

Commonwealth Youth Programme
Employment Series

Special issue

Employment:

problems and strategies



Commonwealth Secretariat

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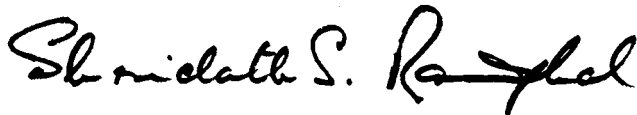
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A MESSAGE FROM THE COMMONWEALTH SECRETARY-GENERAL

It is now widely recognised that the very pace and pattern of world development over the past 25 years has generated political, social and economic imbalances. Despite the impressive growth rates many developing countries have achieved in recent years, the condition of large masses of people in these countries remains one of great deprivation. The tragic waste of human resources in the Third World is symbolised by nearly 300 million people being unemployed or under-employed and several hundred million others at intolerably low levels of existence; and this, of course, despite the fact that the International Development Strategy of the Second Development Decade put emphasis on employment as a major goal of development policies.

Commonwealth Heads of Government, at their 1975 meeting in Kingston, discussed the urgent need for measures to reduce the gap between rich and poor countries. A Commonwealth group of experts was appointed to draw up a programme of practical action; the Group has attached particular emphasis to "programmes for industrial development involving new and expanded forms of industrial co-operation, the enlargement of employment opportunities in developing countries, and more favourable access to the markets of developed countries". The group continues its work in support of the resolve of Commonwealth leaders to advance the world's search for a more equitable economic relationship that would strengthen the efforts of poor countries to develop themselves.

The Commonwealth Youth Programme, established by Heads of Government less than three years ago to promote the well-being and development of youth, is another co-operative effort through which Commonwealth Governments seek to reduce unemployment and to alleviate its ill-effects. The Programme has been actively involved in promoting measures to this end since its inception. This special issue on employment is aimed at high-lighting current thinking on this matter and it is hoped that these considered views would add to the existing dimensions of knowledge and action.



Shridath S Ramphal

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Commonwealth Heads of Government at their Ottawa meeting in 1973 endorsed the decision taken in Lusaka in January 1973 by Ministers concerned with Youth Matters, to establish a Commonwealth Youth Programme. While outlining the purpose and objectives of the Programme and establishing priorities, Heads of Government identified as one of the major objectives, "to seek to eliminate unemployment and to alleviate its ill-effects". Policy oriented, inter-disciplinary research in the field of employment was strongly supported as a priority area by Regional Planning meetings and by the Commonwealth Youth Affairs Council meetings in New Delhi (1973), Nairobi (1975), and the most recent meeting of the Council in Malta (April 1976). Thus, one of the major concerns of the Programme has been directed towards youth unemployment and alleviating its ill-effects.

There are specific elements of the problem which affect young people in particular, yet the problem of youth unemployment can not be considered without also taking into account the overall problem of unemployment and its bearing on the optimum use of human resources. And the problem of unemployment should be examined within the context of the wider issues of poverty and under-development.

Why do so many of us these days - planners, politicians, economists - give so much importance to the employment problem? Why has the ILO launched a World Employment Programme and why is there now a World Employment Conference? Steps leading to this heightened emphasis on employment these days, form a clear, logical sequence and can be briefly outlined.

Let us start by asking ourselves: what is the purpose of development? In the 1950s or 1960s the answer given would have been to increase the GNP - the gross national product, the sum total of goods and services. Since then there has been a process of "dethronement of GNP". We now would say that the purpose of development is to reduce and finally eliminate poverty. This is not to say that those who emphasised the growth of GNP in earlier days were not aware of the poverty problem nor were they necessarily insensitive to it. But there was a tendency to assume rather unquestioningly that if the total cake increased everybody would have more, or in other words that an increase in GNP would "trickle down" to the poorer sections. For many reasons, not least the facts of life as they can be seen, we are now no longer willing to make that optimistic assumption.

But if the purpose of development is to reduce poverty, we must, of course, first define poverty and then measure it - at least in the sense of knowing who are the main groups experiencing poverty and should be targets of main development policy. In defining poverty we must set up a minimum standard of basic needs which must be satisfied before we can declare a household to be beyond poverty. This standard could be defined in terms of a minimum supply of food; shelter; clothing; access to health services, to education, to clean water etc. Alternatively it could be defined in terms of money as was done by the Kenya Employment Mission,¹ separately for the urban and rural population with a lower target for the immediate future in 1978 and a higher target for 1985.

When a minimum needs standard or poverty line is defined it is usually found that: a very high proportion of the total population is below the poverty line; the proportion of women, young people and children below the poverty line is invariably disproportionately greater than the number of men. The number of young school-leavers below the poverty line is high because many of them have not found productive employment.

It is also found that the number or even the proportion of people below the poverty line in many countries, tends to increase, even when the G.N.P. is rising sharply. This is one of the "facts of life" mentioned earlier which leads us to doubt the "trickle down" theory of G.N.P. growth. It is therefore natural to conclude that the provision of productive employment should be the main instrument of reducing poverty and hence the main tool for economic development.

The provision of productive employment sufficient to yield an income above the poverty line is not an easy task. There are many forces obstructing such a policy. One of the most potent of such obstacles is the monopoly of technological know-how by the richer countries which is imported into the developing countries. While this technology suits the conditions of the industrial countries - plenty of capital and high level skills and relatively little unskilled labour - it does not suit the developing countries with their very different problems and very different resource endowment. When capital-intensive technology is introduced in the developing countries it creates what economists call a "dualistic" economy - a

1. *Employment, incomes and equality: a strategy for increasing productive employment in Kenya: ILO, 1972.*

relatively small sector with a technology similar to that of the industrial countries and with high labour productivity with the rest of the economy left high and dry to try to make a living with practically no access to capital. The latter sector, the so-called "informal sector" is often treated as a marginal sector outside the economy as a whole, while in fact it is a victim of mistaken development policies not properly geared to reduction of poverty as a primary objective.

If the reduction of poverty is a primary objective, it is essential that the import of technology should be on a much more selected basis; this will require changes not only in the policy of the developing countries but also in the international system governing the transfer of technology. It will also be necessary for developing countries to acquire much greater powers of adaptation of imported technology as well as creation of appropriate new technology.

The Commonwealth Youth Programme with a remit from Commonwealth Governments, as indicated earlier, has been actively involved in an attempt to seek to reduce unemployment and alleviate its ill-effects. Along with commissioned overview investigations published as occasional papers, by experts in the field of employment and youth, supporting practical research projects, the Programme has organised a series of symposia on employment strategies and programmes in various regions of the Commonwealth with a view to approaching the problem in a pragmatic way which would yield results of immediate practical value. Two such symposia have already been held. The first was in Barbados in September 1975, for the Caribbean region, and the second was in Chandigarh, India in February 1976, for the South Asian region. In each case themes were selected for their relevance to the participating countries. Arising out of these symposia, there have been positive and specific recommendations for effective action, to meet employment problems among young people.

As a continuation of its work in the employment field, the Programme has decided to bring out a special issue on the subject. Its purpose is to contribute by way of information and analysis of employment problems and strategies in the context of an employment-oriented development strategy, at the time when the International Labour Organisation is holding a Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour, in

Geneva from 4-17 June, 1976: and when the rest of the international community is also engaged in a dialogue in relation to a New International Economic Order.

This issue contains articles, from well-known experts, on various elements of an employment-oriented development strategy. Louis Emmerij, Chief of the ILO World Employment Programme, in his article on Employment, Income Distribution and Basic Needs has put the problem in perspective. The message is clear that the pattern of development to date has been unable to create sufficient income earning opportunities, and meet basic needs of the large majority of the population. Mr. Emmerij explains, in his paper, how the strategy of redistributing wealth could help to solve the enormous problem of unemployment in the Third World.

Richard Jolly's paper on Employment Problems and Policies is a distillation of ideas on the problem. He raises fundamental questions about the pattern of development which has taken place in the last two decades and recommends redistribution with growth as the central thrust of poverty-focussed policy.

The piece on Rural Development and Employment outlines some of the most important areas in the context of rural-urban migration which require further research and investigation. A clearly defined policy framework for rural development is essential and should be conceived as an integral part of an overall development strategy. This article also appraises one of the most innovative experiments in rural development - The Tanzanian Ujamaa experiment.

In his paper on Education and Employment, Mark Blaug explains the importance of education to the employment problem by discussing some of the misleading opinions that are frequently heard on the subject of schools in the Third World. Blaug blames, in particular, the present tendency of educational systems to grow more quickly at the top than at the bottom and he argues that this tendency can be reversed only by a re-structured pattern of educational finance combined with deliberate intervention in the labour markets and goes on to suggest that it is piece-meal social engineering that will eventually solve the problem.

Hans Singer's paper, "Trade Expansion, Employment and Income Distribution", argues the benefits to the developing countries in terms of employment, of increasing trade between developed and developing countries. This article is, in fact, the result of a large project, on trade liberalisation, which has been centred at I.D.S.

The paper on Youth and Employment is a collation of information and experience exchanged at the various seminars and workshops organised by the Commonwealth Youth Programme to focus on the basic problems of youth unemployment. This article also reports, in the nature of a case study, on the Symposium on Employment Strategies and Programmes, held in the Caribbean in September 1975.

Finally, Ajit Bhalla's paper on Technology and Employment takes up perhaps the most important issue. He argues that the application of modern scientific and technical know-how should be particularly focussed on the improvement of the living standards and income earning opportunities of the rural and the urban poor. Bhalla emphasises that efficient technological alternatives exist and the range of technological choices can be widened by the use of secondhand equipment, the adaptation of existing machinery and processes, the revival of obsolete techniques, and the local manufacture of equipment. The emphasis is on the use of appropriate technology.

It can be said that, just as employment policy is the bulk of development policy but not the whole of it, so the technology problem is the bulk but not the whole of employment policy. It is, therefore, right that it is one of the main but not the only subject for discussion at the World Employment Conference. If the World Employment Conference can bring progress in this field, by improved international arrangements in the creation, transfer and dissemination of appropriate technology, this will be a big step forward towards the improvement of the employment situation and the International Economic Order.

II. EMPLOYMENT PROBLEMS AND STRATEGIES

- (i) Employment, Basic Needs and
International Division of Labour
.. Louis Emmerij

- (ii) Employment Problems and Strategies
.. Richard Jolly

EMPLOYMENT, BASIC NEEDS AND THE
INTERNATIONAL DIVISION OF LABOUR

Some Key Issues for the ILO Tripartite World
Conference on Employment, Income Distribution
and Social Progress, and the International
Division of Labour.

LOUIS EMMERIJ*

I welcome this very important initiative of bringing out a special issue, by the Commonwealth Youth Programme, on the question of youth unemployment. I am grateful to have been given an opportunity to put this question in the wider framework of the forthcoming World Employment Conference.

I. Why a World Employment Conference?

In the developing countries, excluding China, there are at present 300 million people unemployed or underemployed, which is over 35 per cent of their total labour force.

Productive employment opportunities will have to be found for 1 thousand million people in the same developing countries between now and the year 2000.

17 million people are at present unemployed in the industrialised market economy countries, which is over 5 per cent of their total labour force.

700 million people in the developing countries live in acute poverty and are destitute, which is 39 per cent of their total population.

460 million people were estimated to suffer from a severe degree of protein energy malnutrition, even before the

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recent food crisis.

The number of illiterate adults has been estimated to have grown from 700 million in 1960 to 760 million in 1970.

These figures show that respectable rates of economic growth have not been able to create sufficient employment opportunities nor to satisfy the basic needs of the masses of the population.

II. How Does the World Employment Conference Differ from Other Conferences?

First, the World Employment Conference is a tripartite conference, in the sense that employers and trade unions will participate side by side with governments. It is indeed remarkable that, while any New International Economic Order would very much affect the interests, lives and livelihood of workers and employers, the debate so far has been about them but without them. The World Employment Conference gives these two important groups an opportunity for the first time to participate actively in the debate at the world level.

