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ROLE OF A LABOR DEPARTMENT IN DEVELOPING COUNTRIES

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PREFACE

Assisting in the improvement of the effectiveness of departments of labor is an Agency for International Development activity in many developing countries. As a consequence, many U. S. governmental and non-governmental officials have become involved in technical assistance and research activities which require them to have a better understanding of the potential role, problems, and current activities of labor departments throughout the world.

To meet this need, AID contracted with the U. S. Department of Labor for the preparation of a handbook on the activities of labor departments as they affect economic and social development. The handbook is designed for the use of AID Missions, Embassy officials, officers, and other labor and non-technical staff assigned to developing countries in assessing needs and determining ways in which AID services to labor departments can be made more effective. While directed to U. S. personnel, it may also prove useful to nationals of cooperating countries who are responsible for labor department activities and wish to review their services as they bear on the development program.

This handbook was prepared in the U. S. Department of Labor, Bureau of Labor Standards, by Mrs. Clara M. Beyer under the general supervision of Roger W. Grant, Chief of the International Division of the Bureau. Mrs. Beyer, who for many years was Associate Director of the Bureau of Labor Standards is eminently qualified as an expert on labor law and its administration. She has been Chairman of the Federal Apprenticeship Commission, Secretary-Treasurer of the International Association of Governmental Labor Officials and represented the United States at every regular International Labor Conference from 1938-53 on such subjects as organization of labor departments, factory inspection, migration, vocational education, apprenticeship, health and safety. She also was a U. S. delegate to various ILO industry and special committee meetings and to the International Conferences on Social Security in Rio de Janeiro, 1949, and Buenos Aires, 1951.

In the process of preparing this handbook, Mrs. Beyer traveled extensively and consulted with officials and labor and management representatives in many of the developing countries. The results of her findings are set forth on the pages that follow. Although Mrs. Beyer has incorporated the views of many other informed experts, the general analyses and comments and recommendations are her own.

FOREWORD

The need for effective labor departments as part of a country's development program is urgent. There is a growing recognition by governments that their fundamental need is not additional labor legislation so much as the development of institutions to give practical content to existing legislation. This is reflected in an increasing interest in improving the services and programs of their departments. Furthermore, as trade unions become stronger and more firmly established in developing areas, they insist that governmental services in the labor field be improved and new services provided as an underpinning to economic and social development.

This is a handbook for the use of the staff of the U. S. Government assigned to developing countries who may have numerous opportunities to supply information, arrange technical aid, and otherwise help in the strengthening of the labor department as part of a countries' development program. It is designed to give them an understanding of the important role which a labor department plays, or should play, in social and economic development to make for a better way of life for people in the developing countries. To aid in assessing the needs for technical assistance, the overall functions, patterns of organization, staffing and administrative practices of labor departments are outlined. Each of the major services for which a department is normally responsible is briefly described, with the goal of the service, the type of activities carried on, and some of the special problems encountered in developing countries identified for each. Suggestions for dealing with these problems and sources of information and technical assistance are indicated.

While prepared specifically for the use of U. S. personnel, it may also aid top officials of labor departments in cooperating countries in an assessment of their departments' activities.

The positions taken and the recommendations made in this handbook are based on the author's knowledge of the work of labor departments, the materials of the ILO, its reports, recommendations and conventions and on a field survey of the programs, operations and problems of the labor departments in several developing countries in Latin America, the Near East and the Far East. The technical assistance being rendered these departments by the U. S. Government, the ILO and other agencies, national and international, was also reviewed.

The author wishes to acknowledge with appreciation the assistance rendered by the staff of the Bureau of Labor Standards and those persons in other Bureaus of the Department of Labor and in the Agency for International Development who reviewed the original draft and made constructive suggestions.

Special acknowledgement is made of the services of Lloyd A. Prochnow, Bureau of Labor Statistics, in the preparation of Chapter VII on Research and Statistics, and Robert J. Myers, Chief Actuary, Social Security Administration, Department of Health, Education and Welfare, of Chapter XI on Social Security. Meade Karras, formerly of the Bureau of Labor Statistics, gave valuable editorial assistance, and Beatrice McCabe and Pamela Carrello were particularly helpful in preparing the manuscript for publication.

This handbook recognizes the wide differences between individual developing countries in the stage of economic development reached and in the role of government in the social and labor field. It may seem presumptuous to lump them all together as has been done in this brief review. However, labor departments have the same general objectives and their problems, in varying degrees, are much the same. Some have made more progress than others in dealing with labor questions. Obviously, it would be impossible to list the achievements or failures of each country. In using this handbook, it should be borne in mind that the criticisms of labor department operations are not directed at any one country or group of countries, but are typical of problem areas found in developing countries that require special attention.

Furthermore, it is logical to consider the problems of labor departments as a whole for there is general agreement that these social institutions need strengthening if they are to protect human values and, at the same time, stimulate rapid industrialization. There is also agreement on the fundamental principles of organization and operations which should be followed if a labor department is to be effective. How their services can best be strengthened and their operations improved will have to be determined in each case by the human and material conditions found in the country under consideration. While developing countries can benefit by the experience and help of the more economically advanced countries, no attempt should be made to transplant into another country the exact legislation, techniques, or institutions which have been devised under the different conditions of an industrialized country. This might hold back rather than improve the existing situation.

It is only as the people are involved in working out and applying solutions to their own problems that they acquire the personal sense of achievement and identification so necessary to lasting results. This principle applies to all fields of assistance, but it is particularly pertinent when dealing with labor questions.

In general, this handbook is directed toward a wider use of AID facilities in creating and strengthening as quickly as possible the administrative and technical services of labor departments to more fully meet the requirements for economic and social development.

This does not mean that the valuable services of the ILO and other agencies, international, national and regional, in the labor field are being overlooked or will be duplicated. The policy of AID is to work cooperatively with these agencies in their programs for it recognizes that the need for assistance is far greater than can be met by all of them combined. Before undertaking new labor projects, AID personnel should find out what assistance, if any, is being

given or planned in the same or related fields by other agencies. Such a check would avoid duplication and waste and serve to channel services where most needed.

A number of organizations affiliated with the United Nations may have programs closely related to labor programs in effect in a given country. The work of the various international financial agencies for economic development often touches directly on labor affairs, as does that of regional organizations such as the Organization of American States (OAS).

The ILO is the major source of technical assistance to labor departments and other institutions responsible for social policy. It has regional offices throughout the world and representatives in each of its member countries. It has developed standards of good practice in almost every field of labor department activity, and gives advice and guidance in adapting these standards for use in any given country. It also helps in establishing the necessary administrative machinery. Through training on the job and in seminars and regional meetings, through scholarships and in the recently established International Institute for Labor Studies, the ILO is doing much to strengthen labor services in the developing countries. Its activities include assistance in the manpower field, labor relations, small-scale and handicraft industries, rural development, cooperatives, social security, workers' education, management training, productivity, and labor law administration.

The use of ILO services and facilities should be encouraged. At the same time, where appropriate, the wide experience of the U. S. in labor department activities and its technically trained personnel should be made available to developing countries in meeting their urgent needs for assistance. While some U. S. experts may serve through international agencies, most will require greater flexibility in employment policies and in timing than is possible in an international agency. The AID program can meet these requirements.

U. S. personnel can be effective in pointing out the value of democratic approaches to the solution of labor problems based on our experience. When discussing such matters, it would be well to be familiar with the legal protections afforded workers in the United States. Most labor legislation is relatively new, much of it enacted in the last half century. There are still wide gaps in its coverage and in the administrative machinery for its implementation. Some of the individual States do not even have a labor department to develop and apply accepted labor standards. Children of any age, in almost every State, may work in agriculture when schools are not in session. Discrimination in employment is a common practice. Agricultural labor is excluded from most of the benefits of labor legislation, including the protection of the right to organize. These exclusions are particularly serious for migrant workers, as has been shown by numerous congressional investigations, governmental commissions, and study groups.

CONTENTS

	<u>Page</u>
PREFACE	i
FOREWORD	iii
I ROLE OF A LABOR DEPARTMENT IN DEVELOPING COUNTRIES. .	1
1. U. S. Policy	2
2. The role of a labor department	2
3. Technical assistance.	4
II FUNCTIONS OF A LABOR DEPARTMENT	5
1. Recognized functions of a labor department	5
2. Functions of labor departments in developing countries.	6
3. Some general principles of operation	7
III STRUCTURE OF A LABOR DEPARTMENT.	9
1. Principles of good organization.	9
2. Organization charts of existing departments	11
IV STAFFING AND FINANCING A LABOR DEPARTMENT	17
1. Staffing the department	17
(a) recruitment and training	18
(b) key role of labor inspectors	18
2. Development of a labor inspection service	18
3. Financing the department	19
4. Technical assistance.	20
V RELATIONS WITH OTHER AGENCIES AND THE PUBLIC	21
1. Public relations	21
2. Value of advisory committees	22
3. Coordination with other agencies.	23
4. International labor affairs	24
VI PROBLEMS FACING LABOR DEPARTMENTS IN DEVELOPING COUNTRIES	25
1. Conditions in agriculture	25
2. Handicraft industries	26

	<u>Page</u>
VI PROBLEMS FACING LABOR DEPARTMENTS IN DEVELOPING COUNTRIES—(Continued)	
3. Organization of workers and employers	27
(a) trade unions	27
(b) employers' organizations	28
4. The public sector of the economy	29
5. Scope of existing legislation	30
6. Departmental problems	31
VII SERVICES OF A LABOR DEPARTMENT: RESEARCH AND STATISTICS	33
1. Importance to the development program	33
2. Types of statistics needed	35
3. Special factors in planning and operating labor statistics programs	37
4. Technical assistance	38
VIII SERVICES OF A LABOR DEPARTMENT: LABOR STANDARDS	41
1. Wages	41
(a) legislation	42
(b) administration	43
(c) special policy considerations in wage determination	45
2. Hours of work	46
(a) legislation	46
(b) administration	47
3. Safety and health	47
(a) Basic legislation	47
(b) safety education and administration	48
(c) record keeping and reporting	48
(d) code development	49
(e) safety committees	50
(f) public support	50
4. Women workers	51
(a) employment opportunities	51
(b) labor department responsibilities	51
(c) legislative problems	52
5. Children and young workers	53
(a) legislation	54
(b) administration	54
(c) vocational training and guidance	55
6. Industrial welfare facilities	55
7. Technical assistance	55
IX SERVICES OF A LABOR DEPARTMENT: LABOR RELATIONS	57
1. Legal framework	57
2. Freedom to organize and bargain collectively	57

IX SERVICES OF A LABOR DEPARTMENT: LABOR RELATIONS--(Continued)		
3.	Deterrents to union organization	58
4.	Promotion of collective bargaining	59
5.	Other labor department services	59
6.	Dispute settlement	60
	(a) legislation	60
	(b) administration	61
7.	Education for management and labor	62
	(a) management education	62
	(b) labor education	63
8.	Technical assistance	65
X SERVICES OF A LABOR DEPARTMENT: MANPOWER		69
1.	Need for an action program	69
2.	Manpower policy and planning	69
3.	Public employment services	70
4.	Manpower training	72
	(a) training programs	73
	(b) vocational education	74
	(c) training principles	75
5.	Migration	77
6.	Technical assistance	78
XI SERVICES OF A LABOR DEPARTMENT: SOCIAL SECURITY		79
1.	Social security problems in developing countries	79
2.	Social security programs	80
	(a) types of programs	80
	(b) administration	81
3.	Compensation for industrial injuries	82
	(a) general principles	83
	(b) practice in developing countries	84
4.	Aid to the unemployed	85
	(a) unemployment compensation	85
	(b) dismissal pay	86
	(c) unemployment assistance	87
5.	Technical assistance	87
XII SERVICES OF A LABOR DEPARTMENT: OTHER PROGRAMS		89
1.	Groups needing protection	89
	(a) agricultural workers	89
	(b) aboriginal people	90
2.	Workers' housing	91
	(a) need for housing	91
	(b) labor department responsibilities	91
	(c) government assistance	92
	(d) housing furnished by employers	92

	<u>Page</u>
XII SERVICES OF A LABOR DEPARTMENT: OTHER PROGRAMS--(Continued)	
3. Cooperatives	93
4. Technical assistance	94

CHARTS

A. Structure of the Labor Department in a Small Country	13
B. Structure of the Labor Department in a Small Country in a Different Continent	14
C. Structure of the Labor Department in a Large Developing Country	15

ROLE OF A LABOR DEPARTMENT IN DEVELOPING COUNTRIES

A bulwark of United States foreign policy today is its emphasis on the rights of peoples everywhere to both economic well-being and social justice. For these twin aspects of modern democratic living have come to be recognized as inseparable goals for the entire world if United States free institutions are to survive. Nowhere is this two-fold policy more strikingly evident than in the U. S. approach to the problems of the many developing countries.

Whether they are new entities or only newly-developing, these nations suffer from a host of problems. Each country is unique in its particular situation, of course. But the catalogue of problems encountered by some or all of them is staggering: shortage of capital, lack of trained manpower and technological development, inadequate development of resources and low productivity, a rapidly increasing population, privation, ignorance, disease, a vast gulf between the privileged few and the underprivileged many, governmental identification with the privileged few, a serious lag in social development, and stagnation in the rate of per capita output and income. If these societies are to become dynamic and progressive, there must be radical changes in the attitudes, motives, interests, and, in some cases, the innermost values of great masses of people.

In the past, some policy-makers have felt that such staggering problems must be dealt with one at a time. "Get industrialization under way and social and political development will follow," was one school of thought. "Provide the have-nots with the

benefits of modern life at once, for social justice and improved living are the necessary precursors to any economic growth," contended others.

Today the "grain of truth" in both positions is widely recognized. Economic growth is, after all, only a means to a better life for the largest number of people possible. But no people can consume all its current production and expect to maintain the resulting levels of living in the future. Social development without economic growth brings economic stagnation. Yet economic development without social justice may lead to loss of freedom.

The Development of a country is dependent upon the aspirations of the people and their ability ultimately to meet those aspirations. But hungry, sick, illiterate people, some without shelter, many without the skills to earn a decent living—these people cannot build a stable government, a growing economy. Developing the economy and building the people and their institutions are interdependent.

Hence, the developing nations are faced with the stupendous task of carrying on a two-front battle for a place in the modern world. They must develop free economic and social institutions and productive capabilities at the same time. - And they must make strides in both directions in a hurry. For impatience with delays in bringing about improvements is growing among peoples who have too long awaited a better life.

1. U. S. Policy

The U. S. has specifically voiced a readiness to help. From a purely pragmatic point of view, it is recognized that only through help on both fronts will help on either produce results. Construction of roads will produce little good if few people are in a position to use them. Training workers to new skills is useless if there are no plants in need of such skills. A piecemeal approach is frequently synonymous with a futile approach.

From a political point of view, it is recognized that a stark alternative awaits any developing country which overlooks the needs of its people. The democratic way offers both political and economic freedom, built gradually with hard work. The Marxian philosophy claims to provide a short-cut. Centuries of deprivation have already accumulated in most of these countries. If no progress at all is visible through the democratic way, the Marxian way may well be tried, with a push to give power to the minority extremists. What is needed is movement forward without bringing about disruption and vulnerability to either external or internal aggression—a social revolution directed into peaceful and democratic channels.

From the point of view of world peace, the Congress cited cogent reasons for help when it set forth U. S. policy in the Act for International Development of 1961:

"It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and a survival of free institutions in the United States can best be assured in a world-wide atmosphere of freedom.

"To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding people of less developed friendly countries of the world to develop their resources and improve their living standards, to realize

their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

"The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to 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."

Finally, from the moral viewpoint which is historically and peculiarly American, President Kennedy, in his inaugural address, stressed one more reason why the U. S. would help:

"To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right."

2. The role of a labor department

The labor department is the administrative arm of the government that, in most countries, 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.

And yet, few labor departments participate as actively as rapid progress demands

in formulating and implementing programs related to economic and social development. This failure to utilize their services and facilities is due in large part to a lack of recognition and understanding of the labor issues that thread themselves throughout development problems. A brief sketch of these issues will illustrate the basic considerations involved and the need for an effective labor department to deal with them.

Perhaps the most obvious is the economic problem of labor as a resource: manpower in the numbers and with the skills needed to bring into being and operate capital equipment and public improvements. Most developing countries have an over-abundance of manpower relative to other resources. The problem thus becomes one of training men to new skills and new ways, of selecting development projects which utilize men rather than machines to the degree possible, of developing labor-intensive substitutes for processes developed in labor-scarce industrial countries, of somehow tapping the energies of the entire population, of seeing to it that all the country's manpower has an opportunity to participate in its development.

The social overtones of the manpower problem are obvious. For such participation in the national development, and the status that comes with rising skills and steady work, necessarily contribute to the dignity and independence with which social justice cloaks the individual.

Closely related is the question of the conditions under which the labor force works and lives. The experience of the industrialized nations demonstrates that investment in safe and healthful working conditions results in a more efficient, more productive work force. The housing of workers and other living conditions have a profound effect upon their satisfactory adjustment in the workplace.

Closely related also is the problem of industrial relations. Democratic societies have recognized that the formation of trade

unions is an expected corollary to industrialization—one which has a particularly vital role to play in countries long characterized by exploitation of the many by the few. Industrial peace is important for successful economic development. Responsible unions, dealing with responsible management, can produce such peace at the same time that they assure the labor force of decent working conditions and a fair share in rising national productivity.

A nation's workers are its major consumers. The operations of the U. S. economy have demonstrated the economic value of effective mass demand—the factor which makes mass production possible and profitable. The existence of mass needs and desires in developing countries is widely recognized. But, to translate needs and desires into effective demand, the labor force must not only become more productive, but it must also have the increased real earnings which make each working family into a greater purchaser. Again, the social overtones of greater purchasing power are obvious.

Finally, the problem of those members of the working population who are unable to work, either temporarily or permanently, constitutes an economic as well as a social problem. The worker who is sick or disabled, hurt on the job, unable to find employment, or at an age when he should be able to lay aside the demands of daily toil—this worker cannot sustain either himself or his family unless arrangements have been made to insure against this time of wage loss. Privation and need once more shadow his household. He becomes a public charge. His role as a consumer is sharply curtailed.

Clearly, any nation which attempts a development program without facing up to these labor questions stands little chance of long-range permanent success in its endeavor. The labor program of AID is designed to assist in this facing up process.

3. Technical Assistance

With few exceptions, labor departments in developing countries need assistance in meeting their major responsibilities for the optimum use of human resources in the development process. The wide experience of the U. S. in labor department related activities can be made available through the AID program.

Three general types of services are available:

(1) Consultant services are rendered to governmental officials or agencies upon request. Such services may consist of sending an expert to a developing country to study its needs and work with its officials, or they may consist of supplying technical advice and information on labor subjects.

(2) Technicians from a developing country may be brought to the U. S. for training. Such training is geared to the needs of the country. It may take numerous forms—classroom instruction, on-the-job training, visits

to governmental agencies, technical organizations, organizations of management and labor and places of employment to observe the application of labor laws and programs.

(3) Many types of pamphlets, books, films, charts, and other materials are available. Often this material can be supplied without charge. In addition to supplying materials and special studies, information will be furnished in response to specific technical questions.

U. S. experts in the various aspects of labor department activities can be recruited by AID. They usually will come from the Department of Labor, but they may come by direct hire from non-governmental agencies.

Illustrations of the technical resources and services available to AID from the various Bureau of the Department of Labor are given throughout the text.

Similarly, reference is made to the services on social security which may be supplied by the Department of Health, Education and Welfare.

II

FUNCTIONS OF A LABOR DEPARTMENT

1. Recognized functions of a labor department

A review of the recognized functions of a labor department shows the wide range of its activities.

A general, but key function, is that of helping to make and implement governmental policy on all labor or labor-related questions. This includes not just such clearly labor matters as regulation of wages and working conditions, assistance in industrial dispute settlement and the establishment of vocational training programs, but also employment policies, long-range economic planning decisions as to industrial development and distribution, consumption controls, broad educational questions, and social aid programs of various types.

The labor department should be expected to supply information and advice in all these fields, prepare draft bills and regulations as appropriate, and generally participate at the highest level and on an accepted basis with other government departments in the process of policy formation and implementation.

Basic to satisfactory performance of a labor department's overall and specific functions are the facts and figures upon which sound judgments and procedures may be determined. One of the most important functions is the collection, analysis and distribution of reliable information on the many facets of industrial conditions, wages, prices, occupational injuries, employment trends, labor productivity and developments in labor relations. Such information is

essential to collective bargaining, manpower policy, economic planning, the solution of specific labor questions, and the public understanding of labor questions and governmental actions affecting labor. In addition, other types of data are assembled as a by-product of the technical operations of a department—these data being used both for improvement of departmental operations and for recommendations as to changes in labor law or labor policy. Implicit in this function is the dissemination of information—both to government policy-makers and to employers, workers, and the general public.

In addition to these more general functions, a labor department commonly has technical operating responsibilities in four specific fields:

- (1) The protection of workers from conditions detrimental to their health and welfare. This includes the regulation of conditions in the work-place to promote safety and health, the protection of women and children, regulation of wages, hours of work, holidays, vacations, and welfare facilities.
- (2) The promotion of sound industrial relations and assisting in the settlement of industrial disputes. Conciliation, arbitration, industrial courts, collective bargaining, registration of industrial organizations, labor-management cooperation, workers' education, and management training fall under this heading.
- (3) The development of programs and machinery for making maximum use of

manpower—for achieving and maintaining full productive employment, occupying workers to the fullest measure of their skills, and providing industry with the qualified workers it needs. Services included are placement and training facilities, vocational guidance, overall planning for the effective use of manpower, and regularizing employment of migrants.

(4) The provision of social security. Included are workmen's compensation, old age and survivors insurance, family allowances, sickness and maternity benefits, unemployment compensation, and dismissal pay. These programs, in whole or in part, may be developed in or operated by an agency other than the labor department but in close cooperation with it.

Labor departments are frequently given other assignments of particular concern to workers. Among the more difficult and far-reaching are responsibility for the improvement of living and working conditions in agriculture and programs for integrating aboriginal and tribal populations into the economic and social life of the country. Workers' housing and cooperatives are other subjects with which some labor departments must deal in whole or in part.

In the case of nations with a federal form of government, the national labor department may have among its main functions encouragement of the responsible state, provincial or cantonal authorities in the development of administrative techniques; coordinating some activities to produce effective action on a national scale; supplying advice and information concerning developments within the country; and conducting or arranging for surveys which can best be carried out on a national basis.

Labor departments also are increasingly concerned with international labor questions. Activities in this field include the collection of information, cooperation with regional or international bodies in the labor field, and

joint action with other countries in the solution of particular industrial, economic, or social problems.

2. Functions of labor departments in developing countries

This review of the functions of a labor department follows in general the conclusions reached by governments, labor and management at the International Labor Conference in 1947. They are effective, in large part, in most industrialized countries. With few exceptions, in the developing countries there is room for improvements in both law and administration if the labor department is to provide the leadership and the services required to protect human values in the industrialization process.

Of course, not all countries are sufficiently advanced industrially to require many of the services of a full-fledged department of labor. Some may have so few wage earners that only rudimentary protective provisions may be necessary. But as industrialization proceeds, it brings with it the same sort of evils as were experienced in Western countries during the development stage. In the 20th Century there is no reason for workers to suffer the indignities and endure the inhuman conditions common to that earlier period. Unfortunately, this is happening in some developing countries with adverse results to the social and political structure.

It is the purpose of this handbook to point up the needs and the opportunities to deal constructively with the human problems connected with the industrialization process and to move forward as rapidly as possible to secure a higher standard of living and a greater measure of social and economic justice for the working populations. Aid to a labor department should be designed to strengthen its technical services to perform these essential functions in accordance with the country's needs.

3. Some general principles of operation

Advice and guidance to labor departments should stress the importance of first things first so as to avoid taking on functions in advance of the financial and administrative capacity to apply them. The recruitment and training of staff to administer with competence basic protective legislation should precede refinements in law applicable to relatively few workers.

Provision for fact-finding and dissemination of information on labor questions should be given high priority. Through continuing study of problem areas, the department should be able to detect existing and to anticipate new labor and social needs as they arise from industrial development. New problems will constantly emerge, and the relative importance of particular functions may increase or decrease. The labor department should assume a watchful, forward-looking posture and should have the flexibility to adjust its administrative structure and operations to meet changing demands. It should at all times work to assure that industrialization unfolds to the benefit and not at the expense of the nation's workers.

A general principle that should be clearly recognized in all of its activities is that the labor department serves the interests of both management and labor.

Many of its services in the manpower field, labor relations, and statistics and research are of direct benefit to management. Labor Standards that are fairly arrived at and impartially administered are as good for employers in the long run as for labor. They are designed to eliminate the unfair competition of those employers who cut costs by exploiting labor. By gradually raising the standards of living of the workers, they bring

up productive efficiency and provide a larger market for goods and services.

On the other hand, the direct beneficiaries of labor department activities are the workers. Without protective legislation, unorganized, often illiterate workers are at a disadvantage in relations with employers. The welfare of society demands that this imbalance be corrected by establishing the norms for basic employment practices.

A corollary to this is the importance of the department's assuring impartiality in all its activities—being objective in its assembly of information, its enforcement of the law, and its services in labor dispute settlement. There is a natural tendency for workers to regard the labor department as their protector which should side with them in all situations. Employers who fear intervention in labor matters may attempt through political influence or otherwise to exercise control over its activities. If they should succeed in impressing their position on the department, its effectiveness is largely destroyed.

In this connection, too, a principle of considerable importance is the continuous consultation with employers' and workers' organizations and other interested groups which may be active in the labor field. The labor department may set up special tripartite consultative bodies, maintain regular contacts, and in appropriate circumstances, cooperate with the activities of these groups. Such contacts can assure that the labor department program is truly responsive to the current needs of the nation, as well as producing the understanding and support necessary to the program's success. In addition, it will enable the department to represent fully the labor aspect in the government's consideration of policy in the industrial, economic, and social fields.

III

STRUCTURE OF A LABOR DEPARTMENT

The internal organization of a labor department is one of the key determinants of whether it will carry out its functions effectively.

Patterns of organization vary widely depending upon the degree of industrialization, the laws to be administered, the services to be rendered, the areas to be covered, and the governmental structure and philosophy of the country. The structure in newly-independent countries tends to follow the organization of labor department activities in the former colonial power. In the older developing countries, a mixture of patterns may be found. New or old, few labor departments have achieved, in their organizational structure, the effective delegation of responsible authority so essential to smooth functioning.

1. Principles of good organization

When establishing or reorganizing labor departments, insufficient thought seems frequently to have been given to the fundamental principles of organization—a clear-cut determination of where responsibility for action lies, how and to what extent responsible delegation of authority takes place, and what emphasis is given to various objectives. Part of the difficulty in perfecting an organization of a labor department stems from insufficient delegation of authority by the legislative branch of the government and from a scattering of responsibility for labor affairs among various departments of government.

The head of the department of labor should be charged with responsibility for advising the

head of state on all labor matters, for the formulation and execution of labor policy, and for keeping that policy in line with the country's social and economic needs. He should be authorized to administer, coordinate, and direct the government's labor activities and services and to make such rules and regulations as may be necessary to carry out his authority. He should be authorized further to delegate his authority to officers and employees under his direction or supervision.

Certain staff functions should be performed in direct contact with the office of the head of the department. These include management services (fiscal, personnel, property), legal services, public relations, and international labor affairs. In carrying out his duties, the department head should be assisted by deputies of varying rank as may be required. One or more boards or advisory committees may also be attached to his office.

