

A STUDY OF INCOME MAINTENANCE POLICY FORMATION
IN SELECTED UNDERDEVELOPED COUNTRIES

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1973

Submitted in Partial Fulfillment of the Requirements for
the Degree Doctor of Social Welfare
Columbia University School of Social Work

DSW converted to Ph. D. in 2011

ABSTRACT

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This is a comparative case study of income maintenance policy formation involving six economically underdeveloped countries, i.e. Bolivia, Ceylon (now Sri Lanka), Ghana, Mauritius, Thailand and the United Arab Republic (now Egypt).

The major questions raised are: what are the types of income maintenance programs in the selected countries?; are there specific factors associated with the adoption of those programs? If so, what are they?; and what are the conditions, if any, under which certain factors may become active in association with the program types?

In this study, the income maintenance program was defined as a body of statutory measures designed to help assure a minimum income for selected or all sectors of population through direct transfers of cash or benefit-in-kind. The specific program components examined were food subsidies, public education, public health, demogrants, modified negative tax and public assistance in the non-occupational sector and social insurance, provident fund, corporative profit-sharing and subsidized commissary in the occupational sector.

For the purpose of cross-national analysis, four basic program types determined by the level of pertinent expenditures, the number and type of components involved, population coverage and the relative balance between occupational and non-occupational components were delineated and employed.

In addition to exploring the substantive questions, this study attempted to formulate a conceptual model which may be useful for future studies in terms of defining the problem, generating hypotheses and comparing the findings of one study with those of another.

The basic problem of the study relates to theories of choice in the social field.

The selection criteria of the study settings were: the level of economy as represented by per capita income (US\$137-157 and US\$209-211 brackets), the income maintenance program variation and data availability. This study covers various historical junctures of the post World War II period, usually coinciding

with the life span of one government in each country. In one country only (Mauritius) a period of nearly 20 years was covered because the evolvement of the income maintenance program in that country took that long.

Of existing theories and hypotheses of public policy, the study findings generally support a political one, particularly those involving the political self-interest theory of Anthony Downs, Theodore Riker, Daniel Ellsberg and others. This, however, does not rule out the secondary or conditional significance of non-political factors such as needs, resources, economic context, demography, technical assistance, socio-cultural and institutional factors and external factors.

The overall concept of income maintenance policy determination emerging from the study findings as a whole is represented by a systems model distinguished by politico-kinetic dynamics among all the underlying factors. In this model, the policy-making environment is envisaged as a kinetic field in which the movements of and the relationships between all underlying factors of income maintenance policies are controlled by a shifting balance of forces among political factors, such as pressure group influence, power requisites of political leadership, the leadership orientation and commitment, ideology, and so on. These political factors are conceived to change not only in their relative strengths but also in their aims or directions, and thus cause modifications in the income maintenance program. With the changes in the controlling factors and their relationships, the non-political factors are regarded to change also in terms of their relative strengths and dispositions in relation to the political factors as well as in relation to one another, thus undergoing changes in their powers of influence upon the program. The pattern of inter-factor relationships represented in the model is regarded to hold at any given moment in time as well as over a period of time.

The conceptual model that best embodies the above dynamics among the underlying factors may appropriately be termed a politico-kinetic paradigm.

To the Memory of Dr. Helen Kim

ACKNOWLEDGEMENT

This study was undertaken under the auspices of Ewha Womans University. I am indebted to the University for the Ewha Development Decade Professorial Fellowship that supported my study at Columbia University School of Social Work (CUSSW) and enabled the undertaking of the present study. I am deeply grateful to Dr. Helen Kim, President Emeritus, and Dr. Okgill Kim, President, of the University for generously arranging to support my study endeavor.

Special thanks are due to Professor Samuel Finestone for his invaluable assistance during the difficult phases of organization and writing of this dissertation. He was not only unsparing of his time but most acute in his understanding of where and how help was needed and ever generous in giving it. I am truly appreciative of the experience of working under his guidance.

Professor Alfred J. Kahn, overall advisor for my study at CUSSW, and Professor Vera Shlakman provided valuable ideas and suggestions that contributed toward conceiving the study in its outline. I am grateful for the interest they have shown in the present study.

Miss Essie Baily (secretary, CUSSW) undertook the difficult task of preparing the manuscript. I am greatly appreciative of her competent help and cooperation in pressing circumstances of time.

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CHAPTER I

INTRODUCTION

PURPOSE OF THE STUDY

The purpose of this study is twofold: to investigate the factors associated with income maintenance policy decisions in a number of economically underdeveloped countries, and to develop a conceptual model for defining the study problem, generating hypotheses to guide future investigations in the subject field as well as serve as a framework for comparing the findings of differing country studies or differing research.

Both aspects of the study purpose relate to an existing need in the field which is apparent when social provisions of various underdeveloped countries are reviewed. More orthodox notions concerning social welfare in general and income maintenance programs in particular view social provisions to be direct outcomes of decisions based on some objective assessments of prevailing social needs and available resources. A review of actual situations reveals, however, that this is not necessarily the case except in very general terms.

It is true that in the global context there is a positive relationship between the indices of economic resources and social welfare.¹ Within a limited range of economic development, however, the relationship tends to disappear. Among 80 countries with less than US\$300 per capita GNP in 1967, for instance, social indicators including private consumption, infant mortality, population per physician, per capita food supply and adult literacy were wide-ranging and the levels of major social welfare expenditures as percentages of national income were also highly variable (see Appendix I). In the income maintenance field, the provisions went from a heavy reliance on universal measures such as free health services, subsidized basic food items for all and demogrant² to an emphasis on selectively targeted schemes such as social insurance, provident funds, public assistance and other types of cash grants.

What is significant about these differences is their seeming lack of correlation to the levels of national income, although they are all at various stages of underdevelopment. Burma, Congo (Brazzaville), Ethiopia and India, for example, were countries with less than US\$100 per capita income in 1967.³ But

¹See Jan Tinbergen, *Development Planning*, McGraw Hill, New York, 1967, pp.117-125, Figures 15-19.

²A form of cash transfer based on demographic characteristics, such as sex or age that is paid to an individual irrespective of her/his income or wealth.

India has a rapidly expanding Employees State Insurance Scheme and provident funds, along with a dozen or more measures for public employees.⁴ The Congo, on the other hand, resorts to work-related family allowances and other insurance schemes of limited coverage.⁵ In Burma (Myanmar), the measures are truly contingency-oriented covering only sickness, maternity, work injuries and funeral costs.⁶ Ethiopia aims still lower and extends benefits to civil servants and the members of the armed forces only.⁷

PROBLEM CONTEXT

The obvious questions arising from the above observations are: What factors underlie the program divergence? Do even marginal differences in national income bear significantly on public decisions relating to income maintenance provisions?; if so, to what extent? Are there other factors entering into a country's social policies and/or programs? If so, what are they?

It is a historical fact that all just societies regarded freeing their members from basic want as one of their fundamental functions and, through the ages, countless ideas have been put forth, and many acted upon, in the hope of fulfilling that goal. It is also a fact, nevertheless, that, today, the greater number of the human race still go unfed or underfed. Why? What does this gigantic ideal-reality gap stem from? Are the resources lacking, the ideas inadequate, the technical know-how to translate ideas and beliefs into action yet imperfect? Or is it that man and his society are under other equally compelling constraints that undermine efforts to link goals and actions?

In macrocosm, there are grounds for supporting the proposition that should there be the will, there may be the means to eradicate some of the worst threats to security in all human communities in a relatively short time. This is not the place to argue the case at length, but it is useful to note that, in 1967, the world's per capita income was approximately US\$650, more than double the upper limit of per capita income of a majority of the world's population.⁸

³UN, *Statistical Yearbook*, 1970, Table 184.

⁴ILO, *The Cost of Social Security*, 1964-66, Geneva, 1972; *International Social Security Association Bulletins* (ISSAB), 1952-70 inclusive, sections on India.

⁵ISSAB, August/September 1963, pp.267-270.

⁶Ibid., Aug. 1955, pp.303-307 & Oct. 1961, pp.610-614.

⁷Ibid., Jan/Feb. 1962, pp.56-58; ILO, *op.cit.*, section on Ethiopia.

⁸Computation based on data in the *UN Statistical Yearbook and Demographic Yearbook*, 1970.

Total World Population in 1970:	3,635,195,000.
GDP, 1967: developing countries	\$281,831 million.

However crude the assessment, it does nothing to prevent the speculation that, in setting the course of action to counter poverty, the intangible and apparently non-objective requirements of society may be as decisive as, or perhaps more decisive than, the objective ones.

What are some of the intangible requirements? A good deal of literature is available on the subject of decision making in the public domain. By and large, however, they offer what should and might determine policies and very little in terms of what actually does determine them. Research in the latter area is quite scarce and this is particularly true in the context of underdeveloped countries.

STUDY APPROACH

Interest in the conceptual aspect of this study arose because of the lack of a solid knowledge base upon which to build a more controlled inquiry into the subject field. This study starts with a preliminary conceptual model that encompasses most major factors presumed to underlie public policy decisions. It also expresses the relationship assumed among such factors. The model was designed based on a preliminary exploration of various country data and review of literature on existing theories of decision making. The model served as a guide for data gathering and analyses in the country investigations but was used as an open system since an important aspect of its use in the study was to test its potential as an alternative conceptual framework for study in the subject field.

This study included six economically underdeveloped national settings: Bolivia, Ceylon,⁹ Ghana, Mauritius, Thailand, and the United Arab Republic¹⁰. It is a comparative case study that draws data from secondary sources.

In order to provide a theoretical background to the research questions and related assumptions to be considered in Chapter III, a review of pertinent literature will be presented in the following chapter. The study method will be discussed in Chapter IV and the study findings in Chapters V through VII.

developed market economies	\$1,633,125 million.
centrally planned economies	\$398,522 million.
Average per capita income, 1967: developing economies	\$180.
developed market economies	\$2,232.
centrally planned economies	\$1,183.

⁹Sri Lanka since 1972. In the text, its old name will be used since this study deals with that period.

¹⁰Reverted back to "Egypt" in 1971. In the text, "UAR" will be used since this study deals with that period.

CHAPTER II

CONCEPTS OF SOCIAL POLICY DETERMINATION – REVIEW OF LITERATURE

PLAN OF REVIEW

Of the bulk of the literature with potential relevance to various issues of social policy, the present study focused on materials dealing with policy choice or decision-making. These materials were not always explicitly with reference to the social policy field but shed light on how people, individually and in groups, choose policies and why they decide on one course of action rather than another.

The central query of the study - why the governments and the leaders of the selected countries adopted the income maintenance measures that they have - is related essentially to the choice or decision behavior in the public domain. This is not to imply that public decision-making behavior in general and income maintenance policy-making behavior in particular may be equated. But because materials from the immediately applicable field are meager, it was both necessary and desirable to draw from other related fields so as to render the overall conceptual background more adequate. The disciplines of economics, sociology, political science, psychology and business administration are the main contributors to existing decision-making theories. At the more practical, if less formalized, level, they are augmented by the contributions of expert practitioners in policy and planning.

In the following section, selected materials are presented in four parts. The first part reviews formal concepts, including both the normative and descriptive theories of choice. There is a proliferation of such theories, but this review covers only a few which are either central to other choice theories or are directly relevant to the present study. None of these theories has evolved from nor been tested in the context of underdeveloped countries. However, the possibility of their application to underdeveloped countries clearly exists and therefore warrants consideration.

The second part reviews materials stemming directly from the context of underdeveloped countries. These are all in the nature of expert observations, opinions, and commentaries. These materials were selected, in part, because they depict the trends of the underdeveloped world in general and those of certain regions with which this study is concerned. The third part discusses a small volume of research findings on social security programs and their determinants. In the fourth and final part, a number of authoritative overviews are presented.

All the materials address both the substantive and conceptual aspects of the study, although the first part gives greater attention to the conceptual aspects than to the others. The theoretical material in the first part will progress from single factor concepts to more complex ones. This arrangement is to facilitate the comparison of those perceptions with the conceptual model that this study begins and concludes with. The arrangement of the second part is topical, while those of the third and the fourth are shown simply by reference to the author.

FORMAL CONCEPTS

A. NORMATIVE THEORIES

Pareto Criterion and the Optimizing Principle

While it is founded on a composite concept involving both qualitative and quantitative precepts of Pareto, i.e. utility and maximization,¹ the Pareto Criterion as it is employed in present-day theories of decision is essentially a quantitative basis of comparing alternative social states. It stipulates,

State A is better than State B if someone is better off in State A and no one is worse off.

If in State C, the sum of utilities of all concerned equals the maximum attainable in that state, then a Pareto Optimum exists in State C.²

Most choice models are built on this principle³ and rest on the premise that:

1. If value preferences can be explicitly stated, and
2. All alternatives leading to the satisfaction of the value requisites are known, and

¹See Vilfredo Pareto, *Sociological Writings*, Praeger, New York, 1966, particularly pp. 99-103 (discussion of utility, ophelimity (economic satisfaction) and the tasks of social science).

²Cf. Richard Zeckhauser & Elmer Schaefer, "Public Policy and Normative Economic Theory", *The Study of Policy Formation*, ed. Raymond A. Bauer & Kenneth J. Gergen, Free Press, New York, 1968, p. 43.

³Including mathematical models, the game theory, the price system, the social welfare criteria, the Theil-Tinbergen model and others.

3. The alternatives can be ranked in relation to the stated order of preferences,
4. Then it is possible to choose the best course of action in terms of utility maximization.⁴

In the above proposition, values may be a priori, requiring no redefinition; rationally arrived at through sampling, opinion polls, delegation of decision responsibility to the leader, a computer, the experts, and so on; or arbitrary, representing subjective preferences. Whichever the case, the system of optimization as the means to a stated ends remains unaffected since its sole requirement is that its values be made known.

A number of problems are involved in the optimizing model. Among others:

(1) It assumes a one-dimensional decision system embracing a single set of value preferences and priorities. This is inconsistent with reality which is multidimensional⁵ and open⁶ to contending sets of values and interests. A particular difficulty arises in this connection: the difficulty of reducing different sets of values into a common one.⁷ Even if this presented no problem, the question, "What would constitute the single system of values against which to judge the solution?"⁸ still remains.

(2) It assumes values are quantifiable and measurable and, thus, made objective. This is not tenable in view of the wide range of interpretations to which values are subject. Despite certain areas of crossover, the qualitative and quantitative parameters occupy essentially separate domains.

(3) It is impossible to identify all alternative solutions to a problem. Apart from the problem of values, there are two other conditions that must be satisfied if the list of alternative solutions is to be complete. First, all factors pertinent to the decision system must be known. Second, there must be no significant time limit. Neither of these conditions can be met in normal decision contexts.

⁴Cf. *Ibid.*, p. 29; Joseph L. Bower, "Descriptive Decision Theory", from *Administrative Behavior*, *Ibid.*, p.106.

⁵Bower, *op. cit.*, p. 107; R. S. Rolan, "Emerging Views of Planning", *JAIP*, July 1967, p. 234.

⁶Raymond A. Bauer, et al., *The Study of Policy Formation, etc.*, Free Press, New York, 1971, p. 15.

⁷Bauer, *op. cit.*, p. 2.

⁸*Ibid.*

(4) The principles of optimization are themselves of limited merit. Since the late 1960s when the concepts of “disproduct” and “diswelfare” gained currency, the optimizing principle has undergone steady erosion. A few of the recent contributors to the trend are the Club-of-Rome/MIT project researchers⁹ and Illich.¹⁰ The former argue that the optimizing model characterized by unrestrained growth is ultimately self-defeating. They maintain that the relationship between the positive and the negative “feedback loops”, the first incorporating the exponential growths, such as industrial capital and population, and the second, the constraints of these growths on the world system, i.e. pollution, depletion of non-renewable resources, and famine, is such that “the negative loops become stronger and stronger as growth approaches the ultimate limit. Finally, the negative loops balance or dominate the positive ones, and growth comes to an end.”¹¹

Illich, while in general agreement with the above, focuses on the dysfunctional potential inherent in all functional systems. The over extended highway networks which, beyond a certain point, tend to be self-obstructive, and the educational system which contributes to the graduates’ sense of frustration, even failure, in many countries where opportunities are seldom commensurate with training, etc., well illustrate his argument.

Incremental Rationality

Braybrooke and Lindblom¹² sought to circumvent some of the problems of the optimizing model by substituting optimum utility with marginal utility. The result is a model involving a greatly reduced choice perimeter and, therefore, a far less number of alternatives to contend with.

While an incremental criteria would be most useful in decision-making systems where the primary concern is with extending the frontier of the existing utility perimeter, it would be inadequate where the concept of utility itself must be redefined and, therefore, the utility perimeter must be redrawn. Such a situation exists, for example, in societies in transition from feudal to industrial or capitalist to socialist systems where existing social programs may call for a complete overhaul based upon radically new perceptions of needs, rather than small adjustments on the basis of marginal utility gains.

⁹Donella H. Meadows, Dennis L. Meadows, Jorgen Randers & William Behrens III, *The Limits to Growth*, Inverse Books, New York, 1972.

¹⁰Ivan Illich, Deschooling (check word) Society, and Outwitting the Developed Countries, *World Development: An Introductory Reader*, ed. Helene Castel, Macmillan, New York, pp. 280-296.

¹¹Meadows et al., *op. cit.*, p.156.

¹²David Braybrooke & Charles E. Lindblom, *A Strategy of Decision*, Free Press, New York, 1963.

*Arrow's Impossibility Theorem*¹³

Based on the hypothesis that no one group's welfare requirements are acceptable in total to another group (social welfare function is "intransitive"), Arrow holds that it is impossible to formulate a decision criterion that satisfies all the groups in a decision environment. The problem may be solved, he suggests, by attaching different weights to different groups' utilities. Group A, for instance, rather than Group B, may be assigned a higher priority so that the former's utility always comes first.

Arrow's theorem is a marked departure from the strictly rational stance of the optimizing model and, indeed, offers a solution of sorts. But it is a solution that relies heavily on the personal variables of the decision maker and leads to another problem of intransitivity.

Heuristic Approach

In a comprehensive discussion of the application of the general problem-solving principle in systems design, Boguslaw cites the heuristics of functions, or means-end, liberty and other social values, the command and prohibition heuristics, the relativist heuristics, and the instrumental v. value heuristics.¹⁴ The significance of the heuristic approach lies in the fact that its position relative to the decision criteria remains unfixed. Being an effort to replicate the human brain in computerized decision processes, it leaves the problem solver free to adopt the most desirable or workable approach to solving a problem.

It can be seen that in the above normative theories, decisions are conceived to be based on anything from a single, purely quantitative parameter, i.e. utility maximization, to a composite, qualitative-quantitative one involving preferences, values, the heuristics of workability, etc. That all of these parameters enter into various aspects of public decision-making at different stages, either separately or simultaneously, is not difficult to conceive, and it will be part of the task of this study to see if they apply in any of the study settings. In due course, how the theories relate to this study's own conceptual framework will also be clarified.

¹³Kenneth J. Arrow, *Social Choice and Individual Values*, Cowles Foundation Monograph, No. 12, 2nd ed., John Wiley, New York, 1963.

¹⁴Robert Boguslaw, *The New Utopians: A Study of Systems Design and Social Change*, Prentice-Hall, Englewood Cliffs, N.J., 1965. (paperback) Also see, A. Newell, J.C. Shaw & H.A. Simon, "General Problem-solving Program for a Computer", *Computers and Automation*, VIII, No. 7 (July 1959), pp.10-17 and H.A. Simon, "Modeling Human Mental Processes", *Proceedings of the Western Joint Computer Conference, May 9-11, 1961*.

B. DESCRIPTIVE THEORIES

The Institutionalists

Theories falling under this heading share in common the perception that decisions take place in an environment of complex individual and institutional relationships. According to Barnard, for instance, individuals choose “on the basis of (1) purposes, desires, impulses of the moment, and (2) the alternatives external to the individual recognized by him as available.”¹⁵ In effect, this is an interactional concept of decision-making which includes an element of compromise between the individual and institutional requirements which may be at odds with one another. Selnick¹⁶ and Thompson¹⁷ are two other authors of institutional theories, and their theories differ from Barnard’s in emphasis only. Selnick stresses the informal and spontaneous nature of the individual-organizational interactions, while Thompson places significance on the competitive motivation in corporate decision-making.

Clearly the institutional model is close to commonly observable day-to-day decision behavior. Whether it is equally close to the decision-making in the public domain remains to be seen.

The Political Economists

A number of works in the political science field stresses self-interest and its maximization factors in decision-making. With reference to party politics, Downs holds,

*Party members have as their chief motivation the desire to obtain the intrinsic rewards of holding office; therefore they formulate policies as means to holding office rather than seeking office in order to carry out preconceived policies.*¹⁸

Riker similarly maintains,

Given social situations within certain kinds of decision-making institutions...in which exist two alternative courses of action with

¹⁵Chester Barnard, *The Functions of the Executive*, Harvard Press, Cambridge, Mass., 1964, p.17.

¹⁶Philip Selnick, *Leadership and Administration*, Harper & Row, N.Y., 1957.

¹⁷Victor Thompson, *Modern Organizations*, Knopf, New York, 1961.

¹⁸Anthony Downs, *An Economic Theory of Democracy*, Harper & Row, N.Y., 1957, p.296.

*differing outcomes in money, power or success, some participants will choose the alternative leading to the larger payoff. Such choice is rational behavior and it will be accepted as definitive while the behavior of participants who do not so choose will not necessarily be so accepted.*¹⁹

The last formulation has the effect of stating the obvious because it restricts choices to more or less the same parameters. But it serves, as does Downs', to support the proposition that decisions are based on self-interest, whether it is office, money, power or simply success.

The Ellsberg findings on the United States presidential decision-making vis-à-vis the Vietnam War support the political self-interest motif such as Downs stipulates. Based on an analysis of all the materials that were accessible to him during his tenure at the Defense Department and the Rand Corporation, he concludes that in the two decades of choosing between alternative policies towards Vietnam, all the United States presidents concerned, from Truman to Nixon, consistently opted for those that were politically expedient in their respective circumstances and times. Of the many ingredients that entered into the expediency parameter, getting re-elected, getting a certain legislation passed by not provoking certain political sectors, not losing the war "now", etc., were the more important.²⁰

The Sociology of Policy-Making

There is an abundance of sociological concepts applicable to decision-making in the public or political domain. Schoettle discusses some of them in a framework that brings out the inter-relationship between policy-maker and policy-making system.²¹

The first relevant factor is the policy-maker's political orientation. In Parsons' terms, "orientation" refers to the "internalized aspects of objects and relationships" and includes "(1) cognitive orientation, or knowledge of and belief about the political system, its roles and the incumbents of these roles, its inputs and outputs; (2) affective orientation or feelings about the political system, its roles, personnel and performance; and (3) evaluation orientation, the judgments and opinions about political objects that typically involve a combination of value

¹⁹Theodore Riker, *The Theory of Political Coalitions*, Yale University Press, New Haven, 1962, p.23.

²⁰Daniel Ellsberg, *Papers on the War*, Simon & Schuster, New York, 1972. See particularly "The Quagmire Myth and the Stalemate Machine", pp. 42-135.

²¹Enid Curtis Bok Schoettle, "The State of the Art in Policy Studies", *The Study of Policy Formation, etc.*, pp.149-179.

standards and criteria with information and feelings.”²² Political orientation acts as a filter affecting both the policy maker’s perception of external reality, i.e. policy demands, and his or her response to them.

Another highly elaborated sociological concept pertinent to policy-making is the role theory. It stipulates that individuals behave according to role expectations. It conceives the political system as a structure of roles which patterns social interaction.²³ It regards individuals interdependent in various systems of action, including that of political action, by virtue of “mutual expectations about the attitudes or behaviors of significant others...”²⁴

Somewhat differing from, if not unrelated to, the above concepts of decision-making is the theory of the elite. Treated extensively in the writings of Pareto, the theory holds that in any social system there are the select few who, by virtue of their particular capabilities, place themselves in governing positions and other positions of influence and, once in such positions, attempt to remain there through persuasion or force.²⁵ The elites are “...a minority of individuals whose preferences regularly prevail in cases of differences in preference in key political issues.”²⁶ Galbraith identifies such a group in the United States social structure, particularly the corporate structure,²⁷ and the studies of Mills²⁸ and Hunter²⁹ provide findings to the same effect.

The elite theory has long been somewhat controversial, with the critics arguing that the power structure is pluralistic. Considering all the governments and empires that fell in confrontations with the “will of the people”, the argument is difficult to dismiss. But its validity seems to hold only over a fairly long time period and, even then, the group replacing the fallen elites is likely to consist of more elites, if with differing orientation and style. In practical terms, therefore, the elite theory has a greater potential in elucidating policy formation.

²²*Ibid.*, p.152.

²³G.A. Almond, “Comparative Political System”, *Journal of Politics*, XVIII, 1956.

²⁴H. Eulau, *Journey in Politics*, Bobbs-Merrill, New York, 1964, p. 256.

²⁵Vilfredo Pareto, “Social Systems”, *Sociological Writings*, Praeger, New York, 1966, pp. 123-142; S.E. Finer, “Introduction”, *op. cit.*, pp.51-54.

²⁶Robert Dahl, “Critique of the Ruling Elite Model”, *American Political Science Review (APSR)*, LII, No.2 (June 1958), p. 464.

²⁷John Kenneth Galbraith, *The New Industrial State*, Houghton Mifflin Co., Boston, 1978.

²⁸C. Wright Mills, *The Power Elite*, Oxford University Press, New York, 1959.

²⁹Floyd Hunter, *Community Power Structure*, University of North Carolina Press, Chapel Hill, 1953.

The application of the descriptive theories reviewed so far to the present inquiry is fairly obvious. They variously maintain that decisions are based on a compromise between the individual and institutional requirements; policies are chosen according to political self-interest and expediency; it is the elites of government and society who decide outcomes; and the elite political orientations and role perceptions are particularly significant in relation to what and how policies are chosen.

Taken together, these theories offer a considerable body of factors associated with policy formation in the public sector, as well as providing an insight into the relationship that might exist between them. In terms of the last contribution, the elite theory and the theories of political orientation and role perception can combine to form the proposition that policies are determined, at least in part, by the political orientation and the role perception of the political leader(s). As another example, the institutional theory and the elite theory jointly suggest that the political leader or the policy-maker encounters (and must deal with) "significant others" who may be influential individuals or groups, or the polity at large.

Systems Theories

A logical culmination of the preceding theories of choice would be a schema capable of encompassing them all in a structural whole. The closest to such a scheme to emerge so far are formulations of systems theory. In a sociological context, these formulations refer to the concept of society as a problem-solving and goal-satisfying system in which the selection of goals and the method of their attainment greatly depend upon the interplay of the system components. The key system components are belief-knowledge; end, goal or objective; norm, status-role or position; ranks; power; sanction; and facility. System functions include communication, boundary maintenance, systematic linkage, institutionalization, socialization, and social control.³⁰ In a political context, it is an action system oriented toward specific social goals and the action emerging from the system is representative of the nature of shared interest and values.³¹

The view that decisions are the product of systemic processes rather than those of one or more variables representing only part of the system is the main contribution of systems theory. Outside the descriptive context, this holistic concept of decision-making and action has been routinized into an

³⁰Alfred J. Kahn, *Theory and Practice of Social Planning*, Russell Sage Foundation, New York, 1969. (Chapters V, VI). Also see Charles P. Loomis, *Social Systems*, Van Nostrand Co., Princeton, N.J. 1960.

³¹Talcot Parsons, "Some Highlights of the General Theory of Action", *Approaches to the Study of Politics*, ed., Roland Young, North Western University Press, Evanston Ill., p. 286.

instrument of policy formation and programming. Kahn's paradigm of social planning³² is an integrated example of the instrumentalized systems theory.

EXPERT OBSERVATIONS

Outside the formal framework there are volumes of material bearing on policy formation. In the following section, only those with direct reference to the underdeveloped context are reviewed topically.

Viable Values and Value Commitment

Delving into the literature on development planning and policy-making in underdeveloped areas, one is truly impressed by the amount of attention devoted to questions of value redefinition and value commitment. In one sense, the need for more viable values arises out of a new perception of the consequences of pursuing certain old ones, such as modernization without development and social change in terms of the breakdown of old systems without the prospect of finding new and better ones. In another sense, it is a matter of preference. This applies in many of the underdeveloped countries where the pursuit of growth and growth-oriented social objectives proved not only unsuccessful but threatening to congenial ways of life.

Goulet, writing in connection with development planning, asserts that "definitions of development in terms of industrialization, urbanization, modernization, growth, maximization, or even optimization are bad"³³ unless "it accords with, or promises to be useful for obtaining the values held by a given civilization."³⁴ He does not specify an alternative definition of development but offers a clue when he cites Libret who conceives development as "a coordinated series of change, whether abrupt or gradual, from a phase of life perceived by a population and all of its components as being inhuman to a phase perceived as more human."³⁵

Some United Nations (UN) analysts expound the same theme. Stressing the importance of the viability and the authenticity of values in policy formation, they argue that only upon such values can an authentic societal self-image be formed to guide and stimulate the lines of growth and change consistent with the conditions and aspirations of the given society.³⁶ They go on to state that "the

³²Kahn, *op. cit.*, p. 62.

³³Denis Goulet, "That Third World", *World Development: An Introductory Reader*, etc., p. 23.

³⁴*Ibid.*, p. 8.

³⁵*Ibid.*, p. 23.

ways in which peoples and governments can change social and economic realities depend not only upon the nature of these realities, but also upon the visions entertained of them.”³⁷

The assumption that a key policy determinant is value commitment is shared by many writers. In connection with fiscal policy, Baster maintains that “optimum distribution of income, including both considerations of efficiency and equity...will, in the final analysis, depend on the relative value which any society puts on these aims.”³⁸ With reference to agrarian policies, Myrdal,³⁹ Foland⁴⁰ and Ladejinsky⁴¹ join in the observation that in those countries where land reform was attempted its success or failure coincided with the presence or absence of an official commitment to that policy. Goulet expounds the theme in a more general context when he states: “the supreme factor is the decisive will of a society to assign itself new goals and condition itself to pay the price required to obtain them...”⁴²

In short, authentic and viable values and the policy maker’s commitment to them are crucial factors underlying policy formation and implementation.

Institutional Non-Transitivity

Many writers hold that values and institutions are essentially not transferable from one socio-cultural context to another. Hunter for one writes that the failure of both democracy and socialism, as well as of various modernization efforts including the experimentations with social insurance and agricultural cooperatives in Africa and Asia, attests to the truth of this proposition. He states:

To abstract from the whole Western system just those elements designed to produce engineers or geophysicists (rather than the whole, which is designed to produce citizens and men) could be to

³⁶UN, *Social Change and Social Development Policy in Latin America*, Economic Commission for Latin America, New York, 1970, pp.7-8.

³⁷*Ibid.*, p.7.

³⁸Nancy Baster, *Distribution of Income and Economic Growth: Concept and Issues*, United Nations Research Institute for Social Development (UNRISD), Geneva, 1970, p. 35.

³⁹Gunnar Myrdal, *Asian Drama*, Vols. I-III, Pantheon, New York, 1968. See sections on India.

⁴⁰Francis M. Foland, “Agrarian Reform in Latin America”, *Foreign Affairs*, Vol. 48, No. 1 (October 1969), pp. 97-112.

⁴¹Wolf Ladejinsky, “Agrarian Reform in Asia”, *op.cit.*, Vol. 42, No. 3 (April 1964), pp. 445-460.

⁴²Goulet, *op. cit.*, p.3.

