy where trade unions are weak or non-existent, but for most of them any attempt to impose such a policy could result in political, economic and social disaster. While the narrowing of rural-urban and occupational wage differentials is a sound long term objective, a better way to achieve it, though admittedly slower, is to concentrate public investment and priority attention to increasing the levels of living in the rural areas.

3. The role of minimum wages in developing countries

The primary goal of government legislation fixing minimum wages in developing countries is to establish a floor below which covered workers cannot be paid. The lack of strong worker organizations in most developing countries, the existence of a large surplus of labor tending to depress wage levels, and the need for improving to some extent the distribution of income has led most developing countries to adopt such legislation. One stimulus for this action are the Conventions and Recommendations of the ILO. Some development economists are as concerned about the adverse effects of this type of legislation as they have been regarding the wage levels in the modern sector. An attempt to appraise the value of minimum wage legislation has been prepared by A. D. Smith of the International Institute for Labour Studies of the ILO. Smith suggests that:

> ". . . the major limitation of this method of using minimum wage regulation as a way of raising minimum living standards is that not all instances of particularly low living standards, and probably not even a majority of them, can be directly attributed to unduly low wages."

Chronic unemployment is an example of a cause of low wages which cannot be solved by minimum wage legislation.73/

A second objection to the use of minimum wage legislation is that a rise in minimum wages may lead either to a loss of employment or to a deceleration in the rate at which employment opportunities increase. Unfortunately, there is very little empirical evidence to show whether or not this fear is justified. There are some indications that in the modern sector, minimum wages have had little or no effect on employment. It is more probable that this could occur in the traditional sectors of the urban economy, but it also appears that minimum wages are poorly enforced in such areas with the result that neither positive nor negative effects can clearly be discerned.

Smith also suggests that since wage and salary earners constitute less than fifty percent of the economically active population in many developing countries, under these circumstances minimum wage regulation cannot be the most important, "or even a major, redistributory instrument in a large number of developing countries."74/ The significance of this objection has to be considered in light of the fact that more general methods of redistribution have not been found in developing countries.

Still another objection to minimum wages by Smith stems from the probability that the potential members of society who can benefit--workers remunerated by wages--already enjoy living standards which are above the lowest in the country. This argument would have some validity if the governments of developing countries had no programs for raising the levels of living of rural peasants and landless workers who must subsist on a standard of living below that established by minimum wages.

Although A. D. Smith comes to the conclusion that minimum wages should not be considered the main instrument in raising minimum living standards, he is careful to note that his analysis "does not imply that minimum wage regulation can play no role in raising minimum living standards." He suggests that the benefits may be more important in its effect on the general wage level and indirectly on the growth of the economy.75/

It could readily be conceded that minimum wage regulation should not be considered as the principal means for raising the standard of living of the main poverty groups in developing countries. But, in the absence of any practicable alternative, it is likely that such a regulation could be one element in a broad program of improving the levels of living of the masses of poor who are subsisting at a level below an acceptable minimum standard.

4. Equitable income distribution and employment

If a more equitable income distribution is to be accepted as a goal for developing countries, there needs to be a reasonable assurance that this goal would not come into conflict with the goal of increasing employment. Eriksson points out that the first and perhaps major link between a more equitable income distribution and employment growth is through savings and output. He cites the assumption of most economists that there is a higher average propensity to save among the rich than among the poor. This is the assumption which leads many development economists to conclude that unequal distribution promotes savings and capital formation which, of course, is a vital need of developing countries.76/

The ILO Mission to Colombia suggested however, on the basis of Colombian experience, that this does not carry a great deal of weight. In the first place, it found that notwithstanding the extreme degree of economic inequality, total personal savings were quite low. The wealthy, particularly the owners of latifundia, appeared to be keener on maintaining high standards of consumption than in accumulating funds to developp their properties. Secondly, the Mission found that to a considerable but unknown extent, the savings flowed abroad. The Mission suggested also that even if greater savings by the rich did occur and was invested, it could not be assumed that it would create new employment opportunities. It could increase importation of consumer goods and also tend to raise the demand for capital and raise the capital requirements for employment. In other words, an analysis of what the rich would do with increased savings is needed before one could conclude such increased savings would be so beneficial as to outweigh the value of the income going to the working poor instead.

Eriksson suggests that the question of propensity to save needs to be more carefully analyzed. He cites a study by William Cline on The Effects of Income Redistribution on Growth in Latin America as indicating that while it is true that poor people tended to save less than the rich, the capital requirements for producing the goods they consumed are less than those required for the bundle of commodities consumed by the rich.77/

Eriksson also calls attention to a detailed study in Taiwan of small farmers propensity to save. The study indicated a marginal propensity to save varying from fifty to ninety percent, which is very high. The study also indicated that the savings of medium and small farmers--and the poor in general--were underestimated in national accounts.78/

Another linkage of income distribution to employment growth is through consumption and a number of economists, including Eriksson as well as the ILO Mission to Colombia, have suggested that the effects of redistribution are likely to be positive, because the demand of the poor is primarily for goods that are produced in a labor intensive way compared to the consumption pattern of the rich. The latter puts heavy emphasis on goods with heavy capital content which, moreover, must usually come from abroad and thus uses scarce foreign exchange. Eriksson suggests that empirical evidence, though admittedly preliminary, from studies in Turkey and Colombia by the Center for Development Studies at Yale, tend to confirm the hypothesis suggested by the ILO Colombian Mission that a redistribution of income would result in more labor-intensive patterns of production and consumption.79/

I. Fiscal Policy, Income Distribution, and Employment

There is widespread agreement that a redistribution of income in developing countries is badly needed to improve the living standards of the poor, and a good many also agree that such a redistribution would be a positive factor in increasing employment. The question on which there is considerable difference of opinion is how such a redistribution can be brought about. From a long range point of view, the best way to bring about such a redistribution is by creating full employment so that all of the gainfully employed achieve a reasonalbe income. In the short run, however, fiscal policy appears to be the most common suggestion for obtaining a more equal distribution of income. At the same time, this is recognized by realistic observers as involving very great political and social difficulties.

Nevertheless, some of the ILO Missions to developing countries have proposed changes in the tax system to obtain a larger share of tax revenues from the wealthier segments of society. The report of the Mission to Colombia, for example, suggests that:

> ". . . it is hard for us to envisage a fall in the proportion of the population which is unemployed or a real reduction in poverty, without policies being adopted which shift the income distribution, both

soon and decisively, towards whose who would spend it on the goods which can be produced in Colombia."80/

The ILO Mission to Kenya suggested that fiscal policy is important for the distribution of incomes to the working poor and the mobilization of resources for employment-creating development projects. The report adds that the present tax system does not have a distributive effect, nor is its revenue-raising potential adequate to raise the additional financial resources required.81/

Among the recommendations of the ILO Mission to Iran was one calling for an improvement in the assessment and collection of income taxes, and once achieved, a step-up in the progressivity of income tax rates without increasing maximum rates to more than fifty-five percent. It was also suggested that such indirect or excise taxes as bear on necessities should be abolished and taxes which bear on luxury goods should be increased.82/

A different approach to the problem of income distribution is suggested by the ILO Mission to the Philippines which noted that profit shares have increased in the post-war period and that the distribution of income, already highly unequal, has become increasingly so during the past two decades. The key element in the new strategy by the Mission is to make a significant contribution toward the reduction of surplus labor and prevent the further deterioration of the distribution of income through an export diversification drive based on labor-intensive commodities.83/

A major conference of fiscal experts organized by the ILO resulted in a number of modest suggestions for using fiscal methods to expand employment, but did not come to grips with the question of redistribution of income through fiscal methods. In order to induce firms to employ more labor-intensive equipment, it was suggested that this can be done by:

1) general measures to make the use of equipment less attractive for the producer; or

2) by selective measures to make the use of capital-intensive equipment less attractive relative to that of labor-intensive equipment; or

3) to make capital-intensive products more expensive relative to labor-intensive products, thus inducing consumers to substitute the latter.

These changes may be secured by either a stick (taxes) or a carrot (subsidies). Specific suggestions were offered on how these objectives may be accomplished through fiscal measures.84/

J. Influencing the Quantity and Quality of the Labor Supply

1. Population policies

There is a tendency in developing countries to minimize the importance of population policies because of the belief that they can affect the supply of labor only on a very long term basis, and that more immediate problems of employment policy are of greater urgency. As Gunnar Myrdal has pointed out, however, a reduction of fertility rates would have the immediate effect of decreasing the dependency burden and this decrease in the burden would continue until the children begin to reach working age. With a lower dependency burden, income per head would rise and if the rise in average income were devoted to increased consumption, there would be a general rise in levels of living.85/

A secondary effect of higher consumption levels, suggests Myrdal, is an increase in productivity by increasing both labor inputs and labor efficiency. It is apparent, says Myrdal that:

> ". . . the effects of a decline in fertility would be favorable in both economic and more broadly human terms and that these effects are very considerable and cumulative, gaining momentum over the years."86/

From a long term point of view, Myrdal suggests that a decline in fertility would be even more advantageous. This is true, first, because some of its effects are cumulating though it takes time to gather momentum. Second, as the smaller cohorts of children reached working age, a brake would begin to be put on the growth in the labor force. Third, growth in the size of the procreative age group would also begin to be slowed down--and more rapidly since a woman's child bearing period is over earlier than the normal working life.

Therefore, from both a short term and long term point of view, Myrdal urges that there are strong grounds for the countries of South Asia for instituting, as soon and as vigorously as possible, policy measures to promote birth control practices among the masses of people.87/ Needless to say, this advice is equally applicable to Latin America and Africa.

2. Educational reform and employment

The weaknesses of the educational systems of developing countries (discussed in Chapter II) are a clear indication that educational reform has to be an essential element of any program to expand employment. While educational institutions may not be responsible for the overall imbalance between supply and demand for labor, they are primarily responsible for the existence of structural imbalances which are to be found almost everywhere in the developing world.

These imbalances occur because education (and training) are frequently of the wrong kind in view of the needs of the developing economies and, equally important, because "the attitudes, aspirations and expectations perpetuated by traditional educational systems are more and more out of line with the opportunities the economy can provide.88/

It will be recalled (Chapter II) that the ILO Mission to Ceylon (Sri Lanka) was extremely critical of the role of the educational system in connection with the serious unemployment problem of that country. Subsequently, an interagency commission was sent to Ceylon to study the educational system in the light of the ILO Mission report. Louis Emmerij, currently Director of the World Employment Program of the ILO, was a member of the education mission. He feels that the commission's findings are relevant not only for Ceylon but also for many other developing countries.

The interagency commission found that the function of the schools to educate had become superseded by the demand that it should serve as qualifying agent for higher education and for employment. Emmerij comments that:

> ". . . the frustration and consequent alienation of those who fail are easily imagined. The effect on the lucky ones who succeed can be, if anything worse. . . . It is not surprising that they should see their eventual job as something which entitles them to status and salary, not as an opportunity to earn them--much less an opportunity for self-fulfillment or for public service."89/

He also notes the unfortunate effect of the systems on the functioning of the labor market, resulting in over-encouraging the search for certain types of work, with the result that the numbers are well beyond those occupations can absorb.

Another country which faces a serious problem of educated unemployment is India. Secondary and higher education still

pay off handsomely to the individual in terms of future earnings, even after allowing for the private costs of education and the possibility of unemployment for a considerable period of time. But, suggest Emmerij:

> ". . . from an overall social point of view it would appear that higher education in India is badly overexpanded, and part of the reason why employment opportunities are lacking may well be that the resources which could create more jobs have been preempted for education.90/

Emmerij has drawn a number of preliminary conclusions and recommendations on the education-employment link from his service on the Ceylon Mission as well as from other studies of education in developing countries:

1) "It is probably true to say that the expansion of higher education at the expense of primary education has in many developing countries reached a point that is beyond any possible justification."

2) In arguing in favor of more emphasis on the lower levels of education, he does not have in mind the type of primary education that exists at present. He thinks that the curricula for at least the last years should emphasize prevocational courses.

3) Such changes would also have serious implications for the examination system. There should be less stress on achievement tests and more on aptitude testing.

4) With respect to the functioning of the labor market and the structure of incentives, policies are needed to narrow extreme differentials.

5) Implicit also in these recommendations is the question of timing of education. It may be desirable to postpone education for some groups in order to improve the retention value.

6) There is also a need for recurrent education as suggested in the report of the ILO Mission to Ceylon. The objective would be to marry more closely the world of school and the world of work.91/

K. Operation of the Labor Market and Employment

1. Introduction

The efficient operation of the labor market is an essential element in a policy and program to achieve full employment. One of the main functions of the labor market is to match job vacancies with job seekers with the right skills. This is such an important problem that Chapter V is devoted to it. Another function of the labor market is to provide proper incentives to workers and young people so that they will obtain education or training for the jobs that are expanding and to discourage new prospects for jobs that are declining in the economy. The relative wages offered for different occupations are important signals to guide young people seeking an occupational career. If the labor market is to operate effectively, there must also be a reasonably effective method for achieving an agreement between workers and their employers on the terms and conditions of employment, and for resolving disputes which inevitably occur over the interpretation of such agreements.

An effective skills training program is also essential for an expanding economy, particularly in developing countries which are usually characterized by a lack of a skilled labor force. How to achieve such a program, including the need for development of adequate labor force statistics, is covered in Chapter IV.

2. The wage and salary structure

The wage and salary structure in most developing countries reflects as well as accentuates the desires of young people and their parents for white-collar employment and supports the strong prejudice against manual work. Chapter II contained a number of examples showing the relatively high rates of pay for white-collar jobs as against blue-collar jobs, the wide differentials between jobs in the modern sector and the traditional sector as well as the rural sector, and sometimes between different categories of skill in the same sector. The developing countries need to correct these distortions in the wage and salary structure in a manner which will bring about a more efficient operation of the labor market. The discussion of wages policy above brought out some sharply conflicting views on how these distortions in the wage and salary structure might be corrected. About all that can be stated with any degree of confidence is that there is no single or simple solution to the problem. The most desirable method would be to gradually bring up the levels of wages which are relatively low and to exercise a policy of moderate

restraint on wage levels that are relatively high, More drastic measures are likely to be counterproductive.

3. Trade unions and collective bargaining

The constructive role that labor organizations can play in expanding employment is not often appreciated by the governments of developing countries. Trade Unions are sometimes visualized by such governments as threats to political and social stability and as a primary force in driving wages up too rapidly. It must be conceded that trade unions with a leftist leadership can be threats to stability and trade unions have sometimes been responsible for driving wages up in the modern sector higher than warranted by the economic situation of the country. As a United Nations report has pointed out, however;

> "Trade unions, by providing new forms of support and the representation of the workers, have a potentially valuable role to play in helping him to cope with the tensions and anxieties generated by transition to industrial employment.92

Equally important is the fact that where trade unions have been brought into active participation in development planning, they have often played a constructive and responsible role.

An unusually interesting example of a trade union movement assuming an active role with management and the government in an effort to expand employment occurred in Kenya.93/ The trade union movement of that country participated in two formal agreements (1964 and 1970) which probably represents the first attempt made by a developing country to use the industrial relations system in a campaign against unemployment. Both agreements were recognized as short term measures designed to improve the immediate situation so as to allow time for long term measures to take effect. Since the two agreements were very similar, this discussion will be limited to the 1970 agreement. This had three main elements:

1) The government and the employers' organization agreed to expand their employment by ten percent of their regular employment on May 31, 1970; the additional employment to be provided by the end of September (later extended to the end of November).

2) The unions agreed to a twelve month standstill in wage rates.

3) The parties agreed there would be no strikes or lockouts during the period of the agreement.

Altogether, 45,680 jobs were provided under the agreement; 30,203 by the private sector and 15,477 by the public sector. The former amounted to 7.8 percent of 1969 employment; the latter 6.5 percent; the combined figure was 7.3 percent. While this falls well short of the ten percent goal, there were a number of technical problems in measuring the results which understate the number of jobs provided.

It is very important to note, however, that the jobs filled under the agreement were not necessarily net additions to employment. Replacement of normal turnover was counted as increased employment. Because normal turnover averages about fifteen percent in the modern sector, it is quite probable that the increased employment brought about by the agreement would have occurred anyway, though the hiring might have been brought forward by a few months.

The ILO Mission drew the conclusion from a careful analysis of the agreements that:

> ". . . whether or not a long term agreement is considered desirable or workable, the point that emerges clearly from the experience of the Tripartite Agreement is that a short term agreement of this nature does not affect the long term decisions that determine long term employment. . . . For long term change a long term agreement is necessary."

A short term agreement may even be counterproductive, it concluded.94/

Whatever else one might conclude from this experiment in employment creation, it does demonstrate that responsible trade unions can be induced to cooperate in special efforts to expand employment. In this instance, aside from the question of the soundness of a short term agreement, it would appear that the unions accepted an inequitable agreement. Whether a long term agreement would be practicable in other developing countries, or in Kenya for that matter, remains a somewhat dubious question.

A broader conclusion is the desirability of obtaining the participation of trade unions (as well as management organizations) in formulating and implementing a country's development plan. These organizations can contribute a great deal in such important areas as: training programs, wages

and price policies, and labor legislation. Their cooperation is also essential in any attempt to reform the wage and salary structure.

The governments of developing countries also need to recognize that trade unions are a vital institution in any society with a substantial number of people working for wages or salaries. One effective way to minimize irresponsible behavior on the part of trade union leaders is to enlist their participation in government planning and policy making. Such participation may convince them that government programs will contribute to a goal which they surely support: that of expanding employment and raising the standard of living of the poorest segments of the population. There may be disagreements on the best way of reaching these goals, but the resolution of disagreements can more easily be accomplished if the unions are privy to the information available to the government and if they participate in the hard choices which must be made in development planning.

4. Labor legislation

The enactment and effective implementation of a basic code of labor legislation should be regarded as an essential part of a program of development, and, if wisely carried out, will make a useful contribution to economic and social development. Chapter VI will deal with a program which should be considered in this area. It is sufficient to note, at this point, that development without an adequate program of labor legislation would call for unacceptable sacrifices on the part of workers and their families. Moreover, it would almost inevitably lead to industrial as well as political instability.

At the same time, there needs to be recognition of the fact that some types of labor legislation can be written in a way that creates obstacles to expanding employment. Until quite recently, this has not been widely recognized in development literature. It was given prominence for perhaps the first time in the report of the ILO World Employment Mission to Colombia in 1970. The Mission concluded its appraisal of employment problems by noting that certain features of Colombia's Labor Code encouraged long hours of work on the part of labor and short hours of utilization of equipment, the opposite of what was desperately needed.95/ The provisions of the labor code which led to these results were primarily those relating to job security, certain provisions relating to premium pay, and the extensive use of payroll taxes to finance social programs unrelated to the employment relationship.

The ILO Mission expressed sympathy for the basic principles of effective legal protection against arbitrary dismissal. It concluded, however, that the Colombian system ". . . has become a significant obstacle to increasing employment." As a result of these and several other requirements of the Labor Code, employers generally limit the recruitment of new workers to the strictest minimum of foreseen needs. The limitation of recruitment may also entail the use of labor saving equipment and very commonly involves a great deal of overtime for the existing labor force. In the light of the heavy unemployment and underemployment in Colombia, the Mission concluded that ". . . this seems to us a thoroughly undesirable situation."

Fringe benefits required by law were found to cost employers the equivalent of about two-thirds of basic wages and a substantial portion of these costs were for such social services as family allowances, maternity benefits, and non-occupational illness. The Mission suggested that the costs of these non-employment related programs should be shifted to other forms of taxation in order to help correct the distorted cost relation between capital and labor, which was found to be an important obstacle to expanding employment.

While the information available on the extent of overtime was somewhat questionable because of inadequate statistics, the Mission estimated that overtime in September of 1969 was probably the equivalent of nearly twenty percent of the urban work force employment. It recommended a strong effort to reduce overtime by rigidly enforcing the sixty hour limit for government employment and by increasing the premium pay for work over forty-eight hours in private employment to time and one-half. The Mission also recommended as a long term goal, the reduction of the normal work week from forty-eight to forty hours.96/

The final recommendation of the ILO Mission was the appointment of a high-level presidential commission composed of representatives of labor, management, and the public to appraise existing labor legislation with the view to eliminating the adverse effects on employment without serious consequences to the objective they were intended to achieve. The Mission was not so much concerned with the total cost of various benefits as by the way they operated to deter the expansion of employment. As the Mission noted in its report,

> ". . . We have not seen any evidence that the total share of wages in the national income is too high or that the level of wages is hindering economic development. On the contrary, we have suggested elsewhere that the unequal distribution of national income is a matter of serious concern.97/

The ILO Mission to Kenya also found that several features of the country's labor legislation had a serious potential for hindering the government's program for promoting development and expanded employment. It found, for example, that females were prohibited from working between 6:30 P.M. and 6:30 A.M. and that this prohibition applies to factories, on plantations, as well as in urban areas. This prohibition hindered the employment of women in continuous shift establishments and may prevent the establishment of new industries, such as textiles and apparel, which must operate on a multi-shift basis to compete in international markets.98/ The necessity to develop multi-shift operations in developing countries is seen by some observers as an important means for expanding employment and reducing the unit costs.

Restrictions on dismissals and layoffs established by a recent change in Kenya legislation, while vague, may be interpreted as prohibiting layoffs for purely economic reasons. These restrictions may largely be responsible for the extensive use of overtime in Kenya, just as in Colombia. Replies to a recent quetionaire, according to the Mission,

> ". . . show some alarming signs of propensity to work overtime in the manufacturing sector. Indeed the practice of overtime has become so widespread that in some industries workers tend to work at a slow pace and save energies in anticipation of overtime."99/

Unlike the practice in Colombia and Kenya, the use of overtime in lieu of hiring additional employees was not found to be significant in Ceylon except in a few special situations, such as on the docks and in public transport. A more serious problem was the amount of time off permitted with pay for sickness and casual leave. Both were found to be taken very casually with a resulting impairment of efficiency.100/

According to the authors of an ILO research memorandum on Iran, the government has had a policy of restricting layoffs of workers and even of mandating increases in employment. "In order to keep peace and quiet" among factory workers, the job security provisions of the 1959 labor law are rigidly enforced in larger industrial enterprises "to the extent that the management is virtually unable to fire any factory hand except in rare cases and for good reasons." In addition, the policy was followed of seeking to prevent the closing of private factories with the resulting discharge of their work forces. For a time, the government subsidized these factories rather than letting them go out of business; later the government took them over and continued them with equity participation by the government.101/

The most recent ILO World Employment Mission, to the Philippines was concerned about a compulsory arbitration system resulting from Presidential Decree No. 21, issued in October 1972. The new decree also contains a provision that "no employer may shut down his establishment or terminate the services of regular employees with at least one year of service without the written clearance of the Secretary of Labour." The Mission was fearful that under this provision, "considerable pressures are likely to arise to limit dismissals or layoffs by employers, either by law or government action by trade union pressure or other worker protest.102/

The experience of the half-dozen countries studied by World Employment Missions suggests that an appraisal of existing labor legislation is desirable in many if not most developing countries in order to insure that they are not creating serious obstacles to expanding employment. It would seem that the basic objectives of most features of the labor code could be achieved without serious harm to the goal of maximizing employment if care were taken in drafting and implementation. The existence of a great deal of overtime work in the midst of extensive unemployment is usually a good clue that something is wrong, because incentives for employers are distorted in favor of overtime work rather than the recruitment of additional workers.

A part of the difficulty may stem from the laudable but misguided desire of developing countries to demonstrate a good record in the adoption of ILO Conventions and Recommendations. The standards incorporated in these documents are frequently based on the experience and capabilities of the most fully developed countries and their adoption by countries in an early stage of industrial development hardly justified. Consideration might be given by the ILO to the adoption of more appropriate standards for developing countries.

Developing countries should also try to avoid imposing the costs of general social legislation on payrolls, in addition to the usually heavy burden of providing for fringe benefits that are employment related. The cost of providing family health benefits, maternal and family allowances and the like ought to be paid for out of general revenue rather than payroll taxes if increased employment is not to be discouraged. As the ILO Mission to Colombia pointed out, what is needed is less and not more incentive for the purchase of labor saving equipment.

Finally, if employers are to be encouraged to hire additional workers to meet increased production requirements instead of working existing staff long hours, governments of

developing countries should avoid the imposition of restrictions on layoffs for economic reasons, or the imposition of sbustantial penalties for laying off workers when the production requirements make them surplus. This should not preclude legal provisions to prevent arbitrary discharges; merely that genuine economic reasons for suspension or termination of employment should not be penalized.

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CHAPTER IV

DEVELOPING CAPABILITIES FOR PRODUCTIVE EMPLOYMENT

This chapter is designed to assist developing countries and officials working with them, in developing the capabilities of their people to engage in meaningful and productive employment, consistent with the goals of each country.

A. Assessment of the Problem

As a first step in any program to prepare its people for freely chosen productive employment, the country should identify and define the problems that such a program could help to solve, consistent with the needs of the country. This section will discuss some of the things a country could do to assess its own human resource development problems.

1. Long term and short term demand for occupational skills

The country's Economic and Social Development Plan and foreseeable turnover requirements should provide the basis for a very rough projection of occupational demands based upon estimated growth rates in the various industrial sectors. Future demand for specific occupational skills is subject to so many unpredictable influences, that extreme caution is necessary when making decisions on long-term commitments for investing resources in educational and training programs. Current shortages in specific skilled occupations and professions, and predictable short-term future demands in these occupations, provide the best basis for assessing the size and nature of the human resource development programs needed. This is true even though the country has a very comprehensive Economic and Social Development Plan. It is more feasible and more important to identify the occupations in which shortages will exist - and as far into the future as possible - than to attempt to project total employment levels, or demands for manpower with minimal skills that could be easily acquired. An ample supply of unskilled, trainable manpower is assumed in developing countries, in both urban and rural sectors. Conversely, shortages can be assumed in many skilled, professional, and technical fields of work.

Skill demand estimates should take into consideration not only the results of economic growth and development, but also such predictable influences as retirement, death, upgrading, disability, and emigration.

2. Availability of skills in rural and urban areas

Population censuses generally provide information on the occupation of each resident, by age, sex, and geographic area. Census data, however, have severe limitations as a basis for inventorying the skills of the population, the primary weakness being that they are usually spaced too far apart (typically ten years) to be of much value except for a short period of time immediately after data are tabulated. The other limitations for this purpose are the lack of precision with which occupations or skills are identified and the tendency to define "unemployed" too narrowly as those actively seeking employment. This limitation is applicable particularly in the rural sector. Many countries have conducted household surveys on a sample basis to obtain more detailed and current information about the characteristics and status of their people. The government of Trinidad and Tobago, for example, has conducted a Continuous Sample Survey of Population (CSSP) since 1963, covering a 1.3 percent of its population. The survey provides current estimates of TaT's labor force by sex, age, occupation, geographic location, industry attachment, worker status, hours worked and income.1/ It would seem useful to add the additional item, educational level, which was included in Ceylon's 1969-70 sample survey of households.2/

Manpower surveys have been made under various sponsorships in most of the developing countries.3/ Although these surveys take a variety of approaches, they generally have as a common objective the measurement of current and potential manpower supply and demand. Most of the surveys also provide some guidelines for educational expansion, for immigration policy in respect to skilled expatriate manpower, and for manpower training priorities.4/ The studies have generally concentrated on skill requirements in wage-earning employment in the formal sector. They have, for understandable reasons, produced much less information regarding employment opportunities or needs in the formal sector, both urban and rural. Labor supply projections have tended to overstate available supply by assuming too high a labor force participation rate.5/

3. Unemployment and underemployment

The best source of basic data on employment status of the working age population are the population census and manpower household surveys, referred to above. Chapter II of this Manual, Employment Problems of Developing Countries, includes a discussion of the problems of defining and measuring unemployment and underemployment in both rural and urban areas.

For purposes of assessing its needs for programs to develop worker capabilities, a country must clearly look beyond the numbers tabulated as open unemployment and underemployment in terms of hours of work. Many categorized as "fully employed" are no less in need of skill training than their unemployed neighbors. Examples are the full-time hawker of shoestrings and pencils on the street, and the family member engaged in producing a bare subsistence income on a small farm. Others may not be counted as unemployed because the outlook for job opportunities is so dim that they have withdrawn from the labor market as job seekers. Training in a marketable skill could be as important to their well-being and to the country's economic and social goals as is developing the capabilities of those unemployed and underemployed in the visible work force.

The difficulties in getting accurate statistical measures of the total unemployment/underemployment problems are illustrated by the findings of the ILO Inter-Agency Team in its 1971 mission to Ceylon.6/ In reviewing the results of unemployment surveys in Ceylon the report notes,

> "The differences between being employed or unemployed, between seeking work or being counted outside the labour force (perhaps because one has lost hope of finding a job), are examples of cases where questionnaires have drawn a sharp statistical distinction in matters which really merge into each other. Sometimes these statistical oversimplifications are unavoidable - if one wants to get answers cheaply and quickly. In other cases, they have arisen because the complexity of the problem under investigation has not been fully appreciated. In fact, a reliable picture of attitudes to work, skill requirements, the pattern of seasonability on the family farm, etc., can really be determined only as part of a prolonged study in depth, involving interviews and analysis by highly trained staff."

4. Low level of general education

The process of developing a people's capability for productive employment begins with providing a minimum basic education, generally equated with the primary level with five or six years of schooling. Large numbers of the untrained and unemployed or underemployed in developing countries lack this advantage, either because of having dropped out of school or because the school system does not offer a full five years of primary school grades where they live. The latter problem

is particularly associated with rural areas. In Colombia, for example, only six percent of rural schools offer five grades, while sixty-six percent of urban schools provide five grades. During the mid-1960's, less than a quarter of the new entrants to primary education in Colombia completed five years - seventy-eight percent dropped out.7/ The experience of Liberia points out that merely increasing the numbers enrolled in primary education is not a solution. While primary school enrollment increased over two decades from 1,300 to over 120,000, the Mission organized by ILO found the system ineffective, inefficient and possibly counterproductive to both the student and the nation's development requirements. The problem is that the system is not relevant to the needs of the rural population, but rather is designed for an advanced urban society where it is assumed that most children entering the primary system will at least complete secondary school, Moreover, the modern system has discarded the traditional methods of learning in a tribal society, (non-formal methods of learning construction, farming, traditions and responsibilities by watching, imitation and repetition). The system tends to produce a population that is largely unproductive and, potentially, a highly unstable element of society.8/

The experience in other countries may be different than Colombia's and Liberia's, but the extent to which a country's educational system falls short of providing a relevant elementary education to all individuals is a measure of its problem of developing people for productive employment.

5. Variety of systems and methods for preparing individuals for employment

Most developing countries will find that individuals are being prepared for employment through a variety of institutions and practices. Possibilities include:

a) private employing establishments, domestic and foreign;

b) government and quasi-governmental organizations;

c) union-sponsored apprenticeship and other programs;

d) private technical institutes, trade schools, business colleges, and the like;

e) armed services training programs;

f) the formal educational system;

g) agricultural extension and similar services with a significant training component;

h) use of foreign contractuals, expatriates, and multilateral and bilateral technical assistance;

i) professional societies, management associations, and trade unions which contribute to training of members;

j) self-study by means of technical publications and similar written material;

k) the radio and TV media;

l) work-study/work-training, "job corps," and similar training approaches for the youth;

m) correspondence courses and programmed learning;

n) temporary emigration as a training device as well as a means of relieving the unemployment pressure.9/

After determining which of the methods are significant forces in preparing its people for employment, the country should try to review the output of each, both in terms of numbers and of quality. The contribution made by private employing establishments through on-the-job training is one of the more difficult to assess, since much of the effort is quite informal and not always labeled as training. This method is generally thought to be the most important, however, and careful effort should be made to evaluate its effectiveness and potential. Also important, and having particular relevance for rural development, is the often ignored "non-formal" education. "Non-formal" education uses such relatively less expensive resources as printed materials, radio broadcasting and self-instruction - basically do-it-yourself techniques.10/

6. Preparation of individuals for non-existent occupations

A primary consideration in appraising the quality of job preparation training provided by the methods and institutions listed in 5. above, is whether the training is relevant to job opportunities in the labor market. By far the most common problem in this category is the persistent trend toward preparing many more young people for white-collar occupations than can possibly be absorbed in the current and future labor market. This is largely a result of strong bias against manual work and a tendency to equate education with security and prestige. Guy Hunter, in writing about African countries, suggests that:

> "There is overwhelmingly strong evidence that the attempt to teach rural subjects, crafts, even technical skills, is regarded by parents and children

> alike as an attempt to deflect pupils from their real interest - to learn white-collar skills or a skill in a modern industry."11/

Dr. Harke Gurung, in writing about problems of the Near East and South Asia, reports that:

> "The increase in the number of educated unemployed, alongside with shortages of trained personnel, has become a standard pattern in most of the developing countries. . . .12/

Another common difficulty in matching training output to actual opportunities is the rigidity introduced by the availability of facilities and instructors. In Colombia, for example, agronomists are being trained in ten different universities. While the total employment of agronomists in the country is somewhat under 3,000, the ten institutions are turning out a total of 300 to 400 per year.13/ Educational and training institutions tend to continue doing what they do well - until checked by higher authority with a broader view of national needs, and budget control.

7. Unrealistic attitudes about occupations

As pointed out in the preceding section, unrealistic attitudes have led to the preparation of excessive numbers of young people for white-collar careers in many developing countries. Conversely, unrealistic attitudes may also assume the form of cultural bias against certain types of work, particularly manual and agricultural occupations.

The ILO Mission to Ceylon found that despite widespread open unemployment (550,000 or fourteen percent of the labor force aged fifteen to fifty-nine) Ceylon had to import some 8,000 workers from India in 1971 for filling vacancies in the unpopular occupation Toddy Tapper.14/ The Mission found also that farmers were unable to recruit casual workers, even in non-peak seasons. Furthermore, it is not clear to what extent wages were a factor in Ceylon's shortage problems.

