The Social Objectives of Economic Development

Kalmen Kaplansky

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The author summarizes the I.L.O.'s technical co-operation activities and their evolution from the early 1930's until the present time by highlighting some of the main topics and making a few supplementary observations.

Introduction

"Wherever people are at work, their problems are in some way the concern of the International Labour Organisation," starts out an ILO booklet. For a half a century now, the ILO has been bringing workers', employers' and government's representatives together on a footing of equality to devise measures which will improve the conditions of work and life and the general welfare of working people all over the world.

The history of the ILO reflects an important aspect of the history of the 20th century, namely, how man has tried to harness new technology and science to bring about a better way of life for millions. But other millions are still caught in the vicious circle of want, ignorance and despair. The ILO is striving through international action to point the way to a better future.

The Nature and Scope of ILO's Technical Assistance Work

During the past 20 years the character of the ILO has changed

KAPLANSKY, K., Director, Canada Branch, International Labour Office, OTTAWA.

immensely. With the accession to independence, and very quickly thereafter to full membership in the ILO, of a large number of former colonies, the ILO has become virtually a universal organisation. As a result of these developments, the balance of the ILO's membership has shifted significantly: before the war it consisted in large part of the highly industrialised countries of Europe and North America; today, more than half of its members are developing countries. It is quite natural that its program has undergone significant change as well. The failure of certain of its present members to apply fully ILO standards and principles is often due to their low levels of development, rather than to obstinacy or irresponsible policies on their part. Thus, the emphasis of the ILO's action over the past 20 years has been placed, in addition to protecting workers from certain adverse consequences of industrialisation — which remains a major concern of the ILO to help to bring about economic development.

The ILO has now moved very substantially into the field of technical co-operation. Over the past 20 years it has administered some 130 million dollars in direct assistance to developing countries; this year, expenditure for technical co-operation under ILO direction will amount to some 25 million dollars. The total expenditure on the 133 major projects which the ILO has administered, including counterpart contributions from recipient governments, is in excess of 300 million dollars.

Expenditure in 1968 under all programs amounted to $20.9 million, as against $17.8 million in 1967. In 1968, $2.3 million was spent under the ordinary budget. Expenditure incurred in 1968 under all other sources (the United Nations Development Program, and the special programs, including trust funds, associate experts and projects on a reimbursable basis) was $18.6 million, while that in 1967 was $15.6 million.

The major program of human resources development accounted for the largest share of total expenditure (78%) followed by social institution development (15%), the improvement of conditions of work and life (6%), and other programs (1%).

During 1968 the cost of experts accounted for 78.4% of the total; fellowships and study grants, 8.4%; equipment and miscellaneous, 13.2%.  

The main focus of this direct assistance to developing countries has been on helping them develop in a practical way modern and useful skills among their workers and managers and in deploying those skills most effectively. In most of these countries capital resources are relatively scarce while labour resources are abundant. It is now generally recognised that the existence of a skilled and industrious labour force can compensate for the absence or scarcity of national resources as well as for the shortage of capital. It is in this manner that the ILO, with its special competence in the fields of vocational training, management development, cooperatives, small-scale and cottage industry and manpower planning has played a key role in the process of economic and social development. For example, in the vital area of management training, the ILO has, over the past 20 years, carried out projects in over 65 countries for personnel ranging from technical specialists to top managers. It has recently added a new dimension to its work in the field of human resources development by establishing in Turin, Italy, an International Centre for Advanced Technical and Vocational Training. The Turin Centre is a vast workshop which provides the advanced technical and managerial training which cannot be provided on the spot in developing countries. The programs of the Centre are based on the principle that technicians and managers have to be taught to conduct their business effectively under the imperfect conditions which exist in their countries, rather than in a more congenial environment which very often does not exist.