*fall into a grave mistake. For what is at issue in Africa is the growth of the new nations, new societies of men, not merely the construction of the new economies.*⁴³

Again with reference to rural development, Flores discusses the close tie-in of the agrarian economic structure with tribal customs and mores, which makes the adaptation of the European formula difficult.⁴⁴ Dalton describes the tie-in in Africa thus:

*The economy is so organized that the distribution of tasks and land, the organization of labor in production processes and the use of goods and services - in short, production and distribution - are a concrete expression of kinship obligations, tribal affiliations and religious and moral duties. There is no separate economic system capable of analysis independently of the social structure...*⁴⁵

The implication of the above arguments for the present study is somewhat indirect. That is, although many social institutions have been transplanted from the developed to the underdeveloped context, it may be assumed that in many instances they have met resistance because of their fundamental or peripheral disharmony with existing institutional requirements. In the field of income maintenance, for instance, it is conceivable that where a social security system as it is generally understood in the Western context is either absent or underdeveloped, it is due to counter-pressures from traditional institutions.

Culture

If institutions are basically not transferable and value premises of social policies must be authentic in order for the latter to succeed, then there is little doubt that culture exerts significant influence on policy. What is not so clear but potentially interesting is the question whether there are certain patterns of culture more conducive to the development of a particular policy than others.

Livingstone, writing in regard to the health, education and welfare of the underdeveloped countries, indicates that kinship structure, tribal or ethnic celebrations, and negative attitudes toward change definitely hinder the development of rational policies.⁴⁶ With regard to social security in Somaliland,

⁴³Guy Hunter, "The New Africa", *Foreign Affairs*, Vol. 48, No. 4 (July 1970), p. 713.

⁴⁴Xavier A. Flores, "Institutional Problems in the Modernization of African Agriculture", *A Review of Rural Cooperation in Developing Areas*, UNRISD, Geneva, 1969, pp. 201-209.

⁴⁵G. Dalton, "Le Développement des Économies de Subsistance et des Économies Paysannes en Afrique", *Revue Internationale des Sciences Sociales*, Vol. VVI, No. 3 (1963), p. 411.

Wildman cites the absence of interest in anything planned and a totally different basis of material security, i.e. livestock as the basic means of existence for the nomad, the nomadic mode of life itself, and inborn conservatism on the part of the urban independent workers toward collective security, etc., as obstacles to the social insurance approach.⁴⁷ In Tingbergen's view, an interest in material well-being, in techniques and innovation, an ability to collaborate with other people and to observe certain rules are some of the necessary traits for attaining socio-economic progress through a rational policy. These traits are known to be lacking among the people of the underdeveloped areas.⁴⁸

How far these traits are cultural or may be due to low standards of living is open to question. But the point is clear: these tendencies render the purely efficiency-oriented or "rational" approach to development ineffective. The question now is whether the point is valid. The answer would depend on a number of as yet unclarified issues, such as whether social insurance and other social security measures in the Western tradition are really the best and most efficient approaches to income maintenance regardless of the socio-cultural context of their application, and whether economic growth and growth-oriented development objectives have intrinsic values of their own. This is because the concept of "rational policy" has meaning only in relation to policy objectives, and the cultural traits and practices suited for one type of rational policy may be quite unsuited for another.

The complexity of the problem makes it impossible to incorporate it into the present inquiry in its basic form. But this study is concerned with clarifying whether socio-cultural traits in fact obstruct, modify and/or complement the adoption of one type or another of income maintenance measures in any setting and, if so, how.

Ideology

The significance of ideology as a policy determinant is refuted by those who place a high premium on cultural tradition. Tannerbaum, for one, argues that despite a widespread infiltration of foreign ideologies, e.g. Nazism, fascism, socialism and communism in Latin America, there are no ideologically-based party politics to speak of in the region.⁴⁹ He contends that every important political event in the region has been attributable to shifting patterns in the "caudillo" structure, which has little to do with ideology. In his view, both

⁴⁶ Arthur Livingstone, *Social Policy in Developing Countries*, Routledge & Kegan Paul, London, 1961.

⁴⁷ Lee Wildman, "Social Security in Somaliland", *ISSAB*, June/July, 1954, pp. 200-211.

⁴⁸ Jan Tinbergen, *op. cit.*, p. 27.

⁴⁹ Frank Tannerbaum, "The Future of Democracy in Latin America", *Foreign Affairs*, Vol. 33, No. 3 (April 1955), and "The Political Dilemma in Latin America", *ibid.*, Vol. 38 (April 1960).

Trujillo and Castro are typical examples of the caudillo phenomenon, while revolutions and coup d'états cause and foreshadow the leadership change.⁵⁰

Other writers disagree with the above view. Arciniegos,⁵¹ Alexander⁵² and Pearson⁵³ maintain in their respective articles that communism, nationalism and other party-based politics play an immediate and tangible part in the politics and policies of many Latin American countries. Arroba,⁵⁴ Mena⁵⁵ and Carroll⁵⁶ support their view in the context of agricultural policies of the area. Carroll, for instance, states that in Mexico, the history of the collective ejidas is intimately bound up with ideological and political struggles and that the rise and fall of the ejidas coincided with the presence or absence of ideological commitment on the part of the ruling government.⁵⁷ Baster, too, regards ideology as a decisive factor in inducing one type of economic policy or another and refers to the differences between the socialist and market economies.⁵⁸

Despite the above confrontation of views, there are reasons to assume that these views may be both valid, subject to such intervening variables as time, place, and again, commitment. In regard to the last, Castro may be a caudillo leader, but had he been committed to ideologies and values other than those of socialism, the policies of his regime might be quite different from what they are. The case of Iran and Syria v. Libya and Tunisia in Africa and the two Chinas, two Koreas, and two Vietnams in Asia are further illustrations to the same effect.*

⁵⁰*Ibid.*, p.497.

⁵¹German Arciniegos, "Communism in Latin America: A Problem for the Immediate Future", *Columbia Journal of International Affairs*, Vol. III, No. 1, 1954.

⁵²Robert Alexander, "Nationalism: Latin America's Predominant Ideology", *ibid.*, Vol. XV, No. 2, 1961.

⁵³Neal J. Pearson, "Latin American Peasant Pressure Groups", *ibid.*, Vol. XX, No. 2, 1966.

⁵⁴Gonzalo Arroba, "Social Security Schemes and the National Economy in the Developing Countries", *ISSAB*, No. 1, 1969, pp. 46-47 and 81.

⁵⁵Antonio Ortiz Mena, "Recent Development in the Field of Social Security in Mexico", *ibid.*, Jan/Feb. 1956, pp. 42-66.

⁵⁶Thomas F. Carroll, "Peasant Cooperation in Latin America", *A Review of Rural Cooperation in Developing Areas*, etc., pp. 39-40 and 42-47.

⁵⁷*Ibid.*

⁵⁸Nancy Baster, *op. cit.*, pp.31-32.

* Valid examples at the time of this study.

Requisites of Power

The political-interest hypothesis of Downs and Riker finds support among various writers who see social policy serving the purpose of either creating and consolidating a political power base or weakening the forces of opposition. Pelzer, for one, reports that the earliest social insurance scheme in Germany came into being when Bismarck conceived it as a palliative to the radicals threatening the existing order. The UN experts similarly observe that "the (political) system, in order to survive, tries to satisfy demands...according to the strength of the relevant groups within the system, and faces continual choice between the granting of some satisfaction to the groups striving to become incorporated or keeping them out by force".⁵⁹

In Argentina, Uruguay and Chile, the social security and labor protection initiatives have been the means of strengthening a following among various labor-based political movements and winning them over from revolutionary appeals.⁶⁰ In other areas of Latin America, the land policy played a significant role in the struggle to gain the allegiance of the peasantry.⁶¹

Conditions of Underdevelopment

The very conditions of underdevelopment such as poor diet, low standards of health, inadequate housing, population expansion, as well as the scarcity of public funds inhibit meaningful social action. There are other corollaries of poverty and underdevelopment that serve the same function. They are low literacy rate, absence of trained personnel, absence of reliable data, inadequate registration practices and subsistence-oriented attitudes to work.⁶²

Colonial Tradition and Other External Factors

The imprints of colonialism and protectionism, past and present, are unmistakable in most social security provisions and other social policies of the underdeveloped countries. In the social security field, France, for example, left her former colonies with the system of work-related family allowances. France and Great Britain introduced a variety of mutual benefit societies in their

⁵⁹UN, *Social Change and Social Development Policy in Latin America*, *ibid.*, p. 30.

⁶⁰*Ibid.*, pp. 2 and 242.

⁶¹Carroll, *ibid.*, p. 4.

⁶²Wildman, *op.cit.*, pp.210-211; ISSA, *Reports on the First and Second African Regional Conferences of Social Security*, *Bulletins* Jan/Feb. 1963, pp.14-17 & May/June 1966, pp.186-213; Vladimir Rys, "Some Current Problems of Social Security in the World", *ISSAB*, No. 3, 1968, pp. 432-442.

respective colonies.⁶³ They also bequeathed the tradition of dualism in social security that separates the urban from the rural subsistence sector.⁶⁴

While the British and the French influences are most visible in Africa and Asia, the Spanish had sway in Latin America. Cubas cites Paraguay in particular, where policies towards the Indian population were marked by protectionism of the early conquistadors. He states that it is from this very tradition that the particular social sensibility that made the entire continent susceptible to social security needs has evolved.⁶⁵

Two major instruments of external intervention during the post-colonial period have been foreign aid and technical assistance. In the words of some UN analysts, they have "assumed enormous importance...in shaping the conceptions and expectations of the low-income countries concerning the development process."⁶⁶

For an outstanding example of intergovernmental intervention one might name the Alliance for Progress, the United States foreign policy vehicle in Latin America in the 1960s. Camargo writes in this connection that the social and economic policies of the region coincided with the rise and fall of this program and that land reform, for one, became acceptable to many of the countries in the area only after it had been endorsed at Punta Del Este in August 1961.⁶⁷ President Truman's "Point-Four" program was another such example.⁶⁸

In the area of international assistance, the role of the United Nations has been singular. With respect to social security alone, the world-wide expansion of social insurance schemes and other provisions for labor is inconceivable without the ceaseless efforts of the International Labor Organization acting under

⁶³Vladimir Rys, "Current Problems of Social Security in the World", *ISSAB*, No. 3, 1968, pp.432-442; Otto Schmid, "Development of Social Protection in Underdeveloped Regions By Means of Mutual Benefit Societies", *ibid.*, November 1953, pp. 394-406.

⁶⁴Wildman, *op.cit.*, suggests the dualist tradition stems in part from the practice of double social security standards, one for the European population and the other for the indigenous.

⁶⁵Emilo Cubas, "Recent Development in Social Security in the Americas", *ISSAB*, January/February, 1956, pp.18-19.

⁶⁶UN, *ibid.*, p. 9.

⁶⁷Alberto Lleros Camargo, "The Alliance for Progress: Aims, Distortions, Obstacles", *Foreign Affairs*, Vol. 42, No.1 (October 1963). Also see, Foland, *op. cit.*, p. 97.

⁶⁸Royal Institute of International Affairs, "U.S. Technical Assistance to Latin America", *The World Today*, (Chatham House Review), Vol. III, No. 2, February 1951, pp.84-92, details the activities of Inter-departmental Committee on Scientific and Cultural Cooperation, The Institute of Inter-American Affairs, and the U.S. Export and Import Bank, all of which were created to implement the policy guidelines of Point-Four".

UN mandates.⁶⁹ Other development policies, in industry, commerce, agriculture, health education, housing, community development, crime control, human rights, and so forth, have also been under the aegis of various agencies of the same world body.⁷⁰

A question arises at this point concerning technical assistance. In situations where there are marked differences in problem perception and perceptions of priorities between the aid advisors and the officials of the recipient countries, whose view prevails? Livingstone describes the problem in terms of the allegiance of the advisor - to the agency he represents, to the government he is advising, and to the country which nurtured his ideas and experience - and the preferences of the local official who demands the right to choose his own priorities and make his own mistakes.⁷¹ Livingstone offers no specific answer to the problem.

Less obvious but perhaps more pervasive is the constraint that arises as the underdeveloped countries are incorporated into "a world order with its dynamic centers outside the region..." This particular constraint is regarded as increasingly binding and inhibiting for policy at the national level.⁷²

RESEARCH FINDINGS

Empirical research in the social policy field is practically non-existent and what there is mostly concerns highly technical aspects of various branches of social insurance and assimilated schemes.⁷³ The few exceptional instances of research that have some pertinence to the present study address themselves to the question of the level of social security development and its underlying factors. In the following, concise summaries of the findings of various authors are presented.

Political Structure, Economic Development and Social Security Programs,
by Philip Cutright⁷⁴

⁶⁹Rys, *op. cit.*, p. 433; ILO, technical assistance reports on numerous countries

⁷⁰Ref. UN, Technical Assistance Reports.

⁷¹Livingstone, *op.cit.*, p. 82.

⁷²UN, *op. cit.*, p. 8.

⁷³Daniel S. Gerig, "A Survey of Research Carried on by Members of the International Social Security Association", *ISSAB*, No. 2, 1968, pp.163-197.

⁷⁴In *American Journal of Sociology*, University of Chicago Press, March, 1965.

Cutright tested the relationship between social insurance program experience (SIPE), economic indices and political structures using data drawn from 76 developed and semi-developed countries. The major tenets of his findings are that, across the board, the level of economic development as measured in terms of energy consumption is the most powerful differentiator of SIPE, but political structure, in terms of the accessibility of the governing elite to the people, is also positively correlated with SIPE. He found that the second correlation is clearer among the wealthiest nations and that among poorer nations there may be a direct parallel between increments of economic growth and increments of SIPE.

The economic correlation with SIPE in the overall context complements the per capita income-social indicator correlation reported by Tinbergen. As for the hypothesis of economic determinism at less developed levels of economy, it represents an interesting departure from the impression one gains from surveying the range of social indicators and certain social welfare expenditures among very low-income countries. This study will consider this hypothesis based on its own findings.

Social Security: International Comparisons, by Henry Aaron⁷⁵

Based on cross-national data drawn from 22 industrialized countries, this study examines the relationship between the level of social security expenditure, economic indices, particularly national income and household savings, and the length of time since the enactment of the first social security legislation. In the study findings, the economic correlation was consistently positive.

The interpretations offered for the historical correlation include such hypotheses as the promotion and perpetuation of social security programs through political bureaucracies, the momentum of historical precedent, and continued popular political demands. It is these interpretive hypotheses rather than the findings themselves that are pertinent to the present query.

Public Expenditures in Communist and Capitalist Nations,
by Frederick Pryor⁷⁶

Examining 14 industrialized and semi-industrialized countries of differing economic systems, this study also finds the historical correlation to be highly significant. Pryor's interpretation of this correlation is again similar to Aaron's as he suggests that it can refer either to "the basic climate of opinion in nations for governmental intervention in the welfare field"⁷⁷ or the institutional momentum.

⁷⁵*Studies in the Economics of Income Maintenance*, ed. Otto Eckstein, Brookings Institute, 1967.

⁷⁶Published by George Allen & Unwin, Ltd., London, 1968.

Pryor finds that the level of economic development among the most developed countries is not a powerful explicator of the level of social welfare expenditure. He finds the economic variable to underlie social welfare expenditures but not as a direct casual factor.

Differences in Social Security Development in Selected Countries,
by Koji Taira & Peter Kilby⁷⁸

Using the studies of Cutright and Aaron as a starting point, the authors tested a series of variables in relation to a social security program index (SSPI) in 19 Western nations. Their findings again support the historical correlation. However, their study isolated another variable: geographical proximity to a center of socio-political trends, i.e. the European continent.

There are two somewhat inconsistent trends in the above findings. On the one hand is Cutright's economic determinism, although it carries the qualification that its power diminishes where wealthy countries are concerned. Political structure was another but less decisive variable. On the other hand, there are three studies that relegate economic variables to a secondary, if not an inconsequential, role while advancing the historical factor, with its political and institutional interpretations, as the more powerful explicator of social security development.

Are these findings as inconsistent as they seem? They are not if it is noted that the Cutright study involved a large number of countries representing a wide economic spectrum whereas the others concentrated on industrialized countries and, to a lesser extent, on semi-industrialized ones.

Since, in the Cutright study, the economic variable was weaker and the political variable stronger among highly developed countries, this makes the findings of all the studies reviewed more or less unanimous insofar as they pertain to the developed economic context. This is interesting because it makes Cutright's economic hypothesis regarding poorer countries something of a deviation from the pattern.

As for the geographical factor offered by the last study, it depends on yet unidentified intervening variables. In other words, it is too diffuse to be taken into consideration at this point.

⁷⁷Pryor, *op.cit.*, p. 133.

⁷⁸In *ISSAB*, No. 2, 1969.

OVERVIEWS

There are a number of writings which provide sets of factors assumed to be associated with policy formation, social policy formation, and social security policy formation respectively. They represent the authors' overall perspectives on the subjects. First in the historical category are works of de Schweinitz⁷⁹ and Schlesinger,⁸⁰ the former on social policy development in England and the latter on the New Deal. In their works it was possible to identify the following as factors underlying social policy.⁸¹

de Schweinitz:

- i. Change in economic order - Disintegration of the feudal economy and the resultant introduction of wage labor (pp.3-4).
- ii. Contending interests - Such as the need on the part of governing group to counter social change (p.5 and elsewhere); rise of capital, followed by industrialization (pp.39-47, 179 and elsewhere) on the one hand and pressures from organized labor on the other (pp.170-171, 199-202).
- iii. Sense of economy - Such as how to make social welfare pay. This underlay the workhouse system of the poor law era, as well as the universal measures of the mid-20th century. (pp. 48-68, 208)
- iv. External influences - From the Continent, particularly Germany and France (pp. 30-38, 206, 97-99 and elsewhere).
- v. Men of ideas - Charles Booth, Robert Owen, Arnold Toynbee, Elizabeth Fry, the Webbs and the Fabians, Richard Chamberlain, Winston Churchill, and numerous others.
- vi. Values - Christian values in particular, which both urged and hindered the evolution of effective social solutions (p. 21 and elsewhere).

Schlesinger:

⁷⁹Karl de Schweinitz, *England's Road to Social Security*, A.S. Barnes & Co., New York, 1943.

⁸⁰Arthur M. Schlesinger, *The Age of Roosevelt: The Coming of the New Deal*, Houghton Mifflin & Co., Boston, Mass., 1958.

⁸¹The lists are of my own devising and may well be incomplete.

- i. Economic context - The Great Depression, which compelled urgent policy actions. The crisis context, which can make almost any policy acceptable (p.13).
- ii. Available expertise - The type of advice or expertise that happened to be available determined the type of banking system adopted (p.5).
- iii. Attributes of the leader and other policy-makers - Their ideas, philosophies, preferences, styles, abilities, etc., but particularly the leader's (numerous parts of the Age of Roosevelt . .)
- iv. Contending interests represented by key actors - The agricultural policy of the period reflected personal interests of its makers who, in turn, spoke for interest groups (55-84). Industrial policies, i.e. minimum wages, price control, working hours, unemployment, anti-trust measures, etc., bore the interests of the business, the labor unions, the administrative bureaucracies, and the congress (pp. 87-102 and elsewhere).
- v. Political requirement - The need to fulfill a political pledge led to the creation of the Federal Relief Administration (p. 246).
- vi. Fear of radicalization of society - Fear of the loss of control of the angry mass, and fear of revolution was a major factor underlying the Social Security Act of 1935 (pp. 269, 272-273, 295-296).

Despite the difference in time and place, the above two works point to remarkably similar and often identical factors as contributing to policy formation.

In the more specific field of social security, Burns and Rys cite the following determinants of policy.

Burns:

1. Economic conditions
2. Demographic factors
3. Family system
4. The state of technical knowledge and competence
5. Social attitudes and values in general and attitudes toward income inequality and government in particular

Rys:

1. Predominantly Internal Factors:
- 2.

- a. Demography
 - b. Social structure
 - c. Political factor
 - d. Pressure group factor
 - e. Institutional evolution factor
 - f. Social psychology factor
2. Predominantly External Factors:
- a. Cultural diffusion
 - b. Technical development
 - c. International standardization and technical assistance
 - d. International cooperation

Among the factors cited by Rys, the political factor was singled out as “the most important ‘environmental’ element in the evolution of social security; demographic, economic, social structure or psychological factors “all have to be transposed to the political level at which legislative decisions are taken.” He goes on to say that “under these circumstances it may not be unjustified to conceive the political factor as the sum total of all other social factors involved, and to consider social security as a political problem before anything else.”⁸²

SUMMARY

The foregoing review lends itself to one basic generalization. That is, while objective or rational criteria of decision-making predominate in the normative context, they are over-shadowed by non-rational criteria in the descriptive context. In the latter, values and value commitment, socio-cultural and institutional factors, political factors, factors of leadership, ideology, and external factors were regarded the major determinants of social policy. Of the rational criteria, economic factors including the level of income, economic context, demographics and technical resources were given significance by some writers. The principle of utility optimization, a key concept in normative decision theories, had only minor applications in descriptive theories.

The foregoing and other considerations to be clarified along the way became the basis for constructing the initial conceptual model of this study. This will be discussed in the next chapter as part of the exposition of the research problem.

⁸²Ibid., p.19.

CHAPTER III

THE RESEARCH PROBLEM AND THE CONCEPTUAL MODEL

RESEARCH QUESTIONS

The problem that the present study sought to address can be represented in the following specific questions:

1. What are the income maintenance programs of the selected study countries like and are there differences from one country program to another? If so, what are they?
2. Are there specific factors that underlie the country program differences, if any? If so, what are they?
3. Under what conditions, if any, do certain factors become active in association with one type or another of income maintenance programs?

These questions address two basic dimensions of the study problem, i.e., the dimension of income maintenance policy itself, represented by income maintenance program in this instance, and that of underlying factors.

The first research question relates exclusively to the policy/program dimension and is the only question for which alternatives may exist. For instance, instead of asking what type of income maintenance programs there are in the study countries, it may be asked what type of income maintenance policies there are in those countries. This study chose income maintenance programs to stand for income maintenance policies despite the fact that they are not identical because no better representation of the latter was available. The programs are concrete expressions of chosen policies and are easier to define, delimit, standardize and, thus, are more comparable cross-nationally than policies. In other words, in this particular study context, the surrogate serves our purpose better than the real one.

What is an income maintenance program? As far as available literature is concerned, there is no fixed boundary to the concept. This study therefore defines its own as follows.

THE INCOME MAINTENANCE PROGRAM (IMP)

In a broad sense, all measures that help secure income for individuals and families are components of IMP. Policies of full employment and minimum wages, policies and programs directed toward economic growth, educational provisions, measures for labor safety and mobility, housing subsidies, public utilities, health services, fiscal measures, as well as direct transfers such as social security and public assistance, are all components of one type of IMP or another. This view is present in varying degrees in the writings of Titmuss,¹ Burns,² Merriam,³ and Laroque.⁴

A more restricted view is embodied in Beveridge's "Social Insurance and Allied Services".⁵ According to his definition, all types of contributory insurance schemes, various categories of public assistance, demogrant such as old age pensions and children's allowances and certain benefits in kind, e.g. school lunch and health services, can constitute an IMP.

In the international context, the definition generally coincides with the social security perimeter represented in pertinent Conventions of the International Labor Organization (ILO). Although theoretically quite broad, this definition is actually narrower than the preceding two, embracing only social insurance and assimilated schemes, public health services and public assistance. A listing of measures in "The Cost of Social Security" provides a fair sample of this definition in action.⁶

For the present study, a fourth definition is employed. Taking the international common denominator as the starting point, it was extended to include public education, food subsidies, "profit-sharing" in the industrial sector where an entire category or categories of employees benefit from the scheme, and a subsidized commissary system, again if its application is broad enough and by legislation. Below is a listing of components encompassed by the present concept of IMP.

¹Richard Titmuss, "The Relationship Between Income Maintenance and Social Service Benefits - An Overview", *ISSA Review (ISSAR)*, No. 1, 1967, pp. 57-66.

²Eveline Burns, *Social Security and Public Policy*, New York: McGraw-Hill, 1956, pp. 2-5.

³Ada C. Merriam, Social Welfare Expenditures in the United States of America, 1954-55" *ISSAB*, Mar/Apr 1957. pp. 145-146.

⁴Pierre Laroque, "Social Security and Social Services", *ibid.*, Oct/Nov 1952, pp.317-323.

⁵Sir William Henry Beveridge, *op.cit.*, Macmillan, New York, 1942.

⁶ILO, *op.cit.*

THE INCOME MAINTENANCE PROGRAM COMPONENTS (IMPCs)

1. Food subsidy
2. Public health service
3. Public education
4. Demogrants
5. One type or another of negative-tax
6. Public assistance
7. Social insurance
 - a. work injury
 - b. old age, invalidity, death
 - c. sickness and maternity
 - d. family allowance (work-related)
 - e. unemployment
8. Provident fund
9. Profit-sharing
10. Subsidized commissary

None of the measures listed is hypothetical; they exist in different combinations in the countries selected for study. Considering the various definitions of income maintenance program that exist, why were just these included in the present one? One of the first considerations in this regard was that the scope of inquiry does not extend to areas where cross-national comparison is difficult. Housing, for instance, is frequently taken into consideration in analyses of income maintenance programs. These, however, were excluded from the present boundary because, among the countries selected, both the methods of their finance and delivery diverged so widely that establishing the expenditures involved and the number of people benefiting from them was virtually impossible.

Another consideration was that the measures selected have effective functions of income redistribution and income maintenance through direct transfers of cash or benefit-in-kind. It was on this ground that not only work-related "social security" schemes but such provisions as food subsidies, public education and public health services were also included. Their inclusion is in keeping with the reality of income maintenance situations of underdeveloped countries where basic income needs of a vast majority of the people are met through such broad-based services and benefits-in-kind rather than through employment-related and contributory social insurance and related schemes.

The concept of IMP used in the current study may therefore be defined as a body of statutory measures designed to help assure a minimum income for selected or all sectors of a population through direct transfers of cash and/or benefits-in-kind.

An income maintenance program, in other words, refers to the totality of measures existing in a given country and the measures must be specifically designed to replace, supplement or otherwise help assure a minimum income. This definition effectively rules out those fiscal and economic development measures which may serve income maintenance functions but whose primary objectives are more to help generate income than merely to assure a minimum income. There is one type of measure which was excluded from consideration although it properly falls within the boundary of the present definition. That is, crop insurance such as that exists in Mauritius. This was left out because including it for the reason that it is an insurance would be inconsistent with the exclusion of all types of highly significant agrarian measures that exist in other countries, such as land redistribution, community development and other programs aimed at improving the economic conditions of rural families.

THE INCOME MAINTENANCE PROGRAM MODEL (IMPM)

In order to differentiate the types of IMP in effect in the study countries, the measures involved (the ten components listed earlier) were sorted according to their specific characteristics, and the result was as follows.

I. Occupational

1. contributory cash and/or service benefits
(social insurance, provident fund and related schemes)
2. non-contributory cash grant or grant-in-kind
(profit-sharing, subsidized commissary)

II. Non-Occupational (unrelated to work)

1. universal transfers-in-kind
(food subsidy, health service, education)
2. universal transfers in cash
(demogrants)
3. semi-universal transfers in cash
(modified negative tax or modified public assistance)
4. selective transfers in cash
(public assistance)

Based on the above, an IMP type could now be conceived in terms of the balance between the occupational and non-occupational categories of measures and their relative income maintenance functions. And these classifications allowed the projection of four basic program models, as shown in Figure 1.

Figure 1. Four Basic IMP Models

A. Undeveloped occupational measures Undeveloped non-occupational measures	B. Undeveloped occupational measures Developed non-occupational measures
C. Developed occupational measures Undeveloped non-occupational measures	D. Developed occupational measures Developed non-occupational measures

Needless to say, finer differentiations of program models are possible based on sub-categories of the classification shown and this possibility will, in fact, be explored in the delineation of specific country models. But the basic models are useful for cross-national comparison purposes with which the present study is also concerned.

In classifying the various country IMPs vis-à-vis the above four models, the assessment of their levels of “development” was based on the number and type of measures constituting the program, the expenditures involved and the scope of population coverage. The administrative and delivery aspects of the measures involved were not taken into consideration because their contribution to income maintenance function was assumed secondary and difficult to gauge.

At first glance, the models seem not to take into account certain important dimensions of an IMP, namely the population categories covered, benefit level and benefit conditions. In the process of delineating the actual country models, however, the terms of evaluative classification, e.g., “developed” or “undeveloped” occupational measures, would be replaced by descriptive ones, such as work-related family allowances or non-contributory old age and blind pensions. This will automatically define the type and scope of population coverage as well as clarify major features of benefit conditions. Their more detailed features are significant in connection with the work-related measures and this study deals with them in part in the context of specific arguments. Benefit level was assumed to express itself generally in the expenditure-scope of population coverage equation.

Before leaving the subject, it may be asked if the particular approach adopted in arriving at the basic models is appropriate. The answer is positive on two grounds. First, the classification of measures conforms to the general practice in the field and, second, the models encompass the three basic aspects of the programs which are of interest to the present inquiry, i.e., how, how well, and with what emphases the governments of the selected countries help provide minimum income for their people.

With the above definition of IMP and IMPM, the meaning of the first research question may be clearer; it asks what type of income maintenance

programs, as distinguished from the type of income maintenance measures, there are in the selected countries. This study is concerned with the configuration of the measures in each country with emphasis, for instance, on either non-occupational universal measures, such as food subsidies for all and demogrants for the aged, or occupational contributory measures, such as disability benefits and retirement pensions, or both, and with their levels of income maintenance function as measured in terms of the expenditures involved and the size of the population coverage.

ASSUMPTIONS

Concerning the first research question, two prior assumptions were made:

1. By and large, the income maintenance measures in the selected countries will have been patterned after those prevalent in the developed Western context, although there may be certain measures that are specific to certain countries of the study group and nowhere else.
2. The income maintenance measures likely to receive high priority among the selected countries would be: (a) those designed to relieve immediate consequences of poverty, such as public health and public assistance, and (b) those coinciding with economic development goals such as public education and, again, public health.

It was on these assumptions that the boundary of the present concept of IMP was in part drawn.

The second research question is intended simply to identify various factors associated with the adoption of different types of policies/programs. If there is any particular pattern of relationship between policy-program types and underlying factors, this question will help bring it out. The second question, in other words, relates to both the policies as represented by programs and the factors that underlie their adoption.

The obvious assumption underlying this question is that there are specific factors that have given rise to specific program models. As to the possible underlying factors, discussed in the preceding chapter, they were drawn from an extensive review of literature and included: economic factors (income level and economic context), administrative and/or technical resource factors, demography and issues of utility optimization in the rational domain; and values or preferences, socio-cultural and institutional factors, political factors, factors of leadership, ideology and external factors in the non-rational domain.

It may be clarified at this point that, in the present study, the term “economic context” signifies a wide variety of economic circumstances that go beyond what can be covered by “economic resources” or “national income”. More specifically, it can refer to one or more of the following parameters: agrarian-industrial balance in the economic structure; economy predominated by a single crop or product; heavy dependence on export markets; changing terms of trade in the world market; predominance of economy by plantation industries or private enterprises; state capitalism; or shifts in economic development emphases.

Most, but not all, of the factors identified through the literature survey were taken into consideration in investigating the second question in the selected national settings. Those rejected had to do with the principle of utility optimization. The concept was overly precise to be applicable in the exploratory context of this study. It was also meaningless without first knowing each country’s utility parameters, defining which is beyond the scope of the present study. In its less precise sense, however, the parameter will be covered under one or more resource factors for the reason that a government might choose measure A rather than measure B because the first is more suited to its resource conditions, both financial and in terms of trained personnel.