Every effort should be made to free the head of the department from direct supervision of its operations and services—the so-called line functions. These functions should be carried on through various bureaus or divisions organized in accordance with the laws to be administered and the services to be performed. In order to prevent the proliferation of officers and cut down on the number of persons reporting at the top level, and to bring together the services that dovetail one with another, functions should be grouped. In addition to making maximum use of available staff and facilities, this will also prevent duplication of inspection and service and the giving of conflicting advice, which is confusing to employers and workers alike.

A comprehensive labor program could be grouped under as few as five bureaus—labor standards, manpower, labor relations, research and statistics, and social security (including workmen's compensation).

These bureaus must carry their activities to the workplaces throughout the country. This necessitates a field organization, large or small, according to the work to be done. The relationship between the field staff and headquarters organization has a great deal to do with the success of a labor department program. How responsibility is funnelled to the field staff, so that it may be exercised intelligently, impartially, and judicially, is a major problem in any organization. It is particularly difficult in a labor department because of the multiplicity of laws and regulations to be administered and services to be rendered, often in widely separated areas of the country.

Most of the services of the department should be available near enough the workplace so as to be readily accessible to the employer and the worker. They should be of the same level of competence in all parts of the country. The inspections made, the orders and advice given should be consistent throughout. This requires the issuance of detailed instructions on all aspects of the program, the training of responsible staff in these instructions, and close supervision on the job.

Only teamwork of the various bureaus and services at headquarters and particularly at the regional and local levels will meet these requirements. Close liaison should be maintained between the headquarters and the field staff. Through meetings, careful instructions, and taking account of practical field experience in the formulation of administration instructions, overlapping of responsibilities and duplication in the carrying out of functions can be avoided.

Regional offices are necessary to the planning of adequate services in all but very small countries. Careful consideration should be given to the organization of these

offices. Each regional office should be staffed by a director in overall charge. He should be responsible in his region for the various functions assigned directly to the secretary—finance, personnel, property, transportation, legal services, public relations, and the coordination of the field services of the bureaus. Insofar as possible, the technical staff should receive their instructions, training, and supervision on the job from the bureaus responsible for the program at headquarters. This should be possible in all of the regional offices and most of the local offices.

Adequate enforcement and servicing requires a certain degree of specialization. The application of safety and health provisions and their promotion, for instance, require at least a measure of engineering training and experience. Conciliation and mediation call for a different type of experience and a different approach. Inspection of books and records to secure compliance with certain types of laws requires still a different background. It is difficult to combine these skills in one person. How to make the services of technically trained individuals in these various skills available in far-flung regional and local offices is a problem for all labor departments.

Specialization of field staff may be completely impractical at this stage in some developing countries. Even where it is the rule, there are areas in many of the developing countries where field services are limited by the absence of roads, transportation facilities, and means of communication. Here it may seem necessary for a field agent when he visits a workplace to perform all of the functions of a labor department representative, even though he does few of them well. Experience shows, however, that, if one man is to combine such specialized functions as application of wage and hour standards, machine guarding, elevator and boiler inspection, and settlement of disputes, the protection of workers suffers severely.

As a minimum, every effort should be made to separate the functions of conciliation from inspection. Even if plant visits are less frequent, the workers would benefit in the long

run from the division of functions and labor relations would be materially strengthened.

There is a tendency in some of the countries for the labor department to spread its services too thin. It will set up numerous field offices, staffed with only one or two relatively untrained persons to administer with minimal written instruction and practically no supervision—the many technical requirements of the labor law. This is bound to lead to inequities in the application of the law and a disrespect for government. With greater concentration and clear supervision, more competent advice and guidance usually could be made available without additional cost.

2. Organization charts of existing departments

Illustrations of efficient and inefficient organization of existing labor departments may help to stress the importance of proper delegation of authority and coordination of functions and point up the problem areas.

The first illustration is of a department of labor in a small country which meets many of the requirements of good organization. It administers a wide range of labor and social legislations, applicable to almost every workplace—industrial and commercial establishments, offices, plantations, docks, and domestic service. It provides services to management and labor in the manpower field, in improving their relations, and in stimulating production. While it does not have cabinet status, it appears to have authority to carry out its program.

The department of labor is headed by a commissioner who is a career officer. Its work is organized into 6 divisions, 12 district offices, and 180 local labor offices. If set forth in chart form the distribution of the department's functions would be roughly that shown in Chart A.

Some of the key structural points to be noted are:

- (a) The four divisions with major operating responsibilities deal directly with the district offices in carrying out their functions. The two units with limited authority and staff carry on their work from the central office.
- (b) The work of the department is carried forward through the district and local offices. These offices are responsible to the Administration Division for general supervision and coordination. For technical supervision and instruction in the field, they look to the respective divisions at headquarters.
- (c) To coordinate and prevent duplication of inspections and assure uniformity of treatment, programs that require inspection of books and records for enforcement are administered by the Enforcement Division. This covers all labor laws except the Industrial Disputes Act. It includes operation of the wage boards which determine in large part the wages, hours, and working conditions in the major industries; the large body of special legislation dealing with plantation labor; and the employees' provident fund, the major social security provision in the country.
- (d) The line of command and the delegation of responsibility from the top down had been well established. Each operating division is headed by a deputy labor commissioner and each district office by an assistant labor commissioner.
- (e) Other assistant labor commissioners work at division headquarters in charge of various branches or specialized programs. A substantial number of labor officers carry the immediate responsibilities for technical services. Numerous clerks supplement their activities.

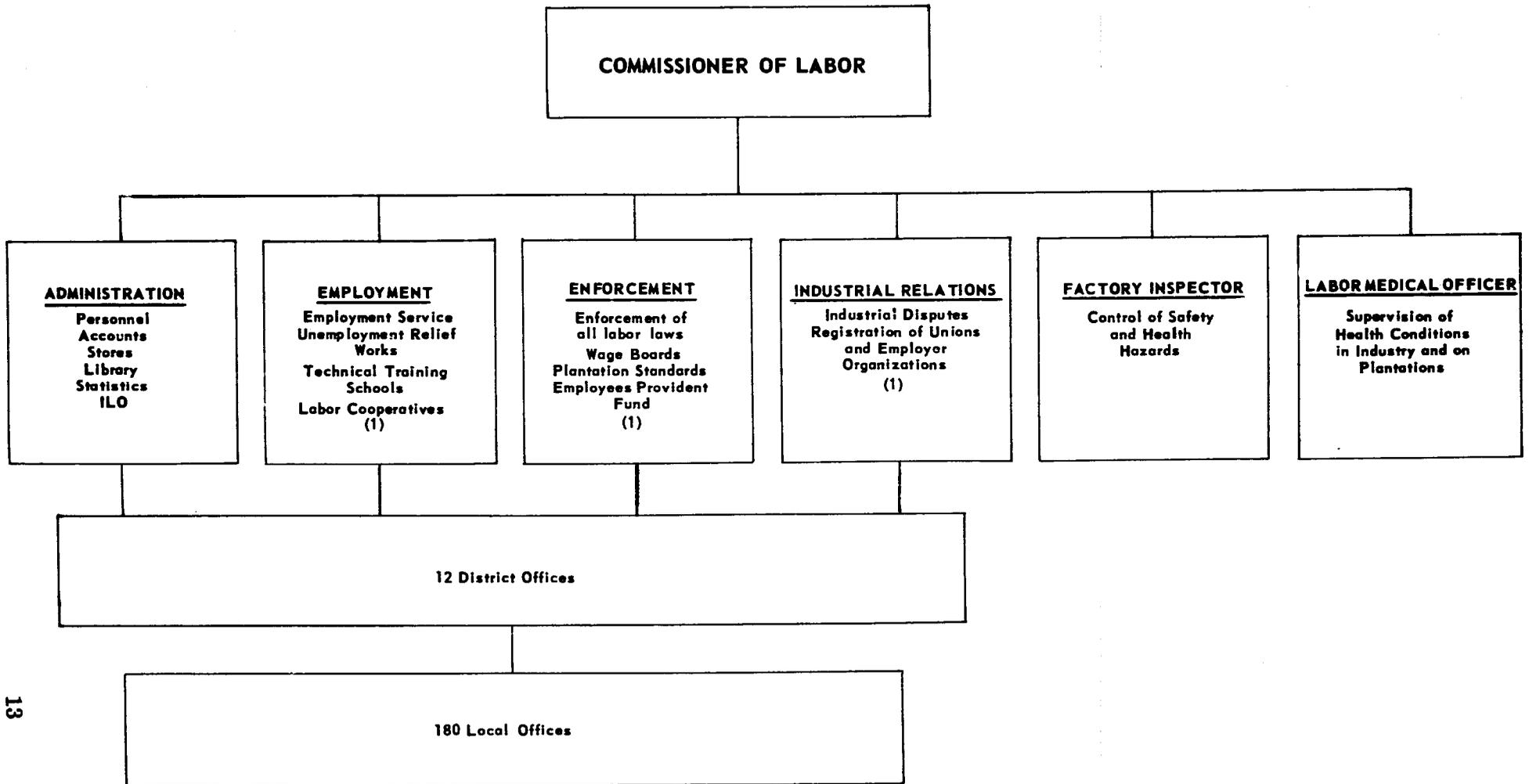
Another type of organization characterized by a scattering of function and responsibility is shown in another chart of a small country in a different continent (see Chart B). The titles of the departments and divisions

are self-explanatory. This organization suffers from a failure to provide lines of communication and supervision of technical programs between the field offices and the Department of Labor, Manpower, and Safety and Hygiene.

A larger nation offers a still different approach to the organization of a labor department, as is indicated in Chart C. This chart illustrates a lack of understanding of the importance of delegation of responsibilities and clearly determined lines of effec-

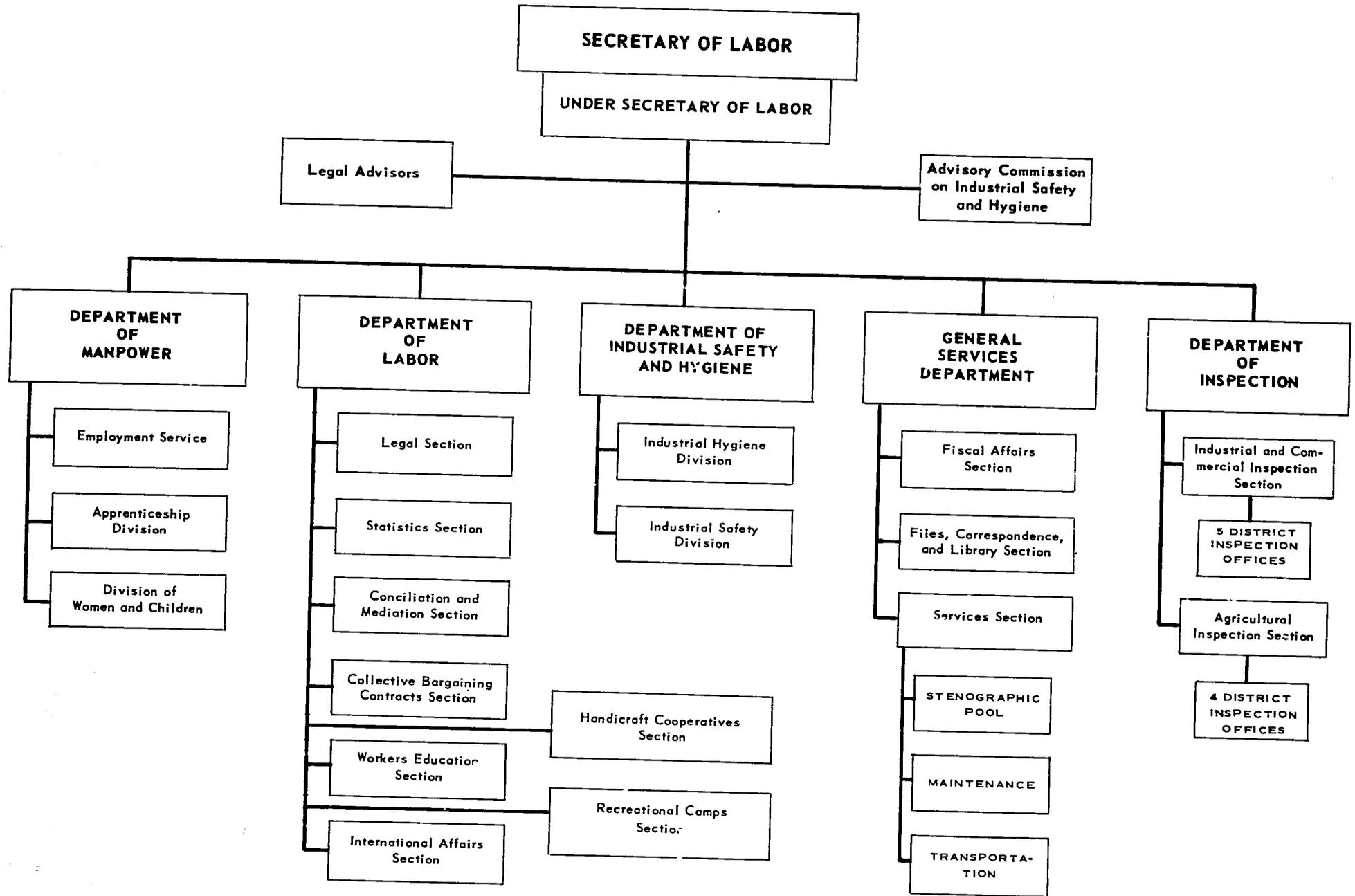
tive supervision. It shows two directorates, two bureaus, and 21 divisions and sections all reporting directly to the Secretary of Labor. Direction and coordination of functions for which, from the titles, there is obvious need, must be made at his level—a burden which no official should be expected to carry. There are nine regional offices and many local offices, but the chart fails to indicate where responsibility lies for administration and supervision of these key offices. Apparently, the problem has never been thought through.

A. STRUCTURE OF THE LABOR DEPARTMENT IN A SMALL COUNTRY

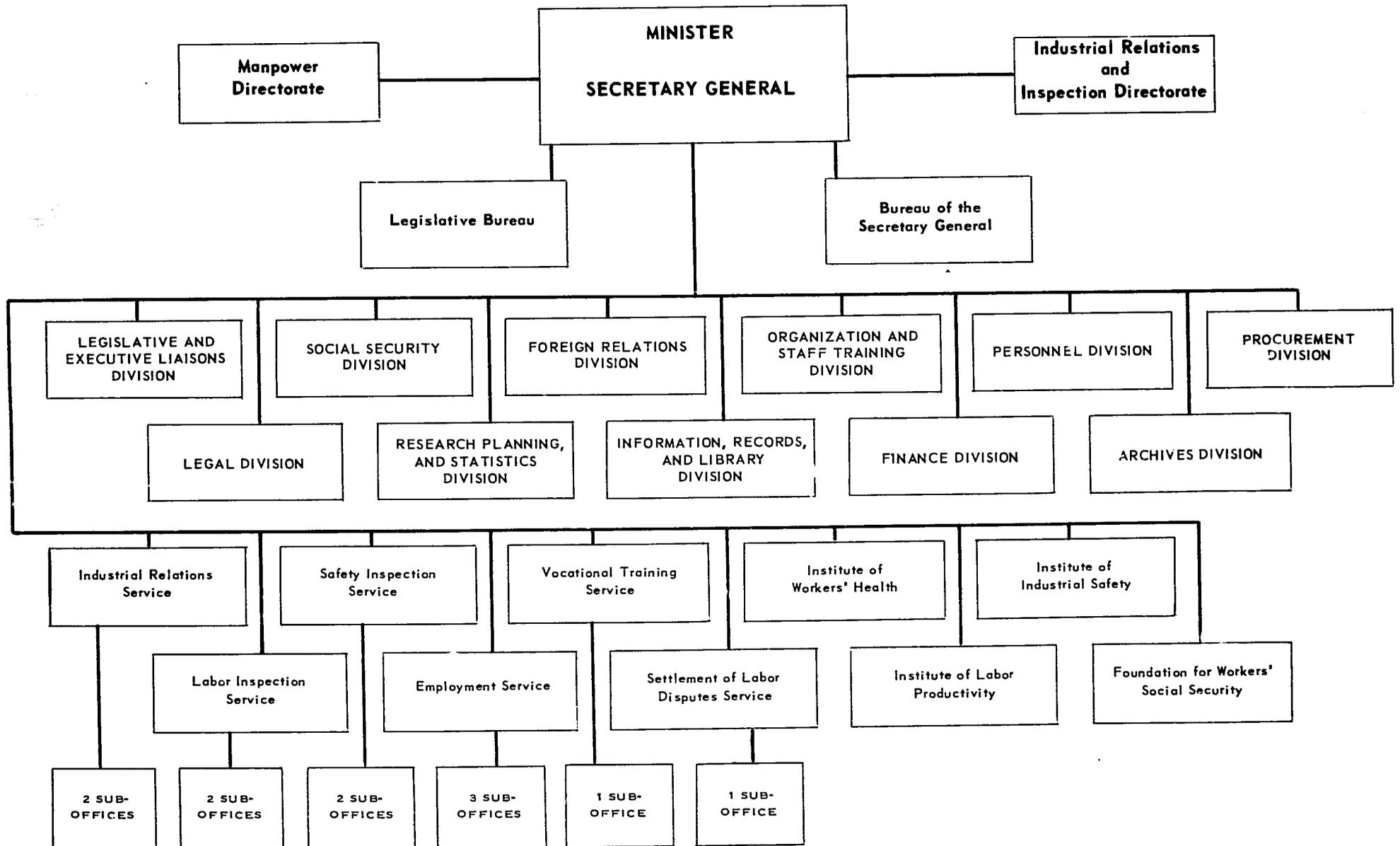


¹Also handles operations for capital city

B. STRUCTURE OF THE LABOR DEPARTMENT IN A SMALL COUNTRY IN A DIFFERENT CONTINENT



C. STRUCTURE OF THE LABOR DEPARTMENT IN A LARGE DEVELOPING COUNTRY¹



¹The Department has nine regional and many local offices but the organization chart does not indicate the line of supervision

IV

STAFFING AND FINANCING A LABOR DEPARTMENT

Basic legislation and good organization are important to the work of a labor department. But essential to its growth and effective operation is a staff which believes in its social objectives and is competent to carry them forward with integrity, tact, intelligence, and good judgment. To recruit, train, and hold in the labor department persons with these qualifications is one of the more difficult administrative problems facing governments in the developing countries.

Efficiency in the labor department cannot be expected to be better than efficiency in the public administration in general. But it should be of the best in the country if it is to carry on the department's important role in the development and application of economic and social policy.

The personnel practices of the labor department will be influenced by the arrangements made generally for the public service. Whatever the system in use, the labor department should participate in the planning and operation of recruitment, training, and promotion methods as they affect department employees and should have a continuing interest in their status as public officials, their stability of employment, and the salary scales applicable to them.

Recruitment by public competition based on merit, promotion by merit, staff training, adequate levels of remuneration, and freedom from political interference are important guarantees of efficiency. They also ensure the impartiality, standing, and ability of labor department officials so important in their dealings with the public. And they can

materially affect the ability of any department to attract able employees.

U. S. labor technicians will find many areas where technical assistance can strengthen labor departments. The following discussion is designed to suggest the various services possible in connection with staff development—from the organization of a bureau, the preparation of standards of selection and training, instruction forms and procedures, to the actual training.

1. Staffing the department

The work to be done in a labor department is largely technical. For its direction and operation it requires the kind of trained manpower that is in short supply and is the limiting factor in economic development. The question arises as to how far the government is justified in diverting some of its few administrators, statisticians, economists, safety engineers, industrial relations experts from industry or other branches of the government to work in the labor department. Again, can these men be interested in the often gruelling work of the labor department at the relatively low salaries offered? Status also comes into the picture. The work in the labor department is often rated much lower than similar work in a department of public works or public health.

A government should, at an early stage, take positive steps to set high standards for recruitment, training and tenure of the labor department staff and provide equal treatment with other employees of government.

Otherwise it will never secure the substantial benefits that accrue to the economy from the activities of a strong, coordinated department capable of dealing with the many facets of labor questions.

(a) recruitment and training — It is obvious that in many of the newer countries the necessary leadership and experience to get a labor department program underway is almost nonexistent. Under the metropolitan powers, few persons may have had the opportunity to acquire the education, training, and experience needed to staff a department. Initially, selection should be made from among these few and from others who most nearly meet the requirements and have the interest, personality, and all-around ability for the work to be done. Then training will have to be given on the job, with such supplementation as international agencies are prepared to give.

Of key importance, of course, is the training of top officials—persons who must serve in supervisory positions. For even well qualified staff cannot be effective if under the direction of people who do not themselves know the work to be done and supervisory techniques. Here is a particularly good opportunity for the use of foreign specialists—to perform a dual operating and training job until supervisory staff is trained.

The staffing requirements for the various operations and services of a labor department may differ widely. Administration in the fields of research and statistics, manpower, industrial relations and social security calls for specialized staff training and experience. The need for technical assistance in the preparation of these staffs in generally recognized and increasingly provision is being made for such assistance.

Less attention is being given to the development of competent and impartial labor inspectors to interpret and enforce the legislative standards regulating conditions of work. And yet, every country, irrespective of its stage of development, has some statutory requirements governing the conditions

under which workers are employed. To administer these laws is the function around which most labor departments are initially organized. The success or failure of the department as an institution may well depend upon the way it carries out this basic responsibility. For these reasons, the importance of a competent labor inspector and the building of an effective inspectorate is given special consideration in this handbook.

(b) key role of labor inspectors — Inspectors are the executive arm of the department in the application of protective labor laws. They interpret its program directly to employers, workers and the public. It is to them that employers look for explanations of the purposes of the legislation, its provisions, and how it can be put into force. And workers expect them to supply the protection which the law was designed to give. The way that inspectors do their educational work and exercise their authority determines in large part the respect and cooperation which the department receives from management and labor.

In addition, inspectors learn first-hand whether the labor regulations are suitable for the remedying of existing conditions, how they should be adjusted to meet the needs, what new problems need attention. The work of inspection affords opportunities to learn the problems of industry, their relationship to social and economic development, the attitude of management and labor toward them, and approaches to their solutions. Because of this, it is from the inspectors that top supervisors of the future may well be recruited. Standards applied at an early stage to their selection, training, and supervision will therefore pay dividends in improved performance throughout the department.

2. Development of a labor inspection service

The first step in building an effective labor inspection service is the recruitment of the best qualified persons available. They should have as much basic education as the

country affords and preferably with work experience as a craftsman, supervisor or labor representative. They should have shown interest in labor affairs and ability to get along with people, qualities of leadership and a capacity to learn.

Once selected, the entrant should undergo a lengthy period of training under careful supervision. Ideally, this training should be given partly on the job and partly through supplementary courses at regular intervals.

Insofar as possible, the accepted standards for training should be applied. These require that the new inspector begin his training by a brief study of the laws to be administered and instruction in the procedures to be followed. He should be equipped with carefully spelled-out written guides as to the rules and regulations, definitions of legal requirements, and other technical material designed to produce uniformity of interpretation and enforcement. He then accompanies an experienced inspector, if such is available, on his rounds. After a few weeks he makes inspections on his own.

His reports are carefully checked and he is advised of shortcomings. At all times, he is encouraged to take up his problems with his superiors. He participates in frequent staff meetings where problems are discussed and interest in the work of the department is developed. From time-to-time he takes part in advanced courses of training.

At the end of a year, it should be evident whether the new employee has the necessary equipment for permanent status as an inspector. If qualified, he should be assured of tenure of service and given the full support of his superiors in doing his duty without political interferences or favoritism. Only in this way, can he build up self-confidence, judiciousness, courage and impartiality—the characteristics essential to success on his job.

His pay should be commensurate with the tasks to be performed and should equal that of technical and professional staff in

other branches of the government. He should be provided with proper quarters and facilities for transportation to the places to be inspected.

This type of selection and training should, in about two years, produce a fairly competent, general inspector—one who is able to advise on and enforce the wage and hour regulations and the basic health, safety and welfare requirements which apply to every workplace. The general inspector should also be expected to observe and report on other working conditions detrimental to health and safety. Few however, without a technical background in education and experience would be equipped to administer satisfactorily many of the complicated safety and health standards required by modern industry. The more technical machine guarding, inspection of boilers, pressure vessels, elevators and construction projects, the detection and control of electrical and chemical hazards, call for the services of persons specifically trained for this type of work. Efforts should be made to add such specialists to the staff as organization and funds permit. Or, where appropriate, arrangements could be made to use the services of experts in other government departments, such as that responsible for health.

3. Financing the department

Financing the department should be met through regular appropriations adjusted in accordance with the functions to be performed and the area to be covered. Resort to fines and fees to provide the necessary funds should be discouraged. When these are collected through inspectors, as is usually the practice, the opportunities for corruption, always present in labor department activities, are unlimited. Furthermore, employers and workers soon associate the inspector solely with his collection functions. Not only is his value in the protection of workers destroyed, but respect for government itself suffers severely.

The funds allotted to a labor department should provide for salaries sufficient to

attract and hold qualified staff, and for offices, furnishings, and equipment that will facilitate operations and win the respect of employers, workers, and the public who use the service. Ample provision should be made for traveling expenses of staff who must, by the very nature of their work, spend most of their time in places of employment.

Where funds are extremely limited, as they are in many developing countries, every effort should be made to maintain a balance between staff, offices, equipment, and travel. This seems to be hard to accomplish in these countries. Most are relatively overstaffed with persons lacking experience and training for their jobs. Emphasis may have been put on employment of professional personnel to the point that they must perform for themselves functions better done by clerical staff. Frequently offices are run-down, dirty, and badly located from the standpoint of convenience for workers and employers. Few have the space, desks, chairs, file cabinets, typewriters, and other equipment necessary for effective performance. This may be true of the headquarters as well as the field offices.

Limited travel allowances in many countries are an effective bar to good administration of labor laws. Inspectors usually have large districts to cover. Lacking transportation, even car fare, they tend to stay in the office or over-inspect the few places they can reach on foot. Sometimes, particularly in outlying areas, they make arrange-

ments with the employer who is to be inspected to provide them with transportation, and even with food and lodging. While employer hospitality may be essential to inspection in some situations, the workers quickly lose confidence in the impartiality of the inspector who must resort to such assistance in getting around.

Attempts to strengthen the work of labor departments will be of little avail unless consideration is given to these practical problems of staffing, housing, equipment and travel, which are so essential to both the law enforcement and the service functions of these departments.

4. Technical assistance

The training of staff for labor department activities is an area which there is unlimited opportunity for technical assistance. Training services and materials on various labor department activities available through AID are referred to specifically in the sections of this manual dealing with the various program areas.

Particularly useful in the development or reorganization of an inspection program and the training of inspectors in a new country is a bulletin of the ILO, Guide for Labor Inspectors. It outlines inspection methods and procedures and includes basic information on the organization and responsibilities of a labor inspectorate.

V

RELATIONS WITH OTHER AGENCIES AND THE PUBLIC

A labor department will need support and cooperation from both labor and management to carry out day-to-day operations and to achieve the broad goals which are the reason for its existence. The same is true of public support—for a truly effective labor department operation has implications far beyond its immediate operating contacts. Further, because its field of interest is so broad, a labor department must also establish good working relationships with other governmental bodies whose jurisdictions come close to—and sometimes even overlap—the purely labor field. Finally, because the labor field is not just broad in scope, but has worldwide connotations, labor department officials must also play a role on behalf of their country in international labor matters.

1. Public relations

The success of a labor department's program depends in large part upon the skills which the administering officials bring to their work and the degree of cooperation which they are able to obtain from employers, workers, and their organizations. Understanding and support will not come automatically, nor for the asking. It must be built step by step at the national, regional and local levels.