Furthermore, the ILO seeks to provide training not only for technical and managerial skills, but also for responsible leadership in trade unions in the developing countries. The trade union freedom which the ILO has from its very inception been promoting will have little meaning and will be short-lived unless it is accompanied by experienced trade union leadership. We are also involved in the training of competent officials in ministries of labour and social affairs. These high qualities of trained leadership are obviously essential to the functioning of the basic institutions of society, and especially in the field of industrial relations. It is for this reason that the ILO is today focusing considerable attention on the education and training of trade union officers, personnel managers, staff of employers' organisations, and government officials in the labour and social fields. As part of this effort, the ILO's International Institute for Labour Studies, which was established in Geneva in 1960, provides advanced training programs for such potential leaders. I might mention that Robert Cox, a Canadian scholar and educator, who has
been a distinguished international civil servant for the past 20 years, is the Director of the Institute.

We now must concentrate on employment problems. It has lately become increasingly apparent that problems of massive and growing poverty are not going to be solved merely by the injection of additional capital or by a growth in gross national product. Capital resources will, of course, be needed, and in greater amounts than in the past; but the use of these resources will have to be planned, and production will have to be organised, in such a way that they lead to far higher levels of employment. Employment will have to become recognised as a major goal of development. And it is in order to ensure that this will happen, and that national and international action for development should be oriented to achieving that goal, that the ILO has this year launched a World Employment Programme 3.

**Why Is the ILO in This Work?**

The preamble of the ILO constitution states that «the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries».

This is the basic principle behind the ILO's international code of labour standards. These standards are to be found in the Conventions and Recommendations adopted by the International Conference down through the years.

The ILO went beyond the concerns of traditional intergovernmental organisations of defining and proclaiming worthwhile international standards. It took the next logical step, namely, to encourage the implementation by national authorities of these standards, to establish complaint-receiving machinery and procedures of settlement, to promote benign social institutions, like free trade unions, employers associations and government agencies, which could turn these standards into meaningful tools for progressive social and economic change.

From this concern for the welfare of people at the national level, it was only logical for the Organisation to reach the conclusion that poverty is indivisible and in the words of the Declaration of Philadelphia, « Poverty anywhere constitutes a danger to prosperity everywhere ».

The Declaration of Philadelphia, adopted in 1944, in the midst of World War II which anticipated the United Nations Charter and is an integral part of the Constitution of the ILO, would like to see as the « central aim of national and international policy » the attainment of conditions in which « all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom of dignity, of economic security and equal opportunity. ».

The development process requires this kind of approach and motivation which the ILO has articulated during the past 20 years. It is a part of the Organisation's historical mandate, to remind and to emphasize, that there cannot be any hope for universal peace without universal social justice, and that the objective of all economic development should be the material, cultural and spiritual development of man. The ILO approach to development problems is a natural and logical outcome and corollary of its historic mission to define, proclaim and implement universal standards for improved conditions of life and work.

His Holiness Pope Paul VI in his address to the 1969 ILO Conference reminded the delegates of the words of Albert Thomas, first ILO Director: « The social factor must overcome the economic factor. It must regulate it and guide it, the better to satisfy justice. »

Twenty-five years after the Declaration of Philadelphia, the eight-man Commission on International Development, headed by our former Prime Minister, the Right Hon. Lester B. Pearson, stated in the opening portion of its 230-page report: «... concern with improvement of the human condition is no longer divisible. If the rich countries try to make it so, if they concentrate on the elimination of poverty and backwardness at home and ignore them abroad, what would happen to the principles by which they seek to live? Could the moral and social foundations of their own societies remain firm and steady if they washed their hands of the plight of others? » The Pearson Commission has become convinced «... that no foreign help will suffice where there is no national will to make the fundamental changes which are needed. It has become very
clear that the impact made by the contribution of resources from outside depends on the efficiency with which the recipient uses his own resources and on his over-all economic and social policy.

How should the « national will » be fostered? It is now realised by many that the « national will » cannot be created merely by appeals, slogans and manipulative devices aimed at public opinion. Its only hope for success is to emphasise these aspects of economic development which will bring about the greatest good for the largest number of people in the receiving countries, thereby giving priority to the social aspects of development.

There is a feeling abroad that the United Nations First Development Decade failed to a great extent to achieve the objectives set up at its inception. Economic progress in developing countries has continued to lag and the gap between poor and rich nations is increasing every year. It is wider now than it was at the beginning of the decade. This seems due to the fact that to a large extent the UN Development Decade focused on exclusively economic objectives (essentially, an annual increase of 5% of the gross national product of developing countries and the allocation of 1% of the gross national product of the industrialised countries to development assistance).