On the other hand, a number of additional factors were brought in, mostly from the area of social needs. The reason was simple: all social measures, including income maintenance programs, at least theoretically relate to prevailing social needs.

In sum, this study starts out with the assumption that the following factors are most likely to be associated with the adoption of various IMPs in the countries selected.

I. Factors of Need

1. calorie intake
2. health facilities and services
3. adult literacy
4. unemployment
5. infant mortality
6. size of the wage-earning sector
7. population growth

II. Factors of Resource and the Economic Context

A. Economic Resources

1. per capita income
2. wage level

- B. Technical Resources
 - 1. availability of trained personnel
 - 2. access to technical assistance
 - C. Economic Context
- III. Socio-Cultural and Institutional Factors
- A. Values and Customary Practices
 - 1. religious precepts and practices
 - 2. patterns of social relationship
 - B. Social Structure
 - 1. family structure and its welfare function
 - 2. class structure and/or social stratification
- IV. Political Factors
- A. Political Structure
 - 1. monarchy or republic
 - 2. centralization or decentralization
 - 3. pressure groups
 - B. Prevailing Ideology: “Democracy”, “Socialism”, Others
 - C. Political Leadership
 - 1. ideological and/or value orientation of the leader or the leadership group
 - 2. requisites of power
- V. External Factors
- A. Colonial Tradition
 - B. Foreign Aid and Technical Assistance

With the exception of the social indicators, the factors listed are substantially identical with those that have emerged from the literature, except for the third-level categories which derive from a preliminary exploration of the national settings. There is a good deal of overlapping among the variables, especially at the third level. But the first- and second-level variables are independent enough to serve as separate units of analysis.

The above listing of factors makes no reference to the program types, indicating that this inquiry has no prior overall assumptions concerning their

relationship vis-à-vis the factors. It does raise, however, a number of specific questions in that regard. The first specific question is,

Is there a relationship between the social indicators and the program types?

This question builds on a subsidiary question: is there a correlation between income needs and income maintenance programs? It is often assumed that there is. If so, the relationship between the social indicators (SI) and the income maintenance program models (IMPM) may well be a positive one. The present inquiry proposes to explore this question as far as possible. It needs to be kept in mind, however, that the SI-IMPM relationship may depend on certain intervening variables such as economic resources and one or more of the non-objective factors listed.

The second specific question to be asked is,

What is the relationship, if any, between the economic indicators and IMPM?

It was shown in the previous chapter that the social security program index or experience of a given country is assumed by some scholars to be associated with the level of its economic resources. This assumption is based on two subsidiary assumptions which are not explicit in the literature. The first is that countries spend as much as they are actually able to spend on income maintenance provisions, and the second is that certain types of provisions are more expensive than others.

With regards to the first subsidiary assumption, it was shown in the introductory chapter that there are grounds for questioning its validity. The validity of the second subsidiary assumption is fairly well established. Demogrants and other universal measures that do not discriminate between the rich and the poor in awarding benefits are certainly more expensive than means-test based public assistance, as family allowances are demonstrably more costly than children's allowances.

The overriding assumption that relates directly to the last specific question will be valid only if both of the subsidiary assumptions are also valid. By raising the question as it has, this study seeks to explore these assumptions of various levels, keeping in mind that it may be unrealistic to assume a direct relationship between the economic indicators and IMPM.

The third and last research question asks what the conditions are under which certain factors become active in relation to the adoption of the program models. More specifically, the question concerns itself with:

(1) The conditions that a given factor must attain within itself in order to be effective in relation to an IMP. To illustrate, the enactment of a compulsory social insurance scheme may occur in a country only after the number of wage-workers reaches a certain magnitude, not before. Then, the size of the wage-earning population may be regarded significant for IMPM.

What is implied here is a utility assumption in its broadest sense, but that is beside the point at the moment. What is more important is the assumption that all or some of the factors listed may need to reach certain “energy” levels before they can influence the evolution of an IMP one way or another. Based on this assumption, the present study proposes to gauge such levels or points in the case of some underlying factors for which quantitative data are available.

(2) The conditions, if any, that a factor must attain in relation to other factors before it can influence IMP.

This part of the question rests on the assumption that in some instances a single factor by itself is not capable of influencing a policy as represented by an IMP but capable of doing so if acting in concert with other factors. In illustration, one may cite the hypothetical situation in which the existence of a large number of disadvantaged children and the availability of certain funds were associated with the adoption of a children’s allowance scheme, but the decision to enact the appropriate legislation did not occur until the time of X government, which came into power under the leadership of Y in a socio-political context characterized by Z. In this situation, the activation of need and resource as effective associative factors of the need for a children’s allowance depended on the socio-political factors X, Y and Z. Conversely, the socio-political factors in themselves would have been meaningless without the need and resource factors as far as they relate to children’s allowances. Thus, hypothetically, the three major variables are interdependent.

In other words, the third research question is designed to explore the intra-variable conditions as well as inter-variable relationships and their underlying factors in relation to IMPM. It is a question designed to elucidate how various factors enter into program outcomes whereas the second question is concerned with identifying what those factors are.

For the second and third questions, there are no real alternatives, given the problem. These questions need to be asked as they are if the problem is to be solved. It is, of course, possible to rule out the third question and limit the scope of inquiry, but this option was not taken.

By way of summarizing the foregoing discussion and carrying it forward to the formulation of an overall conceptual model, it is necessary to take note of a number of general trends that have been implicit in both the thrust of the literature and the foregoing exposition of the research problem.

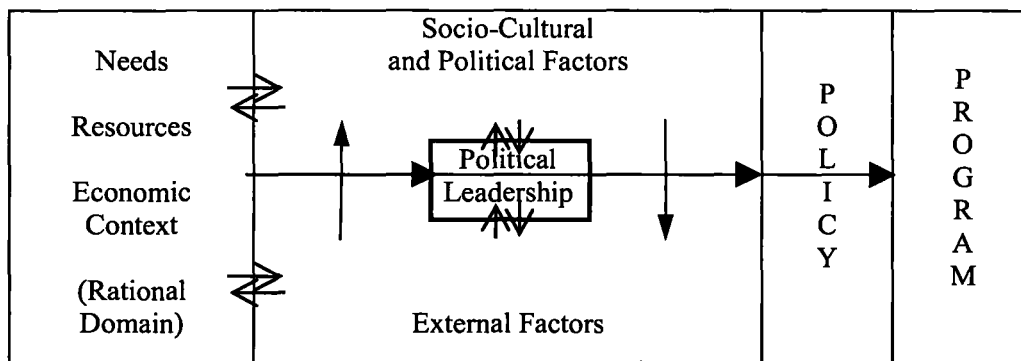
The trends in question correspond to three alternative hypotheses that can arise concerning the factors presumed to underlie the choice of IMPs. It was seen that some tenets of the literature reviewed inclined toward a rational determinism, stressing the significance of the level of economy, utility maximization, expert knowledge, technical competence, demography and economic context. To these, the present study added several social indicators, i.e. the level of calorie intake, health facilities and services, adult literacy, unemployment and infant mortality. Others supported an institutional determinism favoring socio-cultural, political and other contextual factors. A few provided grounds for synthesizing the first two on the basis that policy decisions are products of an interaction of all components constituting the relevant social system.

The question at this point is which of these alternative hypotheses would be most useful for the present study, not only in guiding the investigation but as a subject for exploration on its own right? The option was fairly clear for the systems hypothesis on two grounds. First, a good many aspects of the rational and institutional hypotheses have already been covered by the subsidiary questions raised under the second research question and the inter-variable relational aspect of the third research question. Therefore, to opt for either the rational or the institutional hypothesis as the basis for constructing the framework of investigation would be superfluous. Second, only the systems hypothesis would be broad enough to deal with all the variables that have surfaced from the preliminary investigation. Lastly, it in fact subsumes the other two hypotheses.

THE WORKING CONCEPTUAL MODEL

Given the two dozen or so variables identified through the review of literature as underlying social policy decisions in general and income maintenance measures in particular, a conceptual model of analysis based on the systems hypothesis may be conceived as shown in Figure 2.

Figure 2. A Schematic Presentation of the Working Conceptual Model



In the above diagram, the central impulse toward social policies and programs, expressed in a central horizontal line, emanates from needs, resources and economic context (the rational domain) and filters through political leadership. The strategic impact points of this impulse are marked by the bold arrowheads. The central line in general represents the rationalist conception of a direct relationship between the rational parameters and the program, modified in this instance by the introduction of political leadership factors as intervening variables.

The diagram as a whole, however, shows a host of other variables feeding into the basic impulse in two separate systems. In one, the socio-cultural and political factors and external factors, which are already interdependent among themselves, enter into the impulse (the straight line) through two-way interactions with the rational parameters. The major arrows indicate this particular system. In the other, the socio-cultural and political factors and the external factors intervene in the same impulse via two-way interactions with the political leadership factors. This system is shown by the minor arrows.

The above description of the diagram may lead to the impression that the rational parameters have only one channel of impact upon the program, i.e., through the political leadership factors. This is not the case. They, too, have the secondary, perhaps more important channel of influence through the socio-political and external factors, in other words, by way of the first system.

In the overall system of two-channel interactions among all the variables associated with the program, political leadership factors alone are shown not to interact directly with needs, resources, and economic context, although they do so indirectly through the socio-cultural and political factors and the external factors. This exception is deliberate and is based on another assumption that this study makes, that political leadership factors do not define or influence needs, resources or economic context except through the people in the policy-making environment and their institutions and, in some areas having to do with resources and economic context, through external factors.

If the central impulse in the model is that of needs, resources and economic context separately or jointly pressing toward the adoption of a program, the key factor bearing on that impulse is political leadership. The degree to which the leadership factors interact with other factors and the degree to which they further filter the input from the latter may vary widely, but it is the political leader and the ruling political groups around him or her that are actually responsible for the final decisions concerning the program. It is therefore towards them that all the pertinent factors converge. It must be made clear, however, that political leadership is not necessarily assumed supreme over other factors, although such an assumption might turn out to be valid. At this point,

the key actor status awarded political leadership is in terms of its strategic role position in the overall public policy-making system.

Apart from the above specific features and the assumptions related to them, the model is notable for its elaboration of the variable interdependence, which is at the heart of the systems hypothesis used as the basis of its construction.

All areas encompassed by the outline of the diagram, except the center square representing political leadership, represent the policy-making context.

In its application, the model is not regarded as fixed. It is not expected that the potential of the model would always be fully utilized. In some study settings only part or some aspects of the model would be sufficient to deal with pertinent variables. As stated in an earlier chapter, it is conceivable that the model does not fit the reality in many respects. Therefore, it is open to take on new or additional dimensions and shed those that are without counterparts in reality. Also it is possible that certain secondary and tertiary characteristics of the variable relationship not anticipated and therefore not accounted for in the model might emerge. These would help reorder or refine the inner structure of the model.

Finally, one may ask what the utility of a conceptual model such as the one described might be. Some of the answers to the question have already been made known in the foregoing discussion. It provides a framework for exploring the substantive problem, gathering data and analyzing them. But is the framework sound? It was made evident throughout this chapter that the basic research questions and related assumptions are grounded on existing theories, concepts and research findings in the field, and the model, in turn, was built on hypotheses stemming from the same theories, concepts and findings. The model therefore accounts for all the major variables identified in the literature as underlying policy decisions; it also reflects the nature of variable relationships that the literature appears to advance explicitly or implicitly. The model, in short, is a broad summation of existing knowledge on the subject. The answer to the last question would therefore be in the affirmative.

That said, the utility of the model goes one step further. Being a bridge between existing theories and concepts, the hypotheses stemming therefrom, and the findings yet to come, it could help generate new hypotheses and modify or strengthen existing ones. This working model will help construct an alternative or a revised model at the end of the present investigation as its applicability becomes clarified in the process.

This working model was not designed specifically for the economically underdeveloped context but is being examined in that context.

CHAPTER IV

METHODOLOGY

STUDY APPROACH

In exploring the stated problem along the line and within the general framework discussed in the previous chapter, this study employs a descriptive case study method for the following reasons:

1. Research on the subject is in an early stage and little hard data is available for a more controlled investigation.
2. International statistical data lacks uniformity and tends to be superficial. A quantitative study based on such data will be equally superficial and unreliable.
3. Changes in economic, socio-cultural and political trends occur over time and the time factor varies a good deal from one country to another. This suggests a vertical approach, at least until national circumstances have been adequately delineated and interpreted.¹

This is also a comparative country study in that findings of the country studies will be compared for generalization purposes, if applicable. Six countries were selected for this purpose and the following were taken into consideration in their selection.

SELECTION OF STUDY SETTINGS

PHASE I

Since this is a study of income maintenance policy formation in economically underdeveloped countries, the foremost criterion for selecting the study settings was economic underdevelopment. In application, however, this criterion was far from being clear or specific enough for selecting a small sample manageable within the scope of the present inquiry. It was necessary to narrow

¹These are essentially the grounds on which various experts argue for national case study" approaches to understanding social security development. They stress the discrepancy in the levels of comparability in international statistical data. See Vladimir Rys, *Comparative Studies of Social Security*," *Ibid.*, pp. 235-241; UN, *Social Policy and the Distribution of Income in the Nation*, New York, 1969, p. 8.

down the criterion, and the first step toward doing so was to define economic underdevelopment.

“Economic Underdevelopment”

The term usually denotes more than just a low level of national income. It also connotes certain socio-economic characteristics that result from or are associated with low levels of economic development. According to certain relevant literature, the predominance of primary industries, inadequate assimilation of the subsistence sector into the market, inefficiency of the productive and distributive systems, enterprises geared to short-term gains, administrative and technical underdevelopment, inequity of income distribution, low standards of education, high mortality, social mores and practices incompatible with the demands of productive efficiency, and inadequate integration of the various sectors of society, are all major characteristics.²

This comprehensive concept of economic underdevelopment is obviously unsuited for the present purpose and the option was taken in this study to define underdevelopment on the basis of per capita income alone. The reason is that this is a key indicator of the economy in any country is that it more or less sums up its productivity and reflects the level of the economy in general. National income serves the same function but it is not a comparable indicator and therefore is not appropriate as an alternative criterion. A real alternative would be a combined index of major economic indicators, such as the rates of national and per capita income growths, energy consumption, fixed capital formation, and so on

In the absence of any established proof that such an index better represents the level of an economy and since per capita income is frequently used as a key indicator of the same, this study chose the simpler of the alternatives.

Even so, the problem of drawing a line between different levels of economic underdevelopment as represented by per capita income remained. This study tackled the problem by distributing all the countries of less than US\$1,000 in per capita income in the late 1960s and taking the lowest per capita bracket applicable to the largest number of countries. As it happened, the per capita income distribution showed a vast majority of the countries clustering under the US\$300 or less per capita level.³ It also happened that in the field

²Jan Tinbergen, *Development Planning*, McGraw-Hill, New York, 1967, p. 71; Nancy Baster, *op. cit.*, pp. 30-31 & 35; Joseph Spengler, *Social Evolution and the Theory of Economic Development*, ed. H.R. Barringer, G.I. Blanksten and R.W. Mack, Schenkman Publishing Co., Cambridge, Mass., 1965, pp. 250-252; Arthur Livingstone, *Social Policy in Developing Countries*, Routledge & Kegan Paul, London, 1969, pp.1-80.

³A breakdown of the countries with less than \$1,000 per capita in the late 1960s based on the latest available data in *UN Statistical Yearbook*, 1970:

there is a generally accepted view that the socio-economic characteristics among this particular per capita income group are far more cohesive than among "develop-ing" countries⁴ as a whole. Based on these two reasons, this study defines "economic underdevelopment" as referring to those economic characteristics associated with US\$300 or less per capita income.

The second step in narrowing the economic criterion of country selection was pragmatic as well as statistical. It was pragmatic in that, of the 87 or so countries falling under the US\$300 or less per capita income category, those with less than US\$100 were ruled out at the outset on an assumption of a socio-economic vicious circle which is likely to leave them with little options as far as income maintenance provisions are concerned. The remaining thirty-nine countries were then distributed at US\$10 intervals to obtain three frequency clusters of four (4) or five (5) countries each at US\$130s, US\$210 and US\$240s per capita income levels.

It is necessary at this point to make explicit the full significance of the economic criterion as it concerns the present study, in part to explicate the preceding step of sample selection and in part to prepare for the next. Its initial function was to define economic underdevelopment as stated. However, its broader use has to do with the hypothesis of economic determinism of income maintenance policy/program, which is fairly well accepted in the field as discussed earlier, and which this study has incorporated into its own framework of analysis. By controlling the sample by a narrow range of per capita incomes, it was hoped that a relationship between the level of the economy and IMP could be examined. Further, it was felt that it would also serve the exploration of a larger hypothesis with which this inquiry is concerned, i.e., the systems hypothesis.

It was assumed above that as they are controlled by the economic indicator, other underlying factors and their relationships, if present, would emerge more clearly, either supporting or negating the hypothesis. The reasons for assuming this are: 1) any variable is better definable when controlled by another variable; 2) per capita income is an effective control variable because it is

Under \$300	87 countries
\$300-500	12 countries
\$500-700	10 countries
\$700-1,000	7 countries

⁴Conceptually, this assumption owes to the theory of economic stalemate in the pre-takeoff stage. See W. Rostow, *The Stages of Economic Growth*, Cambridge University Press, Cambridge, 1960; Gunnar Myrdal, *Asian Drama*, Pantheon (Random House), New York, 1968, Appendix 2, pp.1844-1847, but practically the Nakamura Report at the *Second Regional Conference for Asia and Oceania*, New Delhi, 13-18 December 1965, which describes the tendency for social security efforts to be defeated by the very conditions that call for them, i.e. poor health conditions, insufficient nutrition, high rate of unemployment, low wage level, and so forth. See *ISSAB* May/June 1966, pp.159-180 for the report. Also see Gonzalo Arroba, "Social Security Schemes and the National Economy in the Developing Countries", *ibid.*, No.1, 1969, pp. 37-38, which makes a similar case.

less dependent than other quantitative variables and is more readily measurable than non-quantitative variables under consideration; and 3) being a more independent variable, it would not directly interfere with other variables and their relationships even when it is present with them and in them.⁵ In short, the economic indicator - per capita income - is an appropriate criterion for selecting the countries for the purpose of answering the research questions posed.

The problem in the third step of the selection procedure was what to do with the three per capita income frequency clusters obtained in the second step. There were three options: to take one, two or all three of them as study settings. Actually, the second option was chosen. For exploring the economic hypothesis mentioned, it was desirable to have two or more groups of countries belonging to different per capita income brackets. Including all three groups in the sample, however, would have overly broadened the scope of the study. The question is, which two groups should be chosen?

In answering this question, a judgment was made based on what could be gleaned about the pace of economic growth in underdeveloped countries based on statistical data and other information pertaining to them. Specifically, among the US\$300 or less per capita income countries, the difference of US\$110 between the first (US\$130s bracket) and the third (US\$240s bracket) clusters represented a time span of approximately 20 years⁶ but available statistical materials rarely covered such a span. Because the time dimension may enter significantly into the cross-national comparisons, it was preferable to choose the time span with the best chance of being bridged by data. But since the second (US\$210 bracket) and the third clusters were too close, the first and the second were finally decided upon.

PHASE II

The second criterion of country selection came into play at this stage. Because one of the central interests of the study has to do with the type of income maintenance programs that exist in underdeveloped countries, it was essential that the programs of the countries selected vary as widely as possible, within the ranges of per capita income indicated.

An initial survey of the programs in the countries falling under the two per capita income brackets chosen indicated that in two instances of the US\$130 or so

⁵Demographic factors are equally independent but their functions with reference to income maintenance programs are not comparable to those of level of economy as represented by per capita income.

⁶This was computed based on data in *UN Statistical Yearbook*, 1970, Table 184. The sum of cumulative per capita gains of all countries concerned over a 10 year period, 1957-67, divided by the number of countries included, was \$56.80.

per capita income countries, the programs more or less repeated themselves. This situation required a choice between safeguarding the control per capita income level at a sacrifice of program variation and vice-versa. The choice was made in favor of program variation for the obvious reason that this is a study of program variation and its underlying factors in underdeveloped countries and not of programs prevalent among them. The two extraneous samples were replaced by those with differing program measures from adjacent per capita income brackets.

With regards to the US\$210 bracket countries, there was an additional problem of data unavailability, not in terms of program data per se, but those that are necessary to elucidate the underlying factors. In this case, the decision was made to drop the countries concerned and not replace them with samples far afield in terms of per capita range.

The countries that finally came through the foregoing selection process were as follows.

Table 1. Countries Selected for Study

<u>Group A (US\$137-157)*</u>	<u>Group B (US\$209-211)*</u>
Bolivia	Ghana
Ceylon	Mauritius
Thailand	
United Arab Republic	

Source: *UN Statistical Yearbook*, 1970, Table 184.

* Per capita income range at factor cost; 1967 figures.

The fact that there are only two countries in Group B is less than desirable. It happens, however, that their programs are widely divergent despite their almost identical per capita income, separated by only US\$2, which represents a tightly controlled unit of comparison and compensates for the numerical limitation.

It should be made clear at this point that program repetition was thought a problem within a cluster group but not between different cluster groups. If anything, it is an asset from the point of view of the study purpose.

Although not by design, the selected countries represent all geographical regions of the underdeveloped world and it can be stated on common knowledge that their historical backgrounds are quite divergent also.

SOURCES OF MATERIAL AND THEIR COLLECTION

All materials used are from secondary sources. Much of the quantitative data came from the publications of the United Nations and its specialized agencies

such as the International Labor Organization (ILO), the World Health Organization (WHO), and similar international organizations. Statistical data from the countries themselves were also extensively used, especially in determining their various expenditures and socio-economic conditions.

Other sources of material included published works on the countries. Those works often provided highly useful factual information, but their primary contributions were in terms of illuminating the contextual aspects of the income maintenance policy/program decisions.

Because the data is from secondary sources, every effort has been made to assess their reliability. Whenever possible, both the quantitative and qualitative data were checked against two or more sources. For instance, in the case of Bolivia's expenditure on public education in 1967, it was established based on the *United Nations World Economic Survey, 1969-70*, *Boletin Estadistico, 1967*, published by the Bolivian national directorate of statistics and census, and an independent source, "Beyond the Revolution: Bolivia Since 1952". For another instance, the historical material concerning the position of organized labor in the United Arab Republic was drawn from half a dozen independent sources, historians, journalists, political scientists as well as the *United States Army Area Handbook* on the country. Where there were discrepancies in the available data, decisions had to be made as to which to rely on. The basis of such decisions will be stated in the context of country discussions.

In many instances it was not possible to double-check a datum. Worse still, in a number of country situations, some essential statistical data was missing, which will be made explicit in due course. The volume of published works on each country varied a good deal. For example, in the case of the UAR, relevant materials were almost endless, while in the case of Mauritius, published works were few and not all of them were equally useful. In the last instance, however, the existence of a work directly addressing the development of income maintenance programs in that country went a long way in compensating for the shortage.⁷

On the whole, an absence or abundance of available material on a given country did not seriously affect the study because determining what might be a more realistic approach to the research problem constitutes part of the study purpose.

There was no predetermined data gathering procedure as such. No standardized instrument such as a reading schedule was used. The availability of pertinent data was the only guide. It must be stated, however, that in those

⁷Refers to Richard Titmuss and Brian Abel-Smith, *Social Policies and Population Growth in Mauritius*, Methen & Co., Ltd, London, 1961.

country situations where the material was profuse, a limit was set at a point where the materials seemed to repeat themselves.

TREATMENT OF MATERIAL

Because this is a qualitative study, the main technique of data analysis was descriptive. This applied particularly to the treatment of individual country data. In the cross-national analysis, a limited use was made of cross-tabulation and correlation techniques.

The plan of analysis for each country, which corresponds to the three research questions, is shown below.

- Q. 1 Phase I: Model Delineation
- A. Description of each IMPC as it existed in or around 1970, with emphasis on cost and population coverage.
 - B. Delineation of the country IMP based on the above.
- Q. 2 & 3 Phase II: Examination of Underlying Factors
- A. Narrative discussion of the variables that have entered into the adoption of various IMPCs and the manner in which they have influenced the adoption of those IMPCs. This involved tracing the components and their underlying factors over a fairly long period of time as they have been adopted in a gradual process, or concentrating on a particular historical juncture when most significant decisions concerning an IMP as a whole have been made.
- Q. 2 B. Quantitative recapitulation of the above in terms of:
- 1. The variables involved.
 - 2. The frequency of each variable involvement. Variable X may be associated with IMPC 'a' as well as with IMPC 'b', for instance. This is to see the quantitative strength of each variable.
- Q. 3 3. The individual variable "condition" as it relates to one or more IMPC. An intensification of labor unrest as measured by 'x' number of strikes and man hours lost may be a "condition" for the

variable association with IMPC 'a' or 'z', or both, for instance.

4. Inter-variable relationships and the frequency of their occurrence. The pairing, for example, of variables X and Y may occur in relation to IMPC 'a' as well as 'b' and 'c'. This part of the analysis is to isolate all such occurrences and order them in terms of frequency.

Q. 1, 2 & 3 Phase III. Summary

Analysis of findings from the above, especially in terms of the predominant model characteristics and underlying variables, variable relationships and, when applicable, the individual variable conditions, against the overall conceptual model.

After each country's data have thus been treated, the findings will be subjected to a descriptive comparison as well as treated statistically if applicable. The results will again be analyzed against the conceptual model.

Phases I and III above require no elaboration, but Phase II perhaps does. What is implicit in that part of the procedure is the decision to adopt a long-range historical approach on the one hand, and a meaningful historical juncture approach on the other, in gathering and analyzing data. Also implicit is the fact that this decision was guided by the circumstances connected with the development of IMPs in the selected countries. In five of the six countries selected, all the major components constituting the IMPs as they exist today were enacted over a relatively short span of time, usually coinciding with part or all of only one government's life time.

The approach most strongly indicated under the circumstance was the historical juncture one. However, the one exceptional situation, Mauritius, that called for a long-range historical approach could not be disregarded. The question, therefore, was whether both approaches could be employed in the same study context without jeopardizing its integrity? In the context of this particular study, the answer was positive on the ground that the two approaches are reconcilable by regarding the historical juncture as a compression of the longer time range since very few events at any historical juncture would occur without gestation periods.

In this case, it was even useful to have an exceptional setting that contrasts with the others in terms of the time dimension in IMP development. The gradual process found in Mauritius was comparable to an evolution and the more or less

sudden process in the others to a mutation. The full implication of utilizing the two approaches at the same time will be clear only after the data has been analyzed, but at the least, the case of Mauritius provided, in effect, a second control variable. For instance, it was possible to see if the factors associated with the country IMPs are similar or different in the slow and sudden contexts of social change.

The particular historical juncture approach adopted in the study requires an explanation. It means that the study focuses on those socio-economic, political and external factors which were present at or around the time of the adoption of IMPCs and are thought to be associated with their adoptions. To some degree, this means comparing some identical variables on the basis of "before and after". Differences in leadership orientation are good examples of this. Not all variables could be compared in this manner, however. Economic and social indices, for instance, do not change suddenly. It was therefore more useful to examine their cumulative effects on IMPs.

LIMITATIONS OF THE STUDY

The limitations of the present study stem largely from the nature of the research problem itself and relate to the methodology and resource availability. The major limitations are detailed below:

1. The research problem is such that its solution really calls for an interdisciplinary approach. The degree to which a one-person study can integrate and incorporate pertinent bodies of knowledge in its analytical framework is limited.

2. The use of secondary sources of data increases the chance of distorting facts. It must be recognized, however, that because the researcher is not a national of any of the study countries, it is doubtful that a field study would have reduced the margin of error to any significant degree.

3. Income maintenance policies are part of larger social policies responding to a total societal or national demand at a given time or period. For this reason, what seems to be true about the underlying factors and their relationships when examined in relation to IMPs may not be entirely true in relation to other larger contextual realities. The validity of a study such as the present one, which examines a part of the whole, would therefore depend on the representative nature of that part. Yet, there is no way to gauge its representative nature as applied to this study.

4. The use of secondary sources of data not only increases the chance of factual distortion but involves a serious bias stemming from the type of work that is available on any given country. Published works, or any work, reflect(s) areas of interest particular to the author(s) and do not necessarily provide a balanced

perspective. Therefore, what comes through the literature as dominant or strong variables may not, in reality, be such, some other yet unpublicized variables being stronger. This type of bias could be reduced if a large variety of materials on the countries were available and if they could all be examined. In the present study, in which the country materials were uneven and generally meager, there was no antidote to such biases.

5. There are at least two problems stemming from the types of data that was available. First of all, there were government documents which related directly to the countries' social provisions. This type of material elucidates the "what" of the IMPs but almost never the "why" and "how" they came into being. This was true of most UN and other "outside" material on IMPs also. Of the other types of material used, only a small proportion directly addressed the issues of social policy in general, and income maintenance policy in particular, of any country. For this reason, in many instances, the association of certain factors with IMP was implicit rather than explicit in the materials.

CHAPTER V

COUNTRY DISCUSSION

PLAN OF PRESENTATION

This chapter presents the findings on the six selected countries. In the first part of each country discussion, the country's income maintenance program (IMP) as it existed in or around 1970 will be delineated. The focus in this regard will be the relative status of IMP development as gauged in terms of related government expenditures, population coverage, the type and number of IMPCs involved and other characteristics, if any. A table showing a breakdown of the program in these terms will be included for each country.

The IMP delineation will be followed by a discussion of its underlying factors in relation to each of the IMPCs. Public assistance, however, will not be discussed in any detail since its purpose and attributes are fairly common among the study countries. It will be discussed only if it has more than a routine significance in a particular country context.

BOLIVIA

Delineation of the IMP

The non-occupational category of Bolivia's IMPCs included education and public health services. Public assistance may be the third component of the same category, but information was unavailable on this subject.

Table 1 shows that in 1967, the total public expenditure on education was 297.5 million pesos or approximately 3.5 percent of the country's GNP. This covered a school age population of 803,400 or roughly 17 percent of the total population. The cost per enrolled pupil was US\$38 in 1966.

Table 2. IMPCs, Cost and Population Coverage (Bolivia)

	Year of Data	Public Expenditure Pesos (million)	(% of GNP)	Population Coverage (number)	% of Total Population
<u>Non-Occupational</u>					
1. Education Expenditure per enrolled pupil	1967	297.5 US\$38	3.5	803,400	17
2. Health Service	1966	17.8	0.3	Universal	
3. Public Assistance	1963	--	--		
<u>Occupational</u>					
4. Social Insurance	1963	228.8	4.0	137,000 workers (plus 350,000 dependents)	3.5
5. Subsidized commissaries for mine workers	1958	(99% or more of subsidy at market prices)			

Source: ILO, *The Cost of Social Security*, 1967, pp.52-53; UN, *Statistical Yearbook*, 1970, Table 203 & 204-5, p.64; A.R. Jackson, *The Bolivian National Revolution*, p.104; UNESCO, *World Survey of Education*, 1971, *Statistical Yearbook*, 1971, p.79.

Neither the level of expenditure nor the overall school enrollment ratio was very high even by standards of underdeveloped countries, much of the existing education program having been introduced since the promulgation of an educational reform decree in 1955. This decree, based on the recommendations of an educational commission established in 1953, provided for the first time, fundamental education for a broad segment of the population, particularly the Indians. According to one source,¹ the government expenditure on education increased from 16 percent of the total budget in 1953 to 25 percent in 1964 and other statistics changed accordingly as shown in Table 3.