Second, conferences about adaptations in the international order, or components thereof, have been very much limited to discussing international issues, i.e. to the disparities and inequalities between nations. They have been much less vocal on the equally important, if not more important, disparities and inequalities within nations. The World Employment Conference has as a mandate to discuss both problems - national as well as international.

Third, the debate on new international economic relations has been largely concentrated on how to improve the economic and social situation for the developing countries, whilst problems of industrialised countries have been dealt with mainly as a function of the difficulties which developing countries experience. Without denying that this may well reflect a right sense of priorities, it is equally important to look at the present economic and social problems of the industrialised countries per se. Again, the World Employment Conference has a mandate to discuss national as well as international problems both in developing and in the developed countries.

The agenda of our Conference comprises the following five items:

- (1) National employment strategies and policies with particular reference to developing countries.
- (2) International manpower movements and employment.
- (3) Technologies for productive employment creation in developing countries.
- (4) The role of multinational enterprises in employment creation in the developing countries.
- (5) Active manpower policies and adjustment assistance in developed countries.

Item 1 and the first part of Item 5 are concerned with national issues in the developing and the developed countries respectively. Items 2, 3, 4 and the last part of Item 5 are international issues. It will be noted that these international issues are quite specific means of action through which the international division of labour is being affected, and can be affected in the future.

III. Employment and Poverty Problems in Developing Countries

There is of course a close link between employment, income distribution and poverty problems, because we define the employment problems as including not only open unemployment, but also employment which gives people only a poverty return for their labour. This is caused either by underemployment and/or by low labour productivity. There are two major reasons why over one-third of the labour force of developing countries falls within the employment problem and why the situation is deteriorating over time. First, the pattern of economic development pursued by the overwhelming majority of developing countries has led to a concentration of growth and the fruits of growth in the urban-based, high technology, high labour-productivity, steel and glass sector. This has resulted in a respectable over-all rate of economic growth, but relatively few employment opportuni-

ties because growth was achieved largely through increases in labour productivity in the relatively small modern sector. Therefore, on the demand side, fewer employment opportunities were created than anticipated. Second, the demographic explosion in many developing countries has resulted in large masses of people presenting themselves on the labour markets in search of productive employment. Therefore, on the supply side, many more people came to the fore than anticipated. Putting the two sides of this equation together gives an explanation of the origin of the employment, income distribution and poverty problems: the pattern of development pursued concentrated the fruits of development too much on a small minority in the modern sector, which did not filter down to the large masses of the population in the urban informal and rural traditional sectors.

In summary, the pattern of development pursued by the bulk of developing countries has not been able, in spite of high rates of economic growth, to create sufficient income earning opportunities and to meet the basic needs of the large majority of the population.

IV. A Basic Needs Approach to Development

Employment is not an end in itself and must be put in the larger context of satisfying basic needs. What do we mean by basic needs? First, the satisfaction of basic needs means meeting the basic requirements of a family for personal consumption: food, shelter, clothing. Second, it implies access to essential services such as safe drinking water, sanitation, transport, health and education. Third, it implies that each person available for and willing to work should have an adequately remunerative job. Fourth, it should further imply the satisfaction of needs of a more qualitative nature: a healthy, humane and satisfying environment and popular participation in the making of decisions that affect the lives and livelihood of the people, as well as individual freedoms.

We have set as a target the satisfaction of the basic needs of the poorest 20 per cent of the population of developing countries within one generation, i.e. 25 - 30 years. Current development strategies criticised earlier could most probably also meet these basic needs, but this would take them several generations. The choice, therefore, is either to sacrifice three or four generations or to say that this is humanly unacceptable and politically irresponsible and thus attempt to achieve basic needs within one generation.

**Alternative Development Policies to
Achieve Basic Needs by the Year 2000**

Region	Rapid growth policy (per cent per annum)	Income redistribution policy (per cent per annum)
Africa (arid)	11.2	8.8
Africa (tropical)	11.1	8.4
Asia ¹ (medium and low income)	9.7	7.2
Asia (China)	6.0	6.0
Latin America (low income)	9.4	6.8
Latin America (medium income)	8.7	6.7
Middle East/Africa (oil)	11.3	11.3
¹ Excluding China		

Source: ILO, **Employment, Growth and Basic Needs: A
One-World Problem**, Geneva, 1976.

This is illustrated in the above table. The first column shows the rates of growth required if no structural changes were introduced, implying the status quo as far as distribution of income and wealth in the developing countries is concerned. The figures in the first column show that basic needs can only be met within one generation by rates of growth of output which are nearly double the already rapid rates achieved in recent years, prior to 1973 that is. There are two major exceptions to this generalisation: China, where considerable reduction in inequality has been achieved, and the oil-producing countries where extraordinary rates of growth have indeed occurred. The figures in the second column show rates of growth necessary to achieve the basic needs under conditions of an active income

redistribution policy - setting a lower limit to the extent to which reductions in the inequality of income distribution are feasible. In these circumstances, rates of growth of between 7 and 8 per cent are required which are higher than those experienced in the majority of countries, but they would not be markedly higher.

The conclusion therefore must be that the only way to meet the basic needs of the poorest 20 per cent of the population is by high rates of growth and important changes in the distribution of income. The debate will be on how to achieve this redistribution. One could imagine that one approach would consist of an initial redistribution. A second one would be the introduction of an incremental redistribution over time by putting more emphasis on the low productivity sectors relative to the modern sector. A third approach would consist of a combination of some initial redistribution, in particular land, as a precondition for a subsequent successful incremental redistribution policy. Obviously, this is a politically sensitive issue and will be one of the centres of the debate at the World Employment Conference.

V. Developed Countries and Adjustment Assistance Policies

The industrialised market economies are going through a difficult phase in their economic and social existence. The Conference must attempt to identify policy measures which are both important in solving the new problems faced by these countries and which are at the same time consistent with the interests of third world countries - policy measures which kill two birds with one stone, so to speak. Structural changes are occurring constantly in dynamic economies. The amount of change induced by imports from developing countries is a very small proportion of the over-all amount of structural change going on in the economies of the developed countries. In a truly dynamic economy, trade adjustment measures would not be necessary because enterprises would have moved out of declining industries well before it is too late. However, many of the industrialised countries are not truly dynamic in this sense, and many are now paying the price of many years of hesitations and delays in adjusting themselves and their economies to the changing world situation. There is no doubt that this is part of the problem which these countries are now facing. An important policy measure would be to move from passive adjustment assistance measures

to anticipatory adjustment policies. This would imply the identification of industrial activities which have no long-term future in the developed economies. Once these have been identified, it would furthermore imply assisting both employers and workers to shift into more viable and usually higher productivity industrial activities. Hence, such anticipatory adjustment policies would make the developed economies healthier and more robust and would at the same time be in the interest of the developing countries by stimulating their industrial base.

The issue of structural change is intimately linked with those of international manpower movements, multinational enterprises, as well as the transfer of technology, which in this short space we can only mention without elaborating on them. Further details on all these issues and others can be found in the main document prepared for the World Employment Conference called Employment, Growth and Basic Needs: A One-World Problem (ILO, Geneva, 1976). Once again I would like to say how much I appreciate this special issue on youth unemployment which complements our own publication in this important area.

EMPLOYMENT PROBLEMS AND STRATEGY

RICHARD JOLLY*

We are at a time when many people in the Third World and outside are raising fundamental questions about the pattern of development which has taken place in the last two decades. Is this pattern of growth, usually on the basis of capitalism or state capitalism, sustainable in the future? And, even if it is sustainable, will it necessarily continue a pattern of development in which the urban areas grow at the expense of rural incomes, with ever more school leavers unemployed and ever larger groups in town and country left outside the 'modern sector'? How much has this pattern of growth been 'dependent' on the international economy or the multi-national corporations - and is this pattern consistent with true Independence?

Put another way, can the expansion of total production be maintained, especially of foodstuffs and other basic goods and services without running into foreign exchange or other bottlenecks? If so, will this pattern primarily be to the benefit of a small minority within the country (and within the world economy) - or can it be broadened to include the mass of the population, including those at present in severe poverty? Will this be possible within capitalist or state capitalist production, and what alternatives are practicable given the economic, social and political realities inside the country and outside?

These are the essential questions which discussion of employment problems and strategy ultimately raises. The questions are big and risk of slipping into easy generalisations and ideological simplifications is also large. But, the issues cannot sensibly be ignored, if one wishes to discuss issues of unemployment and employment strategy at a national level.

* RICHARD JOLLY is Director of the Institute of Development Studies at the University of Sussex. This paper is an extract of a longer piece prepared for a Conference on Employment Problems and Planning, organised by the Commonwealth Secretariat in Lesotho in November 1975.

I. The Nature of the "Employment Problem"

For all the concern with the "employment problem" in so many Third World countries, it is important to emphasize that there is not one employment problem but many. Moreover, the importance of the various employment problems varies considerably between and within countries. In Kenya, for example, nine-tenths of the population still lives in rural areas and for the majority the crucial determinant of employment and incomes is access to land. In Zambia, by contrast, nearly two-fifths of the population have wage earning employment: here the crucial issue is not access to land but access to income originating in the copper mines, directly through wage earning employment or indirectly through a multitude of activities financed from government expenditure. Between these extremes lie many variations. And in spite of the contrasts, there are also common features, for instance, that a high proportion of the rural labour force works very long hours but still receives very low incomes.

Common to the employment and unemployment difficulties in most countries, one can identify three main problems which have aroused widespread concern. These three problems are:-

- (1) Intense frustration among many job seekers, (especially but not only among the young and educated) unable to find work of the type and for the remuneration which they want or which they feel they can expect.
- (2) Low incomes in money or kind from work, which are inadequate in terms of the basic needs of individuals or their households.
- (3) Under-utilised labour resources in the sense of people involuntarily producing less than they are capable of with the resources at hand.

These three problems are conceptually distinct, though frequently confused in analysis and policy-making. Different data are required to quantify each of them. The impact of policy needs to be explicitly evaluated in terms of each of these problems taken separately. Yet this is still too rarely

recognised.¹

It is the third of these approaches which has been the main preoccupation of economic literature on unemployment and underemployment in developing countries. In a systematic review of eighty articles published between 1958 and 1970 on unemployment in developing countries, I estimate that between fifty and sixty were explicitly or implicitly concerned with the under-utilisation of labour resources, not with job seeking or the inadequacy of incomes from work.

In contrast, it seems that among policy makers, it is usually the frustration among job seekers, particularly among school leavers, which accounts for much of the real worry behind the public concern with unemployment. This is what alarms the politicians and the civil servants, anxious to avoid major upheavals, and which angers and discourages many of the young persons and their relatives.

But, increasingly, to many observers and analysts², and in the public statements of many public leaders - it is the problem of inadequate incomes and of mass poverty, which is dominant. At least as the central aim of policy, the provision of better incomes for those whom we should call the working poor, both urban and rural, is the general problem. Moreover, improvement in incomes is not merely the primary aim of policy. It is a basic means towards the solution of the first problem, and to deal with the under-utilization of labour is the third problem, is a key starting point to begin. The three problems and their solutions are thus closely linked.

II. The Causes of the Employment Problems

It should already be clear why we feel there is not one cause of these employment problems but many. The sets of causes can, however, be conveniently divided into two - those concerned with the overall imbalance between the total numbers

1. A recent recognition of the three approaches, though defining them somewhat differently, will be found in A.K. Sen, Employment Technology and Development, OUP 1975.

2. In the ILO Employment Missions already mentioned and also notably by David Turnham, in his OECD Publication "The Employment Problem in Less Developed Countries", OECD 1971.

of persons wanting work and the total number of work opportunities (measured for example, in numbers of man-years of labour required) - and those concerned with structure imbalance between the skills, education, experience and aspirations possessed by the labour force and the occupational and other characteristics needed for manning the economy. The two types of imbalance are not, of course, mutually exclusive. Table 1 illustrates the range of structural imbalances and some of the policy measures which can help to remove them.