This almost exclusive concentration on a global economic target (increase of the gross product) appeared at the time to be warranted by the conviction that improvements in living conditions and social progress will result almost automatically from economic development.

Experience, however, does not substantiate this. It has been seen over the years that social and human progress do not necessarily result from economic progress. In order for this to happen it might be indispensable for Governments to accept and officially proclaim an obligation to raise progressively, and by all possible means, minimum incomes and standards of living, simultaneously with the increase in the gross national product and to the fullest extent allowed by this increase.

A New Approach to the Second Development Decade

The outline of development strategy proposed for the 1970's no doubt reflects a certain shift of emphasis as compared with the attitude adopted for the first Decade (apart from the fact that it suggests reference
to the \textit{per capita} product and no longer to the global product), in that it provides for the inclusion of objectives specifically reflecting the results expected of economic development from the human angle: sufficient food, a lower mortality rate, education and employment. The supposition that economic progress is automatically followed by improved living conditions for the mass of the people is thus implicitly abandoned\textsuperscript{4}.

The experience gained during the First Development Decade showed that if problems of development are to be solved, a concerted international approach to development is indispensable. To draw up and implement such an approach during the Second Development Decade is the challenge that the nations of the world under the United Nations family have to face during the ten years ahead.

This approach should take cognizance of a large number of complex problems that the world will be confronted with during this and the following decades; one that provokes great concern is the so-called « population explosion » in developing countries. This phenomenon, which slows down progress by absorbing a substantial portion of whatever economic headway these countries may be able to achieve, poses in particular, on a tremendous scale, the problem of providing useful employment to a rapidly increasing labour force.

In 1970 the world's population may be about 3,600 million and the labour force some 1,510 million. During the present decade the labour force has been increasing by about 20 million persons a year, and during the next decade it is expected to grow by about 28 million a year. Between 1970 and 1980 over 280 million people will be added to the world's labour force, 226 million in the less developed regions of the world and 56 million in the more developed regions.

Although complete and reliable statistics on unemployment and underemployment are not available for the developing countries, evidence coming from many places in the developing world indicates that the situation has been steadily worsening. Employment growth has been slower than economic growth, and has not been sufficient to absorb the rise in the labour force. If no changes take place in the trends observed during the 1950's and the 1960's the magnitude of the « employment

\textsuperscript{4} From the replies of the ILO to a U.N. Questionnaire.
gap » will become even more serious during the next decade. On the urban front, with millions of rural people continuing to flock to the cities, a large proportion of whom will be people with little education and training qualifying them for productive jobs, increasing numbers are likely to find only precarious employment in low-productivity activities, particularly in services, or to become wholly unemployed, depending on friends and relatives for their subsistence. On the rural front, while the share of the total labour force engaged in agriculture is expected to decrease slightly, the absolute numbers will continue to rise and rural underemployment will become even more widespread than today with a further drop in agricultural output per capita.

Moreover, even under the assumption of relatively modest rates of growth, training efforts will have to be stepped up rapidly. To take only the three major groups of « professional, technical and related workers », « administrative, executive and managerial workers », and « clerical workers » crude calculations based on available data suggest that additional requirements (i.e. excluding those resulting from the need to replace workers who for various reasons withdraw from the labour force) will, in the major developing regions, amount to some 8 million additional workers in these categories needed during the 1960's The education and training effort involved in the 1970's may therefore be 2.2 times higher than during the present decade. Yet this effort is merely the corollary of economic growth rates that are quite inadequate to absorb future increases in the labour force. It is clear that if full, remunerative, satisfactory and productive employment is to be provided to many more million workers than current development trends would allow, a corresponding proportion of additional trained personnel will be needed, placing even higher demands on the educational and training systems of the developing countries.

In this over-all situation, the situation of young people is giving rise to particular concern. Rapid population growth means that their proportion in the total population is very high, setting a high burden of dependency for the relatively small slice of economically active people, and necessitating ever-growing efforts in order not only to feed, clothe and care for these young people, but also to prepare them, through education and training, to participate actively in the development and modernisation of their countries.