¹Cornelius, Henry Zondag, *The Bolivian Economy, 1952-65; The Revolution and Its Aftermath*, Praeger, New York, 1966, pp.166-168.

Table 3. Selected Education Indices (Bolivia)

	Circa 1952	1962
Total enrollment	257,463	525,332
Rural only	64,131	218,774
Number of teachers	11,800	19,606
Rural teachers only	2,907	7,985
Number of rural schools	2,690	5,699

Source: UN, *Statistical Yearbook*, 1970, Tables 203 & 204-5, p.64; UNESCO, *World Survey of Education*, 1971, *Statistical Yearbook*, 1971, p.79.

In addition to formal basic education, significant progress has also been made in adult education, specially geared to workers of school age. In 1962, there were 398 regular courses being conducted for nearly 8,000 adults and 415 special courses in night schools for about 8,500 workers of school age.²

In terms of facilities and personnel, Bolivia's public health services are well above average among the study countries. Budget allocation, however, was low. In 1963, it stood at 17.76 million pesos or 0.3 percent of the GNP. Efforts are under way to bring health provisions to various occupational groups, particularly among miners, petroleum workers and those in the private industrial sector. Extension of sources of potable water to all communities, including the rural areas, is also in progress. Construction of hospitals and health centers is part of the Ten-Year Economic Development Plan.³

Although no recent data are available concerning occupational measures, the 1963 data indicate that the total social security receipt (covering sickness and maternity, work injuries, pensions and family allowances) was 228.8 million pesos or 4 percent of the GNP. This made the expenditures for workers the highest of all income maintenance expenditure categories in Bolivia. Also significant, the state's direct contribution to social insurance cost is high, and the benefit conditions are among the most liberal among the study group. Under the work-related family allowance system, for instance, workers are not required to contribute. Also, not only dependent children but married couples and single adults received cash benefits.⁴

²*Op.cit.*, p.169.

³*Op.cit.*, p.172.

⁴The U.S. Social Security Administration, *Social Security Programs Throughout the World*, 1969, Government Printing Office, pp.16-17.

In addition to social insurance, mine workers of Bolivia enjoy subsidized commissary privileges, although at a much reduced scale since 1958 when the Siles government embarked on a price stabilization policy. During the years of the first MNR (Movimiento Nacionalista Revolucionario) government, 1952-56, the prices of commodities available at the commissaries were as low as 1 percent or less of prevailing market prices.⁵

The foregoing points up the Bolivian IMP emphasis on the non-agricultural occupational sector that constitutes a small minority⁶ and the fact that it does so despite a high cost involved, which, in the view of some, acts as an obstacle to economic development.⁷ In this regard, it should be kept in mind that the main body of the occupational measures (pensions and family allowances) had been introduced during the first MNR government and the remainder (workmen's compensation, sickness and maternity, and the commissary provisions) had been significantly upgraded during the same period.⁸

In brief, the Bolivian IMP is notable for the following characteristics:

1. In terms of expenditure, occupational components predominate. Because the population coverage of the occupational measures is small, the IMP's disposition in favor of the working sector (non-agricultural) is even greater than is apparent on the basis of cost comparison.
2. Most significant decisions relative to both the occupational and the non-occupational measures took place during the years of the first MNR government.⁹
3. The level of public expenditure on health service is quite low, and a significant part of the service has been for selected occupational groups only, i.e. the mining and petroleum workers.

⁵Robert Jackson Alexander, *The Bolivian National Revolution*, Rutgers University Press, New Brunswick, New Jersey, 1958, p.104.

⁶In 1950, over 62 percent of the total economically active population was in the agrarian sector. ILO, *Yearbook of Labor Statistics*, 1971, Table 2, pp. 62-63.

⁷Alexander, *op.cit.*, p.173; UN, *Report of the Mission of Technical Assistance to Bolivia*, 1951, (The Keenleyside Report), pp. 98, 100; Zondag, *op. cit.*, pp.174-175.

⁸Social Security Programs Throughout the World, 1969, *op. cit.*

⁹Technically, the Social Insurance Code of 1956 did not get enacted until after the election of Siles who headed the second MNR government, but the decision and preparations for it were made by the first.

The questions to bear in mind in proceeding to examine the underlying factors of the above IMP are, then, why there was an upsurge of efforts in the social field during the MNR period as indicated, and why special priorities were given to provisions for the workers and, to a lesser degree, to public education.

Underlying Factors

In the case of Bolivia, the factors associated with the development of most of the IMP characteristics cited above are more or less identical and are more closely inter-related than in other countries. It is only by degree that some factors are associated more with one characteristic rather than with another. For this reason, a good part of the present discussion will depict the overall relationship of various factors as they converged in a particular historical juncture to define the basic direction of Bolivia's income maintenance policy. When appropriate and possible, however, the relationship between certain specific factors and the development of specific components will be made clear.

It can be said at the outset that during the several years in which major decisions were made on the IMP and necessary legislative actions were taken, Bolivia was experiencing a serious decline in national income due to a drop in the price of tin. The indices of total product in 1963 constant prices ranged in the low 80s during 1953-56 (excepting 1955 when the index was 89), whereas in the preceding two years they were in the low 90s.¹⁰ The balance of payment deficits were 5.6 million pesos in 1952 and 20.3 million pesos in 1956.¹¹ What these point to is that resource factors had no immediate impact on the basic decisions concerning social provisions in this period and that their determinants must be sought in other areas of the national situation.

1. Those associated with the IMP as a whole: Revolution and its implications for social policy

What distinguished the period under consideration above all else was the National Revolution of 1952 and its effects on the country's economy and social situation. The revolution was brought about by a popular force represented by the Movimiento Nacionalista Revolucionario (MNR), the trade unions and their leftist affiliates, and temporarily, by the national military police. All the complex workings of the revolution do not concern the present study, but there are two specific aspects of it which do. They are the ideologies of the two major

¹⁰UN, *Yearbook of National Accounts Statistics*, 1969, Vol. II, International Tables, p.166.

¹¹James M. Malloy & Richard S. Thorm, ed., *Beyond the Revolution - Bolivia Since 1952*, Univ. of Pittsburgh Press, 1971, Appendix Table 3, p. 374.

political forces involved and the power politics between them in the years following the revolution.

a. Ideologies of the revolutionary parties

The MNR existed unofficially since the late 1920s as a rallying point for students and young professionals discontented with the monopoly of economic and political powers by a foreign-dependent minority group, i.e. La Rosca.¹²

In its early period the MNR embraced two discernible ideological strains: a Marxist orientation projecting a mass-based revolution from below and a reformist nationalism inclined towards achieving structural renovations within the existing political framework.¹³ The MNR launched itself officially in 1941, incorporating a segment of the young army officers disaffected by the Chaco debacle.¹⁴ Shortly thereafter, the Marxist wing of the Movement split off, leaving the largely middle-class and reformist elements to constitute the enduring core of the MNR throughout its subsequent life.¹⁵

What was the reformist nationalism of the MNR? Initially it involved the objectives of freeing the Bolivian economy from foreign domination and the domination of La Rosca whose financial interests had long been foreign-based,¹⁶ and economic development in a framework of state capitalism. More specifically, it called for regulating the tin industry, sponsoring economic diversification and agricultural development, controlling public utilities, providing a decent standard of living to all, and freeing Bolivian jobs for Bolivians.¹⁷ Subsequently, the MNR underwent a degree of radicalization, particularly since the Catavi incidence of 1942 (a massacre of mine workers at Catavi by the government troops) which had forced hitherto moderate political groups to take a stand in favor of labor and thus effectively destroying the middle ground between the traditional establishment and the radical left.¹⁸

¹²The upper-class of the mining corporations and big land-owners.

¹³James M. Malloy, "The Revolutionary Politics", *Beyond the Revolution, op.cit.*, pp.112-113.

¹⁴The Bolivian army was defeated in a protracted border war with Paraguay.

¹⁵Malloy, *op. cit.*, pp.113-137.

¹⁶Cole Blasier, "The U.S. and the Revolution", *Beyond the Revolution, op.cit.*, pp.56-57; *The World Today, (The National Revolution in Bolivia)*, Vol. VIII, No. 12 (Dec. 1952), p. 485.

¹⁷Malloy, *op. cit.*, pp. 115, 117.

¹⁸Herbert S. Klein, "Prelude to the Revolution", *Beyond the Revolution, op. cit.*, p. 37; Alexander, *op. cit.*, p. 30.

Repeated betrayals by moderate groups of the MNR cause contributed to the MNR's shift to the left. In the late 1940s, the MNR attempted political revolts in conjunction with the army officer corps and the student- and church-dominated Falange Socialista Bolivian (FSB). However, the attempts were crushed, given away by one or another of the co-plotters.¹⁹ As a result, the MNR turned to labor, particularly the mine workers. Since they were already under the control of the Trotskyite Partido Obrero Revolucionario (POR) by way of Federacion Sindical de Trabajadores Mineros de Bolivia (FSTMB), however, the MNR coalesced with the leaders of these groups and adopted their revolutionary program (the Pulacayo program) which, among others, envisaged a direct take-over of the mines by miners soviets.²⁰

Thus, despite its middle-class background and basically reformist-nationalist position, the MNR, around the time of the Revolution, had come to espouse some radical policy objectives. The last included, in part: 1) the incorporation of the Indian into the mainstream of national life through universal suffrage, 2) the nationalization of national resources, particularly the Big Three tin-mining companies,²¹ and 3) revision of the educational system in order to replace its elitist approach with a mass-oriented one.²²

Events during the first several years of the revolution attest to the fact that the above objectives were carried out and then some, i.e. provisions for the workers and land redistribution. The reasons underlying those actions had to do with the power politics of the post-revolutionary period.

b. Politics of the MNR rule and the role of labor

Throughout its not so long reign, the MNR had never been a majority party. Its middle-class constituency was at no time strong enough and broad enough to attain independent political power. Having joined forces with organized labor for this reason, the MNR was not successful in assimilating labor into its party structure, in part because of its own basically moderate stance and middle-class background. In addition, labor's independent strength was too great. If anything, the MNR had become the "chosen political instrument" of labor.²³ In the 1952 uprising itself, the MNR, through its national political committee

¹⁹*Op.cit.*, p.39.

²⁰C.A.M. Hennessy, "Shifting Forces in the Bolivian Revolution", *The World Today*, (Chatham House Review), May 1964, p. 201.

²¹The Patino, Hochchild and Armayo Groups.

²²Alexander, *op.cit.*, pp. xv, 48.

²³Malloy, *op.cit.*, p.117.

under the direction of Herman Siles, provided strategic leadership on the scene, but the muscle power had come from the armed mine workers and, later, the peasants, although the latter were spearheaded by the national police.²⁴ Having played a key role in the revolt, labor was in a powerful position to bargain for social and economic rewards from the government that it has helped to usher in, and demand it did. It pushed for the control of the nationalized mines and called for liberal social welfare programs for the mine workers, including social security benefits, better housing, hospitals, educational facilities, and theaters. It also demanded land reform on behalf of the peasants. These demands were not new. They had been put to the Penaranda government in 1950.²⁵ What was new was that, now, they could not be turned down, and so they were met.

Does this mean that the role of labor in the uprising alone was sufficient to move the government of Victor Paz Esternssoro to acquiesce to the labor demands? The answer is no. Ever alert to the essentially moderate-reformist stream of the MNR, the labor-left was not content merely to wait for the government to hand out the rewards promised. It made sure, on the administrative front, that its representatives took part in decision-making. Three leaders of the Central Obrera Boliviana (COB) were appointed as ministros obreros by Siles even before Paz returned from exile to assume the presidency. Not only that, the mine workers still had the arms supplied to them for the uprising and the COB declared itself in a state of permanent vigilance almost immediately following the insurrection. The workers were determined not only to hold the MNR to their pre-uprising pledges, but also to keep them on the path to a real revolution. Because the views of the MNR core group and labor were fundamentally different, there followed bitter and continuous debates on all aspects of the new national policies.

Forces working toward an amelioration of the original pledges were quite strong within the MNR leadership. In order to counter them, the workers took to the streets again. Also, the provision of Control Obrero Con Derecho al Veto (worker control with the right of veto) enabled the worker-designated representatives to stand firm on any policy reversal inimical to the interests of the workers.²⁶

The labor-left, in short, was not merely a well-organized and well-led interest group represented by highly vocal leaders. It was a group in possession of a palpable and tangible power derived from its vital role in the nation's key economy (tin-mining) and its direct access to and possession of arms. Thus,

²⁴Alexander, *op. cit.*, p.44.

²⁵*The Keenleyside Report*, p. 96.

²⁶Malloy, *op. cit.*, pp.119-122.

during this first phase of the revolution, there developed an important divergence between authority and power. The COB, which included in its ranks not only the left-wing of the MNR, but also leftist parties such as the PIR, POR, and Communists, became a government within a government. The COB had all the characteristics of a sovereign like entity including executive, deliberative, and judicial organs...and most importantly, armed forces. Allied with the MNR, the COB demanded and received corporate status within the state. As such, it let the MNR assume the formal responsibility of government while it constituted itself as an unrivaled center of initiative and veto - it had governing power, but no responsibility.²⁷

It was under this political circumstance that the left pushed through decree after decree favoring labor and other “popular forces” during the first revolutionary years.

The sheer political character of income maintenance policy decision in Bolivia emerged even more clearly in the subsequent period. The MNR, as a party, continued in power for eight more years until 1964 when Bolivia returned to a military rule following a coup d'état. But the government leadership passed back and forth between the pragmatic nationalist faction represented by Paz and the elitist-reformist right wing represented by Siles. The political coalition shifted accordingly, from a center-right axis during Sile's presidency and a somewhat less radical center-left axis during Paz's second presidency. The power and influence of organized labor went through a series of ups and downs with the changing governments and, along with it, determined the fate of some of the benefits they had gained. None of the measures enacted were repealed, but their benefit levels suffered. One of the first cut-backs was effected by Siles when the subsidy for the miners' commissaries was drastically reduced. The Barrientos government lowered it further, along with salary cuts, following the coup d'état.²⁸

c. External factors

The influence of international agencies had been pervasive in all areas of Bolivian national affairs throughout the recent period. The particular MNR period under consideration was no exception. Of several outside influences, either connected with economic development or technical assistance, or both, the United States was particularly active in the education and health fields. This was partly because these were non-political, therefore non-

²⁷*Ibid.*, p. 123.

²⁸Hennessy, *op.cit.*, pp.198-199, 205; Richard S. Thorn, “The Economic Transformation”, *Beyond the Revolution*, *op.cit.*, pp.186-187; Alexander, *op. cit.*, pp. 54-55.

controversial areas in which the U.S. felt able to cooperate despite her differences with the radical policies of the new revolutionary government.²⁹ Much of the assistance in these areas was in the form of technical assistance.

In the area of work-related social security legislation, it was the United Nations technical assistance team which was active in a consultative capacity and in providing technical expertise along the policies defined by the government. It had no significant impact on the policies themselves.³⁰

In sum, the development of both education and the provisions for workers, particularly the latter, was strongly influenced by the ideologies of the political parties that led the revolution and by the ascendancy of the left in the ensuing power politics.

2. Those associated with the occupational IMPCs

There were a number of economic factors bearing on decisions concerning the occupational IMPCs.

a. Economic factors

(1) Strategic position of the mining industry in the Bolivian economy.

In the preceding discussion, a number of factors were cited as having contributed to the ascendancy of Bolivian labor with definitive impact on the country's labor policy in general and income maintenance policies in particular. There was another factor that explains the strength of labor: the unique position of the mining industry and that of mine workers in Bolivia's economy. For a long time, even today, although to a lesser degree, mining has been the industry in Bolivia. Circa 1952, 60% of the national government's tax revenue came from exports and roughly 95% of the goods exported were minerals.³¹ Not only could the Bolivian economy be made or broken by what happened in the mining industry; the subsistence of the average Bolivian was directly affected by it also. Such basic food items as flour, sugar, meat and milk were imported with foreign exchange earnings from mineral exportation. In this circumstance, whoever controlled the mines controlled the economy and the mine workers, in the sense indicated, virtually controlled it. Without this specific economic context, it is doubtful that the mine workers could have commanded so much power during the period under consideration.

²⁹Zondag, *op. cit.*, pp.190-193; Blasier, *op. cit.*, pp.78-84.

³⁰Goodrich, *op. cit.*

³¹*The Keenleyside Report*, p.73.

The plausibility of this argument becomes stronger when it is recognized that the agricultural workers were nowhere near a position to bargain for anything on their own until after they had been brought into an alliance with the mine workers at the latter's initiative.³² During the latter half of the MNR rule when the strategy of economic development shifted from the exhausted mines to the interior where large scale agricultural colonization and petroleum production were carried out, the mine workers were dealt with harshly and their hard-won benefits were reduced. At this time the military and the peasants were assiduously courted with tangible rewards such as pay raises for the former and speedy granting of land titles to the latter.

(2) Economic resources

While economic resource factors had no impact on the basic decisions concerning work-related income provisions, there was evidence that economic difficulties delayed their enactment somewhat. Goodrich writes in this regard,

Early in 1953, all these difficulties were intensified by the drop in the world price of tin, which fell from US\$1.215 per pound of fine tin to about 80 cents...this meant a sudden loss of almost a third of its dollar income.

*The economic crisis of course had its impact on the work of technical assistance. It meant that the consultants in social security and labor could not hope to give immediate effect to plans for the substantial extension of the social services...*³³

The likelihood is that the enactment of social security schemes in two stages, 1953 and 1956, rather than all at once was connected with the above factor.

Summary

The Bolivian IMP as it exists today developed largely during the first several years of the Bolivian revolution of 1952. Education was popularized for the first time in this period and the country's most significant social security laws were enacted and implemented during the same period.

³²Royal Institute of International Affairs, "The Nationalist Revolution in Bolivia", *The World Today*, Vols. VIII, No. 12 (Dec. 1952), p.487; Malloy, *op. cit.*, pp.125-127.

³³Goodrich, *op. cit.*

In terms of expenditures, particularly the cost-population coverage ratio, the occupational components of the IMP dominated the non-occupational, and this was exceptional among the study countries. Considering its limited resources, Bolivia has adopted an advanced and comprehensive system of income security that covered workmen's compensation, sickness and maternity, old age, invalidity (disability) and death (OAID), work-related family allowance and subsidized commissaries for the mine workers.

The radicalization of the polity subsequent to the revolution, the power of labor and its affiliate parties of the left in the political coalition supporting the government in power, the reformist orientation of the leadership and its political requisites all underpinned the significant steps taken towards the evolution of this system.

These same factors were also associated with the high priority given to the work-related social security measures and their unusually high benefit levels. In this latter connection, moreover, the position of the mine workers in an economy dominated by tin-mining was a key contributing factor. The country's economic context strengthened labor as a pressure group and obliged the political leadership group to respond to the former's social security demand.

The enactment of social insurance schemes other than family allowance was delayed a few years because of financial difficulties.

CEYLON

Delineation of the IMP

Around 1970, Ceylon's income maintenance program (IMP) consisted of food subsidies, public education, public health services and public assistance in the non-occupational category and employees' provident fund and public employee pensions in the occupational category. The government expenditure for these provisions and their population coverage were as shown in Table 4.

Table 4. IMPCs, Cost and Population Coverage (Ceylon)

	Year of Data	Public Expenditure		Population Coverage (number)	% of Total Population
		Rupees (million)	% of GNP		
<u>Non-Occupational</u>					
1. Food Subsidies			5.5	11,800,000 (All Ceylonese over 1 year of age)	95
2. Education	1969/70	472.4		3,362,000	27
Expenditure per enrolled pupil	1966	US\$29		(Total enrollment in 1971)	
3. Public health	1969/70	235.7	2.0	Universal	
4. Public assistance	1970/71	27.4 (estimate)	0.2	(Total number of cases in receipt of charitable allowances in 1967: 138,637)	1
<u>Occupational</u>					
5. Pensions for Public Employees (sickness & maternity, W.I.)	1970/71	206 (government expenditures and contributions)	2.1	72,000 (pensions in payment)	0.6
6. Employees Provident Fund	1970	143 (contributions and investment returns)	1.4	1,815,000 (1969)	15

Source: ILO, *A Program of Action for Ceylon*, 1971. See "Report", pp.9, 131 and "Technical Papers", pp.22, 74, 80-81, 233; *Ceylon Yearbook*, 1967, Table 233; UN, *Statistical Yearbook*, 1970, Table 193, p.663; UN, *World Economic Survey*, 1969-70, Table 29, p.65; UN, *Demographic Yearbook*, 1970.

In cost outlays, which stood at Rs.611.3 million or approximately 5.5 percent of the GNP in 1970, as well as in population coverage, universal food subsidies were the most important income maintenance measure in Ceylon. There were two types of food subsidies: a free rice measure and a subsidized rice

measure.¹ In both instances, the government purchased rice and a few other essential food items from the cultivators within the country or imported them from other countries at market prices and distributed them either free or at prices lower than the purchase price.² Each week every Ceylonese citizen over one year of age, regardless of financial status, received two pounds of free rice and another two pounds at a reduced price of 75 cents.³ This last price represented a subsidy of 25 to 33 percent of the retail price. The total amount of subsidy included the expenditures for the rice measures as well as for such other subsidized food items as red onions, lentils and cooking oil.⁴

Something of the efficacy of the subsidies as an income maintenance measure may be gleaned from the fact that, circa 1970, 43.6 percent of the households benefiting from the program belonged in an income bracket below the poverty line⁵ and another 37.2 percent to one just above it. Table 5 shows the breakdown. It may be assumed from this that the measure was meaningful to about eighty percent of all households concerned.

Table 5. Household Income Distribution in 1969-70

Income Groups* (Rs. per month)	Percentages
Below 99	8.3
100-199	35.3
200-399	37.2
400-599	11.4
600-799	4.3
800-999	1.7
Over 1000	1.9

Source: ILO, *op.cit.*, Report, p.35-36.

* Includes non-monetary income also.

Food subsidies, along with a ration system, were introduced during World War II, probably at the same time as the establishment of the Food Control Department in 1937. Later renamed the Food Supply and Control Board, the body was responsible for importation, price control and distribution of rice and other food items, and for the internal rice purchase program concomitantly carried

¹ILO, *A Program of Action for Ceylon, Report*, Geneva, 1971, pp. 9-10.

²B. H. Farmer, "Nine Years of Political and Economic Change in Ceylon", *The World Today*, May 1965, p. 192.

³ILO, *op. cit.*, Technical Papers, p. 234.

⁴*Ibid.*

⁵The monthly income thought necessary to maintain a minimum standard of living in Ceylon in 1970 was Rs.200 for a household of two adults and two children.

out to place all food supply under government control.⁶ The subsidized sale part of the rice program was launched as late as 1970.⁷

The government expenditure on education was Rs.522.2 million or 4.5~5.0% of the GNP in 1970. The total enrollment at all levels of schools was 3,362,000 in 1971, representing approximately 27% of the total population. In 1966, the cost outlay per enrolled pupil was US\$29.00.

Free education for all levels, from kindergarten to university, was declared in October 1945, and school attendance up to 14 years of age was made compulsory.⁸ Progression to secondary and higher educational institutions depended on passing tests to qualify for scholarships.

Both in expenditure and enrollment, Ceylon's level of education, thus measured quantitatively, is one of the highest, not only in the region but among all the underdeveloped countries.

The standard of health service is also high in Ceylon. In or around 1966, there were only about 320 persons per hospital bed and 4,200 persons per physician.⁹ Government expenditure on the service was Rs.235.7 million or approximately 2% of the GNP during the financial year 1969-70. The outlay per head was roughly Rs.20.

Health facilities are geographically widely dispersed and well balanced. Even rural areas are adequately covered by a decentralized but closely coordinated system of hospitals, clinics, mobile units and staff services. The utilization rate is very high. In 1962, for instance, the attendance at 134 outpatient departments in government hospitals and 248 dispensaries throughout Ceylon totaled over 25 million (equivalent to 2.4 visits per inhabitant) and, during 1961-61, the utilization rate of public maternity service was 98%.¹⁰ In view of this and the fact that health service is free to all those who choose to use it, the program, in effect, represents another universal income maintenance scheme.

The pension schemes for public employees are the older and better developed components of the occupational measures as they involved Rs.206 million in public expenditures and user contributions during the fiscal year 1970-71. The pensions include a non-contributory plan for retiring and pensionable

⁶*Ceylon Yearbook, 1948*, pp. 48-55; ILO, *op. cit.*, Report", p. 10.

⁷ILO, *op. cit.*, "Technical Papers", p. 234.

⁸Government Printer, *Ceylon Yearbook, 1949*, pp. 99-100.

⁹UN, *World Economic Survey, 1969-70*, "Statistical Annex", Table A.7, p.196.

¹⁰Gunnar Myrdal, *Asian Drama*, Vol. III, p. 1596.

public servants, a contributory plan for the widows and orphans of pensionable public servants, a contributory scheme for government teachers, another contributory scheme for the widows and orphans of pensionable teachers, and the public service provident fund for non-pensionable public employees. The number of pensioners in 1970-71 was 72,000.¹¹

Compared with the above provision for public employees, the employees provident fund, the mainstay of the average worker in need, is still insubstantial since it has been in effect only since 1958. In 1970, the total contributions and investment returns amounted to Rs.143 million or 1.4% of the GNP and the population coverage was 47.8% of the total economically active population in 1969,¹² and 15% of the total population.

In addition to the above, there are three non-contributory provisions for which employers are held solely responsible. These include paid sick leaves, cash and medical benefits for maternity, and workmen's compensation. The original versions of these measures were introduced in the late colonial period in the forms of the Medical Wants Ordinance (1912), Maternity Benefit Ordinance (1939), and Workmen's Compensation Ordinance (1934). All three measures have been subjected to significant amendments at various stages, but most notably in the late 1950s.¹³ Workmen's compensation is still on a voluntary basis and with private carriers. The expenditure and coverage data for these provisions are not available.

In proceeding to examine the underlying factors of the above IMP, the following points may be borne in mind:

- i. Both in expenditure and population coverage, the non-occupational components, especially food subsidies and education, predominate.
- ii. Despite Ceylon's limited economic resources, a highly universal measure, i.e., food subsidies, represents the foremost instrument of income maintenance in the country.
- iii. Of the occupational provisions, those for public employees are far more substantial in terms of the cost-population coverage ratio.
- iv. Provisions for the general sector exist in the form of a provident fund system. Sickness and maternity, as well as workmen's compensation, are on the basis of employer liability.

¹¹ILO, *op. cit.*, pp. 80-81.

¹²ILO, *op. cit.*, Tables 3-4, pp. 22, 74.

¹³*Ibid*, pp. 77-83; *Ceylon Yearbook*, 1951, p. 93.

There are other salient points concerning various components. Since they are too numerous and some of them cannot be discussed without reference to their underlying factors, however, they will be clarified in the following section.

Underlying Factors

1. Those associated with food subsidies

It was indicated earlier that the subsidizing and rationing of rice and other essential food items began as part of an emergency device to adjust Ceylon's internal needs to the war time condition. The reason this device has been retained in the post-war period and has become a key instrument of income transfer to households is pertinent to this discussion.

One notes on Table 6 that the levels of expenditure on food subsidies varied considerably from one government period to another but on the whole followed an upward trend. The period of the first MEP (Mahajana Eksath Peramuna (People's United Party)) government (1956-59) was something of an exception, but it was canceled out by the second MEP government. In short, there has been a steady escalation in the subsidies throughout the post-independence period, indicating that the income maintenance function of the measure has not been affected by changes in the reigning political parties. It was affected by other political factors though, as will be seen.

- a. Radicalization of the polity
 - Role of trade unions
 - Coalition of the left

When Ceylon became the first colony to gain independence from Great Britain in 1948, the pressing circumstance that had necessitated the rice measure no longer existed and the government of D.S. Senanayake gradually moved toward ending it. In 1953, an attempt to reduce the ration was made by Dudley Senanayake who, upon succeeding his father, faced a serious budgetary problem. His proposal met with massive protests and he was forced to resign.¹⁴ In August 1962, the government of Mrs. Bandaranaike, whose Sri Lanka Freedom Party (SLFP) is credited with a much wider support base than Senanayake's United National Party (UNP), similarly attempted to reduce the subsidies for the same budgetary reason. The public's reaction was the same and, this time, the finance minister was obliged to resign.¹⁵

¹⁴ILO, *op. cit.*, "Report", p. 10.

¹⁵Farmer, *op. cit.*

Table 6. Government Expenditures on Food Subsidies, Education and Health, 1950-68 (Ceylon) *

Parties in power	Year	(% of GNP)		
		Food Subsidies	Education	Public Health
UNP	1950	0.9	2.6	1.6
	1951	2.8	2.5	1.5
	1952	5.3	3.0	1.9
	1953	3.4	2.6	1.9
	1954	---	2.9	1.9
MEP	1955			
	1956	1.5	3.0	1.9
	1957	1.9	3.4	2.1
	1958	2.3	3.5	2.1
MEP	1959	1.7	4.0	2.2
	1960**	2.9	4.3	2.1
	1961	3.7	4.1	2.2
	1962	3.4	4.1	2.1
UNP	1963	3.1	4.1	2.0
	1964	3.5	4.6	2.0
	1965	5.5	4.5	2.1
	1966	5.8	4.2	2.1
	1967	5.1	4.1	2.1
	1968	5.3	4.0	1.2

Source: UN, *Statistical Yearbook*, 1955, Public Finance, Ceylon; UN, *Yearbook of National Accounts Statistics*, 1969, Part D, pp.819-864; Department of Census and Statistics, *Statistical Abstract of Ceylon*, 1966, p.298; *Ceylon Yearbook*, 1966, Chart No. 24.

* This table shows a trend rather than exact percentage representations since some computations were based on estimated expenditures. The percentages of educational expenditures during 1960-68, for instance, are lower than the 5 percent average given by ILO, *op.cit.*, Technical Papers, p.160, and the percentage of health expenditures in 1958 lower than the 2.8% given by Myrdal, *op.cit.*, Vol. II, p.1578.

** The UNP was in office between April-July, 1960.

It goes without saying that there was a real need on the part of the general public, which the rice measure met at least in part, and the mass reaction to the cut-back proposals was directly connected with that need. This will be given a closer look later. The factors underlying the militancy of the protest are of immediate interest. The first is the general radicalization of the political climate in the region in the post-war period. While Ceylon attained independence without a substantial liberation movement within which ideology could crystallize, she was nevertheless open to various radical thoughts then sweeping the emerging countries and so was more or less committed to a form of socialism from the beginning. In tangible terms, this commitment called for the realization of a welfare state in which raising the level of living for the masses was a top priority. This commitment was closely intertwined with the emerging notions of development and planning and contributed toward raising the mass expectation as to the government's responsibility for meeting these needs.¹⁶ It was consistent with this expectation to have the government guarantee some part of the subsistence needs of the masses and the proposed cut-back of the rice measure was contrary to their expectation.

¹⁶Myrdal, *op. cit.*, Vol. II, pp. 742-832.