Both the overall imbalance and the structural imbalance are linked to the pattern of economic production, growth and income distribution. It is for this reason that the employment problem is symptomatic of basic weaknesses in the whole process of development. There are in effect three major inter-connections between excessive inequality in income distribution and employment problems.

- (i) the more unequal the income distribution, the greater the differentials in wages and consumption levels and thus the stronger the desire for the higher-paid, mainly urban jobs and the greater the dissatisfaction with low paid work. In turn, this encourages migration from the rural to the urban areas, increases the pressure for general secondary and higher education to provide access to senior jobs within the civil service and large-scale manufacturing, and stimulates general claims for increases in salaries and wages. The structural imbalance shown in Table 1 becomes more acute.
- (ii) the more unequal the pattern of income distribution, the higher the level of luxury consumption and, in most countries, the higher the expenditure on luxury imports, visible and invisible (like foreign travel). The very rich may also use foreign exchange to acquire assets abroad. This adds to the foreign exchange constraint which in at least half the developing countries is a major constraint on economic expansion.

- (iii) the more unequal the level of income distribution, in many cases the lower the growth of formal sector employment. Here the evidence is less straightforward. The essential determinant is whether luxury consumption leads to a more or to a less labour-intensive pattern of production. Higher levels of luxury consumption will discourage demand for food products, which are generally labour-intensive. At the same time, the other forms of luxury consumption which they encourage may or may not be labour-intensive, depending on the type of goods and context. Which of these influences dominates depends on the specific situation.

These three relationships are tendencies rather than universal laws. But with respect to policy, the crucial point is that there is no automatic measure of adjustment which operates with respect to either the overall or the structural imbalance. Thus, imbalance may persist and may indeed worsen without calling into play any offsetting mechanisms. Measures towards balance must, therefore, be made an essential element of policy.

III. Central Thrusts of Poverty-Focussed Policy - Redistribution with Growth

Since the causes are fundamental, it follows that the remedies will also involve major changes in the whole thrust of development strategy. It is not possible briefly to do more than indicate some of the main directions involved. Nor is it possible adequately to discuss these in general terms, without reference to the specific problems and context of an individual country.

Redistribution with growth as an overall strategy was explicitly outlined in the ILO mission report on Kenya¹. As proposed in Kenya, it involved four elements:

1. See ILO, *Employment, Incomes and Equality*, Chapter 7, and *Technical Paper No. 6*

- (i) a commitment to maintain, if possible even to increase the overall rate of economic growth;
- (ii) broadly to stabilise the income levels of the highest group of income receivers, in Kenya the top 10 per cent;
- (iii) to channel the resources which otherwise would accrue to this top 10 per cent into investment;
- (iv) to invest these resources as far as possible in forms which would benefit primarily the poorest section of the country, in Kenya the bottom 40 per cent, mainly rural but partly urban.

These were the broad dimensions of a strategy designed to double the incomes of the poorest groups in the country in a decade. Naturally, it needed to be translated into specific programmes of action, related particularly to the target groups of those in poverty and their specific needs. In subsequent work, these target groups have been identified as (a) small-scale farmers, (b) rural landless and sub-marginal farmers, (c) urban underemployed (the working poor) and, (d) the urban unemployed. The range of programmes required to improve their incomes is numerous but identifying the groups is a first step to the design of adequate programmes. National targets needed to be set for the provision of key elements for a minimum standard of living: minimum nutritional standards, and access to clean water at a reasonable distance, to basic education, to basic health facilities, to simple housing, and of course, the opportunity of productive employment.

The crucial step towards a comprehensive strategy is the commitment to bring into line all sectoral programmes to ensure that they contribute positively to the improvement of living standards for the poorest.

1. *A volume reporting on joint studies on these themes by the World Bank and the Institute of Development Studies: Hollis Chenery, et al. Redistribution with Growth, OUP 1974.*

In most countries, this means major changes within rural and agricultural policy, with an effective programme of land reform and distribution as an inescapable component. But always there will be a need also for basic changes in the pattern of transportation, marketing, pricing, extension services, and in the terms and conditions for supplying key inputs such as fertilisers and credit. Parallel changes focussed on the needs of the poorest 40 per cent of the population are also required in industry and services, in the whole range of education and health facilities and in the system of government planning and administration which so largely determines which groups benefit and which do not. This is a formidable agenda for change - but the enormity of the problem demands nothing else.

TABLE 1

Some Dimensions of Structural Imbalance in the Labour Force and Some Policies to Remove it

Dimensions of Structural Imbalance	Examples of 10 Basic Policy Measures to Achieve Better Balance	
	<u>Influence primarily on workers and job seekers</u>	<u>Influences primarily work opportunities</u>
A. In physical energy	Better nutrition and health	Selective mechanization
B. In the seasonal pattern of labour requirements	Better matching with seasonal pattern of urban migration	Land reform, consolidation and registration Crop diversification Achieving a pattern of more even labour requirements by appropriate technology, selective mechanization etc.
C. In geographical location	Better transport services	Industrial location policies
D. In sex	Influences on cultural attitudes towards division of labour	Adopting equal opportunity in legislation and practice
		...C'td

<p>E. In skills</p>	<p>Increasing education and mechanization</p> <p>Reduction of discrimination against informal education</p>	<p>Changing wage structure and incentives</p>
<p>F. In job aspirations</p>	<p>Better information about job opportunities</p> <p>Education reform</p> <p>Political leadership and education</p>	<p>Changing wage structure and incentives</p> <p>Improving security of self-employment, by changes in land tenure availability of capital to small-scale producers.</p>

**III. ELEMENTS OF AN EMPLOYMENT ORIENTED
DEVELOPMENT STRATEGY**

- (i) Education and Employment
.. Mark Blaug
- (ii) Technology and Employment
.. Ajit Bhalla
- (iii) Trade and Employment
.. Hans Singer
- (iv) Rural Development and Employment
- A Case Study
- (v) Youth and Employment
- A Case Study

EDUCATION AND EMPLOYMENT

MARK BLAUG*

I wish to draw my essential argument together by way of a commentary on some widely held shibboleths about the role of education in the "employment problem"; in short, a critique of the platitudes that are heard in every country whenever men and women sit down around conference tables to discuss the problems of less developed countries.

I. Education Increases the Volume of Employment

This is certainly true in the short run, if what is meant is that education itself is a labour-intensive industry, and it may be true in the long run, if what is meant is that education is a type of social investment because it renders people more productive. But in what way is it more productive? By teaching children manual or mechanical skills they could not have acquired elsewhere? True for certain specific professions, but surely not true in general. By imparting "developmental" values and attitudes? But can schools do this; and, if so, how do they do it? Unless we know that, we cannot be sure that more education would impart more of these appropriate values. Perhaps schools only sort out children in terms of their native drives and aptitudes, in which case there may be better and cheaper sorting machines than the educational system. In other words, the proposition is likely to be misleading unless the relevant time period is specified and unless the sense in which education is said to be "investment" is explained.

A different interpretation of this proposition depends on the idea that more educated people save more and spend less, and when they do spend they tend to consume labour-intensive goods and services.

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There may well be a relationship between education and individual saving; however, it is not really inadequate saving that explains the poverty of poor countries, but rather the type of investment outlets into which the savings are transferred. As for the pattern of consumption spending, it has yet to be empirically demonstrated that its factor intensity is well defined in terms of the educational attainments of consumers.

II. Education Works to Eliminate Poverty

Over the long run, this reduces to the first shibboleth. It may be taken in another sense, however. Education acts to reduce the birth rate, directly via the education of women and indirectly via an increase in the period for which children are dependent on their parents. And the lower the rate of population growth, the higher the level of income per head. Furthermore, education is a necessary complement to sanitation and nutrition programmes, and these work directly to eliminate the consequences of poverty. The trouble with all such arguments is that they do not lead anywhere: it is not enough to know that education is casually related to family limitation; we need to know the magnitude of the casual effect if we are to choose between more education and other ways of restricting population growth.

Still another interpretation of the proposition before us is that education is a necessary input into certain activities for which there is an effective demand but which cannot now be produced at all; in other words, there are manpower shortages and these shortages inhibit the growth of output. No doubt there are still examples around the world which are capable of supporting this extremely simple reason for expanding education, but they are rapidly becoming harder and harder to find. Even some of the remaining examples are spurious: if there is a shortage of plumbers that holds back the construction industry, it is usually because the scarcity of plumbers has not been allowed to raise the wages of plumbers; or because plumbing equipment cannot be imported owing to foreign exchange control; or because there really is no shortage of plumbers as such but only of good plumbers, a problem which cannot be solved simply by training more plumbers.

III. Education Causes Unemployment

Taken at its face value, this is clearly wrong. What is meant, however, is that there is something about education that makes people unemployable; it raises their aspirations beyond all hopes of satisfying them; it gives them the wrong skills, or the wrong attitudes. There is clearly something in this argument, but the point about aspirations is really true of the entire development process. Imagine if there were no education. Surely then the complaint would be that these countries are poor because they do not want to better themselves? Is there an educational system anywhere that raises career expectations just so much but not a jot more than can be satisfied by prospective job opportunities?

If the skills and attitudes now fostered by educational systems are wrong, what would be the right skills and attitudes? Vocational skills, of course, and attitudes of self-reliance. But what is a vocational skill? One that can be turned directly into the production of saleable output? Surely, this is better learnt on the job? Is it instead a foundation which expedites on-the-job learning? If so, that is what schools aim to do. If it is too specific, it will not serve the needs of every student; and if it is general, why call it a vocational skill? As for self-reliance, we have yet to learn how to instill it, although admittedly traditional education makes a poor job of it.

IV. Education converts underemployment into open unemployment

Traditional rural societies share the work to be done among members of the family, each member working perhaps less than he would like. Education causes people to leave these traditional communities and to move into the modern urban sector where the same work will be done by fewer workers, the rest being left unemployed. In that sense, the more highly educated a poor society is, the greater the amount of open unemployment observed in it.

True, and yet too general. Education indeed stimulates the "flight from farming" - not, however, because it is bad education but because the same impetus that drives parents to send their children to school sends these same children to seek employment in towns:

the awareness of greater earnings in towns and even greater opportunities for part-time employment while continuing the search for a full-time job. Beside, towns in Africa and Asia are poorly described as made up entirely of the modern sector; the intermediate urban sector is not unaccustomed to work sharing and it also provides ample opportunities for apprenticeship training. Furthermore, it is not just education that converts underemployment into open unemployment but the entire development process. The real problem is that education absorbs resources so that educated unemployment is a more serious economic problem than open unemployment as such; it represents a using-up of resources that might have been devoted to creating employment opportunities.

V. Education is Simply Part of the Scramble for a Limited Supply of Top Jobs

Employers will always prefer more highly educated people for any job whether or not the higher qualifications are in fact necessary for efficient performance. Hence, students are motivated to acquire extra education in order that they may better compete in the rat race; but their education does not make them more productive and hence has no ultimate consequences, either for total output or for total employment.

We recognise this argument as the so-called "screening hypothesis" or "certificate effect" and cannot stop to do justice to it here. Suffice it to say that it is unconvincing as a general explanation of why educated people earn more than uneducated ones. Notice, however, that it contradicts propositions III and IV. If education by its irrelevant content renders people unemployable, how is it that employers are "conspicuous consumers" of more educated people? Perhaps it is the government which is the irrational employer in question. Is it that education is relevant to the clerical needs of the civil service but not the profit-maximizing needs of industry? Why then is industry reluctant to convert these badly educated workers by means of labour training? And if it already does so why does it prefer people as trainees instead of simply hiring able people as revealed by aptitude tests, whatever their educational qualifications? But enough said. Proposition V is too extreme to be worth a full discussion.

VI. Public Subsidies to Further Education Always Result in Excess Demand for Education and Hence in Excess Supply Educated Manpower

The argument is simply that as the benefits of education accrue almost exclusively to educated individuals themselves in the form of higher salaries, while the costs of education are largely borne by society as a whole, further education continues to be a privately profitable investment far beyond the point at which it has ceased to be socially profitable. Moreover, the much greater visibility of the earnings of those who are employed, as against the lack of earnings of those who are not, exaggerates the profitability of more education to private individuals and so encourages the demand for education. By implication, the remedy is to shift more of the costs of education to students and parents and to publicize the evidence on the incidence of educated unemployment.