Every phase of labor department activity offers an opportunity to develop the kind of understanding and respect which will make for good administration. Basic research and fact finding should be carried on with the full cooperation of the groups affected. Key employers should be consulted as to the

impact on the economy of legislative proposals growing out of research projects. Workers should be brought in on the development of the materials on the application of the proposed program. Where such consultation has taken place in advance of legislation or changes in legislation, administrators will find it much easier to bring about compliance.

Labor department representatives should be carefully instructed in their proper role as enforcement officers. They should understand the purposes of legislation, that it is designed in the public interest, and that they are representatives of the public. When they take this position, they are not taking sides, they are applying the law fairly and uniformly. Workers, of course, are the direct beneficiaries of the legislation. Employers may not understand the values to them of labor legislation, but they can be educated in time to a recognition of the value of strict enforcement of the laws. In fact, such an educational process is the only way in the final analysis that the law can be successfully applied and a pattern of voluntary compliance established. No amount of police action will prevent violation unless education goes along with it.

Acceptance of this principle will be slow in developing countries. It is predicated on confidence and respect for the labor department and the soundness of the laws which it administers. In too many countries, the labor department is considered the tool of the labor unions or of the employers. In neither case is it in a position to carry out its important functions.

Of greatest importance in the development of acceptance of labor law is the competence of the labor inspector. He must be able to explain the purposes of the law, the way it applies in a given situation, and the ways and means of making the necessary adjustments in the workplace. He must be an educator who only uses his police power when persuasion has failed. As a friend of the employer and the worker, he can gain much information that will be valuable in the carrying out of the responsibilities of the labor department. He may be instrumental in the establishment of joint safety and health committees in the plants where the problems warrant the use of such committees.

Similarly, staff at higher levels should be in touch with employers' and workers' organizations, encouraging joint meetings and machinery for the discussion of common problems, furnishing them with facts and figures that will aid them in their negotiations, consulting with them in matters affecting their interests, teaching them the value of working with one another in the settlement of disputes rather than depending on the government to move in at the slightest suggestion of trouble. Lectures, slides, posters, and publicity can all be helpful in building up understanding and support.

2. Value of advisory committees

An advisory committee made up of representatives of employers, labor, and the public has been found a most useful device to gain public acceptance of labor department activities. In addition to an overall committee, special committees similarly constituted or in some cases separate committees of management and labor may be set up to advantage to advise on safety and health, wages and hours, work of women and children, training, employment service, labor relations, social security, research and statistics, etc. Indeed, establishment of an advisory committee in a field of common public interest—such as women and children, or safety and health—is frequently a good initial step toward capturing public interest.

Once the pattern for the effective use of an advisory committee has been established for such an activity, and the committee's value recognized, the practice will be more easily accepted in other more controversial fields.

Advisory committees are useful not only at the national level. Regional and local committees to advise on the operations of various aspects of labor programs have proved most effective instruments in securing acceptance and higher standards of performance.

No matter what the scope of the committee, to be effective it must be used regularly and with confidence or it soon loses interest. Time and energy are required to service these committees. The educational value of a well-run committee, however, far exceeds the loss of time involved.

Sometimes, in a developing country, it will be difficult to select suitable representatives of either workers or employers—where the labor movement is fragmented, for example, or employers have not organized. Here again is an opportunity for department officials to exercise creativity and imagination in their approach to the problem. Sometimes, for example, as simple a device as merely calling a group together and posing the problem to them will lead to selection of appropriate representatives. Other situations will require other devices.

Furthermore, the almost complete absence of civic, professional, and technical organizations in developing countries makes it difficult to establish the kinds of advisory committees which have proved so helpful in Western countries in pointing out the needs for governmental action and the lines it should follow. Frequently there are no public representatives who can serve with distinction on special committees. Such persons must be developed. This will take time and will not be easy.

Whenever possible, encouragement should be given to the use of technical advice from the staffs of universities, industries, and the professions.

The headquarters staff of a labor department can establish a general advisory committee or it can help individual bureaus establish such committees for particular programs. But, over and above this, the department should make an effort to keep the public informed of the nature and extent of their work—not as propaganda to enhance departmental or individual prestige but as a means of securing the wide public support which is essential if the social and economic development program in general and labor activities in particular are to have a reasonable chance of success. A public information unit can seek support for the implementation of labor policy through the press, radio, educational institutions, discussion groups, and lectures.

It is essential that the public be given factual information about labor matters, about efforts to solve labor problems, about successes in these endeavors, about the complexities which delay success. The strength of the support given the department's program will depend on the extent to which the public is conscious of and familiar with labor problems, and satisfied with the effectiveness and impartiality of the labor department.

The factual information used may be the product of the department's operating programs or it may be the result of studies by the department's research and statistics unit. Information from both sources should be published regularly, for the use of unions, management, and government agencies as well as for the edification of the public.

Gradually, confidence in the services of the department will be established and its importance as a bulwark to democracy will be recognized.

3. Coordination with other agencies

The problems of human resources development are complex and require for their alleviation the coordination of the resources, skills, and services of numerous agencies,

public and private. Particularly is this true in the developing countries, where resources are limited and must be used with maximum efficiency and effectiveness. The labor department, with its many and varied responsibilities, is especially in need of all the help it can get. In turn, its technical staff should be able to effectively participate in joint action and to contribute to group planning for a modernized economy.

Wherever possible, the labor department should promote and enter into working agreements with other agencies of government to strengthen their programs and to prevent duplication of inspection, research, or services. Manpower, health, education, welfare, social security, industrial development, and agriculture all offer opportunities for such coordination. The areas to be covered are many, but a few examples will suffice to show the need for joint effort.

Effective manpower planning and development require the participation and cooperation of many governmental agencies, private institutions, organizations of management and labor and others. The labor department, if it is to adequately protect the interests of the people, should coordinate its activities with those of others to assure maximum use of all available resources and facilities.

In the protection of the health and safety of workers, responsibility for standard making, inspection, and enforcement is often distributed between labor and health departments, with neither equipped to do the work required. Where division of function exists, an agreed working relationship that would make maximum use of both agencies' available staff and equipment would yield outstanding results in worker protection. Such agreements are rarely found.

Workmen's compensation authorities usually receive current reports on accidents growing out of employment. These reports could be of great value to the labor department personnel engaged in accident prevention activities. Seldom are they made

available even when workmen's compensation legislation is administered in the labor department.

In the training field, there is a great need for close working relationships among vocational schools, apprentice and other in-plant training authorities, employers, and workers organizations. Instead of cooperation, rivalries and jurisdictional disputes between agencies tend to divide the support of management and labor and often jeopardize the institution of improved methods of training.

In giving technical assistance, care should be exercised to see that the services rendered do not intensify these rivalries but act as a stimulant to reaching an agreed program of action. This necessitates a much closer cooperation than now exists between the many agencies—international, regional, bilateral, and private—that are giving technical assistance of one kind or another in the broad field of human resources.

4. International labor affairs

Generally each developing country has joined the ILO as soon as it acquired its independence. The labor department usually serves as the arm of government which deals with international labor matters, and it

therefore is the agency which handles its country's participation in the continuing ILO program. This includes preparing reports on conditions in the country for use in ILO studies and participating in international labor conferences and ILO regional meetings.

The labor department may also represent its country at other regional gatherings concerned with labor matters. Conferences sponsored by the OAS are one example of this type of regional meeting.

Other international activities of particular significance to developing countries are, of course, the technical assistance programs of one type or another, including training abroad, offered by international or regional organizations or individual foreign countries. The labor department usually has responsibility for making arrangements for such assistance in the labor field.

The labor department also handles arrangements for foreign visitors interested in labor matters.

An increasing number of countries have established specialized units for handling such matters, for doing research on foreign information and international data, and for advising their own officials on labor-related activities of international or regional organizations.

VI

PROBLEMS FACING LABOR DEPARTMENTS IN DEVELOPING COUNTRIES

The role of labor departments in economic and social development, their overall functions, structure, staffing, and financing, have been considered in the preceding chapters. Before discussing the services of a department in greater detail, some of the serious obstacles standing in the way of top performance are reviewed in this chapter. An understanding of these problem areas is essential to a proper evaluation of the work of a department in protecting human values in an expanding economy.

If a labor department is to become the kind of social institution with a trained corps of administrators and technicians, that can give the leadership required by the new order, it must find ways to overcome the problems in its path. Technical assistance can be helpful in this process provided that the governmental authorities are convinced of the need for action and are willing to do their part in bringing change about.

1. Conditions in agriculture

This handbook deals primarily with problems and practices of government in the industrialized sector of the economy, the area in which labor departments usually operate. However, in many developing countries, with a predominately agricultural economy, no labor department can ignore with safety and with conscience the problems of agricultural labor. Conditions in the urban areas where most industry is located, may be bad, but they are sufficiently attractive to bring about a continuing movement of people from the country to the towns.

These people, illiterate, untrained, and destitute, swell the slums of the cities. The mass poverty and unemployment which they represent color the whole approach to improvement in industrial labor standards.

While primary responsibility for dealing with agricultural problems rests with other departments of government, no program which a labor department may undertake or sponsor for the optimum use of human resources in economic and social development can fail to take cognizance of the plight of agricultural workers. The labor department should participate in the formulation of action programs and make every effort to be equipped, and provide appropriate services. Opportunities for such service are noted in this handbook.

Agricultural program emphasis should, in the first instance, be put on holding back excessive migration until jobs are available in industry. Only by improving conditions of life in rural areas can this be done. Broad community programs to develop job opportunities, and to provide housing, educational and medical facilities in these areas must be inaugurated.

It may be seen from this brief analysis that labor departments can have an important role to play in the protection of agricultural workers and their adjustment to life in the urban areas. The extent to which a given department plays this role is determined by many factors including its success in administering the laws as they affect industrial workers. This problem is discussed later in connection with the specific services of a labor department.

2. Handicraft industries

Labor departments in developing countries are faced with the difficult problem of applying labor legislation to the traditional or cottage industries. There is the great contrast between working conditions and labor-management practices in these industries and the newer large-scale industries. The two types may be located side-by-side. One follows modern industrial practices and the other uses methods unchanged for centuries. Modern laws and regulations designed for the safety, health, comfort, and security of workers can be applied without undue burden to the larger establishments. They may be quite impossible of application to the industries using hand labor on a small scale.

Cottage industries traditionally have little capital and are not in a position to make the improvements called for by modern concepts of a decent work place. Working conditions are often deplorable. Even so, the small wages paid are preferable to unemployment and add something to the purchasing power of the family. No developing country can afford politically or economically to put these small industries out of business at once by the application of labor regulations.

While it is impractical to apply the same standards of labor conditions and practices to small-scale industries as to large, it is essential that steps be taken to gradually eliminate the abuses connected with employment in these industries. By not meeting any standards of hours and wages, by exploiting

young children and women, by providing unsanitary and unhealthful work places, these industries are a drain on the economy. They compete unfairly with the establishment where the labor law is enforced. They hold back advances in the standards of living and social progress of all workers.

To improve this situation, labor inspection for the enforcement of the basic legal protections should not be neglected. While it is difficult and time-consuming to inspect small shops, and the results may often seem unrewarding, inspection, nevertheless should be carried forward. As a minimum in urban areas, abuses of child labor and exploitation of women workers can be checked, drinking water and elementary sanitary facilities can be provided, and, by the use of persuasion and occasional coercion, gradual acceptance of and respect for labor law may be obtained. Essential to progress in controlling the abuses of industrial homework is the licensing and strict regulation of employers and labor contractors giving out work for processing in the homes.

When small workshops are located in rural areas, the problems of labor regulation are intensified. The low standards of agriculture tend to carry over into the shops. Only a community development program and agricultural reform can effectively deal with these situations. The labor department should lend support to these efforts. It should encourage government assistance to small industries in a form which will either produce improved standards directly or lead to better standards by making the establishments more efficient. Such assistance may consist of technical guidance in design, aid in procurement of raw materials, machine equipment and power, or help in the marketing of products.

Most useful has been assistance in the development of cooperatives for dealing with the problems of cottage industries.

The growth of trade unions among workers is also having an impact on labor standards in the smaller industries. In the long-run, worker organization may be the most

effective device for bringing about overall improvements in working conditions.

3. Organization of workers and employers

One of the most serious problems affecting the work of labor departments in most emerging countries is the embryonic stage of collective bargaining and the absence of strong organizations of workers and employers essential to its growth. This throws upon the department the full responsibility for protecting the interests of the workers in all of their many relations with employers. It means that the infinite variety of complex situations that arise in the workplace requiring technical knowledge and flexibility for solution, are dealt with through legislation or as industrial disputes. This approach to industrial relations questions puts an undue administrative burden on the labor department—a burden which it is ill-equipped to handle—and jeopardizes its position with both management and labor.

More serious from the standpoint of economic development, is the strangling effect which some of this legislation and court awards have on the expansion and growth of industry. In turn, this holds back improvements in the standards of living of the workers. It also holds back the creation of a climate in which management and labor can learn to work together and with government in behalf of all of the nations people. A brief review of the position of trade unions and employers' associations common to most developing countries will give some background for assessing the difficulties in which labor departments operate.

(a) trade unions —Trade unions vary widely in these countries, bearing little resemblance to the unions in the industrialized nations. They differ in background, structure, programs, and approaches. Most of them are of fairly recent origin. Some were organized by political parties to serve as their line of communication with the workers. Others were the creation of aggressive leaders who needed a vehicle to break

through the colonial class barrier. Still others owe their beginnings to reformers such as Ghandi who saw in the workers the mass support needed to gain public attention to the evils of colonialism.

Rarely did these new unions emerge as protestants against inhuman working conditions. Where they did, they were usually small, weak, and short-lived. The politically-oriented unions were more likely to survive.

Cottage and small-scale industry, the pattern in most developing countries, does not lend itself to organization. It is only when concentration of workers exists that trade unionism has made progress. It is usually strongest among the workers of the railroads, docks, mines, plantations, large-scale factories and government service.

The new labor movements suffer from a multiplication of weak, rival unions with various political and ideological ties. They have few trained and experienced leaders, practically no paid officers or funds for running their organization. They lack an active and educated rank and file. In fact, the apathy of the membership is one of the deterrents to the growth of the labor movement in these countries. It is manifested in poor collection of dues and in poorly attended meetings. This in turn has resulted in minority rule, even on issues of prime importance, and has made possible highly centralized union structures, power in the hands of a few leaders, and the abuse of power to which this leads. In such situations, local unions remain uninformed on union activities and rank and file members are not encouraged to participate.

Finally, these unions have little appreciation of the importance of an increasing level of productivity and economic development. For few governments have seen the wisdom of involving them in the economic and social processes that would develop their strength and responsibility and enlist their cooperation in moving the country forward.

Governments in the developing countries have tended to foster weak and political unionism by taking over the wage and welfare functions which in Western countries are the recognized purposes of organized labor. Unions are left with few of the tools necessary to the building of a strong and independent labor movement. They are often further weakened and their initiative smothered in a mass of unrealistic, detailed regulation covering their internal affairs and every activity on the industrial front.

In such circumstances, the only place where unions can exercise strength is in the political arena. Here they are often effective far beyond what their numerical strength would indicate. Rival political parties compete for their support, and labor and politics intermingle so widely that union leaders with grievances are prompted to appeal to political leaders and the government for solution. Such dependence by the unions on outside political or governmental agencies weakens their trade union functions.

There is a growing recognition among the more mature union leaders that worker's organizations cannot afford to become the tool of political parties or of the government in power. They must exercise a certain degree of independence if they are to preserve the freedom necessary to carrying on their recognized functions of protecting the social and economic well-being of the workers no matter what party is in power.

Trade unions increasingly are playing a determining role in the economic, social, and political life of developing countries. Although organization may cover only a relatively small segment of the working population in essentially agricultural economies the influence of unions is measured not by their numerical strength, but rather by their strategic location in key industries and by the trust imposed in them by the emerging peoples. Failure to take cognizance of their position and to enlist their active cooperation and support in economic development programs may have serious consequences.

The masses in the developing countries have for centuries lived without being conscious of their material misery. Today they have rising expectations and a desire for a comfortable life, electricity, means of communication, transportation and education. It is to the unions that they look for protection and for help in securing a greater measure of economic well-being.

Awakening peoples, especially the young, are often extremists, and international Communism loses no opportunity to exploit the misery of the masses, the mistakes of government, and the miscarriages of justice. It works assiduously to cultivate the up-coming leadership in the labor movement as one of the best means for establishing world domination. It has had considerable success in some countries and will have more unless democratic trade unions are freed, strengthened and given their rightful place in the economic and social life of the nation. The functioning of the labor department and its relations with labor and management can be a decisive factor in the East-West struggle in a number of important industrializing nations.

(b) employers' organizations —Employer's organizations are common to most developing countries. Until recently, their activities have been largely confined to the promotion of a single industry and to the business interests of their members. While collective bargaining in the new industries in these countries is usually limited to negotiations with a single employer, some few employers' organizations in specified industries have entered into collective agreements with the workers as a whole. But, in general, they have neglected the problems of their members as employers.

With the growth of unionism and government intervention in industrial relations has come a realization that paternalistic practices no longer work and employers' associations must give more attention to the human factor in production. They must be prepared to take an active part in the development of economic and social policy and to

secure proper representation of their members on the bodies set up by government to advise on, or deal with, many aspects of industrial relations. To perform these functions, it is essential that they keep informed on all developments affecting the interests of employers in labor-management relations.

Some employers' associations have organized separate units within the parent body whose sole responsibility is to keep abreast of new developments in legislation, policies, and practices in the industrial relations field. Such units not only provide information but also advice and guidance in labor affairs to their members.

Unlike the unions, most employers' associations have little difficulty in financing their activities. They are able to secure the paid staff, suitable offices, and all the facilities for research and travel required in a widespread organization. Neither are they handicapped by a multiplicity of organizations as is the new union movement. They can usually speak with one voice on important matters of labor policy. At this stage of development, that voice usually reflects the feudalistic approach and paternalism of the past.

Hope for a more enlightened policy comes from the organization in a few of the more advanced countries of separate employers' institutions, representing industry in general, for the study of improved methods and practices in labor relations. They hold seminars and group discussions on a wide variety of subjects having to do with the better use of human resources. Leadership is being given by the more advanced employers who realize that unions are here to stay and the quicker they learn to live with them the better.

These men are very much aware that, if private industry is to flourish in competition with government-operated enterprises, management must work cooperatively with organizations of their employees. They are encouraging the formation of machinery for

joint consultation, settlement of grievances, and negotiation of the terms of employment.

A rapid spread of these practices would have a wholesome effect upon the growth of responsible trade unions and the intervention of governments in labor disputes.

4. The public sector of the economy

New and growing problems for labor departments in regulating conditions of work and in promoting sound labor relations arise from the expansion of the public sector of the economy. In an appreciable number of developing countries, the government is the major employer and thus dominates the employment situation. It is in a position to set the pattern for working conditions and labor relations for all industry. How it uses this position in relation to labor department responsibilities for the protection of all workers, can have a profound effect upon the success of the program of government ownership and operation of industry and of economic development as a whole.

There is a tendency in governments for each operating agency to claim a certain degree of freedom in handling relations with its employees. They take the position that if there are legal standards to be applied, the agency will make the application; labor department inspections are unnecessary; the agency knows best what is good for its employees.

This approach may not have serious consequences where government industrial operations are limited. But in countries with mixed economies it is highly important that there be a definite and consistent labor policy applied by all government agencies if discrimination and unrest are to be avoided.

Among the questions to be dealt with in policy formulation are, what provision should be made for the application of labor standards and industrial relations legislation to public industry? Can the regular government machinery for dispute settlement and

law enforcement be used effectively? If separate provision is made, what arrangements can be made to assure that the treatment of workers in similar occupations in the public and private sectors will be consistent? For both groups will be seeking more rapid improvement in their conditions of life than the economy can afford. These ambitions must be satisfied, at least in part.

The question then becomes: who leads off in wage increases, better working conditions and living arrangements—the government or private industry? If it is the government, should it move piecemeal by operating agencies, by types of industry, or across the board? If it is private industry, how far in advance of government standards can it be permitted to go? How can a balance be achieved?

Organizations of workers in both public and private industry will be quick to use any improvement in standards in the other sector as justification for bargaining to secure similar action. What policy should the government have toward unions of workers in its enterprises? Should unions be permitted to operate much as they do in private industry or should the restrictions imposed on unions of civil servants apply equally to those in government-owned industry? Should unions of employees in government industry be permitted to join central labor organizations? Should they be restricted as to political activity? The unrest and disputes arising from these often unsettled questions are plaguing the labor departments in the many countries where a large proportion of the work force look to the government as their employer.

A definite policy clearly differentiating between the rights and protections of workers in government-owned industrial establishments from those in government service and setting up procedures for the application of labor law and the handling of relations with management would be of substantial value in securing employee cooperation and smooth operations.

Questions concerning the relative position of workers in public industry with those

in similar occupations in private industry must also be resolved if the department of labor is to carry out an effective program of law enforcement and maintenance of industrial peace.

Few countries have worked out and applied labor policies in this difficult area of management of public industry, in relation to industry as a whole. The labor department has a direct interest to see that these policy questions are settled. And it is in the interest of the entire development effort that the department be closely involved in the making of these policy decisions.

In any case, new nations embarking upon programs of nationalization of industry should be encouraged to recognize at an early date the labor problems involved. They should determine a policy for dealing with them before the situation gets out of hand and unworkable practices become accepted as inviolable principles.

5. Scope of existing legislation

Labor departments in some of the older developing countries are seriously handicapped by having more and higher standards of social legislation on the statute books that can possibly be financed and administered at their present stage of economic development. As industrialization has proceeded, the governments naturally have reached out for legislation to correct the inhuman conditions of life and work that inevitably are associated with the process of growth.

As members of the ILO, countries are greatly influenced by its activities and are conscious of the obligations imposed on them to consider ratification of the many international instruments adopted by that organization. Furthermore, they wish to demonstrate to the world their progressive policies for social betterment. They often not only ratify conventions embodying far-reaching modern standards, but they enact legislation meeting these standards without taking into account that the basic economic foundation for applying them does not exist.

The labor department as an institution suffers severely from the legislative failure to differentiate between the long-term social goals as embodied in ILO standards and the real conditions in which the country finds itself. Where it is charged with responsibilities which it cannot meet, it may lose the trust of workers, antagonize employers, and be the object of criticism or ridicule by the general public.

Once caught in this predicament, it is difficult to find the way out. Workers tend to cling to the legislation even though its uneven application may be against their best interests. Employers, particularly foreign investors, frequently charge that certain labor legislation with wide coverage is being applied only to them and is stifling effective operations and needed expansion and impeding the growth of sound labor-management relations.

Few labor departments are equipped to gather and analyze the facts and figures which will present a true picture of the impact of the legislation in question on social and economic development and provide the data to support such changes in law and practice as the situation may demand.

In the chapters on services of a labor department, this handbook points out some of the needs, opportunities, procedures, and information required for policy determinations on such basic questions as wages, hours, industrial relations, manpower, and social security. These are all areas in which countries often have moved too quickly and now must find a way to adapt existing legislation to the realities of their situation.

New countries enacting social legislation for the first time should be made aware of the dangers of precipitate action to long-term development. They should be assisted wherever possible in applying workable standards in the first instance.

6. Departmental problems

In addition to the problems provided by the context in which it must work, the labor department in a developing country is also confronted with problems stemming from its own stage of development as an agency.

One common problem is lack of status. For example, the important part that a labor department can and should play in development planning and execution is often overlooked. Too frequently the work of a labor agency is subordinated to that of another department, such as health or welfare. In such cases, its programs tend to lose their identity with problems of workers and employers and, as a consequence, lack vitality and imagination.

Even where established as a separate department, the labor agency often has little prestige in the cabinet and in policy-making. Its traditional functions may be scattered among various departments with no provision for coordination. It is apt to suffer from limited appropriations and inadequate facilities for offices, equipment, and transportation.

Under these circumstances, it is difficult if not impossible to build up the support and understanding of management, labor, and the public without which the department cannot perform its functions effectively.

In addition, while some of the labor departments in the developing countries are performing adequately, many suffer from weaknesses common to other departments of government there: lack of trained personnel experienced in the functions for which they have been given responsibility, and poor administrative organization resulting from lack of experience and know-how in running an agency. Frequently new nations have taken over administrative structures previously run by officials of a metropolitan power. Their own citizens have experience only in subordinate positions not calling for the making of decisions, the initiation of action, or the direction of operations.

VII

SERVICES OF A LABOR DEPARTMENT: RESEARCH AND STATISTICS

1. Importance to the development program

Officials in virtually all developing countries are hampered by lack of the current, complete, and reliable labor statistics required for effectively planning, operating, and evaluating social and economic development programs. Lacking necessary data, many officials plan programs based on what are purely judgment decisions. These "educated guesses" frequently prove wrong and result not only in personal criticism of the officials, but more importantly, in unnecessary expenditures of limited financial resources.

It is only on the basis of information on the problems with which it has to deal that a labor department can carry out its responsibilities and keep the government, employers' organizations, unions, and the public informed on labor matters. In the absence of such information, the activities of the labor department tend to be haphazardly organized and their effects are felt only sporadically. Labor data should be collected, compiled, and published regularly, to meet the needs of government, labor, and management.

The statistical needs of the development program will not be met by a census or one-time survey. It is imperative, therefore, that a permanent labor statistics organization be built up to provide data on a current basis as a supplement to special survey material. Such an agency should be located in the labor department. It may then be the initial agency which serves as a precursor to a full-scale department. Within a labor department, it may be a special staff

unit attached to the secretary's office or a full-fledged bureau.

An alternative form for the assembly and analysis of labor statistics is the assignment of this work to a central statistical board. Such a board would have responsibility for all the government's statistical work—including censuses and assembly of data on natural resources, agriculture, commerce and industry, vital statistics, health, etc. Since much statistical information can be developed from data coming in through the operations of the various government programs, it would assign staff to each of the departments concerned as well as maintaining personnel to carry out its own special surveys. This arrangement is used in some countries. But specialists in the labor statistics field favor retention of the labor statistics program in the labor department, with sufficient autonomy to avoid undue delays in the assembly of data. Location in the labor department has the added advantage of assuring that the department can collect all of the labor data required to meet its operational needs.

Some countries have established a labor statistics unit but have attached it to one of the labor department's operating agencies, such as the employment service. This is not a good practice. Inevitably, the tendency is strong to emphasize those statistics which concern the agency to which the statistical unit is attached, at the expense of the necessary data on other labor questions.

Another point to be emphasized is that the fact-finding work of a labor department

should not be limited to statistical data on the current status and trend of various types of labor conditions—employment, wages, cost of living, etc. The department also has need of statistics on the activities of its various operating bureaus. It needs to know how well the laws for which it has responsibility are working, what problems are developing in the administration of particular programs, etc.—to show up needs for changes in policy, legislation, operating methods. For this purpose, its research personnel should keep the full range of labor questions under constant study, and make special investigations, so as to be fully informed of new developments and to anticipate new problems.

Operating information can be assembled and analyzed by research units in the operating bureaus themselves, under general guidance from the technicians in the department's statistical unit. Or the statistical unit can perform this job for the operating bureaus, developing report forms which the operating bureaus fill out and forward to it on a regular basis.

The same type of alternatives exist for the field recording of statistical data—either that obtained in the course of operations, or that obtained as part of special surveys. The technical field staff can be assigned to supply the statistical data needed, or the statistical unit can maintain field staff of its own in the department's regional offices. In this case, however, it is particularly desirable, if at all feasible, to have the function performed by special staff rather than operating personnel—to avoid taking the time of the latter officials away from their basic assignments. For example, some developing countries have found it useful to assign one or more clerks in each regional office to gather the required statistics in the various fields and forward them to the headquarters office.