In assessing its problems of developing capabilities for productive employment, countries should be aware that motivation and overcoming traditional attitudes may be as important as education and skill training. All continuing occupational shortages should be examined to see if worker attitudes are a significant factor.

8. Institutional and other arrangements to prepare individuals for key occupations required for development

The output of a country's higher education and technical schools can represent a serious limiting factor in its development - if these institutions fail to prepare sufficient numbers for key managerial, professional, technical and skilled occupations. Conversely, if higher education institutions produce too many highly trained graduates (with commensurate job expectations), then some of the country's most valuable manpower could be lost by emigration to places with more opportunities. Consequently, manpower planning requires a most careful analysis of the present and the potential output of highly trained personnel in relation to the country's needs.

A shortfall in meeting needs for key manpower may result from inadequate or faulty labor market information available to training institutions and students, from a lack of adequate educational counseling services to interpret labor market information, or from a lack of financial support or incentive for individuals undergoing lengthy training. Cultural bias may restrict numbers choosing some occupations that are critical to a country's carrying out its development plans. Training allowances and wage levels for trained individuals should be scaled to counteract such bias. Failure to fill some key jobs may not only delay fulfillment of the country's development plans, but deny work opportunities to those with lesser skills.

9. Impact of population growth on the labor force

Population growth in developing countries has proceeded at a rate of three to three and one-half percent, whereas in developed countries it is about one percent.15/ The more rapid growth in developing countries is the result of a much higher birth rate, only partly offset by a much higher death rate in the early years of life. After age fourteen the death rates in developing and developed countries follow similar patterns.16/ This means that the large increment of difference occurs in the age groups of fourteen up, or the ages of potential participation in the labor force. As medical and sanitation programs have reduced infant mortality in recent years, the proportion and the numbers of young working-age people has been steadily increased. While a high fertility rate obviously leads to an increasing population of working age, it necessarily results in a lower rate of labor force participation. This is because females of working age are largely occupied with child bearing and child care, and the labor force is thus predominately male. Participation rates

of women will be increased by several developments that may take place: reduced birth rates through family planning; the introduction of child care facilities; the introduction of enlightened ideas regarding women's role; the elimination of religious taboos and cultural biases that exclude women from the world of work.

10. Value systems influencing geographic and occupational mobility

The over-emphasis upon liberal arts education and the consequent creation of a growing class of educated unemployed, with limited occupational mobility, can be attributed to value systems out of tune with the practicalities of the labor market. The geographic mobility created by this system is all in one direction - from rural to urban sectors. A related value system is based on the concept that "educated" people should not perform manual labor, which is often available, but hold out for administrative or professional work which is not often available. In the experience of the Ivory Coast, 17/ for example, we see the phenomenon of rising unemployment in the cities despite a growing economy. Rural youth moving to the cities find themselves unprepared for the kind of work they aspire to do, and are unwilling to accept the less desirable jobs that are available. It has been necessary to bring immigrants from other countries to fill many of the jobs created by growth, while native citizens swell the unemployed as they wait for better opportunities to appear.

One prevalent value system results in the unequal provision of government and other services - education, health, communication, transportation, etc. - to urban and rural areas. This inequality tends to widen the gap between urban and rural sectors, to further enourage rural-urban migration, and to further limit the possibilities of development in agriculture and rural industry.

B. Goals for Developing Capabilities

1. The purposes and uses of goals

In all development planning, goals are the guideposts in administration. In general usage, they may sometimes be named in other terms, such as, aims, intentions, objectives or targets. They mey relate to a single, one-time action or plan or they may relate to long-term continuous, diverse programs. Their importance is predicated on the fact that they serve at least four functions as indicated by William H. Newman:18/

". . . Among the benefits of expressing plans in terms of goals are the following:

"1. Purposeful and integrated planning is made easier. The formulating and crystalizing of goals as a beacon light in directing the subsequent planning. Thus, when planning from a general objective to a specific operation, the major goal provides the mission toward which the subsidiary goals are directed; these subsidiary plans in turn provide objectives toward which the more detailed plans are directed, and so on until a hierarchy of goals is established. Without such relationships of major goals to minor goals integrated planning is not possible.

"2. Diverging and unproductive work is more likely to be avoided . . . .

"3 Operating goals or 'standards' can be used as building blocks in developing programs. . . . (added comment--Newman's extended discussion here encourages the thought that planners and administrators rarely need to plan a completely new program, but instead they take existing operating goals, modify them where necessary for changed conditions, and use the revised standards as a basis for building the program.)

"4. Goals are, of course, a 'sine qua non' for administrative control, that is, the securing of results in accordance with plans. . . ."

Benjamin Higgins stresses the use of "multiple target" planning by development teams, One target in employment expansion and manpower planning programs should relate specifically to manpower training and should state the numbers of persons to receive training in each major field of industry and agriculture, the number at various levels of training, and the length of the training programs. When quantitative targets are established they can be tested for mutual consistency of "complementarity." He indicates that a development program may succeed in raising overall man-hour productivity and yet be inadequate because certain strategic sectors of the program fail to share proportionately in the progress.19/

There are at least two other generally recognized uses of goals. They serve to inform the general public, as well as interested officials, of the intentions of the nation's

planners to develop resources and permit progress to be monitored. In this respect, they reflect the relative commitment of the nation to education and training. Secondly, the establishment of quantitative goals usually motivates responsible individuals to attempt to achieve high performance levels.

2. Formulation of goals for developing capabilities for productive employment

a. General

The resolution of the problems related to developing capabilities for productive employment requires the establishment and enunciation of goals upon which operating plans and programs are based. These goals and their dimensions originate with the desire of a nation to accelerate and reorder the evolutionary process of division of labor as reflected in a comprehensive social and economic development plan.20/

To be most useful, goals should be specific and clearly indicate quantities and time-periods if possible. The statement of goals may be grouped into three categories:

1) Those specific objectives aimed to meet the skill needs of the country's economic development plans. (Economic)
2) Those relating to the needs and long-range interests of members of the current and future labor force. (Social)
3) Other factors that impinge upon, contribute to, or limit, the development of capabilities for productive employment. (Resources)

The development of rational and meaningful goals requires continuing cooperation among involved agencies and groups even though one organization may be designated to draft the statements. Also, it must be recognized that goals may be appropriately changed or modified with the passage of time and in response to different circumstances.

b. Economic

Meeting the skill needs of a country's economic development plan should include goals that reflect needs for expansion of specific education and training programs to match production and services expansion plans. Unless these goals are rational and achievable, the credibility of the entire economic development plan is endangered. Each sector

of the economy needs replacement workers as well as planned expansion of skilled workers. While some of the skills are unique to a particular sector, many others will be found in more than one industry or activity. The totality of these needs must be reflected in the training and education goals. Some have lengthy lead-time preparatory periods - notably managers, engineers, medical doctors, nurses, professors, teachers, technicians and skilled craftsmen. It is unsound to include in a short-term plan (five years or less) the goal of developing large numbers of such workers in the plan period, especially if new training facilities must be designed, financed, staffed and operated. Economic plans with completion dates of ten years or less should heavily stress goals of skill development that maximize use of existing training facilities and the expansion of on-the-job training programs including vestibule training for new entrants.

Economic training objectives are usually best stated in a series of charts or tables that report: current employment by occupation; current demand; current in-training including vocational education; future requirements by selected time periods related to anticipated economic development; future vocational education and training capabilities; anticipated shortage or excess, if any. The level of the occupation being presented should be meaningful to training determinants.

c. Social

Basic elementary level education and training for all children is a desirable goal for all nations. The extent, types and locations (if not specified by law) should be included among the major goals relating to the development of productive capabilities. However, it may not be a short-range possibility to extend education and institutional training to all youth at the secondary education level. The goal should be to assure adequate numbers prepared for managerial and technical levels, and for advanced professional education levels and further, such education and training goals should take into account geographic dispersion needs and equity among economic and social groups.

The charts and tables recommended for the economic plan above may not be as meaningful for social development planning. Geographic dispersion, transportation requirements, plant and instructor availability, and population growth factors determine much of the parameters of the programs of formal education in developing countries.

d. Other resources

Other goals relating to the development of productive capabilities include such factors as immigration and emigration

of scarce and needed skills, the allocation of scarce financial resources among competing agencies, public service trade-off for public financed training, training aid from various international or foreign nation groups and out-of-country education and training.

C. Programs to Develop Capabilities for Productive Employment

Following the goal-setting process, is the need for developing programs which will contribute to achievement of these goals. Programs should be tailored to meet specific goals but should also be sufficiently flexible both in content and institutional structure to adjust to shifts in the country's economic plan and consequently the goals upon which the programs were based.

The real purpose of development is improvement of people's level of living; training and employment are means toward that end. Manpower development and well-being is a compound of education and training, with training being either formal or non-formal. It is recognized that a country's school system provides only partially for its human resource development. For this reason, planners have become more cognizant of non-formal education. In the broadest sense, non-formal education and training encompasses the entire range of learning processes and experience outside the regular graded school system.

The development of capabilities of workers for productive, remunerative and freely chosen employment is inherent in, and basic to, the policies and agreements contained in Convention 122 of the International Labour Organization which was adopted by the General Conference in 1964. Further extending such provisions and providing specifically for policies relating to skills development programs, are such major regional decisions and conclusions as are found in the Ottawa Plan's resolution concerning Manpower Planning and Employment Policy (Latin America), the Asian Manpower Plan (Sixth Asian Regional Conference), and the African Jobs and Skills Program (Third African Regional Conference).

Evidence of widespread and recognized interest among all types of nations is indicated in the OECD Recommendation of the Council on Manpower Policy as a Means for the Promotion of Economic Growth which calls for new skills acquisition, and the employment of marginal groups through rehabilitation, retraining and special job arrangements.

Given limited resources (a fact of life in all governments, but particularly in less developed countries), decision makers are called upon to make hard choices, choices which will strongly influence the lives and careers of workers, productivity, and the level of the country's production. Their decisions should be based on sound judgments, factual information from already existing institutions, on current and future mampower requirements, existing and anticipated problems, and achievement of defined goals.

Because of differing needs typically, education and training facilities, length and type of courses and curriculum will vary between the urban and rural sectors. An important consideration in rural areas is to establish programs which will minimize the flow of people to urban areas, while, at the same time continue to meet rural needs.

The population process forms the base from which the country's labor force flows; the educational process develops its skills. It follows, therefore, that individuals lacking the educational base are effectively blocked from developing their own potential, with a consequent loss to the country's skill development and output, both in quantity and quality. Education, effectively planned and carried out, contributes both to economic growth and increased individual income.

1. The education process

There is a school of thought which holds that in less developed countries, the function of education is to satisfy aspirations for a better way of life, to produce needed skills and to extend knowledge for nation-building. Experience has proven that in many countries the formal school system does not produce individuals with the knowledge and skills vital for development. Classical or traditional education in humanities, law, and the arts, often produces a worker surplus in non-critical areas. To ameliorate this kind of situation, Professor Harbison has suggested that, "An educational system sufficiently flexible to change in response to the political, economic and social needs of a country is an asset."22/

A commonly expressed thought among employment and manpower planners is that people entering the labor force today were born fifteen years ago. This, perhaps, best points to the fact that educational planning is long run in nature. However, because of the long "lead time" involved before an individual enters the labor force, and because of the dynamics of the labor market, programs and curricula usually cannot be structured to bear on immediate problems only, but need to include long-run considerations and developments.

In developing and selecting educational programs for enhancing capabilities for productive employment, several additional problems may require resolution. The first relates to traditional attitudes and preferences by parents to send their children to secondary schools and universities, to study general educational subjects, and hopefully finding careers in white-collar jobs. Conversely, some parents are reluctant to send their children to any school, because of economic pressures for multiple wage earners in the family to maintain even a minimum standard of living. Secondly, there is the problem of availability of schools, both as to type and location. A third issue which exists in many countries is the shortage of teachers. A number of recognized authorities point to the need for teachers and teacher training as an integral part of the development of a rational educational system. An International Labour Office Mission to Iran recommended that setting teacher policy and developing teacher training receive a high national priority.23/

The arsenal of formal and non-formal education and training is large. Added to the list of traditional systems discussed below, may be new and imaginative methods which may be indigenous and particularly appropriate to a specific country. As a minimum, formal systems could include: technical schools, trade schools, special re-employment courses, elementary schools and secondary schools which may encompass: part-time cooperative study, industrial arts and vocational courses. Non-formal educational systems may include: apprenticeship and on-the-job training, vestibule training, correspondence courses, preprogrammed instruction courses, home workshop, self-study manuals and pre-vocational and pre-apprenticeship courses.24/

2. <u>The training process</u>

The United States' experience discloses that less than half the knowledge and skill an individual acquires in his lifetime is attained through pre-employment and formal education. Much more knowledge and many more skills are obtained through experience and training during employment.25/ It follows that training activities are an integral part of a comprehensive manpower development plan. As such, training needs should be coordinated with the educational program to assure a continuum of capability development and to eliminate duplication. This will require the establishment of an organization and installation of a system to manage manpower development (discussed in Section E of this Chapter.

Within this framework, a number of critical decisions are needed, even before training programs are begun. These are:

a) What to train for

b) Who should be trained

c) Where will the training take place

d) Who will do the training

e) What is the training plan

f) What are the training facilities

g) What equipment is needed

h) What financial resources are available.

It is clear that these decisions cannot be made arbitrarily and without considerable thought and planning. Behind each decision lies the need for research, investigation, or consultation with other institutions to develop information on which informed judgments can be made. Research on the first, second and sixth items will involve some time dimensions. This should be taken into account in devising a training program. Another area (who will do the training) calls for an adequate number of qualified instructors. Training trainers to train should be high on the agenda of less developed countries since failure in this area could seriously restrain an effective training program.

Basic training resources may be of six types; private business and industry, public and private schools, public agencies of the government, labor organizations, trade and business associations and the military establishment. Planners have often overlooked the training potential of the military establishment. In most countries the armed forces are modern, both in technology and in organization, and as such are capable of turning out individuals with skills needed in the civilian economy.

Frequently, training programs are established and developed for young people, especially those just entering the labor market. Undoubtedly, this is justifiable. However, not to be overlooked is training in skills relating to the introduction of new technology and provisions for retraining for unemployed and underemployed individuals. This may be especially important for those who migrate from rural to urban areas - albeit migration may be undesirable from an economic and social point of view.

Since many of the rural unemployed have little or no occupational qualifications worthy of the name, it would be desirable to arrange retraining courses for them. This would have a two-fold purpose. It would, temporarily, remove some of the unemployed from the labor market; secondly, it

would equip them with a skill that would enhance their chances of employment. Experience has indicated that in some instances jobs may be created as a result of the availability of trained and available workers.

The major non-formal training systems consist of apprenticeship and on-the-job training. Within each of these major systems, a number of related training measures exist.26/

Apprenticeship	On-the-Job training
On-the-job structured instruction	Structured job instruction
Off-the-job related instruction	Structured work experience
Off-the-job supplementary skill training	Unstructured work experience
	Job rotation

Work skill levels and the skill requirements for each of the levels may be classified as follows:

Technical - sub-professional skills

Skilled worker - advanced skills

Semi-skilled worker - intermediate skills

Unskilled worker - entry skills

Employable recruits

3. Orienting elementary and secondary education curricula

a. Information about the world of work

Bairoch27/ has pointed out that education should cease to be "an investment in ignorance" but rather, should serve social and economic development, without neglecting the individual's general development. Production takes place in the rural and industrial (sometimes referred to as the "organized") sectors. Within the industrial sector production activities occur in the traditional and modern markets. The growing emphasis on modernization requires that elementary and secondary curricula are oriented so that they look forward to what will be rather than what has been. Educational planners should be cognizant of the manner in which the country's economic development is progressing; and be especially concerned with planned economic development for the following decade. Curricula for the elementary and secondary schools should contain information about occupations in both the agricultural

and industrial areas, as well as the work environment in which the occupations are found. This curriculum restructuring will lead to a better understanding as to broad areas of employment opportunities.

Basic primary education should lay a good foundation for vocational training. Obviously, the detail in which the information is developed should represent the appropriate class level. For example, it is unlikely that students at the elementary level will be exposed to an in-depth discussion describing the job of a tractor mechanic. On the other hand, the curriculum at this level might relate to such topics as: Different types of farms, how they operate, what tools are required for efficient operation, what are the skills needed to use and maintain these tools, etc.

In this context some courses should be devoted to work habits (taking into account the mores of the country), care and maintenance of tools and equipment, interpersonal relations, worker and employer organizations, personal grooming. While courses on some of these subjects can be extremely complex, they can also be presented in a simplified manner without resort to conceptual background.

b. Attitudes towards work

Subjects taught at the elementary and secondary levels should include those tending to develop a positive attitude towards modern techniques and innovations, and introduce the concepts of trade union organizations, employer associations, etc. For example, both in rural and urban areas, primary education should present an attractive image of agricultural work - but should attach no special value to the traditional method of farming. In many countries white-collar jobs, especially those requiring secondary and higher education, are considered "status" occupations. Continuation of this traditional attitude has led to the creation of a class of "educated unemployed" - an almost universal problem in less developed countries.

It has been pointed out that if present educational trends in Ceylon (renamed Sri Lanka) continue, by 1985, three-fourths of all entrants to the labor force would have received ten years of education. In view of job shortages requiring this level of education, it is an expensive way of giving people knowledge which cannot be used and attitudes which are unrealistic. Job requirements in highly developed countries may require ten to twelve years of schooling for entry workers.

To counter this, suggestions have been made to change teacher training in order to produce more creative and practical instruction, to create partial vocationalization of the secondary schools curriculum, and to concentrate resources for the expansion of lower educational levels, where basic attitudes are formed.

Elementary and secondary curricula which result in turning out a growing supply of job seekers for high status and for the most remunerative positions, could lead to frustrations, where there are only a limited number of job openings. As a result, a number of these people turn to farm or manual work - an underutilization of resources. Consequently, curricula should be framed with emphasis on developing attitudes towards work and occupations which are realistic in the current and planned development of the region or the country, with security and economic rewards.

The wage structure and wage differentials are normally assumed to wield a powerful influence on manpower allocation and utilization and, therefore, on the educational structure and curricula. Therefore, curricula should include concepts of earnings (defined as wages plus fringe benefits) in relation to occupational groups to encourage entering blue-collar occupations. Since, in many countries, the agricultural sector is predominant and monetary wages may not be utilized to the same extent as in the organized sector, the depth to which the wage factor is included in courses will vary.

c. Information and work experience

As students move into secondary schools, the system must "reach out" both within the educational community and other institutions such as the Public Employment Service to obtain, develop, and provide more information about the world of work. Within the educational system, pre-vocational modules could be introduced in the first year of the secondary school, with the new subjects carrying as much weight as conventional academic subjects. Additionally, schools could establish advisory groups of teachers, senior pupils, the Employment Service, and practitioners of various vocations to advise on and develop curricula oriented to the world of work. Vocational education courses should also include sessions about prices, costs, budgeting, accounting, and taxes.

Curricula for secondary education could be greatly improved by closer linkages between schools and the employing community. Building bridges between the formal educational system and employing institutions will add to the students knowledge about the world of work both through the curriculum and through first hand observation of the work place.

A series of vocational possibilities may be utilized to help students learn about skills. Key industrial staff could be sent to schools on designated days to discuss and acquaint students with specific fields of work. These are sometimes called "Career Days." Day-release or work study courses could be planned, and synchronized with school and working time. Guided tours of plants and other employing institutions, with an explanation of the various processes and the kinds of skills required will help students visualize the work world in particular sectors and industries.

Individuals acquire skills and knowledge on the job as well as through various kinds of training programs outside the formal school system. Two major areas of non-formal training are on-the-job and apprenticeship training. It has been suggested that the quickest way to increase productivity through skill development is by emphasizing on-the-job training. From a resource conservation point of view, it probably pays to invest more in developing skills of those already in the labor force, than in the younger people who will not be productive for some time to come. Harbison28/ points out that a great deal of money is wasted in formal pre-employment craft or technical training which can be provided more cheaply by employing establishments. Further, experience in Nigeria29/ has led to the conclusion that apprenticeship and on-the-job training proved more effective than classroom training.

4. Apprenticeship and on-the-job training

Among the non-formal programs, on-the-job training holds the greatest potential for permanent employment as compared with formal classroom and other traditional forms of training. Government and trade unions also have a significant and necessary funtion in this area. Be providing actual work experience within the framework of specific employing establishments, the trainee learns the job and the way it is done in a particular employment situation. Trainees receive instructions from experienced and already well-qualified workers on equipment which they will subsequently use and "earn while they learn." On-the-job training also enjoys a high job placement ratio; In the United States in 1970, about eighty-six percent30/ of those completing the training were placed in employment.

Recognition of the importance of on-the-job training as compared with classroom or institutional training even in developed countries is evidenced by the growth of the former over the latter. In 1964, one of the early years of the Manpower Development and Training Act in the United States, enrollments in institutional courses were about 7.5 times those in on-the-job training. By 1970, this ratio had dropped

to less than two to one. For the same period when enrollments for on-the-job training had increased ten-fold, for institutional courses the increase was less than two to one.31/

With limited needs for large numbers of highly trained and educated workers as evidenced by the mass of unemployed and underemployed individuals, it would appear logical to expand on-the-job training opportunities. This would enable young people of working age to learn and prepare for entry jobs and eventual promotion to more skilled employment.

Apprenticeship plays an important role in developing workers for skilled occupations. While this is especially true in west European countries, such training is a key element of manpower development in less developed countries as diverse as Hong Kong, Korea and India. Unfortunately, apprecticeship training in many areas has not been redesigned to meet modern needs. In some relatively simple trades, it still requires three or four years of training. Some authorities32/ believe that well-qualified craftsmen in trades like painter, mason and bookbinder could and should be trained within a year. Traditionally, however, apprenticeship training is limited to a fairly small number of trades. For example, in the United States in 1969, about three-fourths of all the registered apprentices were in the construction, metalworking and printing trades.

5. Specialized and post secondary education and training

Capable work supervision is the lubricant for the efficient production of goods and services. Efforts for developing good supervisors in every economic sector should be continuous. Courses for supervisors and trainers should encompass not only methods of working with and directing the activities of others, but also substantive information concerning economic development and plans, anticipated industrial and occupational changes, and the ability to relate a perception of these phenomena to occupations which are becoming obsolete and those which are new and expanding.

A system of continuing education involving periodic "brush-up" courses is one method for keeping supervisors abreast of current and continuing developments. In Israel, where tourism is the second largest income-producing industry, official tourist guides must take "refresher" courses at Hebrew University every year.

Supervisors should have the ability and desire to assist workers to learn and develop on the job, and patience and enthusiasm to encourage young people who are just entering

the labor market. A competent work supervisor can have a "multiplier" effect on employment since he can provide the leadership and know-how for hiring additional workers in various skills in an enterprise.

To minimize the rural to urban migration and to conserve education and training resources, industrial and specialized facilities in appropriate locations should be established especially where pockets of young and adult unemployed and underemployed people exist. Attending out-of-area schools means that many rural dwellers have to move temporarily - and this often leads them to stay away from their homes for good. These facilities may take many forms.

Non-formal education - of the right kinds in the right places, properly tied to complementary efforts - is an indispensable and potent instrument of rural development. Even the poorest of countries - given a favorable political climate and determination by its leaders and people to build a better future - should be able to mobilize the resources and human energies for expansion of non-formal education in rural areas. Agricultural schools and colleges, research institutions, information centers, extension services, farmer training centers, community development projects, village polytechnics, and mobile craft training programs constitute what is tantamount to knowledge-generation and delivery systems.33/

Agricultural Extension Services are seen as beset by many problems including inadequate financing, lack of research and staff development services, neglect of girls and women as agriculturists, and internal problems. Suggestions for improvement include reorientation away from the traditions, rituals and attitudes of urban-based higher education and towards the real agricultural developments, needs, and problems, and to tie them more closely to the realities of rural life.

Important differences exist between rural and urban areas that call for different kinds of training - differences in the types of skills needed, characteristics of the clientele and in the learning environments. Skill training often fails to benefit the trainee - particularly self-employed artisans and craftsmen who want to start a small enterprise, unless it is followed up with other services such as credit, advice on product design, plant lay-out, marketing and other management problems. Market towns and provincial towns will especially need many and new kinds of skills - repair and maintenance services, small manufacturing, banking, retailing and wholesaling, and construction.

Ph. Coombs34/ points out that the three most underutilized educational resources in developing countries are printed materials, radio broadcasting, and self-instruction. In that connection, the chief restraint to expanding and improving rural learning is the traditional teacher-to-student, face-to-face oral instruction.

Bartsch and Richter35/ believe that:

> ". . . in view of the generally acknowledged failure of pre-employment agricultural vocational training schools in developing countries to produce trainees who actually take up farming following graduation, it would appear more feasible to meet plan requirements for trained farmers through the introduction or expansion of special training schemes for out-of-school rural youth and skill upgrading programmes for adult practising farmers."

The establishment of rural pre-vocational training centers would seem a promising means of providing large numbers of young persons who have terminated their formal education and have remained in the rural areas, with practical, one-year course training in modern farming techniques which they can apply immediately on their family farms.

In Ceylon, it has been proposed that schools could become centers of rural development, community workshops, centers of craft training, where the farmers can come to repair their carts or the home handyman can make himself a kitchen cupboard. Early school leavers could thus also keep in touch with education and training.36/ These activities could mobilize youth for land development, construction and irrigation work. There are some possible difficulties: namely, finding administrators who have leadership qualities and are efficient; finding effective teachers and adequate equipment so that training can be given.

One of the largest training gaps is in agricultural pursuits where tens of millions exist without agricultural training in modern methods. In those cases, it may be necessary to establish or increase the number of farm schools and agricultural institutes.

Mobile training units have been utilized in some countries, giving short courses in carpentry, mechanics, and homemaking. In Thailand, the Ministry of Education has operated forty-five Mobile trade training schools which provided five-month courses for about 40,000 individuals annually mainly in small towns for youths and adults in a number of

industry, handicrafts and business occupations. A large proportion of those applying for the courses came from rural areas.

The combination of, and interaction between church, home, government, labor, employer groups and other institutions set the tone for manpower development. In addition, in many less developed countries, the availability of people with particular skills and abilities is essential for economic and social development. These include: entrepreneurial, managerial and administrative people, professionals, qualified teachers, sub-professionals and technicians, political leaders, labor leaders, judges and officers. In particular, Nigeria has reported a shortage of such critical skills as engineers, scientists, doctors, veterinarians, agronomists, technical, sub-professional and teaching personnel. A study in Iran led to the conclusion that economic growth might be impeded because of a shortage of engineers and technicians. In general, scientists and engineers are essential for industrial development.

Educational resources for various occupational levels could include a mixture of university, specialized schools, junior colleges and industry facilities, or, in some cases, some combination of these depending upon the particular need.

a. Teachers

Capable and well qualified teachers and instructors including foremen, supervisors, etc., are basic to a country's manpower development. John P. Walsh believes that the greatest need for support programs in the training field is in instructor training.37/ Few will disagree with the notion that emphasis on teacher training will improve the quality of technical and vocational education. Given this agreement, however, the planner must face and resolve several basic problems.

The relative cost of teachers in less developed countries is much greater than the cost in advanced countries. In most African countries, for example, a primary school teacher's wages are approximately eight times national income per. capita.38/ In another developing country teacher's salaries account for ninety-two percent of educational costs at the primary level.

The Iranian experience39/ indicates that teachers prefer secondary rather than primary schools because of better salaries and prestige. Further, that a better salary is needed for teachers generally, especially for those teaching scientific and technical courses. Compounding the salary problem

is the competition from the private sector which bids up the wages of specialists making it difficult to train and retain vocational education teachers.

The problems concerning teachers in Iran was examined in three time phases: Before training, during training and after qualifying. Prior to training are the problems of discovering individuals who have the aptitude for and interest in teaching; lack of definitive information as to the need for vocational teachers, and transport difficulties between home and training site. During training, difficulties arise due to lack of suitable equipment, inadequate funds, lack of syllabi and textbooks, training in trades no longer needed and lack of collaboration with industry as to the content of training. Even after qualifying, there are problems of retaining teachers who are sent to posts away from the capital or the major city where they were trained, in addition to the competition from the private sector, already mentioned.

b. Technicians

The training of technicians is also a high order of priority. Technicians are persons, usually sub-professionals, whose skills are highly specialized to particular working environments. Their formal training may occur in a junior college, but a significant part of their learning should be in actual employment. Because some industries in less developed countries are limited in scope, technicians may be sent abroad to learn the technology of an industry, process or complex equipment. In many cases, technician training and course instruction must be tailored to particular employers or groups of employers.40/

c. Administrators and managers

Managers need knowledge and skill in organizing, planning, control and use of management systems to secure proper use of manpower, money, materials, equipment and less tangible factors such as research. The foundation of management training is a solid basic education. Often, some special skills and knowledge of particular products, technologies and industries are required. In addition, some managers need a particular professional qualification, such as certification or licensing.

Managerial functions include personnel, purchasing, sales, accounting, engineering and production. Potential managers and administrators can obtain much relevant education before employment, but their leadership and managerial skills are developed in the work environment. Courses for those in

training to be administrators and managers should include basic social sciences such as economics, history, sociology, and politics. Good management is also a matter of attitudes, motivation and sociological sensibilities better developed by fundamental studies in the humanities and social sciences, rather then scientific techniques. For those already employed, staff training and refresher courses in relevant subjects can serve as additional stimulants to learning.

6. Need for labor market information

Curricula designed to develop capabilities for productive employment are best based on a reasonable assessment of the demand for fields of work, adjusted for the number of individuals possessing those skills who are ready, or are expected to enter the labor market at some future period. This can be achieved by coordination of education and manpower planning at various levels and through the agencies involved with these responsibilities. Manpower forecasting is at best a hazardous undertaking. Therefore, the use of the words "reasonable assessment" for curricula design, broad trends in demand for, and supply of skill groups should suffice.

Close cooperation is necessary between manpower officials and educators to resolve problems associated with the conversion of data on skill requirements into education programs, to disaggregate global data into regional or local dimensions, and to examine alternative approaches to skill capacities so as to optimize the results of investments in education.41/ There is a need to improve labor market information in two fields - to provide students in primary, secondary, vocational and technical courses, as well as school leavers - with realistic information about job opportunities, current and future. This should discourage the formation of unrealistic expectations and aspirations, and facilitate adjustments to labor market realities. This information will be needed for both the industrial and the agricultural sectors. Development of sound labor market information for agricultural sector presents a different set of problems than that for the industrial sector.

Interpretation of these data can be done by teachers, or counselors who are specially trained for this task, or Employment Service people in their offices or in school visits. For less developed countries with high and easily identifiable seasonal activities, with significant casual employment and well recognized patterns of migration, these activities should be identified in terms of number, skills and time periods.

7. Research and demonstration training programs

In his studies on less developed countries, Harbison has called for the need for "prime movers of innovation."42/ This applies especially to training where imaginative approaches related to a country's unique institutions, traditions and mores could develop training specifically suited to its needs. Traditional methods which have been used successfully in advanced countries should be considered, but utilized only as they are applicable to a specific situation.

Throughout this chapter are sprinkled a number of educational and training methods. These do not exhaust all possibilities. New ideas and training ventures could be perceived by business entrepreneurs, managers and administrators in public establishments, as well as educators, and tried out as research and demonstration programs. An important caution is to be observed: significant findings from the research and demonstration programs should be implemented. Failing this, the program is a shameful waste of resources.

It follows, therefore, that in planning research and demonstration programs, provisions should be made for implementing positive findings and resources set aside for that purpose.

D. Evaluation of Programs to Develop Capabilities for Productive Employment

This section discusses methods for reviewing the actual performance of programs for developing capabilities against the planned performance of those programs. It discusses methods of evaluating programs in terms of the actual results they achieve as compared to results planned for.

1. The program plan

It is a generally accepted principle that a program to develop capabilities, or for any other public purpose should be launched only after careful planning. The plan must go beyond the obvious elements of numbers to be served, cost, time frame, and methods to be followed. A program could be administered to conform precisely to all these elements of the plan and still be a complete failure. The essential element that must be spelled out in the plan is "results expected." Only if this part of the plan is clearly understood can a meaningful evaluation be made. This principle applies to any plan for developing capabilities, however simple or comprehensive.

2. Standards of performance

Another term for results expected is "standards of performance." In the case of programs for developing capabilities for productive employment, the following areas should be considered for establishing standards, depending upon the particular purpose(s) of the program:

a) Total number of individuals who benefit - expressed if appropriate by sex, age, ethnic or geographic groups;

b) Demonstrated increase in earning power of participants;

c) Number of persons moved from unemployed to employed status;

d) Number of individuals motivated to learn needed skills - compare to experience in previous time period;

e) Proportion of those entering skills training who (1) complete training, and (2) obtain employment in work related to training, before or after completion of training;

f) Degree of upgrading resulting from on-the-job training, generally evidenced by earnings record;

g) Cost per individual served;

h) Number of individuals induced to enter training for jobs identified in the plan as "hard to fill", e.g., occupations in which significant number of aliens have been needed, or in which vacancies persist;

i) Number of employers involved in O.J.T. programs and number of present and new employees involved.

j) Job tenure of trainee participants, i.e., percentage still with same employer after a stated time;

k) Number of individuals trained for and employed in rural industries, thereby reducing migration to cities.

Other additional standards might be necessary to take into account special problems or goals that a country might have, such as a percentage increase in elementary school completions, the establishment of X number of vocational

schools in rural areas, or the education and training of X number of individuals in specified professions or skilled occupations.