The second factor is not unrelated to the first, but it has more to do with interest groups and party politics than to the overall political climate. Specifically, in both of the “rice crises”, the group spearheading the protest was composed of trade unions, particularly the dock workers of Colombo. The unions in Ceylon were under the influence, if not always under the direct control, of activist groups on the left, such as the Trotskyite Nawa Lanka Sama Samaja Party (NLSSP) and the Communist Party. The unions were also affiliated with the Sinhalese nationalist movement.¹⁷ When the dock workers and others demonstrated against the government plans in 1953 and 1962, they were more than just protesting the threat to their survival needs. They were in fact demanding that the governments adhere to their policy pledges which, theoretically, were socialist. The confrontations, therefore, have been between differing political interests as well as between the pragmatic need of the governments to cut expenditures and the equally pragmatic need of the public for assistance. The governments backed down in both of the confrontations for sheer political reasons¹⁸ and against an overall economic development interest. Myrdal points out in this connection,

*The port workers of Colombo, especially, were used (by competing political parties) to hold the government up for ransom...Unwilling or unable for political reasons to cut welfare expenditures, including those designed to hold down the price of food - any attempt to cut the subsidized rice ration would invite political disturbances and electoral defeat - the government continued, in effect, to pump money into the economy...it also necessitated, because of built-in voting pressure, ever larger government expenditures of social welfare.*¹⁹

For these reasons, even the moderate to conservative UNP government, replacing Mrs. Bandaranaike’s in 1956, “made no move...to curtail social welfare expenditures; in particular, the rice subsidies have been retained...”²⁰

b. Existing need

¹⁷*The World Today*, (A People’s Government: Social and Political Trends in Ceylon), Vol. 12, No. 7 (Jul 1956), pp.282-283; *Op. cit.*, (Ceylon in Perspective), Vol. 14, N. 10 (Oct 1958), p.432; Farmer, *op. cit.*, p.196.

¹⁸Farmer, *op. cit.*, p. 193.

¹⁹Myrdal, *op. cit.*, Vol. 1, p. 356.

²⁰*Ibid.*, p. 359.

Even the most blatant political competition needs a real issue around which to join the battle. In Ceylon's rice crises the issue of need on the part of the masses was real enough. This was evident in an earlier breakdown of household income distribution (Table 4) which showed nearly half of all households in Ceylon subsisting under the poverty line. Add to this the chronic and ever worsening unemployment²¹ and underemployment problems, the fact that nearly half of the total population and 75% of the rural population were undernourished and that the majority of the school children who drop out, at the rate of 50% at the 6th level, do so because of malnutrition,²² then the urgency of the need is not difficult to establish. The perception of the need on the part of the populace may have been accentuated by the high expectation level characteristic of the post-independence period and during the Bandaranaike government with its radical constituency and policy commitments. Nevertheless they were authentic enough for the unions and the public at large to base their protests on them and succeed.

c. Ideology
Economic resources

The discussion so far of Ceylon's IMP has been the implicit suggestion that ideology was a positive factor and economic resources a secondary factor underlying the continuation of the rice subsidies. This needs to be elaborated.

To consider ideology first, it should be pointed out that socialism, in so far as it was associated with the food subsidies, became so only when it was translated into tangible political actions. When the UNP prime minister resigned and his cutback proposal was rescinded in the first rice crisis, his defeat was due to the political muscle demonstrated by the unions and other mass groups rather than because of any intrinsic force, validity or any other virtue of the ideology per se. The tenet of the ideology happened to represent the interest of the masses and the latter were able to rally around it as they no doubt would rally around any other ideology that serves the same purpose. This point becomes clearer when the second rice crisis is taken into account. It occurred during the first government of Mrs. Bandaranaike who came into power based on an even closer coalition with the NLSSP than had her husband before her.²³ Her cabinet

²¹During 1960-70, the average rate of unemployment was 10% or more of the total labor force. See ILO, *op. cit.*, "Report", pp. 3-4.

²²ILO, *op. cit.*, "Technical Papers", p. 217.

²³ILO, *op. cit.*, "Report", p. 40.

included a number of prominent Trotskyite leaders and the overall policies of her government were definitely aimed at creating a “socialist democracy”.²⁴

Theoretically, therefore, no ideological conflict was possible between the government leaders and the organized labor and other groups on the left. More purely pragmatic differences of interest came into play in the crisis. To be sure, the Bandaranaike government must have found itself in a self-contradictory position because of its professed allegiance to the “people’s needs first” principle. In the final analysis, however, it was again the voting power of the protesters rather than any ideological qualm on the part of the government that forced the latter to back down. In other words, the role of ideology in the continuation of the food subsidies was in terms of creating a climate in which the hitherto dormant sector of the public was able to identify its self-interest and mobilize around it.

As for the significance of economic resources, it was clearly overruled by the political and public need factors when it became the basis of the proposed subsidy cut-back. In the earlier period when the decision to carry over the war-time measure into the post-independence years was made, however, the availability of funds was a positive underlying factor. Ceylon had come out of the war with a high level of cash reserves²⁵ and this had enabled her to fund programs for social advancement. Myrdal writes in this regard,

*“(the revenues derived) from taxing the efficient, profitable, and largely foreign-owned plantations in the country, have permitted it to institute numerous measures to promote greater economic equality [and] the large subsidies paid to both producers and consumers of rice...are prime examples.”*²⁶

The balance of payment declined steadily in the post-war years, however, until the governments were faced with budgetary problems as mentioned.²⁷

2. Those associated with education

²⁴Myrdal develops the thesis that all ideologies in Ceylon serve the purpose of rationalizing political and ethnic self interests. See *Asian Drama*, Vol. I, p. 357 and Vol. II, pp. 741-847.

²⁵It was Rs.113 million in 1946. See *Ceylon Yearbook*, 1948, p.42.

²⁶Myrdal, *op. cit.*, Vol. II, p. 770.

²⁷In 1956-57, the deficit in the operating budget was Rs.196.4 million. *Ceylon Yearbook*, 1958, p.111.

Enrollment at all levels of schools rose steeply since the introduction of a new educational system providing free education. The comparative statistics are as follows.

Table 7. School Enrollment (Ceylon)

Levels	(Persons)	
	1946	1971
Primary	1,000,000	3,000,000
Secondary	86,000	350,000
Tertiary	1,000	12,000

Source: ILO, A Program of Action for Ceylon, 1971, p. 9.

The progression from the 1946 level to that of 1971 was on the whole a continuum and on a high level of public expenditure. This means that all governments during the post-independence period utilized education more or less consistently as an instrument of indirect income transfers.

Within this general framework, it is nevertheless possible to discern separate phases of educational development according to cost outlays. The phases correspond to the periods of alternating political regimes. (See Table 6) During 1948-1956 when the UNP was in power, public expenditures on education as a percentage of the total GNP ranged between approximately 2.5 and 3.0, while during 1956-65 when the SLFP reigned in coalition with the leftist parties (except between April and July of 1960), it rose steadily from about 3.0 to about 4.5 or more. In the next three years which form part of another UNP period, the educational expenditure tended slightly to decline, by about half a percentage point.²⁸

The question at this point is what were the factors associated with the basic education policy to which all the governments more or less equally adhered may have been, as well as what the factors connected with the variance in the educational expenditures of the successive governments may have been.

Part of the first category of factors may be traced back to the situation that had obtained under the British rule.

a. Colonial influence

As in many other former colonial countries, modern education was first introduced in Ceylon by various Christian missions in the early period of the British rule. The colonial administrators then took an active interest in its development partly out of their own need to train minor civil servants, whose

²⁸The percentages are based on data from *Ceylon Yearbook, 1955*, p.152 and *1966*, Chart No. 24; Department of Census and Statistics, *Statistical Abstract of Ceylon, 1966-68*, section of Expenditures incurred by the Department of Education.

posts the colonists themselves were not interested in filling, and partly from a long-range design which included preparing the colony for eventual self-government.²⁹ In any event, a system of compulsory education for children between the ages of 5 and 14 went into effect as early as 1906.³⁰ As it was not cost-free, however, the efficacy of the system was limited.

The cost-free and compulsory system now in existence was first recommended by the Special Committee on Education in 1943 following a three year study. Due to the war, the recommendations had gone unimplemented and the task of implementing them, along with the high cash reserve mentioned earlier, was handed down to the government of independent Ceylon. To the extent that the colonial administration bequeathed two vital ingredients necessary for the task, i. e. a plan and the initial investment fund, however, substantial credit for Ceylon's post-war advancement in the education field can rightfully go to the former.

The colonial government helped to establish other traditions in the country's education policies, not all of them necessarily laudable. These, however, are not directly relevant to the income maintenance function of education and, therefore, will forego discussion.

Factors associated with the degrees of emphases that the various governments placed on education, as measured by expenditures, included the orientation of the political parties and, again, politics.

b. Leadership orientation
Party politics

The two major political contenders in Ceylon, the UNP and the SLFP, differ in the origins of their respective leaders and the companies that they keep. Briefly, the first is the party of the old establishment of Western-educated elites and was founded by D.S. Senanayake who held office since 1931 under pre-independence constitutions and he was the first prime minister after independence. Led by men "who dressed, drank, and made merry in ways now frowned upon officially in Ceylon" and otherwise well identified with the traditions of their former colonists, the UNP policies tended to depart from the past as little as the overall political context would allow.³¹

S.W.R.D. Bandaranaike, the founder of the SLFP, was not very different from the leaders of the UNP in that he, too, was Western-educated and

²⁹Myrdal, *op. cit.*, Vol. III, pp.1637-1639.

³⁰ILO, *op. cit.*, "Technical Papers", p. 159.

³¹The *World Today*, Vol. 12, No. 7 (July 1956), pp.218-287 and May 1965, pp.189-198.

even served as a member of the first UNP Cabinet. When he decided to run for the prime minister's office and founded the party, however, he did so by identification with Sinhalese nationalism.³² In order to obtain the electoral majority, however, he had to coalesce with the left as well and form the Mahajana Eksath Peramuna (MEP) - People's United Party - which managed to stand for Sinhalese nationalism and socialism simultaneously.³³ Specifically, nationalizing the economy and making Sinhalese the official language were the main election pledges, and it was particularly the latter pledge that later bore on the education policy of the Bandaranaike government.

Introduction of Sinhalese as the medium of instruction in all primary classes of government-supported schools had been made a condition of the cost-free education system proclaimed in 1945. Implementation of this provision, as well as that of the free education system itself, was held up by the UNP-dominated parliament during the first period of the UNP rule.³⁴ This changed during the Bandaranaike reign because fulfilling their political pledges necessitated turning out trained personnel proficient in Sinhalese and the task of doing so fell squarely on the doorsteps of the educational institutions. In order to facilitate their task, the government increased its financial responsibility for them and many hitherto private schools were converted to "assisted" ones. Under this arrangement, the assisted schools were obliged to change the medium of instruction from English to Sinhalese or Tamil, depending on the student population.³⁵

c. "Hunger for education"
 Development needs
 Population growth

With the awakening of the masses caught up in the nationalist movement, there developed a "real hunger for education". Over the two periods of the Bandaranaike regime genuine attempts were made to respond to that hunger by increasing the number of schools and opening new schools even in the remotest villages. Night schools also mushroomed to meet the need of the adult population.³⁶

³² Among the ingredients of Sinhalese nationalism are Buddhists revivalism, linguistic nationalism and sentiments directed against the Tamils (mostly the Indian workers on estates) and English-educated elites who occupied privileged positions in the past. See Farmer, *op. cit.*, pp.190-191.

³³ *Ibid.*, pp.189-198; *The World Today*, Vol. 12, No. 7 (July 1956) pp.282-287.

³⁴ *Ceylon Yearbook*, 1949, p. 100 and 1951, p. 70.

³⁵ *Ibid.*

³⁶ *The World Today*, October 1958, p. 435.

The significance of education in the overall framework of economic development was clearly recognized in connection with the Ten-Year Plan introduced in 1959.³⁷ It placed particular emphasis on the development of educational policies appropriate to the social and economic conditions of Ceylon. The National Education Commission of 1961 similarly recommended broadening the basis of education on egalitarian principles and breaking away from the old approach geared to training civil servants.³⁸ Although it is not clear to what degree these plans and recommendations have been implemented, it seems reasonable to assume that they have influenced the decisions concerning education during this period.

The expansion of school facilities and the corresponding rise in education expenditure have been to accommodate a growing number of school age children. This requires no elaboration beyond pointing out that Ceylon's average annual rate of population growth during 1951-66 was approximately 3 percent.

2. Those associated with health services

Both in terms of public expenditures and service resources, the overall development of public health programs in the post independence period has been one of slow but steady growth without marked changes coincidental to the changes of government. Table 7 shows that during 1950-52, the midpoint of the first UNP rule, the number of physicians and hospital beds per 100,000 persons were 17 and 270 respectively. The cost outlay was approximately 1.5 percent of the GNP. This represented a gain over 1938, ten years prior to independence, by only one physician and 70 hospital beds per 10,000 persons. The per capita outlay, however, rose from Rs.2.19 in 1938 to Rs.8.98 in 1952. Even allowing for the increase in the cost of living, which doubled from 38 points to 98 points during the period (1953=100),³⁹ the per capita gain was substantial, perhaps indicating qualitative improvements in the service.

During 1957-59, a few years after the coming into power of the MEP, the number of physicians and hospital beds per 100,000 of the population were 21 and 310 respectively. The cost outlay was 2.2 percent of the GNP in 1959. The cost per head was Rs.17 in the same year.

³⁷National Planning Council, *The Ten Year Plan*, Government Press, 1959, p. 46.

³⁸*Final Report of the National Education Commission, 1961*, Session Paper No. XVII, Government Press, 1962.

³⁹UN, *Statistical Yearbook, 1958*, pp. 419-427.

In 1966, a year after the return of the UNP, the figures were 24 physicians and 312 hospital beds per 100,000 persons and the total public expenditure involved represented 2.1 percent of the GNP. The outlay per head was close to Rs.20 in 1969-70.

Table 8. Physicians, Hospital Beds, Public Health Expenditure, 1938-1970 (Ceylon)

	Per 100,000 Persons		Expenditure	
	Physicians	Hospital Beds	% of GNP	Per Head (Rs.)
1938	16	200		2.19
1950-52	17	270	1.5	8.98
1957-59	21	310	2.2 (1959)	17.0 (1959)
1966	24	312	2.1	20.0 (1970)

Source: Myrdal, *Asian Drama*, Vol. III, Tables 30-1 and 30-2, pp.1564, 1585; UN, *World Economic Survey, 1969-70, Statistical Annex*, Table A.7, p.196; ILO, *A Program of Action for Ceylon, 1971, Technical Papers*, Tables 3 and 5, pp. 22, 233.

In view of the above, which indicates a moderately upward continuum throughout the post-independence period, various political factors which were associated with other social measures can be safely ruled out as far as public health services are concerned. What seems to have predominated in the latter's development is simply the reality of massive health needs. A 1948 study showed that, of about 71,000 children examined, 80 percent had health defects of one kind or another.⁴⁰ There are many other health statistics from different sources which all substantiate the same needs.⁴¹ What is remarkable about Ceylon's health service development, therefore, is not only that it was basically determined by existing needs but also that, as a result of sustained efforts on the part of the various governments, some inroads were made in meeting those needs.⁴²

In the post-independence period two factors contributed to the positive trend. One was the participation of the World Health Organization and other international agencies in the country's health efforts. The other was the recognition on the part of the national government that a high level of health among the populace is a precondition for economic development.⁴³ The international agencies have been active in the area of preventive medicine which resulted in the eradication of certain communicable diseases, manufacture of drugs and medical equipment, training of health personnel, and the expansion of

⁴⁰Sarker, *The Demography of Ceylon*, pp.164-165.

⁴¹World Health Organization (WHO), *Reports on the World Health Situation*. See particularly the Second Report, 1957-1960 and the Supplement to the Second Report, 1061-1962, Part 1: Department of Census and Statistics, Statistical Abstract of Ceylon, 1966, *Incidence of Disease: Ceylon Yearbook*, 1950-66.

⁴²Myrdal, *op.cit.*, Vol. III, pp.1563,1614.

⁴³*Ibid.*, p.1577.

health centers.⁴⁴ In the fiscal year of 1958, foreign grants for health programs amounted to about two percent of the total public expenditure for the same category.⁴⁵

3. Those associated with occupational components

Of the points raised concerning the occupational measures, the fact that an Employees Provident Fund was adopted during the first Bandaranaike government and that significant amendments were made (in Workmen's Compensation, Sickness and Maternity Ordinances) during the same period is of interest in this part of the discussion. This development represents a marked departure from what prevailed during the preceding UNP period when the only legislative action in social security was an amendment of the School Teacher's Pension Ordinance in 1951. The obvious question is what underlay the new development?

a. Radical politics Role of the unions

Without reiterating it in detail, the overall radicalization of the political climate around and subsequent to the election of 1956 and the Bandaranaike government's radical stance in response to it can be credited at least in part. Another more specific factor was also involved, the growing strength of organized labor and its demand for better working conditions.

Table 9. Number of Trade Unions, Membership, and Strikes, 1948-1961 (Ceylon)

Year	Number of Unions	Membership of Workers' Unions	Number of Strikes
1948	---	---	53
1949	---	---	94
1950	---	---	110
1951	---	---	102
1952	---	---	75
1953	259	307,369	87
1954	282	311,449	114
1955	310	359,431	---
1956	352	261,681	214
1957	526	521,654	304
1958	631	730,178	219
1959	826	821,996	248
1960	900	738,569	---
1961	916	787,575	---

Source: Department of Census and Statistics, *Ceylon Yearbook, 1950-66 issues*.

⁴⁴*Ibid.*

⁴⁵Brain Abel-Smith, *Paying for Health Services*, pp. 55, 71.

Table 9 shows that, whereas during 1953-56 (the UNP period) the number of functioning unions increased by only 93 in three years, it jumped by 174 during 1956-57, one year after the government change. It continued to increase by the hundreds during the next few years, to taper off somewhat subsequent to 1958 when the provident fund was enacted. The increase in the membership strength followed a similar pattern.

The incidence of labor disputes rose along with the growing numerical strength of the unions. In 1954, a year in which the number of strikes hit an all time high of the UNP period, it was 114. In 1956, the year of the government change, it nearly doubled to 214 and involved 353,854 man days. The next year, a year before the enactment of the provident fund, there were 304 strikes and 808,493 man days were lost. The most frequent causes of strikes were wage disputes, working conditions, and dismissals.⁴⁶

The above rise in union strength and labor disputes occurred in a period when the increase in the rate of new entrants into the labor market was very slight.⁴⁷ This seems to point to the significance of organized power of the unions rather than the demographic aspect of the labor force itself as a factor underlying the union's strength.

As to why a provident fund, rather than an insurance system, was adopted, no explicit explanations are available. There are two possibilities which are worth considering. One is the influence of the ILO technical team which was active in Ceylon during this period. In view of the very limited resources of the government and the country as a whole, a provident fund would have been the preferred model. The other possibility is that with estate laborers representing the most stable and somewhat larger sector of the wage-earning group, they were the main beneficiaries of any scheme to be adopted. But, as indicated earlier, they were composed largely of Indian Tamils who had yet to be successfully assimilated into the country. It is quite possible, given the Sinhalese nationalism that was sweeping the period under consideration, the policy makers were averse to choosing a model which would result in a transfer of public funds to outsiders largely under the employ of former colonists.

b. Status of the civil service and public employee pensions

As in other countries of Asia, civil service in Ceylon has been the most privileged of occupational categories. Under the British, it developed into a well organized and highly competent system into which only the elite of the

⁴⁶*Ceylon Yearbook, 1966*, p.193. Also see earlier issues.

⁴⁷ILO, *op. cit.*, Report, p. 44.

Western-educated Ceylonese were recruited. This particular group became an essential partner of the colonial administration and its members were rewarded for their services with fairly adequate pensions.

This tradition continued into the post-independence period, not only because the precedence was set but also because the civil service was no less essential a partner of the Ceylonese governments. Their superior administrative experience and technical know-how have been valued and relied upon by politicians who were usually amateurs in such matters. For this reason the civil service came to represent an independent political force. They provided ample reasons for their priority pension rights.

Summary

In terms of expenditures (12 percent of the GNP) and population coverage, the income maintenance function of the non-occupational components of the IMP is very high in Ceylon by the standards of underdeveloped countries. The food subsidies, demogrants in kind, are particularly important because they cover practically the entire population.

Education is not far behind food subsidies in expenditure. It expanded markedly since 1956 and, at present, school enrollment is one of the highest among the underdeveloped countries. Health services progressed steadily throughout the post-independence period and these, too, reached a large proportion of the population.

Of occupational components, the pensions for public employees are such that "there is little room for improvement."⁴⁸ They were first introduced under the colonial administration and were consolidated and expanded further since. The same cannot be said of the provisions for the general population. Workmen's compensation and sickness and maternity are non-contributory schemes relying on the employers' voluntary responsibility. The only contributory component, the Employees Provident Fund, was enacted in 1958 by the first MEP government. The ratio between the cost outlay and the population coverage of the general sector schemes is inferior to that of public employee pensions.

The retention of, and escalation of, expenditures for food subsidies was due to the pressure of a radicalized polity in which labor and the Sinhalese majority constituted a strong power bloc in opposition to government plans to reduce the level of the measure. Radical ideologies such as Marxism and Sinhalese nationalism provided both the ferment and rallying points for the pressure groups.

⁴⁸ILO, *op. cit.*, Technical Papers, p. 87.

Underlying Ceylon's educational reform and expansion were a perceived need for more and better educational opportunities on the part of the public which was expressed as political pressure and the leadership response to that pressure was out of political and development necessity. The colonial factor was significant in the development of education in the pre-independence period.

In the health field, massive health needs, the leadership interest in meeting those needs, and the availability of foreign aid came together to further the development of health services. The dualistic health service system (estate and non-estate) corresponds to the dualistic economic structure of the country.

The introduction of the Employees Provident Fund appears to have been in response to labor's demand for social security. The choice of the measure itself was based on considerations of limited resources which the ILO experts presumably took into account in helping to formulate the plan. The relatively high level of public employee pensions is attributable to the status of the civil service. Pressure group and political requisite factors, as well as traditional factors, affected the position of the civil service as a pressure group of its own in Ceylon.

GHANA

Delineation of the IMP

Ghana's IMP components as they stood in the late 1960s are as shown in Table 10. There are six components in all: education, health and other social services for the non-occupational sector and a compulsory provident fund system (covering old age, invalidity, and health), public employee pension, and workmen's compensation for the occupational sector. In cost and population coverage, the former dominates the latter.

Table 10. IMPCs, Costs and Population Coverage (Ghana)

	Year of Data	Public Expenditure		Population Covered	% of Total Population
		New Cedis (million)	% of GNP		
<u>Non-Occupational</u>					
1. Public Education	1968	75.4	3.8	1,520,214(1965)	18
Expenditure per enrolleepupil	1966	(19680) (US\$60)			
2. Public Health	1968	21.5	1.1		
3. Other Social Services	1968	32.7	1.6		
Total		129.6	6.5		
<u>Occupational</u>					
4. Provident Fund, covering sickness & maternity, invalidity, old age and death (Total receipt in 1965/66)		13.98	0.2	365,000 (56% of all wage earners and salaried employees.)	4.5
5. Pensions for Public Employees	1965-66	3.12			
6. Workmen's Compensation	1965/66	0.84			
Total		17.94	1.0		

Source: UN, *Yearbook of National Accounts Statistics*, 1969, Part D, pp.819-864; UN, *Statistical Yearbook*, 1971, Public Finance, p.634; UN, *World Economic Survey*, 1969/70, Table 25, p.64; UN, *World Economic Survey*, op.cit., Statistical Annex, Table A-11, p.206; ILO, *The Cost of Social Security*, 1964-66, Geneva, 1972, p.120 & Appendix, Table V, p.391; UN, *Demographic Yearbook*, 1970 (for computation of population coverage).

Note: All expenditures as percentages of GNP were computed based on market prices. "Cedis" is a monetary unit of Ghana, equal to 100 pesewas.

In Ghana's IMP, education is the most prominent component. In 1968, its expenditure was 75.4 million new Cedis or approximately 3.8% of the GNP, and total school enrollment was over 1.5 million or about 18% of the total

population in 1965. The outlay per enrolled pupil was US\$60 in 1966. Although the data years differ, it is safe to assume that the ratios of approximately 2:1~3:1 between the education expenditure and expenditures for other non-occupational components have prevailed during the years under consideration.

Public health is said to be one of Ghana's priority programs, perhaps rightly so since it addresses an urgent need of the country and as it is potentially as important an instrument of income maintenance as education. In terms of public investment actually made, however, it lags far behind the latter, taking up only 1.1% of the GNP in 1968.

The third and last non-occupational component listed is "Other Social Services". In Ghana, this is more than just public assistance in the conventional sense.¹ It covers such service categories as assistance to voluntary welfare and youth organizations, a welfare fund for "derelict" labor, maintenance and operation of delinquency institutions, as well as institutional and outdoor relief.² The diffuse nature of this particular component and the proportionately large expenditure it takes up constitute distinguishing characteristics of the Ghanaian IMP.

The relative modesty of occupational components is still another noteworthy characteristic. Pensions for public employees are well entrenched, having been introduced in the colonial era, but these apply only to a very small sector of the population. The provident fund system which applies to the general wage-earning and salaried sector came into being only since 1965 and it covers those in establishments with five or more employees. Workmen's compensation was first enacted in 1940 and amended a number of times since, most recently in 1963, but its voluntary basis remains unchanged. Thus, compared to the IMPs of other countries under study, Ghana's occupational measures are on the conservative side and the component covering the non-public sector has been late in coming. This is noteworthy because the level of Ghana's economic resources, as represented by per capita income, has been higher than those of most other countries in the study group.

The main questions arising out of the above review therefore are:

- i. Why is education singled out as the area of public investment?
- ii. Why is the development of occupational provisions relatively slow?

¹Meaning "indoor" and "outdoor" relief and related services.

²These are the budget items of the Department of Social Welfare and Delinquency Services as shown in *Estimates of Annually Recurrent Expenditures, 1957-58*, Government Printer, Accra, Ghana.

- iii. Why is there a provident fund system rather than an insurance scheme in protecting the general sector?

The following discussion of underlying factors of the Ghanaian IMP will focus on these particular questions.

Underlying Factors

1. Those Associated with Education Policy

- a. Colonial Period:
 Development needs
 Resources
 Leadership orientation
 Changing world context

Modern education in Ghana began during the colonial period at the initiative of various Christian missions. Since the 1920s, however, the British colonial administration became more directly involved, assuming the financial and teacher training responsibilities to a degree hitherto unprecedented. The Education Ordinance of 1925 was a tangible embodiment of this new direction. The interest of the colonial government in education persisted until the end of its rule.³

One of the first factors entering into the above development was the governorship of Sir Gordon Guggisberg who took office in 1919. He was keenly interested in education as the foundation for progress and endeavored to raise its standard through provisions for better trained teachers, inclusion of agricultural and technical subjects in the curriculum, and equal opportunities for male and female students. He help established half a dozen or more teacher training institutions and one of them, Achimota College, became well-known in the region. It was the seedbed of Guggisberg's dream of African development through black and white cooperation.⁴

A highly profitable cocoa trade during the 1920s and 1930s that resulted in a sizable accumulation of reserve funds supported Guggisberg's policy thrust.⁵ The availability of funds was a tangible invitation for the colonial

³F.M. Bourret, *Ghana: The Road to Independence*, Stanford Univ. Press, Stanford California, 1960, pp. 99-136.

⁴Bourret, *op. cit.*, pp.134-135.

⁵*Ibid.*, pp. 99-101.

government to respond to the territorial people's felt need for education and other social services and to make it the government's on-going concern.

Essentially similar factors gave rise to the developments in the next phase. Sir Alan Burns, who succeeded Guggisberg, was also oriented toward African development through education and set down his ideas in a five-year plan. Its implementation was delayed by World War II, but the decisions emphasizing education were made and acted upon in the post-war years while Great Britain was still in full control of the territory. Economic conditions continued favorable during the war and the first post-war decade and have made pursuing the established policy objectives financially feasible.⁶

Another factor encouraged education during this period and separated it from the previous one, i.e. the dramatic change in the world socio-political climate best expressed in the declaration of the United Nations Charter on Human Rights. More to the point, as far as the colonial territories were concerned, was the establishment of the Trusteeship Council, with its mission to promote "the political, economic, social and educational advancement of the inhabitants of the Trust Territories, and their progressive development towards self-government or independence". According to Bourret, this international mandate had the effect of accelerating efforts on the part of both the colonial government and indigenous leaders in the education and development fields as these were necessary steps toward fulfilling the mandate.⁷

The efforts bore significant fruits. Between 1946 and 1951, the number of teachers in training doubled and the primary enrollment nearly tripled from 80,000 to 235,000.⁸ Also, the first university college of the Gold Coast was established at Lagos.⁹

- b. Self government and post-independence period:
 Popular demand
 Political requisite

Despite the substantial progress made during the colonial rule, the physical and human resources for education was still far too inadequate to meet the country's acute needs when the reign of government was in good measure

⁶Ibid., pp.157-179.

⁷Ibid., p.111.

⁸Ibid., pp. 214-215. Cf. Ministry of Information & Broadcasting, *Ghana: An Official Handbook*, 1961, Government Printer, Accra, p. 53.

⁹Bourret, *op. cit.*

handed over to an indigenous national leader, Kwame Nkrumah, in 1951. What confronted the new leader was, first of all, a long built-up need for education. There was also the need of a newly self-governing people with their heightened expectations. The demand for education at this period was indeed “explosive”.¹⁰

Nevertheless, what faced Nkrumah and his government was more than just pressing needs for education translated into demand. The needs were first faced as an important political issue in two successive general elections that determined which the country’s majority party would be. Nkrumah’s Convention People’s Party (CPP) succeeded in attaining the dominant position partly on the merit of its pledge to meet those needs.¹¹ It was therefore both the very real need of the people for expanded education opportunities and the CPP’s need to keep its pledge regarding that need that figured prominently in the first decisions of the Nkrumah government. By keeping the pledge, Nkrumah and his party hoped not only to maintain but widen their political support.¹²

The policy formula incorporating the above requirements of both the people and the government in power was the Accelerated Education Plan. It was introduced after Nkrumah was installed as the leader of “Government Business” under the new colonial constitution. Above all, the Plan called for opening the primary schools to all children without fees by 1951 and making education compulsory by 1964.¹³ It also called for the necessary expansion of teacher training and school facilities. Table 11 shows some interim results of the implementation of the Plan.

Enrollments in the primary and middle level schools approximately doubled between 1951 and 1959, as did the annual output of teachers in half that time, 1951-1955. The number of schools for various levels grew at different rates between 1951 and 1959 ranging from 317% for the primary to 63% for the secondary levels. The middle level schools increased by 20% during the same period.

¹⁰Robert E. Dowse, *Modernization in Ghana and the USSR: A Comparative Study*, Rutledge & Kegan Paul, London, 1969, p.35.

¹¹See *Convention People’s Party General Election Manifesto*, 1951, p.706. It pledges, among others, to effect “a unified system of education with free and compulsory elementary, secondary and technical education up to the age of 16 years”, to “bring the University College to a full university status at once”, and to liquidate illiteracy from this country in the shortest possible time...” in G.E. Metcalfe: *Great Britain and Ghana; Documents of Ghana History, 1807-1957*, Thomas Nelson & Sons, London, 1964, pp.704-707.

¹²Sir Charles Arden-Clarke, *Gold Coast to Ghana: Some Problems of Transition*. Bourret, op.cit., p.215; Royal Institute of International Affairs (RIIA), *Ghana: A Brief Political & Economic Survey, (Chatham House Memoranda)*, May 1957, Oxford University Press, pp.35-36.

¹³Ministry of Information & Broadcasting, *op.cit.*

Table 11. Schools Enrollment, Number of Schools, Teacher Training, 1951-1959 (Ghana)

		1951	1955	1959
Enrollment:	primary	235,000		465,290
	middle	66,175		139,984
No. of Schools:	primary	1,081		3,428
	middle	539		1,118
	secondary	37		59
Annual output of teachers:		791	1,680	

Source: *Ghana: An Official Handbook*, 1961, p.53; *Development Progress Report*, 1955, Accra, Ghana, para.165.