It is also useful to recall that "fact-finding" includes research other than the assembly and analysis of basic statistical data and operating information. Other worthwhile research can be done in assembling and analyzing data on experimental projects

in particular fields, occupational outlook studies, forecasts of manpower requirements, activities of nongovernmental groups working on labor or related questions, foreign experience in the handling of labor matters, special problems either not covered by any of the department's major operating branches, or cutting across several of them, and so on.

Again much of this work could be done by either the operating bureaus or the statistical unit. Even if the operating bureaus assume responsibility for this type of research, it may prove desirable, as resources for the department are available, to assign special staff in the statistical unit to cover items not handled by the operating bureaus.

Finally, it cannot be underscored too heavily that the research and statistical activities of the labor department should be related to practical needs and should be objective.

With limited resources, it would be sheer waste for labor departments in developing countries to indulge in some of the sophisticated analyses of technical problems now being made by many advanced nations, or to spend extensive staff time on developing or refining complex indices. These efforts can await the time when the basic, and frequently simple, data needed are being accurately and consistently assembled.

It would be worse than wasteful to assemble and publish data which are not objective. Statistical methods used should provide unbiased measures of the facts, and the findings should not be altered for any reason. In some of the developing countries, officials are tempted to adjust the statistics assembled, when readying them for publication, to provide figures which reflect their personal or political viewpoints. This can, of course, be very damaging—to any actions which are taken on the basis of those statistics and to the respect for and future usefulness of labor department data, regardless of its validity.

2. Types of statistics needed

The labor statistics agency should provide factual data for assessing the manpower situation in relation to economic goals; identifying existing labor problems of all types; detecting the possibilities for or obstacles to development proposals; evaluating levels of living, the progress of development programs, and the effect of these programs on workers' living conditions; and forecasting future manpower requirements so as to assure sufficient trained manpower to meet development goals.

In allocating funds for statistical programs, it is essential that administrators determine whether the expenditure will provide necessary information for these purposes. The allocation of funds for labor statistics programs must be neither so large that it discourages the saving of unnecessary expenditures, nor so small that funds are spent uneconomically.

Examples of some of the uses of the major types of labor statistics are as follows:

(1) Periodic data by sex and age groups on employment, underemployment, and unemployment are required to determine available labor resources and the areas of under-utilization which must be eradicated. A comparison of the skill distribution of the labor force with future manpower requirements makes it possible to assess the types of training programs needed as well as the limitations on scheduling development projects because of skill shortages. Factual information on the educational attainment of the labor force permits evaluation of the possibilities for developing necessary professional and occupational skills.

(2) Current statistics of employment levels, earnings, and hours worked for those economic activities which are of major importance in the country's economic development are indicators of the progress of that development. Among other uses, overall data on employment and hours worked are

needed for measuring how far the labor force is from full employment.

(3) Data on current wages, salaries, and fringe benefits are essential since earnings are an important element in the cost of production and since they determine the levels of living and demand for goods and services. The data are especially important to prospective foreign and domestic investors in estimating production costs for possible new plant locations. Planning officials require such data to determine the effect of labor costs on development projects and, in conjunction with data on employment, to plan social insurance programs. Data on wages and salaries are, of course, important to trade unions and management in collective bargaining.

(4) Since retail prices of goods and services are the most important factors affecting cost of living, indexes of consumer prices provide a satisfactory indication of changes in living costs. Comparisons of the change in the consumer price index with corresponding changes in earnings show up the effect of price change on purchasing power and are a measure of changes in workers' real income, or levels of living. These data too are important to trade unions and management in collective bargaining.

(5) Studies of family income and expenditures are required for determining the relative importance of the various consumer goods and services in constructing a consumer price index, and for determining existing levels of living. Data on family expenditures, in conjunction with data on wages and salaries, are also utilized in formulating minimum wage legislation.

(6) Retail and wholesale price data are used by labor and other government officials in studying the effects of price fluctuations on the development effort and for formulating and assessing fiscal policies for maintaining monetary stability. In addition, domestic foreign investors require price data for estimating the cost of new or expanded plant operations.

(7) Since work injuries are one factor affecting both productivity and the welfare of workers, statistics on work injuries are important for indicating the magnitude of the injury problem, the industries and activities in which safety programs must be intensified, conditions which require attention, and the value of established safety programs.

(8) In addition to other labor data for measuring social progress, data on trade union membership provide an indication of the role of trade unions in the country. Data on work stoppages provide a measure of the effectiveness of the country's labor-management relations practices.

(9) Measures of productivity change are of great significance in understanding problems of employment, unemployment, price and wage movements, technological progress, and economic growth.

Generally, countries find that required factual information includes data on employment, unemployment and underemployment, consumer prices, hours worked, earnings, work injuries, labor turnover, and work stoppages due to labor-management disputes. However, the specific detailed data required in each country must be determined by the country's particular problems. Consequently, a preliminary major step in preparing a definite program for establishing and improving labor statistics is the determination of the specific information which will prove most useful for economic and social development in the country.

Preparing this list requires more than the decisions of one or two individuals. Instead, discussions must be held with data users—the administrators of each major labor department program, the economists of the central planning agency, officials of other concerned government agencies, trade unions, employers and their associations—to learn their specific requirements. To assure that all major requirements for labor and manpower data are included in the pro-

gram, a review should also be made of the general development program and of the statistical requirements encountered by other developing countries.

When a list of the required labor data is completed, a second major step is to search for and evaluate any existing published or unpublished labor data. Usually, some data will be available as a by-product of existing administrative regulations. Available information should be examined to determine the extent to which present data satisfy statistical needs with regard to coverage, reliability, and timeliness. And, with such broad needs for data of various kinds, duplication of statistics already being collected must be strictly avoided.

For each subject, existing series should be classified as either meeting the requirements, needing technical improvements to yield reliable data, or requiring increased scope. When the existing data are evaluated, the results should be compared with the requirements and a proposed list prepared of gaps and essential improvements to eliminate deficiencies.

A third major step is to determine the trained personnel it is expected will be available for the labor statistics program. In planning a program, the requirements for technical personnel should be balanced with the available supply. This may necessitate taking action to train labor statisticians either in the country or abroad.

Finally, priorities for developing new series or improving existing series must be assigned, to assure that the most urgent requirements for labor data are met first. It would, of course, be impractical to attempt to initiate action to satisfy all statistical requirements immediately. Even if funds were available, a shortage of qualified technical personnel would usually delay initiating a broad program until sufficient staff is trained in the practical methods for conducting and operating labor statistics programs.

3. General factors in planning and operating labor statistics programs

For each series or survey to be initiated, there are also various decisions involved in the planning and execution of the study. Since poor decisions can provide unreliable and sometimes useless survey results, it is well to examine some of the decisions which must be made and some common problems in conducting labor studies.

A preliminary decision in planning a survey is to determine its geographic, industrial or occupational scope. Although the ultimate objective may be to obtain comprehensive national totals, it is usually advantageous to initiate a labor study by limiting the scope to only the major urban area or the major industrial activities or occupations.

This initial limitation permits the statistical agency to test the practical application of its proposed procedures and take remedial action before a large-scale study is undertaken. This initial limitation, therefore, provides a foundation on which a broader study can be based. Nevertheless, the limited study will usually provide some reliable data for use in planning labor and manpower projects.

In conducting surveys limited to a given area or industry, a common defect is the failure to utilize standardized definitions or classifications. Where this occurs, the survey results cannot be compared with those from a related study. In each country, therefore, standardized area industry and occupational definitions should be developed. Recommended guides to preparing such definitions are the United Nations' International Standard Industrial Classification of All Economic Activities and the ILO International Standard Classification of Occupations which may readily be adapted to individual countries.

A second preliminary decision is to determine what statistical information is really needed. Generally, there is a tendency to collect extremely detailed data. This results in poor cooperation from respondents and collection of considerable data which are

never tabulated or utilized. It is therefore essential that only data relevant to the purpose of the survey are collected.

Another decision which the planners of a labor survey must make is the frequency of collection. Should the study be conducted only once, annually, quarterly, or monthly? All too frequently there is a tendency for developing countries to base their decision on the frequency with which data are collected in an industrialized country, such as the U. S. In developing countries, however, where economic changes are gradual, the collection of labor data on a schedule comparable to that in industrialized countries may not be warranted. It would be more advantageous for such developing countries to use their limited statistical resources for collecting other labor data which are not available.

Related to the frequency of collection is the selection of the reference period for the survey. Generally, an attempt should be made to avoid reference periods which are considered unrepresentative. For example, a 1-week reference period which contains a holiday should not be used for an annual or semi-annual survey.

Planning a labor survey will also require designing and working a questionnaire for the study. Careful planning of the physical design of the reporting form and careful selection and phrasing of the questions will affect the cooperation of respondents and the meaning and accuracy of the findings. The designer of the questionnaire must recognize the difficulties of acquiring certain types of information through unwillingness of respondents to give it or their inability to provide it.

Accompanying the questionnaire must be clear and precise instructions. A common error in many developing countries is to omit instructions from questionnaires or to have vague instructions. Frequently, the responsible official will state that the interviewers understand the report form. But questioning of the interviewers discloses

that they interpret an item in varying ways, even when training sessions for interviews have been conducted.

Pretesting of the questionnaires before they are used on any wide scale is essential. This practice will determine the need for rewording of the questionnaires and instructions and also assure that the respondents can provide the data requested.

The technique for collection of data must also be planned carefully. Generally, a mail questionnaire cannot be used initially in countries which are developing a labor statistics program for the first time. Respondents are not accustomed to filling out questionnaires. Furthermore, in many developing countries, mail service is not yet reliable, and there is of course the problem of widespread illiteracy as well. Consequently, field staff must be trained, and appropriate supervisory controls must be established.

After data are collected, the questionnaires must be processed: they must be edited and tabulated, and estimates from the sample data must be prepared. Each questionnaire should be reviewed for completeness and apparent accuracy. Questionable data should be corrected or verified, or, where verification is impractical, not used.

A very common problem is the failure of statistical agencies to recognize the workload involved in the processing of data, and to concentrate all efforts on planning a survey. Generally, where high-speed mechanical tabulating equipment is not available, about 30 to 40 percent of the cost of a survey will be necessary for processing the data. Failure to recognize this workload has often resulted in long-time lags between collection and issuance of statistical data. Also, in planning for this workload, it should be borne in mind that both staff and equipment are needed. While advanced equipment of the type now being utilized by industrialized governments cannot be expected, the basic adding and calculating machines should be provided. These need not necessarily be

power-operated. As a matter of fact, hand-operated machines may be more efficient than expensive electrical equipment in those countries where electric power shortages are frequent. Furthermore, in countries with problems of foreign exchange, the price differential between the two types of equipment may well be a deciding factor.

Where labor data are collected from employers, frequently a problem arises in obtaining the employers' cooperation. The employers are reluctant to report for fear that a statistical report may be used for purposes of taxation, or the information in it divulged to their competitors. In the U. S., resistance to reporting has been overcome over a long period of time by treating all reported data as strictly confidential and not disclosing information from any individual employer to officials outside the labor statistics agency. Furthermore, U. S. employers have come to recognize the usefulness of reliable labor data in planning and operating their programs.

Quick acceptance of reporting will not generally occur, however, in a country embarking on a labor statistics program. It may, therefore, be necessary in a developing country to collect data under specific legislation, even though voluntary cooperation is used in the U. S.

Efforts to obtain the support and understanding of both employers and trade unions should be carried on in any case, however. All means should be utilized for clarifying to them the uses they can make of survey results, and every assistance and encouragement should be given to facilitate their use of the data. Establishment of advisory labor and management committees, to meet periodically with the labor statistics agency, are important for this purpose and to assure that the program meets their specific needs.

4. Technical assistance

The importance of labor statistics programs will not normally be recognized by top government officials in the developing

countries until they understand the uses for which the statistics are needed. U. S. personnel can thus perform a service by discussing these uses—and the possibilities for technical assistance—with such officials.

Through AID, experts in the labor statistics field may be assigned by the U. S. Department of Labor as consultants to developing countries—individually or on a team basis—to give technical guidance on particular statistical projects and to develop the competence of the country's statistical staff. These technicians can also work with government, labor, and management officials in identifying and defining the country's labor statistics requirements, outlining a labor statistics program, and developing projects to be supported jointly by the U. S. and the country concerned.

In addition, statistical technicians from the developing countries may obtain extensive

training in the U. S. or third countries, through AID. Under the AID program, a 1-year course in labor statistics is conducted in the U. S. by the U. S. Labor Department's Bureau of Labor Statistics.

Under the sponsorship of AID and in cooperation with the U. S. Bureau of Labor Statistics, Puerto Rico's Bureau of Labor Statistics is establishing a labor statistics training center in Puerto Rico for Spanish-speaking labor statisticians. It will begin operations in January 1964.

AID has two manuals prepared by the U. S. Department of Labor, Bureau of Labor Statistics, for use in building a statistical service, i. e., The Computation of Cost-of-Living Indexes and The Forecasting of Manpower Requirements. Another on conducting labor force surveys is in preparation.

VIII

SERVICES OF A LABOR DEPARTMENT: LABOR STANDARDS

The formulation and application of standards governing conditions of work and the protection of workers in the workplace is one of the primary functions of a labor department. These measures deal with safety and health, wages, hours, special protections for women and children, and welfare facilities. They establish the social climate in which economic development takes place. The basic minimum requirements are generally established by law, leaving to collective bargaining the determination of work practices and provisions over and above the legal standards.

In the absence of collective bargaining in most of the developing countries, legislation, regulations, and industrial court awards tend to fix the actual terms of employment. This practice puts an extra burden on the labor department to adapt these controls to the needs and possibilities of the economy and to enforce them so that they serve their purpose of increasing the satisfactions and well-being of the workers.

Success depends largely upon efficient administration through an adequate and well-trained labor inspection service. The structure of that service, the recruitment and training of inspectors, and sources of technical assistance have already been discussed in the preceding two chapters.

The problem areas in applying specific types of controls in each field, and suggestions for dealing with them will be considered in this chapter.

1. Wages

The extent to which a government intervenes in the distribution of the wealth produced in an expanding economy, and the nature of such intervention, is an important issue in all developing countries. It is hardly necessary to point out that the consumption level of the bulk of the population is extremely low in these countries. But raising real income depends on raising productivity. And, if rapid progress in industrialization is to take place, the aspirations of the workers for improvement in their standards of living must be balanced by sufficient profits for employers to encourage capital investment. To achieve this balance and to withstand inflationary pressures and avoid excessive social unrest, development plans and programs should provide for the close coordination of policies on profits, wages, prices, employment, and capital investment.

Labor departments should be closely associated with the formulation and implementation of these plans and programs. They should insure that workers share the benefits of higher productivity. They should also exercise leadership in reconciling the vital interests of labor with the equally vital interests of employers in the light of the overall plan for the nation's economic and social development. A carefully considered, consistent wage policy, uniformly applied, would be of great assistance in effecting this reconciliation and in speeding the whole development process. Such a wage policy necessarily would vary from country to country, depending upon the stage of development, the strength of trade unions, the pattern of

industrial relations, and the general philosophy of government prevailing in the particular country.

Unfortunately, in the past too little attention has been given to wage problems in relation to the economy as a whole. Consequently, some of the older developing countries are burdened with a multiplicity of wage laws and regulations which are inconsistent and inequitable, as well as impossible of administration. In such countries, there is need for a new look at existing wage policies and procedures in the light of the country's general program for economic and social development. And to avoid the growth of a similar situation in the newly developing countries should be a goal of economic and social planners.

(a) legislation —Government action in the fixing of a floor or series of floors under wages is required to prevent the exploitation of the least skilled and unorganized workers and to bring their wages more or less in line with the regional or national average.

Some provision for minimum wage fixing is found in most developing countries. The procedures for determining the minimum wage or wages are many and varied: there is no one "accepted" method. The legislative body may fix one or more statutory rates applying to some or all industries and regions. Or it may give authority to the labor department to establish rates by industries and areas. More commonly, provision is made for the appointment of wage boards or committees, representing management, labor, and the public, to recommend or establish rates for specific industries or groups of industries.

The effectiveness of minimum wage legislation depends in large part on its administrative provisions. These are often faulty. They may give no clear-cut guide as to the factors to be considered in wage rate determination. They may fail to give sufficient responsibility or authority to the responsible agency to secure a degree of uniformity in approach among the wage boards. Few laws establish the necessary procedures to secure

compliance. Nor do they provide adequate penal sanctions.

Governments, quite frequently, have gone beyond minimum wage fixing in their efforts to maintain peace in industry. The pressures for establishment of occupational wage rates and for government control of the adjustment of such rates are many. Trade unions are often politically oriented and expect the government to perform this function. The government itself may think it necessary to control the wage rate structure as a means of preventing work stoppages and speeding economic development.

Existing legislation provides a wide variety of methods for this purpose. Detailed wage schedules, industry by industry, may be recommended by representative tripartite boards and promulgated by the labor department. Schedules of wages with limited or wide application may be laid down by arbitration boards or industrial courts in the settlement of labor disputes. Special systems of wage fixing may be used in public-owned enterprises. General provisions may be made for automatic adjustment in wages with changes in cost of living, or a flat percentage increase may be applied to some or all wages by legislation. Profit-sharing and fringe benefits may be required. The labor department may be authorized to extend the provisions of wage orders, awards, or collective bargaining agreements to establishments or industries not covered in the original action.

These systems of wage determination may, in themselves, be appropriate. Difficulties for economic development arise, however, when various methods based on different criteria and with little or no coordination are in use at the same time. Key factors such as the ability of industry to pay, and the variations in this respect between industries and between establishments within the same industry; adjustment to changes in the cost of living; the maintenance of occupational wage differentials sufficient to provide incentive to workers to improve their skills; the application of the principle of equal pay for equal work; and fringe benefits may be

treated quite differently under similar circumstances by the authorities administering the various wage determination programs.

Few legislators, judges, public representatives on wage boards, or administrators of labor law who pass on these issues possess the technical knowledge required for sound judgment on wage questions. Nor are they provided by the government with the necessary data. Guesswork and political pressures take the place of technical information. Wage rates and practices established under these circumstances by a profusion of boards, commissions, and courts lead to disparities, confusion, and unrest.

Such situations underscore the importance of establishing machinery for formulating wage policy and for coordinating its implementation. A special wage policy unit should be set up—in the labor department or economic planning agency, or attached to the chief of state. This unit should (1) analyze economic data and develop a wage policy aimed at balancing the need to raise workers' income with the need for employers' profits sufficient for capital investment, and (2) coordinate the expression of the policy in the establishment of minimum rates, in the setting of the wage rates of government employees and of workers in government-owned establishments, and in the supplying of information on wage determination criteria to unions and employers for collective bargaining purposes and to conciliators and arbitrators for their work in preventing or settling disputes.

Finally, in every wage economy there is need for government protection of the worker's right to prompt and regular payment of the wages due. The number of devices which some employers use—to delay the payment of wages, to underpay, to make deductions, to pay in kind, to avoid payment entirely—are infinite. The average unskilled worker, often illiterate and with no bargaining power, is unable to collect his wages. He must take whatever the employer offers. As a result, he and his family may end up in virtual bondage.

One of the most useful services which a labor department can render workers is to

protect them from the abuses connected with wage payment and wage collection. Legislation to effect this purpose should spell out the conditions under which wages are to be paid; the time, place, and medium of payment; the deductions allowable; and such other safeguards as the situation in a given country requires. It should also authorize the labor department to represent the worker in wage claim cases, to collect unpaid wages, and to promptly settle disputes arising out of wage claims.

(b) administration—A wage policy which is not implemented signifies little; a wage law which is not enforced is worse than no law at all. Yet, in many of the developing countries, little consideration appears to have been given to enforcement—in the preparation of the law and the administrative regulations under the law, in the requirements for record-keeping, and in providing for an inspection staff.

Few of the developing countries have the trained staff in sufficient numbers to inspect the numerous workplaces to which wage regulations apply. Particularly is this true if the regulations are applicable to cottage and small industries, agriculture, or domestic service—the places where the lowest wages prevail, wage abuses are most common, and inspection is most difficult. Furthermore, the laws, regulations, and awards are often so involved and include so many variations and indeterminate factors that an inspector, no matter how well qualified, would find them difficult of interpretation and application. The difficulty of administration increases in direct proportion to the complexity of the law.

This is a strong argument in favor of confining basic wage legislation to the area of industry minimums and avoiding a multiplicity of exceptions and differential rates. To expedite inspection, labor departments and industrial courts should be encouraged to keep their wage orders simple and easily understood by both employers and workers. Too often, complicated provisions, which appear to give the worker added protection, in practice give him no protection at all.

For, when such items as overtime, piece rates, cost of living, length of service, age and sex, payments in kind, vacations, bonuses, housing, and family allowances are incorporated in the wage structure itself, and vary with industry and region, inspection breaks down, disputes become numerous, and litigation grows excessive. The ill will generated between management and labor in such situations has a serious effect on production.

Apart from the type of wage requirements in effect, some of the fundamentals of wage law administration are not adequately observed in the developing countries at the present time. A few examples of the needs are illustrative.

First of all, the law itself should provide the means to enforcement. Not only must representatives of the labor department have authority to enter establishments to inspect the premises and payroll records and to interview employees. The employer must be required to keep adequate records on the basis of which compliance may be determined. These records must show the occupation, rate of pay, hours worked per day and per week, amount earned, deductions from earnings, and net amount paid each employee for each pay period.

Next, governments in developing countries should be encouraged to make a start at least toward the establishment of an effective inspection service and to adopt recognized procedures for the administration of wage laws. As with labor standards in general, compliance with wage laws can only be obtained by an aggressive program of both information-giving and inspection.

The information-giving should include both informing the employer and the employee of the applicable legal rates of pay and well-publicized interpretations of such basic terms as "employee," "hours worked," "rate of pay," and "legal wage deduction." In the absence of official interpretations, these terms are very likely to be misunderstood, leading to unintentional violation of the law. Employers should also be instructed in methods of keeping the necessary records.

The inspection activity should respond to specific complaints but should also be carried on as a routine planned program—concentrating activities where experience or knowledge has demonstrated that violations are most apt to occur. This is particularly necessary with respect to minimum wage laws because the marginal employee usually involved in this kind of violation considers himself to be in a particularly vulnerable position and liable to lose his job if he reports the violation to the authorities. In many other instances, employees will cooperate with the employer in violating wage laws. For example, they may falsify time records in exchange for being allowed to work longer than legal hours at sub-minimum rates and thereby to earn more total wages. This type of violation can be detected only through routine inspections which include, in addition to an examination of payroll records, private and confidential interviews with a representative number of employees.

Since the labor department will always be understaffed for the job to be done, all available outside assistance should be sought. Trade unions can be helpful in reporting violations, and their cooperation should be enlisted, but the job of enforcement of wage laws should not be left to them. This is the responsibility of the labor department. Findings of internal revenue officers and social security inspectors may also contain useful information with regard to wage law compliance.

Finally, no amount of inspection will prove effective in preventing wage violations unless the inspector is backed up by his supervisors and the courts in the prompt imposition of stiff penalties against persistent violators—including full payment of the wages illegally withheld. However, it is also necessary to guard against any law enforcement program which over-emphasizes the punitive aspects of the law at the expense of the more basic preventive and corrective work. The primary objective must not be that of punishing violators. A record of many violations discovered, and large amounts of backwages collected, does not signify an efficient labor

law administrative agency any more than a record of many fires extinguished signifies an efficient fire department!

(c) special policy considerations in wage determination—Because the wage policies of developing countries are so significant with respect to the rate and direction of economic and social development, it is most important that the labor departments give special consideration to the determination of an effective wage policy and to the administration of the wage laws for which they have responsibility. Many are seeking help in this process. There is a wealth of experience upon which to draw, but much of it exists in the industrially advanced nations and is not directly adaptable to the circumstances in the developing nations.

Advisory services in the field of wage determination should stress the significance of wage policy to economic development and the need for consideration of the effects of wage policy upon the general economic development program when establishing legal wage rates. Minimum wages should be fixed at the point where they will raise the living standards of the more underprivileged workers without unduly restricting employment opportunities or raising the cost of living for all workers. Unless they are determined on a basis of adequate economic data and in line with an overall wage policy, they often become nothing more than a low and inferior going wage which acts as a drag on the development program. A gradual approach to minimum wage fixing should be encouraged. This would permit industry to absorb the higher wage rates through greater productivity and pave the way for more mature relationships between employers and workers. It would also allow for the training of staff in the administration of labor laws so that when standards are applied they can be enforced. Rates should be adjusted promptly as productivity increases and absorption of the higher costs take place and the necessary educational work with employers, workers, and the public is carried forward.

Factory employment is a good place to begin applying minimum wages and to learn

the techniques of administration. Progression to other sectors of the economy should not be long delayed, however, if the benefits are to reach the vast majority of the workers and those most in need. To stop short of application to workers in handicraft industries and agriculture will accentuate the wide differences in protection afforded these workers and industrial workers, and speed up the dangerous flow of illiterate, untrained, and destitute workers from rural areas to the already overcrowded cities. An approach similar to that for minimum wage legislation would also be appropriate for wage legislation in general.

Wage policy should concern itself not only with wages as a cost of production and as a power to consume, but also as an incentive to increased productivity. In this latter respect, neither the total wage bill nor the total purchasing power resulting from wages is as important as is the manner of distribution of wages to individual workers.

A wage must be adequate not only to motivate the employee to work, but it must motivate him to expend his best efforts and to acquire his highest possible skills. Occupational wage rate differentials should assure that the higher wages go to those who have invested the most in preparing for the job, who contribute most to production, and who work in tasks most essential to the economic and social development of the country. Labor department programs of education to trade unions and employers in the principles of job evaluation systems could yield fruitful results with respect to rationalizing of wage structures in the country and a resulting improvement in productivity.

A review of the wage situation should include an examination of existing and proposed systems of wage supplements. Wage supplements are cause for concern in most developing countries because of 1) the unevenness in employee participation in the benefits afforded by social security and other wage supplement programs, and 2) the tendency in many countries to extend such benefits and other wage supplements beyond the area of insurance of the basic risks of employment.

The suggestions made in the section of this handbook dealing with fact finding and staffing are particularly appropriate to the application of wage legislation.

2. Hours of work

The regulation of hours of work to protect the worker's health and well-being and to provide him with the leisure that comes with social progress takes many forms. It may limit the hours of work per day, per week, or per month. It may provide for overtime pay, rest periods, meal periods, holidays, paid sickness and annual leave, long service leave, and early retirement. It may set up special controls on hours of work in hazardous or particularly arduous types of labor, work at night and shift work, and extra protections for women and children.

(a) legislation —The detailed provisions and the protections afforded vary greatly from country to country and from industry to industry.

In the industrialized countries, reduction in hours of work has come gradually and with no loss in pay. The higher costs have been absorbed in increased productivity per man hour of work. The overall standards are set by legislation, but the prevailing hours of work in a given industry or firm are determined in large part by collective bargaining. This method permits the flexibility so necessary to the needs of many industrial processes.

In the developing countries where collective bargaining is in its infancy, establishment of hours of work in all of its aspects is effected by legislation, regulations, or awards of industrial courts or arbitrators. Workers naturally put great emphasis on shorter hours and increased leisure time. They are impatient with delays in putting international standards of hours reduction into effect in their countries without loss of pay. Governments on the other hand are faced with the necessity of increasing the general level of production to meet the demands of a growing population for higher incomes and more jobs. They must balance

the aspirations of the workers with the possible effects of shorter hours on output, costs, prices, wages, profits, and employment. They should have reasonable assurance that reduction in hours of work would so stimulate efficiency that it would not lead to lowering of real earnings and standards of living at a crucial period in economic development.