3. The individual data record

Experience has shown that it is very difficult for program planners and administrators to anticipate in advance, all of the kinds of evaluation and analysis that may later turn out to be very desirable, even crucial, in forming sound decisions on program modification or continuance. One safeguard against this problem is the development of a very complete record of the personal characteristics and progress of each individual participant. It may be assumed that sooner or later every country will have access to computerized data processing facilities. The gathering of comprehensive and significant data must necessarily precede computerization. Moreover, the recording of personal data at the outset will permit very valuable longitudinal studies of program results in later years, with or without computers.

The following items should be considered for inclusion in the Individual Data Record, along with others that might have significance in the country. (Except for name and mailing address, all items should be expressed by numerical code to facilitate later entry into computer. Codification should take account of coding systems already in use throughout government to assure data element standardization.)

a) Name, and any official identification number (e.g., Social Security)

b) Address - classified as urban or rural

c) Birthdate (and place if pertinent)

d) Racial or ethnic classification

e) Marital status

f) Number of dependents

g) Years of education - general and technical

h) Physical or mental handicap

i) Occupation representing highest acquired skill

j) Years of paid work experience

k) Current employment status

l) Percentage of time employed for pay in previous twelve months (or other standard period)

m) Earnings in same period

n) Program(s) entered and date(s) of entrance and completion or leaving

o) Date entering employment, occupation, and entry wages

p) Provision for entering subsequent employment and training record.

Where the country's laws or program plans accord special consideration for other groups, such as veterans, native born, poor, disadvantaged, etc., the Individual Data Record should include such items.

The use of the Individual Data Record assumes that program participants are of a literacy level to fill in their own data sheets, or that interviewing staff will be available to assist them. Countries in the early stages of development may have to postpone the use of this device until a suitable combination of these two conditions can be provided.

4. Suggested operating reports

Evaluation is a continuous process, necessitating not only direct supervisory observation but a system of periodic reports through which program managers may measure actual progress against plans, and detect weaknesses in program design or administration as early as possible. For most established programs a monthly reporting period is adequate. For new and experimental programs, however, data on significant activities should be available to managers on a weekly or even daily basis. The following items are suggested for possible inclusion in periodic operating reports, depending, of course, on the type of program involved and the particular problems that the country may be seeking to resolve.

The report heading should identify the type of program, location, duration, schedule, etc. The following statistical data should be reported separately by sex, age group, rural, ethnic, or other groups having significance in the country's development plans.

a) Number of training stations (full enrollment)

b) Enrollment at beginning of period

c) Number enrolled during period

d) Number leaving during period

e) Breakdown of number leaving program

1) Graduates entering related employment
2) Other graduates
3) Non-graduates entering related employment

(a) Average number of weeks spent in program

4) Other non-graduate leavers

(b) Average number of weeks spent in program

f) Enrollment at end of period

g) Average daily attendance or participation

h) Operating costs for period

For those report items in which a comparison between actual results and planned results is possible, e.g., numbers entering related employment, the periodic report form should provide for such a comparison.

5. Follow-up studies

While periodic reports are necessary for program managers to follow the progress of human resource development programs and to identify problems and weaknesses quickly, they do not always provide a measure of the ultimate success of the program. It is necessary to know to what extent the participants were actually prepared for and engaged in productive employment, and continued in such employment for a reasonable period with reasonable progression on the job.

Since it is not feasible to follow up on each individual who participates in a program, the study is limited to a random sample, which should be as large as the capability for follow-up will permit. Follow-up methods begin with the least expensive communication methods available, supplemented as necessary by the expensive process of personal visit and interview. The methods and depth of follow-up studies will necessarily vary with the type of program, the number and geographic dispersal of participants, and resources and staff available to conduct them. It is recommended, however, that in planning and budgeting any program to develop capabilities for employment, provision should be made for using a small part of the resources in making a pragmatic after-the-fact decision as to whether the program achieved its planned results.

E. Organization and Management of Programs to Develop Capabilities for Productive Employment

1. Program assignment and responsibility

Major operational programs to develop capabilities for productive employment are traditionally located in several governmental agencies as well as the private sector. The usual governmental agencies include the Ministries or Departments of Education, Labor, Defense, Agriculture, Health, Transportation and, sometimes, Industry and Commerce. The private sector contributors include specialized schools and training organizations and industry on-the-job, apprenticeship, or upgrading efforts including the agriculture sector. In some instances, labor groups organize and conduct training programs. Local committees, comprised of industry (including agriculture when appropriate), education and labor officials, are sometimes organized to meet specific or peculiar local area needs.

In some instances, education and training teams from other nations, or bilateral or multilateral organization groups, are especially well equipped to contribute to programs. This capability is most obvious in the instance of the creation of an industry new to the country or the installation of new production machinery or techniques.

2. Program leadership

The wide span of activities and dispersed geographic locations requires maximum utilization of existing organizations and resources. The basic approach is usually to designate high-level planning groups comprised of officials of agencies and other groups most deeply concerned. This is usually accompanied by the establishment of a staff group for the purpose of drafting program proposals, staff papers, monitoring progress and accomplishments, identifying gaps, and serving as a secretariat for the high-level planning organization. The staff group organization may, in some cases, be assigned responsibility for estimating labor requirements and identifying training needs to meet the goals of the economic plan.

A specific example is given in the response of the government of the Republic of Kenya to a report prepared by the International Labor Organization/United National Development Program Employment Mission to Kenya (ILO/UNDP) containing an organizational recommendation on Education and Training. The response says:

". . . The Government does not accept that a secretariat or commission should be established in the Ministry of Education in order to implement the reforms which are envisaged. Rather the Government intends to accomplish the objectives of the proposed commission or secretariat by the creation of an interministerial committee for the co-ordination and monitoring of all programmes concerned with education, training and manpower. The composition of the Committee will consist of officials from the Ministry of Education, the Ministry of Works, the Ministry of Labour, the Ministry of Co-operatives and Social Services, the Ministry of Finance, and the Directorate of Personnel Management. The Ministry of Finance and Planning will provide the Committee with a secretariat."43/

3. Problems

Successful organization and management must deal with several problems: (1) the scarcity of resources and the initial and continuing high costs of establishing new and large-scale programs; (2) the force of inertia in shifting the contents of existing programs; (3) the competitive spirit and initiative displayed by managers of closely related programs; (4) area and locality community pride in resources, size, and growth; and (5) mechanical problems - such as data unavailability, time lag, errors in reporting, incomparability, and definitional distinctions.

No one nation is known to have conquered all problems or designed the optimum system. The concept of positive evolvement over time is held to be the best prospect.

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CHAPTER V

MATCHING MEN-WOMEN AND JOBS

A. Introduction

1. Purpose

The Agency for International Development Manual Order No. 1612.40.4, "Manpower and Employment Development," states that one of its objectives is "Assistance to cooperating countries in their self-help efforts to develop an active employment and manpower policy and program aimed at full, productive, freely chosen employment."

To be most effective, such policies and programs should provide for four mutually reinforcing functions. These are:

a) development of capabilities for productive employment;

b) expansion of employment opportunities to make the most of these capabilities;

c) linkage of a) and b) by matching men-women and jobs; and

d) improving productivity while protecting welfare and dignity.

This chapter is concerned with the "matching" function. The three remaining functions of an active manpower policy, as indicated above, are treated in other chapters.

2. Scope

The labor market situation in one country is never exactly the same as that in another country. For this reason, the pattern of steps involved in the development of plans for the establishment of programs, institutions, facilities or the improvement of existing programs, institutions or facilities to match men-women and jobs will often vary between countries. It is therefore necessary and desirable for each country to develop its own plan to deal with the specific situations in their country.

This chapter, therefore, describes in general terms and outlines some specific country problems and needs for programs to carry out the matching process. Not all developing countries need a national public program or system to perform the matching function. Some countries may need such programs only in the larger population and industrial centers. Others may need only small segments of these programs.

We are attempting here to:

a) indicate how the country officials might go about assessing the problems of matching men-women and jobs in both rural and urban areas;

b) outlining some of the steps which may be taken in developing goals, i.e., determining what is to be done about identified problems;

c) discuss the development of specific programs, institutions and mechanisms which are calculated to contribute most effectively in achieving the established goals; and

d) present methods for reviewing actual against planned program performance and evaluation of programs, i.e., actual against planned results.

Officials of countries on assignments in developing countries may find in this chapter helpful suggestions, guidelines and examples which can be used in developing specific plans to carry out the matching process.

B. Problems of Matching Men-Women and Jobs

1. Identification of problems

One of the first steps to be taken when planning the establishment, updating or reorganization of programs, processes, and institutions for performing the matching process, is the accurate identification of existing problems and the determination of which of these can be dealt with effectively by the actions under consideration, and the availability of adequate resources to accomplish the objectives. Stated another way, it is necessary to determine the need and feasibility for such programs.

2. Matching problems in rural areas

a. Surpluses of labor and lack of jobs

Rural areas, generally, contain much larger labor forces than can be productively employed in traditional agriculture and the usually meager commercial and industrial activities of the areas. This condition is further complicated by rapid population growth and the existence of large numbers of illiterate, unskilled laborers and few semi-skilled and skilled workers. In addition, a large number of individuals in the labor force are without land of their own. Such conditions illustrate the need to develop labor market

mechanisms to keep abreast of employment changes resulting from the introduction of new agricultural technology, rural development and land reform.

b. Environmental and personal health and hygiene

Effective placements are often affected adversely by the low state of environmental health and hygiene, and the resulting poor health of the rural population. Inadequate nutrition resulting from poor diets causes workers to be weak and listless, and unable to perform productively on available jobs.

c. Inadequate labor market information

Information about the activities of those in the labor force in rural areas is meager and often inaccurate. While a few developing countries in the world do conduct national censuses, a number do not. Moreover, censuses on a frequent periodic basis are not feasible because of costs. Household sample surveys are often very useful between census periods but they too have their limitations. A real need is research and experimentation leading toward better tools and techniques for obtaining accurate labor market information. Some countries do have spotty information about the labor force in urban areas, most developing countries have very little such information on rural areas. The ILO World Employment Program reports and studies of selected countries are developing methodology which will provide information on such factors as:

1) general nature of rural employment;
2) seasonal characteristics of employment in agriculture and other rural occupations;
3) degree of annual utilization of rural manpower;
4) nature and magnitude of rural underemployment and unemployment;
5) structure of labor-input in rural areas in general, and under different working conditions;
6) nature, magnitude and seasonal variations of labor-input on main crops and main operations and other factors which, when available, should be taken into account when planning employment programs (including placement functions in developing countries).

These studies may well provide illustrations for the development of similar information in other developing countries. When up-to-date information such as outlined above

has not been pulled together, planners of specific manpower programs should collect as much labor market information as current resources will permit.

d. Migration and lack of training facilities

Younger workers are migrating from rural areas, and between countries, where jobs, shelter, training and other facilities and social amenities are lacking, to the cities and urban areas, thus creating problems in urban areas. Rural areas often lack institutions and services to train young workers for more modern agricultural and other activity in rural areas, or for work which might be available in urban areas.

e. Other problems

Some other characteristics of rural areas which result in problems for planners of placement programs are, the low level of productivity; and the difficulty of transfering modern administrative methods, procedures and technologies from the more advanced urban areas to the more backward rural areas. In addition, geographical isolation of rural communities, frequent lack of communication and transportation between them and the urban areas, racial discrimination, the diversity of languages or dialects, cultural and religious patterns and practices, including strong prejudices against manual labor, will be found in some countries. Objections to women working outside of the home, lack of adequate money incentives for work, the existence of the "extended family" and tribal systems - particularly in Asia and Africa - present serious problems for the planner.

3. Matching problems in urban areas

a. Accelerated urbanization and related problems

According to Paul Bairoch, ". . . urban unemployment and underemployment in developing countries, in its simplest terms, can be reduced to an incomparability between the rapid growth of both urban population and urban labor force and the inadequate growth of productive urban employment opportunities. Although the rapid growth in urban population results partly from the natural increase of the population already in the towns, it is to a much greater extent due to the influx of rural migrants."

According to Frederick H. Harbison of Princeton University, rapid population growth (including in-migration) combined with low economic growth rates account for much of the

unemployment and other problems mentioned above. Other factors also contribute to accelerated urbanization. Wages in the modern, urban-based productive sector are often very much higher than in rural areas, thus drawing the unemployed or underemployed from the agricultural areas.

As primary education is extended, aspirations of young people are stimulated, and their career interests are oriented away from traditional agriculture, toward the modern sector. Therefore, rapid development of a country's educational system may increase rural-urban migration and thereby increase the unemployment level. This, too, affects adversly the process of matching men-women and jobs. The amenities of the city and its general glamour are also attractions, especially for the young.

In any event, the result is that urban areas are characterized by: 1) surpluses of unemployed, untrained and unskilled workers; 2) the presence of educated unemployed; 3) the presence of a large number of employing establishments usually scattered through the urban areas; and 4) inadequate transportation. These characteristics often cause the labor market to become so complex that without some mechanism to disseminate information about what is happening in the labor market and to pinpoint training needs, workers are poorly prepared for and uninformed about job vacancies, and employers are uninformed about where qualified workers may be found.

b. Inadequate labor market information

While developing countries may have developed more labor market information in urban areas than in rural communities, the fact is that there is still a great dearth of information needed to plan, operate and evaluate, effectively, the matching process. That information which is available is usually incomplete or limited and often based on subjective judgments.

Economic growth and social progress inevitably result in some mismatching of labor supply and demand: 1) new skills are needed and old ones become obsolete; 2) new industries and firms appear and expand while old ones decline; 3) job opportunities multiply in one region and disappear in another; 4) urban growth expands the needs for government services and staff to perform these services; 5) improvement in agricultural technology alters the pattern of demand for labor; 6) advances in health and education call for different occupational staffing patterms.

The greater the economic change, the greater the flux in labor markets. Too often the changes create worker dislocations, joblessness, and unfilled job openings. These can be minimized substantially by establishment or improvement of the labor market machinery for anticipating and aiding needed adjustments.

Lack of information about the demand for, and the supply of workers according to industry, occupational category and geographic location, the skills of the unemployed and those employed in unproductive activities, and the trends in employment are examples of problems to be taken into account in determining matching programs. Although there may not be enough jobs to employ all of those seeking employment, there may be in the urban area, new and expanding industries and considerable turnover in jobs, particularly those utilizing unskilled workers. In urban areas where industries are expanding, there will often be shortages of managers at all levels, as well as scientists, technicians and skilled craftsmen.

c. Complexity of the labor market

Some urban areas contain complex distribution of economic activity - geographical, industrial and occupational. Many workers will waste a great deal of time and resources going from establishment to establishment looking for jobs, and in many instances finding no job openings which fit their qualifications because they are not looking in the right places. Conversely, many employers will waste time seeing and interviewing large numbers of workers who come to the establishment on their own.

d. Lack of information needed to determine occupational training programs

Specific information is needed about current and future occupational skill requirements of employing establishments in order to provide better information to schools and manpower agencies about: 1) the number of workers for which training will be required and, 2) the skill content of jobs for which workers should be trained.

C. Goals for Matching Men-Women and Jobs

1. Determining what to do about identified problems

Once specific problems (such as those discussed in the preceding section) have been identified, the next major step

is to decide what can be done about them. This involves setting goals and priorities. Goals for the matching process must be aimed at the solution of as many of the identified problems as financial and other available resources will support. These goals will normally be shaped by the general goals established by the country for social and economic development. They should not conflict with (rather they must complement) existing or planned active manpower and employment policies.

Specific goals are necessary to provide specific targets and a basis by which progress may be measured. It is only after goals have been established that priorities may be set to insure that conflicts among goals may be reconciled or compromised.

It is essential to insure that the goals are linked with the actual implementation of the matching program. Quite frequently, goals are either too general to have practical application, or planners become so concerned with the mechanical aspects of implementation that the objectives of their plan are lost. Goals must give due regard to the existing level of economic development, the institutional background, the traditions, practices and the values of the country involved. Finally, goals with respect to the institutions or other mechanisms for matching men-women and jobs should promote purposeful occupational, industrial, geographic and establishment labor force mobility.

2. Illustrative goals

The following statements of goals, while not definitive, are intended to be illustrative of such goals in dealing with identified problems and meeting the needs for assisting and facilitating the process of matching men-women and jobs. While goals will vary from country to country, depending on the problems, there are some basic goals which should be considered (if they have not already been achieved) in any plan for matching men-women and jobs, such as:

a) To gather, analyze and disseminate information about the labor force in local areas and the trends in occupational demands. This will assist workers and employers to understand the supply and demand for workers by occupation in local areas. The dissemination of this kind of information, as accurate as resources can produce, will enable them to make employment decisions to their advantage. It will be especially helpful to workers in locating suitable, productive and freely chosen vacancies in occupations for which they are qualified.

b) To assist schools and other training agencies to learn about and understand what work force skills are and will be needed, so that curriculums can be adjusted to provide the greatest assistance to individuals to become prepared for occupations that will be in demand.

To be effective in preparing youths and older individuals to enter and advance in the world of work, schools and other training agencies need information, not only about the supply and demand for skills (discussed in a) above) but also about occupational content and requirements for skilled employment. Occupational dictionaries, aptitude and proficiency tests, and occupational guides are examples of this kind of information. Where this information is not available, government planners of placement programs should consider, as a possible goal, the development of suitable and needed occupational tools and reference tools for use by training institutions, employers, individuals and government operated or sponsored placement agencies.

c) To assist rural economic development agencies in designing productive work projects related to providing physical facilities to improve health and sanitation, movement of farm produce and people, drainage and irrigation.

Economic development agencies in rural areas often are forced to focus on the need for facilities such as discussed above, as well as others. A very important consideration in planning such activities is the designing of productive work projects that will utilize local people with limited occupational skills.

One example of how goals for matching men-women and jobs may be established to help solve specific identified problems and, at the same time, conform to general goals established for social economic development is presented below:

1) If it is assumed that the national goals of a developing country include the provision of employment to all workers to enable them to share in the distribution of national income, and that participation in employment will produce income sufficient to permit a reasonable standard of living, the goals of the matching program might well include:

a) Providing labor marker information which will highlight the employment, unemployment and underemployment status of the lowest income groups.

b) Assisting workers in rural areas to secure training in occupations and jobs available in the areas where they live.

c) Assisting private and public enterprises to provide economic and public activity in rural areas which will create employment in the area.

d) Assisting workers to find suitable jobs and employers to find qualified workers.

Another example is that if the developing country has national goals to raise the Gross National Product (GNP) by X percent, the goals of the matching program might be limited -

1) To providing labor market information to assist the matching process, employers and other government agencies.

2) To assisting workers to find suitable jobs and employers to find qualified workers.

D. Programs for Matching Men-Women and Jobs

The development or improvement of programs for matching men-women and jobs is the next step in an approach to linking the two necessary functions in an active employment and manpower policy and program aimed at full, productive, freely chosen employment. These functions are: development of capabilities for productive employment, and expansion of employment opportunities to make the most of these capabilities. This step involves the analysis of the identified problems of matching which have been determined by the process outlined in section B. above, and of the goals that have now been established by the process described in section C. above. Programs, activities and institutions, or facilities which might contribute to dealing with matching problems and the established goals should be identified and listed. Then, an analysis of their relative contributions to solving the problems and achieving the goals can be made. This analysis will provide a basis for selecting: 1) those programs and, 2) institutions, methods and procedures which are likely to be the most effective. Illustrative programs that may result from the above cited analysis might include the following programs in rural and/or urban areas.

1. Illustrative programs for rural areas

a. Programs to develop labor market information

A key objective in developing labor market information is to collect as much accurate information as possible about the occupational and related characteristics of the labor force in rural areas. This will provide a basis for planning and creating jobs for workers in the area.

Care must be taken in deciding what specific information should be collected and how to collect it so as to assist individuals and employers in making employment decisions, and educators in planning curricula. In general, programs for collection of labor market information in rural areas should include some or all of the factors which are being developed by the ILO World Employment Program reports (see section B-2 of this chapter). In addition, the information about the labor supply, to the extent possible should be categorized by: age, sex, occupational qualifications, experience and industrial attachment, full or part time employment, productive employment and, unemployment and underemployment.

b. Programs to develop information to assist education and training efforts in rural areas

The occupational characteristics of the local labor force in most rural areas are likely to indicate lack of skills or inadequate skills for jobs in the area, or for new enterprises that might be brought into the area. Therefore, occupational information about the labor force can provide the basis for establishing and conducting occupational training to prepare local workers for the current jobs in the area or for the jobs to be created.

Providing those in rural areas with occupational demand information about the urban areas will assist training officials in such areas to establish and conduct training for rural workers for jobs in the urban areas.

In addition, programs to develop occupational information will be helpful to education officials in training rural area people to:

1) Farm better by utilizing better tools and techniques,

2) Perform jobs in local projects such as improving the drinking water supply, establishing health and sanitation facilities, movement of farm

produce out and fertilizers in, draining, irrigation, and community facilities for local government services, recreation and (adult) education and health services.

c. Programs to assist in inter-area matching of men-women and jobs

In some countries seasonal employment in agriculture is available for which workers are often lacking, while at the same time there are surpluses of workers in more distant areas. In these situations, programs might be initiated to recruit and transport workers from the areas where there are surpluses of labor to jobs existing in other rural areas.

Such programs could include efforts to convince workers in rural areas to remain in rural areas until appropriate information is received about job opportunities in urban areas.

d. Programs to develop information to assist economic development agencies and private enterprises

Aptitude/interest/experience profiles of surplus labor force area by area can be used by economic development agencies and private enterprises to assist them in determining the areas into which job creating investments should be channeled.

2. Illustrative programs for urban areas

It must be emphasized that the following list of illustrative programs is not intended to be definitive. They are included here as examples of programs which a government might consider to facilitate the matching process in urban areas. These are:

a) Provide a mechanism within the labor market for channeling newcomers to the labor force and unemployed or underemployed workers into productive and freely chosen employment, thus facilitating a redistribution of the existing labor force in response to changing needs.

b) Provide a central exchange in the labor market through which employers may obtain the particular workers best qualified to meet their job requirements.

c) Collect, compile, analyze and disseminate information about job vacancies which will assist employers to design jobs to better utilize the skills in the labor force, and to provide information about occupational requirements for vocational training.

d) Provide information to workers about job vacancies and refer suitable candidates to such jobs.

e) Develop systems, techniques, methods and tools for securing, recording and organizing information about workers seeking jobs for quick and easy retrieval.

f) Develop forms and systems for securing information about jobs for which employers wish to interview workers.

g) Develop and operate experimental and demonstration projects and initiate projects to discover new approaches to matching men-women and jobs, and to test the validity of programs before they are extended on a national basis.

E. Institutions and Mechanisms for Matching Men-Women and Jobs

1. Some existing institutions and mechanisms

According to Louis Levine, former Director of the United States Employment Service, "The institutions and mechanisms to which manpower programme responsibility is assigned and which are required to provide needed manpower services hold the key to the success or failure of the manpower policy." This statement applies also to the narrower goals for programs and institutions to match men-women and jobs.

The institutions and mechanisms for implementing programs for matching men-women and jobs are numerous and varied. Information concerning employment and related training needs passes between employers and workers in a number of ways: personal, family (including the extended family system and tribalism described in Chapter II) and occupational contacts; direct application of workers to employers (including congregation at factory and dock gates, and in public places such as tea houses in Asia and market places in Africa) newspapers, bulletin boards and other information media; direct

recruiting by employers at training and educational institutions, trade unions, professional societies; government civil service and other service agencies; fee-charging employment agencies (including recruiting agents, contractors and crew leaders); and public employment services.

There appears to be no need to go into lengthy explanations of how most of the existing institutions and mechanisms, listed above, affect the matching process since they are self-explanatory.

2. Public employment services

While most of the above listed institutions and mechanisms, when regulated by government, may serve some useful purpose, public employment services are by far the most common mechanism used by governments to facilitate and coordinate the operations of the employment markets and to match job seekers with available jobs.

When effectively organized and operated, the public employment service should be able to achieve more of the goals for matching job seekers and jobs (outlined in section C. above) than any other institution or mechanism discussed in section D. The International Labour Organization Employment Service Convention of 1948 defines the essential duty of such a service as:

> ". . . to ensure, in cooperation where necessary with other public and private bodies concerned, the best possible organization of the employment market as an integral part of the national program for the achievement and maintenance of full employment and the development and use of productive resources."

The U.S. Government fully endorses but has not ratified the ILO Employment Service Convention. However, it is the policy of the Agency for International Development (as promulgated in PD-52, May 2, 1973) -

> ". . . to assist, bilaterally, less developed countries in their self-help efforts to strengthen the capabilities of labor unions, labor ministries, and other labor-manpower institutions for enhancing the skills and utilization, employment opportunities, productivity, freedom, and welfare of working men and women, . . . In providing development assistance, AID should encourage; . . . the best possible organization of the labor (employment) market, including recruitment and placement,

employment counseling, labor market information and job development as an integral part of the national program for the achievement and maintenance of full employment."

In view of the above, U.S. personnel may feel free to suggest to host governments the establishment of full or partially functioning employment services in developing a country's plans to carry out the matching process. When this suggestion is made the need for such service must have been established by actual analysis.

The AID handbook, "Establishment of National Employment Services in Developing Countries," September 1968, among other things defines the purposes and role of a National Employment Service; discusses objectives, policies, functions, criteria and major steps in establishing such a service.

Robert C. Goodwin, former Administrator for the Bureau of Employment Security, U.S. Department of Labor, has also defined the "Role of an Employment Service." Mr. Goodwin's definition spells out, in considerable detail, the functions of a public employment service and the requirements for their effective performance. This definition is so complete and supplements so well the AID handbook definition (referred to above) that it is included in this manual as an Appendix.

a. Some functions of public employment services

The functions described in detail in the AID handbok may be grouped briefly by the following:

1) To assist workers to find suitable employment and employers to find suitable workers. This function is not limited to the placement of persons applying at public employment office for job openings which have been received from employers, but includes helping those seeking work to obtain information, advice, training or retraining; serving as an inter-area clearing house for applicants and job opportunities; and generally facilitating by other measures, both the occupational and the geographical mobility of workers to meet the changing needs of the economy.

2) To cooperate in social and economic planning, particularly by collecting, analyzing and publishing information on the employment situation, and its probable evolution over a longer period ahead than is required for 1) above.

3) To perform certain services needed for internal administration and operation of the service and other measures for the relief of the unemployed. (Note: The ILO prescribes still another function of performing services for the administration of unemployment insurance.)

b. Other broader functions of public employment services

There is growing appreciation that the proper task of an active employment market policy is a broad one, aimed at the most effective deployment of the whole labor force with a view not only to providing better employment opportunities for those who seek them, but also to raising the productivity of the economy. This presupposes the existence of a dynamic branch of the administration so well informed that it can take a comprehensive and farsighted view of the whole manpower situation, and can intervene in a wide variety of ways to facilitate the many adjustments necessary to bring manpower supply and demand into closer balance. The measures required are determined by the needs of the particular employment market, but these are elements common to a variety of countries. The public placement service should establish a goal of a minimum of time loss by workers between jobs and by employers in filling vacancies. Young people in particular, can be helped to make an informed occupational choice. Workers are helped to train or to retrain to meet new requirements and to move to areas where they are needed. Wherever there is a shortage of workers, employers are assisted in finding new sources. An active employment market policy of this kind helps a country to grasp rapidly, efficiently, and with a minimum of hardship to individuals, the unprecedented opportunities offered by modern science and technology for more productive employment and higher living standards.

c. The job bank

A quiet revolutionary computor technology is now being used in employment service systems, located in some major labor market areas, to match job seekers with job vacancies. Japan and the United States have pioneered this revolution. Sweden and Germany, and perhaps a few other European countries have shown considerable interest and may have conducted some experiments with job banks, but have not yet established computerized job banks.

In the traditional employment service matching process, employers call a local office to describe their job needs and the local office records and files the orders. Job seekers visit the local office to register their experience

and qualifications with an interviewer. The interviewer then searches the job order files looking for a job opening which matches the applicant's qualifications. If a suitable job is found, the applicant is referred.

With the job bank system, the computer is harnessed to a matching job that is beyond the capabilities of a manual operation. The computer turns out in minutes a daily list of all job openings in a metropolitan or larger area which can be widely distributed to bring complete, up-to-the-minute job information to all job seekers. Obviously, compiling this mass of information by hand and issuing a daily listing would be out of the question. When key punch cards are used to record job applicant qualifications, records of suitable applicants can be located in the files in minutes for job openings.

Job banks and computer systems for matching job seekers and job vacancies are mentioned in this chapter, not because they are recommended for developing countries at this time, but so that officials in developing countries and their advisors may be aware of new developments in the matching process. When labor markets become so complex that the traditional manual and localized employment service matching system becomes inadequate for local office to handle the mounting loads of paper work, it is then, and only then, that computerized job banks should be considered. When this time comes, information on how to develop such a system and the experience of other countries which have already tried them, may be obtained from these countries and the International Labor Office.

F. Evaluation of Operations and Programs for Matching Men-Women and Jobs

This section is concerned with methods for (a) reviewing actual operations against planned performance, and (b) evaluation of programs, e.g., comparing actual with planned results in programs for the matching of men-women and jobs. Chapter IV, Section C. of this manual deals with the same subject with respect to programs to develop capabilities for productive employment. Since the principles outlined in Chapter IV are equally applicable to this section, they are not repeated here. However, that section should be reviewed carefully for applicable principles as a supplement to the discussion in this section.

1. Evaluation of public employment service programs

This subsection is devoted to a discussion of the evaluation of a public employment service. It is presented as an example, but the evaluation of any program for matching men-women and jobs should use a similar approach. A public employment service or any other governmental matching program must be continuously examined to insure that the previously agreed upon objectives and goals are achieved, and that the standards and criteria for the program are adequate.

a. Operations review

An operations review compares actual operating performance with planned performance. It should determine the gap (if any) between actual performance and planned performance and discover the reasons for this disparity. For example: an Employment Service operations review could determine whether the number of anticipated placements were made and if not, why not. The reasons uncovered by this analysis may call for changes in either the planning or execution phases of the program.

Operations reviews should take place at all administrative levels of a public employment service. At the local office level, the manager and designated staff assistants should be responsible. At the state or regional level, the field supervisors and technical staff from the headquarters office may conduct operation reviews. And, if the employment service is a part of a department, a Ministry or some other administrative organization, periodic reviews of the national employment service may be conducted by such organizations.

b. Program evaluation

Program evaluation is a process of comparing actual results with planned results usually stated in terms of goals. For example: the goal may be to place a qualified person in a suitable job. Although the operations target or objective of making a specific number of placements might be achieved, a different kind of evaluation is needed to determine whether a qualified person has been placed in a suitable job in terms of the person's qualifications and the requirements of the job. Such a program evaluation would probably require a study of: 1) The qualifications of persons placed in jobs, 2) the adequacy of their performance, 3) their satisfaction with the job, and 4) the employers' appraisals of the adequacy of performance on the job.

With the establishment of systematic controls for quality and quantity, and the evaluation and periodic planning based upon them, it becomes possible to integrate or synchronize the evaluation work of the field supervisor and the local office manager, so that full evaluations may be achieved in terms of the role set for the Employment Service. The criteria for evaluation will be determined by the functions which are being performed to achieve the predetermined goals.

Thus, as outlined by Louis Levine in his The Public Employment Service in Social and Economic Policy,

> "If placement is the goal of an employment office, great weight is given to the number of placements and to the proportion of all hires which is represented by employment office placements. The 'penetration ratio' then becomes a measure of the extent to which the Employment Service participates in the hires which take place in the labour market. Apart from the question of whether or not this is a valid basis for evaluating employment office effectiveness, it is evident that employer gross placement and hire data are not suitable for this evaluation. As a minimum, employment office placements should be taken as a proportion of only those hires in which it might reasonably have taken part. This means that worker 'recalls' must be substracted and only 'new hires' used as a basis for comparison."

It can be seen from the above example that even such a limited area of activity as "placement" evaluation is not a simple undertaking. This is especially so when the evaluation is made of intangible services for which no documents exist. In these instances, evaluation essentially rests upon observation, interviews, special studies and judgment.

In addition to analysis of all appropriate and available statistical information, individual records, specific measurements and special studies suggested by established goals, additional measurements such as the following should be included in an evaluation of a public employment matching program.

1) Uses being made of occupational supply and demand information produced for local areas.

2) Uses being made of occupational supply and demand information produced for the nationwide areas.

3) The contribution made by the program to developing jobs in rural areas to employ the unemployed, part-time employed, and those employed in non-productive activity.

4) The contribution made towards finding managerial, professional, technical and skilled workers for vacancies which by being filled increased jobs available to the lesser skilled workers.

5) The contribution made towards reducing undesirable migration from rural to urban areas.

6) The contribution made towards staffing new industries.

7) The contribution made towards making curricula more relevant for preparing young people for current and anticipated occupations.

G. Organization and Management of Programs to Match Men-Women and Jobs

As indicated in Section E-2 of this chapter, public employment services are by far the most common mechanism used by governments to facilitate the operations of the employment markets and to match job seekers and jobs. For this reason, this section deals with organization and management of public employment services as the best example available. If organization and management of other mechanisms for the matching process are being considered, helpful principles and guidance should be found in this section.

The U.S. Department of Labor, Bureau of Employment Security's Employment Service Manual, Part I, outlines in considerable detail the procedures and processes which should be followed in organizing and managing local, state and regional employment service offices. This manual is recommended as a resource for developing a simpler adapted version for a National Service in a developing country.

In addition, the U.S. Department of State, Agency for International Development, Office of Labor Affairs' handbook, Establishment of National Employment Services in Developing Countries, covers much of the same material, but in the context of a less complicated employment service operation. It, too, should be reviewed by those with responsibility for establishing or improving a public employment service system.