The Accelerated Plan as a whole took into consideration at least three other important factors, although one overlaps with the political factor mentioned. They were the Africanization of the government and other institutions, economic development, and complete political control of the country.

The first two factors were made explicit in both the *CPP General Election Manifesto*, 1951, and subsequent documents.¹⁴ According to Bourret, these factors underlay the decision to devote three quarters of capital expenditures amounting to some £ 8 million to secondary and technical schools and teacher training institutions under the Plan.¹⁵ The development of educated and trained manpower was seen as the key to both the Africanization and development objectives.

The political control factor is understandably not as explicit in official documents as the others, and the discussion therefore depends even more on the views of other writers. However, there are some salient facts. First of all, true to the election pledge, the Nkrumah government and the CPP launched a massive program of adult education. This was carried out in conjunction with community and rural development and youth training programs and it was this all embracing mass education that served the political control needs of the governing party. Cadres of the CPP were sent out to strategic areas of the country to conduct literacy campaigns that simultaneously functioned as political indoctrination activities. Many youth centers were established under both the Ministry of Education and the Department of Social Welfare and Community Development and functioned as leadership and political training institutions.¹⁶ Dowse, who sees Nkrumah's regime as having been essentially a revolutionary one, holds that, under that regime, education represented the groundwork for

¹⁴*Development Progress Report*, 1955; *The CPP Manifesto*, 1951, *op. cit.*, Bretton, *op. cit.*, pp.15, 16, 95.

¹⁵Bourret, *op. cit.*, p. 216.

¹⁶*Ibid.*, p. 217.

revolutionary mobilization and development and that it was “intimately associated with desired attitudinal changes...to produce...the African Personality, imbued with love of country and...work.”¹⁷

Even without Nkrumah’s far-reaching notions about education, it is not difficult to see why he would have needed to convert the mass education apparatus into a political control mechanism. Having spent many years in the United States and Great Britain, Nkrumah was a latecomer on the Gold Coast political scene and his support consisted, at least initially, of the grass-roots members of the United Gold Coast Convention Party (UGCCP), which he took with him when he left the party after serving it for a few years as the organizing secretary. This support enabled him to prevail over his competitors in the pre-self-government elections but it was hardly enough or significant enough to be the basis of the independent government yet to come. Having been actually expelled from the UGCCP, a party of intellectuals and professionals, for his personal ambitions, and not enjoying the support of the still powerful tribal chiefs, he was left with the alternative of cultivating his constituency on the fringes of tribal control and among the small-traders and menial workers of the city.¹⁸ The mass education and community development programs were practically tailor-made as the means for reaching those sectors.

In short, education during this period was seen as the one stone capable of killing all the right birds, i.e. satisfaction of public demands for education, fulfillment of the political pledge, development of political support and control, and preparation of the ground for Ghana’s Africanization and development.

c. Resources

It goes without saying that even an auspicious program such as the above could not have been launched on thin air. Fortunately for the policy-makers, the Gold Coast of this period enjoyed one of the highest per capita rates of capital reserve in its history¹⁹ and its per capita income, at around £ 50, was one of the highest in Africa.²⁰ In other words, the availability of funds enabled the Nkrumah government to implement the educational program.

¹⁷Dowse, *op. cit.*, p. 34.

¹⁸Henry L. Bretton, *The Rise and Fall of Kwame Nkrumah: A Study of Personal Rule in Africa*, Praeger, New York, 1966, pp.42-43; W. Arthur Lewis, *Politics in West Africa*, Allen & Unwin, London, 1965, p. 27.

¹⁹Bourret, *op. cit.*, p. 179. The Total Amount of reserve was estimated at about L200 million. See *Economic Survey*, 1964, p. 30 and *West Africa*, Oct. 9, 1965, p.1123.

²⁰Bretton, *op. cit.*, p. 15.

d. Ideology

A theme which was hinted at but not developed in Dowse's characterization of Nkrumah's regime as a revolutionary one and his educational policy as one geared to attitudinal conditioning of the populace for revolution is ideology and its relation to the last policy. It needs to be asked what the nature of Nkrumah's revolution was, if indeed he undertook one, and upon what ideology it was based and how that ideology contributed to the choice of education as a high priority program in its particular form.

Regarding Nkrumah's revolution and its ideological underpinning, there are two interpretations. One argues that Nkrumah was a Marxist or a communist and that what he attempted in Ghana and Africa as a whole was a socialist revolution on a grand scale. Circumstantial evidence in support of this view is massive. To refer to only a few, he was believed, while in England, to have had "Communist affiliation and to have become imbued with a Communist ideology...and was identified particularly with the West African National Secretariat...the precursor of a Union of West African Soviet Socialist Republics" around the time when Nkrumah was appointed Leader of Government Business. There was no indication that he had "abandoned his aims for a Union of West African Soviet Socialist Republics and...his foreign affiliations connected with these aims."²¹ During the period of his leadership, especially subsequent to his assumption of the presidency of independent Ghana, he had surrounded himself with advisors and other personnel representing or affiliated with the Union of Soviet Socialist Republics (USSR), the People's Republic of China (PRC) and the international left.²² His public addresses both inside and outside Ghana have been characterized by Marxist revolutionary views and visions,²³ and at least one of his development plans, in which education occupied an important position, was actually called the Socialist Plan.²⁴

The other interpretation, perhaps best represented by Bretton, portrays Nkrumah as a despot, a ruler who had subordinated all national and even

²¹Colonial Office (Britain), *Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948, His Majesty's Stationary Office, 1948, pp. 17, 19.*

²²Bretton, *op. cit.*, pp. 23-26, 79. Among Nkrumah's foreign advisors and associates were (within Ghana) Geoffrey Bing, Patrick Sloan, Erica Powell, D.N. Pritt, Alan Nunn May, Thomas & Dorothy Hodgkin, Ron Bellamy, (outside Ghana) Bertrand Russell, Fenner Brockway, Barbara Ward, and many others.

²³*Nkrumah, Kwame, 1909-*, Government Printer, Accra, Ghana, 1957; *President, 1957 - (Addresses)*, Government Printer, etc.

²⁴*Parliamentary Debates, Session 1963-64, Official Report, 1st Series - Vol.35, pp. 22-195, Presidential address and debates of the parliament on Seven-Year Plan.*

pan-African interests to the requisites of his personal power.²⁵ In this view, ideologies, whether Marxism, Communism or “Nkrumahism”, are mere trappings provided by the “professional revolutionaries” and other types of international intelligentsia “to cover up the intellectual nakedness of his rule” or “to cloak the old-fashioned, garden-variety political machine in ideologically respectable garments.”²⁶

Insofar as the above arguments relate to whether Nkrumah’s policies were ultimately determined by his commitment to one ideology or another or by requisites of personal rule, they present difficult problems and no one argument should be given precedence without a thorough analysis of what actually happened during his regime. Such an analysis, however, is outside the scope of the present study. Nevertheless, relating the arguments to certain facts about the income maintenance program development during his regime is another matter and this shall be undertaken after all pertinent facts are in. As far as they concern the educational policy itself, however, it can be stated even at this stage that there is no ground to rule out one or the other argument. Free and compulsory education with a good dose of indoctrination is consistent with widely practiced Marxist or Communist educational policies, but is by no means their monopoly. The evidence is that, in Nkrumah’s Ghana, both ideology and political requisite factors entered into education policy but the latter was more decisive.

e. External factors

The British had given Ghana’s education a start by their efforts in the pre-self-government period, but the efforts seem to have had no impact on subsequent development. This was so even while the colonial government still held some constitutional authority over Gold Coast affairs. One case in point is the Accelerated Education Plan which represented a clear departure from the one recommended by the colonial administration. The latter called for “a steady increase in primary schools with a proportional increase of middle schools, teacher training institutions, and so up to the university level”,²⁷ but without the fee-free compulsory feature. The CPP ministers went for the Accelerated Plan because they were “governed by the estimated popularity and vote-catching capacity of any plan” and because “[education] was regarded the most popular measure that could be enacted.”²⁸ The strength of political requisites over external influence was unmistakable in this instance.

²⁵Bretton, *op. cit.*

²⁶Bretton, *op. cit.*, pp. 25, 85.

²⁷Bretton, *op. cit.*, p. 125.

²⁸Sir Charles Arden-Clarke, *op. cit.*

Subsequent to full independence in 1957, external influences on Ghana were numerous and varied. Aside from foreign advisors and associates from the left, whose influence seems to have been primarily in international relations, there were the United Nations technical assistance teams that worked closely with government departments. There is evidence that the teams had a good deal to do with the financial and administrative aspects of many governmental affairs²⁹ but no indication that they had significant influence on its basic policy decisions vis-à-vis education.

2. Those associated with public health service: political requisites

It was seen that Ghana's public expenditure on health is less than one third of that for education. Considering that Ghanaian health service has been among the poorest even among underdeveloped countries,³⁰ relegating public health to a secondary place of importance was certainly not need-based. If anything, this merely seems to emphasize the strength of the factors associated with the choice of education as a high priority program.

The limited health program carried out by the Nkrumah government was strongly influenced by political considerations. One indication of this was that, despite repeated expert recommendations - i.e. the report of the 1951 commission to study health needs and the 1955 Development Progress Report - which stressed the urgency of preventive medicine and its cost-benefit advantage in the long run, actual emphases were placed on building a large scale modern hospital for its demonstration value and on expanding curative services in response to popular demand.³¹

3. Those associated with the development of occupational provisions:

- Labor's need
- Place of labor in the economy
- Place of labor in the political coalition
- Labor pressure
- Technical assistance
- Resources

²⁹Henry Simon Bloch, *A Program for Technical Assistance in the Fiscal and Financial Field*, (Prepared of the Government of Ghana) UN Technical Assistance Program, 1958.

³⁰Around 1966, Ghana's physician-population ratio, at 13,300 persons per physician was the lowest among the study group and her hospital bed-population ratio, at 770 persons per bed, the second lowest. See UN *World Economic Survey*, 1969-70, Statistical Annex, Table A-7, p.195.

³¹Bourret, *op. cit.*, p. 218.

Material on Ghanaian policies for occupational social security is practically non-existent. What is being presented in the following is therefore fragmentary and, at times, only suggestive.

One of the questions raised about the Ghanaian IMP had to do with the slow development of occupational provisions. The government's plan to establish the National Pension and Insurance Fund was first made public by Nkrumah in his speech at the Trade Union Hall on 9 July 1960.³² This means there was a nine year lapse between Nkrumah's assumption of government leadership and his public decision to enact a general social security scheme. It was to go into effect in July 1961 but was delayed by four years. The Minister of Labor and Social Welfare explained that the delay was due to slow process of consultations among various organizations concerned and the equally slow pace of committee work.³³ Although these explanations, given to the parliament, may not be complete, they could be assumed to be valid. Yet what were the reasons for the initial time lapse of nine years?

There are only probable answers to the above question. In other countries the factors often associated with work-related social security are the position of labor in the overall economic context, the strength of labor as an organized pressure group, and its place in the political coalition supporting the government. These are in addition to labor's actual needs. The circumstances of Ghana in the first decade of self-government indicates that these same factors may qualify as explicators in the Ghanaian context as well.

To consider needs first, during most of the 1950s, there were two factors which may have kept the labor demand at a low level and made an immediate action on its behalf seem less urgent. They were a favorable employment situation and the very small size of the non-agricultural working sector. (See Table 12)

Table 12. Number of Persons on Wages & Salaries and Unemployed Persons, 1954-61 (Ghana)

Year	Total No. of Persons on Wages & Salaries	% of Total Population	No. of Unemployed Persons	% of Total Employees
1954	240,000	---	Practically none	---
1957	277,414	4.3	6,447*	2.4
1961	---	---	14,700	---

Source: Royal Institute of International Affairs, *Ghana: A Brief Political & Economic Survey*, May 1957, Oxford Univ. Press, p.35 (for 1954 data); *Annual Report on the Labor Division of the Ministry of Trade and Labor*, 1956-57, pp.10, 37 (for 1957 data); ILO, *Yearbook of Labor Statistics*, 1971, Table 10, p.418 (for 1961 unemployment figure).

* Persons on the "live" register of those seeking employment at the end of the year.

³²Parliamentary Debates, *op. cit.*, Vol. 34, p. 1198.

³³*Ibid.*, p.1199.

Within the non-agricultural working sector, the level of unemployment was fairly high in or around 1960. But because the number of wage-earners and salaried employees represented only a fraction of the total population, the problem did not generate sufficient pressure to draw national attention. The relationship between the size of non-agricultural workers and the development of occupational income security provisions will be considered as part of a cross-national analysis later. But it is useful to note at this point that, in 1960, Ghana's non-agricultural workers accounted for only 14% of the total economically active population, while those in the other study countries ranged from a low of 9.3% to a high of 51.6%. Ghana was ahead of only one country, Thailand.³⁴

As for the other factors, i.e. the relative position of labor in the overall economy, its strength as an organized pressure group and its place in the political coalition, the Ghanaian situation ranked low on all counts. During the period under consideration, Ghana's most important product was cocoa and its economy depended largely on the export of this product. While many of the wage-earners were employed in the service aspect of the cocoa trade, those more directly connected with it belonged in the agricultural sector. In other words, the workers in question were not members of a key sector of the Ghanaian economy.

Further, the numerical strength of organized labor was unimpressive during the period. Its total membership at the end of 1957 was 86,923 or about 31.3% of the total number of employees in the non-agricultural sector.³⁵ The unions, in other words, constituted a minority organization and the extent to which such an organization could wield influence as a pressure group or a political force was limited.

The unions were actually co-opted into Nkrumah's political machine early in the post-independence years. Nkrumah and the CPP came into power largely with the support of rural grassroots elements but lost no time in bringing organized labor under the CPP wing. Bretton writes,

As in a number of other countries, adopting totalitarian measures after independence, the trade unions were quickly brought to heel and directed to address themselves to the new tasks of national construction... Accordingly, an Industrial Relations Act was passed in 1958 to consolidate the unions and to integrate them with the CPP. After that, the unions were expected to concentrate on political tasks set by the new supreme employer, the state.³⁶

³⁴ILO, *Yearbook of Labor Statistics*, 1971, Tables 1 & 2 were used as sources of data. Computations are the author's.

³⁵*Annual Report on the Labor Division of the Minister of Labor, Cooperatives and Social Welfare*, 1957-58, Table IX, p. 97. The percentage computation is mine.

Bretton goes on to discuss how the original trade union leaders were gradually replaced by personal appointees of Nkrumah and how the "Trade Union Congress (TUC) was 'securely tied', not to the Party - which did not really exist - but to the personal political machine."³⁷

In face of the cooperation and support that labor must have given the Nkrumah regime, the absence of any meaningful social security legislation for so long seems inexplicable. But, the puzzle more or less solves itself when it is realized that being a powerless minority organization, the TUC had no choice but to submit and was not even in a position to bargain the terms of its submission. As will be discussed in a cross-national context later, in those countries where labor legislation was enacted rapidly following government change, the trade unions invariably enjoyed effective bargaining power of one kind or another. What is of some interest in this connection is that in the few years preceding the Ghanaian government's initiative toward the Pension and Provident Fund, there was a sharp rise in the number of strikes and workdays lost. During 1955-56, the strikes numbered 23. In the next one year period, the number suddenly jumped to 43.³⁸ This level was maintained till 1961 when the number of strikes stood at 43 and workdays lost at 29,340.³⁹

Bretton indicates that the workers' demands were justifiable on economic grounds but "Nkrumah was adequately equipped to resist such pressures", and that the workers, no matter how justified their grievances, "could not hope to succeed in pressing their demands without assistance from the army or police."⁴⁰ Both the numbers of strikes and workdays lost dropped to a fraction of the 1957-61 level for the next three years, perhaps because the 1961 strikers were suppressed, and do not begin to rise again till 1965,⁴¹ the year of the adoption of the Pension and Provident Fund and the year before the overthrow of Nkrumah by a military coup d'etat.

In other words, despite Bretton's evaluation as to the strength of the Nkrumah regime to resist labor pressure, that pressure, when built-up to a sufficient level through direct action, appears to have had some impact on decisions regarding the one major labor legislation enacted during its reign.

³⁶Bretton, *op. cit.*, p. 76.

³⁷Bretton, *op. cit.*, p. 77. Also see Parliamentary Debates, *op. cit.*, Vol. 35 (March 1964), p.282.

³⁸*Annual Report, op. cit.*, p. 17.

³⁹ILO, *op. cit.*, Table 27, p. 738.

⁴⁰Bretton, *op. cit.*, p. 78.

⁴¹ILO, *op. cit.*

So far, the discussion concerned the factors associated with the initial absence of any major income maintenance provision for labor as well as those that were associated with the decision to finally enact such a measure. None of these, however, are factors explicit in any official document or publication. What explicit official reason given points to gaps in private schemes that do not cover all the grades of labor and the need to remedy this shortcoming.⁴²

As to why a provident fund rather than an insurance scheme was adopted, once again there is no ready-made explanation. It is known, however, that representatives of the Social Security Division of the International Labor Office were closely involved in the program formulation from the beginning⁴³ and it may be assumed that they gave consideration to certain objective factors in the program setting such as resources. It is worth noting in this regard that since the 1955-57 period when the price of cocoa dropped and Ghana had her first experience of an unfavorable balance in trade,⁴⁴ her economic condition had been steadily deteriorating. By around 1965, her once considerable reserve (£ 200 million in 1957) was replaced with a national debt of £ 349.2 million.⁴⁵ In this circumstance, the government would have been averse to a measure requiring substantial contributions from its budget. The provident fund, relying on employer and employee contributions, with the government shouldering only the administrative costs, was therefore a preferable measure.

In view of the less than satisfactory economic condition that prevailed throughout the post-independence Nkrumah period, it is possible to argue that it was that very factor that underlay the late introduction of the general occupational scheme. This argument may be valid. That is, had Ghana been unconstrained in available resources, the scheme might have been introduced sooner. The point, however, is that given the limited resources, she chose education, rather than a program for labor, as the top priority social program.

4. Ideology versus Political Requisite

Having considered thus far the entire range of social measures for which important decisions were taken during the Nkrumah period, and the possible reasons why they were taken, it is appropriate now to return to an earlier argument concerning the prevailing ideology of the period and its influence on social policy. This argument is worth further consideration because of the unequivocally socialist label that was usually attached to Nkrumah and his regime

⁴²*Parliamentary Debates, op. cit.*, Vol. 34 (Oct. 1963 - Feb. 1964), p.1199.

⁴³*Ibid.*, *Ghana Today*, June 6, 1968, p. 2.

⁴⁴Bourret, *op. cit.*, p. 219.

⁴⁵*West Africa*, Oct. 9, 1965, p.1123; *Economic Survey*, 1964, p. 30.

and the apparently negligible or very secondary nature of its impact on the development of Ghanaian IMP, as reviewed.

It was indicated in connection with education that it received high priority attention during the Nkrumah regime because it was thought the best means of conditioning the people for a projected socialist revolution. This means that socialist ideology was a factor underlying Ghana's education policy. On another level, however, there is ground for arguing that it is not socialism in particular but ideology in general that should be regarded significant in association with policy decisions because, under different circumstances, even Nkrumah's Ghana could have used education for quite different purposes, such as advancing capitalism or any other ideology. What was primary in Ghana's policy decision on education was that the latter was shown to be an effective instrument for preparing the populace for the chosen national task. In this sense, ideology itself might have been an instrument rather than an end.

. As far as Ghana's public health and occupational measures were concerned, there was no evidence that ideology played a part in decisions regarding them.

The question that still remains is whether socialism and/or Nkrumaism actually served as a framework for social action, although neither seems to have had any impact on Ghana's IMP, or whether they were mere rhetoric in Nkrumah's schemes of Pan African Unity and international confrontation. The indications are that it was the latter. To begin with, the Convention People's Party General Election Manifesto, 1951, while laced with anti-colonial sentiments, was devoid of doctrinal ideology, whether of the right or the left, and consisted mainly of concrete program pledges. In part, the pledges included:

- 1) Immediate realization of the Volta Hydro-Electric Scheme and electrification of the whole country,
- 2) Immediate development of modern communication and transport systems and facilities,
- 3) Modernization and extension of the railway,
- 4) Progressive mechanization of agriculture and raising the standard of living among the peasants by bringing piped water, electricity, good housing, education and other social and cultural amenities to towns and villages,
- 5) Industrialization of the country as a whole,
- 6) A unified system of free and compulsory education, and

- 7) Eradication of “the scandalous (un)sanitary conditions in towns and villages [that represent] some of the gravest indictments of the imperialistic regime...” by establishing hospitals, clinics and sanatoriums all over the country and inaugurating a free medical service.⁴⁶

Dowse, who made a comparative study of Ghana and the USSR, makes a point of paralleling their modernization processes but not necessarily on ideological grounds. He points out, with reference to Nkrumah’s Five Year Plan introduced in 1952, that, of the £120 million allocated for the plan, approximately 89% was for projects geared to modernizing the economic infrastructure and states that “this allocation had nothing to do with socialist theory, it was a recognition of necessity”, and that “insofar as there was an ideology, then it was one of social and psychological reconstruction and it was to these that Nkrumah devoted (a) considerable amount of attention.”⁴⁷

Along with the above modernization model for analyzing Ghana’s development is Bretton’s personal rule model which equally discounts the influence of ideology in the Nkrumah period of Ghana. Bretton argues that Nkrumah, to be sure, was tutored in Communist strategies while in the United States and England and, during his presidency, associated with a large number of Marxists and sympathizers, but the ideology itself had no tangible imprint on his domestic policy. In this sphere, where he was subject to no meaningful social control,

Nkrumah turned into a man controlled by the demands of “self”. His personal motivations, as distinct from the aggregate interests of the society became paramount in his decision-making... To secure his position of power, to control key points of power and influence in the country, and to watch over the movements of actual and potential rivals had to be first order of business for the dictator...⁴⁸

Bretton argues the critical importance of the political leader, the man, and his personal rule as the most realistic and valid explicator of political development in all underdeveloped countries, Ghana providing a prime example. Ideology, political parties, political systems and government structure - the “Political Machine” - have been only instrumental or secondary to the political orientation and personal style of the leader and that it is these latter that determined Nkrumah’s policies. In this scheme of things, income maintenance

⁴⁶*Op. cit.*, in G.E. Metcalf, pp. 704-707.

⁴⁷Dowse, *op. cit.*, p. 38.

⁴⁸Bretton, *op. cit.*, pp. 33-35. Also see pp.82-89; Col. A.A. Africa, *The Ghana Group*, Frank Cass & Co., Ltd., London, 1966.

needs of the populace in general and those of the wage-earning sector in particular were matters of no great urgency.

Summary

Involving an expenditure equivalent to 3.5 percent of the GNP in 1968 and covering 18 percent of the total population, public education was the single most important component in Ghana.

Health service, the second highest priority program of the country, expended only 1.1 percent of the GNP in 1968 and the physician-population and hospital bed-population ratios were low.

In the occupational sector of the IMP, workmen's compensation and pensions for public employees have been in effect since the colonial period, but these measures covered only a fraction of the working population.

The provident fund was introduced as late as 1965 and the total receipt for this scheme in contributions and investment returns was 0.8 percent of the GNP in or around 1966. The coverage was 11 percent of the total economically active population in the same period.

An identification of interests between the political leadership and the populace at large underpinned the development of education. The two shared the values and objectives of development and Africanization.

Considerations of needs and resources were not reflected in the curative emphasis in Ghana's health policy despite expert recommendations to better respond to them through preventive health measures.

The choice of the provident fund, rather than an insurance scheme, as an occupational income maintenance measure appears to have been due to limited resources, which was taken into consideration by the ILO technical assistance team involved in the formulation of the measure.

The development of all the above IMP components was influenced by another factor, or a pattern of inter-factor relationships, viz. translation of needs into public or pressure group demands and the leadership response to those demands out of political necessity.

MAURITIUS

Delineation of the IMP

The Mauritian income maintenance program is prominently in the non-occupational sector and relatively modest in the occupational one. In the former, there are the usual free education and health services and the not so usual rice subsidy, a system of demogrant for the aged and the blind and a flat-rate family allowance to all non-taxpaying families with three children. Public assistance completes the same category.

In the occupational sector, there are well developed pension schemes for public employees and voluntary workmen's compensation. (See Table 13)

Table 13. IMPCs, Costs and Population Coverage (Mauritius)

	Year of data	Public Expenditure		Population covered	% of Total population
		Rupees (million)	% of GNP		
<u>Non-Occupational</u>					
1. Education expenditure per enrolled pupil	1968	30.987	3.2	196,153	25
	1966	(US\$37)			
2. Health Service					
3. Rice Subsidy	1964	3.0	0.3	Universal	
4. Pensions for the aged and the blind	1963	8.0	0.8	33,152	4.5
5. Family allowance (to non-tax-paying families)	1963	9.7	1.0	59,162	8.0
6. Public assistance		10.3	1.4	42,890	6.0
<u>Occupational</u>					
7. Pensions & "compassionate allowances" for public employees	1958-59	6.828	1.0	2,489	0.4
8. Workmen's compensation (voluntary)					

Source: UN, *Yearbook of National Accounts Statistics*, 1969, Part D, pp.819-864; *op.cit.*, 1965, p.248; UN, *Statistical Yearbook*, 1970, Table 204, pp.778-782; UN, *World Economic Survey*, 1969-70, Table 25, p.65; R. Titmuss and B. Abel-Smith, *Social Policies and Population Growth in Mauritius*, p.22; *Annual Report of the Ministry of Labor and Social Security* (Government of Mauritius), 1963, Vol.III, pp.15-17.

In 1968, public expenditure on education was close to Rs.31 million or 3.2 percent of the GNP and the cost per enrolled pupil was US\$37 in 1966. The total school enrollment in 1968 was 196,153 or 25 percent of the total population. The enrollment ratio was very high in the study group.

As measured by physician-population and hospital bed-population ratios, the level of health service in Mauritius is comparatively high. (See Appendix II) As in Ceylon, the Mauritian health service system evolved from the estate sector and even today estate medical service is the more important division of a dualistic public health service system.

The rice subsidy was introduced during the Second World War, as was the case in Ceylon. Unlike in Ceylon, however, this measure plays only a very minor part in the overall income maintenance program of Mauritius. In 1964, the measure absorbed Rs.3 million or approximately 0.3 percent of the GNP.

The cost of the old age and blind pensions (demogrants) was much higher. In 1968, the total expenditure for the measure was Rs.8 million or 0.8 percent of the GNP. This particular measure covered 33,152 persons or about 4.5 percent of the total population in 1963.

The income maintenance function of the family allowance for non-taxpaying families was somewhat greater than the old age and blind pensions. The expenditure for the measure in 1963 amounted to Rs.9.7 million or 1.0 percent of the GNP. It covered a population of 59,162 or 8 percent of the total population in 1963.

The role of public assistance was even greater than the preceding two. In or around 1964, approximately Rs.10.3 million or 1.4 percent of the GNP were expended for this provision and the persons on outdoor relief or in institutions as public wards numbered 42,890 or 6 percent of the total population in 1963. Public assistance as an income maintenance component was thus more significant than in other countries.

In the occupational sector of the IMP, the expenditure for pensions and "compassionate allowances" for retired public employees was Rs.6.8 million or 1.0 percent of the GNP in the fiscal year of 1958-59. The number of persons in receipt of these pensions and allowances totaled 2,489 or 0.4 percent of the total population in the same year. Considering the small number of beneficiaries involved, the level of expenditure as a percentage of the GNP was high, more or less on a par with that of family allowances which cover twenty times as large a population. Regarding the voluntary workmen's compensation, neither expenditure nor population coverage data were available.

Other than a private pension fund and sickness and maternity provisions for a small number of monthly-paid employees and resident estate workers of the sugar industry, there is no statutory social security measure for the general occupational sector.

In short, the Mauritian IMP is striking for the following characteristics and it is these that will be the focus of the ensuing discussion.

- i. There is a strong emphasis on non-occupation measures.
- ii. The non-occupational components include a demogrant and a modified negative tax system, which are models usually found among highly developed countries.
- iii. The occupational sector of the IMP is modest, particularly in terms of population coverage. The measures cover primarily public employees.

Underlying Factors

One of the first things to note in the Mauritian income maintenance program is that, unlike other countries in this study, Mauritius did not attain independence from Great Britain until recently and, therefore, the outline of the program as it exists today evolved under the colonial administration. This is not to say that all the decisions involved were that administration's alone. Throughout the colonial rule, there has always been some form of consultative body composed of the island's indigenous leaders that took an active role in policy decisions. The final authority over policy, however, rested with the colonial government.

It must also be noted that in Mauritius, the IMP developed component by component over a relatively long period of time rather than at any particular historical juncture. The discussion to follow deals with factors associated with the various components as they were introduced at different points in time. Since the present concern is with the underlying factors of the IMP rather than with its developmental process, however, the order of discussion will not be chronological.

1. Colonial context and education policy

Aside from the usual need to educate the people in an under-developed country, there was a factor specific to the Mauritian context and this factor was responsible for at least two aspects of its education policy. One is that basic education was not compulsory. The reasons for this are not clear. Funding and personnel may have been at issue. However, the fact remains that, in all the formerly colonial countries in the study group, education was made compulsory since or around the time of independence but, in Mauritius, still under colonization, it was not made so. As pointed out earlier, the enrollment ratio at the primary level was 65% in 1966, which is high by the standards of underdeveloped countries. The non-compulsory policy did not keep the school utilization rate from being high through most of the 1950s and 1960s, but the fact

of Mauritius being one of only two countries in the study group without compulsory basic education is noteworthy in itself.

The other has to do with the objective of education. Despite the trend toward popular education of recent decades and the overwhelmingly agrarian economy and life style of the island, Mauritian education has largely been geared to qualifying students for government scholarships which, in turn, opened opportunities for entering the minuscule civil service or for going abroad, mostly to England, for professional training. For the vast majority of the school graduates who must return to the mid- or lower-stream of the island life, the substance of education was largely irrelevant.¹

2. The economic context of health service

There are two overlapping systems of health service in Mauritius. The older and better developed system covers the sugar estates and the other the general sector. Under the existing Labor Ordinance, the estate employers are required to provide medical care for their employees, particularly the salaried and resident employees, with hospital accommodation, equipment, medical attendance and treatment. For more serious problems, however, they are referred or transferred to government hospitals and clinics. The wage-earners, because of their seasonal affiliation with the estates, must avail themselves of services for the general sector.

The estate health service is supervised by governmental medical officers and, thus, is under the overall control of the public health authority.²

The development of the estate health service as a more or less separate system had to do with the productivity as well as health needs of the workers in the sugar industry, the key sector in Mauritian economy. Because the estate workers serve important economic functions, their need commanded priority attention. Along with this, the stability and financial capacity of the estate owners seems to have encouraged the policy-makers to require them to invest in the health of their own employees.

3. Geographical isolation and rice subsidy

The practice of subsidizing rice began, as in the case of Ceylon, during the Second World War. Separated from the nearest land mass by some 500

¹Sir Richard M. Titmuss & Brian Abel-Smith, *Social Policies and Population Growth in Mauritius*, Methuen & Co., Ltd., London, 1961, p. 5.

²Titmuss & Abel-Smith, *op. cit.*, pp. 34-36.

miles, the Mauritians were threatened by serious shortages of rice and other basic food items when the normal flow from outside was disrupted by the war. In order to ensure the islanders' minimum subsistence needs, the authorities undertook direct responsibility for importing and distributing rice. This also enabled the colonial administration to prevent undue fluctuations in the price of rice which, uncontrolled, would have contributed to overall economic instability. This measure was retained after the war to maintain the level of grain stocks and to keep down the price of rice.³ Thus, while the measure is to serve a definite welfare function as well as an economic one, the reason for choosing this particular measure for that purpose stems directly from Mauritius' geography.

