

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.

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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 <sup>1</sup> (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
<sup>1</sup> 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.