In view of the thoroughness with which the subjects of organization and management of public employment service systems are presented in the two publications referred to above, it is sufficient to state here, for emphasis: 1) the steps and principles involved in organization, and 2) the

general responsibilities of management. While these points are stated in terms of local employment offices, they apply equally to regional and national offices of a public employment service.

1. Steps in organizing a local office

To the public at large, the local office is the public employment service. Workers, employers and the community are served in the local office. The collective performance of the local offices determines the effectiveness and the degree of acceptance achieved by the national system. Since the local office is the focal point of the public employment service, its organization and management are of vital importance.

The steps generally recognized as common to the process of organization are:

a. Definition of the job to be done

Organization structure is dependent upon a clearcut definition of the job to be done. Wide variations occur in the nature, scope, and objectives of individual enterprises, and the patterns or organization must therefore be based upon the specific objectives of the organization.

b. Determination of activities required

Division of work is an important factor in organization. The specific activities required for the accomplishment of objectives must be determined before any logical decision can be made regarding the proper division of work.

c. Analysis of relationships between activities

The relationship between activities must be determined before an efficient organization can be effected. "Organizations differ not so much because each deals with a different set of activities as because these activities vary in relative importance under different circumstances."1/ As activities are analyzed, some are usually found to be relatively simple and routine while other may be somewhat complex and difficult to perform. Activities also bear certain relationships on the basis of purpose, process, place, and persons or things dealt with.

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[1]William N. Mitchell, Production Management (Chicago, Ill.: The University of Chicago Press, 3rd ed., 1937) p. 206.

d. Grouping activities into positions

Positions are established on the basis of relationships between activities. A position is a specific job, whether occupied or vacant, which requires the performance of specified activities. An organization is the composite of all positions, each of which encompasses a group of activities to be performed by the individual who occupies it.

Activities assigned to positions are often made to conform to the abilities of the individuals selected to fill the positions. This practice is not good and usually results in an illogical grouping of tasks. In establishing an organization, therefore, the position should always be given precedence, and personnel should be chosen on the basis of their ability to perform activities assigned to the position.

e. Grouping positions into administrative units

Just as similar activities are grouped into positions, so related positions are grouped into administrative units. The basis for grouping specific local employment office activities into positions, and positions into administrative units is discussed in following sections of the manual.

f. Establishing and perfecting the structure of authority

Lines of authority must be established to provide for orderly flow of directions and information from the head of the organization to every staff member. This step is essential in an enterprise of any type or size, but as an organization grows, the problem becomes more complex and the need for definitely determined lines of authority is emphasized. Briefly, this step in the organizing process involves establishing relationships at different levels of responsibility so that the line of authority is clear and undivided, and defining responsibility and authority so that each staff member knows his place in the organization and the duties for which he is responsible.

2. General responsibilities of management

The general responsibilities of management include:

a) planning for local office operations to accomplish goals;

b) organizing the facilities and personnel of the local office to do the job;

c) arranging for adequate space, staff, supplies and equipment;

d) developing necessary internal local office procedures;

e) training staff;

f) developing a cadre of enthusiastic personnel;

g) coordinating the work of the office; and

h) continuous evaluation and improvement of operating methods and practices.

These responsibilities relate to all functions of the local office and are essential to the proper execution of the management function. Every supervisor must assume these management responsibilities for each activity under his supervision. They are discussed in a general section to avoid repetition in the discussion of each function, but their application in relation to each function should never be overlooked.

APPENDIX

ROLE OF AN EMPLOYMENT SERVICE IN AN EXPANDING ECONOMY

(Excerpts from a speech by Robert C. Goodwin, made in Venezuela before an International Seminar, arranged by A.I.D., March 1966.)

"While there are substantial differences among the various national employment services throughout the world - differences dictated by forms of government and size and complexity of individual economics - it would seem that their similarities are more numerous and more impressive.

"The broad objective of all public employment services is to bring together employers who need workers and workers who need employment, and to do so in such a way that employers will find qualified and suitable workers, and the workers will find jobs best suited to their qualifications and abilities. The terms in which these objectives are stated, however, differ with the social, political, and economic philosophy within which the employment service carries on its work.

"The objective of full employment of all men and women qualified and available for work in jobs which raise their standard of living has become a goal of governments throughout the world. And it is almost universally recognized that the attainment of this objective requires a professional, energetic, and effective employment service system. . . . A public employment service provides the machinery for helping to assure that available jobs are filled with available workers, within the framework of the national policy for promoting maximum production of goods and services needed for a better life.

"The creation of an effective employment service requires: First, clearly defined functions; second, continuous attention to the solution of practical problems; third, the development of professional techniques; fourth, the development of an efficient organization; and fifth, a program of research which yields new methods for dealing with new problems.

"Once established, a national employment service should provide a permanent administrative organization with operating offices in every important community in the country. These offices should be staffed with personnel trained in all phases of occupational technology and placement processes, and equipped with a detailed knowledge of the specific areas served by each office.

"Job placement is probably the best known and most basic function of any employment service. It is the keystone of the program, and the effectiveness of other functions and services performed depends to a substantial degree on the technical strength of the placement function, and upon the extent to which the service is accepted and used by both employers and workers.

"While the essential description of this function sounds simple enough, the actual attainment of an effective, widely accepted placement service is a complex and difficult administrative achievement. It involves five basic steps.

"1. The development and application of a precise employment interviewing technique for determining the occupational qualifications and aptitudes of workers and the exact job performance requirements of employers who are looking for workers.

"2. The development within the employment service organization of expert knowledge of all of the occupations and industrial processes which are found in the economy. To aid in this process, local offices must be organized to facilitate the gathering of this specialized knowledge. There must be development and use of a wide range of occupational reference material, job descriptions, occupational classifications and codes, aptitude and proficiency tests, and a wide variety of local job market information.

"3. The maintenace of close contact and good working relationships with management and hiring officials in all employing establishments of any significance. The purpose is to achieve an understanding of employers' problems and to induce the employers to use the facilities of the employment service in solving those problems.

"4. The maintence of equally close contact and good working relationships with leaders of labor unions and other worker organizations to assure their understanding of the goals of the employment service, and to encourage the use of the service by their workers.

"5. The administrative task of selecting suitable personnel to carry out this work, training them to perform expertly, and developing internal procedures and organizational channels to achieve these results

"most effectively and economically. This includes providing proper supervision and direction of a staff located in widely separated offices throughout the Nation, which is in itself a rather formidable task.

"After job placement, the second important function of an effective employment service is occupational analysis, which is primarily one of research, Its purpose is to develop a wide range of occupational tools and reference materials for use by the employment service itself in its placement and counseling functions. These are used also to furnish industry with the means to establish a scientific personnel management program.

"A third major employment service function is to provide industrial services. This function is primarily one of aiding employers in identifying their hiring and employment problems within their organizations, and of training or familiarizing management with the appropriate techniques which will aid in solving those problems and assure effective use of its work force.

"In performing this function, the employment service may use any or all of the techniques developed by its occupational analysis and placement programs, as well as pertinent data from its job market information program. Modern manpower management rests substantially on these fundamental techniques, particularly those of job analysis.

"The fourth major function, which is vital to the success of the three already discussed, is the job market information program. The employment service must develop techniques for the collection and analysis of labor force information, including employment and unemployment levels, estimates, trends, and forecasts for the significant labor areas in the country. It also prepares nationwide summaries of such information and makes such data readily available to Government and private agencies.

"This information is gathered and analyzed on a regular periodic basis. The service also makes longer range studies of trends in employment growth or decline, and characteristics of selected industries and occupations which are of importance in the economy.

"All of this information is used by the employment service itself in planning and conducting its activities. But it also is provided to other Government agencies for economic planning and action - for example, to aid in determining

"suitable locations for industries or public works. It is provided to schools and colleges, where it is used to stimulate and improve courses of vocational training. Private employers and their trade associations and labor union organizations also are furnished with this type of information.

"The employment service specializes in labor area analysis, industry, and occupational information, although it may depend on other agencies of the Government for periodic labor force data to provide national totals on employment and unemployment. The technical difficulties involved in obtaining this latter kind of information require a large statistical organization for proper collection and analysis. This may make it impractical for the employment service to undertake this work.

"Of steadily increasing importance is the function of employment counseling. This involves the development of techniques to assist individuals in making a vocational choice, or in solving other individual employment problems which affect a worker's ability to get and hold a job. For effective performance, the counseling function relies heavily on the basic interviewing technique mentioned in connection with the placement function, and on the occupational references and information and the labor area information just discussed.

"Counseling services are provided by specialized staff members in the local offices to all individuals who require them. In addition, and of equal importance, the employment service makes its techniques, tests, and information available to the Nation's schools and, where necessary, trains school personnel in their use. This serves two purposes. It enables the vocational counseling process to begin at its most effective time - some years before students leave school; and it exerts a powerful influence in shaping the content of the training offered in the schools, making education more realistic and relating it closely to the needs of the national economy.

"No matter how complex an employment service becomes, these basic functions continue to be the foundation on which it stands.

"The efforts of those in an employment service program do not always bring the recognition they deserve, but they do bring personal satisfaction in the knowledge that the work done is helping the growth of the national economy and raising the standards of living of the people of the nation."

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CHAPTER VI

WORKER WELFARE AND WELL-BEING

Introduction

This chapter is designed to assist developing countries and officials working with them in identifying and encouraging programs and activities to enhance the welfare and well-being of all members of the work force.

Previous chapters of this Manual have discussed the expanding of employment opportunities, the development of worker capabilities for productive employment, and the effective matching of individuals and jobs. These actions, while critically important, only partially respond to the concept of an active manpower and employment program. As stated in the AID Manual Order, June 6, 1967, on Manpower and Employment Development:

> "Neither the ends of society as a whole nor those of the workers themselves are fully realized in gainful employment as such, even where there is an efficient match between men and jobs. Fully employed people can be working at low levels of productivity with little return in dignity and welfare. At the same time, increases in labor productivity per se will not necessarily lead to greater welfare. Increasing productivity is a means of promoting the most efficient utilization of human and material resources and thus of economic growth, while the dignity and welfare of a worker and his family are important ends of a free society. An effective manpower and employment policy concerns itself equally with ends as well as means."1/

It is generally agreed that worker welfare measures in addition to fulfilling the important social objectives of advancing human dignity and personality development, have direct bearing upon the important economic factor of improved worker productivity. The report of the ILO meeting of experts on welfare facilities for industrial workers, held in Geneva in 1964, summarized this principle as follows:

> ". . . From the outset of the discussions, it emerged clearly that any welfare measures taken voluntarily by the employer specifically for the purpose of improving the health and well-being of his employees both at the workplace and, as necessary, in their leisure time were to the mutual benefit of both employers and workers, in

that such measures would ultimately be reflected not only in the enhanced well-being of the workers but also in higher labour productivity and a sound basis for good labour-management relations. However, it was agreed that welfare measures should never be regarded as a substitute for the payment of an adequate wage; indeed, it was recognized that, in the long run, welfare measures, in conjunction with improved technical methods, by bringing about increased productivity could make possible the payment of increased wages. However, the extention of welfare facilities should not be allowed to hinder the growth of industry."2/

A. Assessment of the Problem

In planning to improve worker welfare the country should first assess its present situation. This section discusses some things a country might do to identify its most serious problems that must be addressed to enhance worker welfare, well-being, and resultant increased productivity capability. Conditions to be considered divide themselves generally between those associated directly with the work place and those in the workers' community.

1. Conditions of work

The country might well determine the adequacy of present provisions for reaching the following objectives, through action by government, by employers, by trade unions or cooperatives, or through joint actions:

a) Minimizing the risk of accidents on the job through safety legislation and inspection programs;

b) Compensating victims of work accidents or job related illness for loss of earning capability and medical expenses;

c) First-aid, hospital facilities, and preventive medical services for workers;

d) Freedom of workers to organize trade unions and to bargain collectively with employers, guaranteed by legislation;

e) Opportunity for workers' education on a continuing basis for vocational and cultural advancement;

f) Training of supervisory employees in personnel and human relations;

g) Maintenance of drinking, eating, sanitary, and restroom facilities at work sites;

h) Protection of women and young workers through limitations placed on hours of work and on exposure to work hazards;

i) Conveniently located crèches to care for the children of working mothers during working hours;

j) Canteens or other means of assuring workers of one nutritious meal per day at minimum cost-- with worker participation in the management;

k) Adequate transportation between home and work, at a cost commensurate with earnings at the lower end of the range of wages;

l) Recreation facilities within or near work sites, with worker participation in the organization and conduct of recreation activities;

m) In-plant counseling services to assist workers having employment or personal problems;

n) Work schedules that provide reasonable leisure time for rest and recreation, with provision for premium pay for overtime work;

o) Income maintenance schemes that partially compensate for earnings loss due to layoff, illness, pregnancy or retirement (with vesting of workers' retirement credits);

p) Minimum wage levels fixed by law;

q) Protection of migrant workers against exploitation;

r) Graduated taxes on income.

2. Conditions of life

The country might well evaluate the adequacy of provision for conditions related to the following, whether through action by government, employers, or workers, or through combinations:

a) Housing for workers and their families at reasonable cost, located to minimize exposure to industrial pollution;

b) Educational and training facilities to prepare young people for productive employment and for fuller participation in a democratic society;

c) Freedom of people to form cooperatives to collectively perform any legitimate service to meet community needs;

d) Freedom of individual choice in acceptance of work training or job opportunities, or in participation in organized recreational and cultural activities;

e) Equal opportunity of access to employment and to all public facilities and services regardless of race, sex or social status;

f) Access of workers to retail trade facilities operated either in free market competition or, if in remote locations, operated on a non-profit basis;

g) Medical care for workers and their families for non-job related illness, including preventive medicine, at a cost within the means of lowest paid wage earners;

h) Vocational rehabilitation services to restore disabled persons to physical, mental and social usefulness and to develop their capabilities for productive employment.

i) Cultural and recreation facilities, such as libraries and reading rooms, radio and television, meeting halls, craft training, playgrounds, gymnasia, motion picture theatres, organized holiday excursions, and community recreation or welfare centers.

3. Country differences

The above listings or conditions, facilities and programs identified with worker welfare and well-being, while not exhaustive, is intended to provide an outline sufficient for a developing country to survey its own needs for initiating or strengthening legislative, or promotional actions toward the suggested objectives. No priority is implied by the order of listing or otherwise suggested, since each country has unique needs and problems. Despite these differences, however, there seems to be a general agreement that primary concern should be given to the basic issues of worker health, safety and nutrition, and later attention be given the programs associated with full industrial development, such as retirement income and unemployment insurance.

B. Goals for Improving the Welfare and Well-Being of Workers

1. Scope and focus of goals

Goals might be considered from several viewpoints, namely the individual worker, his family, the individual employer, worker organizations, employer groups, or the community. But for the purpose of this Chapter, focus will be directed to the role of the government in operating, sponsoring or encouraging the development of programs or actions related to the problems listed in Section A, above.

National goals pertaining to improving the welfare and well-being of workers tend to encompass the resolution concerning employment policy adopted by the International Labour Conference in 1961, which called upon governments -

> ". . . to adopt, as a major goal of social and economic policy, the objective of full, productive and freely-chosen employment, this goal, which, among other things, includes higher standards of living, being understood to mean:
>
> (i) that there should be work for all who are available for and seeking work;
>
> (ii) that the jobs available should be as productive as possible;
>
> (iii) that there should be freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his acquired skills and natural endowments in, a job for which he is well suited, irrespective of race, sex, creed, age or personal origin."3/

2. New directions and emphases

Even more significant developments are identified by the growing awareness and concern that planning for growth in production output does not assure significant employment, and also tends to bypass "the informal sector" which includes the "working poor", especially the rural components. For example, as a part of the World Employment Programme, an ILO Employment Mission to Kenya in 1972 prepared an extensive report including a series of recommendations.4/ In 1973, the Government of Kenya prepared a response "Sessional Paper on Employment" that was tabled in the National Assembly and widely circulated throughout the country.5/ On December 5, 1973 at the Eleventh (Special) Sitting of the Fourth African

Regional Conference, ILO, an extensive discussion of the ILO Kenya Mission Report and the Sessional Paper No. 10 was held and reported.6/ This included a thoughtful statement by Mr. Mwai Kibaki, Minister for Finance and Planning, Kenya, on the contents of the report, its significance, what Kenya intended to implement, and also touched on the problems of redirection of major economic and social components.

Recapitulating some of his points may give an idea of part, if not the whole substance of his statement:

a) Special efforts in 1967 and 1971 in agreement with employers and trade unions for a one year wage freeze resulted in some employment expansion but it was no solution at all for Kenya.

b) He believed that the most important fact in the report was that employment, the pursuit of employment, has been put at the center of planning. He believed the report indicated that employment should be given first priority - it should be the primary objective. He pointed out that in planning for expanded employment, planning for greater redistribution of income is also accomplished, which is a welcome social objective.

c) To achieve greater employment, one has to teach people specifically for those jobs which are likely to be available at the current stage of development. This is followed by his critical analysis of the current education system and emphases, later discussed in terms of the difficulty of reorienting teachers.

d) Assistance to the rural sector can be achieved, but to help the poorest people in small, rural, useful projects, untied aid is essential. The cooperation of international organizations and governments is invited. Some land reform is possible.

e) Also, he queried the subject of appropriate technology for production. Can Africa develop a new technology for production of needed goods and services in labor-intensive rather than capital-intensive activities?

f) He indicated that the proposed solutions in the report might have some relevance to all countries at a similar stage of development to that of Kenya. Responding, subsequently, Professor Hans Singer, Chief of the ILO Employment Mission to Kenya, told of a meeting in Limuru in which fifteen African nations discussed the report. The consensus was that all of these countries are in need of an employment strategy as a new basis

for their planning. Many of the ideas in the report are applicable, but each country is quite different and one report would not serve several countries at one time.

3. Development of goals

Every country has announced some goals relating to worker welfare and well-being. More than one hundred current ILO Conventions pertain to this subject, many of which have been ratified by developing countries. Furthermore, other national commitments have been made by signatories in Regional joint efforts, such as the Ottawa Plan, the Asian Manpower Plan, and the African Jobs and Skills Program--all ILO efforts.

The subsequent steps in the development of goals may include the preparation of items for presentation in such documents as Five-Year Plans for Economic and Social Developments and the drafting of specific statements by the interested and concerned Departments. The following quotation is a comprehensive example of this technique as presented by Thailand. The first five paragraphs are from the 1967-1971 National Plan. The Policy Statement is extracted from the Department of Labor's Statement of Policies and Principles for the same period:

"The manual labor force is and will become an even more inportant component of the country's resources. This is because Thailand is in the process of developing the industrial as well as trade and services sectors. The conditions of work and welfare of manual workers must be regulated carefully by the government with a view to attaining fairness, equity and cordial labor relations between employers and employees. During the Plan period, major programs to promote the welfare of workers in all categories will be implemented. Appropriate measures such as employment exchange services, labor protection, labor relations and upgrading of skills will be undertaken to provide more income and security for the workers. The most important aspect of labor policy concerns wages and incentives. Since the level of wages paid to unskilled workers is somewhat low in certain parts of the country, a rational wage policy will be put into effect. Another aspect relates to the migration of workers from rural to urban areas which will assume a larger dimension in the future as the availability of land for cultivation is relatively limited. A substantial proportion of the population will, therefore, find it necessary to migrate permanently to urban areas. Even the number of persons who migrate on a temporary basis will not be small.

Necessary measures to deal with these problems and to prevent undesirable social effects will, therefore, require attention. Agricultural labor, which constitutes the bulk of the labor force, will be given priority in labor policy and legislation. Legal protection will be extended to migrant workers seeking seasonal employment in agriculture, and training of agricultural workers will be encouraged to develop technical skills necessary for the transition from manual to mechanical farming.

"In implementing these various programs, special efforts will be made to encourage closer communication and understanding between employers and employees and to seek the views of all those who contribute to the economic development of the country. This will involve, among other things, intensive training of the government officials who will deal with labor problems and the organization of courses for employers and workers to enable their fuller participation in the economic development project of the Plan.

"To encourage the establishment of fair wage rates for workers and employees, safe and secure working conditions, and peaceful labor management relations.

"During the five year period of the Plan, there will be a substantial increase in the number of people seeking job opportunities, at the same time that shortages of many categories of skilled labor exist. The welfare and working conditions of the workers are still unsatisfactory and employer-employee relationships need improvement. To attempt to solve these problems, the Department of Labor will establish an employment service and counselling centers in nine regions; start programs for vocational guidance, upgrading and training labor protection and inspection; and design controls on the employment of women and children.

"As the development of industry and services continues, the problems of labor welfare become increasingly important. Problems needing immediate attention are employment security, wage levels, housing services, and pensions. While developing solutions to these pressing needs, the government must examine the entire labor field in depth in preparation for broader programs of social security and appropriate labor movement.

"POLICY STATEMENT

"To accomplish the stated social and economic objectives in the Second Economic Development Plan of Thailand the Labor Department proposes the following policies and principles which will serve as guidelines in the organization and development of programs and projects to support this national plan;

"a. In conformity with a basic objective of the national plan to raise the income and standard of living of the people by utilizing the resources of the country to the fullest extent, the Labor Department supports the development of progressive social laws and programs designed to promote and protect the interests and welfare of all segments of the national society including the public interest.

"b. In order to support national industrial development and the expanding work force it is the purpose of the Labor Department to organize services, training, and manpower programs which are necessary to develop the human resources of the country.

"c. In accordance with overall governmental plans and development of social and economic institutions in Thailand the Labor Department endorses the principles of freedom of association and the utilization of joint consultation and comparable means to create sound and progressive employee management relations.

"d. To fulfill its purpose the Labor Department supports the development of an efficient, well staffed and properly balanced labor agency which will fairly but firmly administer the labor laws and programs and provide needed services for all citizens of Thailand.

"e. In recognition of Thailand's position in the family of nations the Labor Department supports the full participation in International Labor Organization affairs and the acceptance of the general principles of ILO Conventions and Recommendations."7/

One of the numerous specific long-range goals of the Department of Labor listed following the above policy statements was the development of a Workmen's Compensation Program for industrial accidents and diseases. The fruition of this goal is reported in Section C. following.

The key to the successful development of goals relating to worker welfare and well-being is not the numerical quantification of aims, but the structuring of programs that encompass needed actions and are positioned under high enough authority to assure their growth and implementation. Such programs should have as a general objective the development of local leadership in improving training and supervisory programs. Also, workers and their organizations should be involved in the development of needed programs.

C. Programs for Improving Worker Welfare and Well-Being

Programs for improving worker welfare and well-being should fit into a country's overall economic plan with their costs and benefits carefully considered in terms of social needs and economic outlays. In developing countries, the desirability of expenditures for people's welfare may outweigh what might seem logical economic considerations for resource allocation in other economic sectors. However, certain programs which will contribute to achieving the goals for improving welfare and well-being may be attained at a minimum cost through community organization and cooperation, education and institution building.

1. Incentives to ensure provision of facilities, equipment and technology

Action leading to developing facilities that will provide maximum employment benefits should take into account that they will differ between rural and urban areas. A concept for "maximum employment benefits" should be developed since this will vary between countries, depending on numerous factors.

Who will provide the incentives for needed facilities and equipment? At what cost? Under what conditions and provisions? Is this the sole responsibility of government? Of employers? A joint responsibility? Because of costs, considerations of equity and resource utilization, these questions require answers to initial decisions on establishing incentives.

Rural areas

Small businesses and self-employment predominate in rural areas, therefore, a need for credit at low interest rates often will exist. Assistance in techniques of marketing and development of marketing channels will help to sustain business and provide improved worker well-being. For cottage industries, adequate transportation and sales outlets will induce faster and more orderly product "movement to market."

It is universally recognized that millions of farmers in less developed countries could increase production and productivity and enhance their well-being through utilization of more modern equipment, improved farm technology, and use of new and improved seed and fertilizer. To understand and use these new and improved products safely and efficiently will require training--but will also provide for greater employment and worker welfare.

In India, as in other developing countries, thousands of villages are still without power, water, adequate housing and transportation needed to establish a base for even a bare subsistence. Development of these facilities would not only improve working conditions but would considerably raise living standards and well-being of villagers.

Incentives for developing these activities will, in most cases, come from government through loans, grants and technical assistance. In some cases, subsidies may be provided for purchase and installation of facilities and equipment. Farmer or small business cooperatives may be able to furnish some resources as incentives for these actions.

Urban areas

Economic activities in urban areas involve plants and processes, large investment, and round-about production. Facilities, equipment and technology that provide maximum employment benefits should also furnish workers physical protection, decent working conditions, pay, and related benefits. Undoubtedly, these could be considered as normal costs of production. Lower employer taxes geared to employer investment in these facilities have proven incentives in some countries. Since these provisions make for better working conditions and, in most cases, higher production and productivity thus increasing income and profits, this may be sufficient incentive to employers. In other cases, lowering duties for imported equipment will provide employer incentives for its purchase and thus provide for better working conditions. Interest in improved technology will undoubtedly increase through technical assistance from international organizations or developed countries.

Whatever government action is taken, careful consideration should be given to the trade-offs involving labor saving equipment and the possible drop in employment opportunities, against the use of that equipment to give maximum employment benefits for presently employed people.

2. Fuller manpower utilization

To employ more than the minimum number of workers needed for the production of goods and services may be a rational action to the government planner, but would appear wasteful to the plant manager. Management tends to maximize income and minimize costs, including labor costs. Because of mass unemployment and underemployment in developing countries, costs may be of secondary importance in specific areas or industries, and emphasis on workers' welfare may justify substitution of labor for capital equipment. To understand and appreciate such a policy, courses should be organized to educate managers and scientific personnel as to the rationale for such decisions.

While there are a number of well-recognized techniques for expanding employment, some may not be applicable to specific situations. For example, job re-engineering is an accepted technique for substitution and utilizing several lesser skilled people for a skilled worker. Training of workers in such lesser or partial skills requires shorter training periods and less complicated instructions, thus facilitating staffing programs. However, given a situation where a pool of skilled unemployed workers exist, it is unlikely that this will be acceptable to employers. Rearrangement of work processes and scheduling could result in utilizing additional workers in a given situation as will a change in the mix of human power and machine power. Where this involves different occupational needs, managers, or others in management or supervisory positions, must not only possess a knowledge of occupational content, but should also be guided by information as to skill availability in the area.

These actions will have an impact on costs and profits. Compared to these is a consideration of social costs of unemployment and underemployment and attendant problems which these phenomena bring.

In developing countries, governments may be the only institutions capable of fostering such activities. A technique used sometimes is to reduce employer taxes in relation to the number and/or type of workers management adds to payroll over a given time period. This may be done selectively, on a geographical or industrial basis. Although this raises a question of opportunity costs, social problems and needs may far outweigh economic considerations.

3. Basic health and welfare facilities at the workplace

Given a maximum state of employment (although this may still leave a sizable pool of unemployed and underemployed

workers), measures should be considered that provide decent support and working conditions for workers and their families. As indicated earlier in this chapter, these measures relate principally to conditions of work and conditions of life.

Conditions of Work

As a minimum, provisions should be made for sanitary conveniences, drinking water, washing facilities and accommodations for clothing not worn during working hours. In western European countries, standards for these facilities have been set by legislation. No comprehensive standards exist in some Latin American and Middle Eastern countries. Exceptions may apply to certain industries, larger establishments, or as in India and Burma, to those plants operating with the aid of mechanical power, employing ten or more workers, or those without such equipment employing twenty or more.8/

Adoption of legislation providing for standards does not guarantee improvement because finances may be inadequate and government inspection nonexistent. In some instances, already established facilities deteriorate because workers may be unaccustomed to modern sanitary facilities. Despite these problems, the advantages of having standards outweighs the disadvantages and legislation sufficiently flexible may result in the adoption of at least minimum safeguards.

Most countries have adopted legislation on safety and protection in case of accidents. Unfortunately, in many cases there is a gap between legislation and implementation. In Thailand, the Ministry of Interior Announcement of April 16, 1972 specified that an employer with ten regular employees or more must publish the following rules and regulations: If an employee sustains a work injury or working occupational disease or dies as the result of a sustained injury or disease, the employer must pay a monthly compensation to either the injured employee or to his survivors.9/ Early experience indicated that many small employers could not pay required compensation, so that workers who were ill or hurt received no benefits. However, on January 1, 1974, an extensive Workmen's Compensation Fund was begun under the direction and administration of the Thailand Department of Labor. For the first time in the history of Thailand, workers could file compensation claims for work-connected injury or illness with a government agency and anticipate benefit payments from a fund into which employers of twenty or more systematically contribute monies.10/

An example of highly developed standards is Israel, where every establishment, regardless of size is subject to health, safety and welfare regulations. By the enactment of the

National Insurance Law of 1953, work injury insurance was included in the national program along with old-age and survivors' insurance, maternity insurance and family allowances.11/ Unlike some less developed countries, the legislation is carefully enforced, owing, in large measure to a strong national labor union and active work committees in industrial and commercial establishments.

Although first aid and medical care is common to factory legislation in most countries, it is not yet generally required in less developed countries. In many developing countries, national health schemes do not exist. In some instances, large establishments, public and private have erected hospitals of their own. In a few developing countries, medical care for workers is imposed on employers by legislation. In Turkey, plants with five hundred or more workers must maintain a hospital. In the United Arab Republic, employers of five hundred or more must pay workers medical and hospital expenses.12/

Health insurance schemes are included in collective bargaining in developed countries, and its recognition is also becoming more widespread in developing countries as necessary to worker welfare. The Second Asian Regional Conference in Ceylon (1950) concerning medical care, concluded that:

> "The basic requirements in respect to workers' welfare facilities, such as occupational health facilities and reasonable medical and maternal facilities . . . should be prescribed by legislation defining (a) the minimum standards to be observed, in particular as regards construction, equipment and personnel; and (b) the scope of application, which should include the largest possible number of undertakings, whether public or private, and of workers and should be widened progressively."

Provision of first aid and medical care is one of the basic elements of numerous texts adopted under ILO leadership. It is, perhaps, best expressed in the Protection of Workers Health Recommendation, 1953, which reads:

> "Facilities for first aid and emergency treatment in case of accidents, occupational disease, poisoning or indisposition should be provided in places of employment."13/

In most European countries, health insurance is part of the national health scheme.

Trade Unions and collective bargaining

A basic but often slowly recognized area of workers welfare and well-being is the freedom to organize trade unions and gain the right to collective bargaining. Many less developed countries have enacted legislation on industrial relations and collective bargaining--some fairly general and others in great detail. The degree to which government is involved in this area varies, but in almost all developing countries some government regulations exist--including the degree to which workers are free to organize.

In Thailand, a limited type of labor organization was authorized in 1972. The Ministry of Interior is empowered to regulate the organization, management and control of employees "associations;" in effect, workers exercise little of the freedom to organize and negotiate the same as labor organizations in western countries. The same Ministry also has the authority to regulate procedures for settlement of labor disputes by a conciliation officer arbitrator and labor relations committee, to establish rules governing strikes and lockouts, and their settlement, and to set up a Labor Relations Committee to arbitrate labor disputes and to make decisions on labor practices which the Ministry has determined are unfair.

A somewhat similar situation exists in the Republic of China (Taiwan), where the existing labor legislation does not provide for freedom of association to workers and employers and where that legislation which has been enacted is frequently not enforced. Although legislation provides the framework for collective bargaining and the constitution provides for freedom of association and assembly, collective bargaining (as understood in the more developed countries) does not exist.14/

That machinery for industrial relations and collective bargaining can be established in a developing country is exemplified in Israel. That country has a highly developed trade union movement which differs greatly in its organizational structure and scope of activities from other free trade union movements. The General Federation of Labour (Histadrut) is more than just a trade union, however, for in addition to its normal trade union functions, it also engages in large-scale entrepreneurial operations in agriculture, industry, finance, social and cultural services.

Collective bargaining has become a highly developed and effective instrument of labor-management relations. The wages and working conditions of about ninety percent of all

wage and salary workers in every sector of the economy are regulated by collective agreements.15/ The right to strike is generally accepted as a traditional right.

Other work related protection

Freedom of association and freedom to bargain collectively provide the underpinning for industrial democracy. Within this framework, specific agreements are needed on hours of work, pay, termination of employment, work stoppages and related areas. Where strong trade unions exist, these can be worked out through the collective bargaining process. In other situations, governments may establish regulations for these areas.

The Thai Ministry of Interior Announcement of April 16, 1972 on Labor Protection, specifies that an employer with ten regular employees or more must publish the following rules and regulations: working days, normal working hours and rest periods; holiday and rules governing holidays and work stoppages; rules on overtime; dates and places where wages, overtime payment, and payment for holiday overtime are paid; rules governing leaves of absence; discipline and disciplinary measures; petitioning; termination of employment.16/ In the large modern establishments in Thailand, total compensation will include base pay, overtime pay, bonus, maternity leave, formal retirement plan, severance pay, provident fund plan, unemployment insurance and uniforms.

The Hours of Work and Rest Law in Israel stipulates that every employee shall have at least thirty-six consecutive hours for a weekly rest period. For Jews, the weekly rest period shall include Saturday, the Sabbath Day; for non-jews, Friday (for Moslems) or Sundays (for Christians). The wage structure has four main components; (1) the basic wage; (2) cost-of-living allowance; (3) seniority allowance; and (4) family allowance. To these may be added other supplementary payments resulting from collective bargaining.

Facilities for workers

Both in-plant and community facilities should be available to enhance worker welfare. Seats may be provided for those whose work lends itself to a sitting position. In many western European countries, restrooms are sometimes voluntarily provided by employers--especially if many women are employed. In some developing countries, such needs are being recognized through legislation. For example, employers may be obliged to provide sleeping accomodations for workers on night shifts or broken shifts. The Model Code of Safety Regulations proposed by the International Labor Office

recommends rest and dressing rooms in establishments employing ten or more women.