4. Factors associated with family allowance:

Needs

Resources

Expert recommendations

Although no explicit statement to that effect is available, it is safe to assume that the Titmuss and Abel-Smith recommendations of 1960 was the immediate underlying factor for Mauritius to introduce the family allowance scheme in its particular form. There were also such prior and long-standing factors as a rising relief roll and the need to overhaul existing provisions to meet expanding needs.⁴ These will be considered together in the following discussion.

Faced with a rapid increase in the number of relief cases, which was seriously straining both the financial and personnel resources of the colonial government, its Governor asked Sir Richard Titmuss to "advise the Government of Mauritius as to the provisions to be made for social security, bearing in mind the resources of the territory and the needs of its people." Titmuss and his team went to Mauritius during 1959 and 1960 to make the necessary field inquiry. The team submitted wide-ranging recommendations on the island's social needs and issues and on existing provisions to address them. The recommendations were not implemented in their entirety, but the Family Allowance Ordinance was enacted in 1961 in partial fulfillment of them and went into force in 1962.⁵

One of the first reasons for recommending a family allowance for "non-taxpaying families" had to do with the unprecedented population growth that the island was experiencing at the time and with the related problem of unemployment. After nearly a century of an average annual rate of population

³J.E. Meade & Others, *The Economic and Social Structure of Mauritius: Report to the Governor of Mauritius*, Frank Cass & Co. Ltd., 1968, pp. 173-174.

⁴Titmuss & Abel-Smith, *op. cit.*, pp. 2-14.

⁵*Annual Report of the Minister of Labor and Social Security*, 1963, Col.III, pp. 10-11.

growth of less than 0.5% up until 1942, the rate jumped to 2.2% annually between 1944 and 1952, and then to 3% annually since.⁶ The static and small labor market of the island was unable to absorb the new labor input. In the sugar industry, for instance, the average number of persons employed during 1946/1947 was 56,000 and the average number of persons employed in the same industry during 1957/58 - 11 years later - was the same, 56,000. Yet the labor force in the intervening years had increased by 20%.⁷

A very low level of health among the working population was another significant factor that underlay the high level of unemployment. Many of them were physically unable to carry out the type and amount of work required of them and were simply unable to support themselves.⁸

The resulting large number of unemployed and underemployed persons came increasingly under the financial and administrative responsibility of the Social Welfare Department, causing a phenomenal rise in both the number of "outdoor relief cases" and the cost of their support.⁹ This situation strained the personnel resources of the Department to the limit and placed an inordinate burden on the time of medical officers called upon to certify partial or temporary disabilities on the part of those seeking "outdoor relief" on medical grounds. Administrative jurisdiction was also becoming an issue in this connection because the Social Welfare Department was not intended to deal with the type of problem it now faced.

Though not explicit in the Titmuss and Abel-Smith Report, various materials to which it makes reference reveal that underneath the concern over the rising relief roll was also an apprehension that the presence of an increasing number of relief recipients in the community would somehow undermine not only the moral fiber of the recipients themselves but the moral fabric of the community as a whole. This concern was expressed time and again in the reports of various commissions deliberating social welfare and social security policies of the island and recommending modifications.¹⁰

In other words, there was a felt need on the part of the community leaders and participants in policy-making to reduce the number of relief cases. However, their actions in response to the need were to administratively structure

⁶See Titmuss & Abel-Smith, *op. cit.*, Tables III and IV, pp. 45-46.

⁷*Op. cit.*, p.10.

⁸*Op. cit.*, pp.10-12.

⁹The number of cases multiplied by nearly 35 times and the costs by about 3.5 times between 1953 and 1958-9. See *op. cit.*, Tables I and II, pp.11, 14.

¹⁰The Mauritius Royal Commission of 1909; the Poor Relief Inquiry Commission of 1929; the Commission on the Financial Situation of Mauritius of 1932. See *op. cit.*, pp. 69-72.

them out of the Welfare Department rather than actually reduce the number of persons on aid. Having them taken care under some label other than “outdoor relief” or “indoor relief” was perhaps less disturbing to sensibilities grounded in their work ethic and the principle of “self-help”.

In this circumstance, the overriding need was to find a way to:

- (1) Meet the needs at issue with means appropriate to their nature and scope,
- (2) Help reduce the population growth by providing effective incentives toward small families, and
- (3) Contribute to the general health condition of the population at a strategic stage of growth and development.

Titmuss and Abel-Smith recommended a family allowance as the best means to satisfy the above requirements in the Mauritian context. On the conclusion that a good many Mauritians’ health was irrevocably damaged in childhood due to malnutrition and otherwise poor living conditions, they selected children less than 14 years of age as the target population. But by specifying that the allowances be limited to families with only three children, they built into the scheme an incentive for family planning. It was reasoned that by setting the number of children at three, the scheme would provide no encouragement for either starting a family or having too large a family. Also, by providing that the allowances be granted to only those families with incomes too low to pay taxes, the benefit was designed to go to those who really needed it. At the same time, it kept the cost of the provision within the bounds of available resources.¹¹

As implemented in 1962, family allowances were paid out through the general administrative structure of the central and local governments and via a standardized procedure so that the burden of its administration fell entirely outside the newly named Public Assistance Department.¹²

In short, the introduction of the family allowance in Mauritius has been a response to an expert recommendation which was entirely based on a needs and resources assessment of the policy-making context, i.e. population growth, a high rate of unemployment, poor health conditions of the populace, and limited financial and personnel resources. Within the context of the present study, this represents a rare instance in which decisions to adopt an income maintenance provision, in its particular form, were based entirely on needs and resource parameters, viz. on rational grounds, as far as it could be gauged from available information.

¹¹*Op. cit.*, pp.130-136.

¹²*Annual Report of the Minister of Labor and Social Security, op. cit.*, p.11.

5. Those associated with Old Age and Blind Pensions:

- Changing structure and function of family
- Social values
- Low wage level
- Labor unrest
- Technical problems

Titmuss and Abel-Smith trace the beginning of official consideration for the non-contributory and “no means test” pensions to the Commission on Unrest on Sugar Estates in Mauritius which was appointed in 1937. The Commission filed a report recommending the establishment of old age pensions along with sickness insurance, which “must obviously apply to all sections of the population and not merely to persons employed in the sugar industry.”¹³ Although the Titmuss and Abel-Smith study makes no specific reference to it, the title of the Commission seems to indicate that its recommendations had been in response to labor unrest. Benedict states in this regard, “the Creoles of Mauritius had a long and active tradition of opposition, sometimes to the British and sometimes to the Franco-Mauritians, and that old age pensions and some other social welfare measures eventually introduced were due to their agitation through the unions which they organized and led.”¹⁴ In fact, there is a chronological correspondence between the introduction of the Old Age and Blind Pensions and related legislative actions and the said political activism.

The Commission inquiry was followed by the appointment of a committee whose task was to assess the need and feasibility of adopting measures such as those recommended by the Commission. Regarding the old age pension, the majority of the committee favored a contributory compulsory scheme on the recognition that a new provision must be made for the aged in view of the breakdown of the traditional family system, but that the social value represented in the principle of “self-help” must be adhered to.¹⁵ A minority report of the same committee indicated, however, that the workers of Mauritius were too poor to pay the insurance premium, no matter how small, and that the contributory approach would, in effect, shift the cost of supporting the aged from the taxpayer onto the working people. It therefore proposed a scheme which should place a larger responsibility on the employers, while charging only certain “license fees” from the employees. The Governor then went so far as to have an actuarial

¹³Titmuss & Abel-Smith, *op. cit.*, p. 85.

¹⁴Burton Benedict, *Mauritius: The Problems of a Plural Society*, Pall Mall Press, London, 1965, pp. 61-62.

¹⁵The same social and religious values referred to on p.109 were in operation in this connection.

analysis made on the majority recommendation and getting the concurrence of the Secretary of State of the Colonies on the old age pension scheme. However, he took no further action. As a result, the whole process involving the 1937 Commission inquiry and recommendation to the actuarial study of 1943 was in vain.

While the contributory pension scheme was thus stymied, an old age and blind person's assistance program was introduced in 1950. Under this provision, all persons aged 65 and over and blind persons aged 40 and over received a maximum of Rs.15 per month as non-contributory allowances. In 1957, this provision was converted into a system of demogrants for the same category of persons. All those above the age of 65 or those who are blind and over 40 years of age received flat-rate allowances regardless of the status of their personal resources. The reason underlying the change was the administrative and technical difficulties of applying means tests and assuring fairness to all concerned.

In 1957, a Committee of Ministers was appointed by the Governor to make another feasibility study of the contributory pension scheme as part of a comprehensive social insurance system including sickness and maternity, old age, invalidity (disability) and death (OAID), workmen's compensation and unemployment. The Committee found the promulgation of such a system both feasible and desirable and made recommendations to that effect.¹⁶ There is again no indication, however, that the recommendations were acted upon even in part.

Demogrants for the aged and the blind, in other words, have evolved (1) as a partial response to an increasingly felt need on the part of the estate workers and the populace at large for adequate social security provisions; (2) in place of a contributory scheme which, for a variety of reasons, most notably the problem of finance and cost delegation, could not be implemented; and (3) because of administrative and technical difficulties of applying the means test equitably.

7. Status of civil service and the Public Employees Pension and "Compassionate Allowances"

The Public Employees Pension Fund, a non-contributory government grant to retiring pensionable government employees, was established as early as 1859. Non-pensionable employees have been provided with "compassionate allowances" at the discretion of the Governor. In practice, however, the allowances are routinely granted unless particular employees happen to be relieved of duties under unsatisfactory circumstances. This was the first income

¹⁶*Op. cit.*, pp. 85-90.

maintenance provision of any kind in Mauritius and was indicative of the predisposition of the Mauritian policy makers to give priority to the needs of the public sector. This of course was not unusual and the underlying reasons are the same as in most other countries. The civil servants are normally a group of well-educated and highly trained members of the government bureaucracy and their functions are essential to any political leader or administrator. It was therefore to be expected that the government leaders would wish to keep the members of the bureaucracy satisfied and loyal. This applies regardless of whether the government leader is a native or a representative of a foreign power, except that in the latter case, the tendency to accord special privileges to government employees is stronger for such reasons as mutual dependency between colonial administrators and native civil servants in controlling a native society.

8. Factors associated with the absence of social security measures for the general sector

It was seen that, in Mauritius, there is neither social insurance nor any alternative income maintenance measure for the general occupational sector. What provisions there are, other than those for public employees, i.e. the sugar industry pension fund and sickness and maternity benefits, cover salaried or monthly paid employees only and, in the case of maternity benefits, female resident workers meeting the continuous employment requirement of six months or longer. The one occupational provision that applies to all workers is voluntary workmen's compensation.

What are the factors associated with this state of affairs? Whatever they are, lack of need for one or more of such measures and a shortage of expert information and recommendations were not among them. In addition to the 1937 Commission on Unrest on Sugar Estates in Mauritius, which recommended the establishment of an old age pension scheme along with a sickness insurance plan that "must obviously apply to all sections of the population and not merely to persons employed in the sugar industry",¹⁷ there were at least two committees appointed by the Governor which put forward even more comprehensive recommendations based on studies of need and feasibility.¹⁸ The first response to these recommendations was the 1945 bill for a private retirement scheme for the senior staff of the sugar estates (Retiring Fund Ordinance). This was introduced by the sugar interests over the objection of the Technical Workers' Union which felt that its members could not afford the deductions and that the fund was being established for the "sole purpose of depriving the artisan of his

¹⁷*Report of Commission on Unrest on Sugar Estates in Mauritius, 1938*, p.168 as cited in Titmuss and Abel-Smith, *loc. cit.*, p. 85.

¹⁸*Op. cit.*, pp. 69-90.

ability to pay union dues.”¹⁹ The 1950 old age and blind pensions already discussed was the second response to the same recommendations.

Then came the Titmuss and Abel-Smith study which led to their recommending, among others, a comprehensive and contributory social insurance system for wage-earners.²⁰ Again, the official response was not responsive to that recommendation but to the one relating to the family allowance.

Thus, in Mauritius, there has been a consistent trend away from social security provisions geared to wage-earners despite the fact that such provisions are fairly common even among underdeveloped countries. The argument against any official action on the matter seems to have been an economic one, either in terms of economic context or limited resources. For instance, the 1940 Committee to study the need for a social insurance system and the prospects of successfully and economically implementing such a system reported, with particular reference to unemployment insurance, that,

*in Mauritius, where the majority of the laboring classes are engaged in agricultural pursuits, and many do work of a casual nature, the unemployment insurance is...impracticable except perhaps in the case of certain industries of a non-agricultural nature in which casual labor is not normally employed.*²¹

The Governor of Mauritius also stated in 1945 in an address at the inaugural meeting of the Central Development and Welfare Committee that measures of social security must be appropriate to the stage of economic development of Mauritius and that,

*policy must be limited by the funds which can be made available from the aggregate members of the community and by the extent to which the wealthier members of the community can be expected to contribute towards the maintenance of those who fall below an ascertained minimum standard, after provision has been made for the maintenance of law and order, defense and other administrative and developmental services...*²²

¹⁹Annual Report of the Labor Department, 1945, p. 8.

²⁰See Titmuss & Abel-Smith, *op. cit.*, chapters 4-11.

²¹*Op. cit.*, p. 85.

²²Inaugural Meeting of the Central Development and Welfare Committee, 1945, pp. 9-10 as cited in Titmuss & Abel-Smith, *op. cit.*, p.88.

The official line of thinking in the subsequent period, especially in response to the Titmuss and Abel-Smith recommendations, is not known. The economic arguments could well be rationalizations, particularly in the Mauritian context of the most recent decade. For one thing, in per capita income terms, Mauritius has been better off than all other countries reviewed in the present study throughout the period for which information is available, that is, the 1950s-1960s. This does not mean that average Mauritians have been better off than their counterparts in other countries but that the overall national resources have been greater.

Given the fact that many underdeveloped countries with less national resources have managed to introduce one type or another of income maintenance measures for the general working sector, the Mauritian argument of resources does not stand up well. As for the agricultural and seasonal nature of work performed by the majority of Mauritians, the counter-argument would be that, unlike most other predominantly agricultural economies, Mauritian agrarian workers belong in a market-oriented industry rather than in a subsistence sector. They are paid cash for their labor and they pay cash for their needs. Their work is seasonal; but stable in its seasonality. In this sense, they are not different from other categories of industrial workers and, obviously, this was why the various recommendations for an insurance program for them must have been made in the first place.

In brief, there are grounds for assuming that the more important factor connected with the absence of a general social insurance system in Mauritius is something other than need, expert information and knowledge, economic resources or economic context. And as to what the other factor(s) might be, there are only hints. Two were contained in the Governor's address cited. The first was a reservation on the part of the colonial government to effect the type of redistribution that must accompany a general social insurance scheme. The second was other communal needs requiring prior attention, e.g. those of the elderly, the blind and the very poor. These two factors may explain an absence of official commitment to the needs of labor.

Another strong hint is to be found in the economic structure of the island and relative weakness of labor in it. Without going into details, it can be said that, in Mauritius, the sugar industry is everything and it is largely in the hands of a small number of estate owners who, with few exceptions, happen to be Franco-Mauritians. It is the estate owners, who, through either direct production of canes, the highly biased tenancy regulation, an equally biased system of cane processing, or other laws favoring the sugar industry as a whole and the big owners in particular, dominate every facet of Mauritian life. Labor has been powerless except in minor ways.²³ The following excerpt provides a good glimpse of this state of affairs.

²³Jay Narain Roy, *Mauritius in Transition*, Ram Pratap Tripathi at the Samelan Mudranalaya, Allahabad, India, 1960, pp. 266-328.

There is a general feeling that the entire administration is overawed by the industry. You can arrest anyone you like, get into trouble with anyone you wish, but think twice before you do anything against the estates. If you go to the estates any time of the year you can take dozens of sanitary, labor, medical or other contraventions, but officers have learnt from experience that they are likely to get into hot water or even risk their jobs if they are not in the good books of the estates.²⁴

The little that workers have achieved has been obtained through the efforts of the trade unions. But the trade unions themselves have had to go through insuperable difficulties that even after more than twenty years of existence, they are in a precarious position. It is because the industry has today developed into such an almighty organization that nothing can resist its power. It has crushed the bargaining power of trade unions. It can choose the trade unions with which it can negotiate and contract. It can slow down work and throw thousands of people on the brink of starvation. It can pay less rates of wages when sugar prices go on increasing...²⁵

The election of 1959 and 1963 saw non-traditional political groups, notably the Indo-Mauritian dominated Labor Party, supersede traditional forces in the Legislative Council, at least numerically.²⁶ However, this development has been largely formal. Substantively, it did not diminish the relative powerlessness of labor and other non-traditional groups to any significant extent because the distribution of real power generating from economic ownership remained the same.

Summary

The Mauritian IMP is characterized by a well developed non-occupational sector, including fairly sophisticated components, and a poorly developed occupational sector in which measures for public employees predominate. The development of the IMP as a whole took place under the British rule and this fact was significant in association with the development of all components. Other factors also associated with various components were as follows.

1. A dualistic economic structure consisting of the estate and non-estate sectors gave rise to the development of a dualistic health service system wherein the needs of the two sectors were covered separately.

²⁴*Op. cit.*, p. 284.

²⁵*Op. cit.*, p. 299-300.

²⁶Benedict, *op. cit.*, pp. 60-65.

2. The rice subsidy was introduced during World War II and was retained after the war because of Mauritius' geographic isolation which made it desirable, even imperative during the war, for the government to take direct responsibility for and control of rice imports and distribution and, so, ensure to meet the subsistence needs of the populace and maintain economic stability.

3. The factors underlying the introduction and revision of the old age and blind pensions included labor unrest seeking higher wages and better working conditions; a widening base of political participation that gave the masses a voice; loss of the traditional family function for the care of the aged; low wages; and the technical problem of applying a means-test equitably.

4. A family allowance was adopted in response to an expert recommendation which was based on existing social needs stemming from high population growth and unemployment rates, poor health conditions of the populace at large, and the problem of an over-burdened bureaucracy.

5. The prominence of public sector income maintenance measures appears to be associated with the position of the civil service that plays a vital role in the colonial administration of the country.

6. The absence of any substantial income maintenance measure for the general working sector was attributable to an absence of official commitment to introduce such a measure on the face of the predominance of the sugar interests that oppose it and the weakness of labor as a pressure group in favor of it.

THAILAND

Delineation of the IMP

Thailand's income maintenance program consists of fairly rudimentary components in both the non-occupational and occupational sectors. In the former, there are education, health and social services. Around 1968, total public expenditures on education was 3,306 million Baht or approximately 3.4 percent of the GNP. The expenditure per enrolled pupil was US\$25 in 1966. A total of 2.7 million pupils representing some eight (8) percent of the total population were involved in 1968. In terms of both expenditure outlay and population coverage, education is the most prominent component of Thailand's IMP as a whole. (See Table 14.)

Table 14. IMPCs, Costs and Population Coverage (Thailand)

	Year of data	Public expenditure		Population covered	% of total population
		Baht (million)	% of GNP		
<u>Non-Occupational</u>					
1. Education	1968	3,306	3.4 (1969)	5,560,779	16
Expenditure per enrolled pupil	1966	US\$25			
2. Health	1968	565	0.5 (1967)		
3. Other Social Services (Public assistance & miscellaneous social services)	1968	1,527	1.6 (1967)		
<u>Occupational</u>					
4. Pensions for Public Employees					
5. Workmen's Compensation (voluntary)			(Data not available)		
6. Sickness & Maternity (employer liability for limited duration)					

Source: UNESCO, *Statistical Yearbook*, 1971, Table 205, pp.776-799, UN, *World Economic Survey*, 1969-70, Table 25, p.65; National Statistical Office, *Statistical Yearbook, Thailand*, 1970-71 (No.29), Table 201, p.409; The U.S. Social Security Administration, *Social Security Programs Throughout the World*, 1969, pp.210-211.

Expenditures on public health was 565 million Baht or 0.5 percent of the GNP in 1968. This makes the country's health investment among the most meager in the study group. On the other hand, the cost outlay in "Other Social Services" which include public assistance, financial assistance to various charitable institutions and social welfare organizations is on a much higher level than in most other countries under study, at 1,527 Baht or approximately 1.6 percent of the GNP in 1968.

In the occupational category, there are only two provisions: workmen's compensation and pensions for public employees. A workmen's compensation law was first passed in 1956 but the law was subsequently rescinded. The existing provision is effected by a ministerial decree and is on a voluntary basis and with private carriers. The pension system for public employees has long existed and is considered well-developed, although specific data is unavailable.

In addition, there are sickness and maternity benefits, which, too, are implemented by ministerial decrees. Under these, the employer is liable for 50 percent of the employee's wages during the latter's sickness and 100 percent of wages during the female employee's maternity leave of 30-90 days. Aside from these, there is no social insurance scheme as such or its equivalent for the general sector. None of the existing provisions, except for the public employee pension, are statutory or on a contractual basis.

For the record, it should be pointed out that in 1954, a comprehensive social security law covering old age, invalidity (disability) and death (OAID), sickness and maternity, and family allowance was enacted by the government of Pibul Songkram but was never implemented. A new social security code was to be introduced in 1974.

As it existed in 1973, Thai IMP is notable for the following.

- i. The program as a whole has yet to develop. Even public education, which is one component usually fairly well funded and pursued with considerable energy in other countries, is on a low key.
- ii. Within this generally limited framework, pensions for public employees appear fairly adequate.
- iii. Expenditures on "other social services" as a percentage of the GNP have been comparatively high.
- iv. Provisions for the general wage-earning sector are negligible to nil.

Given these facts about the Thai IMP, it would not be unjustified to depart from the hitherto pattern of asking why certain IMPs have developed and ask, instead, why the Thai IMP has not developed, and secondarily ask why pensions for public employees and the charity-oriented "other social services" are fairly prominent nevertheless.

The discussion of underlying factors in Thailand, in other words, will not basically be in terms of why measures were introduced, but why they were not. It will be seen in the following discussion that the factors associated with the overall underdevelopment of the IMP are also the factors associated with the

relative prominence of the public employee pension system and “other social services”.

Underlying Factors

The factors associated with the Thai IMP are manifold. Some are general in nature, pertaining to the fundamental and all pervasive traits of the Thai society. Others are specifically related to the IMP characteristics outlined. Together, they weave a complex but highly recognizable pattern of relationships among themselves and make the case of Thai social policy formation rather unique in the study group, as the following discussion attempts to show.

1. Economic Factors

a. Abundant land resources Low unemployment

Income maintenance programs are not always direct responses to poverty although they are invariably aimed at preventing it from occurring. Theoretically, therefore, the existence or absence of dire poverty, whatever its cause, needs not bear on whether or not a country adopts income maintenance measures. In Thailand, however, it influenced both the official and public attitudes toward doing so. Regarding Thai social welfare programs in general, Blanchard points out that solutions to social problems have been hampered by indifference of the Thai people and the government, which at least in part, is based on the knowledge that almost anyone can earn a living if he or she wishes, by working on the freely accessible land.¹ Wilson concurs when he states that such Thai attitudes are attributable to “the very substantial luxury of resources in which Thai society has developed” and which she enjoys even today. It encouraged an attitude of economic self-reliance among the Thais.²

The same availability of cultivable land has kept unemployment down to a minimum. In or around 1968, the number of unemployed persons as a percentage of the total population was less than 0.1.³ This represents a tiny fraction of the population and the lowest unemployment rate among the countries under study.

¹Wendell Blanchard, *Thailand, Its People, Its Society, Its Culture*, Human Relations Area Files, Inc. (HRAF) Press, New Haven, 1958, p.367.

²David A. Wilson, *Politics in Thailand*, Cornell University Press, Ithaca, New York, 1962, p.367.

³See Table 14, p.119 of text.

These factors could not but take any sense of urgency out of the Thai social situation as whole. However, as far as provisions for wage-earners were concerned, there were other factors more to the point.

b. Ethnic basis of economic and occupational structures:
 Ethnic bias and the minority wage-earning sector
 Family orientated production-units

Thai economic and occupational structures are generally built along ethnic lines and these separate the ethnic Thai in the agricultural sector from the ethnic Chinese in the private sector of business and industry. The urban wage-earners in both the public and private sectors are almost entirely Chinese. The reasons underlying this division of labor are partly cultural and partly to protect the ethnic Thai's position of privilege.

Thais have historically been reluctant to enter into occupations purely on cash basis. This attitude is distinctly cultural, but has also to do with the practical fact that, in Thailand, agriculture as a source of livelihood has always been securer than other economic sectors so that it held a comparative advantage, psychologically and financially, over wage labor or business.⁴ Because trade thus lacked traditional support, and because exchanges in the market place could strain traditional social bonds, the average Thai found the business and industrial field unattractive and left it to aliens.⁵

From the ethnic Chinese and other minorities' point of view, there has never been any choice in the matter. By law, they have been excluded from land ownership, farming, and with the exception of a few special instances, from public or government service. The religious or clerical service has also been barred to them.⁶ Thus prevented from participating in the primary occupational fields, the minority groups have been "obliged to fall back on those secondary occupational talents which they have and are allowed to exploit" and accept the fact that they are "pariahs and...cannot hope to maximize their occupational advantage in the patrimonial division of labor by becoming bureaucrats...".⁷ Jacobs argues that the reason why labor welfare remains minuscule in the overall social provisions, which include fairly extensive child and family aid, low-cost

⁴Wilson, *op.cit.*, pp.42-43; Norman Jacobs, *Modernization Without Development: Thailand As An Asian Case Study*, Praeger, New York, 1971, p.102; James C. Igram, *Economic Changes in Thailand Since 1850*, Stanford, 1955, pp.210-211.

⁵In 1959, the ethnic Chinese, the largest minority group in Thailand, numbered 2.6 million or about 10 percent of the total population. See G. William Skinner, "Overseas Chinese in Southeast Asia", *Annals of the American Academy of Political and Social Science*, CXXI, Jan. 1959, p.137.

⁶Jacobs, *op. cit.*, p. 170.

⁷*Op. cit.*, p. 183; Myrdal, *op. cit.*, Vol. V, pp. 840-841.

housing projects, self-help land settlements, etc., is in part because the labor population is predominantly Chinese.⁸

The trend in the private sector of business and industry to organize production activities around the family has compounded the official tendency to neglect the needs of labor. Typical businesses or industries are small, a “home workshop” or the “home store”, employing more often than not family labor or a few wage-workers integrated into the family structure.⁹ According to the World Bank estimate of 1958, only two percent of the total Thai industrial establishments employed more than fifty workers and the bulk of urban workers were employed in shops with less than ten workers.¹⁰ Industrial organization, patterned after and around the family, tended to foster a personal relationship between the employer and the employee and, since the boss and the workers are approximate social equals in a small shop, it stimulated neither working-class solidarity nor political activity and was not conducive to the formalization of employer-employee relationships such as is necessary for the evolution of social security contracts.

Another factor that did not receive adequate consideration may have further undermined the development of work-related social security provisions. The factor in question is the overall socio-cultural and religious values of Thai society that permeate and mold its entire fabric including its structure, pattern of individual and group relationships, behavior of its people and their outlook on life. There are reasons to believe that it is these values that profoundly affected Thai attitudes toward social provisions, particularly toward collective security. The discussion immediately following attempts to support this view, based on a number of works, but primarily on that of Norman Jacobs who made a comprehensive study of Thailand as a patrimonial society.

2. Religious and Socio-Cultural Values

All major institutions of Thailand, including its socio-political structure, stratification, pattern and objective of formal and informal relationships, in fact its entire reason for being, closely reflect the tenets of Thai religion and related socio-cultural values. As they bear on social policy, the institutional and value dimensions do not separate themselves easily. To facilitate discussion, however, they will be considered separately.

⁸*Op. cit.*, p. 102.

⁹Wilson, *op. cit.*, p. 43.

¹⁰*Ibid.*

Strictly speaking, Thai religion is an amalgam of Buddhist, Hindu and Muslim traditions. It is generally believed that Thais are eclectic in their religious practices, their pragmatic service needs over-riding much of the doctrinaire concerns. The designation commonly given to modern Thai religion, however, is Hinanaya Buddhism because much of the cosmological and customary traditions now prevailing in Thailand stem from this sect.

In the cosmology of Thai Buddhism, the universe is ordered in a system of concentric zones with Mount Meru at the center and a series of mountain ranges and intervening seas surrounding it. The zones, "whether drawn horizontally or vertically from the origin point, represents zones of ascending or descending morality from that origin point"¹¹ The significance of this order is that Thai society regards itself as a potential microcosm of this order. It must be patterned in accordance with it so that the society may be moral. The Thai ruler's prime responsibility is to assure this morality by ever closely approximating Thai society to that cosmic order.

Since Thai society is more or less a replica of the cosmic order in which virtue radiates from above and the center in descending and diminishing intensity, the ruler, as its center and highest authority, and the ruling elites, are, or presumed to be, moral by virtue of their being where they are. Within the political order, morality flows down to the bureaucracy, grade by grade, from the top-most ruling elite. It then extends to the social structure outside the political order where merit follows social stratification, from the most to the least powerful and prestigious as determined on the basis of concentric lines of intimacy with members of the bureaucracy.¹²

As morality is of prime importance to the Thai, it is in its quest that the Thai people most frequently turn their attention even amidst their daily routine and it is to those invested in morality that they defer.

Thus put, the Thai attitude seems reasonable enough. What is striking and must be made explicit here, however, is the Thai concept of morality. It is as defined in the Thai cosmology or religious precept and is closely tied in with rituals and customary practices. The Thai concept of morality is not necessarily substantive. What renders a person moral is the close attention that he pays to prescribed religious norms which insure his proper alignment with the cosmic order, regardless of what he actually is. A bureaucrat, for instance, may conform to the ritual prescriptions of his office and maintain or even enhance the merit of his office and, thereby be regarded moral, although personally quite corrupt. From the bureaucratic and class standpoint, his corruption may be meaningless because he has fulfilled his ritual moral obligation to help maintain the political order of the Thai society.

¹¹Jacobs, *op. cit.*, p. 246.

¹²*Ibid.*

The implications of the prescriptive and presumptive virtue attributable to status are far-reaching. To cite only those with immediate relevance to the present purpose, it not only sets the ruling elite and the bureaucracy qualitatively apart from the populace but also leaves the former unaccountable to the latter. Being morally inferior, the average Thai is presumed unqualified to pass judgment on the performance of the bureaucrats who are their moral superiors. Further, because of its prescriptive definition, it tends to encourage gestures rather than meaningful action corresponding to real needs. In order to promote agriculture, for instance, the ruler may engage in a ceremonial rice-planting instead of developing a better irrigation system or providing more fertilizers.

“...each man, for better or worse, has his own responsibility to act or not to act in his own advantage and to accept the moral and material consequences of his actions in accord with the law of righteousness. In this line of thinking, society is but the passive milieu from whose delusive attraction man must liberate himself if he is ever to achieve religious perfection and mental security. Hence, if the social situation is not to an individual’s liking, presumably on moral grounds, that individual should not actively seek to change the social situation, but rather change his commitments in that situation.”¹³

It is evident that Thai religious precepts do little to stimulate direct and long-term commitments to social causes and social responsibility. This is not to say the Thai religion discourages beneficial acts toward others. On the contrary, the whole system of merit-making, which is an essential prescription for perfecting one’s religious virtue or morality, is based on the notion of “doing good”. To that extent, the concept and the significance of merit-making is akin to charity and its function to the concept of Christian salvation. Where merit-making radically departs from charity is in the emphasis it places on individual autonomy and initiative and the absence of a communal sense of solidarity. It is not that communities should not benefit from acts of individual merit-making. In fact, a higher value is attached to acts dedicated to impersonal-others. All that is required is that all the others be individuals and not an abstraction such as society.