All too true, and yet not the whole story. If the labour market worked smoothly and more or less instantly, it would long ago have adjusted to the excessive demand for education by reducing the earnings differentials between more educated and less educated people to zero. And if the labour market does not work smoothly and works only with long lags, there may be educated unemployment even though education is not heavily subsidized, as witness the case of higher education in the Philippines. Thus, educated unemployment must be attacked both in terms of educational finance and in terms of labour market policies.

VII. Excessive Salary Differentials in the Interests of the Ruling Elite are Responsible for Educated Unemployment

Earnings differentials in less developed countries are excessive by international standards: in the United States of America, a doctor earns three times the average income per head, in India he earns 20 times as much, and so on. These differentials were frequently created at the time of the independence of the countries concerned in an effort to attract expatriate personnel, and they have been maintained ever since by highly educated political elites through their control of the public sector and their influence on private firms.

Obviously, this creates an insatiable demand for higher education, and we get educated unemployment simply because at some point tax revenues prove incapable of absorbing even more graduates into the public sector.

This argument is clearly modelled on the former British colonies of tropical Africa, but if suitably amended it has some relevance to Asia as well. It depends critically on what is meant by excessive salary differentials. International comparisons prove nothing except that, as economic theory predicts, a scarcer factor will always receive a relatively higher price: after all, educated people are scarcer in India than in the USA. Nevertheless, there is a clear sense in which earnings differentials associated with education are excessive in less developed countries; the fact that it is educated unemployment is enough to tell us that there are more educated people looking for work at going wage rates than are vacancies. But the maxim: "Reduce differentials" is not by itself very helpful. What keeps the differentials artificially high? Is it government policy? Surely not in all countries because in many of them salaries are dominated by private firms? We are not going to make much progress here unless we find out much more than we now know about the hiring practices of both the private and the public sector in less developed countries. Thus, labour market studies ought to be the kernel of research work on the role of education in the employment problem of developing countries.

VIII. A Transitory Problem

We know that unemployment in poor countries is at present concentrated among the young and that even among them it is concentrated in the early years of their working lives. Is this the invariant pattern or can we expect the high rates of unemployment at present observed in the younger age group to become characteristic of the older age groups in time to come? In other words, will it always be largely youth unemployment and hence educated unemployment, simply because in a rapidly growing educational system it is the young who receive the bulk of the additional education; or will it gradually turn into mass unemployment evenly distributed throughout all ages and all levels of education? This is the critical question for the developing world.

To attempt a decisive answer to the question would be presumptuous. But a stab at an answer would run as follows: if the less developed countries maintain their present growth rates, the problem in the foreseeable future will indeed remain that of unemployment heavily concentrated among those aged 15 to 25. On the other hand, there is no easy remedy in sight for youth unemployment and for educated unemployment. The present tendency of educational systems to grow more quickly at the top rather than at the bottom of the educational ladder must somehow be reserved, and I have argued that this can be achieved only by a restructured pattern of educational finance combined with deliberate intervention in labour markets. To reverse these trends does mean that we shall cure educated unemployment only to create or to aggravate the "school leaver problem". But the remedy for the school leaver problem, at least in the short run, lies in the provision of out-of-school education. In the long run, it lies in the slow and patient reform of primary education from within by curriculum reform, examination reform and the improvement of teacher training. It may not be a very exciting prospect for those who hanker for quick results, convinced that there is somewhere a clever idea never previously considered which will solve all our difficulties overnight. But here, as elsewhere, it is "piece-meal social engineering" which I believe will prove to be the method by which we shall eventually solve the problem.

TECHNOLOGY, EMPLOYMENT AND BASIC NEEDS

A. S. BHALLA¹

It is now increasingly recognised that conventional growth strategies have led to the concentration of the fruits of growth in the hands of a small privileged minority leaving the bulk of the masses in abject poverty. How has this come about is a complicated question which is treated in other papers in this volume (Singer and others). But one of the factors which contribute to poverty is that rapid growth in most developing countries has occurred in the small "modern" sector of the economy using most advanced imported technology. This growth has not spilled over into the rural traditional and the urban informal sectors. Nor has the technological progress in the modern sector led to the gradual upgrading of technological levels in the traditional sector. An appropriate technology policy can correct this marked technological dualism. Technological alternatives that are efficient but labour-intensive can be a key instrument in a new development path which is employment-oriented and needs-based.

A basic needs strategy implies that the application of modern scientific and technical know-how should be particularly focussed on the improvement of the living standards and income-earning opportunities of the rural and the urban poor. Basic needs, be they for food, shelter, clothing or transport, can be met by different ways and by different products requiring different techniques to produce them. There is now growing empirical evidence, as a result of work of the ILO World Employment Programme and other bodies, to show that efficient technological alternatives exist, and further that the range of technological choice can be widened by realising that basic needs can be fulfilled by differentiated products. There are indeed several other ways in which the range of techniques can also be widened, namely, the use of second-hand equipment, the adaptation of existing machinery and processes, the revival of obsolete techniques, and the local manufacture of equipment.

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I. The Pros and Cons of Second-Hand Technology

The use of second-hand equipment can be a sort of appropriate technology, especially if the employment objective is paramount, since equipment of earlier vintage uses lower investment per worker than that of new vintage. Alternatively, it may simply mean postponement of replacement of equipment which can be regarded as a form of substituting labour for capital. There is indeed quite a controversy concerning the use of second-hand machinery in developing countries. Those who are in favour plead that in conditions of capital scarcity its use can economise capital and generate additional employment from given resources. Those who are against older equipment claim that it is often inefficient in the sense that output per unit of investment is lower than the new machines, maintenance is more expensive and difficult, the spare parts are often not available, and the installation cost may be higher than in the case of new equipment.

In an attempt to gather some hard facts about the comparative performance of used and new machines, the ILO undertook a case study of jute processing in Kenya as a follow-up of its Kenya Employment Mission. The purpose of the study was to examine (a) the comparative cost of weaving and spinning on new and second-hand machines, (b) market for second-hand equipment, and (c) in the light of (a) and (b) to formulate some ground rules for policy makers. This research has illuminated a number of interesting facts which, of course, cannot be easily generalised beyond the specific context in which the study was undertaken. One of the significant conclusions is that while the second-hand looms for weaving were less productive than the new ones, it was not so in the case of spinning frames where second-hand equipment did indeed perform far more economically than the new. The explanation for this seeming paradox appears to be very highly favourable purchase price of second-hand spinning frames, their high quality and their robustness which means lower deterioration as a result of age, lifting, transportation and re-installation. Although these facts are specific to a particular industry in a particular country, they do imply a much more general hypothesis; that is, used machinery which is initially simple and more robust, like the spinning frames, may more easily lend itself to adaptation. Reluctance on the part of buyers in developing countries to purchase used machinery results partly from lack of information, and much less so from reasons of prestige and pride. The Kenyan case study examines the ques-

tion of availability of second-hand equipment in this context. At present most of the used machinery is imported into the developing countries from advanced countries. The trade in used equipment is irregular and sporadic. The jute equipment market is peculiar in the sense that there are hardly any supplying centres except Dundee in Scotland. This means a very poor bargaining position of the buyers in developing countries who cannot shop around from different sources. There is another disadvantage in the sense that the developing countries themselves hardly present any source of supply for used equipment because of the infancy or non-existence of indigenous capital goods industries.

The use of older machines, particularly by the smaller enterprises in developing countries can give a fillip to the development of indigenous machine fabrication facilities combined with possible learning effects through repair, maintenance and copying of older designs. This may call for government intervention and/or international action in the organisation of the market for second-hand machinery and establishment of national capital goods industries. For example, the ILO employment mission to Kenya recommended the possibility of using East African Railway workshops as well as small machine shops to provide technical support to industries in the informal sector which often used second-hand machinery.

II. Improving Village Level Technology Can Help

If the rural and urban poor are the basic target groups for whose uplift the application of technological know-how is to be channelled, then clearly the technologies that are imported from abroad may not always be appropriate. What is needed for improving the technological levels in the rural and urban informal sector are labour-intensive technologies to which small farmers and artisans have an easy access with their limited cash resources. This is not to suggest that modern technological know-how is not relevant: only that a selective approach to the adoption of known modern technologies be adopted. In fact the experience of countries which seem to have tried to implement a basic needs strategy, namely, Tanzania- China and Cuba, suggests that improvements on simpler village technologies is the only viable approach to the gradual modernisation of subsistence rural economy. The experience of Tanzania which was examined in detail under an ILO/UNDP Project of technical assistance on appropriate tech-

nology for rural development is particularly interesting.¹ It shows that quite often too much attention is paid to "modern" high-yielding biological technology and its associated inputs, e.g. fertilizers, pesticides and irrigation to the neglect of farmers' tools and implements. In the new policies for rural development in Tanzania, the Plan therefore proposed that the Tanzanian Agricultural Machinery Testing Unit (TAMTU) would design "simple and inexpensive farm implements which could easily be made from available raw materials". The ILO/UNDP Project demonstrates that in a subsistence economy, the initial cash outlays required for tractorisation or even for implements of intermediate technology are far in excess of what the poor farmers can afford. Under these circumstances, the objectives of an appropriate technology policy should be to utilise local resources and skills for the design and development of technology which are more productive than the traditional ones, yet within the reach of the farmers and other poor groups. Self-reliance at the local level demands that technology is adapted to the needs of the local community, and to their resource position and that it invites their active participation and involvement.

In the final analysis, the type of technology adopted is determined by the institutional factors and considerations of political and economic feasibility. Unless adequate decision-making criteria, institutions and policies are introduced, the neo-classical prescription of "setting the factor prices right" will not harness technology for employment creation and fulfilment of basic needs.

1. For details, see George Macpherson and Dudley Jackson, *Village Technology for Rural Development*, International Labour Review, Geneva, February 1975.

TRADE EXPANSION, EMPLOYMENT
AND INCOME DISTRIBUTION

HANS SINGER*

The literature on international trade in relation to development - even where it has been empirical rather than theoretical - has concentrated on the relationship between exports and growth of GNP, savings gap and investment ratios, in accordance with the main parameters of the neo-classical growth model. By contrast, little has been done to analyse export development systematically in relation to parameters which have come to the fore recently, for a reduction of poverty in developing countries, with consequent emphasis on income distribution, employment, technology and rural development. This neglect also applies to the work of international organizations (with the exception of UNCTAD) which have tended to treat employment policies, income distribution policies, technology policies etc. as the internal matters of developing countries.

This is at odds both with recent theoretical developments which tend to emphasize the influence of the global system and global relations on the internal structures of developing countries, and also with empirical findings about the impact of changes in trade relations upon the employment situation in developing countries. Thus it has been estimated¹ that the decline in the share of developing countries in world trade between 1955 and 1970 has cost the developing countries 72 million jobs, or no less than 14.5 per cent of their 1970 labour force. Similar estimates related more specifically to agricultural exports have been made by the FAO and the World Bank, and although couched in terms of GNP they enable us to infer the great potential gain in employment which developing countries could enjoy as a result of liberalized imports of agricultural and agriculture-based products by the richer countries.

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A start now has been made in analysing trade liberalization in relation to employment and income distribution rather than economic growth in general.² This paper is a revised, shorter version of the paper which was produced as a first report on the project, and first published in IDS Bulletin Vol. 6 No. 4, 1975. Whilst still somewhat provisional, the project has already resulted in a number of clarifications and the collection of useful data.

This first analysis was undertaken in the context of the idea of unilateral, non-reciprocal trade concessions which dominated the first approach towards the coming GATT negotiations, preceding the oil crisis and related upheavals. In any future work the emphasis would have to be much more on balanced trade expansion rather than unilateral trade 'liberalization'. While this would lead a different flavour to the analysis, the essential impact of increased export production, and/or better prices for exports, on employment and income distribution would remain substantially the same.