There is little question but that in some developing countries there are possibilities for increasing output by reducing hours of work. Where workers are paid low wages, are undernourished and poorly housed, their sickness and absentee rates are high and efficiency low because of accumulated fatigue and frustration. Productivity per man hour of work may be so improved by shorter hours that there is no increase in costs.

The imposition by law of a shorter work-week also may stimulate employers to introduce more efficient methods of production and management which will offset the costs of reduced hours. Resort to a system of shifts, for instance, would make greater use of the capital invested and open up job opportunities.

On the other hand, any legislative reduction in hours should take into account the distinction between normal hours of work, which are often laid down by laws and regulations, and actual hours worked, which in developing countries are likely to be much lower. Workers who have low standards of living and are unaccustomed to urban life and the disciplines of industry have high rates of absenteeism, sickness, and turnover. They often observe an excessive number of holidays and absent themselves from work for long periods.

Gunnar Myrdal, the eminent Swedish economist, suggested to the Indian Parliament that the country's main development problem was "to increase the number of effective work hours per year from the entire population in the working age and, at the same time, to increase the efficiency of work so that more is produced per work hour."

A similar suggestion would be appropriate in other developing countries where actual work hours fall below the optimum for

protecting health and maintaining effective production.

Reduction in hours of work by legislation should go hand in hand with the wage regulation and improvement in working conditions which promote efficient production. Where wages are too low to maintain an improved standard of living and conditions and employment relations are such that there are no job satisfactions, workers have little incentive to work regular hours. To secure better attendance, some countries have enacted laws providing for payment of wages for the day of rest on the condition that the worker has met his work schedule for the week. Other devices of this sort are incorporated in legislation designed to prevent absenteeism. These measures have little significance, for they fail to reach the heart of the problem—the transition from a primitive agricultural economy to an industrial system.

(b) administration —As with wage legislation, hours legislation in developing countries tends to become too inflexible to meet the needs of an expanding economy and to outrun the ability of the labor department to apply it. Facts and figures necessary to a determination of a consistent hours policy and its application to various industries and processes are lacking. Machinery for coordination of policy among the government agencies establishing hours provisions is nonexistent. The multiplicity of complicated laws and regulations, the technical difficulties of calculating hours of work, and inadequate employment records, make it virtually impossible for the inspector to determine the facts in a given situation to enforce the law.

Most of the comments and suggestions made in the discussion of wages in the previous section apply to hours laws administration. They will not be repeated here.

Wherever possible advisory services should emphasize the need for a carefully determined hours policy and the importance of employer and worker participation in the making of hours regulations and their appli-

cation. Strengthening of the labor department to meet its responsibilities is an ever present need.

3. Safety and health

The prevention of accidents and diseases growing out of poor working conditions and practices employment is a major responsibility of a labor department. The social and economic cost of industrial accidents is enormous and a drain on the economy which no country can afford. Few of the new countries realize the extent of their loss. They have no reliable accident statistics or cost data which will point up the problem and provide a base for a program of accident prevention. Probably more serious is the absence of safety consciousness among employers, workers, and the public. In initiating a program of accident prevention, a labor department must find ways to overcome these handicaps and to develop the necessary foundation and support for its activities.

(a) basic legislation —The first requirement is basic legislation to give the department broad authority to establish and enforce minimum safety and health standards wherever workers are employed. Some of the important points that should be specifically covered in the legislation are:

(1) The duty of an employer to provide a reasonably safe and healthful workplace, and to do everything reasonably necessary to protect the life, health, and safety of his employees.

(2) General requirements that would be applicable to almost every workplace, such as those covering good housekeeping; adequate ventilation and lighting; fire prevention; provision of drinking water, toilet facilities, and first aid equipment; safe ladders, fencing of dangerous machinery, and maintenance of machinery; and the respective duties of employers and workers with regard to safety and health.

(3) A general requirement for employer provision of safety training and medical supervision.

(4) The authority to supplement the general requirements by issuing and enforcing rules and regulations establishing detailed standards and control measures for specialized hazards. Safeguards surrounding the issuance and application of these rules should be provided, to assure that the basic authority will not be exceeded.

The law should clearly define the duties, powers, and authority of the head of the department and his agents and their right to enter and inspect premises, to have access to payrolls, time records, and other pertinent papers, and to confer with workers and employers and their representatives. Without such legal protection, staff will often be handicapped, delayed, and frustrated, in carrying out their responsibilities, by those recalcitrant employers who are unused to inspection or who wish to cover up conditions contrary to law.

While coverage of the basic legislation should be broad, provision should be made for its gradual application to different segments of the economy. It might be well to start with industrial establishments. As experience, staff, and facilities make practicable, mines, transportation, construction, commercial establishments, and agriculture should be brought under control. Initial coverage of these sectors of the economy in the general provisions of the law will facilitate the fact-finding necessary for future specific regulations and also permit of their inclusion at an early stage in safety promotion activities.

(b) Safety education and administration —

The passage of health and safety legislation is one thing; to apply it to the workplace is quite another. Enforcement of legal standards, while important, will never achieve its purpose unless, in the process of application, the employer can be educated to the importance to production costs of maintaining a safety and healthful workplace. Of course, he will be affected by humanitarian considerations. But, above all, he must be shown by his own records the how and the why of safety and that work accidents and diseases cost him more than prevention would. Then he

will build safety into daily performance by providing and maintaining safeguards, training his employees in safety, organizing safety committees, keeping and using injury records.

To secure this measure of understanding and cooperation of employers is the work of the labor inspector. He will succeed to the extent that he is competent to recognize the safety hazards in the establishments inspected, to suggest the control measures required, to interpret accident records in terms of cost, and, in general, to "sell" employers on safety.

A good inspector on safety matters, it has been said, must combine the traits of an engineer, a salesman, a policeman, and a minister. As discussed in Chapter IV, few of the developing countries can draw upon men with these qualifications for their labor inspectorates. Applicants should be carefully selected from among those who most nearly meet the technical and personal requirements and then trained on the job. It is here that assistance from outside agencies can be most effective. Until staff can be trained for safety inspection, it would be well to limit services to education and to the minimum legal requirements.

(c) Record keeping and reporting—Another important aspect of the administration of health and safety legislation is record-keeping and the prompt reporting of disabling injuries. Most countries, at an early stage, enact workmen's compensation laws to provide indemnification for injured workers and their families. These laws require reporting of work accidents to the administrative authority. In few instances, either by law or practice, are these reports made available to the labor inspectorate for prevention purposes. Furthermore, the reports and records are not designed to give the causal information and the cost data that would help to show the need for control measures to prevent similar accidents from occurring. Without such information, the effectiveness of the inspection system and safety education are seriously affected. The

safety officials should therefore work with the workmen's compensation officials to augment the information called for by the required forms and to arrange for prompt forwarding of the information for use in the safety program.

(d) Code development—It has been pointed out that the basic health and safety legislation should provide certain general safeguards applicable to almost every place of employment. Experience in the application of these standards, and the information gained from inspections and accident records, will demonstrate the need for specific regulations governing the more specialized hazards to which the workers are subjected. Such regulations are essential for the guidance of employers as to what the requirements mean, and to secure uniformity in the instructions given by inspectors in their daily activities.

If an employer is required to maintain a safe and healthful workplace, he should know in some detail just what is expected of him. It is not sufficient to say that he must provide adequate sanitary facilities, lighting, and ventilation, that machinery shall be guarded, that ladders and scaffolding must be safe. He will ask, and rightly, what is "adequate," what is "safe." While, in the initial stages of labor inspection, it may be necessary to rely upon the judgment of the individual inspector in giving the instructions, this situation should not be allowed to continue for long. It is unfair to the employer and to the inspector. As soon as feasible, detailed specifications that are practicable should be laid down in the form of a code or regulation.

The development of the codes which spell out specific regulations represents one of the best opportunities available to labor departments to secure the active cooperation of all groups involved in accident prevention—manufacturers of equipment, employers, safety experts, workers, insurance companies, and government agencies. Through the use of technical committees representing all of these groups, a code may be developed with provisions that

are sound, practicable of application, and reasonably necessary to secure safe operations. The committee discussion, the department hearings, and attendant publicity will lay the groundwork for effective application. Inclusion of the best-equipped

personnel of the establishments to be covered and the most informed of the workers' representatives is of prime importance. Having had a part in the development of the standards, they will understand the purpose and value of the regulations and will take a certain pride in applying them.

Code provisions should be in line with the knowledge and competence of the labor inspectorate to advise management on their application. This is often overlooked in the desire of new countries to measure up to accepted international standards for accident prevention. They will fail to cover some of the common hazards—such as requiring guarding of transmission machinery and point-of-operation machines and establishing safety requirements for ladders, stairs, and railings. But they will embark upon the control of hazards connected with dusts, fumes, gases, and industrial poisons. While important, these hazards affect relatively few workers, and methods for their detection and control require technically trained staff beyond the reach of most labor departments in these countries at their present stage of development. All too frequently, the lure of the prestige connected with technical research into harmful substances, testing of respiratory equipment, medical and psychological research into the characteristics and patterns conducive to disease and accidents, diverts staff from the control of common hazards and the education of employers and workers in safe practices.

A mandatory code should provide only minimum requirements for safety and health. It may be supplemented by advisory rules to encourage safety performance over and above the standards. Later, as the advisory rules become more commonly accepted practice, they too may be incorporated, in whole or in part, in the mandatory code.

(e) safety committees —Fundamental to the success of a plant safety program is the cooperation of the workers. This can best be obtained through the establishment and operation of a safety committee representing management and labor. So successful have been such joint committees in reducing accidents that laws have been enacted in many countries requiring their appointment in the larger establishments. While laws may speed up the process of establishing committees, they cannot assure satisfactory results. To secure the values of cooperation, both management and labor must be sold on safety and willing to put the time and effort into making joint participation effective. Often the necessary climate can best be generated by voluntary action of unions and management.

Whether set up voluntarily, or as required by law, a joint safety committee, to be effective, must have a sound foundation. It must have a clear, written understanding of the scope of its activities, who and how many shall serve on the committee, how members will be selected and how long they shall serve, and other organizational matters. It should meet frequently enough to carry forward the work for which it was set up and to maintain the interest of the members. Its recommendations should be given prompt and serious consideration by management.

An active safety committee will not only bring about greater safety consciousness on the part of workers. It will pave the way for further cooperative action. Because safety is noncontroversial and serves the interests of management and workers alike, it has proved an excellent vehicle for the promotion of sound industrial relations. Labor departments and their inspection staffs should make a regular practice of encouraging management to experiment with the use of safety committees, both as a measure for cutting down on the number and costs of accidents, and to secure worker understanding and support for the whole production process as well.

(f) public support —Joint committees afford a vehicle for cooperative effort and support of safety measures at the plant level.

The code-making process offers a good opportunity to enlist the cooperation and develop the understanding of employers, workers, and the public in the value of accident prevention. Other avenues must also be explored to develop the necessary safety consciousness and to secure support for a vigorous program of accident prevention, not only by government, but also by private groups.

The most effective promotion of safety in the United States has been done by employers' organizations in an effort to reduce the cost of accidents. More recently, labor unions are taking an active part. Various devices have been found useful in building support.

Safety conferences—organized by labor departments in cooperation with such other departments of government as industry and commerce, education, health, agriculture, and with the active participation of employers, workers, and public groups—have been an effective instrument. The subjects usually covered are safety in industry, agriculture, traffic, schools, and homes. Such conferences may last a day or a week. After the ground has been broken, the head of state may lend his name to the safety conference as the President has done in the United States. This gives it the prestige that the subject warrants. Once started, these conferences usually become annual affairs. More technical questions are discussed, and greater participation by private groups in planning and execution of the conference gradually develops.

Preceding or growing out of such conferences may be the organization of a national safety council with a continuing program of safety promotion. To be successful, the council should be duly constituted with a charter and by-laws showing its purposes, membership, committees, and operating procedures. The labor department may spearhead the formation of such a council and provide secretarial services. And, until sufficient interest and momentum have been developed, it will probably be necessary for the labor department to provide the leadership. But the sooner the council can be

self-generating and self-supporting, the greater will be its value.

Awareness of hazards to safety and health, and individual as well as collective responsibility for accident prevention is almost nonexistent in the new countries. It must be developed from the ground up. An active national safety council made up of representatives of management, labor, and the public can be of inestimable service in the promotion of safety consciousness. A start in this direction has been made in a number of countries.

4. Women workers

Regulation of the employment of women to provide special protection and prevent exploitation was one of the first purposes of labor legislation in the older industrialized countries. Laws governing hours of work, nightwork, rest and meal periods, weight lifting, and sanitary facilities were among the early enactments. With changing trends in economic and social development has come a recognition that all workers should be protected from the hazards of their employment. Men and women should have equal opportunities to develop their capacities and to participate in the economic and social life of their country. Most labor legislation today reflects this change.

Women workers will always face special problems because of their childbearing function and their dual role as workers and homemakers. In many countries they are also handicapped as workers by custom and social attitudes which are difficult to combat. If women are to take their rightful place as workers and secure equality of opportunity in the labor market, governments must give careful consideration to the solution of their special problems. Among the measures which are advocated by the ILO and for which guiding principles have been laid down in conventions and recommendations are maternity protection, nightwork regulation, and equal remuneration. Additional provisions requiring equal treatment for both sexes are included in recommendations dealing with various subjects, such as training opportunities.

(a) employment opportunities —Most of the labor legislation in developing countries is applicable to men and women alike, in accordance with international standards. In actual practice, however, working women are severely handicapped in the labor market. Their employment opportunities are limited to the so-called "women's jobs." These are predominantly in domestic service, agriculture, handicrafts, industrial homework, and the least desirable types of factory and construction work. The work is arduous, the hours are long, the pay is low, and working conditions are substandard. The protections of labor law rarely apply to these jobs.

The jobs that, with increasing industrialization, open up in modern factories, in clerical and professional work, and in the service trades are usually governed by labor laws. But these better jobs are rarely filled by women. Not only are women barred by custom, but they have relatively little access to the educational and training facilities to equip them for these new opportunities.

The great need of women in the developing countries today is social acceptance of right to employment without prejudice, to education and training and to equality of opportunity for advancement. So long as women are denied these rights and opportunities for economic independence, social progress in developing countries will be held back. For improvement in the standard of living of a people begins in the home. The level reached depends in large part upon health, sanitation, diet and family up-bringing, all of which are the responsibilities of women. Development plans which leave women backward and illiterate will not reach their goals. Active participation of women in industry on a basis of equality would greatly stimulate the necessary changes in the social structure.

(b) Labor department responsibilities —The labor department in a developing country has the opportunity and the duty to expedite and ease the transition period for working women from the old social system to the new. It should provide the necessary data

on the status of women in the work force, their numbers, occupations and the conditions surrounding their employment. It should take the lead in opening up new job opportunities, planning and providing for their vocational guidance, training and placement to fit them into new jobs. It should set up special advisory services to management and labor in the adjustment of women to the workplace and in the application of legislation to their problems, individual and group. It should encourage unions to include women in their membership on an equal footing with men. Such services will aid the acceptance of women as workers, increase their productivity, earning capacity and social well-being.

Women with proper training, sympathy and administrative skills should be included on the staff of the labor department to specifically deal with the problems of working women and to see that their interests are advanced in industry and in the community as a whole. The establishment of a special unit for this purpose has proved an effective administrative device.

Studies of the problems of women at work should be made from time to time to determine the need for special safeguards. If legislation is required, ILO conventions should be considered, but adapted to the economic and industrial situation. Advisory committees are helpful in this process and in developing public opinion in its support.

(c) legislative problems —Outstanding women trade union leaders and civic-minded individuals in the country should be involved in the determination of standards for the protection of both women and children in industry. They should be encouraged to form groups of their own to study the problems and to come up with suggestions for improvement of the conditions which they believe vitally affect the welfare of the working children and women. Much of the labor legislation in the United States, for instance, stems from the work of civic organizations such as the Consumer's League, National

Child Labor Committee, and women's organizations. If the labor department would give existing women's and civic organization's specific projects for study and advice, it might lead to the formation of active organizations for the support of labor legislation. These might be within the larger framework of women's organizations or separate organizations of men and women.

Attention should also be directed as needed to the impact of existing protective legislation on women's employment opportunities. In some countries, certain legislation designed for the protection of women as mothers has acted as a bar to work in the establishments where the highest wages are paid and the best working conditions prevail. Because of these laws, women find openings only in workplaces where the legal protections are not applied or where applicable, are not enforced.

Discussed below are specific examples of the hardships worked by present legislation. Possible modifications are also suggested, as a means of giving the desired protection to women workers without unduly jeopardizing their employment opportunities.

Legal provisions for maternity protection for employed women require a period of rest—usually 12 weeks—at the time of the woman's confinement. In some countries, employers are required to pay partial wages during this period. Where this system prevails, employers are not only faced with the necessity of adjusting their work schedules to meet the long and frequent absences of women employees, but at the same time must pay for their absences. It is obvious that they will continue the employment of married women only when their wages are substantially lower than those of men, or where they have a particular competence for their work. Only in countries sufficiently advanced to have comprehensive social security schemes which include pregnancy under sickness insurance or otherwise as an insurable risk can the subject of maternity protection be dealt with adequately without limiting severely employment opportunities for women.

Nightwork legislation that prohibits work after so early an hour that women are prevented from working a normal second shift also limits unnecessarily the better employment opportunities for women. To get around this limitation, some countries are using a permit system which, by action of the head of the labor department, allows women to work on the second shift and even on the third. Experience has shown that a permit system is difficult of administration and lends itself readily to favoritism and abuse. It would be preferable, from the standpoint of labor law enforcement, to make outright legal provision for employment on a normal second shift and bar completely third-shift employment except for those in professional and supervisory posts who are usually excluded from the application of labor law.

Legislation requiring meal periods and rest periods for women which are longer than industrial practice establishes for male workers in the same workplace also discourages the employment of women in the newer and better establishments. This is because of the practical difficulty in modern productive processes of arranging hours of work for women different from those of men. To prevent discrimination on this account, the laws should either be amended to apply without regard to sex—which is good industrial practice—or be repealed, with the determination of rest and meal periods left to collective bargaining.

Laws requiring the establishment of day nurseries where more than a certain number of married women are employed also limit employment opportunities. Rather than establish a nursery, many employers keep the number of women employed below the minimum requirements for such nurseries. Wherever the location of industry makes them feasible, the provision of community nursery facilities should be encouraged to meet the child care problems of working mothers.

Particularly in need of modification and more equitable application are the laws governing wage fixing. Traditionally women's

wages are lower than men's for the same type of work. It is not uncommon to find wage determinations that provide separate rates for men and women without relation to the skills required for the work performed. So firmly established is the practice of paying women less than men that in some countries, even where the law specifically provides for equality between the sexes, wage boards set separate rates and go unchallenged by the workers for doing so. This tends to continue the practice of setting aside certain jobs as women's work. The establishment of rates for the job regardless of sex would be a sound procedure and would do a great deal to break down the discrimination against women workers. Admittedly, this is a long-term project. But steps in this direction would yield valuable results in economic and social well-being.

Some of the newly independent African countries offer a rare opportunity to effectuate a policy of equal pay. In these countries, women are just beginning to enter wage employment. No tradition of paying them less than men has been established. As industrialization proceeds and women take their place in the labor market, it should be feasible to assure them of equality in wage payment in practice as well as in law. Governments should be encouraged to take appropriate action in time.

5. Children and young workers

Children and young workers should be protected in their formative years from conditions that undermine their health and hinder their growth and development. There is almost universal agreement that the years before the age of 15 should be devoted to educational, physical, and mental development. This is the ideal that is gradually being realized for most children in the older industrialized countries.

In the developing countries, the problem of child labor is still serious. In most of these countries, less than one-half of the children get any education at all. They are

put to work at ages ranging from 6 to 12, often for long hours and under unhealthful conditions. The reason for this victimization of youth is not hard to find. It stems from poverty of the family and poverty of the state. The family needs the meager earnings of the child for a mere subsistence. The state also does not have the capital to provide the school facilities needed for education of all of the children of school age.

(a) legislation —The legal standards for the employment of children in developing countries—a minimum age, hours limitations, no nightwork, vacations with pay, safe and healthful working conditions—usually are higher than those which the children enjoy. Compulsory school attendance laws, which should go hand-in-hand with minimum age requirements for employment, are either nonexistent or apply only to a few grades. Even schools to accommodate these grades are not generally available.

This presents a difficult situation in which a labor department must move to give protection to youth. Further, there is little public consciousness of the importance of the early years in child development to the future of the country. Parents who are ignorant and poverty-stricken think only of the present small earnings of the child, not his future earning capacity. Employers have little realization that cheap child labor is costly to them and to the community. Education of all groups to the need for physical and mental development of children in order that they may take their place in the new social order, and to the raising of living standards in general, is essential to an effective labor department program for child protection.

The labor department is only one of many governmental agencies that should help to create the climate in which to operate a constructive program for youth. However, it should not await action by others before it begins to tackle its responsibilities in the area of employment. If it moves to bar little children from employment, then it may help to build up the public opinion to support

schools to care for these children who would otherwise be idle.

The establishment of the recognized minimum age for employment should be approached gradually. For instance, a 12-year minimum that is vigorously enforced will give far better protection to children than would a 14-year minimum that is widely ignored by employers, parents, and inspectors alike. Similarly, a broad application of a lower minimum age to all workplaces is preferable to a higher minimum applied to a few. When industrial establishments alone are covered, which is frequently the case, children are driven into even less desirable types of work in handicrafts, street trades, and agriculture.

The application and enforcement of practical standards for working children, developed in cooperation with other agencies of government and community groups, should go a long way toward alerting the public to the necessity for social and economic measures which will open new horizons to the country's youth.

(b) administration —Enforcement of child labor laws requires an alert and dedicated inspection staff. It is one of the most time-consuming types of enforcement. The evidence of age to prove violation of the law is often difficult, if not impossible, to obtain.

In the U.S. and other industrialized countries, employers are required to have an employment or age certificate on file for each of the children employed. An inspector may check these records against the children found in the workplace, or, if no certificates are on file, with the birth records of the children suspected of being employed at too early an age.

In developing countries, with few exceptions, there are no requirements for registration of birth. Church and school records of age are inadequate. The statements of parents are unreliable. The inspector can only guess at the ages of the children whom he finds at work. In disputed

cases, he is faced with the necessity of proving that a child is below the legal minimum age. He usually must resort to a determination by a health officer as to the physical age of the child. This takes time and effort that he may well feel could be better spent in his other inspection duties.

As registration of births and better school records become more common, and a system of employment and age certificates becomes feasible, enforcement of child labor laws will be less burdensome. In the meantime, progress will depend in large part on the diligence and competence of the individual labor inspector. He should have full community support in his efforts to check the exploitation of little children and to prevent the social and economic waste involved in their employment.

(c) vocational training and guidance — Governments should be encouraged not only to control the abuses of child labor but also to put extra emphasis on the provision of school and training facilities. Well-rounded secondary and vocational education programs geared to the needs of the country should be made available, and children should be guided into the lines of work for which there will be opportunities for stable employment and personal satisfaction. The employment services should be cognizant of the peculiar needs of young people for work that will make for good habits and prepare for future wage-earning capacity.

The transition from school to work is a most difficult period for young people in every country. With the limited employment opportunities and surplus labor found in the developing countries, it presents special problems that cannot be ignored with safety. The labor department should be in the forefront in developing programs to meet this challenge to provide work experience to youth. School-work programs, arrangements for apprenticeship, short-time on-the-job training projects, and make-work programs in developmental projects have been worked out in various countries with considerable success. Similar projects may be tailored to the needs of any given country.

6. Industrial welfare facilities

The provision of welfare facilities in industrial establishments has long been recognized as an important factor in worker satisfaction and well-being. Labor laws requiring canteens, rest facilities, locker and wash rooms, seats, and medical services are common to the industrialized countries.

Many of the developing countries have enacted legislation on one or more of these subjects, but find the provisions difficult to apply except in the newer and larger establishments. Experience there, however, has amply demonstrated the value of welfare facilities in helping workers who are unaccustomed to the pace and disciplines of factory employment make the necessary adjustments.

A labor department could play a useful role in the industrialization process if it used its authority to see that all new construction for industrial occupancy included in its plans provision for welfare facilities. It should provide advisory services including designs appropriate to the size and nature of the undertaking.

7. Technical assistance

Practically all developing countries can benefit from technical assistance in administrative organization, methods and practices and staff training in the formulation and application of standards governing the protection of workers in their places of employment.

Through AID, experts in safety, wage and hour administration, special problems of women and child workers, and labor inspection may be assigned by the U. S. Department of Labor as consultants to assist a developing country in identifying its problems, in working out appropriate control measures and in training staff to carry the project forward.

Selected staff from these countries may be sponsored by AID to receive specialized training in the U.S. or in third countries.

Extensive literature and educational materials of all kinds, public and private, are available on the various aspects of labor standards. Included are provisions and administration of laws and regulations, training and promotional materials, with emphasis on the participation of labor, management

and the public in the operations of a labor department.

In the field of safety, materials of the Bureau of Labor Standards designed for domestic promotional activities, have been published by AID for use in developing countries. These publications are available and may be secured through AID Missions in Spanish as well as English.

IX

SERVICES OF A LABOR DEPARTMENT: LABOR RELATIONS

1. Legal framework

The development and operation of a satisfactory system of labor relations is a prime responsibility of a labor department in every developing country. The conditions under which capital is employed can affect substantially economic growth through higher productivity.

The social upheaval that comes with rapid industrialization is strongly reflected in the workplace. Workers unaccustomed to urban living and to the disciplines which modern industry imposes and management inexperienced in dealing with human relations problems inevitably come into conflict. Government action is required to guide the parties in learning to work together and in reaching an amicable settlement of their differences.

Successful intervention depends in part upon suitable legal framework for industrial relations to facilitate the growth of amicable relations and to narrow the field in which disputes arise. Legislation should clearly set out the mutual rights and obligations of management and labor and the methods for the settlement of disputes which cannot be settled by the parties. Minimum standards of protection for workers from unduly low wages, excessive working hours, and conditions of work which are hazardous to health and safety should also be established by law. Within this framework, the labor department should exercise its authority in such a way as to stimulate cooperation and better relations between management and labor. It should so apply the minimum standards that they will be widely accepted as fair and practicable, thus reduc-

ing materially the number of disputes arising out of a wide range of situations.

2. Freedom to organize and bargain collectively

The organization of workers and employers is a significant feature of modern industrial society. These associations often have a more far-reaching effect on the living standards and way of life of the people than does social legislation itself. In fact, experience has shown that such organizations are necessary if social legislation is to be fairly applied and enforced. In countries in transition from an old to a more modern way of life, adjustment to the new order is held back if workers and employers do not enjoy freedom to associate.

Fundamental to social progress then, is the acceptance and application by government of the principles of freedom of association and protection of the right to organize and bargain collectively. These principles and standards of application are embodied in ILO conventions Numbers 87 and 98. According to the internationally agreed instruments, workers and employers should have the right to establish and to join organizations of their own choosing without previous authorization of government. Organizations should have the right to draw up their own constitutions and by-laws, to elect their representatives, to establish their administrative machinery, and to formulate their programs without interference. They should be permitted to manage their own finances, although a requirement that the accounts be examined annually by a certified

accountant might be desirable as furnishing a guarantee to members that their funds are being properly administered. They should also be given the right to form federations and confederations and to affiliate with international organizations of workers and employers.

The range of acceptance of unions and protection of these basic rights by governments is very wide. In a few developing countries great progress has been made in applying the ILO standards of freedom of association. In others, unions are banned entirely, or only among civil servants. In some countries, federations and confederations are prohibited.