5. From a paper presented by the ILO to the 50th Anniversary Conference held at Temple University, Philadelphia, May 1969.
The general approach to the problem of development which characterizes present thinking on the subject, remains, in our view, too « traditional ». It disregards the driving force, even in the economic field, of social and human progress. Although human considerations are better incorporated in economic development than was the case during the first Decade, the strategy nevertheless does not go far enough.

Nothing could be achieved without human participation; it is necessary, therefore, to arouse people’s interest in order to secure their cooperation. It is essential to create motivations favourable to development; without such motivations the most ingenious mechanisms become jammed. These motivations, which are the keys to development, will be obtained largely through guaranteeing that all will have a share in the fruits of development. This sharing will be achieved: (a) Through the development of productive employment, which implies full utilisation of human resources; (b) By general participation in the organisation of economic development and in decisions concerning it, so that economic development may be felt to be the concern of everyone rather than of just a few; (c) By means of a suitable policy of income distribution, this being to a large extent ensured by the development of employment; (d) By promoting conditions conducive to personal and employment security in accordance with human dignity.

The ILO’s strategy for development is evolved, therefore, through three broad programs of activity concerning respectively:

(a) The utilisation and development of human resources;
(b) The progressive improvement of conditions of work and life; and
(c) The development of social institutions.

In the field of human resources the development strategy will, in all the developing regions, have to give priority to the problems involved in expanding employment opportunities and raising standards of skill. This is the aim of the World Employment Programme, launched in 1969 and will constitute the ILO’s main contribution to the Second Development Decade.

Action to increase employment and skills will be basic to the success of the ILO’s work to improve working and living conditions since the extremely low standards of living of the majority of the population in the developing countries are very largely due to unemployment and particu-
larly underemployment. Nevertheless, experience shows that many developing countries do not seem fully conscious of the fact that the improvement of living standards itself has an important bearing on the pace of economic development. In particular, the fact that the contribution of the lowest paid workers to economic and social development can be enhanced by improvements in their nutrition, health, housing and other living conditions does not seem to be adequately recognised. There are clear indications, too, that the Economic and Social Council is becoming increasingly concerned with the lack of balance between the economic and social objectives in policies for development. The draft Declaration on social development adopted at the nineteenth session of the United Nations Commission for Social Development in March 1968 emphasizes in its preamble « the importance of a strategy of integrated development which takes full account at all stages of its social aspects ». The Declaration also enunciates the principle that « all persons and peoples shall have the right and freedom to enjoy the fruits of social progress and should contribute to it ».

For these reasons, in order to support and complement the World Employment Programme, the ILO will in the 1970's place increasing emphasis on assisting Governments to develop programs and policies concerning incomes and living conditions which both ensure a more equitable distribution of the fruits of development and which, at the same time, can themselves contribute to the success of the development effort.

As far as the development of social institutions is concerned, the ILO will, in the 1970's, continue to pursue the objective of encouraging and fostering the voluntary support of the population of developing countries for national development efforts, which is one of the objectives assigned to the ILO in the current Development Decade. To achieve this, it is essential to establish and develop, at the different levels of organisation of production and of economic and social life, institutions (trade unions, management associations and government departments), machinery and procedures, whereby all sections of the active population will be enabled to influence and to participate directly in the process of development and modernisation.

Is the Traditional Approach Useful ?

Historically, the development of the now advanced countries took the form of a gradual transfer of the labour force from agriculture to industry, and still more gradually, to the services sector. The process was
accompanied by urbanisation, and rural employment was slowly replaced by urban employment. Unemployment existed, but was regarded as a byproduct of the economic fluctuations generated by growth, rather than as a chronic condition of developing countries. The theoretical models of development most in vogue today — and, unfortunately, the techniques of development planning most widely applied — still reflect this historical experience. Planning is based very largely on calculations of investment needed to assure structural change, while at the same time raising productivity per man-year throughout the economy, so as to produce steady growth of national income.