A conceptual framework for analysing employment effects of additional exports is more or less shared by most analysts. There is the direct employment provided by increasing export volumes; this may be zero if the initial expansion or liberalization is entirely in terms of higher prices obtained for exports (i.e. export earnings), perhaps as a result of commodity agreements, rather than improved access for additional exports. Then there is the indirect or linkage effect which can be sub-divided into backward linkage (additional domestically produced inputs) and forward linkage.

Besides the direct and indirect (linkage) employment effects we can distinguish the multiplier effects arising from the expenditure of the additional incomes earned through expanded direct and indirect employment. Increased export earnings due to higher prices could have employment multiplier effects in the same way as increased export volumes, although the two effects are not necessarily identical.

Finally, there is the very important non-classical type of balance-of-payments employment effect; this is the expansion of employment and creation of additional incomes made possible by the removal or relaxation of the foreign exchange bottleneck due to higher export earnings.

Thus there are four headings under which the employment effect of additional exports can be analysed: direct, indirect, multiplier, and balance of payments. Not enough empirical or measurement work has been done for us to say very much about the relationship between these four types of additional employment, except that in most situations direct employment creation will be only a minor part of the total employment effect. Hence, it would be misleading to try to deduce the impact on income distribution and on poverty from the direct employment effect only.

The report of the Philippines ILO Employment Mission³ contains some data⁴ which would indicate that the linkage employment effects alone were over three times the direct employment effects in the case of traditional consumption goods; over two-and-a-half times in the case of modern capital goods.

The link between the degree of trade liberalisation, or freedom of access to markets on the part of the developing countries, and the nature of their overall technology deserves special emphasis. Freer trade is the means by which the developing countries can bring into play their abundant labour supplies as well as their natural resources, and therefore trade expansion tends to be equivalent to a shift in technology in the direction of greater labour intensity. The labour intensity of production is not only determined by the technology of producing given products, but also, very importantly, by the output mix. Additional trade will give added importance to labour-intensive products in the total output mix. It ill behoves richer countries to preach to developing countries the virtues of labour-intensive or intermediate technology, while at the same time through trade restrictions denying them one of the most important and obvious ways of employing such a technology.

In the same direction, it has been pointed out in the ILO employment missions, especially the one for Colombia⁵, and confirmed by subsequent analysis,⁶ that increased labour intensity initially induced by trade expansion will in turn have a multiplier effect in generating further labour-intensive employment and hence more equal income distribution in several senses:

- (a) the demand pattern of lower income groups tends to be more labour-intensive products, so that the employment multiplier effect tends to be positively correlated with the initial employment effect;

the higher the initial employment, the higher also the former;

- (b) the linkages of the products consumed by lower income groups tend to be more labour-intensive and hence the linkage effect also tends to be positively correlated with the direct employment effect;
- (c) the import content of both direct linkage and multiplier employment from products produced by lower income groups is less than for products consumed by higher income groups, and this would tend to increase the domestic employment impact as well as the balance of payments effect of such additional initial employment.⁷

An interesting corollary of this is that trade expansion tends to result in a more equal income distribution in developing countries by enhancing the share of labour as against capital; while in the developed countries - at least as far as trade with the developing countries is concerned - it will have the opposite effect, resulting in a more unequal income distribution. This to some extent explains the political resistance in developed countries to more liberal imports from the developing countries, at least in the absence of redistribution social policies or effective compensation and adjustment procedures. ⁸

The study undertaken at the Institute of Development Studies has also brought out very clearly how the specific approaches to trade liberalization, such as particularly, the 'Kennedy Round' of GATT negotiations and the EEC Preference Scheme (GSP),¹⁰ have been almost systematically weighted against the poorer countries and against those commodities and processing margins that are of particular value for employment creation and hence reduction of poverty in developing countries.

Once we take seriously the idea of trade as a tool in the fight against poverty, it is clear that trade promotion for the benefit of developing countries must go far beyond trade concessions. A further offshoot of this line of thinking is the idea that adjustment assistance must be available not only to workers and producers in developed countries who might otherwise offer resistance to more liberal imports from poorer countries, but also to developing countries, in two forms:

- (a) adjustment assistance for the import-substituting industries which have been built up on the basis of protection and distorted factor prices, and which might suffer even in a controlled transition towards an export orientation. Care would obviously have to be taken that such payments did not benefit foreign investors and national producers who have made good profits on the basis of past protection and inducements, and can well afford to carry the cost of transition themselves. Also, such payments must not be allowed to become a subsidy for continued existence rather than for a smoothed transition.
- (b) the very export industries that would be built up on the basis of better market access offered by the rich countries need protection against sudden and unforeseen disruption suffered when the rich countries, for reasons of national policy, suddenly invoke escape clauses or restrict access after initially offering it to developing countries. This is an aspect of adjustment assistance which deserves further exploration.

1. WILLIAM TYLER, *'Employment Generation and the Promotion of Manufactured Exports in Less Developed Countries: Some Suggestive Evidence; paper prepared for the Kiel Conference on Problems of the International Division of Labour, mimeo, July 1973.*

2. H. W. SINGER ET AL., *Trade Liberalization, Employment and Income Distribution: a first approach, IDS Discussion Paper No. 31.*

3. *Sharing in Development: A Programme of Employment, Equity and Growth for the Philippines, ILO Geneva, 1974.*

4. *Special Paper No.19: 'Intersectoral linkages and direct and indirect employment effects'.*

5. *Towards Full Employment. A Programme for Colombia, ILO Geneva, 1970.*

6. FELIX PAUKERT ET AL., *Redistribution of Income Patterns of Consumption and Employment - A Case Study for the Philippines*, working paper prepared for ILO World Employment Research Programme, Geneva May 1974.

7. It should be pointed out, however, that this last element was not confirmed in the Philippines case by FELIX PAUKERT ET AL., *op. cit.*

8. This has also been pointed out by MICHAEL LIPTON, see 'Confrontation Versus Co-operation: Poor Countries' Dwindling External Options; Bargaining; and the Case for Multiple Bilateralism' in IDS Bulletin Special Issue 'Oil and Development', Vol. 6 No. 2, October 1974.

9. IDS Discussion Paper No. 31. *op.cit.*

10. The EEC Preference Scheme is presently due to be significantly improved, especially by including processed agricultural products, liberalizing the level of ceilings under GSP Preference drastically reducing the number of sensitive products where the EEC reserves the right of cancellation of preference, and a modification of the rules of origin which will remove the present bias against regional co-operation among developing countries. These are very significant improvements as far as developing countries as a whole are concerned, but it is not clear at this moment whether they could significantly affect the bias within the scheme against poorest countries and against poor producers. The most significant improvement from that point of view would seem to be the extension of the scheme to processed agricultural products.

E D I T O R ' S N O T E

In the three papers of the previous section, some of the major elements including Education and Employment; Technology and Employment; Trade and Employment, of an employment oriented development strategy have been examined. There are two other important areas which also pertain to such a strategy: Rural Development and Employment; and Youth and Employment. These fall within particular interests of the Commonwealth Youth Programme and the Commonwealth Secretariat. It was considered appropriate to examine and analyse these areas in the nature of case studies which incorporate information gathered at workshops and seminars organised by the Secretariat as well as some first hand observations.

RURAL DEVELOPMENT AND EMPLOYMENT

Rural underemployment is a characteristic feature of most developing countries. There has been a growing recognition in these countries that it is an essential part of the solution of the problems of both underemployment and unemployment. It is also recognised that the urgent need is for integrated rural development, with the combined aims of increasing the incomes of rural workers, of absorbing widespread rural underemployment, and of providing productive employment for new entrants into the labour force.

Commenting on rural employment in less developed countries Scarlett Epstein of the Institute of Development Studies, University of Sussex, said "It is a much more intangible phenomenon than its urban counterpart. A large proportion of Third World rural dwellers still derives its livelihood from family subsistence farming. With an increasing rate of population growth set against strictly limited supplies of cultivable land, this in itself poses serious problems. Moreover, agricultural labour requirements are seasonally peaked which often results in labour-displacing mechanisation; last but by no means least, important agricultural extension services have so far largely ignored the female labour force".

She adds that these basic facts of rural life present a challenge not only in the design, but even more important, in the implementation of development programmes.

The ILO illustrates the breadth and depth of the problem when it defines rural development as "strategies, policies and programmes for the development of rural areas and the promotion of activities carried out in such areas (agriculture, forestry, fishing, rural crafts and industries, the building of the social and economic infrastructure), with the ultimate aim of achieving a fuller utilisation of available physical and human resources and thus higher incomes and better living conditions for the rural population as a whole, particularly the rural poor, and effective participation of the latter in the development process".¹

1. ANKER, D. K. W: *Rural Development Problems and Strategies*. *International Labour Review*, Vol. 108 No. 6, December 1975.

Although not stated directly this definition clearly implies that an integrated approach to rural development is seen as the best way to achieve a multi-pronged attack on rural poverty. And this is in line with most current thinking on the subject. A second and parallel consideration is how to integrate development in the rural sector into the national economy.

Certainly employment promotion in rural areas is of central concern and an ideal starting point from which consideration of the whole rural development issue can begin. Indeed it can be argued that a systematic frontal attack on rural unemployment, underemployment and poverty, is the only way that governments can hope to make an impact on these problems, provided, of course, that this is done as an integral part of a national development strategy. In other words, government commitment is of vital importance. But commitment alone is not enough. It also requires a clear definition of objectives, both quantitative and qualitative, with, at the same time, the support of streamlined administrative structures to ensure effective implementation of plans for the rural sector.

Taking up the theme of an integrated approach to rural development in the overall context of the economic development programme, one way to benefit the rural sector might be to assign a strategic role to rural public works schemes, especially if sufficient budgetary resources were allocated from the start. In such an approach, a vital concern would necessarily be the integration of the programme into the manpower planning process.

Experts also agree that integrated rural development requires detailed knowledge of the socio-economic structure and, particularly, the existing employment, unemployment and underemployment patterns. Only this way can the real dimensions of the problem be ascertained, and hidden problems exposed. For instance such studies might reveal that because rural youth migrated to the cities, the volume of open unemployment appeared **unrealistically** low. It might also emerge that there was a substantial seasonal unemployment or that there was a large amount of under-employment in the form of low productivity and incomes.

Particularly in the context of rural/urban migration, certain cases for research and investigation have proved significant, notably:

- (i) Causes of migration from rural to urban areas;
- (ii) What links, if any, the rural migrants (youth) leave behind in the rural sector;
- (iii) What kinds of jobs/trades, migrants pick up after arriving in towns and;
- (iv) What could be done in the rural areas to attract these young people back to the countryside.

Investigation into these questions, would probably show an urgent need for improvement in the working conditions in rural areas, an urgent need for provision of additional employment opportunities, and an urgent need to support financially and otherwise, an integrated approach to rural development. For instance, to improve working conditions in rural areas and to provide productive employment opportunity, some radical experimental rural development programmes have already been attempted. In particular, Tanzania's experience in the area of rural development seems to be unique.

Tanzania is led by one of the Commonwealth's most respected leaders - President Nyerere whose belief "development is of people not of things" has been translated into some of the most innovative approaches to rural development of any Commonwealth nation. "Ujamaa" rural development programme is of special interest. Iain Guest, a Director of the development journal, New Internationalist, reports on Tanzania's experiences.

A Case Study - The Tanzanian Experiment

Tanzania is one of the poorest countries in the Commonwealth. Life expectancy is under forty years, illiteracy affects almost half of all Tanzanians, and in the words of one visitor, ill health is "almost universal". Per capita income is only 110 dollars a year.

The crux of Tanzania's rural development strategy is Ujamaa - the Swahili for "familiarity". It is centred around villages which are striving to be both self-reliant and as independent as possible of the expensive technology and expertise that has led so many developing nations to disregard traditional agricultural sectors. Over 90 per cent of Tanzania's population lives and works in agriculture. Even before 1967, there was a small village development programme in Tanzania. But the ten or so villages involved failed because, in the view of one observer, "they too closely emulated the Israeli Kibbutz, and were too dependent upon outside expertise, capital and heavy equipment".