A substantial number of the developing countries have ratified the ILO conventions referred to above. But this does not necessarily mean that the standards are applied. The principles may be loudly proclaimed, but legislative provisions and practices may severely restrict the exercise of the right to organize and bargain collectively. In general, there is a failure to enact the basic legislation defining and delimiting the scope of the rights of workers in such a way as to be helpful in the organization process. Some legislation designed to promote unionization is so detailed and so protective that in practice it acts as a barrier to organization.

3. Deterrents to union organization

Examples of onerous restrictions permitting governmental interference in union affairs include the requirements that union meetings have previous authorization from the labor department and that labor inspectors or other officials attend meetings of workers' organizations. Coupled with close supervision of membership, election of officers, expenditures and programs, these restrictions limit the growth of responsible unionism.

Registration is often the device used for enforcing a series of restrictions on an organization's procedures and activities. Control of union activities is effected by giving the

labor department the arbitrary and final power to deny or cancel registration—without benefit of a hearing or even notifying the union.

Registration in and of itself, may be of benefit to the unions by clothing them with the rights and protections extended by the law. It is only when it becomes the tool for arbitrary administrative action that it hampers legitimate organization.

Freedom of association, even when adequately guaranteed against interference by the public authority, may still be impaired by the actions of employers. By a systematic policy of victimization, an employer can put a trade unionist in a position where he has to choose between his loyalty to his union or to his job. Or employers may try to keep unions under their control by taking a hand in their establishment or administration, or by contributing to their funds.

If unions are to flourish, employers should be prohibited from interfering with the right of employees to organize by (1) dominating a labor organization, (2) dismissing or discriminating against an employee on account of his union activity, and (3) refusing to bargain with a qualified representative of his employees. In a few countries, such prohibitions exist and special machinery is provided to investigate complaints of unfair labor practices and otherwise to ensure the respect of the right to organize. But, in a great number of countries, some with little industry and only a beginning trade union movement, no such safeguards apply.

As has been noted earlier in this handbook, one of the most serious deterrents to sound union organization and the development of constructive leadership, is the tendency of governments to deal by statute and arbitral awards with the minutiae of employment relations and practice, leaving little room for union activity in behalf of the workers. Leaders naturally turn to politics as the means for righting the wrongs of the industrial system.

4. Promotion of collective bargaining

There is an understandable fear of governments that a free and independent labor movement may, through excessive strike activity, disrupt the plans for economic development. They hold that union leaders lack the maturity, education, experience, and resources required to operate a union successfully. These officials often fail to recognize that they are partly to blame for this situation; that governments have the responsibility for promoting and facilitating the growth of responsible unions—unions capable of working cooperatively with employers for the smooth functioning of industry. Instead of restricting and controlling the internal affairs and normal activities of unions, they should take every opportunity to stimulate collective bargaining and encourage unions to play a leading role in the preparation and application of social and economic legislation. It is only through experience and education that a responsible labor movement can be expected to develop.

Collective bargaining for the regulation of employer-employee relations is in its infancy in most developing countries. Prerequisites for its evolution are a certain degree of industrialization, organization of production in large units, a climate in government and industry facilitating joint action, and a willingness of management and labor to work together. These conditions do not exist in an appreciable number of emerging countries. They must be established over a period of time.

Employers in general are reluctant to share power with their employees. Employees in turn are distrustful of management. The multiplicity of unions and the absence of a unifying policy, together with their weakness in the economic field, make it difficult for employers to deal with them constructively. It is often said that, until there is greater stability in the labor movement, collective bargaining is impossible. This is partly true, but where employers have given the skill, time, and the years of patient effort required to develop constructive relations with

their employees, genuine cooperation has resulted. Given the existing situation in most developing countries, it will take a long period to demonstrate the common interest of the two groups in greater production and to build up the leadership to work together for the good of the nation. Every effort should be made to speed the process.

The main role in creating the atmosphere in which genuine collective bargaining and joint consultation can take place will have to be played by management and labor themselves within the framework set by government. While new countries can learn from the experience of the older countries, they should not be expected to suddenly bridge the gap between an agricultural and an industrial economy in meeting their different and pressing problems. Yet their best hope for industrial progress seems to lie with the encouragement of independent organizations of employers and workers and in joint negotiation in the settlement of their disputes.

5. Other labor department services

The labor department can be a constructive force in guiding and facilitating the growth of free institutions of management and labor. It should be encouraged wherever possible to play this important role. In its day-by-day operations, there are many opportunities for such guidance in the procedures and problems of collective bargaining.

Assistance to unions in drawing up their constitutions, by-laws, and collective agreements and in other ways, stimulating joint negotiations has been found a most useful practice.

Lending appropriate support to programs for the education and training of labor and management for their joint responsibilities has also proved worthwhile.

One of the greatest opportunities for governments to strengthen the labor movement would be to bring the unions into close association in the planning and execution of

programs for national development. Employers are usually represented in such programs, but unions rarely play a part. As a result, the programs suffer from lack of social content and, moreover, they fail to enlist the understanding and enthusiastic support of the masses so necessary for success.

There are particular projects that deeply concern workers, such as housing and cooperatives, in which their active participation could be readily obtained. Government assistance to unions in the formation of self-help and cooperative housing projects, consumers and producers cooperatives, and credit unions could raise the standard of living and arouse the workers' interest and support for the whole development program.

For some countries another project in which labor and management could be closely associated, would be a careful review of certain pieces of social legislation which tend to hold back the growth of responsible organizations. Out of such a study should come recommendations and support for an action program to remove such roadblocks as may be found.

6. Dispute settlement

The policy of governments may strongly and clearly commit them to the right to organize and bargain collectively and to the theory that the best solution to labor-management problems is mutual agreement. Nevertheless, actual legislative and administrative implementation of that policy may have the contrary effect of discouraging collective bargaining. These governments, being acutely aware of the need for rapid industrial expansion and political stability, may have decided that a policy of free collective bargaining is not practicable and the government must retain control of the industrial relations system in order to maintain discipline in the labor force and to prevent political upheaval.

As has been indicated, some developing countries are not ready for collective bargaining. Neither management nor labor are suf-

ficiently educated and mature to work together in harmony. Where this is the case, the government must exercise sufficient controls to avoid disrupting the nation's development efforts. But at the same time, it should look beyond these controls and prepare the ground for a new social order. When compulsory arbitration becomes the final determinant of labor relations, incentives for improved practices often are destroyed.

Suppression of a strike is not the equivalent of settling or resolving a dispute. Nor does it insure a high level of productivity as long as men are human. It only transfers the dispute to the political arena and imbues it with highly ideological overtones. Government must find a better way to compose industrial differences, for differences will always arise.

(a) legislation—The existing governmental policies and practices in dispute settlement and the machinery established to prevent work stoppages vary with the philosophy of government and the prevailing economic and social situation. Despite this variation, there is general acceptance of the responsibility of the state to intervene in labor disputes to protect the public interest in the continuous operation of the industrial complex, to protect labor's rights, and at the same time do what it can to promote harmonious labor-management relations.

There are certain recognized approaches to the settlement of labor disputes:

- (1) It is desirable wherever possible to avoid legal formalities and to seek a settlement through the free consent of the parties themselves. Every encouragement should be given to the responsible parties to the dispute to reach an agreement without government intervention. If left alone, they will frequently iron out their differences and be on the road to better relations in the future.
- (2) Should the parties fail in their effort to reach agreement on their own, the services of a conciliator should be made available. Through stimulating discussion, exploration,

and compromise, he should help them find common ground for the settlement of their differences.

(3) Only where the parties are unable to agree after every attempt has been made to conciliate their differences should some arbitral procedure be adopted. Voluntary agreement to submit the dispute to arbitration is usually the next step. Where an agreed settlement cannot be reached, it is very much better that a solution should be found by some outside person acting as arbitrator than that either of the parties should feel that a solution has been imposed by government pressure.

(4) A final step is the submission of the case to an industrial board or court for decision. Separate machinery, such as emergency boards or fact-finding commissions, is usually provided for the settlement of cases involving the national interest.

(b) administration—In actual practice machinery for dispute settlement is frequently over-organized. Many steps must be taken before a final disposition of a case is reached. The delay incident to each step, the frustrations and unrest generated with time, the legalistic procedures involved, the final determinations often far-reaching in their implications—all tend to accentuate the differences between employers and workers instead of bringing the parties closer together. Each side, knowing that there is a next step, makes little effort to reach agreement at earlier stages. Even government conciliators involved in this process of buck-passing are sometimes more interested in getting a dispute off their desks than in aiding the parties in ironing out their differences. Minor disputes in the nature of petty grievances involving one or two workers may go the whole gamut and take years before they are settled. When a decision finally comes, it may have little bearing on the existing situation.

The barring of strikes and lockouts entirely is common practice in the developing countries, or at least their prohibition until the parties have gone through all of the steps

provided by government machinery. By that time a strike or lockout may have lost its effectiveness.

It is therefore not surprising that workers and even employers often by-pass this machinery and that work stoppages occur as soon as a dispute arises or long before all of the stages are completed. These illegal strikes get prompt attention and quick settlement—something that could rarely be achieved through the use of the regular government services. The settlement is often reached through the intercession of politicians with the labor secretary. Once this process has proven effective, more and more cases are brought directly to the top officials of the labor department where they are apt to be settled on a political rather than an economic basis.

This method of dispute settlement has a serious effect upon the work of the department as a whole. The officials who should be giving their time to policy-making and the overall direction of the work of the department are completely tied up with industrial disputes. Furthermore, the morale of the lower officials charged with responsibility for conciliation and arbitration suffers severely when settlement is taken out of their hands.

The political settlement of industrial disputes may also have a far-reaching effect on the growth of responsible union leadership. Leaders will be chosen for their political influence, and their ability to get quick action on grievances, rather than their demonstrated capacity to work cooperatively with management in the smooth functioning of industry. Shortcomings of government in methods and practices of dispute settlement put a premium on irresponsibility. The man who ignores the law but gets the settlement is the one to whom the workers look for leadership. The Communist party in certain countries owes its strength to the failure of government to satisfy the legitimate needs of workers for a prompt and fair hearing and decision on their employment problems.

The success of government intervention in dispute settlements depends on the

qualifications of its representatives as much if not more than on the procedures required by law. The need for competence stands out particularly in conciliation, the most important single stage and the place where most disputes should be settled.

A conciliator must have the support and confidence of both management and labor if he is to be effective. To give the best service, he should be invited in. Where he is not wanted for lack of qualifications or for other reasons, and his services are imposed on the parties, he will fail to bring about an agreement. A few unfortunate experiences with individual conciliators bring the whole service into disrepute and even destroy confidence in the work of the labor department in its other fields of activity.

Frequently no distinction is made between labor inspection and conciliation. One man performs both functions although the personal and professional requirements for each are quite distinct. As noted earlier in this handbook, intervention by labor inspectors in disputes is liable to weaken their authority in carrying out their ordinary duties. But, from the point of view of good labor-management relations, conciliation is a special art requiring tact, patience, and persuasiveness, and a conciliator of an unusually high order. When combined, the conflict in the duties of the two jobs makes success in either a virtual impossibility. Regardless of the limited size of staff to carry on the many activities of a labor department, the returns in protection of workers and respect of employers justify the assignment of conciliation and inspection duties to different persons.

In any case, in most countries it is not necessary to have elaborate machinery for conciliation. This is particularly true if the conciliation service is available on request rather than by compulsion. The service is not like the labor standards enforcement function in requiring regular plant visits. Furthermore, in many of the developing countries, much of the territory is likely to be within a reasonable distance from headquarters—particularly those locations where

industry or other concentrations of workers make organization, and thus disputes, likely.

There is an extreme shortage in all developing countries of persons equipped for government work in industrial relations, particularly at the low salaries offered. A flexible and experimental approach to problems of dispute settlement would make possible the use of skills of persons who would not be available for full-time work in the labor department. Such persons might be found in the universities, the professions, and in management and labor circles. They could serve singly or as members of a tripartite or non-partisan ad hoc board in the settlement of a given dispute. The government service would gain in experience and prestige by their use. The temptation of new governments to lay down hard and fast rules and procedures which might not fit the needs of an expanding economy could also be avoided by the use of outside assistance.

7. Education for management and labor

Improved industrial relations will depend in large part upon the knowledge, skill, and sense of responsibility which management and labor bring to the bargaining table. Generally, in developing countries, both are now ill-equipped for the task of negotiation. Management needs training in sound policies and practices for dealing with workers' problems and thereby securing their cooperation in the production process. Labor leaders need to understand the economics of the industry, the wage and price structure, and the labor laws—as well as the functioning of trade unions—in order to represent the workers effectively. Governments are increasingly aware of these educational needs and some have provided or stimulated the establishment of training programs in one or both fields.

(a) management education—A few countries, mostly with U.S. or U.N. Special Fund aid, have set up productivity centers for the training of management, and sometimes labor, in the various aspects of modern production methods, including human relations.

These centers have met with considerable success.

Government-sponsored "Training-with-in-industry" programs for supervisory personnel are also filling an important need for a better understanding of job relations and their effect upon production.

Increasingly, universities are offering courses in industrial management or organizing seminars for discussion of the factors that make for sound policies and practices in dealing with the social and human problems of industry. Joint participation of labor and management in these seminars has proved useful.

Probably the greatest progress in creating an awareness of the importance of the human element to production has come from the activities of management organizations. Their studies, discussions, and application of modern techniques and practices in industrial relations are showing results in some of the more advanced of the developing countries. This is an activity eminently needed in almost every country.

Employers' organizations are found mostly in large-scale industry. Some of the forward-looking techniques of management in handling labor affairs are feasible of application only in the larger establishments. However, the greatest need for advice and guidance in human relations is found among the smaller industrial establishments. Most of the practices and procedures now being discussed in management circles could be adapted to the needs of the smaller employer. Labor department services could be most effective in working with these employers in bringing about a wider acceptance of improved techniques of management in their relations with labor. Experiments in this area should be encouraged.

(b) labor education—The labor movement in every developing country is held back by the illiteracy of the workers and their apathy toward participation in union activities. A few leaders, usually political or legal advisors who have installed themselves as top

officials, make all of the policy decisions and represent the unions in industrial, governmental, and international circles. Frequently they have no understanding or experience in the practical operation of the industry in which they represent workers. Education is thus needed for both the rank and file member and the present or potential union leader. It can be carried on either under direct union auspices or by non-labor agencies jointly with union groups.

Unions in industrialized countries have long recognized the need for workers' education and have established training programs—run by full-time trained personnel—as an integral part of the labor movement. Unions in developing countries, with few exceptions, are institutionally weak and lack the skill and knowledge as well as the funds to finance a workers' education program. Most have not yet recognized the urgency of workers' education in their activities. They need help and encouragement in getting started.

Non-labor agencies can make a real contribution to workers' education and to community understanding of the trade union movement. In carrying on educational programs for workers, however, such outside agencies should be guided by several general principles.

First and most important is the fact that the best way to reach workers for educational purposes is through their unions. In unions, workers meet as a homogeneous group bound together by common problems, a common educational level, common experiences and training. Unions are often the only organization in which workers hold membership. Participation in educational programs is voluntary. Members must be convinced that the education will help them to solve their own problems.

Training programs are most effective when developed as an integral part of regular union functions. Training in the actual operations of unions should only be handled by the union officials themselves. It is on more general educational subjects that

outside agencies can be of the greatest help. Union officials should determine their training needs and decide which phases of training they will handle themselves. Then they can identify the ways in which the cooperation of outside agencies is needed.

In addition, if the program provided by cooperating agencies is to attract worker participation, the union leaders must help plan course content, time and place of meeting, selection of teachers, and teaching materials. The union people must be so involved in planning that it becomes their own program and not something offered from the outside.

Needs of workers differ according to their position in the labor movement. Different types of training are required for the following four groups:

(1) Full-time staff of labor organizations, where such are available, and the national union officers who presently perform most staff functions in the developing countries. Great demands are made on these people. They are charged with the administration of the union, with formulating and implementing union policies, negotiating contracts, presenting arbitration cases, handling appeals, conducting publicity and public relations, and appearing before legislative bodies. They frequently represent labor on private and public agencies and sit on policy-making bodies of local, national, and international organizations. To be competent, they must be knowledgeable about a wide variety of subjects: the principles of sound labor-management relations, collective bargaining, labor and social law, governmental machinery of all kinds, economic and social issues.

(2) Local union officers. These officials must have somewhat the same equipment as that described above. But in addition they must see that the rank and file are kept informed, bear primary responsibility for the processing of grievances, advise the members as to the best procedures under existing labor laws. Their greatest problem is how to motivate an unconcerned and apathetic membership and how to insure understanding and

support of union problems and policy through rank and file participation. Therefore they also need special training in communications—the skills of speaking and writing.

(3) Labor education specialists. Non-labor agencies should be encouraged not merely to supply teaching services themselves but also to train union leadership to administer their own programs and develop their own resources. The main problems for the labor educators are the need to work out methods for stimulating demand for education, a shortage of teachers, and development of a continuous program that will achieve long-range results.

(4) Rank and file members. Education extended to local union officers will not trickle down to the rank and file members. The programs must be adjusted to their needs and be presented directly to them. Workers should learn how to participate in meetings, how to elect officers, and how to formulate decisions. Knowledge of protective labor and social security legislation will help assure them of their full rights under the law. Consumer education is another important subject—to inform workers about consumer cooperative, credit unions, and buying clubs, and to give them some basic understanding of wages, prices, profits, and productivity.

The lack of formal education by the average worker should be taken into account in planning a labor education program. For some, teaching of reading and writing may be a necessary first step. Class presentation must be at the worker's level of understanding. Teachers, to be successful, must have a capacity to teach adults, and at the same time, sympathy with the trade union movement.

Unions in developing countries ordinarily will look to the universities for help in program planning and in supplying teachers and materials. Not all universities will be willing to assume responsibility for assisting workers with their educational programs. Nor will they have the necessary background, experience and point of view for providing the

needed services. Some may conceive of their role as molding the trade unions to fit an accepted pattern; some may expect workers to participate in regular classroom activities; some may wish to open their classes to labor and management alike. Experience has shown that these approaches will not work. Labor education programs must be geared to workers' needs and be held at the time and place convenient for them.

Materials, too, must be geared to the particular needs of the group concerned. Their preparation requires skill, knowledge, and time which few union leaders possess. Universities can be of real assistance in making these materials available. Their active cooperation with workers in their labor education efforts should be encouraged by governments.

A few governments of developing countries have established workers' education services, in or out of the labor department, to train union leaders and the rank and file. They provide teachers, classrooms, training materials, and such other services as may be required. The success of these ventures depends upon the manner in which they are conducted and the extent to which they enlist the support and cooperation of the unions. Where they are set up and operated by the government in good faith, with workers participation in planning and with a large measure of freedom in teaching, they have served a useful purpose. Where the service is organized primarily as a tool for controlling the labor movement, or as a political arm of the government, it usually fails to secure the necessary confidence and participation of the workers.

Education, by imparting understanding, can help reduce the area of labor-management conflict and promote the substitution of reasoning and conciliation for emotions and force. Union members need education not only in their freedom, rights, and privileges, but equally in their duties and responsibilities as such. Workers' education aims to help the worker to a more mature understanding of and more effective and responsible participation

in his union, his community, and the society in which he lives. To reach this objective, workers and union leaders must have knowledge and skills, courage and resources, and ability to think independently so as to make free and intelligent choices.

The educational needs of workers are staggering and urgent in the developing countries. Their needs cannot be ignored without paying a very high price.

8. Technical assistance

Through AID the Bureau of International Labor Affairs of the U.S. Department of Labor, may provide assistance in shaping the participation of labor and management in country development. This includes assistance in strengthening the labor movement, improved management practices, and extension of collective bargaining. In the development of legislation and administrative machinery for governmental action in the field of labor-management relations, the Bureau of Labor Standards is prepared to assist.

Under the AID program many working trade unionists are brought to the U.S. and other countries to learn first-hand how free trade unions operate, how they can improve conditions of their members, and how labor and management can work together more effectively. Help is also given to labor organizations in their projects: worker's clinics, vocational and adult education schools, housing, cooperatives, and other such improvement programs among their membership.

American trade unions are making substantial contributions to the strengthening of democratic labor unions in their struggle to remain free and resist totalitarian infiltration. A recent project for the stepping up of assistance to the labor unions in Latin America was the organization of the American Institute for Free Labor Development by action of the Executive Board of the AFL-CIO. This is an independent, nonprofit organization whose policy guidance comes from a 24-member Board of Trustees made up of Latin

American leaders, AFL-CIO officials, North American businessmen and public figures. It is supported by funds contributed by labor unions, foundations, the alliance for Progress and other public and private sources. The major responsibility for program rests with organized labor.

The Institute conducts training programs in the U. S. for a carefully selected group of from 100 to 120 young labor leaders each year. This will be supplemented by internships in their own countries. Workers' education centers are being established throughout Latin America and the Caribbean area to reach a larger number of active members and give them an understanding of free trade unionism and its operation in a democratic society.

In addition to its training program, the Institute provides technical advice and material support for social development projects initiated by democratic trade unions under the AID program. A separate department of the Institute, financed entirely on a project basis by AID, has been set up for this purpose and is meeting with real success in Latin America.

Of particular significance is the support which American employers with plants in Latin America are giving the Institute in its efforts to strengthen democratic unions. In most developing countries, even without an Institute, U. S. employers operating there are in a key position to demonstrate to other employers the value of an enlightened policy toward organization of workers. It would be of great service to the foreign policy of the U. S. if they used their position to set standards of good industrial practice by accepting unions as representative of their employees, consulting and negotiating with them freely on employment policies and practices, giving them responsibilities and treating them with respect. Working with and through the national employers' organizations, Western experience can gradually be brought to bear on a broader front. Although this is a difficult assignment, some American employers are showing that with patience and sympathetic

understanding, progress can be made in developing an informed and responsible labor leadership.

Universities will need encouragement if they are to set up programs of labor education as a means for improving industrial relations. They may be kept from doing so by any one or a combination of reasons—lack of funds, lack of initiative, lack of knowledge on how to start, the absence of legislative action and authorization, lack of sufficient pressure from unions. Initial assistance from some outside source may be all that is necessary to get the universities started in this field. One way of doing this is to supply financial support for some practical demonstration project which will show the value of the work and need for expansion. The nature of the demonstration should of course be determined by local conditions and should meet specific and felt needs of union groups.

The government of the Philippines met the problem of securing widespread union support and the cooperation of employers for a workers' education program by having it set up as an autonomous project in the University of the Philippines. U. S. aid has been helpful in supplying a suitable building and in giving technical service during the organization period. The center has more than justified the expenditures. Not only is it bringing a greater measure of peace to industrial relations in the Islands, but it is also providing facilities for the training of selected labor leaders and workers' education specialists from other Asian countries.

The Industrial Relations Institute of the University of Puerto Rico, operated with U. S. aid, performs a similar service. It has become a focal point for training of non-Communist trade unionists from all of Latin America. The Institute is also being called on to conduct seminars in other Latin American educational institutions.

An AID contract with Cornell University is designed to lay the ground work for a

permanent Labor Relations Department in the University of Chile to serve as a national center for investigating and teaching labor subjects; for introducing and applying new concepts and attitudes for labor-management relations and trade unionism; for training labor leaders in democratic socio-economic trade unionism through extension courses and for advising them in developing and administering sound programs and for establishing

university courses for undergraduate government officials and others.

The experience gained from the operations of these various types of projects should prove of great value in stimulating the formation of similar broad-based, independent organizations in other areas of the world where trade unionism as an institution needs support and understanding.

SERVICES OF A LABOR DEPARTMENT: MANPOWER

1. Need for an action program

Many of the developing countries are today faced with the anomaly of a simultaneous labor surplus and labor shortage—a substantial surplus of unskilled and a severe shortage of skilled workers.

A labor surplus manifests itself in unemployment and underemployment, which in turn has the effect of reducing government revenues, minimizing public services, giving rise to destitution and crime, exposing the masses to subversion, and undermining democracy. Figures cannot show the blighting effects of joblessness upon human beings. Men or women totally or chronically unemployed cannot be expected to feel kindly toward a system that denies them the opportunity to live in decency. Such persons must be always fighting to keep above the margin of despair and utter hopelessness.

Even at low consumption levels, idle manpower uses resources without contributing anything to the economy. Further, labor is a valuable resource in itself. Unemployment, therefore, is also synonymous with national economic waste. To avoid this waste, government should aid in developing programs for the maximum use of the labor force. Particular attention should be directed to halting the mass exodus of rural workers to the cities in advance of job opportunities. Among the possible activities which government can undertake or encourage for this purpose are utilization of idle manpower on public improvement projects, in cottage industries, or in the production of

essential food items, land settlements, and new agricultural enterprises.

More basic in their long-range implications, however, are programs for placing workers in suitable jobs and for training workers to higher skill levels. For these contribute also to solving the labor shortage problem at the same time that they remove or keep people from the unemployment rolls. These, then, are labor department programs which must stand high on the priority list of any developing nation's manpower utilization policy and hence of the community's program for economic and social development.

Several full-fledged AID manuals are available on particular phases of this aspect of the labor department's work. Therefore, the following discussion avoids details of the mechanics of the operations, and concentrates on problems peculiar to developing countries to an even greater degree than other sections of this manual.

2. Manpower policy and planning

Developing countries, faced with the necessity for rapid change from an archaic agricultural economy to a modern industrial system, cannot wait for the time-honored process of gradual development to accomplish their ends. They must meet in a few decades the aspirations of their people for social and economic well-being. To bring this about with the least possible social upheaval requires careful planning and execution, and the overall plan should include a

program for the maximum utilization of human resources.

Machinery of government for manpower planning and action should be established at an early stage so that the skilled workforce at all levels will be available at the time and in the numbers required by the program of economic development. Detailed analysis of manpower as a factor in development, problems involved in putting a program into effect, the information and machinery needed to plan and carry out a program, are covered in a manual published by AID.

This document (Manpower Programs and Planning in Economic Development) serves two purposes. It gives officials of a developing country an understanding of the place of manpower in economic development and emphasizes the need for planning and action programs. It also provides a working grasp of the subject to officials of the U. S. who may be advising on manpower problems. For this latter group, it will be found most helpful for discussing manpower program proposals and specialized needs in the countries concerned and in paving the way for technical advisory services where appropriate.

It is clear from this report that administrative machinery will vary widely from country to country depending upon the structure and philosophy of government and the stage of economic development reached. But, whatever the precise structure, effective manpower planning and execution involves the cooperative efforts of a number of government agencies. How best to secure the necessary coordination, direction and functioning is a policy decision that may have far-reaching consequences. It should be determined only after careful study and analysis of all of the factors concerned.

Effective operation demands that there be a clear-cut delegation of responsibility for overall manpower planning to one agency of government. This may be a special office in the labor department, since many of the functions to be performed in a manpower program are recognized functions of a well-

rounded labor department. Or, since it is administratively difficult for one operating department of government to give orders to another, it may be found advisable to set up an office of manpower resources and planning independent of operating agencies. Like the wage policy unit, such an office might be attached to an economic planning commission or to the office of the chief executive.

Whether the office is located in or out of the labor department, success depends upon its authority to obtain the information and data it needs from the operating agencies of government and to recommend action by them. To have its recommendations carried out, it should report—directly or, if in the labor department, through the Secretary of Labor—to an executive high enough up in the government to instruct all of the agencies concerned in their respective duties.

Apart from manpower policy formulation, the labor department, through its many services, should play a major role in determining the direction of the program called for by the policy and the effectiveness with which it is carried out. In most countries it is responsible for the organization of the labor market through the operation of the public employment service, for vocational counseling, for industrial training, and for policy planning for full employment. Much of the statistical data necessary for manpower planning and operation would normally be supplied by a statistical unit in the labor department and by the public employment service. Such data would include reports on employment, unemployment and underemployment, projections of manpower requirements and training needs by occupations, labor market analysis, consumer's prices, hours worked, earnings, absenteeism, turnover, and work stoppages due to labor-management disputes.