Mess rooms in western European countries are either obligatory or provided at the option of factory inspectorates. In Asian and Latin American countries, this usually applies to establishments employing a minimum number of workers; in India, 150; in Brazil, 300 workers.

Canteens serving subsidized meals are common in developed countries. It has been suggested this would be feasible for establishments employing 250 or more workers in less developed countries--if not through legislation, perhaps through collective bargaining. Availability of such facilities could play a useful part in raising nutritional standards of workers by providing at least one nutritious well-balanced meal a day. In Israel, the Canteen Advisory Service of the Ministry of Labour advises employing establishments on the nutritional values of the meals provided in their canteens.

In some developing countries, employers must provide a crèche for working mothers whenever a certain number of women are employed or whenever the children of women employees reach a certain number. Some believe that the imposition of this obligation on employers to provide child-care facilities may adversely affect the employment of women. This may be a significant consideration where employer costs are involved in providing a sanitary environment and professional care for the children in the crèche. However, this is not the usual situation. In most situations there is a minimum of supervision at the crèche.

There are only a few examples of legislation imposing obligations on employers to provide transportation facilities. In several countries, this is done through collective bargaining. In some sections of Mexico, the workers have themselves formed a transportation cooperative. The ILO Welfare Facilities Recommendation, 1965, made several relevant proposals: that employers should provide for transportation where no other way is possible, or a transport allowance should be paid by the establishment.

In developing countries--many workers are coming from rural to urban areas, are unused to industrial life and are at a loss when released from the day's work. There is an acute need for recreational facilities. Those facilities which do exist are often beyond the financial reach of workers since they have originally been established for the more affluent section of the population. To compensate, some governments have set up recreation centers in industrial areas where social welfare and adult education functions are also

often carried out. Legislation in some countries provides a range of welfare facilities to workers in a specific industry. In the Republic of China, legislation requires that welfare funds provided by employers and contributions from workers be used to maintain a series of welfare facilities.

Social security and income maintenance

Protection against old-age, illness and income loss, and provision for survivors' insurance are needed as developing countries become industrialized. Such legislation exists on a spotty basis. In some countries, implementation is ineffective because of insufficient resources to carry out what appears to be carefully framed legislation. In Thailand, an alternative is the provident fund which is based on periodic contributions by the workers which are invested for him during his work career, and a lump sum contribution by his employer at the time of his retirement. In contrast to the urban population, farmers and the self-employed must rely on the extended family system. Given this situation, there seems to be no alternative to government taking responsibility for basic subsistance, medical care, and care for aging and disabled persons whose families cannot provide for them.

Employees in the Republic of China are protected by the Labor Insurance Act of 1950 which has been implemented since 1960. This Act provides for old-age insurance, disability insurance, protection in case of injury, and sickness, and payments for maternity as well as benefits to survivors in case of death.

The National Insurance Law of 1953 in Israel, established several governmental branches of social insurance including old-age pensions, survivors' benefits, maternity benefits and employment injury (or work accident) benefits. In 1959, large families allowances were added. Compulsory old-age and survivors' insurance covers every person in the country from age eighteen, with few exceptions. The family allowance basically provides allowances to every family with four children or more under eighteen years of age, and for children between ages eighteen and twenty-five who are physically or mentally handicapped. Every mother in Israel is assured free hospitalization for childbirth, and a grant of money to provide for the primary needs of the newborn baby. In addition to legislation, the General Federation of Labour has established insurance and pension funds which provide union members with considerable protection for old-age, invalidity and death benefits.

Clearly, no one country, highly industrialized or developing can embark on all such programs simultaneously and

full-scale. As indicated earlier, choices must be made based on most urgent needs, availability of resources, and judgments as to the successful implementation of plans. However, participation of workers, employers, and the community in establishing facilities and making an input to proposed legislation will enhance its acceptance and successful operation.

Conditions of life

Normally, employees spend only one-third of their workdays on the job. Therefore, favorable living conditions in home and community are necessary adjuncts for the individuals' welfare and well-being. Chief among these is decent housing.

In developing countries, already existing housing shortages are accentuated by the influx into urban areas of rural workers Somewhat akin to conditions in the early days of the Industrial Revolution, in western countries very few governments have imposed legal obligations on employers to provide housing for their workers. However, in many isolated areas, large employers have voluntarily provided housing for a high proportion of their workers, mostly in the mining, petroleum and iron steel industries. To alleviate the situation, India and Japan have devised government schemes which make grants or loans to employers for construction of workers' housing. Some countries such as India, provide subsidized housing for government workers, who, upon retirement, cannot afford urban rental costs.

Lack of general educational facilities in developing countries suggests the possibility of employers providing schools so that the children of their workers may obtain an education which would not otherwise be available to them. Added to this is the need for basic educational courses to combat illiteracy among the labor force.17/ Admittedly, this could be a heavy burden on employers.

Where an industrial plant is in an isolated locality, a store selling goods at cost price to plant workers is almost a necessity. In time, this could be transformed into a cooperative, operated by the workers.

Because cooperatives pool resources and capabilities, minimize individual risk and provide for equal sharing in the fruits of work, they are particularly suitable for experimentation by developing countries. A major barrier in establishing this concept is the historic tradition of individual ownership, albeit in most cases, at starvation levels.

Cooperatives exist in many countries, but perhaps the most successful and the best known are cooperative settlements

in Israel. They exist in farming, industry, and in almost every type of economic activity. The agricultural economy in Israel is organized on a predominantly collective or cooperative basis. The kibbutz--a collective, operates on the basis of common ownership of property and communal organization of production and consumption.18/ The moshav-- a cooperative, operates on the basis of individual land holdings, dwelling, and small agricultural implements, and the individual labor of the farmer and his family. However, marketing and purchasing, joint ownership of large agricultural machinery, arrangements for mutual aid and the provision of services, are organized on a cooperative basis.

Methods of financing welfare facilities

Common facilities such as those for basic health, rest rooms, messrooms and health services are considered part of the normal operating costs of the plant. In western Europe, larger employers usually bear these costs while in small establishments these facilities are financed by national or local authorities. Governments in developing countries such as India, Pakistan and Burma have set up labor welfare centers which provide educational, recreational and other types of welfare facilities for workers in a given industrial area.

The Republic of China has enacted legislation establishing welfare centers in all plants employing two hundred or more workers. These are largely financed by employers, with some contribution by workers. This legislation has also been extended to the coal mining, mica mining, and sugar industries.

Brazil set up a National Industrial Social Service in 1946 which is financed by a compulsory employer contribution of two percent of the wage and salary bill. The fund is used to develop welfare facilities for workers, their families, and for trade unions.

The trade unions in both India and Israel provide and finance welfare facilities for workers.

The question of financing welfare facilities turns to a great extent on the different social and economic patterns and conditions, and the political philosophy of the government and trade unions. Except in Israel, membership in trade unions in developing countries is low, with consequent meager union resources. On the other hand, many trade unions, jealous of their independent status, are reluctant to accept government subsidies--albeit for desirable goals.

D. Evaluation of Programs for Improving the Welfare and Well-Being of Workers

The programs discussed in the preceding section are of such varied nature that no single, uniform approach to evaluating them would be practicable. Some of the basic considerations applicable to welfare program measurement can be grouped under four headings: (1) coverage, (2) impact, (3) cost-benefit comparison, and (4) administration.

1. Coverage

As new programs are introduced in a country with limited prior experience by which to be guided, it is generally considered good practice to limit their application to a definable and manageable portion of the universe of need. This is done through limiting coverage to a sample geographic or industrial sector, by excluding entire industries and activities, and by excluding smaller enterprises by use of a fairly high cut-off in terms of number of employees. While these initial exclusions are necessary to gain some experience in program administration and in projecting cost estimates, it must be borne in mind from the start that a primary determinant of welfare program's value is the proportion of potential recipients it actually serves. The measure has two dimensions--the percentage that covered workers represent of all workers on payrolls in the organized sector, and the precentage of the total population in the country benefited by the program. The latter index is especially significant in developing countries where the industrialized economy provides a livelihood for only a minority of the population. The periodic recording and publicizing of data on program coverages may serve as a striking reminder to policy makers and legislators, of the need to consider measures for extending the benefits of welfare programs to increasing segments of the country's population, assuming a basic goal of improving the well-being of all its people. Unfortunately, the agricultural and self-employed are most often excluded from welfare program coverage for administrative convenience, with the result that the program fails to reach large population groups having the greatest needs.

2. Impact

The impact of a program may be considered to be: (1) the extent to which it is alleviating the problem to which it is directed; or (2) the extent to which it attains the goal(s) established in the country's economic and social development plan. Impact is partly a function of program coverage, discussed above, but is determined also by program quality

(e.g., level of benefits) and the effectiveness of the delivery system. Since it is difficult to establish realistic standards in measurable terms, in advance of experience, the country may wish to establish a number of benchmarks, appropriate for the program being started, and to evaluate impact by recording and comparing data at regular periodic intervals. Such comparison might be made with regard to:

a) Time lost from work accidents;

b) Percent of work accident victims compensated for loss of earnings or for medical expense;

c) Proportion of enterprises of X size -

   1) providing workers low cost meals

   2) providing drinking water and sanitary facilities

   3) providing first-aid facilities

   4) providing medical (including preventive) care

   5) operating or supporting child day care facilities

   6) operating or supporting non-profit stores

   7) sponsoring programs for worker housing, transportation, education, or cultural activities, etc.

d) Number (and percentage of total employed) of workers represented by freely chosen collective bargaining units;

e) Relationship between income at current minimum legal wage and family income necessary to maintain minimum standard of living at current prices;

f) Number of worker cooperatives and total membership;

g) Number of workers benefiting from government or employer subsidized -

   1) housing

   2) transportation

   3) child day care services

   4) retail stores

   5) recreation and cultural facilities

   6) other services.

3. Cost benefit comparison

The scarcity of resources available for cash benefit programs, especially in developing countries, makes imperative a continuing analysis of the benefits produced by each

program, especially those in which public funds are invested. A country will want to give primary consideration to this factor in its decision to undertake any new program, insofar as costs and benefits can be projected in advance of experience. Sound practice would require that a comprehensive plan of service and costs be developed and approved before a new program is initiated.

Once having launched a new benefit program, it is essential to compare actual costs to those projected, and to compare the number of beneficiaries and the actual benefits delivered to planned program benefits. The earlier the need for program modification is discovered, the less difficult it is to accomplish.

The cost-benefit test is particularly appropriate to apply to the so-called "public service" programs, Under these, public funds are channeled to entire classes of individuals in prescribed situations, for example an invalidity pension for every invalid in the country, a family allowance to every family having a given number of children, or a maternity grant to every woman bearing a child. When such payments are not limited to low income persons, a valid question may be raised whether the benefits to society are great enough to justify the considerable outlay of public funds. A further question may be raised whether universal family and maternal allowances are consonant with a country's population control efforts. Each country must make these decisions for itself, but on the basis of the fullest amount of information possible.

4. Administration

Worker welfare programs may generally be divided into two groups with regard to the responsibility for their administration: those financed and administered by their management, with varying degrees of government and employee involvement.

Government administered programs include the social insurance and provident fund programs (accident insurance, income maintenance, pensions, etc.) and the regulatory programs (work safety, minimum wages, drinking and sanitary facilities, female and child labor protection, etc.). A country should consider all feasible methods for building into each program design as much provision as possible for automatic evaluation. Some approaches follow:

a) Worker representation on administrative commissions and advisory committees will help assure that the interests of those whom the program is intended to benefit will be continuously recognized and protected.

b) Systematic reporting to the public regarding all aspects of welfare program administration (except personal data) will enable scrutiny and timely complaint by people affected.

c) An adequate field inspection staff is essential to the success of regulatory programs. Such staff not only enforce the requirements of a program but can continuously evaluate its adequacy and relevance.

d) Responsibility for internal audit and formal program evaluation should be organizationally separate from the responsibility for day-to-day operation.

Programs and facilities at the place of work are usually provided and supervised by the employer, either voluntarily, through collective bargaining agreement, or under legislative requirement (sanitary and washing facilities, first-aid and medical services, messrooms, canteens, etc.). The government usually has little direct responsibility for evaluating these programs except where they are mandated by law. The government is not without influence, however, in protecting workers' interests in employer supported programs. The key factor in achieving this objective is the provision for worker participation in the management of such programs. Meaningful worker participation is most likely to occur as a result of free collective bargaining between the employer and the workers' freely chosen trade union. In this connection, a developing country may consider:

a) Whether its laws fully guarantee workers the right to organize and to bargain collectively with employers, and whether workers are aware of these rights;

b) The inclusion in legislation establishing worker welfare programs of provision for worker representation in their management and supervision, whether provided for in collective bargaining agreement or not.

An ILO report19/ written in 1964 noted that -

"In certain of the developing countries . . . and more particularly it seems in the African and Middle Eastern regions but also - in respect of some aspects of welfare - in most of the other developing regions, workers' participation in the management or supervision of welfare facilities as a whole has not yet emerged. Efforts to encourage greater participation - whether by governments, by employers or by trade unions - would seem to be not only in the immediate interests of the workers in their capacity of users of the

various facilities, but also to have long-term advantages, since such participation would accustom workers to take some responsibility ultimately in wider community affairs."

Efforts have continued in many developing countries to encourage greater worker participation, on the part of government, employers and trade unions. The extent to which this has been accomplished in a country may be regarded as an indicator of its advance toward ensuring worker welfare and well-being.

E. Organization and Management Considerations

1. National

The span of activities that may be considered related to "worker welfare and well-being" is extremely broad, and responsibility for organization and management is spread among many institutions. In this instance, institutions are not limited to government entities, but also includes employers, workers' organizations, workers' families, and some social organizations. With respect to major national programs, most often, responsibility for administration is assigned to a labor department which -

> ". . . is charged with responsibility for finding solutions to labor questions, for applying the necessary control measures, and for creating the atmosphere in which harmonious relations between labor and management can develop and grow. It is the control point in the optimum use of human resources for economic and social development."20/

However, social insurance and social assistance programs are often administered by other agencies.

> "In some countries, the social security programs are administered by government departments. . . Most social insurance systems, however, are administered by separate agencies that are established by law and have varying degrees of autonomy, although usually being subject to a certain degree of government supervision. Such institutions are governed by boards that are frequently composed of representatives of employers, employees, and government. Because of their autonomous nature, these institutions often wield great financial power when large funds are accumulated, and then their role in economic development can be significant.

"Some countries have a unified social security program administered by one agency. Generally, however, several institutions administer different programs--either by type of employment covered and/or by type of risk (although generally old-age, survivor, and disability pensions are administered as a unit).

"Bilateral and multilateral conventions or treaties exist between many countries, particularly in Europe. These have the effect of guaranteeing equal treatment of aliens with citizens, payment of benefits outside the country, and pooling of service records or periods of residence to meet qualifying periods. The International Labor Organization has several conventions in the field of social security, under which ratifying nations agree to meet certain standards in their systems. . . ."21/

Many other national government agencies are usually involved in programs concerned with worker welfare and well-being. The national health department frequently is associated with the labor department in health and safety programs. The education department, often in close collaboration with employers and the labor department, structure specific on-campus skill-training and management-related courses. The central statistical collection agency usually is a major source of data relating to workers and similar factors. While many other examples are available, it is perhaps useful to consider -

". . . the term 'ministry of labor' is a generic one. Each country determines for itself what functions will be the responsibility of government and its organizational structure for discharging these functions. The actual name of the cabinet or sub-cabinet department primarily concerned varies from country to country, i.e., it may be also called a ministry of manpower or a ministry of social affairs, or be a part of a larger ministry called ministry of health and labor, etc. Parts of the enumerated services may be the responsibility of a central statistics agency or social security commission or status of women board, etc."22/

2. Local

It is in the local community or at the place of work that activities sponsored or conducted by workers' organizations, employers, employees, and social organizations make their greatest contributions towards worker welfare and well-being.

Again, the span of activities is very great. Examples of this range are child-care centers for working mothers, in-plant or vestibule skill training programs, labor-management consultations and agreements, nutrition training, family planning programs, housing and sanitation programs, health examinations and treatment, and consumer cooperatives.

Sometimes the national government has programs designed to be administered by non-governmental sources. For example, in Korea, the Labor Department is empowered to approve and finance skill-training programs to be conducted by major private employers. Upon completion of the training program, the worker is free to accept employment with any employer needing that skill. In another example, relating to industrial workers, labor as well as employers have a role:

> ". . . Broadly speaking, those welfare facilities provided at the workplace and which are--or should be--common to most industrial undertakings (sanitary conveniences, washing facilities, messrooms, rest facilities, safety and health services are examples) are provided, maintained and supervised by management, usually through the medium of functional departments of the enterprise such as the personnel department or the welfare department if there is one, with the occupational health service (when set up) exercising advisory functions, and inspection assured by the competent public authority--primarily the factory inspection service but sometimes also health authorities. In many of the developed countries, workers often also take part in the supervisory work through their representatives on committees set up at the level of the undertaking, special factory safety and health or welfare committees being the most common medium. In some of the developing countries it would seem that workers have no such supervisory or advisory role, and it has been pointed out in an earlier section of this paper that it might be desirable for them to have such a role in order that they may learn to accept their share of responsibioity for the proper maintenance of the facilities provided."23/

With specific reference to rural areas, in many developing countries, the government's infrastructure and communication and transportation system are deficient. In such cases worker welfare and well-being activities can only be currently administered by and through local resources. In recognition of this, special efforts should be made to establish systems of information exchange among communities and special groups and to provide training in central locations for selected program leaders. In most countries, these actions can be taken at relatively nominal costs.

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CHAPTER VII

MANPOWER AND EMPLOYMENT AND U.S. DEVELOPMENT ASSISTANCE PRIORITY SECTORS AND AREAS OF EMPHASIS

A. Introduction

1. Purpose

This chapter will present a discussion of the relationships between manpower and employment programs and the U.S. development assistance priorities and emphasis. It is intended to assist officials, advisors and professionals in developing and carrying out manpower employment programs in a way that will advance country development assistance goals.

The material will deal with such subjects as:

- New directions in U.S. Policy
- Policies guiding manpower and employment programs in developing countries

The material will deal with such priority areas as:

- How manpower and employment programs can and should contribute to the advancement of development assistance in particular sectors in which the U.S. is giving priority attention such as -
  - a) Food, nutrition and rural development
  - b) Population planning and health
  - c) Education, public administration, and human resources development
- How manpower and employment programs can and should contribute to integrating women into national economies.

The chapter will also deal with such areas of emphasis as -

- Employment and income distribution,
- Private sector, and
- Improvement in the quality of life of the rural and urban working poor

2. New directions in U.S. Policy

A brief review of the changes that have taken place in U.S. policy concerning development assistance should contribute to a fuller understanding of current U.S. development

assistance policy, and the significance of the role of manpower and employment programs in development. A statement of policy in the original Act for International Development of September 4, 1961 (Public Law 87-195, Section 102) recapitulated the purposes of previous assistance activities of the United States in friendly less developed countries as having been for the development of resources, improvement of living standards, the realization of less developed countries' (LDC) "aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments." It was the stated purpose of Congress in the Act of 1961, consistent with its "traditions and ideals, to renew the spirit which lay behind these past efforts, and help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity." The development of free economic institutions and productive capabilities and the minimization or elimination of barriers to the flow of private investment capital were to be the handmaidens of that purpose. A passing reference was made to "the social as well as economic aspects of economic development" as part of the bases of American assistance.1/

Public Law 90-137 of November 14, 1967 amended and significantly expanded the statement of policy of the original statute to make more explicit the social and participatory aspects of development, as being expressive of "our sense of freedom, justice, and compassion." For example, the United States, through public and private efforts, would -

> ". . . assist the people of less developed countries in their efforts to acquire the knowledge and resources essential for development and to build the economic, political, and social institutions which will meet their aspirations for a better life, with freedom, and in peace."

The U.S. programs developed and conducted under these general policies did not achieve all of the desired results. Similarly, incomplete results were produced by economic development assistance programs of the U.N., the World Bank and the bilateral programs of other nations. Likewise, the indigenous efforts of developing nations also fell short of desired results.

Just how economic development programs have missed the mark for large segments of populations in developing countries is described in a statement by the President of the World Bank in September 1973, in Nairobi.2/

"Despite a decade of unprecedented increase in the gross national product of the developing countries, the poorest segments of their population have received relatively little benefit. Nearly 800 million individuals--40% out of a total of 1 billion--survive on incomes estimated (in U.S. purchasing power) at 30 cents per day in conditions of malnutrition, illiteracy, and squalor. They are suffering poverty in the absolute sense.

"Although the collection of statistics on income distribution in the developing world is a relatively recent effort, and is still quite incomplete, the data point to what is happening. Among 40 developing countries for which data are available, the upper 20% of the population received 55% of national income in the typical country, while the lowest 20% of the population receives 5%. That is a very severe degree of inequality--considerably greater than in most of the advanced countries.

"The data suggest that the decade of rapid growth has been accompanied by greater maldistribution of income in many developing countries, and that the problem is most severe in the countryside. There has been an increase in the output of mining, industry and government--and in the incomes of the people dependent on these sectors--but the productivity and income of the small farmer have stagnated.

"One can conclude that policies aimed primarily at accelerating economic growth, in most developing countries, have benefitted mainly the upper forty percent of the population and the allocation of public services and investment funds has tended to strengthen rather than to offset this trend."

In recent years, the results produced by economic development programs during the past decade were gradually recognized, by A.I.D., the U.N., the World Bank, the ILO and others. These revelations caused great concern and stimulated considerable discussion on how to reorient development policies in order to provide a more equitable distribution of the benefits of economic growth.

The facts and concerns about certain results of economic development programs were also noted by Congressional leaders. Congressional Committees made inquiries into the problems and methods of economic development for less developed countries. These inquiries led to further revisions of the 1961 and 1967 Acts and to encompassing the revisions in the Foreign Assistance Act of 1973.

The new provisions in the 1973 Act were designed to deal with the maldistribution of income and services resulting from the then current programs of economic assistance, by requiring -

". . . the President should place appropriate emphasis on the following criteria:

"(1) Bilateral development aid should concentrate increasingly on sharing American technical expertise, farm commodities, and industrial goods to meet critical development problems, and less on large-scale capital transfers, which when made should be in association with contributions from other industrialized countries working together in a multilateral framework.

"(2) Future United States bilateral support for development should focus on critical problems in those functional sectors which affect the lives of the majority of the people in the developing countries: food production; rural development and nutrition; population planning and health; and education, public administration, and human resource development.

"(3) United States cooperation in development should be carried out to the maximum extent possible through the private sector, including those institutions which already have ties in the developing areas, such as educational institutions, cooperative, credit unions, and voluntary agencies.

"(4) Development planning must be the responsibility of each sovereign country. United States assistance should be administered in a collaborative style to support the development goals chosen by each country receiving assistance.

"(5) United States bilateral development assistance should give the highest priority to undertakings submitted by host governments which directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries.

"(6) The economic and social development programs to which the United States lends support should reflect, to the maximum extent practicable, the role of United States private investment in such economic and social development programs."

The shift of U.S. policy, based upon experience and new thinking about the development process, brings about also a shift in the appreciation of the place of people (human beings) in the development process. Development and well-being of human beings (human resources) are now considered to be major goals of development.

3. An expert's observation

The thinking and observations of experts in the field of development as well as the evidence of gaps in results achieved, have pointed to new directions in which development should move. One of the most cogent observations is made by Gunnar Myrdal. His observation is shared by an increasing number of persons with experience in the economic development process.

> "Contrary to most of my economist colleagues, at least until very recent years I hold to the view, founded on study, that a primary precondition for rapid and steady development in these countries (LDCs) is that the drift toward increasing inequality be stopped and turned into a movement toward greater equality. The reasons for believing that social reforms are productive are even stronger in the poor and usually very inegalitarian underdeveloped countries. If the present trend toward increasing inequality is not stopped and reversed, development will be hampered and frustrated."3/

The conclusion reached by Mr. Myrdal emphasizes a new element in development, i.e., providing a more equal sharing by all people in the benefits of development contributes to increasing the GNP.

B. A.I.D. Policy

Two policy determinations issued by A.I.D., P.D. 48, Employment and Income Distribution,4/ and P.D. 52, Labor-Manpower,5/ present some of the policies that are to guide the development and operation of manpower, employment and other development assistance programs. It should be noted that although these policies were being developed concurrently with new legislation referred to above, and although they were issued prior to the enactment of the legislation, they are entirely consistent with the intent and provisions of the new law. It could be said that these policies anticipated pertinent provisions of the law.

1. P.D. 48, Employment and Income Distribution

P.D. 48 sets forth the employment and income distribution objectives for A.I.D. programs and policies. Selected items from the policy statement are quoted here:

"Implementation

"1. Economic Planning Guidance

Employment and income distribution should be taken into account in economic planning discussions. . . . The primary emphasis will be on the ways in which employment can be adversely affected by distortions in exchange and interest rates, tariff, tax and wage policies as well as foreign exchange and investment allocation systems and other economic policies. The purpose is to indicate to LDC governments the benefits of adopting policies and practices which contribute to the establishment of factor prices more closely reflecting factor availabilities. Such measures are desirable in any case and should be adopted even if there were no employment and equity problems. They would improve resource allocation and therefore support rapid growth. The crucial longer-term importance for labor force growth of measures to reduce fertility should also be indicated.

"2. Sector Program and Project Guidance

Capital and technical assistance project proposals will be required to include a section explaining what attention was given to employment and income distribution considerations. . . .

". . . Attention will also be directed to analysis of the conditions which must be established and the types of policy and institutional change required for programs and projects intended to reach segments of the population which have not previously participated significantly in the development process. In collaboration with host country governments, explicit consideration should be given to technical and institutional alternatives of a proposal with different employment and income distribution implications.

"When factor prices are distorted, shadow rates, especially for foreign exchange, capital, and labor, should be considered in the design and appraisal of proposals. . . .

"3. The Development of Human Resources

The potential of human resource development programs in health, nutrition, education, training, and family planning to create a more employable and productive labor force, raise social mobility, and expand the opportunities open to the poor should be fully exploited. In its continuing support for such programs A.I.D. must exercise care and selectivity, however, to assure that they in fact benefit the poor and thus exercise an equalizing effect rather than benefit predominantly the already privileged and thus further skew the distribution of income. This calls for careful analysis of the benefit incidence of human resource development programs. . . . Education and training must be made relevant to productive employment.

"4. The Training of LDC Administrators and Technicians

The foreign training provided for LDC administrators, engineers, economists, educators, and other experts should be oriented to the conditions of developing countries, with special attention to the employment and income implications of public policies (such as those outlined under item 1. above) and of technology. . . .

"5. Labor-Intensive Public Works

Consideration should be given to expanded A.I.D. support for public works which lend themselves to labor-intensive methods (such as the construction of farm to market roads, drainage, irrigation, terracing and conservation, housing, etc.) by food assistance and other means. Such programs can contribute to the creation of useful infrastructures as well as provide employment. It is important to identify and distinguish between the immediate employment benefits and the longer-run use benefits, which may accrue to the wealthy. . . .

"6. Agriculture

In . . . programs in the agriculture sector, increased emphasis should be placed on problems of employment and income distribution, in particular on problems of the small farmer and landless laborer. Relevant programs and policies A.I.D. should consider supporting in appropriate circumstances include such things as small farmer credit and cooperatives; land reform and land tenure (including cadastral surveys); the development of efficient technology applicable to small farms; and removal of subsidies or imposition of taxes on labor-displacing equipment. For many members of this target group, development necessarily means the increasing importance over time of urbanization and non-agricultural pursuits. The close

interdependence of the rural and urban sectors cannot be overlooked in seeking to deal with the difficult problems of small farmers and landless laborers.

"7. Industry

Although A.I.D. is not heavily involved in industry sector programs, where it is so involved emphasis should be given to support of programs and policies which make for increased employment and improved income distribution. Elements in this approach include generally favoring labor-intensive technologies in industry where feasible and encouraging small scale firms (which tend to be labor-intensive) through elimination of economic policies which discriminate against them, development and dissemination of appropriate technology, facilitation of subcontracting arrangements and strengthening credit and other types of institutional support (e.g., technical advice, marketing, etc.) geared to the special needs of small producers. Where appropriate, export promotion activities should be linked to employment considerations since frequently the comparative advantage of LDCs in exporting manufactured products is labor-intensive industries.

"8. Evaluation

A.I.D. will initiate a process for evaluating on a regular basis its projects in terms of their benefit incidence, including selected completed projects as well as current ones. A select number of past projects should be evaluated for their benefit incidence, especially employment and access to resources and opportunities. Whenever possible, provision should be made for local social scientists to participate fully in the design and implementation of the evaluations. . . .

"11. Expression of Views on Employment and Income Distribution

A.I.D. should put forward these views on employment and income distribution. . . . in appropriate collaborative style, when dealing with the governments of LDCs. A.I.D. officials participating in meetings with other donors should call attention to employment and income distribution considerations when these are relevant to discussion either at the policy level or at the level of particular project activities."

2. P.D. 52, Policy on Labor-Manpower

Selected items from the policy statement which provide guidance relevant to manpower and employment are quoted here:

"I. Policy

It is A.I.D. policy to assist, bilaterally and multilaterally, less developed countries in their self-help efforts to strengthen the capabilities of labor unions, labor ministries, and other labor-manpower institutions for enhancing the skills and utilization, employment opportunities, productivity, freedom, and welfare of working men and women.

"II. Principles

The following basic principles apply to this Policy . . . .

"A. General

1. The ultimate objective of development assistance under this policy is sustained improvement in the well-being of the individual worker and his family.

2. The basic principles should take due account of the stage and level of economic and social development of the country concerned, and should be pursued by methods that are appropriate to national conditions and practices.

. . . .

"B. Manpower Development and Utilization

Enhancement of the occupational skills of members of the labor force and their productive employment in industry, agriculture, and commerce are essential to economic growth and a reduction of the incidence of poverty. In providing development assistance, A.I.D. should encourage:

. . . .

3. The recipient nation to declare and pursue, as a major goal, an active policy designed to promote full, productive, and freely chosen employment, with a view to stimulate economic growth and development, raising levels of living, meeting manpower requirements, and overcoming unemployment and underemployment.

4. The best possible organization of the labor (employment) market, including recruitment and placement, employment counseling, labor market information, and job development, as an integral part of the national program for the achievement and maintenance of full employment.

"C. Welfare and Freedom of Workers

Economic growth is not the end purpose of development, but rather is one of the means for attaining development objectives. A major such objective is to meet

the aspirations of workers and their families for a better life, with dignity and freedom, and to help spread the benefits of economic progress among the wage and salary components of the labor force. In providing development assistance, A.I.D. should encourage:

. . . .

3. Freedom of choice of manpower training and employment and the fullest possible opportunity for each worker to qualify for and to use his skills and endowments in a job for which he is well suited.

4. The point of view that wage policies fulfill several purposes: (a) they often provide opportunities to use the incentive effect of increased income to support increased productivity; (b) they can facilitate the transfer of skilled labor from the less efficient to the more efficient industries; (c) they influence the advancement of skill improvement; (d) they may improve the quality of life for workers and their families; (e) they affect the internal market for goods and services; (f) they should seek to be consistent with the promotion of better income distribution and employment opportunities for the total population, and (g) they are part of overall development policies and hence subject to such constraints as guidelines on productivity, growth, and cost of living.

5. The understanding that the regulation of minimum wages is an essential element of social and economic policy, since it insures a fairer wage for underpaid workers and for those who are unable to negotiate equitable remuneration, realizing that standard minimum wage legislation cannot be universally effective in the traditional sector and that modern sector minimum wages should bear some reasonable relationship to rural family incomes, to the effect on rural-urban migration and urban unemployment, and to the need for job creation in the industrial sector.

6. Social security as an instrument of genuine social policy and a more just distribution of the national income, since the wage earner and his family are almost wholly dependent on the income from his employment and income maintenance programs are main struments for dealing with problems of work-related injury, involuntary unemployment, sickness, invalidity, old age, and death of the breadwinner, realizing that social security and other instruments for enhancing worker welfare should also take due account of the health of the economy, methods of financing social security, and such other national goals as employment and income-earning opportunities among other groups in the labor force.

. . . .

9. The involvement of working men and women in the development process through their participation in relevant private and governmental activities and institutions, such as the formulation and implementation of manpower, employment, social security, labor standards, industrial relations, and skills training policies and programs in consultation, at all stages, with the representatives of the men and women affected by the measures to be taken, and in particular representatives of free employers' and workers' organizations and the accessibility of the machinery for implementing these policies and programs to those whom they are intended to serve.

"D. Labor-Manpower Institutions

In providing development assistance, A.I.D. should assist the people of the less developed countries in their efforts to build the economic, political, and social institutions which will meet the aspirations of workers and their families for a better life, with freedom. These institutions include:

. . . .

2. Ministries of Labor

Ministries of labor are a part of the social conscience of the government; they are the public agencies that can mobilize, prepare, and promote the well-being of working men and women. It is essential that the ministers of labor play an active role at the national and international level in order to achieve more rapidly and effectively social and economic development objectives. There can be no effective development unless the legitimate rights of working men and women are recognized and their aspirations are expressed in terms of concrete achievements involving such factors as wages, employment, working conditions, and social security. In all these tasks, the ministries of labor have a vital role to play. They bear particular responsibility for seeking those solutions to problems of social and economic development which will not place the greater burden on the weakest and most disadvantaged members of society.