So the Ujamaa programme was initiated, and between 1967 and 1973 approximately 15 per cent of Tanzania's total population was absorbed into Ujamaa villages. The villages, were in effect an extension of the already strong Tanzanian family, although the second five year development plan (1969 - 1974) refers to them as a frontal attack upon the growing use of hired labour on farms. The programme grew quickly. In 1969 there were only 809 Ujamaa villages while by 1973 there were 5,628.

Some of the villages were local initiatives, some were created by the government, and some were built around a farm which had been expropriated from private owners. Membership was meant to be voluntary. As President Nyerere said "free men will work without supervision, and without strikes or incentives".

Views about the success of Ujamaa are divided. It has even been suggested that the scheme has suffered because of the reaction of the peasant farmers to the objectives of socialism and self-reliance, the feeling being that peasants were inherently conservative, and in order to change they needed to be pushed.

Taking food production, which is accepted as an important measure of success, it is claimed that it has failed to keep pace with the growing population, both in the country and in urban areas. Certainly according to the Economic Bulletin of the Bank of Tanzania (March 1974) food imports leapt from 83.9 million shillings in 1971 to 176 million in 1972 and 217 million in the first four months of 1974 alone, and perhaps not all of this can be put down to world wide inflation.

The aim of Ujamaa, of course, is to have several families pooling resources in order to jointly utilise facilities for irrigation and fertilizer. It seems, however, that moving families from traditional pasturage for this purpose has had unforeseen results. For instance, in some places people have continued farming in fertile and low-lying lands, despite having been moved into Ujamaa villages, because the soil in the new villages is poor. Similarly the separation of habitation from cultivation has also meant that land in certain areas is no longer protected, which has had disastrous consequences for some crops.

The concept of self-reliance as understood by some participants has also caused problems. A good deal of the surplus maize in the country used to come from large farms which were privately owned. But when they were taken over and run as Ujamaa villages, the ex-labourers while satisfied to continue to produce for themselves were not, however, providing other areas of the country with food, as before.

On the other hand, the Government has been criticised by some members of Parliament for giving too much aid to Ujamaa villages - not less than 500 million shillings between 1969 and 1974, as well as receiving most of the country's regional development funds. This has created a dependence upon central administration and the single party Tanzanian African National Union (TANU).

The Ujamaa approach has also shown up problems of leadership in the villages. Because the traditional role of leader in Tanzanian villages does not include supervising fellow villagers, leaders have been brought in from the central government. This has meant that most plans have been prepared in regional headquarters and simply presented to villagers.

The Government has been faced, finally, by the kind of dilemma facing most Third World exporters. Agricultural policy has continued to favour cash crops (like sisal and coffee) for export, at the expense of food for consumption within the country. But the Ujamaa villages have been allocated mainly in areas where food is grown. As a result, low prices have been paid to food producers in the villages which not surprisingly has led to a decline in food production.

On New Years Eve 1974 the Government took action to remedy some of these problems. It was announced that 3 million

families had moved since the beginning of a new villagisation policy. Non-Ujamaa villages have since been relabelled development or planned villages. The Government has directed that people must cultivate at least 1½ hectares each on a private basis, and there is no insistence, as before, on communal production. By-laws making it compulsory to grow food crops and weed farms have been enforced. Producer prices have been increased to stimulate output. This means an intensification, not a total change, in the Ujamaa policy, it is too early to say with what success.

Tanzania is a forerunner among Third World countries in its radical approaches to development. As such it cannot avoid the scrutiny levelled at Ujamaa and other experimental schemes. In particular comparisons between China (a country which President Nyerere admires) and Tanzania are inevitable. The comparisons suggest that more decisions must be taken by the peasant farmers themselves if the comprehensive rural developments envisaged by the Ujamaa villages is to succeed. For example, in China, commune managers have been brought up on farms not drafted in from the Central Government. Production plans are discussed between commune members and central province representatives on the basis of the previous year's performance, and the communes capacity and own requirements.

China's achievements certainly suggest that the Ujamaa programme could succeed, albeit with a great deal more assistance and emphasis on rural projects by aid donors. And if the maxim "initiation is the sincerest form of flattery" is at all valid, the fact that a number of developing countries are following Tanzania's experiment in the hope of benefitting from its experience, would seem to speak for itself.

YOUTH AND EMPLOYMENT

It is a well documented fact that 20-25 per cent of the total labour force is unemployed or under-employed in the developing countries. It is also recognised that on average more than 50 per cent of the total unemployed belong to the younger age groups. Furthermore predictions indicate that the situation will not improve unless special efforts are made to solve unemployment among the young.

But this is not as straightforward as it sounds. A number of factors contribute to the problem:

Population has increased more rapidly than total wage employment; growth in industrial and manufacturing output has not resulted in proportionate growth and employment opportunities; rural-urban migration has led to the exodus of rural youth to urban centres - a situation which contributes largely to heavy urban unemployment; the education system has generally failed to meet manpower requirements; a range of socio-cultural factors have inculcated inappropriate values in terms of aspirations and expectations of job-seeking youth.

All these factors serve to illustrate that youth unemployment cannot be considered in isolation, but must be tackled within the overall context of economic and social development.

The point is further emphasised by looking at the young population most likely to experience unemployment - the millions of rural youth who have never had the opportunity to be economically productive, many of whom subsequently become urban migrants; the large number of school leavers and graduates who have been victims of an education which has proved irrelevant to the needs of society, and have first-hand experience of the so-called "mismatch between educational qualifications and job requirements";

and the population of young women and girls who face various kinds of discrimination in employment.

The young unemployed are not a uniform group, but they do share a common problem. They are all deprived of the chance to participate in the development process.

Clearly taking all these factors into account employment problems of young people require both short and long-term action. Suggested policies have included:

Intensifying family planning programmes; creating employment in various sectors of the economy particularly by encouraging investment in labour-intensive sectors; establishment of effective national employment services, including vocational guidance; educational policies to guarantee an education more suitable for job requirements; and integrated rural development schemes.

It is generally agreed that policies such as these will lead to the creation of additional employment opportunities in the modern sector, in the services sector and in the rural/agricultural sector.

An examination of the problem of youth unemployment under particular circumstances provides further insights. For instance, unemployment amongst young people in the Commonwealth Caribbean is especially serious and is getting worse.

According to the census in 1960, unemployment was running at 10 per cent of the labour force in Trinidad and Tobago, and 9 per cent in Jamaica. Ten years later, these figures had risen dramatically, to 23 per cent and 22 per cent respectively. But within these high rates unemployment was unevenly divided, and worst hit were the young. Although unemployment is difficult to measure, as many as half of all those under 25 years of age in the Caribbean might presently be out of work, and looking for it.

These young job-seekers, it appears, are primarily those with considerable education. They are also migrants from country areas; and they are dependants and first-time job-seekers, not house-owners or the family's sole wage earners.

In other words, the problem of unemployment amongst young people in the Caribbean is not entirely the problem of "basic needs". It affects those young people who move to the cities looking for work and fail to find it, rather than older people who are living and working at subsistence wages in the country.

There is some evidence to suggest that because of particular local circumstances young people might be more choosy about work in the Caribbean than in other countries of the Commonwealth. Iain Guest examines the problem and some solutions proposed to resolve it in the following report:

Work for Those Who Want It

Sugar is the most important industry on the island of Barbados (population 236,000 people). In 1974 it brought Barbados 45 per cent of all export earnings, and in 1975 considerably more owing to the high price of sugar (up to £600 a ton on the world market).

In addition, sugar provides work. Out of a total workforce of 89,800 in 1971, 6,187 were employed cutting and heading sugar cane on the large estates (not counting the 19,000 small-holders who worked their own estates, most on less than 10 acres). But of these, 6,187 only 154 were under 30, while 3,080 were over the age of 51. Young people just weren't interested, it seems.

It might be argued that this is because there is no future in this field. Jobs in the sugar industry are decreasing owing to increased mechanisation. The number of mechanical cane cutters (each capable of doing the work of 25 men) employed in Barbados doubled to 40 last year. Yet there were still more jobs available in the Barbados sugar industry than there were people willing to take them. In one year recently people came from the neighbouring (and poorer) island of St. Vincent to Barbados - to cut sugar cane during the six month reaping season. In the same period 700 Barbadians went north to the United States of

America and spent six months cutting sugar there! They included two young men, Artegh Gilkes, 28, and Alfred Stewart, 27, who each earned \$2,000 - \$3,000 for their work.

Why did they go when there were jobs for them at home? Alfred Stewart is frank about it. "I like money", he says, "and I like what money can buy in North America". Pay rises in June of last year brought plantation wages in Barbados up to \$11.60 for women and \$14 for men (a day). Experienced cutters, say plantation workers, can earn up to \$90 a week (approximately £19). And this is comparatively high for the rural sector in a Third World country. But the work is hard, the hours are long, and the sun is hot; and \$38 US a week does not compare with \$3,000 US for six months' work.

No Encouragement

Other Caribbean countries have had similar problems. What can be done? Many would like to see changes in education systems which, in the words of William Demas, President of the Caribbean Development Bank "generate the wrong values and attitudes towards different types of work". Demas argues for less of what he calls a "divorce" between work and school and more emphasis on vocational courses in schools.

Others see the problem as being how to persuade young people to remain in country areas instead of moving to cities and adding to the number of unemployed. Lewis Campbell, Head of the CDB's Rural Development Division thinks the first priority is a massive raising of wage levels in the country areas.

But more and more are coming to see land reforms as the answer. Says Frederick Smith, the Minister of Education for Barbados, "Suppose I work on a plantation for you for 40 years and at the end of that period I still have my little 10' by 9' board and shingle house on your plantation which you can ask me to leave. Here is a young boy who has gone to school; his father is in the sugar industry for 40 years and has nothing to show for it. How can this encourage him to work in sugar?"

Regional Co-operation

Within the Caribbean as a whole, the actual rate of

unemployment is, perhaps surprisingly, higher among the more developed nations than it is in less developed nations like Dominica, Montserrat, and St. Kitts-Nevis - namely about 14.3 per cent as compared to 6.7 per cent. And yet, at the same time the less developed islands like St. Vincent are falling further behind countries like Barbados. This leads to the conclusion that "Remedies to the employment problems of young people need to be viewed in the wider context of the reduction of poverty and inequality."

This was the message which emerged from the Symposium on Employment Strategies and Programmes held in the Caribbean, organised by the Commonwealth Youth Programme last October, at which Alister McIntyre the influential Head of CARICOM, the Caribbean Common Market, projected a regional labour force of between 1.5 and 1.9 million in 1980. This sets as a target the creation of half a million jobs - a daunting prospect.

Only through regional co-operation, argues **Alister McIntyre** will the jobs be created and the inequalities ironed out - just as land reform measures seem an essential prerequisite of eliminating inequalities within countries.

But others are less sanguine, concluding that full employment is simply not achievable in the Caribbean during the foreseeable future.

"It may be worthwhile to give serious consideration to ways of distributing incomes equitably without so total a reliance on employment. This would mean that given a national income, the incomes of persons who cannot get employment, or who cannot take employment because they are too old or too ill, should be assured by other means", Thus speaks Jack Harewood of the Institute of Social and Economic Research, University of West Indies, Trinidad.

In these days of concern about employment - and the emotive terminology used about 'spongers' and 'lay-about', it will take a lot of persuasion to get across such a revolutionary idea. But one thing everyone in the Caribbean seems agreed about - the problem of unemployment amongst young people calls for some very new initiatives.

In this section we present views/opinions of some individuals whom we knew to have expertise and knowledge on different areas/elements of an employment-oriented development strategy. Views are, no doubt, personal and should not be taken to present official views of the organisations to which the contributors belong to. We asked these individuals, in their personal capacities, to identify major problem areas from within various elements of an employment oriented development strategy.