The prospects for the Second Development Decade, however, cast grave doubts on the usefulness of this approach. As the major problem of this decade is likely to be unemployment and under-employment, which could easily reach half the labour force of developing countries by the end of the decade if the problem is not attacked as such, employment is the foundation on which all other objectives of development rest. Moreover, given the severe limits to capital accumulation and the nature of present-day technology, there is little hope for «structural change» in developing countries as a group, in the sense of a rising share of the labour force fully employed in the industrial sector. Nor is there hope that the absolute numbers engaged in agriculture will fall. Many countries will experience difficulties in reducing even the share of the labour force in the agricultural sector. Some that do will do so only by transferring unemployment, underemployment, and low-productivity employment («disguised unemployment») from villages to cities.

In short, the grim prospect of the Second Development Decade is one of rising unemployment, increasing population pressure on the land, urban growth accompanied by increasing concentration of the worst aspects of poverty in the cities, and growing gaps in the level of welfare among social groups and regions in individual countries, as well as growing gaps among countries. All this can take place with rates of increase in national income in most developing countries as high as or higher than the rates achieved by the new advanced countries in their periods of industrialisation.

Such being the case, it is apparent that analysis and planning which is confined to accelerating growth of national incomes borders on the irresponsible as an approach to the Second Development Decade. Ultimately, no doubt, truly high levels of welfare in developing countries will require structural change of the kind that took place in the past in the
now advanced countries. But to get through the transitional period of the Second Development Decade, in a fashion that will assure continued growth thereafter — not to speak of social justice and some measure of political stability — we shall have to restate our goals and reorient our development planning.

Conclusion

If this approach to development is to be given a practical test, it must enjoy the support, not only of donor nations, but in the first place the active participation of the receiving countries.

Technical co-operation is a common endeavour in which the ILO’s efforts — whether financed from its ordinary budget or extra-budgetary resources such as the United Nations Development Programme — are devoted to assisting countries, on request, in the execution of their national projects, selected and formulated within the framework of national (or in some cases, regional) development plans and priorities, and supported by counterpart contributions in cash or in kind. The Organisation, by virtue of its tripartite structure and Constitution, where workers’ and employers’ organisations participate on a footing of equality with their governments in all ILO activities and organs, is particularly suited to carrying out its technical co-operation activities in this spirit of partnership through ensuring, wherever possible, that representatives of employers and workers are associated with the formulation, execution and follow-up of development projects.

While this basic principle remains unchallenged, experience over the past twenty years has demonstrated the need for co-ordination of technical co-operation activities at the country level and for progressive integration of national endeavours into regional or world-wide approaches. It is obvious that there is much scope, and indeed necessity for collaboration between the technical co-operation activities of the ILO, the other organisations of the UN family and multilateral or bilateral aid programs. This view is also shared by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) whose members contribute, collectively, roughly 90 per cent of the resources devoted to multilateral aid programs.

There is room therefore, for cooperative efforts between ILO and the Canadian International Development Agency. We are now working jointly on a big vocational training project in Tanzania, where a Canadian-financed project has been coordinated with and ILO-administered under-
taking, thus bringing Canadian experts under an ILO Chief of Project. We have also conducted during the month of September, 1969, an interesting three-weeks' training course in Trinidad for Senior Government Labour Administrators, financed jointly by CIDA, ILO and the Caribbean Governments, while administrated by ILO. There are opportunities for greater and more imaginative cooperation especially through the efficient «funds-in-trust» arrangements. An example of this is the agreement recently signed by Sweden to increase its economic aid to developing countries through the International Labour Organisation, which is a part of Sweden's effort to increase development aid to the equivalent of one per cent of the Swedish gross national product by 1975.

Sweden has financed development projects run by the ILO in the past — such as vocational training of women and girls in Sierra Leone and Kenya — but these have been negotiated individually. Under the new agreement, the ILO will each year put forward potential development projects in specific fields (vocational training, cooperative development, women's education and labour market studies) from which the Swedish International Development Authority will select those to which it gives priority and which it wishes to finance.

The projects will form an integral part of the recipient country's economic and social development plan, and they will draw on the ILO's technical experience.

Collaboration with donor states could also take other forms, such as provision of experts or other supporting staff, material facilities (including buildings), equipment, or fellowships.