3. Labor Statistics and Research Institutions

The planning, implementation, and evaluation of sound labor-manpower policies and programs have been hampered in most developing countries by the absence of an institutional capability to produce reliable, current labor-manpower statistics and to engage in efforts to improve their labor force, wage, price, hours, and

productivity research and statistics in order to, among other objectives, formulate realistic quantitative targets for employment, to measure the trend in real earnings and productivity, and to provide needed insights directed at amelioration of work-related problems of the labor force.

. . . .

6. Employment Services

Effective employment services are required to assist workers in finding suitable employment, and employers in finding the best qualified workers, and to disseminate information on labor needs and employment opportunities.

7. Skills Training

The skills training, particularly on-the-job capabilities of government, employers, labor unions, and professional societies should be strengthened, so that increased training and job opportunities are available to all workers, organized and unorganized, in both rural and urban areas, and especially to the unemployed, underemployed, and inadequately trained employed workers.

. . . .

12. Women's Bureaus

Developing countries should be encouraged to advance the status of working women by establishing viable women's bureaus and to strengthen them where they exist."

C. Manpower and Employment Programs and Development Priorities

1. Contributing to country development policies

It is recognized that the policies, goals and programs must take into account the traditional values, social and economic institutions, and the conditions existing at any given time. It is also recognized that such policies, goals and programs that involve social and economic changes will take a long time, in many instances, one or more generations.

In most countries, there are at least two major questions which must be answered that are related to the issue of introducing productive participation of the majority of the people in developing countries, to whatever degree or level determined to be desirable and practical by a developing country.

a) The first question is how to achieve a commitment from the leadership (political, civil servants and private)

in the country, and from those who are now the major beneficiaries of development, to bring about productive participation of the majority of the people.

1) Those concerned with manpower and employment goals and programs can contribute to the processes of policy making by providing information in an appropriate form and manner, on selected subjects. Information about the best thinking concerning the most effective policies for development, like that of Gunnar Myrdal, the U.N., the ILO, the World Bank and others, and the conclusions drawn from experience in development in a wide range of countries can be accumulated, analyzed in relation to the country situation, and then disseminated through appropriate means to the country leadership and to those who make policies and determine the goals of development.

2) Those concerned with manpower and employment goals and programs can assemble, analyze and use in developing policy recommendations, the best information available about the social and economic condition of all the people in the country.

Objective information about:

- employment, unemployment, underemployment and income of workers in all geographic areas;
- nutrition;
- health;
- education and training;

and other social and economic indicators should be used to present a picture of the social and economic conditions.

Such information may not be readily available. Where this is the situation, both the developing country and U.S. advisors can obtain useful information about most of the above points by intensive observation and discussions with people in a cross-section of rural villages and in the poorer sections of urban areas.

Even where relatively good data and information are available, they will become much more meaningful if supplemented by intensive observations of actual situations which are representative of conditions in the country. With both objective statistical data and information derived from observations and discussions, officials and technicians will be in a better position to develop realistic recommendations with respect to development policies, goals and programs.

Developing countries should be advised of the need and desirability of establishing measures other than GNP, for

measuring the distribution of the fruits of economic development. The Gross National Product (GNP) is an index of the total value of goods and services produced by an economy; it was never intended to be a measure of their distribution.

The availability of a new kind of socially oriented measure of economic performance, which identifies the incomes of the poorest groups compared to other better off groups, would be an important step in the redesign of development policy. It would require governments and planners to look at allocation of resources in a more comprehensive way. They would have to consider not only the total output of investment but also how the benefits would be distributed.

If there are friendly (to the subject LDC) countries nearby that have developed and instituted policies designed to bring about productive participation of the majority of their people; and particularly those where some measurable results have been achieved, arrangements could be made to bring the leaders of such countries together to exchange views and experience so that each might learn about the other and choose those policies and programs which might be adapted to the conditions in his or her country.

U.S. officials, technicians and advisors serving in a developing country are obligated to make known and abide by the U.S. policies quoted in this chapter and elsewhere. The explanation of U.S. policy in terms of the experience and thinking about the development process, will give it greater significance and probably make it more acceptable in most countries.

The criteria for participating in U.S. bilateral assistance programs, as stated in P.D. 48, excerpted in Section B., may encourage some countries to establish development policies that are designed to improve the conditions which affect the lives of the majority of their people.

b) The second question is how to bring about participation by a majority of the people, i.e., how to motivate the people involved and how to shape the programs and the organization of social and economic institutions so that productive participation of the majority of the people will be facilitated.

Since employment and income (in kind or cash) are essential to the well-being of people, this may be a central issue around which people in rural and urban areas can be assembled to think about and discuss their problems; and, about how to deal with their problems.

Representatives of country organizations concerned with employment and manpower problems may be the individuals best prepared to initiate meetings and to participate with local groups of people in rural and urban areas in discussing problems of employment, income, health and nutrition, and ways in which these problems might be met.

Groups in local areas can contribute by assembling information about employment, unemployment, underemployment, levels of income, and related questions. They can point to things that need to be done in the area to provide employment and income; what the local people can provide and what is needed from outside the area to encourage local people to help themselves.

Reaching the citizenry in many rural and urban areas to stimulate and arrange their participation in dealing with their own problems cannot be achieved by one group of central government officials or a national private group or representatives.

A national group will have to train local leaders and representatives (on site in the local area) to:

1) assemble information about employment, unemployment, levels of income, health and nutrition and discuss and validate such information in discussions with meetings of people living in the area;
2) develop with the participation of local people what can be done about the problems they have identified, i.e., providing training to adults to prepare them to do available work, or work which could be made available;
3) identify what resources and actions the local people can contribute to dealing with their problems. For example, what resources can be made available for construction and other projects to provide employment;
4) identify and present to regional or national leaders and officials what assistance is needed to be combined with local resources to deal with local problems.

Some officials and representatives of private organizations have viewed the process of involving local people in dealing with their own problems as not being too practical. However, the experiences of others would indicate that only by involving people, community by community, in dealing with their problems will the capacities of those people be

developed to the point they will be able to cope with problems, and only in this way will the large resource residing in people be made available for development.

Also, this type of involvement is essential if the majority of the people are to participate in economic development and share in the fruits of development.

2. Priority sectors

All development assistance programs are interrelated and interdependent. They will be more effective if they are designed to contribute to the achievement of established goals based upon carefully identified and defined problems, and the several elements that make up a comprehensive development process. These elements include monetary, fiscal, income, industrial, agricultural, manpower and social security policies. These, along with other policies and programs must be coordinated in a manner to best contribute toward achieving country development goals.

It is recognized that development planning must be the responsibility of each sovereign developing country. Also, the the U.S. assistance must be administered in a collaborative style in support of the development goals chosen by the country.

It is assumed that U.S. policies will be recognized by countries participating in U.S. bilateral aid and that countries will have established to some degree, appropriate goals concerning those functional sectors which affect the lives of the majority of its people such as in:

a) food production; nutrition, and rural development;

b) population planning and health;

c) education, public administration and human resource development.

In the following sections, there are presented discussions of how manpower and employment programs can contribute to the achievement of goals in each of the functional sectors. Country officials and technicians, outside technicians and advisors, where they are available, should be able to assist local leaders develop local plans and programs as outlined later.

As indicated elsewhere in this chapter, it is probably only practical for country and outside technicians to train local people to develop and carry out local programs.

However, such training should be given in local areas or regional areas rather than in a major metropolitan area. Specialists and technicians from outside the country can advise officials and leaders of private organizations in the country in the use of procedures applied at the national or state level, which are discussed in the following sections.

a. Food production, nutrition, and rural development

The U.S. goal in this area is to furnish assistance in order to alleviate starvation, hunger and malnutrition, and to provide basic services to poor people enhancing their capacity for self-help.6/ Manpower and employment programs can contribute in several ways to the achievement of this goal.

1) Identification and definition of manpower and employment problems

The first step in dealing with these problems is to have an accurate identification and definition of problems in the area. In the case of food production, nutrition, and rural development, local people should study local problems and identify those that exist in the (geographic) area. Such problems may include these or other kinds:

a) lack of local leadership and people knowledgeable in in the subject matter to identify and define the nature of the problem in the local areas, and to assist local communities (villages and groups of villagers) to consider problems and develop ways in which local people with local resources can deal with the problems;

b) lack of technicians and professional people to develop and conduct local programs to -

- increase food production;
- assist the people of the area to prepare and use available foods to meet requirements of nutrition;
- plan and execute rural development programs that are feasible for the area in terms of local resources and resource inputs from other levels of government;
- identify reasonable kinds and amounts of outside resources needed to deal with these needs and to take actions which will result in delivery of such resources.

c) lack of skilled craftsmen and semi-skilled people to perform the necessary activities involved in these programs;

d) lack of local facilities to train local people in the local area and to develop the skills needed;

e) lack of methods and incentives to employ more local people to increase food production;

f) in general, lack of employment necessary to earn income to purchase adequate food;

g) unavailability of land on which the unemployed can work to raise their own food requirements;

h) lack of adequate curriculum in elementary schools to orient young people about what can be done to improve food production, alleviate poor nutrition and aid in rural development.

Although the above is oriented to the rural and agricultural areas, many of the same problems exist in pockets and whole areas within a metropolitan complex and the same approach to identifying problems may be used for such areas.

At the national level, problems that can be identified might include the following:

a) lack of officials who understand and are willing to give consideration to including provisions for local and national programs and funds in development plans, that will deal with food production, nutrition and rural development at levels adequate to assist the majority of the people in the country;

b) lack of information about the number of managers, professionals, technicians and skilled craftsmen to carry out programs in food production, nutrition and rural development sectors;

c) inadequate administrative machinery and professional and technical people to assist and train local people in planning local programs and in executing local and national programs effectively;

2) Determining what is to be done about manpower and employment problems in the food production, nutrition and rural development sectors

Determining what is to be done and establishing goals should involve at least two levels in the country, i.e., the local and the national levels. In many countries province or state levels should also be involved.

At the local level, local leaders and local people should review the identified and defined problems and determine what should be done about them, or in other words, suggest goals. This process will involve the consideration of alternative goals and choosing those most viable and practical in terms of problems to be dealt with, and resources (local and outside) available.

A part of the process would include local leaders and people considering national goals and programs as one of the important alternatives.

Alternative goals to be considered might include these:

a) to arrange training of local leaders, in local areas or local regions, on how to identify problems, establish goals, select programs, determine and provide local resources, and seek resources from outside the area, operate selected programs, and compare actual results of programs against expected results (goals);

b) to arrange training for a specified number of local leaders;

c) to arrange training of a specified number of supervisors to supervise workers performing activities related to the programs;

d) to arrange training for a specified number of craftsmen and semi-skilled people to perform needed activities;

e) to increase employment on existing land under cultivation and thus increase food production and also provide employment;

f) to prepare additional land for food production and to provide employment;

g) to provide curriculum at elementary and secondary levels that will teach young people how to increase food production, improve nutrition and develop rural areas to provide the whole range of services needed by people in the area.

At the national level, policy decision-makers and planners should receive the plans and proposals from local areas across the country and take them into account in preparing social and economic development plans so that, to the extent possible, local plans and goals will be reflected in national plans.

Some goals are better established at the national level. Such goals include the following which could be among the alternative goals considered by national policy-makers.

a) To educate a specified number of managers and administrators of food production, nutrition and rural development programs, as well as professionals and technicians needed to carry out these programs.

b) To conduct training of local people for skilled and semi-skilled occupations needed to carry out these programs. Such training to be conducted in local or regional centers.

c) To allocate a specified amount of funds to be made available to provinces or states for local areas to create jobs through the operation of rural social and economic development projects such as community design, community centers (to house health clinic, recreation, local government, credit service, seed and fertilizer distribution, public safety, and other local service activities), road and street construction, school construction, worker homes, sewer and water facilities, land clearance, irrigation improvements, soil conservation and reforestation and others.

3) Developing and selecting programs to deal with problems and achieve goals

Determining how to deal with problems and choose programs to achieve goals should also involve at least two levels, the local and the national level.

At the local level, the local leaders and people should consider alternative manpower and employment programs, including programs suggested and those made available by the state and national levels. This process will involve choosing programs most useful and practical in terms of problems to be dealt with, and the resources (local and outside) available. Programs to be considered might include:

a) Local leaders bringing the experienced and the less experienced food producers (farmers) together for the purpose of (a) communicating successful farming methods to the less experienced farm operators, and (b) allowing the inexperienced and less experienced operators to seek information from the more experienced operators. (A very high percentage of learning, on food production and other subjects, takes place in such informal communications either in a group or on a one-to-one basis.)

b) Arrange for local people who have some education, even a few years, to teach or assist young children and illiterate adults to read and write, and to learn and perform on the jobs that exist in the area in food production, nutrition, and rural development.

c) Arrange for on-the-job training on farms and in establishments where several workers are employed. On-the-job training can be directed at training inexperienced employees and for training present employees in new skills to permit upgrading.

d) Local leaders can assist in meeting shortages of manpower during planting, cultivating and harvesting seasons, by developing or seeking from outside the area, improved tools that will increase productivity and allow small manpower shortages to be met from the area.

e) Local leaders with assistance from national programs can develop community services (health, recreation, housing, schools, water facilities, meeting places, and farm and small-scale industrial and commercial operations support such as credit, marketing services, seed and fertilizer, roads and public transportation, irrigation and soil conservation), which will make rural and farm employment and operation more attractive and contribute to holding people in rural areas.

At the national level, those concerned and responsible for manpower and employment programs should consider alternative programs, and choose those determined to be most usable and practical in terms of dealing with identified problems and resources available.

Programs to be considered might include the following which illustrate the kinds of programs which the process might consider.

a) Estimating managerial, professional, and technical personnel needed to plan and administer food production, nutrition, and rural development programs and advising colleges (including schools for technicians) and universities of the numbers of such trained people that should be produced.

b) Where resources are in extremely short supply and are controlled directly or indirectly by the central government, the numbers to be trained in each occupation might be allocated to colleges and universities capable of such training so that only the approximate number needed will be produced.

c) Provide program specifications and funds to local leaders to establish training of skilled craftsmen and semi-skilled workers and to initiate training in existing institutions and facilities.

d) Provide program specifications and technicians to assist local leaders, small-scale industries, commercial establishments, and the larger food producing units to develop and conduct apprenticeship programs to provide skilled workers and foremen or supervisors.

e) Arrange for the national employment service to identify food production (geographic) areas where seasonal shortages of manpower occur, and areas of manpower surplus, and arrange for the movement of surplus workers to areas where their services are needed.

f) Those responsible for manpower and employment programs can influence the development and introduction of mechanization in food production which will assist in meeting manpower shortages, but at the same time will not eliminate or reduce the total jobs in the area.

g) Develop and fund construction and other programs for local areas that will create jobs, so that local workers will have income to purchase adequate food for proper nutrition, and otherwise participate in the social and economic life of the community.

h) Establish the necessary programs and organizations to provide factual information on sector employment, unemployment, productivity, distribution of income, wage levels, rural and urban costs of living and other relevant information needed for sector planning, implementation and evaluation.

i) Conduct research and demonstration on performing sector programs with viable labor-intensive methods, so that employment can be provided and at the same time the planned service will be provided as needed.

j) Establish criteria for guiding foreign and domestic investors that include encouragement and assistance to those investors who will use labor-intensive techniques.

k) Establish programs to assist and encourage local area people, who have entrepreneurial capacity, to be innovative in developing products made from local materials for use in the domestic markets. Some products may be in demand in foreign markets.

b. Population planning and health

The U.S. goal in this area is to furnish assistance for population planning and health, in order to increase the opportunities and motivation for family planning, to reduce the rate of population growth, to prevent and combat disease, and to help provide health services for the great majority.7/

Manpower and employment programs can contribute in several ways to dealing with population planning and health problems.

1) Identification and definition of problems

The first step in dealing with population planning and health problems is to develop an accurate definition of problems in the area.

At the local level, local people should identify and define the population and health problems that exist in the local area. Such problems may include the following as well as other kinds:

a) lack of clinics and other facilities available to local people to provide assistance in family planning and to provide health services;

b) lack of professionals and technicians, paramedics and other skilled people to provide services;

c) lack of local facilities and resource people to train local people in the elementary aspects of population planning and health programs--intelligent, though untrained, local people can learn to perform many of the services in these fields--midwives have learned their skills from the preceding generation of midwives;

d) lack of outside professional and technical people willing and able to teach local people some of the elementary skills needed for family planning and health services;

e) lack of appropriate curriculums in local elementary (and secondary) schools to inform young people (a) about the problems of over-population and the resulting oversupply of labor and the inability of people to maintain themselves and their families, and (b) about basic and elementary personal and community good practice in maintaining health;

f) social and economic insecurity because of unemployment and underemployment works against developing a willingness and ability to change traditional habits and behavior with respect to the family size.

At the national level, problems that night be identified and defined might include the following:

a) Lack of adequate information about the number of administrators, professionals, technicians and skilled aides to carry out population planning and health

services programs and lack of research personnel to improve program methods tailored to the culture and situation in the country.

b) Inadequate administrative machinery (size too small) and too few professional and technical personnel to reach all communities for the purpose of teaching local people in the elementary and basic elements of family planning and health programs.

c) High levels of unemployment and underemployment and extremely low income for most people in rural areas and for the poor in urban areas which works against developing a willingness and ability to change traditional habits and behavior with respect to the family size.

2) Determining what is to be done about manpower and employment problems in the population planning and health sectors

Determining what is to be done and the establishment of goals should involve local and national levels and in some countries the province or state level.

At the local level, local leaders should review identified local problems, and determine what they can do about them, in other words, establish goals based upon a review of current problems, and evaluation of alternative goals. A part of the process would include local leaders considering national goals and programs as one of the important alternatives. Alternative goals to be considered might include these:

a) To arrange training of adults in the area for the purpose of learning about population planning and health programs.

b) To seek professional services and funds that might be available from national sources to serve the local people in implementing family planning and health programs.

c) To train a specified number of local leaders in elementary aspects of family planning and health programs so that they can inform and assist other local people.

d) To provide curriculums in local schools (elementary and secondary) to inform young people (a) about the problems of over-population and the resulting oversupply of labor in relation to available jobs and the inability of people to maintain themselves and their families, and (b) about basic and elementary personal and community health practices.

e) To build a physical facility for housing clinics and people performing family planning and health programs.

f) To create and provide employment and higher income which will create conditions more conducive to changing traditional behavior with respect to family size.

At the national level, those concerned and responsible for manpower and employment programs should identify the population and health problems that exist in the country, and determine what manpower and employment programs can do about such problems, and establish goals. Alternative goals that might be considered might include the following:

a) To prepare estimates of the numbers of administrators, professionals and technicians, and skilled aides to carry out family planning and health programs.

b) To advise social and economic planners of the numbers of administrators, professionals, and technicians that should be trained to meet the country's needs so that resources can be allocated to educational institutions to produce the numbers needed.

c) To advise educational institutions of the numbers of administrators, professionals, and technicians needed so that they can produce them when needed.

d) To develop research people so that research can be done to find useful methods of family planning.

e) To train a specific number of local people to serve as aides to professional and technical people working in family planning and health programs.

3) Developing and selecting programs to deal with problems and to achieve goals

Local and national levels will be involved in developing and selecting programs. In some countries, province or state levels will be involved.

At the local level, the local leaders and people should consider alternative manpower and employment programs, including programs suggested and made available from the state and national levels. This process will involve choosing the programs most useful and practical in terms of the problems to be dealt with, and the resources (local and outside) available. Programs to be considered might include:

a) Arrange for training of local people to serve as aides and to perform the elementary aspects of family planning and health services.

b) Introduce new curriculums in elementary and secondary schools that will teach young people (a) about the problems of over-population and the resulting over-supply of labor in relation to available jobs and the inability of people to maintain themselves and their families without employment and income, and (b) about the basic and elementary personal and community health practices.

c) Build physical facilities to house clinic and service personnel.

d) Initiate local public work to provide employment and income in order to develop better conditions which will encourage people to change traditional behavior with respect to family size and health practices.

At the national level, those concerned and responsible for manpower and employment programs should consider alternative programs and choose those determined to be most useful and practical in terms of dealing with identified problems and the resources available. Programs to be considered might include the following which are only illustrative of the kinds of programs which might be considered:

a) Estimating managerial, professional, and technical personnel needed to plan and administer population planning and health programs and advising colleges (including schools for technicians) and universities of the numbers of such trained people that should be produced.

b) Where resources are in extremely short supply and are controlled directly or indirectly by the central government, the numbers to be trained in each occupation might be allocated to colleges and universities capable of such training so that only the approximate number needed will be produced.

c) Provide program specifications and funds to local leaders to establish training of skilled aides and semi-skilled workers, in occupations related to family planning and health services.

d) Provide programs that will train and assist local leaders to deal with family planning and health service programs.

e) Develop and fund construction and other programs for local areas that will create jobs so that local workers will have income, and develop a sense of security and interest in participating in the social and economic life of the community. A sense of security and participation will be conducive to changing behavior.

f) Establish and conduct the necessary programs to produce demographic analyses for use in family planning; information on employment wages, productivity, and labor turnover to improve sector utilization of manpower, and research on the most effective ways for skills training in sector occupations.

c. Education, public administration, human resources development.

The U.S. goal in this area is to furnish assistance in order to reduce illiteracy, to extend basic education, and to increase manpower training in skills related to development.8/

Manpower and employment programs can contribute directly, and in several ways to the achievement of this goal so that programs will contribute to providing services for the majority of the people.

1) Identification and definition of manpower and employment problems

The first step in dealing with education, public administration and human resources, is to have an accurate identification and definition of problems in the area.

At the local level, local people should look at local problems and identify those that exist in the (geographic) area. Such problems may include these and other kinds:

a) lack of local leadership and people knowledgeable in the subject matter to identify and define the nature of the problem in the local areas, and to assist local communities (villages and groups of villages) to consider problems and develop ways in which local people can deal with the problems with local resources;

b) lack of professional and technical people to conduct local programs of teaching in elementary and secondary schools.

c) lack of training in skills in demand in the local area;

d) lack in administering local government programs;

e) lack of facilities and equipment with which to operate schools and occupational training centers;

f) lack of curriculums that are relevant to orienting elementary and secondary students to the work and occupational opportunities that will be available in the area;

g) lack of objective and useful data about employment opportunities in the immediate and surrounding areas;

h) lack of appreciation of the learning that takes place on the job;

i) lack of ability on the part of supervisors of young people in agriculture, small-scale industries, commercial establishments and in construction to recognize the importance of training and to conduct training.

At the national level, problems that can be identified might include the following:

a) lack of appreciation of involving local area people in identifying problems, establishing goals, developing and choosing programs in the area of education public administration and human resources development;

b) lack of information about the number of managers, professionals, technicians and skilled craftsmen needed to carry out programs of social and economic development;

c) inadequate administrative machinery and professional and technical people to assist and train local people in planning local programs and in executing local and national programs effectively.

2) Determining what is to be done about manpower and employment problems in education, public administration, and human resource development

Determining what is to be done and the establishment of goals should involve at least two levels in the country, i.e., the local and the national level. In many countries, province or state levels should be involved.

At the local level, local leaders and local people should review the identified and defined problems and determine what should be done about them. This process will involve the consideration of alternative goals and choosing those most useful and practical in terms of the problems to be dealt with, and resources (local and outside) available.

As a part of the process, local leaders should consider national goals and programs as one of the important alternatives. Alternative goals to be considered might include these:

a) to arrange training of local leaders, in local areas or local regions, on how to identify problems,

establish goals, select programs, determine and provide local resources, and seek resources from outside the area, operate selected programs, and compare actual results of programs against expected results (goals);

b) to train a specified number of local leaders;

c) to prepare estimates of the occupational outlook in the area and nearby areas;

d) to arrange training for a specified number of craftsmen aides and semi-skilled people in local occupations that are in demand and will be in demand in the future;

e) to provide facilities and equipment for schools and skilled training centers;

f) to develop curriculums for primary and secondary schools that will orient students to the local world of work and assist them to learn basic skills necessary to prepare for local jobs and to learn more on-the-job;

g) to provide occupational counseling to a specified number of young people in school;

h) to train a specified number of supervisors to improve their supervision of workers.

At the national level, policy decision-makers and planners should receive the plans and proposals from local areas across the country and take them into account in preparing social and economic development plans so that, to the extent possible, local plans and goals will be reflected in national plans; also, that national programs will be provided for the consideration of local people or established and operated to meet area needs even though local initiative has not proposed such programs.

Some goals are better established at the national level. Such goals include the following and might be among the alternative goals considered by national policy-makers.

a) To educate a specified number of administrators and managers of education, public administration officials, administrators and managers of skill training and manpower services programs, as well as professionals and technicians needed to carry out these programs.

b) To conduct training of local people for skilled and semi-skilled occupations needed to carry out these programs. Such training to be conducted in local or regional centers.

c) To provide a network of vocational counseling services through a nation-wide public employment service or by other means.

d) To provide occupational outlook information which will be useful for counseling, planning of educational curriculums, facilities and staffing and for planning skill centers.

e) To provide apprenticeship training for a specific number of workers in specified occupations.

f) To provide a teacher placement service.

g) To provide a placement service for young people of school age, those who have completed secondary or undergraduate education and for others with less education.

h) To provide recruiting services for educational institutions, local, state and national governments and for human resources agencies.

3) Developing and selecting programs to deal with problems and achieve goals

Determining how to deal with problems and choosing programs to achieve goals should also involve at least two levels, the local and the national levels.

At the local level, the local leaders and people should consider alternative manpower and employment programs, including programs suggested and made available from the state and national levels. This process will involve choosing the programs most useful and practical in terms of the problems to be dealt with, and the resources (local and outside) available. Programs to be considered might include:

a) Build elementary schools out of local materials with local resources.

b) Determine the subject matters in which youngsters should be taught in order to be best prepared to perform occupations in the local and nearby areas.

c) Bring experienced journeymen, inexperienced and less experienced workers together for the purpose of communicating successful methods and information about how to learn and be successful in the occupation (a high percentage of learning about occupational skills takes place in such informal communications).

d) Arrange for local people who have some education, even a few years, to teach or assist young children

and illiterate adults to learn to read and write and other elementary skills essential to learning and performing on the jobs that exist in the area.

e) Arrange for on-the-job training on farms and in establishments where several workers are employed. On-the-job training can be directed at training inexperienced employees and for training present employees in new skills to permit upgrading.

f) Arrange for work-study and cooperative education for secondary school students so that they learn from hands on the site, and gain on-site experience, about the world of work and about occupations.

At the national level, those concerned and responsible for manpower and employment programs should consider alternative programs and choose those determined to be most viable and practical in terms of dealing with identified problems and the resources available. Programs to be considered might include the following, which are only illustrative of the kinds of programs which might be considered as making a contribution to dealing with the problems of education, public administration, and human resources development.

a) Estimate managerial, professional, and technical personnel needed to plan and administer education, local, state and national governments, human resources development programs, and advise colleges (including schools for technicians) and universities of the numbers of such trained people that should be produced.

b) Where resources are in extremely short supply and are controlled directly or indirectly by the central government, the numbers to be trained in each occupation might be allocated to colleges and universities capable of such training so that only the approximate number needed will be produced.

c) Provide program specifications and funds to local leaders to establish training of skilled craftsmen and semi-skilled workers.

d) Provide program specifications and technicians to assist local leaders and small-scale industries and commercial establishments and the larger food producing units to develop and conduct apprenticeship programs to produce skilled workers and foremen or supervisors.

e) Arrange for the national employment service to identify areas with seasonal employment opportunities and areas of manpower surpluses and arrange for the movement of surplus workers to areas where their services are needed.

f) Arrange for local employment service offices, or itinerant staff (a) to counsel secondary school students in choice of occupations and careers, and adults about job opportunities and about changing jobs, and (b) to offer assistance to young people and adults in finding jobs.

g) Arrange for the national employment service to operate a teacher placement service and placement services for other professional and technical occupations for which the nation constitutes the labor market.

h) National occupational outlook information can be prepared that should be useful to most schools, colleges and universities and public employment services, and others who may be assisting young people and adults in selecting a job and a career.

i) Provide supplemental recruiting services for local, state and national government agencies.

D. Manpower and Employment and Areas of Emphases

In the following sections, there are presented discussions of how manpower and employment programs can contribute to the achievement of goals in each of the areas of emphases.

1. Integrating women into national economies

A.I.D. policy with respect to integrating women into national economies is set forth in policy Determination No.60. (P.D.-60). Selected items from this policy statement9/ are quoted here:

"Legislative Mandate

"Section 113 of the Foreign Assistance Act of 1973, known as the 'Percy Amendment', requires that the U.S. bilateral development assistance programs authorized in 'Sections 103 to 107 of the Act, be administered so as to give particular attention to those programs, projects, and activities which tend to integrate women into the national economies of foreign countries, thus improving their status and assisting the total development effort.'

"The Amendment gives Congressional endorsement to the increasing concern of the development assistance community and developing countries that women participate fully in the tasks and benefits of economic growth. Sections 103 to 107 of the Act, to which the Amendment refers, calls

for concentrating AID resources on critical development problems, including food and nutrition; population planning and health; education and human resource development; selected economic and social development problems; and support of the general economy of selected recipient countries and international organizations.

"Principles

"1. It is AID policy to implement fully the Percy Amendment through the inclusion of a role for women in all of the Agency's programs and projects.

"2. Development of programs and activities pursuant to the Percy Amendment, and in accord with the basic policy concepts stated above, will be a responsibility resting with field missions and with all offices and bureaus in AID/W. The primary emphasis will be on the integration of women as both agents and beneficiaries in the mainstream of the Agency's programming.

"3. This policy rests on the following tenets;

"a. Inclusion of women in development must be a conscious concern. Equity and equal opportunity are basic to the developmental process of any country.

"b. Under the Percy Amendment, AID has the mandate to design programs which integrate women in the development process. This mandate affects, in varying degree, all sectors and activities within those sectors.

"c. Women are a vital human resource in the improvement of the quality of life in the developing world. In the home and community and as producers of goods and services, they contribute directly to national social and economic progress. As potential child-bearers, they determine the pace of national population growth. As mothers and child-raisers, they have a direct influence upon children in their formative years and, thereby, influence the building of essential human resources for national and international development. AID's implementation of the Percy Amendment, therefore, will provide a new dimen ion to the resolution of critical problems in developmer . AID's approach to this implementation will:

Reveal the actual role and status of women and their contributions to development; provide the information and services that will enable women to control their fertility; assist women and girls in self-improvement programs, stressing increased attention to their practical education in order to permit choices in their contribution to and benefit from development programs; and

provide for review of AID and other donor programs which affect women and seek means of helping increase the understanding of and assistance for women in all development areas.

"d. The central responsibility for integrating women into national economies rests with LDC governments. While AID can play an important catalytic role in both the international arena and in countries where it has assistance programs, real progress requires host country commitment. Developing countries often have very different social, cultural, and family relationships from those of the U.S. Any intrusion into these relationships is a most delicate matter--only to be attempted with adequate knowledge and understanding of the existing manners and mores of the people. Accordingly, the role of AID should, as in other areas, conform to the collaborative style.

"Implementation

"1. The Administrator hereby directs PPC and other central and regional bureaus and field missions to institutionalize the conscious concern for women in development throughout the Agency's programming processes from concept and design through review, implementation, and final evaluation. All development assistance plans, sector analyses and assessments, preliminary and final project papers and field submissions shall contain a clear statement of how women in the developing countries will be involved in the development processes being analyzed and how the plan or proposal will use the capacities of women in the host country or benefit them. In the approval of plans and projects, strong preference (other things being equal) will be given to those which provide for effective utilization of women. . . ."

Those concerned with and responsible for manpower and employment programs have a major opportunity as well as the obligation to take positive steps to integrate women into the national economy. These positive steps would include:

a) Pressing for a national policy that provides for women to have equal rights to employment opportunities, to education, to occupational training, and equal opportunity for advancement and equal pay.

b) Providing evidence to employers that women can perform all or most all jobs as well as men.

c) Assisting employers to provide working conditions that support equal opportunities for women and facilitate their full acceptance by managers, supervisors and other workers.

d) Arranging that women have equal opportunity for occupational skill training including apprenticeship.

e) Providing guidance and placement services which facilitate women getting equal opportunity in all occupations and jobs.

f) Urging all employers to apply the principle of equal pay for equal work.

2. Private sector

Public Law 93-189 provides that "U.S. cooperation in development should be carried out to the maximum extent possible through the private sector. . . ."

Those concerned with and responsible for manpower and employment programs can provide several services that will facilitate the effectiveness and efficiency of the private sector. The extent to which services can be provided is largely determined by the socio-economic-political structure of the country.

Manpower and employment programs can contribute in these, among other ways:

a) Encouraging and assisting employers to establish and conduct (a) on-the-job skill training, including apprenticeship, (b) retraining, and (c) upgrading programs to meet the skill needs of the establishment.

b) Encourage and urge employers to apply policies of equal employment opportunity for citizens of the country including those of different races, national origin, and those of both sexes.

c) Preparing and disseminating labor market information, that will show by occupation, the labor supply and demand, which will assist private enterprises to locate where labor supply will meet their needs.

d) Assist enterprises to find needed managerial, professional, technical and skilled manpower and other skills needed by the enterprise.

e) Assist enterprises to meet seasonal demand for workers by arranging the movement of workers from areas having surplus labor to areas where the labor is needed.

f) Prepare and disseminate data and information about wages, hours of work, turnover, productivity, cost of living, and other information useful to decision-makers in the private sector.

3. Employment and income distribution

U.S. Development assistance policies and programs are to serve the majority of the people. It is therefore essential that U.S. bilateral programs and other programs initiated by the country give systematic attention to the employment and income distribution implications of all programs, projects and policies, so that, at a minimum, these programs may contribute to alleviating pressing problems.10/

Those concerned and responsible for manpower and employment, as well as others, can make a contribution toward achieving more equitable national employment and income policies and wider participation in the benefits of development by:

a) Providing factual information on levels, trends, and characteristics of employment and unemployment, nationally, by major areas, by personal characteristics and by economic sectors; also factual information on labor turnover and productivity, and meaningful figures for earnings, real wages and income distribution; and also wholesale and retail prices, and a consumer price index.