Here we present a selection of the replies which should be seen in the context of growing international concern to meet present employment problems. Mr. F. Foggon, Director, I. L. O. London, sums it up while commenting on the World Employment Conference.

"The forthcoming World Employment Conference poses many problems for the industrialised and the less developed countries. But the most difficult decisions and the most complex administrative questions are those which face the countries in the process of development. How to move away from the urban oriented development and the drive for industrialisation towards the development of the rural areas; how to convince and persuade those already in wage earning jobs that changes in their standard of living must not be allowed to increase the already wide gap in living standards between them and the people of the rural areas; and in an administrative term how to inject the yeast of development into the heavy dough of rural poverty".

GERRY HELLEINER
Professor of Economics
University of Toronto, Canada
And ILO Consultant
 on
MULTINATIONALS, TECHNOLOGY AND EMPLOYMENT

If absolute poverty has not been alleviated and if unemployment has continued to rise despite rates of growth of

national income which frequently have been, by historical standards, quite high, a large part of the problem must stem, it is argued, from the import of inappropriate technologies. Designed for use in much richer countries, these technologies are bound, when transferred to poor countries, to involve far too much scarce capital in productive activities which involve relatively few workers. As the principal "messengers" who have brought what is increasingly seen as "bad news" the multi-nationals have been blamed for the bulk of technology transfer sins.

They are not, however, the only ones to blame. Developed country governments through their aid agencies have also, often with the best of intentions, foisted inappropriate technologies, upon the Third World. And the governments of the developing countries themselves, by formulating policies which encouraged the use of such technologies by underpricing capital and foreign exchange, and providing overly generous tariff and other protection, must also share some of the responsibility.

But all of these facts are sufficiently well-known. If inappropriate production technologies and products continue to be introduced by multi-nationals or by others it can only reflect failures of capacity, will or power, on the part of developing countries' governments to introduce better incentive systems or to bargain more effectively with multi-national technology suppliers. The implication is that they must therefore either be technically strengthened or politically encouraged (or both) to improve their own performance.

Multinational enterprises, in response to new incentives- are now supplying some more appropriate technology. But the impact upon employment and income from these new activities in the majority of developing countries is unlikely to be great. There is clearly already a crying need for the development of joint Third World bargaining approaches to the multinational enterprises in the new sphere of manufacturing for export.

Ultimately, there can be no substitute for wide-ranging domestic policy changes by the governments of developing countries themselves if employment and poverty problems are to be overcome. Whether the multinational enterprises would then, or should then, play an important role in the sale of appropriate technologies and products can still only be matter for conjecture.

FRANK RAMPERSAD
Director
Trade and Finance Division
Commonwealth Secretariat
on
TRADE AND EMPLOYMENT

'Jobs' is one of the three key objectives in any development strategy adopted nationally or internationally to improve social and economic conditions in the poor countries: (the two others are 'food' and 'self reliance'). 'Jobs' must be a key goal not only because up to one third of the labour force in many developing countries is wholly unemployed or substantially under-employed, but also because jobs are an indispensable means of maintaining human dignity and the cohesiveness of the family unit, roles that transfer incomes cannot effectively play. (In the circumstances which most of the poor countries are placed, they cannot be appropriately described as "developing").

But 'jobs' means the production of saleable goods and services, and 'jobs' can be made or lost by the choice of an appropriate technology: herein lies the direct connection between 'jobs' and international trade. Almost all poor countries rely externally for technology; and most of them the provision of jobs for their labour force is impossible without access to export markets; this is true of commodity production as well as the production of services and manufactured goods.

While for some poor countries, especially small island economies, the provision of export services could be a prime mover - and the export of services encounters severe restrictions - the Commonwealth Expert Group was right in saying that "only significant and sustained industrialization in the developing countries can provide directly and indirectly the new jobs required". But sustained industrialization in the poor countries, which now supply barely 7% of world industrial output, is impossible without access to the markets of the industrialized countries. Export trade in manufactures and technology, of course, already provides directly and indirectly

a large proportion of the jobs in the industrialized countries; the industrialization of the poor countries will sustain this employment, although the composition of the jobs industrialized countries will undergo some change as they adapt to the situation.

All of this is obvious and, in the face of the universal support for and the countless resolutions in favour of the development of the poor nations, one is naturally perplexed as to why the situation on access to markets for goods and to technology still retains its imperviousness to structural change, the effect of marginal changes in some areas being counteracted by new obstacles in others.

Perhaps the reason lies in the fact that the debates have so far been directed to arriving at a general consensus on goals and have not yet moved to the specific modalities required to give effect to the consensus. Certainly the Lima Declaration on increasing the share of the poor countries in world industrial output to 25% by year 2000 is in this vein. The delay has, however, given rise to a point of view, which cannot be swept under the carpet, that there is no intention on the part of the industrialized countries to make any concessions to assist the poor countries, so that negotiations are not likely to be a productive use of effort. If, however, the former view is correct, then it becomes important that the working out of the specific modalities should not take as long as the arriving at the general consensus for the facts demonstrate that the poor countries are not improving their absolute and relative position at a rate considered acceptable; Commonwealth Heads of Government found the gap between rich and poor countries "too great to be tolerated". Effective and meaningful programmes of industrial cooperation among Commonwealth countries may well be a very effective means of converting consensus to action and showing the way forward to the rest of the world.

TARLOK SINGH

Formerly, member Indian Planning Commission
and Executive Director (Planning) UNICEF
United Nations, New York

on

EMPLOYMENT AND PLANNING

The primary means for achieving a design of

economic development which could ensure growth, stability and social justice and provide work for all, particularly in the case of the Indian economy, are:

- (i) A change in basic priorities in relation to productive utilization of available human resources and upgrading of their skills and productivity;
- (ii) an overwhelming priority for agriculture, and a redefinition of industrial objectives in terms of agriculture and the rural economy and production of essential goods and services for mass consumption. Several of the more serious problems of the Indian economy, both short-term and long-term, flow from the lags which have occurred in agriculture;
- (iii) reorganisation of the agrarian structure broadly along co-operative lines. On the one hand, marginal and uneconomic farm units have to be turned progressively into units which can be operated efficiently and will be capable of yielding surpluses. At the same time, through intensification of agriculture and diversification of the rural economy, conditions have to be created in which the available manpower can be used for more fully and productively than at present;
- (iv) The existing dichotomy between the organized and unorganized sectors of the economy has to be replaced by an increasingly integrated and unified national economy;
- (v) Provision of adequate educational facilities for the entire community, including adults; and
- (vi) Measures for equitable distribution of income and wealth and provision of essential social services.

With the recasting of development strategies along these lines, means will be found for getting closer to the hard, rural core of the problems of unemployment and under-employment. All other aspects of unemployment will thereby become more amenable to public action, and reforms in education and in social institutions will begin to gain much greater meaning and relevance in changing the life and attitudes of all sections of the population.

T. SCARLETT EPSTEIN
Sociologist, Fellow Institute of
Development Studies, England
on
EMPLOYMENT AND RURAL DEVELOPMENT

Rural employment in less developed countries is a much more intangible phenomenon than its urban counterpart. A large proportion of third world rural dwellers still derives its livelihood from family subsistence farming. With an increasing rate of population growth set against strictly limited supplies of cultivable land this in itself poses serious problems. Moreover, agricultural labour requirements are seasonally peaked which often results in labour-displacing mechanisation; last but by no means least, important agricultural extension services have so far largely ignored the female labour force. These basic facts of rural life present a challenge not only in the design, but even more important in the implementation of development programmes.

PHILIP MBITHI
Professor of Sociology
University of Nairobi
on
YOUTH EMPLOYMENT

Concern with the employment problem in Africa is based on the complete erosion of the belief that economic growth and welfare are positively related and therefore that the maximization of growth is also the maximization of welfare. Whatever constituted the basis of this belief, the realities

of growth in Africa indicate that even where we have had rapid growth rates (7 - 9% G.N.P. growth per annum), the objectives of enhancing higher levels of economic welfare - however measured - were not being realized. This lack of achievement applies whether the basis of measurement in terms of increased incomes for the vast majority, increased levels of living or increased amenities for all. At the same time and closely related to relatively decreased welfare, are the issue of decreased access to opportunity, and hence increased unemployment. Thus, despite the high growth rates in the fields of investment and industrial output, the growth of employment in urban and rural areas has far lagged behind growth in manpower and has become a critical problem.

In particular the problem of unemployment of youth has become recognized as perhaps the most critical of all other forms of unemployment. This is largely because this population includes school-leavers, who are the most active job-seekers, and the foundation of more efficient and trained manpower.

The data generated for most African countries indicates clearly that 70 - 80% of the unemployed, especially the jobless, are between the ages of 15 - 24 years old. This data exposes the problem of youth unemployment in dimensions which development planners have ignored. They have tended to see youth as potential (future) labour force, an army of dependants.

Because youth form 80% of the rural to urban migrants as well as the majority of the urban unemployed, a critical strategy of youth programmes will continue to be attempts to alleviate and perhaps eliminate rural to urban drift of school leavers. This implies that youth programme planners will need to study and hold dialogue with educators, young people themselves and rural development planners in order to identify the extent to which their programmes can be made complementary to one another, mutually reinforcing, and goal specific.

There is strong bias towards increasing access to jobs by the educated youth. Continued sponsoring of projects which recruit school leavers is further encouraged by many practical problems such as the difficulties involved in training illiterates, the preferences of employer, the speed of learning among educated young, the need for discipline, and the politi-

cal expediency of removing the more articulate educated youth from the streets.

The problem of illiterate youth can be seen as arising from rural and urban poverty, under-development of rural regions and certain groups in society. This problem should be thrown into the development arena in the same way as the problem of women, as a problem of a very significant population group whose solution must be the goal of more than one Ministry.

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education, he warns against the type of primary education that exists now. He recommends pre-vocational training courses, open to all age groups during the last years of primary education, and recurrent education to marry more closely the world of work and that of education.

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in its Constitution. The report represents a relatively brief distillation of the main conclusions which emerge from six years intensive work by the ILO and several other agencies. It represents a first, but bold, attempt to come to grips with the formidable problems of unemployment, underemployment, inequitable income distribution and mass poverty in the world.

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This report on an inter-agency employment mission organised by the ILO analyses the employment problem in Sri Lanka, drawing particular attention to the very large number of educated unemployed. It suggests reforms in various fields to correct imbalance in foreign payments, the economic structure and the labour force and indicates the lines along which employment should be expanded and the policies implied, including the support needed from bilateral and multilateral agencies.

I.L.O. 'Economic Research for the World Employment Programme' in International Labour Review, Vol. 101, No. 5, May 1970.

A report of the meeting of economists held from 3-7 November, 1969 to advise the ILO on research priorities for the World Employment Programme. Includes papers by J. Tinbergen, Doreen Warriner, I. Inukai, Keith Marsden, Paul Strassman and A.S. Bhalla, along with a summary by W. Arthur Lewis.

I.L.O. Youth Training and Employment Schemes in Developing Countries: A Suggested Cost-Benefit Analysis, ILO, Geneva 1972.

This monograph deals with general organisational questions arising out of a number of existing schemes in developing countries and includes a case study of the Kenya National Youth Service.

I.L.O. Technology and Employment in Industry,
(Ed) A.S. Bhalla, ILO, Geneva 1975.

This is a collection of case studies together with the preceding examination of some of the conceptual and measurement issues relevant to the problem of technological choice. Most of the studies are concerned with identifying and analysing alternative techniques of production, and examining their implications for specific policy decisions. The concluding chapter by the Editor, Dr. Bhalla, provides a synthesis of the findings of the studies and draws lessons for policy making. One of the significant conclusions of the analysis is that inappropriate choices are often made not because technical alternatives do not exist but because selection systems are inadequate and private and public decision-makers are unaware of the alternatives.