3. Public employment services

The chief operating arm of a manpower program for economic development is the public employment service. It provides

much of the information needed in planning and the machinery required for the actions to be taken.

A full-fledged employment service, according to the U.S. Bureau of Employment Security, "operates through a network of local offices throughout the country, providing recruitment and placement services, area labor market analysis, employment counseling to job applicants, and personnel management services to private or governmental establishments. It maintains an occupational research and development program in its central administrative headquarters, the products of which are made available to all sectors of the economy. It provides information on labor demand and supply by occupations and industry for all significant local labor markets and the national market as a whole."

The details of organization and the steps to be taken in establishing an employment service are covered in an AID bulletin, Establishment of National Employment Services in Underdeveloped Countries. This publication is designed as a handbook for U.S. consultants assigned to assist countries in establishing or improving their public employment services. Other technical training materials on the operation of an employment service and advisory assistance are available from the U.S. Bureau of Employment Security.

In giving advisory assistance to newly developing countries in the establishment of employment services, it is particularly necessary to bear in mind that, at all stages, the service must be adapted to the needs of the country. To blindly follow the pattern worked out in a fully industrialized economy leads only to waste of limited resources and to disillusionment.

Not every developing country is at the stage of industrialization that requires an employment service to organize the labor market. A placement service should normally be set up only after a preliminary survey has indicated that the labor market is

sufficiently complex to require the aid of the government in bringing employers and workers together for purposes of placement. However, manpower planning for economic development may well require some of the other services commonly performed by an employment service, and this may warrant the setting up of an agency.

Among these services would be the gathering and analysis of labor market information and the development of the occupational tools necessary for vocational guidance, counseling, and future placement activities. Should an agency be set up to perform these preparatory functions, it would be well to use a title that denotes research rather than placement, so as not to raise false hopes of job seekers during the developmental and fact-finding period.

A second stage would be the establishment of a placement service on an experimental basis in one of the major industrial centers. Here procedures could be developed, staff trained, and the necessary confidence of employers and workers developed.

In most countries it would be a serious mistake to open up registration at once to a huge backlog of unemployed. The service might begin operations with recruitment for a limited number of occupations where serious shortages exist. Particular attention should be given to the placement of young people and their guidance into the occupations and areas where openings will be available in the near future. Vocational guidance, supplemented by appropriate training facilities, will do much to satisfy the aspirations of young workers and at the same time meet the demands of the expanding economy.

Where employment services have already been set up, a careful analysis of their status and operations may be in order. To function properly, an employment service should have a solid base in legislation and a position of influence in the governmental structure. To establish a service without specific legislation and depend upon annual appropriations to keep it going may well be a

waste of time and money. Permanency and status are essential to the recruitment and training of the technical staff required to develop and carry on the activities of the service as an integral part of the manpower program.

Few existing employment services in developing countries seem to have the knowledge of the skills and worker characteristics required for competence in a given occupation. Nor are they generally equipped to test the applicant for proficiency in a given skill or his aptitude for acquiring it. These deficiencies seriously affect the acceptance by employers of public placement services. Steps should be taken to correct them at an early stage.

Some employment services have failed to recognize the necessity for securing the understanding and close cooperation of employers and workers in their operations. There are many ways in which this could be done to the advantage of all parties concerned. The use of representative advisory committees has been found a most helpful device.

Lacking cooperation of employers and faced with huge lists of job applicants, employment services sometimes resort to legislation requiring employers to register all vacancies with the service, and even hire only from among the persons referred. Such an approach does not get at the fundamental problem of demand and supply and in the end may be self-defeating. Coercive measures are easily evaded by collusion and tend to turn workers and employers against the government instead of building the necessary voluntary cooperation.

Public employment services also have an important role to play in reducing discrimination in employment and occupation on grounds of race, sex, color, religion and social status. They should be alert to all opportunities to discourage undesirable recruitment practices, forms of employment which tie particular groups to particular jobs, and other social barriers to occupa-

tional mobility. Equally important is the need for education of public opinion on this score. A flexible labor force is, of course, needed in an expanding economy. Over and above this, however, occupational mobility is essential to the replacing of the age-old fatalism so common in developing countries with the belief in and desire for economic and social progress so necessary to national development. Achievement of higher levels of employment may itself contribute significantly to the reduction of occupational barriers.

4. Manpower training

Without exception, the developing countries are faced with a shortage of skilled workers, technicians, foremen, and supervisors. These shortages seriously affect progress in industrialization. Each country is faced with the need to provide quickly the education and training required for a wide range of skills. The temptation is for various government agencies to set up training programs without overall planning or coordination. The requirements of industry, the opportunities for employment and the priorities of education and training are frequently overlooked.

Training is expensive. Good training opportunities are severely limited by funds, facilities and teachers. No country can afford waste in its training program.

As pointed out earlier, one agency of government should be given responsibility for determining the immediate and long-run needs of industry for trained manpower, for setting up the priorities, for determining the elements of training, and for deciding where and when the training should take place. Usually this should be the high-level manpower resources and planning office suggested. With responsibility must go authority, either by legislation or by financial control, to see that decisions are carried out.

To put its decisions into effective educational and training terms and to secure the necessary coordination among the operating agencies, the manpower office may set up a central training agency as part of its organization. If not, coordination might be effected by a training council attached to the department of labor or the department of education or by establishing separate councils for each of these departments. Special provisions should be made to assure close working relationships among the agencies or councils concerned with manpower and human resources development.

The essential element to be achieved in coordination of training is the active cooperation of public authorities, employers, workers, and private organizations interested in training. This requires adequate representation on the central coordinating body. Similarly, cooperation between the governmental training agencies and industry and labor should be encouraged by joint participation at the local level.

The new countries are faced with many problems in providing manpower for the economy in the numbers and in the skills required. Everything most vital to the maximum use of human resources in the industrialization process is in short supply. Schools, health facilities, social services of all kinds, capital, and trained leadership are needed to move the programs forward. Newly developing countries will need assistance on many fronts especially in the organization of training to meet their special needs, immediate and long-run. This assistance must be highly practical and designed to fit the economy, finances, education, and social level in the given country. Emphasis should be put on making full use of existing facilities in every area.

To plan a training program, every country needs to have a picture of its present industrial structure and of the industries planned in the future. Then it should know what these industries will require in trained manpower and how well it is prepared to supply this manpower. The search for this

knowledge leads to an inventory of existing skills and facilities for training. From data obtained in such an inventory, a rough plan for a training program may be developed. A survey and plan of the kind suggested above need not be comprehensive or exhaustive. An approximation will serve to establish first principles, will alert the community to its needs, and may get a few pilot programs going. These experimental projects can pave the way for more refined and precise studies at a later date, to analyze manpower demands and supply and to provide ways to keep these data current.

(a) training programs—Industrial training takes various forms, depending upon the industrial needs of the community, the skills to be acquired, the length of time involved, and the facilities available. The recognized training functions of a labor department include on-the-job training, apprenticeship, and accelerated and pre-employment training.

Apprenticeship is the oldest organized form of training and is still a widely-accepted method for training craftsmen in the skilled trades. Most of the industrialized countries have enacted legislation to provide for systems of training appropriate for the trades, specifying the necessary protections for the apprentice and the employer to be spelled out in written contract. Many of the new countries have passed similar legislation to regulate national apprenticeship schemes.

Some of these laws are far in advance of the possibilities for putting them into effect. The U.S. system, for instance, which has been copied in some cases, provides for training through the use of voluntary committees of employers and workers. It is hardly applicable in countries where unions are weak, where collective bargaining is practically unknown, and traditions of organized training are non-existent.

Rather than copy laws of other countries, appropriate preparatory work should precede the enactment of apprenticeship legislation. A start might be made by establishing pilot training programs for key occupations in

such industries as communication, railroads, or electric power. In this way, a pattern of systematic training, appropriate for the needs of the economy, could be developed and its value demonstrated. This would provide a base for training in a wider variety of skills and would develop the standards for future legislation.

In general, however, developing countries cannot wait for the time-consuming process of apprenticeship to produce the skills for present-day needs of their expanding industries. They must resort to accelerated training programs of one kind or another.

An excellent place to begin is in connection with development projects of various kinds—irrigation and power, or construction of roads, schools, airports, factories, and homes. The terms of the contract for large construction projects, which is usually held by a foreign firm, should call for the use and training of local labor. The number of workers and occupations to be covered by training and the costs of training should be specified.

It has been demonstrated that this procedure for a built-in training program with proper selection of workers and skilled supervision, yields outstanding results in the development of skills, in lowered costs, and in greater human satisfaction. Illiterate nationals with no previous experience in the use of modern tools and equipment have in short periods of time become excellent workmen, doing highly skilled jobs in the operation, maintenance, and repair of heavy road-building equipment and in the building and metal trades.

Necessarily, the training must be intensely practical and repetitive in order to secure prompt results. Jobs must be broken down into their component parts, and workers must master one operation before moving on to the next. In this process of training, many workers end up with sufficient skills to be highly valuable members of the work force and an asset to economic development.

Government ownership of railroads, airlines, telephone and telegraph systems, post offices, and other public utilities in many developing countries offers an opportunity to establish training programs appropriate to the needs of the public services. A review may show that training of some sort in one or more of these industries may be underway in a particular country. Often such a review will show that the training programs are unduly time-consuming and ill-conceived, and that few are making maximum use of existing technical schools and universities. With proper coordination and direction by a central training agency, government training programs could be used to raise the standards of training and performance throughout the country.

To make the most of the opportunities for skill development in government industrial services and developmental projects, careful selection, tryouts, and training for limited periods in advance of employment should be the practice. The waste in money, time, and morale in putting people into industrial jobs without such selection and advance training is enormous. The employment service could be of great assistance in providing the technical services needed to prevent such waste.

Training and placement services of government often miss the opportunity to be of help to private industries in the process of development. Placement service staff should find out what types of jobs will be performed, the numbers involved, the training required, and, in cooperation with employers, select and begin to train people for these jobs. Where specialized machinery is used, the employer may install one or more of these machines in the government training quarters or may permit their use for training purposes in his own establishment. This type of practical assistance to new industries will pay large dividends in the acceptance and support of government services by management in general.

(b) vocational education—Training for industry in most developing countries is done principally in technical schools rather

than on the job. With few exceptions, this school training would benefit from integration into an overall program of education and training. Examples could be cited of countries putting their limited resources into the building and equipment of extensive vocational education and technical training systems without any relation to industrial needs. The teachers who man these schools often have no practical knowledge of the skills to be taught and do not even know how to operate the machines provided for training purposes.

Children as young as 12, with only a few years of elementary education, are often directed into these schools for trade training. When they complete the course, few employers are willing to take them on except as beginners at very low rates of pay or none at all. Meanwhile, they have missed the opportunity for the type of basic education that would have equipped them for life and work in the changing world.

Most of the vocational and technical school training suffers from a lack of contact between those who do the training and those who use the product. This lack shows itself in various ways. Few of the schools know the needs of local industries or have the equipment and the hand tools and machines that are used in the occupations for which training is being given. Furthermore, they have no systematic arrangements with industry for part-time employment of the trainees or for the use of their equipment as part of their training. This means that graduates must undergo lengthy training periods after employment before they are efficient workers—discouraging both to the worker and to his employer.

One of the major services which a central training agency should perform is the stimulation of a working relationship between the technical schools and industry. Such cooperation would avoid training in a vacuum. It would encourage the provision and use of technical education as pre-employment training and as a supplement to apprenticeship and other types of on-the-job training. It would also facilitate the use of industrial plants and

their equipment to make possible the inclusion of practical training in the school training program.

A close working relationship between departments of labor and education would go a long way toward making more effective use of existing training facilities. General education and vocational education feed into industrial training and complement the work being done by labor agencies and private industry. The fact-finding, research, placement, and counseling services of the department of labor are vital to the functioning of an educational program of training for work.

And yet, all too often, rivalry exists between the two departments. If these agencies worked as a team, their respective programs would be strengthened, maximum use would be made of existing facilities, and more satisfaction would be gained for the trainees, employers, and the public.

(c) training principles—Every program of technical training in the schools or on the job requires a nucleus of skilled workers to pass their skills along to others. With skilled workers in short supply, careful manpower planning is necessary to see that their services are used in the most needed places. In some cases, this will be in facilities for training instructors. In others, a number of skilled workers may be used in the productive process itself, where, with proper organization, they may train new workers and at the same time help produce the goods required by the economy.

To be effective, technical training in schools or in industry requires the use of operating manuals, syllabi, drawings, posters, and other teaching materials. In developing countries, these materials are usually obtained by translating and adapting the publications and materials of the industrialized countries.

Translation and reproduction of technical materials is expensive, exacting, and time-consuming. Yet, in some countries, every school and even individual teachers in

the school and instructors in places of employment make the translations and reproduce the materials they require without reference to what has already been done by someone else. The ineffectiveness and waste of this method of securing needed training materials is obvious. A central training agency should take immediate steps to coordinate the preparation of training materials so as to eliminate duplication and make maximum use of the available facilities for translation and reproduction.

Time and expense could be saved by the introduction of English into on-the-job training programs, since much of the instruction in machine operation is in that language. The civilian personnel training divisions of the U. S. armed forces abroad have experimented with having foremen and supervisors teach English on the job. These experiments have demonstrated the superiority of this approach to formal English classes. By requiring a knowledge of a certain number of job-related words in English in each new skill in order to advance to the next higher classification, workers have a real incentive to learn both the skill and the language. In a short space of time, they are speaking reasonably good English. Where appropriate, governments and private employers should be encouraged to introduce this technique into their training programs.

As has been pointed out, short-cuts in traditional methods of training must be used to fill the immediate needs of the country for trained manpower. Ways must be found to meet the requirements of new industries, new ways of doing things with what is often a largely illiterate adult labor force. In projecting these various programs, basic education for the preparation of the future industrial leadership of the country should not be neglected.

A sound elementary-secondary education extending through the 14th or 15th year is the best known method to prepare a skilled work force. In addition to the usual academic subjects, this educational process should include manual training to introduce young

people to the common skills required in modern industry and to educate them in what work is and what it takes to get and hold a job. They should also learn work habits and attitudes and acquire the flexibility and adaptability which will greatly facilitate their rapid acquisition of specific skills on the job.

This type of general education is particularly necessary in developing countries where work with the hands is looked down upon by educated persons as undignified, socially undesirable, and of little value. The social ostracism attached to manual work often carries over even to top management, engineers, and technicians—the backbone of modern industry. Unless this fixed attitude can be changed, progress in industrialization will be slow. Education of the young in the dignity of work will be one of the most effective means of change. Provision for such education should be a first call on the resources of every new country.

The training agencies should give particular emphasis to fitting young people into the overall training program. They should get first consideration in any training scheme for which they are equipped, since they will have the longest work span and will have fewer prejudices and inhibitions to break down in adjusting to a rapidly changing society.

It is not easy to get employers to recognize their responsibilities to train their employees for skill advancement and leadership. They are too prone to leave the training to their competitors and rely upon their ability to "steal" skilled labor as needed. To get around this situation and open up training opportunities, various schemes have been tried or are under consideration by governments. Among them are legal requirements that every employer must train apprentices in proportion to the number of his skilled workers and that larger firms train not only for their own purposes but also for the newly developing industries. Other schemes provide for a tax based on a certain percentage of payroll for the establishment of skill training centers apart from the working environment.

Experiments along these lines are relatively new. While so far the results have not been impressive, something useful may be learned from them. At the same time, continuous search should be made for ways to gain voluntary cooperation of employers and unions in providing young people with work opportunities that will lead to a satisfying and productive life.

5. Migration

The migration of workers from rural to urban areas, from one agricultural region to another, and even from one country to another in search of employment is a problem common to most developing countries. The movements vary in nature, size and importance. But all are serious enough in their social and economic impact to warrant careful consideration and action by the labor department.

Migration lends itself to abuse and exploitation. The workers involved are, with few exceptions, illiterate, unskilled, untrained, and from the lowest income group. To protect their interests and fit them into jobs, temporary or permanent, should be the work of a public employment service. Organized recruitment of workers in the numbers and at the time required would also be a useful service to employers. Lacking an employment service, the usual practice in developing countries is for the employer to utilize the services of private contractors in some or all of the following processes: the recruitment, transport, feeding, housing, supervision, and payment of migrants. Some contractors perform a useful function in protecting the workers interests, but in general, the system operates against them.

Laws have been passed in many countries to abolish or regulate the contractor system, but these laws are difficult of administration and are not enforced.

One of the duties of an employment service should be the regularization of employment of migrants, providing workers and employers with the necessary information on labor supply and demand, and aiding in the

recruitment and placement of workers under proper working conditions. In many cases this public service would eliminate the need for labor contractors by bringing the employer and the worker together in a constructive relationship. This may well be a slow process, but a start should be made to prevent the wastes of uncontrolled migration.

Problems of migration are social and psychological, as well as economic. It ordinarily is a movement of single men who may be away from their families for months and even years. Society pays a heavy price for such disruption of family and community life.

Labor departments should give leadership, not only in facilitating the movement of labor where it is economically advantageous, but in finding ways to settle migrants and their families as part of the development program. Steps should also be taken to prevent excessive migration in the first place by raising the standards of living in rural areas through improvement in agricultural practices, land reform, and community development programs and the introduction of new industries.

External migration offers even more opportunities for exploitation than does movement within the borders of a country. Where there are such movements in substantial numbers, the governments involved should enter into agreements detailing the terms and conditions of employment, transport, social security, etc., not only for the benefit of the workers of both countries, but also to promote sound international relations.

The ILO has promulgated standards for the protection of migrants, including suggestions for the terms of an international agreement. It is also prepared to give advice and guidance in dealing with problems of migration. The U.S. Department of Labor through the Employment Service administers a joint agreement for the importation of Mexican workers for agriculture and has broad experience in its efforts to regulate the employment of domestic migrants. The government of Puerto Rico, by agreement with mainland farmers, has successfully

directed and controlled the movement of substantial numbers of workers for seasonal employment in agriculture. Advice based on these experiences is available on request.

6. Technical assistance

Through AID the services of the Bureau of Employment Security, U. S. Department of

Labor, may make available technicians who can work with country officials in identifying the need for manpower planning and employment services, in developing such projects and in providing training for staff locally or in the United States. Similar services in the training field may be provided by the Department's Bureau of Apprenticeship and Training.

SERVICES OF A LABOR DEPARTMENT: SOCIAL SECURITY

1. Social security problems in developing countries

In an industrial economy workers are dependent in large part upon their wages for a living. Any contingency such as sickness, accidents, or old age that interrupts their earnings can plunge them and their families into poverty. Social security schemes are designed to take care of these situations. By pooling the risks and the resources, benefits may be made available to those who need them. All industrialized countries have enacted comprehensive programs of social security.

The need for social protection is particularly important in developing countries, but so are the problems in providing them. Low incomes, illiteracy, and mass poverty are not a good base upon which to build a sound foundation for a social insurance program. But with very careful planning, with due regard to both fiscal and administrative capabilities, a start could be made toward the introduction of a system.

A gradual approach, with enactment of such programs as are feasible of administration or a full system with staggered effective dates, should be encouraged. In this way, staff may be built up and trained, experience in administration may be gained, necessary data and records may be developed so that, as additional programs are made effective, they may operate smoothly. However, action should not be indefinitely or overly-long postponed on the argument that "more facts and more study are needed." For the benefits of these programs are of basic importance

to people everywhere. And the longer a start is postponed, the later will be the benefits accruing from an established system.

Quite another problem is presented in the country which has moved too quickly and now finds itself with a far more comprehensive social security program than it can administer and finance. What can be done in this situation? To find a completely satisfactory solution is well-nigh impossible and yet something must be done if confidence in government is to be maintained.

The first step should be a careful and thorough review of the benefit structure, the coverage provisions, the cost aspect—both current and long-range—and the administrative practices. On the basis of the information gained from such a study some "deliberating" amendments may be necessary. To achieve them will be difficult under any circumstances. Amendments that treat all classes alike will have the best chance of passage. For instance, it may be possible to raise the retirement age gradually from an unreasonably low level to one that is consistent with economic conditions and logical from a cost standpoint.

Revisions in law will frequently involve certain compromises with the most desirable principles in order to produce a program that will work. In other words, the "least worst" choice will have to be made.

The review may show that administrative practices rather than legal provisions account for the difficulties in which a social security system finds itself. This is often

the place where these systems get into trouble. For no matter how well the law may be drafted, without good administration, its success will be questionable. The authorities responsible for the program must realize that there has to be efficient, honest and conscientious administration. They must see that coverage is enforced, that contribution income is collected, and benefits correctly and promptly awarded and paid.

2. Social security programs

Generally, social security programs are designed to provide cash payments to persons and families whose incomes from earnings has ceased or diminished, either temporarily or permanently; furnish medical care to such people or, under certain circumstances, to all persons of a given category; and provide cash payments for all children of a given category. The ILO's Convention No. 102, Minimum Standards of Social Security, sets forth nine distinct types of programs. These may be classified as either short-term or long-term risks, depending on the length of payment for any individual case.

(a) types of programs — Three types involve entirely long-term risks, namely, old-age benefits, survivor benefits, and disability benefits. Old-age benefits are payable for life after attainment of a certain age, often with certain requirements as to retirement. Survivor benefits are payable after the death of the breadwinner, for life or else for a period of years—until any children involved reach a certain age. Disability benefits are payable generally during the continuance of permanent and total disablement. Social security systems for one of these types usually include one or both of the other two. A fourth type of program, family allowances, is to some extent a long-term risk since payments are made during the years when there are young children.

Programs covering primarily short-term risks are unemployment benefits, sickness benefits, medical care, and maternity benefits. The first two may, but usually do

not, provide for payments over an extended period. Unemployment benefits are usually paid after a short waiting period and for a limited number of weeks in the event of the wage earner being out of work. Medical care benefits are either cash reimbursements or services granted in varying degrees for varying periods to the individual, and sometimes to his family, in the event of illness. Sickness benefits are payable in the form of cash after a short waiting period for a limited period of time, with disability benefits entering in if the disablement becomes permanent. Maternity benefits are a combination of sickness benefits and medical care, for the special risk of maternity.

The ninth type, industrial injury benefits—is a combination of short-term and long-term risks. For it includes sickness benefits, disability benefits, and medical care for the individual who is injured at work and survivor benefits for his dependents if his death results from such injuries.

At times, benefits are provided that do not fall precisely within any of the foregoing types although they are related to some of them. For instance, there are compulsory savings plans and service-indemnity benefits, which yield payments at the time of a worker's separation from his job and which therefore serve some of the functions of unemployment benefits, invalidity benefits, old-age benefits, and survivor benefits.

For some of these programs, the law sets definite benefit amounts and qualification conditions, with the cost met by contributions from the covered individual and/or his employer, and sometimes in part from general government funds. Others make payments on the basis of individually-determined need and are financed from general government funds. Still others cover the entire population of a country, rather than merely the employed population, and condition the payments on age, residence, family status, etc. Such programs may be partially financed by direct earmarked contributions, such as a percentage of each resident's gross or net taxable income, but there is no relationship between

benefit receipt and contribution payment. Finally, under some plans, employers are required by law to furnish protection, either directly or by contracting with private insurance carriers or a public fund.

(b) administration.—The type of governmental agency that has responsibility for social security programs will depend, to a considerable extent, on the nature of the system of benefits provided. The government's role can vary from complete administration to only general supervision.

Quite naturally, where the program is one of requiring employers to provide for benefits, the government agency exercises only the functions of regulation, control, and inspection. Administration of such programs is frequently assigned to the labor department.

Where assistance is drawn exclusively from government funds or where the program covers the entire population rather than just employed persons, the system, by its very nature, must have its administration completely in the hands of a government agency. Such systems are generally administered by some such agency as the department of welfare or by a separate and independent government agency.

Programs which involve contributions from individuals and/or employers can be handled in a number of different ways. In a few instances, they are administered by a non-governmental, autonomous institutions under the supervision of a governmental agency. But, in most instances, they are administered either directly by a government department or by a semi-autonomous government agency, established especially for this purpose. When a separate body is established, it is frequently under the general control and supervision of the labor department. Or it may be responsible directly to the head of the government, with the labor department represented on its governing body along with such other departments as welfare, health, and finance.

The administration of social security programs has been closely connected with labor departments because they have the interests of the working population as their basic responsibility. In many of the highly developed countries, however, the trend has been away from this type of organization because of the application of social security programs to more than the employed population. In the developing countries, where social security programs now generally apply only to the urban working populations, the close connection between the administration of social security and the labor department undoubtedly continues—at least for some time.

In many countries the administration of social insurance programs is directly participated in by organized labor and employers' associations. This is particularly the case when a semi-autonomous institution is responsible for administration. The governing boards of such institutions are frequently tripartite, and board membership is highly prized by the trade unions. In these cases, the function of policy planning may be divided between the institution and the supervising government department or the entire authority may be delegated to the latter agency. This arrangement has the advantage that the department is closer to the chief executive of the nation and the legislature. But it may well prove disadvantageous because the policy-makers do not have the actual operating and administrative experience and may even fail to understand the operations of the program. In order to achieve good results, close liaison must be established between the institution and the concerned department.

In countries where the social insurance system is administered directly by a government agency, trade unions and employers have little responsibility for the actual administration of the system, although they are eager to participate in program planning and development. In these cases, it has been demonstrated to them that the administration will be good, and they believe that their efforts can be devoted to more worthwhile activities than getting into the administrative details of the system. While the major role

for policy planning and research falls on the government agency under this arrangement, outside sources can play an important role—both indirectly, through efforts to influence the top officials and legislators, and directly, through tripartite advisory groups. The effect of these advisory groups is often very significant. For example, where legislation is not completely specific and regulations fill in key details, advisory groups can review the proposals of the administrative agency.

One particularly significant administrative problem relates to the handling of social security reserves, where social security systems are established so as to provide a sizeable excess of income over outgo in the early years or even decades of operation. If such reserves are accumulated, there are apt to be conflicting points of view as to how they should be invested during the period when they are not needed for benefit payments. On the one hand, there will be pressure to invest in socially desirable projects, such as low-cost housing, schools, and hospitals. Conversely, there may be pressure to make investments on an economic-growth basis, such as in factories and modernizing farming. In still another direction, there may be pressures for investment in good-yield undertakings, such as luxury hotels and apartments, and office buildings.

Those responsible for making the investments have serious and difficult problems. But in no event should they completely—or even largely—sacrifice security and yield for social purposes, since this would be unfair to the covered population.

The investment of social security assets is frequently solely in the hands of the finance department or of the semi-autonomous institution responsible for the program's administration. Nonetheless, the labor department may have a voice in investment matters—either through its control of or board membership in the institution involved or because of its membership on the group responsible for making the investments.

Proponents sometimes claim that social security programs are much less expensive than private insurance, due to the so-called

"magic of averages." Because of the large number of persons covered and amount of contributions collected, low benefit costs are expected. This belief is, of course, fallacious. The cost of a system is determined solely by the benefits and the administrative expenses paid. If the benefit cost of a social security system is the same as that of a private insurance plan or a group program, the only difference in total cost arises from administrative expenses. And these usually represent only a small fraction of benefit costs.

The real reason for having a social security system is not primarily because of lower costs. It is that in only this way can social benefits on a social adequacy basis be provided to a large sector of the population.

The trend in social security is the establishment of an autonomous or semi-autonomous board or commission to administer all of the benefit schemes. Common use of collection facilities, wage records, accounting controls, and general administration and staff have obvious advantages. Practically, however, this may not be easy to achieve nor, in the early stages of social security, the best method to follow. Workmen's compensation and unemployment insurance schemes, for instance, have special benefit provisions to cover situations unique to these programs and closely identified with activities of the labor department. With few exceptions in developing countries, they are administered by the departments of labor.