It may be of interest to mention that out of a total of 2,635 experts of 81 nationalities who undertook assignments under ILO technical cooperation programs during the period 1950-1968, 75 were from Canada. Canadian experts currently on assignment are working in such fields as management development and productivity, vocational training, vocational rehabilitation, employment information, and workers' education. Canada thus ranks seventh (equal with Italy) in the number of experts furnished to the ILO. Here, too, much more could be achieved with the cooperation of the Federal and Provincial Governments, Universities, trade unions and employers' organisations.

Once the objectives are agreed upon and the machinery for implementation established, economic cooperation in the developing countries offers challenges and opportunities without limit to Canada and to Canadians.
LES OBJECTIFS SOCIAUX
DU DÉVELOPPEMENT ÉCONOMIQUE

NATURE ET ÉTENDUE DE L’ASSISTANCE TECHNIQUE DE L’O.I.T.


Cette formation, l’O.I.T. cherche à la fournir non seulement au côté patronal, mais également au leadership syndical et aux fonctionnaires gouvernementaux des ministères du travail et des affaires sociales des pays en voie de développement.

POURQUOI L’O.I.T. EST-ELLE IMPLIQUÉE DANS CE TRAVAIL ?

« Le refus par un pays de favoriser l’établissement de conditions humaines de travail est un obstacle sérieux pour les autres pays qui cherchent à améliorer les conditions de travail à l’intérieur de leurs frontières ». Ceci est en fait le principe de base du Code international des normes de travail dont l’O.I.T. favorise l’adoption par les différentes autorités gouvernementales dans le but de promouvoir le changement social et économique. Comme corollaire de ce principe, l’O.I.T. croit fondamentalement qu’il ne peut y avoir de paix universelle sans qu’il y ait une justice sociale universelle et que la finalité du développement économique est l’épanouissement de l’homme tant sur le plan spirituel, culturel que matériel.

UNE NOUVELLE ORIENTATION

La stratégie de développement proposée pour les années 1970 reflète un certain changement d’attitudes et d’orientations. On abandonne l’hypothèse que le progrès économique est nécessairement suivi d’une amélioration des conditions de vie pour poursuivre des objectifs tels l’éducation, l’emploi et un niveau de mortalité plus bas.

L’expérience a amené l’O.I.T. à croire qu’une approche internationale « concertée » est indispensable à la solution des problèmes de développement économique. C’est le défi que toutes les nations du monde auront à relever dans les dix prochaines années. Ce défi tient surtout au fait qu’il y a une tendance marquée depuis vingt ans à ce que le niveau d’emploi accuse un retard de plus en plus grand malgré la croissance économique. Ceci laisse donc entrevoir un effort encore plus grand de formation pour les années 70.

La présente approche générale au problème du développement est, selon nous, trop traditionnelle. La stratégie employée ne vas pas assez loin. On ne peut rien faire en ce domaine sans la participation active des gens impliqués. C’est pourquoi on doit créer des motivations favorables au développement.
L’APPROCHE TRADITIONNELLE EST-ELLE UTILE ?

Historiquement, le développement des pays maintenant hautement industrialisés a pris la forme d’un glissement graduel des travailleurs du primaire vers le secondaire et le tertiaire, glissement accompagné d’une urbanisation toujours plus grande. On considérait alors le chômage comme la rançon des cycles de la croissance économique. Les modèles théoriques et les techniques de planification du développement reflètent encore aujourd’hui cette façon de penser.

Les projections faites pour les dix prochaines années mettent sérieusement en doute l’utilité de cette approche surtout parce que l’emploi devient l’objectif de base sur lequel s’appuie le développement et qu’on ne peut pas s’attendre à des changements structurels majeurs à l’intérieur des pays en voie de développement.

CONCLUSION

L’expérimentation de cette nouvelle approche du développement économique devra être appuyée, pour qu’elle réussisse, par les pays supporteurs d’une part et devra être, d’autre part, l’occasion d’une participation active des pays récipiendaires.

La coopération économique des pays en voie de développement offre un défi intéressant pour le Canada et les canadiens.