JOLLY, R. DeKadt, Third World Employment Problems and
Singer, E. & Strategy, Penguin Modern Economic
Wilson, F. (eds.) Readings, 1973

A collection of readings examining the dimensions of the employment problem in developing countries and emphasising the way in which these differ from those prevailing in the developed world. Aspects considered include the policies needed to reduce poverty through more productive employment; the link between education and employment, and the need for more labour-intensive technologies.

NIGAM, S. B. L. 'Labour Turnover and Employment: Some
& Singer, H. W. 'Evidence from Kenya' in International
 Labour Review, Vol 110, No. 6, December 1974.

Early concern over excessive rates of labour turnover in Kenya and consequent attempts to stabilise the workforce have been replaced more recently by a situation of increasing shortages of urban employment opportunities for newcomers to the workforce as a result of low labour turnover. This reduced turnover may lower the average educational level of the labour force by keeping older people in their jobs while excluding the generally better educated younger generation with a higher skill potential. Labour turnover before and after independence in Kenya is briefly examined. Using the information gathered in a survey conducted in 1971 as part of the ILO/UNDP Employment Mission, labour turnover through the time, in different areas and by age group is examined, as well as its possible causes. The policy implications of the decline in turnover rates are seen to include an ending of the need to offer high wage rates and other facilities to the industrial workforce, and the possible creation of incentive schemes to promote early retirement amongst the existing workforce. The need for wider collection and analysis of information on the causes, nature and extent of labour turnover in the modern sector in developing countries is pointed out.

PURI Mohinder 'The Strategy of International Development:
& CAIRNCROSS 'Essays in the Economics of Backwardness.
Alec (Sir) (ed.) Macmillan, London 1975.

This book illustrates a number of the central problems of economic and social progress of the developing countries, including employment, technology, planning, aid and trade.

It consists of a series of papers prepared during the last five years, with the development of indigenous national technological capacity emerging as the key problem.

Increasingly also, wider participation in development and fuller employment with better income distributions emerge as the context within which all development policies must be judged.

PURI Mohinder Employment, Income Distribution and
& CAIRCROSS Development Strategy. Macmillan,
Alec (Sir) (ed.) London 1976.

This is a collection of essays by a distinguished group of economists and social scientists from many different countries. Their contributions deal with various aspects of development strategy and development policy. First six papers concentrate on the distribution of income and the alleviation of unemployment in the process of national development. Other papers examine various aspects of development strategy, including industrialisation, the role of capital goods, the collective self-reliance of developing countries, and population policy. Finally, some papers focus on special problems ranging from food aid to India's experience of economic management. Taken together, these contributions provide a useful conspectus of the economic problems of the developing countries.

SENFLEBEN, W. 'Landerschliessungsprojekte für Jugendliche
 in Malaysia' Institut für Asienkunde,
Hamburg Mitteilungen, No. 55, Hamburg 1973.

A booklet on land reclamation projects for young workers in Malaysia. Includes descriptions of regional planning programmes and central government pilot projects, especially concerning the cultivation of coconut trees for palm oil. The importance of youth land schemes for fighting unemployment is argued.

SHEFFIELD, J.R. Education, Employment and Rural Development.
(ed.) Report of the Kericho (Kenya) Conference
1966, East African Publishing House 1967.

Report of a meeting of academics, policy makers, administrators and representatives of aid agencies to examine the issues of education, employment and rural development, in the context of contemporary Kenya. Various conference papers on these issues and conference conclusions which point out the need to concentrate the development effort on certain key growth points, aimed at getting the maximum return on the scarcest resource, whatever that is decided to be. Various specific recommendations are made in the three fields discussed.

SRIVASTAVA, R.K. The Unemployment Problem with Special Reference to the Rural Sector. MARGA, Colombo 1973.

An article on the employment problems in Sri Lanka with particular reference to unemployment among young workers in the agricultural sector. Attention is paid to the impact of demographic factors on unemployment, and in the occupational choices and aspirations of school leavers. A summary of some employment policy goals is given.

THORBECKE, E. 'The Employment Problem: A Critical Evaluation of Four ILO Comprehensive Country Reports' in International Labour Review, Vol. 107, No. 5, May 1973.

This article examines the reports of four inter-agency missions on employment which went to Colombia, Sri Lanka, Kenya and Iran and critically stresses the contribution made by these to the approach, definition and identification made by these to the problem in these countries.

However, their value would have been strengthened by the availability of better basic data and by the design and use of an inter-sectoral consistency framework.

TURNHAN, D. & The Employment Problem in Less Development Countries: A Review of the Evidence.
JAEGER, I. O.E.C.D. Development Centre Studies,
Employment Series No. 1, Paris 1971.

A description of the nature and remification of the employment problem in developing countries, gathering together as much empirical evidence as could be found. Topics looked at include: the labour force and the structure of employment in less developed countries; unemployment; income distribution; nutrition and working efficiency; employment growth; trends and prospects.

WOHLMUTH, K. Employment Creation in Developing Societies: The Situation of Labour in Dependent Economics. Praeger Special Studies in International Economics and Development, New York 1973.
(ed.)

A collection of writings which cover five topics of relevance to research workers and decision-makers in various institutions and activities of field work. These topics are: the general scope of the unemployment problem; the basic methodological problems of the labour market; manpower and employment analysis; the fundamental constraints upon employment creation; the important institutional problems and models of employment creation in specific areas, countries and regions; and the effect of international policies upon employment.

A P P E N D I C E S

COMMONWEALTH YOUTH PROGRAMME

- A. Research Projects
- B. Occasional Papers
- C. Other Publications

RESEARCH PROJECTS

- I. Youth and Media
(Project Director: J.R. Kidd)
Secretary-General, International Council for Adult Education
The Ontario Institute for Studies in Education, Toronto,
Canada

Scope: Collection of data from six selected Commonwealth countries namely Australia, Canada, Barbados or Trinidad, Kenya, Malaysia and Malta.

Nature of Report: An overall report on "Youth and Media" and data files on each of the six countries.

- II. Job Placement Services - A Programme of Research
(Project Director: John Oxenham)
Fellow, I.D.S., Sussex University, England.

Scope: An examination of how both public and private agencies can best aid in matching job-aspirants to employment opportunities (and vice-versa) in Sri Lanka and Ghana.

Nature of Report: The project will result in:
(i) A full report each on Sri Lanka and Ghana
(ii) A comparative report analysing similarities and differences between the two situations.

III. Employment Implications of Changing Educational Policies of West African Commonwealth Countries

(Project Director: Victor Diejomaoh)
Director, Human Resources Unit,
University of Lagos, Nigeria

Scope: An analysis of the rapid expansion of educational opportunities amidst growing unemployment among the youth and an examination of the employment implications of the changing educational policies of West African Commonwealth countries.

Nature of Report:

The project will result in:

- (i) A full report on each of the Gambia, Ghana, Nigeria and Sierra Leone.
- (ii) A comparative report analysing similarities and differences between the several situations.

IV. Practical Aspects of Rural Development Programming

(Project Director: R.J.C. Ford)
formerly CIDA Adviser, Kenya

Scope: Commonwealth Africa, with the East African Community, (particularly Kenya and Tanzania), Botswana, Lesotho and Swaziland in depth through active field study, and the other countries treated in less detail by way of written records and publications as well as questionnaires.

Nature of Report:

The purpose of the project is to provide guidance on the mechanics of rural development programming, aimed at both programme planners and middle level supervisors. The project will result in a booklet essentially in the form of a manual.

OCCASIONAL PAPERS

Employment and Youth

by

HANS SINGER

Fellow, Institute of Development Studies
and Professor of Development Economics
at Sussex University, England.

This is an overview paper which outlines and analyses some of the more serious employment problems facing young people in developing countries, and indicates areas where practical action is required.

Youth Employment Problems

by

PHILIP MBITHI

Professor of Sociology,
University of Nairobi, Kenya

After providing a brief analysis of the employment problem, this paper reviews and assesses policy issues which may influence youth employment particularly in Africa.

The CARICOM Perspective on Employment in the Caribbean

by

ALISTER McINTYRE

Secretary-General, CARICOM

This paper provides an overview of the situation on employment in the Caribbean and examines various regional policies for employment generation particularly in the light of the CARICOM efforts in this area.

The Magnitude and Nature of Unemployment in the Caribbean

by
JACK HAREWOOD
Deputy-Director, Institute of Social
and Economic Research, University of West
Indies, Trinidad.

This is a statistical overview of the employment situation in the Caribbean.

**A Review of Employment Policies in South-Asia
with Particular Reference to India**

by
PRAMIT CHAUDHURI
University of Sussex, England.

This paper contains a brief review of the literature on employment policies in the Commonwealth countries of South-Asia.

Educated Unemployed in Bangladesh, India and Sri Lanka

by
MARK BLAUG
Head, Unit of Economics of Education,
Institute of Education and Professor of
Economics of Education at the London School of Economics,
London University, England.

This paper provides a brief discussion of the magnitude of the problem in the three countries followed by a discussion of the causes of educated unemployment. The major part of the paper is devoted to practical remedies.

Employment and Planning - Assessment and Strategies in India

by
TARLOK SINGH
formally Member, Indian Planning Commission
and Executive Director, UNICEF, United Nations,
New York.

This paper examines and compares the effectiveness of various strategies adopted as well as others that have been recommended from time to time to solve the problem of unemployment. This paper seeks such immediate solutions that are possible and indicates short-term programmes of action and also long-term remedies and fundamental solutions to the problem of unemployment.

**Role of Management Education and Training in Employment
Generation in India**

by
T.N. KAPOOR
Professor and Head of the
Department of Commerce and Business Management,
Punjab University, Chandigarh, India.

This paper examines the problems of unemployment in India and recommends possible solutions. The paper goes into greater details of the role that management education and training can play in employment generation both in the formal and the informal sectors of the Indian economy.

**Employment Generation for Out-of-School Youths in the
Sub-Continent of Commonwealth South-Asia**

by
MANZOOR AHMED
Associate Director, International Council
for Educational Development, Essex,
Connecticut, U.S.A.

The paper discusses the broad dimensions of the out-of-school youth employment problem, the main approaches followed to solve the problem, and a framework for a more effective action.

OTHER PUBLICATIONS

About the Youth Programme

Commonwealth Youth Programme - descriptive brochure
Memorandum of Understanding and Financial Regulations
Member Governments' Official Agreement on the Commonwealth
Youth Programme
Commonwealth Youth Service Awards Handbook
Commonwealth Regional Centres for Studies in Youth Work:
prospectuses
The Future is a Question Mark; Youth is One Answer: an
information folder and leaflets on the Commonwealth Youth
Programme

Youth and Development Series

Youth and Development in Africa (1971) - out of print
Youth and Development in the Caribbean (1971) - out of print
Youth and Development in Asia and the Pacific (1971) - £1.00
Youth and Development in Malta (1972) - £1.25
Youth and Development in Cyprus (1972) - £1.25

Youth Programme Publications

Approaches to Employment Problems in Africa and Asia (1973)-£1.25
Training and Social Development Programmes - a directory of
facilities in developing Commonwealth countries (1974) - £1.00
Evaluation of Social Development Programmes with Special
Reference to Youth Work - £1.00
Pluralism and Development in Island Communities - CYP Seminar
Report (1975) - £1.00
Youth for Development: An African Perspective - CYP Workshop
Report (1975) - £1.50
The Young Unemployed: A Caribbean Development Problem - Report
of a CYP Symposium held in the Caribbean (Oct. 1975)
Summary Report of the South-Asia Symposium on Employment
Strategies and Programmes - Chandigarh (1976).

From the CYP Regional Centres

Women in the Seventies: report of a Caribbean Regional meeting
(July 1975)

Role of Youth in a Developing Society) Reports of two Caribbean
Adolescents in a Changing Society) territorial seminars
for youth workers in
Belize and British
Virgin Islands (May and
June 1975)

Youth Participation in National Development in Small Territories:
a report of a seminar organised by the Caribbean Regional
Centre (November 1975)

Bibliography for Youth Leadership Training: special focus in
the Caribbean

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staff of the Africa Centre

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