Therefore, more extended treatment will be given these two programs in this handbook. Social security as a whole will be covered in a similar handbook prepared for AID by the Social Security Administration of the U.S. Department of Health, Education, and Welfare.

3. Compensation for industrial injuries

Workmen's compensation laws are designed to provide injured workers and the dependents of workers killed in industry with a simple, speedy, and inexpensive procedure for the payment of benefits regardless of fault. Under this system the cost of work

accidents is considered as a part of the cost of production and, with few exceptions, is borne entirely by the employer. In general, the goals of such laws are:

(1) To provide adequate cash benefits to enable the injured worker to maintain himself and his dependents during his disability or, in case of a worker killed in industry, to maintain his widow and children and other dependents.

(2) To provide such medical care and physical rehabilitation services as may be necessary to restore the disabled worker to his maximum level of physical capacity and speed his return to his former job.

(3) To provide, where necessary, vocational rehabilitation and training for another suitable job.

(4) To stimulate more effective action in the prevention of injuries by providing for a basic source of information on such injuries.

(a) general principles—Practically all countries have a workmen's compensation program or some form of legislation in this field, although these laws are generally lacking in one way or another. A checklist of accepted principles and practices, with brief explanatory statements, may be helpful in evaluating the systems in any one country:

(1) Coverage should be compulsory and apply to all gainfully employed workers. Frequently, workers on farms and in small establishments are excluded, even though such work places lack safety programs. These groups may be covered gradually, through extending coverage progressively by geographical area or industry group or by reducing, over a period of years, the size of establishment covered.

(2) In addition to accidental injuries, all diseases due to the nature of employment should be covered. This may be done by general coverage of any disease which can be shown to be due to employment, or by covering a specified list of diseases and industrial

processes where such diseases may be contracted, or by a combination of the two approaches.

(3) The employer should be required to insure his risk or, if self-insurance is permitted, adequate safeguards should be set and the approval of the workmen's compensation agency should be required. Lacking such requirement, workers usually find it very difficult to obtain benefit payments when due.

(4) Full medical benefits should be provided, under the supervision of the workmen's compensation agency, and should include any allied rehabilitation benefits and appliances necessary. These are among the most important benefits, since an injured worker needs medical aid immediately.

(5) Adequate cash benefits should be payable for both disability and death. Such benefits should be paid regularly over the entire period of disability, or, in case of death benefit, for the rest of the widow's life unless she remarries. Lump-sum payments should be avoided.

(6) Other rehabilitation benefits besides purely medical rehabilitation should be included. Ideally, the workmen's compensation agency should have the authority and the funds to provide an injured worker with training, help in placement, and other services needed to restore him to his former job or another suitable job, and to pay a special maintenance allowance to enable him to accept these service.

(7) Provisions should be made for covering workers under a "second" or "subsequent" injury fund, when they are handicapped due to a previous accident or such non-occupational disabilities as heart disease or polio. This reduces the pressure on handicapped workers to agree—in order to get a job—to waive their rights to workmen's compensation.

(8) The workmen's compensation program should be coordinated with that for

enforcing safety and health standards, whether or not the agencies responsible for the two programs are both within the labor department.

(b) practice in developing countries—As noted in discussing safety standards, the cost of work accidents is a serious drain on the economy of developing countries. Most workmen's compensation laws in their provisions and their administration fail to come to grips with the situation. In the first place, they cover relatively few of the workers subject to accidents. They may only apply to the large industrial establishments or to a limited number of urban areas. In addition, employers plead inability to pay the indemnities, and the worker and his family are left without protection. Further, where insurance carriers are used, they often take advantage of the illiteracy and helplessness of the injured and pay far less in benefits than the law requires. Lump-sum settlements for permanent injury are common, often being permitted, or even required by law. The funds so paid are soon dissipated, and the handicapped person must be cared for by his family and the community.

While revision and modernization of many facets of the system in effect are long overdue, the outstanding need in workmen's compensation is the strengthening of administration. The agency assigned the responsibility is usually an arm of the labor department. The judicial function may be assigned to an autonomous or semi-autonomous agency with close ties to the labor department. Or the law may be court administered, with little attention given to the purposes of the legislation. Apparent everywhere, however, is the need for close supervision, better facilities, and improved methods in the taking of claims, their adjudication, and prompt payment when due.

A basic goal of workmen's compensation legislation should be the prevention of work accidents. A close administrative tie-in between this program and that for industrial safety can greatly strengthen accident prevention efforts. In some countries, the

needed coordination is facilitated by placing both programs in the labor department. In others, the two programs are handled by separate agencies. In either case, a specific plan of coordination needs to be developed. For the workmen's compensation program can support the safety program in a variety of ways.

For example, the injury reports generally required to be submitted by the employer to the workmen's compensation agency should be made available promptly to the safety agency. These reports can constitute a valuable source of information on the industries, occupations, and establishments where work injuries are occurring and the nature of such injuries. On the basis of these reports, the safety agency can select the more serious cases for follow-up investigations to arrive at recommendations for preventing the recurrence of similar accidents in the future. It is urgent that these investigations be made as soon as possible following the accident, since the employer is psychologically more inclined at that time to make any necessary corrections.

Injury and other reports required under the workmen's compensation law can also serve as the basis for the preparation of basic industrial accident statistics, needed by the safety agency to plan an effective safety program. In addition, statistics relating to the cost of accidents on an overall industry basis or on an individual plant basis, as revealed from workmen's compensation reports, can be most useful in providing the safety advisors with the ammunition needed to stimulate an interest in the prevention of accidents.

Financing of safety programs is a problem in the expanding nations. This has been met in some countries by charging the cost of such services against the workmen's compensation insurance carriers and self-insurers, or, in the case of a public workmen's compensation fund, by assessing it directly against the premium income.

Finally, an experience-rating plan is sometimes used to determine the premiums

of some of the employers. Risks of course vary widely between industries and between employers within an industry. In the United States, for example, the cost of insurance ranges from 1/10 of 1 percent to 20 percent of payroll. The average is approximately 1 percent. Where an employer's annual premium is large enough to qualify him for experience-rating, his workmen's compensation cost is influenced greatly by his own loss experience and depends largely upon the frequency and severity of the accidents occurring in his establishment. Such an employer has a special financial incentive for maintaining an effective accident prevention plan.

In some of the more advanced economies, steps are being taken to provide the necessary facilities for restoring the injured worker to his maximum level of physical capacity and to speed his return to his job. Rehabilitation centers operated by the workmen's compensation agency combine under one roof all needed rehabilitation services, including medical and physical rehabilitation, vocational training, and assistance with placement in proper jobs. The costs of these services are borne by the workmen's compensation system.

It is recognized that rehabilitation is a necessary part of workmen's compensation and can be of great value in rapid restoration of the injured worker's earning capacity. Prompt rehabilitation—physical and vocational—to prepare the injured worker for future employment can pay large social and economic dividends. But very few countries have even the beginnings of such a system. Doctors, nurses, physical therapists, and other professional staff trained in the rehabilitation skills are largely non-existent and the financial resources are lacking.

4. Aid to the unemployed

Provision of help for unemployed workers is another type of social security which is of direct concern to the labor department. It may take a number of forms. The most advanced is unemployment compensation.

(a) unemployment compensation — Unemployment compensation is a system of cash benefits to tide an unemployed worker over a period of weeks, and to provide assistance in his search for a job, and, where necessary, retraining for a new type of work. In industrialized countries, this system has been found most effective in alleviating the hardships growing out of "frictional" unemployment—that caused by improvements in methods of production and changes in fashion. It can also take up the slack of a temporary fall in production and provide the purchasing power necessary to stimulate the economy. It is not designed to deal with the problems of mass unemployment or underemployment found in most developing countries.

Few of these countries are sufficiently advanced in their development to support this type of social security. It is the most difficult of the insurances to organize and administer. For the system to be soundly based, the labor market must provide employment in a wide variety of skills. A well organized employment service is also essential to its operations.

Local employment offices in all of the areas covered by the law are necessary to take the claims, determine eligibility, pay the benefits regularly, attempt to find suitable jobs, and stimulate any needed training to get the unemployed person back to work. To perform these functions, the employment service should have developed constructive relations with employers so that service is kept currently advised of labor requirements locally and throughout the country.

The staff of the employment service must be technically equipped to interpret and apply specific provisions of the law dealing with a wide range of subjects. Eligibility for benefits is often difficult to determine. Has the claimant worked for a sufficient period in the type of job to qualify for a benefit? Is his unemployment involuntary? Is he capable of work, available and willing to work? All of these terms must be interpreted in a given case and often lead to controversy. Overly

restrictive interpretation of anyone of the terms may affect the worker adversely. Overly lax interpretation on the other hand, can lead to financial difficulties and to discrediting the system in the eyes of the general public.

In the few countries where the economy is sufficiently mature, it may be possible to select and train a staff for these administrative duties if a system of unemployment insurance is applied gradually. It could be limited in the beginning to the major industrial centers and the larger firms in those areas. As experience is gained, it could be extended more widely.

(b) dismissal pay—Dismissal pay laws as administered in some countries, are a form of social security. They are designed to protect the worker from unjust dismissal or to tide him over a period of unemployment. In the developing countries where there is no unemployment compensation legislation and little collective bargaining this type of law can serve a useful purpose.

Dismissal pay laws vary widely in coverage and in methods for dealing with the various problems related to termination of employment. Most laws are restricted to certain classes of workers, require a minimum period of service to see if the worker is satisfactory, and define the situation in which compensation is payable. In cases of controversy, the worker is entitled to challenge his employer's right to dismiss him and to take his case to a tribunal or other neutral body for adjudication. If the worker was dismissed without valid reason, he may be reinstated. The benefit usually varies according to his length of service. A month of salary for each year of service is a common provision. Since the benefits are related to length of service they often are inadequate for persons most likely to become unemployed or those with the least service and thus the smallest benefit protection.

Many other refinements to provide job security are written into these laws. For instance, some countries require the payment

of a special severance allowance over and beyond the pay for unjust dismissal or dismissal without proper notice. Others provide that, after a worker has served for a given number of years, he cannot be separated from the payroll except for serious misconduct. Should he be dismissed, he is entitled to his full wages until he qualifies for retirement pay, which may be years away.

The amounts of money involved in dismissals under these laws may seriously affect the employer's freedom to reduce the work force to meet current industrial needs. Dismissal pay may also discourage the introduction of labor-saving devices, in-plant training programs, and other effective employment practices for increasing productivity. And it may prevent the labor mobility needed in an expanding, changing economy.

Serious from the worker's standpoint is the lack of adequate enforcement. Few labor departments in developing countries have the enforcement machinery necessary for prompt and effective action. Controversies that arise between the employer and his workers over dismissals, instead of being settled without delay, usually end in litigation and sometimes take years to settle. The worker is handicapped from the start in this legal process, and his chances of winning his case grow less with each appeal.

The employer who wishes to avoid responsibility for dismissal pay not only uses the courts to advantage but finds it comparatively easy to evade the law, often by collusion with the workers. A common practice is to require every worker to sign a resignation blank at the time he is employed—a document which may be used at any time to refute a claim for dismissal pay. Another device is to hire a worker only on a temporary basis, lay him off, rehire him—so that he never builds up the 3- or 6-month period of service which would entitle him to compensation if removed from the payroll.

The meshing of provisions for dismissal or severance pay with other social security

benefits is a major administrative problem. The existence of these laws has in some instances prevented the enactment or extension of social security schemes, particularly to cover unemployment. These problems are largely avoided where collective agreements give protection to the workers from unjust dismissal or job elimination.

Where collective bargaining is in its infancy, dismissal pay laws, to balance the interests of the worker and the employer, are necessary. Workers in developing countries naturally regard them as significant safeguards. Care should be taken, however, to see that rigid and unrealistic provisions do not stand in the way of the rapid expansion and increased productivity of industry. Particular attention should also be given to the impact of these laws on the growth of improved labor-management relations and collective bargaining.

The security which dismissal pay legislation affords some workers should not be derived at the cost of workers in general. Where these laws exist in extreme form, encouragement should be given to governments to study the experience under them. An effort should be made to see whether recent economic and social developments necessitate changes in their provisions or administration or new approaches to the protection of workers against dismissal and unemployment.

(c) unemployment assistance—Unemployed workers can also receive governmental aid during unemployment through public assistance programs in which the aid is based on the need of the worker. These systems are usually possible only in economically ad-

vanced countries with adequate financial resources available to the government and with no widespread unemployment or underemployment problems. The assistance payments are available usually only after unemployment insurance benefits have been exhausted by the individual.

5. Technical assistance

Developing countries can turn to several different sources to obtain technical assistance for planning their social security programs—whether instituting a new system or revising an old one.

U. S. experts in various aspects of social security—such as actuarial matters, general program planning, and administration—can be recruited by AID. They may come from various government agencies—the Social Security Administration of the Department of Health, Education, and Welfare, or as appropriate, the Bureaus of Employment Security and Labor Standards of the Department of Labor—or they may come from non-governmental sources. These experts can visit the particular countries which request their services and can give advice and suggestions on the aspects on which they are competent. In addition, it is possible for social security staff of other countries to come to the U. S. under AID auspices to receive technical training and observation experience.

An AID publication "The Role of Social Security in Developing Countries" will be useful in planning or revising social security programs.

XII

SERVICES OF A LABOR DEPARTMENT: OTHER PROGRAMS

In two other broad fields, the labor department should have a concern, and a voice in policy, whether or not it has direct operating responsibilities. One of these is the conditions under which certain groups live and work—people who, by their peculiar vulnerability to exploitation, may drag down the conditions of all workers. The other concerns the basic living conditions of workers—their ability to translate the fruit of their labor into a better life.

1. Groups needing protection

Note has already been made of the fact that the cities of the developing countries are increasingly being swamped with hunger, impoverished newcomers in search of employment and a better way of life. This influx has bred, or worsened, slum conditions almost inconceivable in the more industrialized nations. In the cities overcrowded labor markets, it threatens to depress further the already low level of wages and working conditions of industrial workers and undercuts efforts to bring about improvement in these standards. If the sources of this influx are overlooked and the methods by which they are exploited remain uncontrolled, the labor department can look forward only to continuing difficulties in its efforts to improve the lot of labor in general.

(a) agricultural workers—The majority of all workers in most developing countries are in agriculture, where the conditions of life and work are primitive in the extreme. To avoid the migration problems cited, government must give recognition to the needs of agricultural workers.

Labor department activities usually cover manufacturing and mechanical industries and commerce. The government agencies having general regulatory authority over mines, transport, and maritime industries are, in most cases, responsible for labor conditions in these fields. But work in agriculture often remains unregulated, and, where labor laws have been applied, the protections they afford are often more theoretical than real.

Improvement of rural conditions will be a slow process. For it depends on land reform, community development programs, and the introduction of new industries in these areas. Labor departments should give support to these programs and, to the degree that they have the capacity to do so, extend service to the workers in this branch of the economy.

The capacity of the labor department to administer legal regulations in agriculture should be carefully considered before its authority is enlarged. If it has not succeeded in building a firm foundation of respect and understanding for its work in urban areas, it might better concentrate on improving the technical competence of its staff, its inspection service, and its relations with management, labor, and the public. Little would be gained by spreading inefficiency to a larger area.

This is particularly important because difficulties of administration are inherent in the types of work found in agriculture. The wide areas covered, the distances between farms, the relatively few workers on each

farm, the low cultural level, lack of union organization, lack of transportation—all these conditions make inspection, education of employers and workers, and enforcement exceedingly difficult if not impossible.

The labor department that has demonstrated its capacity to apply the necessary protections to industrial workers and has sufficient funds to add staff for other work should be encouraged to gradually extend its services to agriculture, in close coordination with community development programs. In doing so, the labor department must adapt its services and laws to meet the peculiar needs of agriculture. Without such adaptations, extension of labor and social laws designed for industry become meaningless and merely add to the causes of discontent. Particularly useful would be recruitment, training, and placement services, establishment of minimum wages, and standards and machinery for the payment and collection of wages. Simplicity in provision—the wages fixed, the deductions permissible for payment in kind—should be the goal, so that both workers and employers can understand their application.

A special staff, selected for their knowledge of rural life and labor and trained for administration of labor laws in agriculture, should be assigned to inspection activities. It should be recognized that, no matter how large, this staff will be unable to cover the whole territory. A first principle, therefore, should be to work out cooperative regulations with other government agencies to aid in spreading information on the laws and the workers' rights under them and in securing compliance with the laws in other appropriate and agreed ways. Agriculture agents, school, health, and welfare staffs, and social security inspectors could give important assistance in making the legal protections meaningful.

(b) aboriginal people—In some developing countries a substantial proportion of the population is made up of aboriginal peoples and tribes who are shut out from the national lives of their countries. They often live in conditions of extreme poverty. Like downtrodden people the world over, these

tribal groups are beginning to stir and to demand for themselves and their children some of the fruits of progress. They too are moving to the cities, searching for work. The dangers in this situation are obvious. These people need help and direction in their efforts, if the disorder and violence often associated with emancipation are to be avoided.

Fortunately, world opinion is being brought to bear on the problems of indigenous peoples. To illustrate, various international agencies—led by the ILO—are giving leadership and funds for improvements in the training, education, health, and housing of the 7 million Andean Indians in six of the Latin American countries. The aims of this project were endorsed by the American States in the chapter of the Alliance for Progress. It calls upon countries with Indian populations to make provision in their national development programs for the integration of these people into "the economic, social and cultural process of economic life." In Africa and Asia too, plans are underway to absorb the indigenous tribes into the national life.

These are tremendous undertakings and will require much time and effort on the part of a number of government agencies as well as public groups. In one Latin American country, the labor department has been given the responsibility for the overall direction of the Indian program. In others, labor agencies are playing a minor role, less than they should be playing, considering the nature of the problems.

Labor departments in all countries where there is a substantial indigenous population should be strengthened in their services and equipped to deal constructively with the special problems of these people as workers. Gradually the protections of social legislation should be extended to them along the lines suggested in the section on agricultural workers. Job opportunities should be developed in the rural areas where the aborigines live, to hold them back from migration to the city. Where job opportunities through migration are available, the employment service should adjust its program

to take care of these workers. Particular attention should be given to the regulation of the abuses connected with the recruitment and exploitation of migrants by private employment agents and labor contractors, for these people are a type of migrant that is most easily exploited. Contracts of employment should contain provisions for adequate housing, medical care, and transportation.

Protection against exploitation in the making and marketing of handicrafts is also an important area for labor department activity for the benefit of aboriginals. The organization of cooperatives, discussed later on, has proved useful in eliminating some of the abuses connected with industrial homework.

The indigenous workers have an important part to play in the developing economies of their countries. Their problems of living and working should be recognized and steps taken to solve them. Governments should be encouraged to tackle this problem promptly and effectively.

2. Workers' housing

(a) need for housing—A worker cannot be fully productive unless he is decently housed. Adequate housing is one of the practical conditions for the realization of the worker's need for dignity and self respect as a free citizen in a democratic society. A home is more than a shelter. It should provide the privacy of family life in a safe and healthful surroundings. Probably no country in the world provides adequate housing in this sense for all of its workers. The gap between the need for housing and its provision is gradually being narrowed in the industrialized countries. The same cannot be said for most of the developing countries.

High rates of population growth put great pressure on existing housing facilities there, and this is augmented by the expansion of industry in the urban areas. As workers crowd into the cities to man the new industries and to seek work, they find no place to live. Some

sleep in the streets. Others sleep in shifts with 30 or more in a single room. Shanty towns sheltering thousands of people may be found on the outskirts of most large cities.

Normal family life is impossible under such circumstances. The economy and the social order suffer immeasurably as a consequence.

Governments are often overwhelmed with the size of the housing problem and the costs involved in tackling it. They are faced with limited resources for capital investment and must weigh the crying need for housing against the need for the development of industries, agriculture, transportation, utilities, etc.—which will give people employment and a better standard of living. Economic development is likely to get first consideration. Housing may well get a lower priority in development planning than it should.

(b) labor department responsibilities—While the labor department would ordinarily have no direct responsibility for the planning and execution of a housing program, certain aspects fall within its jurisdiction. Therefore it should be associated with the preparation of the national housing program and should help bring employers' and workers' organizations into active participation in its formulation.

Through its many activities and contacts, the labor department can help create a public consciousness of the importance of workers' housing to economic and social development and see that it gets the priority rating it deserves. The costs of sickness, loss of time, inefficiency, unhappiness, and demoralization that come with poor housing and the worker's inability to correct the situation without help should be brought forcibly to public attention.

The labor department should also promote sound techniques and standards of workers' housing. It should encourage all groups concerned to take an active part in supplying adequate housing. Where housing

is provided by the employer, it should exercise sufficient control to reduce to a minimum the deleterious effects of such housing in worker well-being.

(c) government assistance—Main reliance for the expansion of workers' housing will depend on some form of government subsidy, for the income of the workers is too low to permit a reasonable proportion to be set aside for private housing. Governments should experiment with various types of subsidization, to ascertain which are most effective in developing a strong and self-reliant citizenry.

Most countries strive to facilitate home ownership, because of its stabilizing effect on the work force. Governments may utilize any of several methods to this end. They may build housing projects and sell the units to the workers at monthly payments extending over a period of years. Or they may assist the workers to build their own houses, a method which not only reduces the expense to both worker and government but develops a valuable sense of pride in accomplishment.

Government assistance for self-help projects may consist of purchasing the land and selling or leasing it to the worker at a nominal cost spread over a period of years; making a direct financial contribution to the initial outlay; providing the plans and giving the supervision and training necessary to carrying them out; or providing equipment, materials, or tools for sale or rent at low prices. Whatever the nature of the help, it should produce better housing in a better environment than is generally available to workers—at a monthly cost within their means and less than that for similar housing built by standard methods.

Cooperatives represent another approach to home ownership which has proved its value in providing suitable housing. Government assistance will also be necessary to get cooperative projects under way. Any of the types of government help listed for self-help projects are equally suitable for cooperatives.

Essential to the success of either self-help or cooperative housing projects is the accessibility of public utilities and community facilities to the project site. The government should assume responsibility for an ample, pure, and convenient water supply, sewage and garbage disposal, power, and streets. Availability of community facilities—schools, churches, playgrounds, and transportation—should also be a first consideration. All of these services should be planned for in advance and, unless already available, built into the project. At the time of occupancy, they should be functioning.

(d) housing furnished by employers—The shortage of housing results in some countries in legal requirements that employers in certain industries—particularly if located in outlying areas—must supply all or part of their workers with housing. Requirements of this sort are common for such industries as oil installations, mining concerns, and plantations, which by their very nature are usually located in isolated parts of the country. Irrespective of legal provisions, the employer in these cases finds it imperative that he provide housing and other community facilities in order to recruit workers and stabilize employment.

A similar situation may arise when a steel mill or other new enterprise is built in an outlying area where no housing is available at the time. The state may provide housing to stimulate growth of the new industry and again it may require the employer to furnish at least a part.

Probably no one aspect of employer-employee relations presents more problems than does housing on the employer's premises. The facilities furnished their maintenance, their lack of privacy, and the rentals charged for unending sources of worker dissatisfaction and dispute. More important to morale are the fears engendered in the worker by dependence upon the employer for a place for him and his family to live. The loss of a job means the loss of a home, and this fear tends to keep him in virtual bondage.

In addition, organization of workers to deal collectively with their employer on common problems is difficult to achieve when it must be carried out on the employer's premises. Union representatives are usually barred from visiting workers either in their place of work or in their homes. And workers who are active in union affairs may be summarily dismissed and ejected from their living quarters.

Labor laws in some countries spell out the obligations and rights of employer and workers in respect to housing. Specific provisions govern standards of construction, maintenance, and occupancy. Workers with grievances look to the labor department for settlement.

Labor departments capable of dealing effectively with these problems are few. Inspections are infrequent, complaints pile up, disputes grow in size and complexity. When an inspector does come, his travel and accommodations are likely to be supplied by the employer. As previously pointed out, the inspector's neutrality and effectiveness are severely jeopardized by having to accept such favors.

Most modern employers who have experienced the industrial relations problems of housing their workers would welcome the opportunity to get out from under this obligation. Some singly, or with the help of government housing officials, have worked out schemes whereby the company houses can be sold to the workers, with payments spread over a number of years. Others have paid the government to furnish and maintain the housing which they are required to provide. Still others have built the houses and turned them over to the government to manage. These schemes, when applied in good faith, seem to be having a salutary effect on relations between the employers and their workers.

3. Cooperatives

Cooperatives can make a useful contribution to bringing other consumer goods

besides housing within the reach of workers. By pooling their resources in consumer cooperatives, workers can buy goods and services which they might not otherwise be able to afford in the needed amounts or kinds. Producer cooperatives can also make it possible for certain types of workers to more nearly make a living wage.

The importance of cooperatives as a means for improving the economic and social conditions of the less privileged workers, and preparing them for active participation in community affairs is widely recognized in developing countries. Most have enacted legislation of some sort to facilitate the organization and growth of cooperatives by setting standards of operating and defining their rights and privileges.

Some countries have established separate departments to promote and supervise cooperative efforts. Some have attached special units for the purpose to one of the several departments of government dealing with economic and social affairs. In a few instances, this agency has been the labor department. More often, however, functions relating to cooperatives are spread among three or four government agencies without sufficient coordination or status to be performed effectively.

Governments in countries with predominantly agricultural economies are likely to put their emphasis on cooperative organization in rural areas where the needs are the greatest. Cooperatives have also proved particularly effective in overcoming the problems of organization and management with which small-scale and handicraft industries are faced in shifting from traditional craft trades to a degree of mechanization. Cooperatives have provided common facilities and services to them in such areas as finance, supply of raw materials, production, marketing, and labor supply.

The growing demand of urban workers for consideration of their dire needs for housing, credit, medical services, consumer's goods, etc. has led to a substantial increase

sponsored by labor unions. One of the interesting development is the formation of labor cooperatives among fishermen and construction workers for the collective performance of their work. Unions have found the cooperative device useful in educating their members, developing leadership, and in stimulating union activity in general.

Sound organization, financing, and management are essential to the success of cooperative projects. Cooperators need technical help in planning and in getting organizations off to a good start. Governments with a staff selected and trained for advisory services to cooperatives can be of inestimable value in preventing failure.

They can assist with problems of organization, with the training of management, and in supervising operations in the early stages. Essential is the provision of facilities for the education of the members in the purpose and functioning of cooperatives so that they will participate actively and constructively in the cooperative's operations. It would be advisable to keep these organizations as simple as possible so that their management is within the competence of the members assigned to run them or to supervise their operation.

While ordinarily the labor department is not directly responsible for cooperatives, it should take an active interest in promoting government assistance to workers in getting cooperatives started and in seeing that they are well run.

4. Technical assistance

A major policy objective of the AID program is to develop a substantial portion of the private sector through assistance to cooperatives. Experience has shown that where the people are involved in the decision-making process through participation in institutions that they both own and control, progress in economic and social development is much more rapid and more lasting than where conventional methods are followed.

Assistance to cooperatives is being stressed, particularly in the program of the Alliance for Progress, as a means of raising the standard of living of the people—their housing, their health, their purchasing power and their general well-being. Contracts have been entered into for the services of various national organizations including the Cooperative League of the U. S. A., the Credit Union National Association, the Foundation for Cooperative Housing, the National Farmer's Union, the National Rural Electric Cooperative Association and the American Institute for Free Labor Development. These contracts make available the wide experience of these agencies in the many phases of cooperative activity.

Low interest loans are being provided by AID, IDB and other institutions to assist in capitalizing housing projects, savings and loan associations, credit unions, central banks for cooperative housing and other such cooperative ventures.