These data provide essential information about how well employment and income are being distributed to the majority of the people. They provide a measure of development to complement the GNP measure and provide policy makers better bases for developing economic plans and allocating funds to serve the majority of the people.

b) Determining the supply and demand for occupationally qualified semi-skilled and skilled workers, craftsmen, technicians, professionals, managers, and administrators, and seeing that sufficient numbers are trained on-the-job in skills centers, schools, technical schools, colleges and universities to meet the demand and thus make it possible for the largest number of people to be employed at their highest level of skill so as to enhance their income.

Providing a sufficient number of occupationally qualified workers for all jobs makes it possible for the maximum number of job opportunities to be available and thus increase employment.

c) Providing a public employment service that can help ensure the best possible organization of the labor (employment) market and thus help reduce structural

unemployment by matching job seekers with current job openings. When jobs are filled that might otherwise go vacant, (because an available workers is not matched with the job), employment levels are expanded and more workers participate in employment and income distribution.

Cooperating with development planning agencies and other concerned ministries can point out the manpower and employment implications of national policies and programs dealing with international trade and national tariffs, domestic taxes and expenditures (particularly in rural and poor areas), education and health, technology, and investments in new plants and equipment.

E. Improvement of the Lives of the Poorest, Including the Working Poor

The Foreign Assistance Act of 1973 (PL 93-189) section 102 (6)(5) provides that "United States bilateral development assistance should give the highest priority to undertakings submitted by host governments which directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries."

New U.S. foreign assistance policies focus attention on providing assistance that will improve the lives of the poorest people. A.I.D. policies are designed to implement fully and specifically this, as well as other provisions of the Foreign Assistance Act of 1973.

The major purpose inherent in the material in this technical manual is to provide technical assistance in developing programs that will improve the lives of the poorest people, including the working poor in the country, and their capacity to participate in the development of their country. Workers whose income is so low as to keep them among the poorest people are often overlooked. It is sometimes assumed that since they are working their economic condition is considerably better than the unemployed poor.

It is necessary in developing programs for the poorest in the nation to give attention to measures that will improve the lives and participation in country development of the working poor as well as those not counted as a part of the labor force--the unemployed poor. Only as the economic and employment systems in the country provide for occupational and industry mobility will the unemployed poor, and those not in the labor force, have opportunities to take the place of the working poor who go to jobs of higher skill and responsibility.

Upward occupational mobility of workers in the least skilled jobs should be facilitated in order to provide higher skills needed by industry, as well as to provide greater opportunity for those workers to make a larger contribution to the development of the country. Special programs should be developed to encourage agriculture, non-agriculture industries and governments to provide on-the-job training and development for the lowest paid workers to prepare them to move up to jobs of higher skill and responsibility in the establishment.

The programs discussed in several of the chapters in this manual may be of assistance to host government officials and technical advisors in developing policies, programs and projects that will directly improve the lives of the poorest of their people, including the working poor.

- Chapter III, Expanding Employment Opportunities, discusses some of the broader econimic actions that may be necessary to expand employment opportunities and utilize the capabilities of the unskilled and less skilled who make up the poorest group of people, including the working poor.

- Chapter IV, Developing Capabilities for Productive Employment, discusses approaches to the development of occupational and related skills essential to improving the lives of the poorest people, including the working poor.

- Chapter V, Matching Men-Women and Jobs, discusses occupational information, counseling, placement and other job matching services which are discussed in terms of serving many not traditionally served by job matching services, and thus focus on assistance to the poorest people, including the working poor.

- Chapter VI, Worker Welfare and Well-Being, discusses programs that deal with the welfare and well-being of workers on the job and away from the job, and encompasses workers in the group of working poor.

As programs are developed for the poor not in the labor force, and for the unemployed poor, attention should be given to including special measures for the working poor. The following items illustrate this point:

a) Occupational training designed to assist unemployed workers to improve their skills will, in many cases, serve the working poor. However, the location and the time of day of such training should be such as to make it relatively convenient for employed workers.

b) Basic education designed for the unemployed poor will serve most of the working poor, however, the location and time of day such education is offered should be such as to best serve the employed workers.

The provision that priority be given by A.I.D. to undertakings by host governments which directly improve the lives of the poorest of their people can be an important device in stimulating developing countries to give particular attention to the problems of their poorest people, including the working poor, and to developing programs for improving their lives and their capacity to participate in the development of the country.

CHAPTER VII

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[4]AID Policy Determination No. 48, October 1972.

[5]AID Policy Determination No. 52, April 30, 1973.

[6]Section 103, Public Law 93-189, 93rd Congress, Dec. 1973.

[7]Section 104, Public Law 93-189.

[8]Section 105, Public Law 93-189

[9]AID Policy Determination No. 60, September 16, 1974.

[10]Chapter 4, "Country Labor-Manpower Programs and Institutions", 1974, an AID publication.

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CHAPTER VIII

MANPOWER PLANNING, COORDINATION AND ADMINISTRATION

A. Introduction

1. Purpose

This chapter will present an approach to manpower planning, coordination, and administration in developing countries. The material is designed to be helpful to officials, advisors and professionals who are involved in planning, coordination and administering manpower programs.

The material deals with

- identifying and assessing the problems in the country with respect to manpower planning and administration
- establishing goals for manpower planning and administration
- programs for manpower planning and administration
- budgeting for manpower planning and administration
- manpower administration
- operations review and control of manpower planning and administration
- evaluation of manpower planning and administration.

2. Scope of manpower planning and administration

Manpower planning and administration included within the scope of manpower planning and administration covered in this chapter encompasses those discussed in Chapters III, IV, V and VI, namely, expanding employment opportunities, developing capabilities for productive employment, matching men-women and jobs, and worker welfare and well-being. The identification of problems, establishment of goals, and the development and execution of substantive programs are also covered in those chapters.

This chapter, in contrast, deals with problems, goals, programs, and execution of manpower planning and administration--primarily the mechanics of manpower planning and administration rather then substantive programs.

3. Manpower, social and economic planning

Manpower planning is an integral part of social and economic planning. Manpower is one of several major elements in the development process. The elements, among others, are capital, energy, natural resources, manpower, agriculture, transportation, manufacturing, commerce and international trade. Those responsible for each of the elements of the social and economic development process must combine their efforts to

- identify and define problems in each element and in the composite of all elements
- establish social and economic planning goals
- develop and execute programs to achieve goals
- evaluate programs and feed back the results of evaluation to improve the definition of problems, goals, program development, and execution.

The complexity of the social and economic planning and development process requires the combined resources and efforts of the whole range of ministries and agencies having responsibility for each of the several programs. They should act in concert if social and economic development is to be achieved efficiently and effectively.

4. Definition of development

> "Development is a process of accelerated social and economic change, which you cannot have without changing the status quo. You can choose between gradualism and abrupt change; you can choose peaceful change as against violence; you can choose between small steps and big steps. You can try to make change as painless as possible for society, but you are still altering the status quo."1/

It should be helpful to those operating in the manpower and employment field to consider the function of manpower planning and administration in the context of a general definition of development, as presented above.

An analysis of the employment problems in developing countries, as presented in Chapter II, and the fact that economic development over the past two decades has benefited only about forty percent of the people in most developing countries, points to the need for significant change in the status quo. The recommendations for (1) a more equitable sharing in the benefits of development, and (2) employment

goals which imply productive and freely chosen employment for an increasing majority of the people, if achieved, will require significant change in the status quo. Manpower and employment programs are in the forefront of those supporting employment opportunities for all workers and a more equitable sharing in the benefits of development. Thus, it will take great skill and patience to get manpower and employment programs included in development plans, and to get them executed in a manner to contribute effectively to achieving the goals of manpower and employment programs.2/

B. Problems in Manpower Planning and Administration

The first step in developing an adequate system of manpower planning and administration is to identify and define the problems that may exist in the institutions and social and economic processes of the country. Although a developing country may have problems common to other countries, the problems will vary because of the traditions, values and institutions that exist in the country. An accurate definition of the problems that exist (or as accurate as careful analyses and thought will produce) is essential if adequate programs are to be designed and developed to solve effectively existing problems. Much time, resources, and effort can be dissipated by developing solutions for an assumed set of problems which turn out not to be the real problems.

The following list illustrates the kinds of problems that may be identified and defined in a given developing country, and although similar, will not be identical and, therefore, will require the development of solutions that are particularly relevant to the traditions, values and institutions of a developing country.

1. Problems of orienting development goals

Those who make plans or influence development planning and the establishment of goals often do not understand the difficulties and aspirations of people, including the negative impact that their frustrations and the lack of participation in decisions and benefits, may have on development. Participation by the general population is overlooked, is not facilitated, or may even be avoided and ignored. In some countries, policies are designed and goals established which maintain the current social and economic advantages of those who are in control of the economic system of the country.

Developing countries are faced with dealing with the complexities of increasingly large populations. Specialists in

social and economic development from developed countries have no extensive experience in dealing with the kinds of problems faced by developing countries, thus, some developing countries are operating in unchartered seas. Country leaders, officials, managers, professionals and technicians, including advisors and consultants from outside the country, do not have precise knowledge of how to pursue and achieve social and economic development that involves and benefits the majority of people in a developing country. Manpower specialists are faced with the same limitation of knowledge in their special field.

Assumptions based upon experience in non-comparable situations in some countries have led to the establishment of development goals which have not included participation of the majority of people in the distribution of the benefits of development. On the contrary, benefits are limited to a small portion of the population whose participation can be accommodated in the modern sector of the economy.

The manpower and employment aspects of economic development are not given attention equal to that given other elements of economic planning such as finance, foreign trade, material resources, power, transportation and others.

2. Problems of orienting manpower planning and administration goals

Those responsible for manpower and employment planning and administration often do not have information, methods, arrangements, and ability to reach and influence the government and private decision-makers, to present ideas and recommendations for orienting development goals that will benefit the majority of the people. They often do not understand or have knowledge of the overall development planning process and machinery. Therefore, they are ineffective in raising questions and in getting ideas and recommendations before the appropriate officials at the appropriate time in the decision-making process.

The development economist has learned that if he wishes to make policy issues the center of his concern, he cannot isolate economic processes from social and political ones. He must learn to communicate with all involved in the decision-making process. This principle applies equally to the manpower specialist who wishes to influence the content of development plans.

Those responsible for manpower planning and administration often lack an adequate understanding of manpower

planning as an integral part of the social and economic planning and development process. Therefore, they are unable to effectively influence development planning. They often do not develop and advance realistic and logical manpower and employment goals which take into account the constraints that shape the overall development goals, as well a manpower development.

In many countries, there is a lack of participation of people from all economic levels, labor unions and employers, rural agriculturists, and urban areas, in the establishment of development and manpower goals. Concurrently, there is a lack of machinery to facilitate such participation and a lack of interest and willingness on the part of government and private officials to seek the participation of these groups. Lack of opportunity and machinery for local, state and national government units to participate in development planning is also lacking in most countries.

3. Problems of developing and selecting programs for manpower planning and administration

In many countries, a comprehensive concept of manpower development that relates manpower to social and economic development has not been developed. This deficiency limits the development of adequate manpower programs and may even lead to the introduction of manpower programs that have a negative impact on social and economic development.

Those responsible for manpower and employment planning and administration often lack information and knowledge needed to identify and influence decisions that affect employment such as pricing policy, fiscal policy, foreign trade, tax policy, government investment and other elements of economic policy. Available objective data and information about manpower and employment problems and programs are inadequate for developing and advancing relevant manpower goals and programs in many countries.

Manpower planning many times does not include the total labor force. It is often limited to the labor force in the modern sector and excludes the rural and agricultural sector. Moreover, it deals with problems in national terms and national totals and does not give adequate attention to the regional and area manpower and employment problems. Knowledge about the structure and operation of the local and national labor market is often lacking.

In many countries, there is a lack of adequate occupational outlook information and machinery to disseminate

information to educational institutions that could provide some guidance for educating professional, technical and skilled manpower. Information is needed, but often lacking about the numbers and kinds of skills and knowledge needed to perform effectively in some occupations. There is often a lack of manpower and employment programs to deal with identified development problems such as shortages of managerial, professional and technical manpower.

Those responsible for manpower programs are many times unable to explain and demonstrate how proposed manpower programs will advance the country's development goals. Programs introduced are often not designed or adapted to deal with the identified manpower planning and administration problems. Manpower and employment programs are imported without adaptation, or with inadequate adaptation, needed to deal with the problem and situation existing in the developing country. Highly sophisticated manpower and employment programs are frequently introduced prematurely.

Parents, students, and workers have out-of-date values concerning how to achieve effective individual participation in the economic system and in the distribution of the benefits of development. They have out-of-date ideas about occupations in which job opportunity will exist, and about the status of occupations and what it takes to be successful in the society.

4. Problems of manpower administration

Very often, excellent manpower and other development plans fail to achieve full effectiveness because authority, organization and resources for effective execution are lacking. Organization and administrative structures are lacking or not designed to do the particular job, and are inadequately staffed. Effective managers and supervisors are lacking. Management systems are lacking or ineffective. Inadequate provisions have been made for staff training and development.

Organization structures of ministries or departments are not based upon a logical grouping of related problems, related goals, and related programs. Often, such structures do not permit one ministry to have the primary responsibility for dealing with related major problems, goals and programs, such as those in the manpower area. In other words, responsibility is fragmented because more than one ministry or department has responsibility for parts of the general problem which needs to be dealt with as a whole. This leads to lack of attention to certain problems because of the uncertainty as to where the responsibility of one ministry leaves

off and another begins. Even where most aspects of the manpower problem are the responsibility of a single ministry or department such as the labor ministry, the minister, in many instances has not been delegated full authority to define the manpower problems, establish or recommend manpower goals, and develop and administer manpower programs necessary to deal with the problems and make a contribution to the achievement of established goals.

In those instances where delegation to the ministry of labor or other ministry is comprehensive and provides adequate authority for dealing with the country's manpower problem, the internal organization structure is often deficient. For example:

1) adequate arrangements are not made for manpower planning and research and the gathering and analysis of needed manpower information;
2) the planning unit does not have sufficient authority to coordinate planning within the ministry;
3) other units are inadequate to perform the staff functions essential to the development and administration of adequate manpower programs.

Methods and machinery are not adequate to obtain reasonable and appropriate participation of citizen groups, employers, labor unions, farmer, and other private groups and local, state and national government agencies in manpower planning and administration.

The status of the labor minister or other official responsible for manpower planning and administration often is not on a level equal with those responsible for finances, agriculture, foreign trade, transportation, commerce and internal affairs. This makes it difficult to get ideas and policy recommendations included in the planning processes and presented in an appropriate form to the decision-makers.

Funds allocated for manpower functions are usually inadequate to serve the majority of the people. Those in rural and agricultural areas and the urban poor in particular, do not receive adequate, if any manpower services.

Too frequently, those responsible for manpower and employment planning and administration do not have the stature, knowledge, analytical ability, and the quality of judgment to deal on an equal footing with colleagues responsible for other sectors of development planning.

There is a shortage of people trained and experienced in general planning. There are even greater shortages of people trained and experienced in manpower and employment planning, and in manpower program administration. A very serious problem exists in getting experienced people to serve in rural areas. The shortages of trained and experienced managerial, professional, technical and skilled personnel, places government agencies at a disadvantage because they must compete with private sector enterprises who pay higher salaries.

Programs are lacking to train and develop employees who are performing managerial, professional, technical and skilled functions in the manpower agencies. Good management systems and operations control are often lacking, and result in ineffective and inefficient management of programs. Adequate data on operations is often missing, making it difficult to discover operating deficiencies and take steps to improve operating procedures.

Facilities, tools and techniques which are necessary to the effective and efficient administration of manpower programs are lacking, or in meager supply.

Methods and techniques for evaluating the effectiveness of the administration of programs are lacking. There is little appreciation of the need for, and the usefulness of such evaluation of program administration. There is very little evaluation of manpower program administration. It is often difficult if not impossible, because problems to be solved and goals to be achieved have not been developed and established.

General administrative goals have not been established. Therefore, performance objectives of organizational units and of individual employees within the unit have not been established against which actual performance can be measured.

C. Goals for Manpower Planning and Administration

An accurate identification and definition of the problems of manpower planning and administration that actually exist in a country is essential, as a basis for determining goals for manpower planning and administration. Goals provide the focus for developing programs of action and serve as standards against which progress is measured in dealing with the identified problems and in achieving desired results. Therefore, goals should be stated in terms of quantitative targets to be achieved such as, for example, to reduce unemployment to a specified percent of those seeking work.

The establishment of goals involves considering alternatives in the context of the country's traditions, values and overall goals for development. If goals for development and those for manpower planning and administration are to be acceptable and implementable, all groups and all levels of government in a country should have an opportunity to contribute to the development and determination of goals. National leaders, in this day of instant world-wide communication, should realize that regardless of the systems of government and economics, they lead and govern only by the consent of the governed, even if consent is present in a limited degree. Although consent through participation may be a most important element, it should be recognized also that important contributions can be made by various groups, and the process of participation itself may well generate ways and means of dealing with problems that otherwise would not be developed.

In choosing the goals to be pursued, it is essential to take into account the availability of resources and the overall development priorities. In no country will sufficient resources beavailable to pursue all desirable goals. Hard choices must be made in choosing goals which best fit the situation.

Considering the problems that have been identified and described in Section B of this chapter, the following list presents illustrations of goals which might be established to deal with such problems. This list may stimulate a fuller and more thorough consideration of alternative goals and provide a basis for determining goals most appropriate for the country.

1) To provide information and raise questions about key development proposals, so as to provide a basis for the orientation of overall development goals which will provide for sharing in the distribution of national income by the majority of the people.

2) To develop a full understanding of the planning processes and machinery so that manpower and employment elements of the plan can be presented in a timely and effective fashion; and so that manpower and employment planning can be made an integral part of the overall social and economic planning process.

3) To develop adequate manpower and economic information, in order to have sufficient knowledge to contribute to, and influence the inclusion of goals with respect to manpower and employment in the overall development plan that will serve the majority of the people.

4) To develop a concept of a manpower program and system that is comprehensive, so that manpower programs can be developed that will contribute adequately and effectively to the formulation and achievement of development plans.

5) To develop ways and means to facilitate the participation of people from all economic levels, labor unions, employers, agriculture and urban areas, as well as representatives of various governmental levels, in contributing to the development of manpower and employment aspects of development plans.

6) To develop programs and disseminate information and press for employment and related practices that will provide a basis for parents, young people, workers and the public, to develop realistic values about occupations in which job opportunities will exist and the status of occupations, and how to succeed in the society.

7) To develop a governmental organization structure that will bring together in one ministry or department, all major manpower programs, preferably in a Labor Ministry or department where such programs can be complemented by and complement labor protection, welfare, labor relations programs, and others.

8) To organize the ministry or department having resposibility for manpower to provide for effective manpower planning and administration of manpower programs.

9) To staff the manpower organization with people who have knowledge, experience, and the capacity to learn, in order to develop manpower and employment plans and to deal with colleagues in other aspects of planning on an equal footing, and with superiors in such a manner as to get reasonable consideration of proposals.

10) To provide staff development and training programs that will assist manpower planners, managers, other professionals, and technicians to execute their functions and responsibilities effectively.

11) To develop management systems for manpower administration that provide for setting unit and individual performance objectives, and reviewing regularly actual performance against objectives, so that necessary corrective action may be taken to bring performance into line with objectives.

12) To provide tools, techniques and facilities that will assist and permit employees to perform effectively.

13) To make evaluations of manpower and employment programs to determine whether actual results compare favorably with desired and planned results; to make it possible to modify programs and make them more effective; and to eliminate programs that are not producing desired results.

14) To compare actual with estimated costs of operating programs and determine (a) need for eliminating costs where possible, and (b) eliminating high cost programs and substituting less costly programs even though they may be somewhat less effective programs.

D. Programs for Manpower Planning and Administration

Having (1) identified and defined the nature of the problems of manpower planning and administration, and (2) determined the goals for dealing with the problems (i.e., having determined what is to be done about the problems), a basis has been prepared for developing and selecting programs to deal with the problems and for achieving manpower planning and administration goals.

Although the points presented in this section may appear to assume that goals and programs are not in existence, no such assumption is made. The process of identifying, and defining problems, establishing goals, developing programs and evaluating programs, is a continuous process and should be done at regular intervals at least every two to three years taking into account new problems, new development, new resources or exhaustion of certain resources, new technology and related developments.

In most cases, programs selected for manpower planning and administration in a country may be similar to those already tried in other countries. It is important that programs developed and operated in developed or other developing countries be considered carefully before being introduced without modification. Developing countries, if they are to have successful programs, must develop new, or modify and adapt programs from others, taking into account fully the nature of the problems and the goals the country has established for general development, as well as for manpower planning and administration.

In most situations, goals can be achieved and problems dealt with in more than one way. Some are less costly than others. The development and selection of programs should consider the cost in relation to program units produced.

Consideration should be given to selecting programs that contribute most effectively to achieving goals at a reasonable cost. Cost should always be considered since, in most, if not all countries, all desirable programs can not be financed, and choices need to be made to use scarce financial resources most effectively.

The following list of programs related to the problems presented in Section B, and the goals presented in Section C, are illustrative of those that might be developed and selected by a developing country for achieving effective manpower planning and administration.

1. Programs for orienting overall development goals

The need to reorient development policies and goals in order to provide a more equitable distribution of the benefits of economic growth is beginning to be widely discussed. But very few countries have actually made serious moves in this direction.3/

The measure of growth, GNP, has obscured the lack of equitable distribution of the benefits of economic growth. Information needs to be developed that reveals the distribution, to all groups, of goods and services produced by the economy. To provide such information will likely require the development of a new index to reveal on a periodic basis the degree of participation of all groups in the distribution of national income.

> "Adopting a socially oriented measure of economic performance would be an important step in the redesign of development policies. It would require governments, and their planning and finance ministries, to look at the allocation of resources in a much more comprehensive way. For they would have to consider not only the total output of an investment but also how the benefits would be distributed. This would give practical, operational significance to the rhetorical statements of social objectives now embodied in most development plans. And it would insure that important questions of equity became an integral part of project evaluation procedures both within the developing countries and the lending agencies. We are, in fact, beginning to develop this approach in the World Bank."4/

The U.N. and its affiliated agencies such as ILO, the World Bank and the Organization of American States among others, are increasingly stressing the need for a more equitable distribution of the benefits of economic growth and development.

The ILO has initiated the World Employment Program and, by invitation of several countries, has made in-depth studies of the employment and income distribution problems of each country, and has prepared suggestions about programs which would contribute to the solution of these problems. Other developing countries should find it helpful to study the ILO and World Bank reports and to identify those ideas and suggestions which might be relevant and usable in shaping their own country's development goals and plans.

International experts in social and economic development have pointed to the need for greater equality in sharing the goods and services produced by a country as an essential element in development. See Chapter VII for a comment on this point made by Gunnar Myrdal: stated briefly, it is that a more equal sharing of the benefits of the goods and services of development is essential to economic development.

Leaders in developing countries representing both public and private sectors, should be invited and urged to consider the discussions and conclusions of international agencies and those of expert observers and practioners in the field of social and economic development.

Officials responsible for manpower and employment problems can facilitate the consideration of ideas, suggestions and conclusions developed through discussions and studies of international agencies by assembling and presenting these materials in an appropriate manner to public and private leaders and to the public in general. Also, proposed goals offered for inclusion in country development plans could include those suggested by international agencies adapted to the country situation.

Efforts should be made to demonstrate in development plans, how the ideas and conclusions coming out of international discussions could be adapted for the country development plan. Whether based on ideas and conclusions coming out of international discussion or on conclusions reached in country planning, the following examples of goals illustrate the kinds of proposals that might be presented to overall planning councils, and to those who make the decisions concerning the content of social and economic development plans.

Goals designed along the lines of the following, supported by full data and careful analysis of their contribution to development, could provide decision-makers with concrete proposals for consideration. Whenever possible, and it is possible in most cases, goals should be stated in concrete terms such as the following:

a) To provide for increasing employment, each year, by a given percent such as three, five, seven, or more.

b) To provide for decreasing unemployment, each year, by a given percent such as five, ten, fifteen or more.

c) To train, each year, a given number (such as 1,000, 5,000, 10,000 or more) of adult workers in skills that will improve their opportunities for productive and gainful employment.

d) To extend, each year, placement services to a given number (such as 500, 1,000, 2,000 or more) of employers.

e) To increase the number of placements by a given number such as 1,000, 2,000, 3,000 or more.

f) To provide manpower services to an additional number of rural areas such as five, ten, twenty-five or more.

g) To provide a minimum wage in one year or two years that will raise the quality of life of the working poor.

h) To make a given number (such as 100, 500, 1,000 or more) of occupational safety and health inspections.

i) To provide housing for workers and their families at reasonable costs. To serve an increased number (such as 100, 500, 1,000, 5,000 or more) of families.

j) To provide medical care for workers and their families for non-job related illness at a cost within the means of lowest paid wage earners. To serve an increased number (such as 500, 1,000, 5,000, 10,000 or more) of families.

The above illustrations of goals cover some of the same ground as the more general discussion of goals in Chapters IV, V, and VI and are placed here to contribute to understanding what is involved in orienting overall development goals.

Wider participation in social and economic development planning could have a significant impact on shaping goals and programs that will bring about a sharing of the benefits of development with the majority of the people. In many countries, employer groups, labor unions, civic and religious, and other groups have reasonable opportunity to present their assessment of the problems they face and their ideas about what should be done about them. Usually, th recommended policies and programs support the interests of such groups,

although at the same time, they may recognize that the less advantaged groups should have some share of the benefits of economic policies and programs.

In very few countries are people and their representatives at the local levels (below the state or province level) provided opportunities to participate in development planning. Some authorities on the development planning process believe and recommend that the planning process be decentralized, and some few countries have found the decentralized process effective.5/

In most countries, it is not practical to involve the people and their representatives in every village in the development planning process. However, if a sample of local communities, villages or the next level of political organization, were involved in presenting their problems and suggesting what could be done about them, it would provide significant facts, information and ideas. This could have an impact on the decisions of national public and private sector leaders, and should lead to the establishment of goals that provide for a wider sharing of the goods and services resulting from economic development.

Although the material in this section has focused on the orientation of overall development goals, most of the points made are relevant to the programs for orienting manpower and employment goals.

2. Programs for achieving manpower planning goals

a. Manpower information required for planning

Good information about manpower and employment is an essential tool of the Labor Ministry or other responsible agency in developing and presenting the need for including manpower and employment goals and programs in the country development plan. Where manpower and employment information is lacking on a national, regional and areas basis, those responsible should give high priority to having necessary steps taken to produce and analyze such information. Information needed includes the following:

1) Labor force estimates and projections;
2) Employment data and unemployment estimates, in rural and urban areas;
3) Occupational supply and demand estimates and projections;

4) Education and training facilities and their location in relation to both labor supply and occupational demand, i.e., in rural as well as urban areas;

5) Distribution of income in all areas and economic groups, in rural and urban areas;

6) State of health and nutrition, in rural and urban areas.

Such information should also be developed for area, region and industry in order to have a solid and realistic basis for area, regional and rural development programs and projects that are being undertaken, and that are focused on providing a greater number of more remunerative employment opportunities.6/

Information about the methods and techniques for producing and analyzing manpower information can be found in ILO and U.S. A.I.D. publications.

Developing needed objective data on manpower and employment takes considerable time and money. Nevertheless, it must be pursued if an adequate basis for manpower and economic planning and evaluation of programs is to be made available.

While needed objective data and information are being developed, a basis for manpower and economic planning and evaluation can be obtained by intensive observation of conditions in a selected sample of geographic areas. Also, the conclusions resulting from the area, state-regional, industry and establishment planning, described below, would provide data and information helpful (though somewhat inadequate) for planning.

b. Influencing overall development goals

The social and economic development process is a complex one. There are many gaps in the knowledge and experience in achieving development goals. This adds to the complexity and difficulty of development planning. If those interested in, and responsible for manpower planning are to be effective in influencing the overall development plan and in having key manpower elements included in plans, they should learn as much as possible about social and economic development processes. They should also learn about the planning machinery and processes of the country, as well as about manpower planning as an integral part of development planning.

U.N. agencies including the ILO, the World Bank and universities of many countries have published materials that provide information about theory and practice in social and economic development and in manpower planning and development. The point emphasized here is that those interested in and responsible for manpower planning should look beyond the traditional approaches and develop new understanding by learning about the experience of a variety of countries.

Those responsible for manpower planning should prepare to raise questions about proposals with respect to key elements in the development plan. Proposals should be examined and questions raised where appropriate to determine how proposals will affect -

a) the processes of preparing for occupational skills and securing jobs and the availability of job opportunities for the majority of the people;

b) workers in agriculture and in small traditional enterprises; and

c) how such proposals will provide for equity in sharing the benefits of development.

The issues discussed in Chapter III, and the programs discussed in Chapters IV, V, and VI should provide a basis for developing questions which should be raised in order to ensure consideration of plans for preparing for occupational skills, and providing employment and equity in sharing benefits of development.

c. Scope of manpower programs

A statement or definition of the scope of a manpower program appears to be desirable and necessary as a basis for developing manpower programs for social and economic development. The scope of a manpower program will differ among countries because of their differing problems, resources, value systems and traditions.

An appropriate scope of a manpower program can be determined by a review of -

a) the processes by which individuals develop and prepare for and secure jobs and participate in economic life, and

b) the degree of equity in sharing in the goods and services produced by the country through ample and equal opportunity for remunerative employment under decent working conditions.

The following illustrates what a review of the processes by which individuals prepare for and secure jobs, may reveal. Throughout a life span of many years individuals have a variety of experiences and participate in the activities of several institutions, or are touched and influenced by them. These experiences and institutions include:

The family, which influences and shapes the character of the individual, and his or her value systems, including those concerning the value of education and the status of occupations, and thus influences the choice of occupations.

Informal communication (discussions between parents and children, discussions in the social group and peer groups, radio and printed materials, movies, documentary films) which provide a whole range of information about social values, occupations, careers and responsible participation in work and the society.

Education, elementary, secondary, vocational and technical and post secondary, technical and professional, which prepares people for entry, at one level or another, into employment, and prepares individuals for learning and advancement in the employment situation.

The employing enterprise, private and public, (including the military services) which orients new workers to the specifics of the job, provides job training and development programs and the environment for development and growth.

Manpower services, which provide information about the operation of the whole system and its parts and facilities, through counseling and placement services; the movement from education and training to a job, from job to job, from job to more education and training, and back to a job.

Choices of occupations and careers are influenced greatly by families and peers and, in a less effective way, by schools. Preparation for learning on the job is achieved largely in the classroom, the laboratory, and exposure to institutions outside the school, arranged by the school.

Although the learning that takes place in the classroom and the extended classroom (activities arranged by schools outside the classroom) prepare individuals for learning skills on the job and for getting along in the employment situation, occupational and career skills are learned largely on the job. Therefore, learning and development which take place on the job should be considered a significant

and an integral part of the process of preparing and developing individuals for effective and responsible careers and lifetime growth.

The movement from school to employment is largely achieved by the individual with the assistance of the family. The school and the public employment services provide significant assistance, but usually serve relatively few. The movement from job to job, from job to education and training, and back to a job, is largely achieved by the individual with some help from the family, the employer and the public employment service.

It can be seen from this brief discussion that:

a) all the components of the development and preparation process influence and contribute to occupational skill development and lifetime growth;

b) what happens in one component has an impact on other components; and

c) each component exists and operates in the combined environment of all components. Therefore, components should not be viewed as independent but as a part of a comprehensive manpower system.

d. Specific programs that could be included within the scope of a manpower program

The above discussion of the scope of manpower programs helps to identify the range of programs that could contribute to achieving development goals. The specific programs included in the scope of a manpower program will differ among countries. Programs included will depend upon the problems, needs, stage of development, traditions, and other factors indigenous to the country. Manpower programs should be selected that will deal with identified social and economic development problems; programs that will contribute to achieving manpower and development goals. Particular attention should be given manpower programs that serve young and adult workers in agriculture and rural areas.

Although most of the specific programs listed in the following paragraphs are discussed in Chapters III, IV, V, and VI, they are described briefly and listed here so that the scope of manpower programs can be more easily understood. The following programs illustrate those that might be developed and selected to contribute to achieving manpower and development goals.

Changing the status of occupations

Changing value systems including the value placed on occupations is a complex process. How to bring about change in how people view the status of occupations is not fully known, nevertheless some things may be done to develop a basis for changing values.

Parents, children, and the public can be provided the best available information about where job opportunities will exist and in what occupations. They can be informed of the ways in which individuals can prepare for available opportunities. Experience will demonstrate that expectations and desires about some occupations will seldom be realized. Realistic comparisons of available work in rural areas with opportunities in urban areas may lead some rural workers to realize that better work opportunities do not always exist in urban areas.

Employer practices in placing wage values on occupations, and the influence of collective bargaining can in time bring about a change in the value placed on occupations. Parents, children, and the public can be assisted in learning that sometimes, opportunities in occupations which are not so highly valued can be more beneficial than occupational opportunities that do not materialize for the vast majority of young and adult workers.

Factual information which reveals information about the employment problems of the country (similar to that outlined in Chapter II), made available in understandable terms, could help parents and the public develop a better basis for realistic conclusions about job opportunities and the status of occupations. This is an area where serious research could be initiated and pursued to the extent that changes in value systems about status of occupations is found to be important in achieving manpower and development goals.

Informal communication

If parents and the public have good information about job opportunities and how to prepare for them, there will be better chances that children will learn the realities of work life. Radio, printed materials, movies, and documentary films can be produced that will provide realistic information about job opportunities and the relative importance of occupations.

As long as the media present unrealistic views and information, parents, children, and the public will be misled and preparation for job opportunities and expectations

will continue to produce "educated unemployed" and will lead to imbalance between the supply and demand for occupations, and a short supply of needed occupational skills. Thus, those responsible for manpower programs should concern themselves with getting appropriate manpower and employment information to the media for dissemination.

Education

Educational programs that prepare individuals for participation in the world of work and for learning in the employment or work situation are a proper concern for manpower officials. Although manpower agencies should not be responsible for educational programs they should have opportunity for advising and influencing education, so that education is realistic in terms of jobs and employment opportunities.

Chapter IV - Developing Capabilities for Productive Employment, provides a fuller discussion on this issue, however, it should be emphasized here that relevant education, training and other services for urban area people may not be appropriate for workers in agricultural and rural areas. Education, training and other services which would be more relevant for young and adult workers in agricultural and rural areas would include:

a) special training in small farm or business management and methods;

b) credit and marketing aids;

c) migration assistance;

d) support in creating cooperatives; and

e) investment in rural development that would create jobs for local workers.

Employing enterprises

Employing enterprises are producers of trained and experienced manpower in a wide range of occupations. The military services make a very significant contribution to the training and development of skilled and technical manpower. The contribution of both private and public employers, and the military services are made through the following actions:

(1) Establishment manpower planning

Formal manpower planning is conducted by only a few enterprises, usually the largest ones. However, informal manpower planning does take place in other establishments in

the process of recruiting new employees, planning and conducting orientation, and induction training programs, developing systems for advancement and promotion of employees through training and development on the job.

(2) Establishment recruitment and placement

Establishment manpower planning can result in more efficient recruiting and placement of new employees and better coordination of their manpower activities with developments in the job market, and more accurate estimates or requirements for retraining of employees in new skills that will be needed in the future.

(3) Establishment training

Employing establishments could be encouraged and compensated to include in their manpower planning, the training and development of more skilled workers than needed and allow new industries and smaller establishments to recruit such excess workers, by providing:

Apprenticeship training to develop skilled craftsmen.

Other on-the-job training to maintain level of skills, to adapt to new processes, and to develop skills for more responsible jobs.

Training and development of managers and supervisors.

Manpower services

Chapters III, IV, V and VI discuss in some detail the manpower services essential to preparing youth for employment, providing labor market and occupational outlook information, matching workers and jobs, training workers in skill centers, and on-the-job and expanding employment opportunities. The following is presented primarily to place these activities in relationship to other manpower programs and to identify programs that constitute manpower services.

a) Collecting and disseminating labor market information including occupational outlook information.

b) Organizing the labor market to bring manpower supply and demand into balance, to increase productivity, and to increase employment opportunities in order to utilize the maximum number of workers wanting work. Area, state-regional and national labor markets should be organized. Special attention should be given to identifying unemployment and

underemployment in rural and agricultural areas so that actions can be taken to create jobs in those areas. (See Chapter III section on the operation of the labor market and employment.)

c) Advising elementary, secondary, technical and professional schools about future occupational supply and demand so that schools can plan relevant curricula and plan for facilities, teachers and other resources to educate the numbers needed to meet development requirements and to avoid educating in unneeded skills. Calling attention, particularly to the need for managerial, professional, technical, supervisory and skilled manpower. Another emphasis should be on advising elementary and secondary schools in rural areas concerning curricula that will prepare young people for the jobs that will exist in rural areas. Such emphasis might have some influence in holding young people in rural areas.

d) Counseling young people and adults about job opportunities and how to prepare for occupations in which jobs will be available.

e) Matching workers and jobs within the local labor market, and the recruitment of workers living in areas where they are not needed, for jobs in areas where workers and skills are in short supply. This will include identifying the skills of the individual worker; seeking job orders from employers; and referring qualified workers to employers for suitable job openings. This will also include determining the need for manpower from outside the country to perform work essential to achieving development goals, and determining when domestic manpower is ready and available to replace foreign manpower.

f) Providing technical assistance to employing establishments in utilizing more fully, manpower with skills in short supply in order to make available skilled manpower needed for essential production.

g) Providing technical assistance to public and private enterprises and to government agencies in determining actions to utilize the productive capacity of the unemployed, underemployed and those denied full opportunity because of age, sex, race, religion and national origin.

h) Providing tools that will assist enterprises in performing manpower planning and management, such as a dictionary of occupations, and occupational outlook information.

i) Providing skill training in occupations that will improve the individual's employment opportunities and also meet skill shortages in essential production and services. This can be done by the manpower agency in skill centers, or skill training can be provided by vocational schools in coordination with the manpower agency as is done in some countries.

j) Providing government financed support for on-the-job training of workers who might otherwise not be employed or have opportunity for occupational training.

k) Performing manpower research to provide a basis for better understanding of the processes of developing manpower, managing the labor market, and for developing programs that will contribute more effectively to achieving development goals.

l) Since manpower services have been developed largely to serve the modern sector of the economy and workers in urban areas, special attention should be given to developing manpower services that will assist workers in the traditional sector, including agricultural and rural areas, in securing suitable employment, achieving a maximum opportunity to freely choose an occupation, avoiding the exploitation of labor contractors and in achieving a reasonable degree of basic security.

Worker and family welfare

The dignity and welfare of a worker and his or her family are important ends of a free society. Dignity and welfare are enhanced by:

a) The right and opportunity to organize and to engage in collective bargaining and other group activities.

b) The right and opportunity to participate in public and government decisions that affect working and living conditions.

c) Opportunity to freely choose an occupation.

d) Safe and healthy working conditions and work at a living wage.

e) Adequate housing, public health and other community facilities.

f) Economic security in employment and retirement.

The conditions that enhance the dignity and welfare of workers and their families are within the scope of a comprehensive manpower program because they are essential in developing and maintaining a productive and responsible work force.

Expanding employment opportunities

Although of a different type than manpower programs listed in this section, it is appropriate to include "expanding employment opportunities" within the scope of "a manpower program." A manpower program would be incomplete without giving attention to the issues and the actions discussed in Chapter III.

e. Extending manpower planning

Manpower planning could be considerably improved if done concurrently by:

1) labor market areas7/

2) state-regional areas8/

3) industry including government9/

4) establishments including government agencies10/

The involvement of a wide variety of organizations will contribute to the development of knowledge and experience in manpower planning, and will contribute good information for a national manpower plan as an integral part of the country's social and economic development plan.

In most countries, it is not practical to use a highly technical approach to area, state-regional, industry and establishment manpower planning. If those involved would think about and produce conclusions based upon facts and information available (even though limited) on the following points, better manpower planning would develop:

1) What are the occupational requirements necessary to carry out the anticipated or planned activity in the area, state-region, industry and establishment? How many workers will be unemployed or underemployed due to lack of gainful employment?

2) Are workers with required skills available?

3) If occupational requirements are not available how will they be developed? Are general, technical and vocational school facilities available to prepare individuals for learning occupational skills? Do establishments have organized training programs for their employees to develop needed occupational skills?

The above would also produce facts and information about the part of the labor force in the area and state-region that would not be gainfully employed by current and planned activity. A network of such manpower planning would stimulate general manpower planning essential for effective development planning and contribute to better planning methods. In addition, it would stimulate desirable action in areas, regions, industries and establishments on current as well as longer range problems.

Those responsible for manpower planning and administration could bring together representatives from area, regional, industry and establishment activity for the purpose of developing together, methods of manpower planning in the various areas of concern. These methods would be elementary at the beginning, but could become increasingly more sophisticated as occupational and labor market information became available and as more experience was developed with the process.

National manpower planning would be enhanced considerably if arrangements were made to assemble and analyze the results of manpower planning done at the area, state-regional, industry and establishment levels. Assembling and analyzing of manpower planning results should include evaluation of techniques and methods used with the view of developing practical and objective methods to be disseminated to those involved in planning.

One very important gain could result from this wider participation in manpower planning, namely, a better understanding of the national planning process and greater willingness to administer and execute manpower programs consistent with national development goals.

f. <u>Inclusion of manpower sections in the overall development plan</u>

The results generated by:

1) Identifying and defining manpower problems of the country: (Chapter II)

2) Establishing goals for manpower planning: (Section C. of this chapter)

3) Developing and selecting programs for manpower planning: (Section D. of this chapter)

4) Evaluation of manpower programs: (Section F. of this chapter)

should provide a basis for (a) advancing realistic and relevant manpower goals to be included in the overall development plan; and (b) preparing appropriate manpower sections for inclusion in the overall country development plan which will demonstrate how manpower programs will contribute to achieving the country's development goals.

E. Programs for Manpower Administration

Program administration, including manpower administration, involves:

1) Establishing an appropriate and adequate organization structure including delegation of authority (in writing from the appropriate official or legislative body) which clearly delineates the scope of authority and the responsibility which has been assigned.

2) Staffing the organization with appropriately trained and experienced personnel.

3) Securing an adequate budget for administering assigned programs.

4) Developing and applying management systems which will provide adequate guidance to personnel and appropriate control over operations and performance.

5) Providing continuing staff training and development.

6) Providing the tools and facilities necessary for the staff to carry out their responsibilities effectively.

1. Organization structure

a. General factors

There is no ideal organization structure for planning and administering manpower programs. Experience does point to several factors that should be considered in establishing organization structures. In many countries, experience indicates the desirability of establishing organization structures based upon a logical grouping of related problems, goals, and programs, all of which are related to each other.

These are additional factors to consider:

1) the size of the program to be administered related to the size and distribution of the population to be served;

2) The stage of social and economic development in the country and particularly the stage of development of institutions of public administration;

3) whether a new organization structure is being established for a new program, or an existing organization structure is being modified to meet new problems faced by an existing organization;

4) updating of organization structures is a recurrent need.

b. Prime Minister or President level (the Chief Executive of the National Government)

Planning

The Prime Minister or the President should be directly involved in social and economic planning and the execution of such plans if ministers, civil servants and private leaders are to take social and economic plans seriously and to administer them effectively. Just as in the case of other substantive program areas (finance, agriculture, commerce, labor, manpower and other), the chief executive should have leaders with initiative and high talent to assist in carrying out social and economic development planning.

Planning officials and the planning agencies should have responsibility for:

1) developing social and economic plans that encompass all essential elements of such plans, including manpower;

2) assuring that social and economic development plans are balanced in terms of the mix of elements to achieve the general goals of the country;

3) assuring that each ministry, department or agency develops the necessary plans in its area of responsibility for inclusion in the overall social and economic plan of the country;

4) developing plans in social and economic areas in which ministries, departments or agencies fail to develop adequate plans in their area of responsibility.

There are real advantages in providing for and requiring ministries, departments or agencies to develop those social and economic development plans in their area of responsibility.

1) Operating agencies may be more familiar with the real problems and be able to develop plans and programs that will be more effective in dealing with the problems and achieving established goals.

2) If operating agencies participate in a significant way in developing a part of the social and economic development plan they will have a better understanding and the incentive necessary to execute programs effectively and consistent with the overall plan and goals.

Administration

Several ministries, departments, or agencies often administer programs that are a part of a national manpower program and make a significant contribution to achieving manpower goals. It is unrealistic to expect ministries on a coordinate level to coordinate with other ministries and to act in concert, to assure that programs complement and supplement each other so as to achieve overall manpower goals. Therefore, it may be necessary for the chief executive to designate an assisstant who will see that general education at all levels, vocational, technical and professional education, training conducted by the military services, and by other departments, are appropriately coordinated with overall manpower programs, so that each program contributes to achieving overall manpower development goals.

c. Ministerial level

Scope of labor ministry authority

Based upon the manpower planning and administration problems, goals and programs discussed earlier in this chapter, it is reasonable to locate manpower administration in the labor ministry along with the administration of programs for employment standards, occupational safety and health, trade union organization, labor-management relations, collective bargaining, unemployment insurance and social security. In addition, the labor minister should have authority and responsibility for participating in the policy making of those ministries who develop and execute policies with respect to general and vocational education, housing, transportation, population control, agriculture and rural and community development. All of these programs and others have a relationship and a contribution to the development and the well-

being of the worker. Also, the knowledge and experience of the labor ministry with labor and manpower programs will enhance policy development in these areas.

A consolidation of these functions and programs in one ministry makes it possible to have an adequate staff at the minister's level to assist the minister to participate effectively in interagency councils in presenting the essential role of manpower and labor programs in social and economic development.

Given the complexity of the social and economic development process and the fact that manpower and employment are essential integral elements of development, the minister responsible for manpower should be a member of those overall councils that determine the final content of the country's development plan. The minister would develop ideas and recommendations for inclusion in the development plan based upon the advice of the two councils suggested below, and the advice of the manpower planners.

Advisory committees

Assuming the wide scope of a manpower program as described previously, an organization structure for manpower planning and administration should provide for two types of coordination and participation.

1) A council composed of representatives of the various institutions and activities that contribute to the development, distribution, utilization and employment of manpower. Such representatives would include:

   a) those who support viable family life and facilitate the role of parents;

   b) representatives of the news media;

   c) the several levels of education;

   d) employers who both utilize and develop manpower;

   e) labor unions or other representatives of workers; and

   f) those who represent the manpower services.

This council should advise the minister on the kinds of manpower programs that best serve the majority of the people and that should be provided for in the overall development plan.

2) A second council, composed of representatives of government agencies having some responsibility for

manpower development, distribution, utilization and employment. Such agencies could include education, public communications or information, those agencies responsible for planning production, transportation, and other activities which are large users of manpower, the government personnel agency, the military services, agriculture and rural development, local and state governments and including the manpower-labor agency.

This council should advise the minister responsible for manpower on manpower requirements, how to train and develop needed occupational skills and how to expand employment opportunities for the majority of the workers, particularly those in rural agricultural areas.

Secretariat for advisory committees

The important functions of the two advisory committees described above will be performed much more effectively if a staff is provided with clearly delineated responsibility to:

1) Prepare, or have prepared, issue papers to provide committee members a basis for giving advice.
2) Record the conclusions of discussions of issues by the advisory committees and inform those concerned.
3) Follow-up on conclusions to see that indicated actions are taken.
4) See that advisory committee conclusions are appropriately considered and included in manpower plans.

Planning and evaluation unit

In addition to other needed offices, the minister needs an office staffed with high quality people, to perform a planning and evaluation function. This would include:

1) working with the major units in the ministry to develop plans for the ministry's programs and to develop ideas and recommendations for inclusion in the overall development plan; and
2) coordinating such planning that may be performed in major units in the ministry.

In addition to the planning function, the office would also conduct program evaluations and coordinate program evaluations performed by other units in the ministry. The results of program evaluation can constitute an important part of continuous planning.

Whatever the organization structure at the ministerial level, the minister responsible for manpower and other programs should be given a clearly delineated scope of authority and assignment of responsibility in order to minimize the loss of effort and gaps in action, due to uncertainty of authority and responsibility.

d. Organization structure for manpower planning and administration

The same general principles or guidelines apply in establishing the organization structure for manpower planning and administration as apply to establishing the organization at the ministerial level and the labor-manpower ministry.

The manpower administrator

The person responsible for manpower planning and administration should have a broad delegation of authority and assignment of responsibility. The scope of the delegation and responsibility should be clearly delineated and of such scope as to provide for: (as described in this and other chapters)

1) making and maintaining on a current basis an assessment of the manpower and employment problems of the country;
2) establishing or recommending manpower goals;
3) developing and selecting manpower programs that will contribute to the establishment of a development plan designed to benefit all of the people of the country;
4) administering manpower programs;
5) evaluating manpower programs.

The head of the manpower administration should be:

a) an official member of such councils as the minister might establish like those described under Advisory Committees in this chapter; and
b) the minister's alternate on ministerial councils and committees.

The person should have authority to deal with key officials of the planning council in order to develop ideas and recommendations regarding manpower, that are relevant and realistic in terms of the overall development plan, and be able to raise questions about other provisions of the overall plan that affects employment opportunities, and the opportunities of all people to share more equally in the results of social and economic development.

The head of the manpower administration should also have the authority and responsibility to coordinate the administration of manpower programs with other government agencies, such as the government's personnel office, education systems at all levels, and the agencies contributing to the creation of job opportunities.

Staff offices

The head of the manpower administration will need staff offices to assist in carrying out such a broad assignment of responsibility as suggested above.

These offices might include:

1) Manpower planning and evaluation to deal with all aspects of manpower planning and to evaluate the effectiveness of manpower programs.
2) Manpower research to develop new approaches to manpower programs including the development of needed manpower information.
3) Public information.
4) Administration and management services.

Manpower operating units

The broad scope of programs included in the manpower program may need operating units to administer the following components:

1) Employment service (matching men-women and jobs)

The director of the service should have a clearly described delegation of authority to assess the need for public employment services, to implement programs and provide services in areas where such services are needed (within limitations of funds appropriated for such purposes).

a) Staff Offices

The employment service may need specialized units to preform these functions:

Labor market information - to gather, analyze and disseminate labor market information.

Occupational outlook - to gather data and forecast supply and demand for occupations on a national basis. Also on a local and regional basis if resources permit. This could be done in cooperation with the local employment service office.

Occupational dictionary - to develop occupational descriptions and classify occupations into a useable reference in the operation of the employment service.

Employment service research - to improve the operation of the employment services.

(It should be noted that where limited resources and professional trained staff are in short supply, the above functions might be consolidated into one or two offices.)

2) Operating units

A unit is needed to establish and supervise the operation of local employment offices. This unit may need certain staff offices unless the functions are performed at the director's level. These staff functions might include:

a) Methods and techniques. A unit that would develop and improve operating techniques such as interviewing and classifying worker qualifications, order taking, employer relations, selection and placement.

b) Placement. To supervise the placement operation to ensure effective application of appropriate methods, techniques and procedures adapted to meet the needs of employers and workers in the local area in which the employment service is operating.

c) Interarea recruitment and placement. To recruit workers from areas of surplus labor for jobs in areas with a shortage of workers. To recruit, on a regional basis, for workers with skills in very short supply, for job vacancies requiring such skills.

d) Counseling and guidance. To provide methods and procedures for counseling and guidance and technical assistance to operating counselors.

e) Manpower utilization. To assist employers in essential development plan industries to develop and apply methods of utilizing professional, technical and skilled manpower in short supply.

f) Personnel management services. To assist employers to develop and operate enterprise personnel systems that will contribute to worker satisfaction, productivity and the generation of skilled manpower.

g) Job creation. In areas of continuing high unemployment and underemployment, the employment service should work with development agencies to channel funds for local development projects that will create jobs for such unemployed and underemployed workers.

h) Local employment offices. Local employment offices should be located in both rural and urban areas where they can provide the services indicated above. Local employment service offices should constantly survey the labor market and influence the use of all manpower programs (employment service, occupational training, equal employment opportunity) to balance the supply and demand for manpower, and to stimulate job creation to absorb unemployed and underemployed manpower.

A definite need and opportunity should be established, through a survey and analysis of the factors present in a local area, before local offices are established. Also, a nucleus of professional people should be available who can perform the functions and services outlined above, before offices are established.

Manpower services for agricultural and rural areas

Since, in most developing countries, the majority of the population and the labor force are located in agricultural and rural areas, manpower services should be developed that will serve the particular needs of this group.

A separate administrative organization may be desirable in the early stages of developing and providing manpower services to agricultural and rural areas in order to ensure specialized attention, and to emphasize the importance of providing such services. At a later stage in development, manpower services might well be provided by other manpower units. The establishment of a separate manpower services unit would require that the delegation of authority and assignment of responsibility to the employment service be reviewed and modified to eliminate over-lapping and conflicting administration.

The director of rural manpower services should have a clearly defined delegation of authority to assess the need for rural manpower services and to provide such services in areas where they are needed.

1) Staff offices

The rural manpower service may meed certain staff offices:

Labor market information - to gather, analyze and disseminate labor market information on rural areas.

Research and development - to analyze rural manpower problems and to develop programs and services that will deal with such problems.

2) Operating unit

A unit is needed to establish and supervise local units that provide rural manpower services in rural areas. Services that might be provided include:

a) Advising rural development and agricultural service agencies on actions that they might take to provide employment opportunities in local areas.

b) Providing skills training to young and adult workers for occupations that exist in the local area.

c) Advising local elementary and secondary schools concerning skills and knowledge needed by young workers that will assist them in effectively performing in occupations that exist locally so that appropriate curricula can be developed. Needed skills include those necessary to manage small farms or businesses, establish and manage cooperatives, manage and use credit and marketing aides, use of modern farming methods, perform construction trades and other services.

d) Advising parents and young people about the relative work and income opportunities in the local rural area and urban areas.

e) Bringing workers and jobs together.

Occupational training service

An occupational training service can be operated by a unit within the manpower agency or as a part of the school system. However, since the training service will be serving largely out-of-school adults, and specifically preparing them for jobs, the agency closer to the realities of the labor market could do a better job. Thus, the training service should provide more effective service as a part of the manpower agency. In either event, the manpower agency and the schools should cooperate in preparing workers for jobs that will exist and in the skills that will be needed.

The director of the occupational training service should have a clear delegation of authority to conduct occupational training based upon labor market occupational supply and demand information provided by the employment service or the manpower agency, and, to operate training centers in areas where training is needed.

i) Staff offices

The training service may need a staff office to perform research in how to improve techniques and methods of classroom, on-the-job and apprenticeship training.

2) Operating units

a) Classroom or institutional training. To develop curricula for classroom training based upon information concerning jobs that will exist and curricula that will train in the skills that will be needed in these jobs. To develop policies for training assistance allowances where authorized and the procedures for paying such. To enroll and train eligible workers in local training centers. To cooperate with the employment service in recruiting enrollees and in placing those who complete training. To supervise local training centers.

b) Apprenticeship. To develop standards for apprenticeship programs, either joint labor union and employer programs or employer sponsored. To stimulate the initiation of apprenticeship programs and the enrollment of sufficient apprentices to meet anticipated demand in each occupation. To provide technical assistance to those establishing and conducting apprenticeship programs.

c) On-the-job training. (Other than apprenticeship) To stimulate on-the-job training programs. To provide technical assistance to employers, and where appropriate to labor unions in developing and conducting on-the-job training.

Unemployment insurance

Where unemployment insurance programs have been established, such programs can logically be administered by a unit within the manpower agency,

Equal employment opportunity

Depending upon the problem in the country, an equal employment opportunity unit can be a part of the manpower agency or a part of an agency outside the labor ministry to deal with a wide range of equal opportunity problems of racial groups, women, religious groups and others. In any event, the problems of equal employment opportunity should be given serious attention as a necessary part of providing opportunities for all people in the country. Although employment services, occupational training services, unemployment insurance services, and other manpower services should operate consistent with country policies with respect to equal employment opportunities, these agencies should not be given responsibility for enforcing provisions of law and regulation.

Non-manpower programs in the Labor Ministry

The organization structures for administering non-manpower programs located in the Labor Ministry are discussed in other U.S. A.I.D. documents.

e. Staffing the organization

In order to staff the manpower agency or any other agency, a government personnel management system is needed that will produce a cadre of employees adequately trained, professional in outlook, committed to a career in government service, and provided with compensation that will permit the individual and his family to live modestly on the income from one government job, and compensation rationally related to responsibility and performance on the job.

In staffing the manpower agency, a careful analysis should be made of the knowledge and skills needed to effectively carry out the variety of jobs in the agency, and recruit people who, through training and experience, have acquired some degree of the knowledge and skills needed. Where fully qualified people are not available, those people with training in the social sciences, economics, sociology, psychology and statistics, may provide staff who can be developed to perform the required functions.

The initiation of programs should take place only as qualified people, or at least partially qualified people, are available to staff the organization. In some cases, it may be more costly to operate a program badly than not to operate it at all.

f. Staff training and development

In most countries, people with training and experience necessary to administer manpower programs effectively are in short supply. Therefore manpower agencies are likely to be staffed with a few highly qualified people and the balance of the staff only partially prepared to perform the necessary functions. Faced with this situation, manpower agencies (and others) can attempt to meet the problem by a combination of in-school professional and technical training, and on-the-job training.

In order to prepare people for entry level positions and to increase the size of the pool from which employees might be recruited, the manpower agency could arrange with appropriate colleges and universities to develop and conduct courses that provide the essential professional studies along with some study of the theory and principles of operating manpower programs.

All employees should be provided information about manpower planning and administration that is essential to performing their functions effectively. All professional people should be informed about manpower problems, goals, programs and the administration of manpower programs. This will need to be done in-house by staff and line officers of the manpower agency.

Particular attention should be given to assisting employees to learn about:

a) the functions of the organization units in the manpower agency and the overall agency such as the ministry of labor;

b) the delegations of authority to heads of units and the general lines of command;

c) the inter-agency relationships for manpower planning and manpower administration;

d) the management systems used in the manpower agency and particularly how individual staff performance will be measured;

e) the opportunities for additional training and development;

f) the opportunities for advancement.

Supervisors through day to day supervision should assist employees to learn how to perform their jobs. Employees should be encouraged to assist fellow employees to improve performance of their duties. Each employee will or should learn more about their jobs through regular reviews of performance as provided in the management system described below.

Where present staff are deficient in professional education (economics, other social sciences, or management skills), arrangements should be made for sabbaticals or for extension education in order to overcome the deficiencies. Present staff should be given, regularly, training that would up-date his or her knowledge about manpower problems, goals, programs and policies of manpower administration.

g. Budgeting

In approaching the task of developing a budget, it is necessary to recognize that in no country will funds be adequate to perform all of the desirable programs. Given this fact, it is essential to present sound and logical statements which point to the essential role of manpower programs in achieving social and economic development. The point

should be emphasized that development plans will not be achieved in full unless the essential amount of the manpower program ingredient is present and working.

It is necessary to recognize that all desirable and important manpower programs cannot be funded in full. It is, therefore, necessary to establish priorities within the manpower programs as in other programs. Priority should be given to those programs and activities that serve best the overall development plan at the particular stage of development. Priorities should take into account the need to serve all of the people in the country.

For example: People in the country may be better served by information about better employment, unemployment and income distribution, than by extending the services of the employment service.

Another factor to be considered in developing a budget is the appropriate balance among programs. A certain combination of manpower programs may make it possible for all such programs to be more effective, than a different combination. The combination of programs needed will be influenced to a large degree by the nature of the manpower goals which are included in the overall development plans.

A budget should present the number of units to be produced at a cost per unit. The cost per unit should include all of the related costs in order to get a true unit cost. This unit cost can be determined by developing a detailed description of the steps that lead to the production of a unit, for example:

> In the placement of an individual in a suitable job is the unit of production, the cost of the staff, equipment, supplies, transportation, office space and related facilities to perform all of the tasks related to making a placement must be estimated or measured, i.e., the cost of interviewing, recording and classifying information about applicants, the cost of employer visits and order taking, and the cost of comparing the job order specifications with the qualifications of applicants.

A similar process of estimating the cost of all units of production should be followed in arriving at a total cost figure.

It is recognized that some functions and activities are not as readily reduced to units of production, but most functions and activities can be measured by units of production. Where units of production can not readily be determined such as in planning or research, estimates of costs can be established based upon judgment and experience.

If adequate units of production and reasonably accurate costs per unit of production have been determined, the other ingredient is the estimate of the number of units to be produced in order to meet the requirements of the social and economic development plan. The unit cost, times the number of units to be produced, determines the budget needed.

The budgeting process will also involve a review of all budget requests, including those for manpower programs. This will result in adjustments, mostly downward, necessitating a re-estimating of the programs and services that can be provided. The budget production figures should provide the units of production to be divided among the operating and staff units of the manpower agency. This will provide the objectives for the managers, unit chiefs and employees of units.

It should be noted that the process of establishing unit and individual performance objectives in terms of units of production and keeping accurate data on unit and individual production (as described below) will provide good data for the budget process.

h. Developing, installing and operating a management system

In many countries, private enterprises and government agencies have developed and applied management systems which facilitate and are effective and efficient in getting desired results. Such systems are often called management by objectives. The following paragraphs describe the essential elements of a management system.

Unit and individual performance objectives

Each of the major units of the labor ministry (or other agency having responsibility for manpower) should have in writing, a delegation of authority and assignment of responsibility from the labor minister (or head of the agency). Such delegation and assignment will provide a statement of the mission or purpose of the major unit. The labor minister (or head of the agency) could also develop, annually, with the head of the manpower agency, a set of program objectives which the head of the agency would be expected to achieve.

The head of the manpower agency and the heads of units responsible to him or her should develop together a set of program objectives which the head of the unit will be expected to achieve.

The head of each major and sub-unit should develop with each employee in the unit a set of objectives which he or she is to accomplish through his or her performance.

At each level, unit performance at a given cost should be established, i.e.,

1) the number of placements to be made per month at a given cost per placement;
2) the number of persons to be given skill training per month or other appropriate period at a given cost of training each person;
3) the number of local rural areas to be surveyed and recommendations made on jobs which should be created;
4) the reports (number and quality) to be provided at a given cost;
5) the research projects to be completed at a given cost;

In each sub-unit of the organization, units of production to be performed by each individual should be established,i.e.,

1) the number of clerical persons placed;
2) the number of skilled craftsmen placed;
3) the number of employer visits to be made and reports made there on;
4) the number of classes of skills training to be conducted.

Assemble data on performance

Arrangements should be made to assemble and analyze data on unit performance, on a quarterly and annual basis. Also, at the sub-unit level, arrangements should be made to assemble and analyze data on individual performance on quarterly and annual basis.

Corrective action at unit level

Performance data should be reviewed with the head of each unit. Where there are significant differences between actual and planned performance, the unit head and his or her supervisors should identify the reasons for the differences (i.e., lack of staff, new staff who are spending a lot of time in training rather than production, poor performance on the part of the staff, etc.).

Where possible the heads of the unit and sub-unit should develop and agree on actions to be taken to correct deficiencies. When agreement cannot be reached the unit head is responsible for taking action, (i.e., simplify procedures, give appropriate training to staff, increase the staff, improve facilities, etc.). The analysis of performance data may also reveal that the program or production objectives were higher or lower than could be performed with the available resources, and therefore should be adjusted.

Corrective action on individual performance

Unit and other supervisors should review performance data with each employee. Where there are significant differences between actual and planned performance, the supervisor and employee should identify the reasons for the differences, (i.e., the employee was assigned to other duties for part of the period, employee was ill, lack of tools needed to perform at the desired level, lack of skill and know-how on the part of the employee).

Where possible the supervisor and employee should develop and agree on actions to correct deficiencies. Where agreement cannot be reached, the supervisor is responsible for taking action (i.e., arrange appropriate training, provide more or better tools and facilities, reassign to other work, provide more supervisory assistance in performing day-to-day tasks, or dismissal). The analysis of performance data may also reveal that performance objectives were too high or too low, and therefore should be adjusted.

The introduction and operation of a system outlined above will not be easy because, in most societies, it is different than traditional methods of managing. However, the change in habit and behavior can be achieved over time and the improvement in effectiveness and efficiency will recommend the system.

F. Evaluation of Programs

The evaluation of manpower planning and administration is the process of comparing actual results with planned results as set forth in goals for manpower planning and administration. Program evaluation is needed to assure that programs are contributing to achieving goals or the desired results as implied in the statement of goals.

It is possible, as conditions and circumstances change, that programs make little or no contribution or may even have a negative impact on achieving desired results. Evaluation provides the basis for:

a) improving programs so that a greater contribution can be made;

b) choosing to continue less costly programs which make approximately the same contribution, and discontinuing the more costly programs;

c) continuing and expanding effective programs, and

d) eliminating ineffective programs.

Evaluation of "on-going" programs provides essential information to the process of continuous manpower planning. Therefore, the results of program evaluation should be provided to those doing manpower planning and those administering manpower programs.

Goals, as indicated, are essential for program evaluation. If goals have not been established, it would be necessary, before evaluation can begin, to identify goals which may be implied by specific and general policy pronouncements. To the extent goals cannot be identified, it would be necessary for the evaluators to develop a statement of logical goals and then compare actual results with planned results as stated in goals.

The measurement of actual results is a complex and often very difficult process. Results, in many cases, cannot be determined or measured until considerable time has elapsed, perhaps years. Data and information about results may not be readily available, and it is often attainable only from individual employers and individual workers. Data and information gathered from employers and individuals is often subjective and thus is not a precise measure of results. Even with the difficulties and imprecise measures, program evaluation is necessary if programs are to be developed and administered to achieve desired results at a cost commensurate with their contribution to social and economic development.

Program evaluation can be facilitated by including in the planning and early operation of programs, a provision for gathering and recording data determined to be essential at some future time to measure results.

Although data derived from program operations is often helpful in making program evaluations, in most cases it is not sufficient. Evaluation usually requires specially designed studies to gather data that will measure results. Considerable study and experimentation is needed and desirable to develop methods and techniques of evaluating manpower planning and administration. An example:

> If one of the goals of manpower planning and administration was "To develop programs of staff training and development that will assist manpower planners, managers, other professionals and technicians to learn to execute effectively their functions and responsibilities," it would almost be necessary to have an evaluation of the effectiveness of manpower plans and their contribution to the social and economic development plan, and also an evaluation of the effectiveness of manpower programs in achieving desired results in order to measure the effectiveness of manpower staff.

It is obvious that considerable time must pass in order to measure the effectiveness of plans and programs. It would require measuring whether the established goals of social and economic plans and programs had been achieved, or the degree to which they had been achieved, and the degree to which achievement or gaps in achievement were due to the effectiveness or the deficiencies in manpower planning and administration.

As difficult as program evaluation may be, it is necessary, if resources are to be used efficiently in achieving the goals for manpower planning and administration, and in achieving social and economic planning goals.

CHAPTER VIII

LIST OF REFERENCES

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