Theoretically, Thai religion offers a basis of hope and social change on a level as profound as any other religion, such as through reconstruction and perfection of the inner man. Its relegation of the reality of the immediate physical world and the significance of dealing with its needs and problems for what they are and for their own sake to a place of inconsequence, however,

¹³*Op. cit.*, pp. 290-291.

hampered the emergence of collective and contractual social provisions in Thailand.

3. Socio-Political Structure and Its Implications for Social Policy

In the social science field, Thailand is variously described as a “loosely structured” society,¹⁴ an oligarchy,¹⁵ or a patrimonial society.¹⁶ The first designation is descriptive, underscoring the degree of autonomy and independence with which the Thais seem to pursue their lives. The stress is on the importance of the individual will. The second is a political characterization that denotes the existence of a ruling class with its “unchallenged hold on the spoils of power”.¹⁷ The last is an analytical designation that not only describes an entire social system but also explains it to an extent that the first and the second do not. Further, as far as Thailand is concerned, it may be justified to regard the last to subsume the first two since it has a wider and deeper power of analysis than the other two. It is also a concept that pays close attention to the linkage between the Thai religious precepts and its socio-political structures. The following discussion therefore relies primarily on this last notion of Thailand (patrimonial society) as expounded by Jacobs.

a. Patrimonial leadership

The patrimonial leader derives his authority from two sources: the moral superiority that resides a priori in positions of leadership or high status which, in turn, is rooted in the moral order stipulated in the Thai religious cosmology; and the pragmatic ability to exercise political coordination and control.¹⁸ In regard to the first, it is assumed that the prime function of the state is to uphold moral laws and, therefore, ideally, the man holding state authority and power should be moral. Since morality is defined in terms of the acts performed in accordance with religious prescriptions, such as merit-making, a patrimonial leader and his staff devote their efforts to this-worldly public service that may include promoting material resources of the populace through technical advice, maintaining political peace and order, constructing roads and irrigation

¹⁴John Embree, “Thailand, A Loosely Structured System”, *American Anthropologist*, LII (1950); Hans-Dieter Evers, ed., *Loosely Structured Systems: Thailand in Comparative Perspective*, Southeast Asia Studies (Cultural Report Series, No. 17), Yale University Press, New Haven, 1969.

¹⁵Myrdal, *Asian Drama, op. cit.*, Vol. I, pp. 390-391.

¹⁶Jacobs, *op. cit.*

¹⁷Myrdal, *op. cit.*

¹⁸Jacobs, *op. cit.*, pp. 31, 246.

systems, and providing drinking water, health care and other prebendary services. In return, the populace is expected to offer political and economic support (revenue) to the ruling elites.¹⁹

As for the ability to exercise political coordination and control, a moral leader is assumed to attract sufficient clients and followers to build a power base upon which to legitimize a political order. Therefore, there is no conflict between the requirements of morality and those of power for the patrimonial leader. In him, might has the potential for being employed in the service of right and right will hopefully help develop might to support further right. Whether political might implies right in reality depends on the individual leader's will rather than on any specific systemic requirements.²⁰

Based on the authority thus derived, the patrimonial leader relates to the polity, the bureaucracy and the populace, as a patron to clients. In fact, this is the basis of all relationships at every level of the Thai political structure.

b. Patrimonial political organization

Although a constitutional government was instituted in 1932 by a coup d'état, the constitutional system has since been co-opted by the patrimonial requisites. The coup therefore had accomplished little more than to replace the king with a ruling elite in a position of substantive power. The elite who heads the Cabinet has supremacy over other branches of government, including the judiciary and the legislature, a majority of whose members are appointed by the Cabinet.²¹

As a group, the leaders of the ruling class consider themselves above pragmatic politics because their occupation of offices depends not on any electorate, but their own ability to be there. According to the Thai premise, those who are there deserve to be there. They are moral guardians of Thai society as they are monopolists of pragmatic power. As such, they and the members of the bureaucracy as a whole are not accountable to the public. In fact, the public in its proper sense does not exist in Thailand. The officials are free to pursue their own interests as they see fit and they are indifferent as well as inaccessible to the populace.²²

¹⁹*Ibid.*

²⁰*Op. cit.*, p. 32.

²¹*The World Today*, "Musical Chairs in Siam", Vol.5, No.9 (September 1949), p.379.

²²Jacobs, *op. cit.*, pp. 44, 47, 77.

What has compounded this relationship between the ruling class and the populace is the requirement of a high level of education on the part of the members of the bureaucracy and its ability to absorb the educated into its system. Regarding the first, Wilson indicates that the official Thais' domination of the populace depends in part upon their "superior know-how in the forms and methods of government and upon a monopoly of this kind of know-how."²³ Concerning the second, Wilson further states that, unlike in other Asian countries, there is no frustrated, unemployed educated class in Thailand and that, although there has been a drastic broadening of educational opportunities in recent years, this only reflected new and broadening demands of the increasingly complex government and an enlargement of the ruling class.²⁴ So long as the elites are able to keep the bureaucracy and the educated aspirants reasonably satisfied through the distribution of prebends (offices), and so long as the masses are not sufficiently moved to reject traditional claims of right by the bureaucrats, the relationship between the ruling and the ruled will remain unchanged. A mass movement requires leaders drawn from the educated class and, unless a sizable segment of the establishment completely loses its stake in the existing order, it is unlikely that leaders will be available for such a movement.²⁵

c. Social stratification and organization

To the extent that Thai society is permeated with the values and beliefs stemming from the Buddhist cosmology, much of the relational and organizational characteristics found among the ruling class may be assumed to hold among the populace at large also. For this reason, the immediate subject matter does not require a great deal of elaboration. However, there are a number of features that are specific to the latter that have particular significance in the context of the present study.

First of all, for all practical purposes, there are only two meaningful population groupings in Thailand: "the leader and the follower classes"²⁶ or "those who are involved in politics and those who are not".²⁷ The basis of this distinction is the Thai view of the world and society as a system of statuses of differing rights and powers that gave rise to a "we and they" situation

²³Wilson, *op. cit.*, p. 61.

²⁴*Op. cit.*, pp. 61-63.

²⁵Myrdal, *op. cit.*, Vol. I, p. 295; Wilson, *op. cit.*, p. 66.

²⁶Jacobs, *op. cit.*, p. 203.

²⁷Wilson, *op. cit.*, p. 57.

and to the assumption that politics is properly the affair of politicians or the ruling class.²⁸

What is significant about this particular stratification of Thai society is that one grouping has direct access to what security the society offers and the other does not. Jacobs writes,

*“All members of the follower class, regardless of individual or group contributions to the division of labor, are divorced from automatic, collective access to the kind and quantity of class security which members of the leadership class enjoy automatically and as a class... Followers a priori are considered as potential individual clients of individual members of the leadership class.”*²⁹

The follower class, thus, has no a priori or even a legal right as such; it only has the privilege of depending on the largess of the moral, patrimonial leadership class.

The characterization of Thailand as a “loosely structured society” is most apt in describing the general social organization and the individual basis of relationships among the populace. Village allegiance or solidarity is weak. Village institutions, such as the temple and the school, may define a village by their clientele, not necessarily by its corporate entity. In fact, the village as a corporate entity does not exist.³⁰

Cooperative efforts such as are evident in villages at harvest times are organized on the basis of personal reciprocity between individual members of fairly stable groupings rather than on a community basis. Nor is there such a thing as communal property, be it land, buildings or equipment. This leaves the villagers without any tangible ground for common interests and cooperative activity. Thus, the emerging picture of a Thai village or community is not one geared to collective action for common interests. Rather, it is geared to supporting and serving as a receptacle of patrimonial prebends from the center and above.³¹

Implications of the above socio-political characteristics of the Thai society for social policy are wide-ranging. Listed below are the more salient among them.

²⁸*Ibid.*

²⁹Jacobs, *op. cit.*, p. 193.

³⁰Wilson, *op. cit.*, pp. 47-48.

³¹*Ibid.*

1). Public services, including social provisions, are awarded in demonstration of the patrimonial leader's superior morality, not as a matter of right on the part of the beneficiaries.

2). On the pragmatic level, social provisions are measures to keep the populace satisfied in terms of their expectations from their patrons, and thus to help maintain the status quo.

3). Being prebendary awards for merit, the recipients of the provisions are select individuals rather than groups of citizens in need of common services. In recent years, there has been an increasing recognition of certain universal needs, such as rural development requirements, but the connotation of social and economic services as patrimonial rewards dispensed out of benevolence has not diminished.³²

4). The initiative for social provisions lies in the hands of the patrimonial leader. He decides who, where, when, what and how much, according to his subjective sense of the needs among his clients and according to his own requirements, which may be religious, political, or financial. This leaves the beneficiaries almost totally outside the possibility of reconciling benefits to their needs.

5). Because of the fundamental alienation of the ruling class from the general populace, the former is incapable of accurately assessing existing social needs.

6. In the absence of an effective electoral system, the populace is without any formal means to represent their own interests and to oblige the leadership to respond to their needs. Even if there were, they are ill-prepared to make use of it since, as matters now stand, there are neither functioning interest groups nor effective public opinion mechanisms in support of meaningful participation in the political process. They are merely a collection of individuals.

7. The Thai attitude of individual responsibility and the tendency to regard the problems of "this world" as something to try to avoid at best are ill-suited to the requirements of any social action directed toward insuring material and physical security within a formal framework.

8. The nature of Thai patrimonial authority and political leadership is such that no contractual social provisions involving public responsibility are likely to materialize and coincide with the interest of the

³²Jacobs, *op. cit.*, pp. 64-101.

patrimonial polity. By the same token, social measures based on contractual obligations are “foreign” even among the populace, including the urban workers, and not in keeping with the Thai’s natural proclivity.

3. Foreign Ideology, International Politics and External Influences

Since the Western penetration of Asia in the 19th century, Siam adopted many of the Western political institutions and technologies and underwent many stages of adaptation and modernization until, now, the governmental and political structures of Thailand are nominally a combination of constitutional monarchy and parliamentary democracy. It was seen in the foregoing section, however, that the Western institutions have been substantially co-opted into the traditional socio-political system of patrimonialism. Jacobs contends in this regard that Thai rulers, from the earliest stage of Westernization, accepted Western values and ideas to ward off direct confrontation with the Western powers and to streamline their own system. By conceding to the Western cultural, political and economic influences and pressures up to a degree, Thailand was able to avoid the situation of China, for instance, where resistance had brought on forceful infringements on territorial and political sovereignty. It was also expedient to adapt its administrative structure to that of the West because dealings between more or less equal counterparts contributed to greater efficiency.

Even today, Thailand is all for modernization through up-to-date technology and know-how. However, this interest stems from the desire to improve the functioning of the patrimonial establishment and its service role to the populace, not to bring about a change in the fundamental basis of the patrimonial system itself. Jacobs argues that even the revolution of 1932, which had removed the monarch from effective political power and attempted to introduce national programs founded on Marxist ideology, including land redistribution and nationalization of all natural and industrial resources (the Pridi Plan), was not really concerned with reconstructing the society based on new ideological premises, but with transferring the reigns of power into the hands of highly educated non-royal elites already in the bureaucracy and the military.

In short, in Thailand, even a Marxist revolution was not necessarily undertaken to effect radical social change. When individual leaders, most notably the Nai Pridi Social Action party, showed signs of being serious about translating ideology into social action, they were overruled and removed from leadership.³³

³³Jacobs, *op. cit.*, pp. 42-44, 71-72, 261; Wilson, *op.cit.*, pp. 17-19; Louis E. Lomax, *The War That Is, The War That Will Be*, Random House, New York, 1967, pp.56-60; The World Today, *op. cit.*, pp. 378-384.

The foregoing, however, need not be an argument against ideology as an effective factor on social policy in Thailand. Rather, it may be taken as a case of one ideology (the traditional) prevailing over another (the radical). It is therefore possible to conclude that ideology has been a potent factor underlying social policy even in Thailand, as elsewhere among the study countries. Indochina has been one of the harshest battlegrounds for the two major ideologies of the post-World War II era, i.e. Western democracy and Communism. Because of its geo-political position, Thailand has long been on the periphery of that conflict. In recent years, however, it has become increasingly involved, partly because of its basic anti-Communist stance and partly because it has been persuaded into involvement by foreign powers, most notably the United States of America (U.S.A.) seeking a base for its Indochina strategy. Communist infiltration from the adjoining areas also has led to mounting insurgent activities within Thailand and has consolidated its involvement in the region's ideological conflict.

To counter growing Communist pressure, the Thai government has introduced many social and economic programs with financial and technical aid from the United States. Lomax, who regards the insurgent movement in Thailand as significant, reports on the U.S. determination to fight Communism in Asia at all cost, including through intervention in the Thai socio-economic and political affairs. He quotes the U.S. Ambassador in Thailand, Graham Martin, as saying,

*"We must stop the Communist aggression in Southeast Asia; we must have stable and viable governments; we must meet the needs of the masses in such areas as politics, health and economics. That is what we are here to do..."*³⁴

In Lomax's writing, the above statement implied, among other things, that if meeting the needs of the masses will help stop the advance of Communism the U.S. will steer the Thai government toward doing so. This U.S. position has been borne out in the presence of a large number of its agencies in Thailand working closely with every department of the government bureaucracy.

The Thai government, whose patrimonial interest in the status quo coincides with the ideological and political interests of the United States, willingly cooperated with the latter. Examples of their joint efforts to fight Communism include extensive rural development, land reclamation and basic education programs undertaken during the past decade. Jacobs states that these were "frankly aimed at winning friends for the existing political order" and motivated by "the need to counter Communist influence among the rural population..."³⁵ The social security legislation to be introduced in 1974 may very

³⁴Lomax, *op. cit.*, p. 91.

³⁵Jacobs, *op. cit.*, pp. 105-106. Also see Myrdal, *op. cit.*, Vol. I, p. 394.

well be part of this overall program direction under the influence of foreign ideologies and political pressures.

As for non-political external factors, such as the United Nations technical assistance efforts, there is no indication that they touched the traditional framework of Thai social policy in any serious way. It is only after the Thai government began to develop programs in response to the political threat from the left that some departures from the traditional pattern seem to be emerging.

Summary

The general underdevelopment of the Thai IMP in both its non-occupational and occupational sectors appear consistent with the religious and cultural values of the country that relegates the problems of the physical world to a marginal, if not totally inconsequential, realm and stresses the individual, rather than societal, responsibility for solving problems and meeting needs.

There were other factors also contributing to the under-development of the Thai IMP. One such factor was abundant land resources that gave rise to the assumption that anyone can earn a living if he so wished. This reinforced the more basic attitude of individual responsibility just mentioned. The relative unresponsiveness of the ruling class to popular needs, which, too, derives from the Thai religious precepts, was another.

The comparatively high levels of provisions for public employees and the charity-oriented "other social services" could be directly linked with the patrimonial nature of Thai society in which the officialdom reserves special privileges for itself based on the assumption of its moral superiority and intrinsic right and in which it is incumbent upon the same officialdom to provide public services as patrimonial prebends.

The above factors affected the development, or rather the non-development, of occupational measures as well. In this respect, however, there were two compounding factors: the ethnic Thais' bias against ethnic Chinese who make up almost the entire wage-earning sector; and the family-oriented organization of industrial production units, which is not conducive to contractualizing the employer-employee relationship. The workmen's compensation and sickness and maternity provisions based on employers' voluntary assumption of responsibility for employees are in keeping with the patrimonial orientation of the society.

UNITED ARAB REPUBLIC

Delineation of the IMP

During the period under consideration (1952-68) there were five components in the non-occupational category and at least two different types of provisions in the occupational one. These, in terms of their latest available expenditures and population coverage, are shown in Table 15.

Table 15. IMPCs, Costs and Population Coverage (UAR)

	Year of Data	Public Expenditure		Population Covered	% of Total Population
		LE (million)	% of GNP		
<u>Non-Occupational</u>					
1. Education expenditure per enrolled pupil	1970	136.8	4.2	5,040,681 (1968)	15
	1966	US\$58			
2. Health	1970	55.4	2.2	Universal	
3. Price Subsidy	1967	36.0	1.4		
4. Family Allowances	1960	1.68	0.1		
5. Other Social Affairs	1964	1.76	0.1		
<u>Occupational</u>					
6. Public Employees Pensions & Provident Fund	1960	23.98	1.6		
7. Social Insurance (Workmen's compensation, sickness & maternity, invalidity, old age, death & unemployment)	1960	7.59	0.5		
8. Profit-Sharing					

Source: UN, *Statistical Yearbook*, 1965 and 1971, sections on Public Finance; UN, *Yearbook of National Accounts Statistics*, 1969, Part D, pp.819-864; UN, *World Economic Survey*, 1969-70, Table 25, p.65; ILO, *The Cost of Social Security*, 1964, pp.200-201.

With an outlay of LE136.8 million or about 4.2 percent of the GNP in 1970, public education had the largest share of social service expenditures and, in 1968, the total school population was 5,040,681 or about 15 percent of the total population. The cost per head for primary school children in 1966 was US\$58.00.

Public health took up LE55.4 million or about 2.2 percent of the GNP in 1970. Although the rate of utilization is not available, public health facilities and services are open to all and, for a majority of the rural population, they represent the first and basic resources of health care. The services are cost-free except where they are provided as part of multi-purpose rural center programs.

In the last context, the community to be served contributes with a building site and manpower for the construction of the center with its own clinic, dispensary, and a small capacity of beds.¹

In 1967, the last year for which the expenditure data are available, price subsidies absorbed LE36 million or about 1.4 percent of the GNP. This measure was first adopted during World War II in order to control prices, but had been turned into a device for reducing the cost of living for all the households after the War.² Subsequent to 1967, however, the expenditure for this program disappeared from the government budget presumably because it was abandoned due to lack of funds, which has been a serious problem since that time.³ But because it was in effect during practically the whole period with which this study is concerned, it will be treated as a component of the UAR's IMP throughout the following discussion.

A scheme of "family allowance" has been in effect since 1955, but expenditure data on this is unavailable after 1960.⁴ Despite the designation, it is not a system of family allowance in the conventional sense. Designed to provide financial assistance and medical care to children and the aged without financial resources, it is a modified form of public assistance rather than a measure with any universal implication. Its total cost for 1960 was LE1.68 million or 0.1 percent of the GNP. Along with the category of "Other Social Affairs", which includes public assistance which absorbed a similar level of expenditure in 1964 (LE1.76 million or 0.1%), it is one of UAR's minor measures.⁵

In 1960, the year of last available data, the total receipts for various insurance schemes were LE7.59 million or 0.5 percent of the GNP of that year. The total amount of pensions granted to public employees through the pension fund and the receipts by the public employees from the provident fund amounted to LE23.98 million or 1.6 percent of the GNP for the same year. Data concerning population coverage are not available for any of these measures, but it is evident that, in or around 1960, the outlays for the public employee pensions

¹Beatrice McCown Mattison, "Rural Social Centers in Egypt", *The Middle East Journal (MEJ)*, Vol.5, No. 4 (Autumn 1951), pp. 466-467.

²*UN Yearbook*, 1971, p. 646. See general footnote to Table 193.

³Major economic indices including total and per capita products, their annual rates of growth, fixed capital formation, private consumption, exports, etc., declined from around 1967 or a few years before. See UN, *op. cit.*, 1970, Tables 178-181, pp.571-592.

⁴ILO, *The Cost of Social Security, 1955-60*, Geneva, 1964, pp. 200-201.

⁵Expenditure for "Other Social Affairs" disappears from listings of governmental expenditures after 1964, as did those for Family allowances. This suggests either a budgetary reorganization or an abolition of the measures. In the absence of necessary confirmation, these components are retained in the IMP.

and the provident fund far outweighed those for the measures for the general sector, probably because the latter was just promulgated only a year before.

Profit-sharing is probably an important source of income supplement to those with access to such measures and, therefore, is treated in this study as a non-contingency income maintenance device similar to work-related and non-contributory family allowances. The only difference between the two is that, in the latter, the benefit rate is predetermined while, in the former, it fluctuates depending on annual profit margins of each of the establishments concerned.

As to how much is actually transferred to workers by their employers under this provision, pertinent data has not been available. It is known, however, that the employees are entitled to 25% of all business profits in cash and services. The measure requires that 10% be paid out in cash but that no single worker's share exceeds LE50; that 5% be expended for local amenities and "regional social services"; and that 10% be allocated to a central social service for workers which includes social security.⁶ This provision thus reinforces social insurance in more than one way. It provides workers with an income supplement as well as ensuring the employer contribution to the existing social insurance schemes.

Before continuing with the country discussion, it seems appropriate to clarify why this study has chosen the particular period of Egypt (UAR) that it has for examination and, to do so, it is necessary to consider briefly the developmental histories of the country's various IMP components just reviewed.

UAR's IMPCs developed in two distinct phases. The first phase coincides with the period of constitutional monarchy (1922-1952).⁷ Education was declared free and compulsory at the very outset of the period and was so provided in the 1923 Constitution. It was not implemented until much later, however. According to one source, between 1922 and 1950, the government budget for education rose by more than 1,000% and the number of pupils enrolled in elementary schools by 1,300%.⁸ The liberal Wafd Party⁹, which held power

⁶*The U.S. Army Area Handbook for the U.A.R.*, Government Printing Office, 1964, p.313; Anover Abdel-Malek, *Egypt: Military Society*, Vintage Books, New York, 1968, p.152; Harry Hopkins, *Egypt: The Crucible*, Houghton Mifflin, Boston, 1969, pp. 223, 346; Peter Mansfield, *Nasser's Egypt*, Penguin Books, 1965, p.153.

⁷The formal dissolution of the monarchy was not until June 18, 1953, but its rule ended with the success of the military coup d'etat in July 1952.

⁸John S. Badean, "The Revolt Against Democracy", *Columbia Journal of International Affairs (CJIA)*, Vol. XIII, No.2, 1959, p.153.

⁹Meaning the "delegation" party, it grew out of the independence movement of the early 20th century. During the independence movement period and some years thereafter, the Wafd represented the interest of a wide spectrum of the Egyptian society and advocated progressive socio-economic programs. Subsequently, however, the upper and upper-middle class leadership

for seven years during the monarchy, has been credited with this.¹⁰ Government intervention in the health field did not get under way until the waning years of the monarchy. It was undertaken by the Fellah Department of the then newly established Ministry of Social Affairs and health service was built into the multi-purpose program of rural social centers that was projected in large numbers at that time. As to how far this effort had progressed before the overthrow of the monarchy, the available material is highly inconsistent.¹¹ It is clear, however, that the decision to carry out such a program had been made and that there was a marked rise in the public health expenditure during this period to indicate that the decision was implemented to some extent.¹²

During 1948-52, the cumulative expenditure for price subsidies was greater than that for public health by LE12 million (see Table 16). The subsidies, in other words, represented the second most important measure, after education, during the monarchy. This is significant because the measure is more of a universal provision than either public education or public health.¹³ In the year of the government change-over, the expenditures for education, price subsidies and public health as percentages of the total government budget were 12.4%, 7.8% and 3% respectively.

A number of labor laws that had been in force since the period of the British protectorate were amended in the 1920s and 1930s to improve the position of workers in general. As far as their income protection was concerned, however, there was only the workmen's compensation. As first enacted in 1936, it was a voluntary provision covering industrial accidents. It was amended in 1942 to make it compulsory and the 1950 law (Act No.117) enacted by the Wafd government extended the protection to occupational diseases.¹⁴ A non-

of the party became alienated from the peasants and the urban wage earners among its constituency. See Council of Foreign Relations, *Political Handbook of the World*, 1953, p.63; Anouar Abdel-Malek, *Egypt: Military Society*, Vintage Books (paperback), New York, 1968, pp.18-19.

¹⁰Abdel-Malek, *op. cit.*, p. 19; Harry Hopkins, *op. cit.*, p. 118.

¹¹The number of rural social centers that are said to have existed in or around 1952 varies from several to 150. The majority of sources lean toward the latter figure, however. See Mattison, *op. cit.*, p.464; UN, *Social progress Through Social Change*, (Bureau of Social Affairs) New York, 1955, pp.54-56; Hopkins, *op. cit.*, p.120; James L. Iwan, "From Social Welfare to Local Government: The United Arab Republic", *MEJ*, Vol. XXII, No.3, (Summer 1968), pp.265-277.

¹²Between 1948 and 1950 alone, the expenditures rose by LE2.76 million, from LE5.81 to LE8.57 million. See UN, *Statistical Yearbook*, 1953, Table 165, p.442.

¹³Hopkins, *op. cit.*, p. 118.

¹⁴P. J. Vatikiotis, *The Modern History of Egypt*, Praeger, New York, 1968, pp. 339-401; Hopkins, *op. cit.*, pp. 144-145; ILO, Legislative Series, 1950 (A-M), section on Egypt.

contributory pension scheme covering all categories of dependents, i.e., widows with children, orphans, the disabled and the aged, was also promulgated in 1950 (Act No.116)¹⁵ but was allowed to lapse without ever having been enforced.¹⁶

Table 16. Government Expenditures on Price Subsidies, Education and Health (UAR)

	Price Subsidies			Education			Health		
	LE(m)	% of GNP	% of Budget	LE(m)	% of GNP	% of Budget	LE(m)	% of GNP	% of Budget
1939	---		---	4.53		11.21	2.45		6.0
1948	3.98		4.20	11.91		12.60	5.81		6.14
1949	13.84		8.78	16.32		10.35	7.51		4.76
1950	7.11		4.34	19.02		11.61	8.57		5.23
1951	---		---	---		---	---		---
1952	18.05	2.1	7.79	28.76	3.3	12.43	8.93	1.0	3.86
1953	15.50		7.52	25.84		12.54	7.91		3.84
1954	7.80		3.95	22.74		11.53	6.02		3.05
1955	4.94		2.19	27.60		12.22	8.10		3.59
1956	6.30		2.30	30.00		10.98	8.36		3.06
1957	3.00		1.08	31.10		11.18	8.34		3.00
1958	2.07		0.69	33.93		11.38	7.83		2.63
1959	6.71		2.41	35.33		12.69	8.35		3.00
1960	8.91		3.10	42.73	2.9	14.85	8.33		2.90
1961	9.00	0.6	3.05	50.16	3.3	17.25	11.76	0.8	3.98
1962	16.65		5.00	55.39		16.64	12.85		3.86
1963	36.51		8.50	60.21		14.02	18.40		4.29
1964	32.40		6.78	60.90		12.74	22.09		4.62
1965	35.0		4.72	85.60		11.53	35.3		4.75
1966	35.0		4.07	100.1		11.63	37.5		4.36
1967	36.0	1.4	3.80	104.4	4.2	11.01	38.7	1.6	4.08
1968	---	---	---	127.0		20.30	50.2		8.03
1969	---	---	---	137.1		20.47	53.5		7.99
1970	---	---	---	136.8		22.00	55.4		8.91
1971	---	---	---	141.0		20.46	58.0		8.42

Source: UN, *Statistical Yearbook, 1954-71, Budget Facts and Public Debt* (Public Finance Section); UN, *Yearbook of National Accounts Statistics, 1969*, pp.819, 864.

The second phase corresponds to the period of the Revolutionary Council and the Republic under Nasser (1952-68). All three of the non-occupational measures of the previous phase remained effective during this period. Their expenditures, however, went through varying degrees and duration of decline immediately following the coup. In real terms, the expenditure for education fell by LE6 million between 1952 and 1954 and did not begin to rise to any significant extent until around 1960 when it stood at LE42.73 million, as compared with the 1952 level of LE28.76 million (see Table 16). In 1967 it was LE104.4 million or 4.2 percent of the GNP representing a rise above the 1952

¹⁵ILO, *op. cit.*

¹⁶Mohamed Wasfy, "Social Security in the United Arab Republic", *ISSAB*, June 1960, pp. 319-331; Vatikiotis, *op. cit.*, p. 401.

level by approximately 3.6 times in real terms and one percentage point of the GNP.¹⁷

There have not been significant substantive changes in key social indices. Where in 1952, the adult literacy rate was approximately 25%, it was 20% in the early 1960s. The school enrollment for all the levels was about 45% of the relevant age group in 1952, whereas, in 1965, it was 46% of the relevant age group for the primary level, 34% of the same for the secondary level, and 18% of the secondary enrollment for the tertiary level.¹⁸ The ratio of enrollment, in other words, did not improve in 13 years. In real terms, however, the primary school population doubled between 1953 and 1961 alone, seeming to indicate that the stagnant enrollment ratio may have been due to a tremendous increase in the number of school age children.

The health expenditure also declined in the first few years of the coup d'état but returned to just below the 1952 level by 1955, to remain there until 1960 when it rose to LE8.33 million or approximately 0.6 percent of the GNP. This GNP share represented a decline from the 1952 level by almost half. It began to rise significantly from 1963 onward, however, and had reached LE38.7 million or about 1.6 percent of the GNP in 1967. This was an increase of LE29.77 million over the 1952 outlay.¹⁹

Despite the relative stability of expenditures during most of the period under consideration, the indications are that a good deal was accomplished in terms of expanding health facilities, personnel and services. The public health units of varying degrees of comprehensiveness numbered well over 1,200 in 1964 serving 10,000 to 15,000 persons each.²⁰ But this was only half way toward the final goal of establishing 2,500 units, each unit serving 5,000 persons within a radius of 3 kilometers.²¹ In the same year, drinking water was brought to almost all the villages and, by 1966, the entire rural population of 17 million had access to clean water. This compared favorably to the situation of 1952 when only 2

¹⁷The national source, *Annuaire Statistique Egyptiennes*, gives consistently higher figures for the same type of educational expenditures. In 1959-60, for example, the total government expenditure for education was LE47,175,700. See *Annuaire Statistique Egyptiennes*, 1959, Table 1, p.9.

¹⁸Hopkins, *op.cit.*, p. 118; UN, World Economic Survey, *op.cit.*, Tables A 10-11, pp. 204-207; UN, *Statistical Yearbook*, 1970, Table 203, pp.755-775.

¹⁹The figures for health expenditure in *Annuaire Statistique Egyptienne* and other national sources are markedly higher than those used.

²⁰Peter Mansfield, *Nasser's Egypt*, Penguin Books, 1965, p. 110; Hopkins, *op. cit.*, pp. 120-121.

²¹Mansfield, *op. cit.*

million had access to potable water.²² The numbers of inhabitants per physician and per hospital bed in 1966 were 2,200 and 560 respectively.²³ This was a considerable improvement over the situation of 1951-1952 when the number of persons per physician was 4,000 and the population per hospital bed was 600.²⁴ Given the rapid population growth throughout the period (2.8% annually during 1960-1969), even the very modest change in the population-hospital bed ratio must be regarded an accomplishment.

Price subsidies were kept at a minimum level for the better part of the Nasser period. The expenditure fell by LE16 million between 1952 and 1958, to work its way up to twice the 1952 level by 1967. At LE36 million in that year, it nevertheless represented only 1.4 percent of the GNP as compared to 2.1 percent of the GNP in 1952. By and large, the subsidies played a diminishing role during this period.

From the above, it is possible to conclude that, in education and health, there have been some gains in the second phase, if only in terms of keeping abreast of the rapidly expanding needs of the rapidly increasing population. The gains have been somewhat more substantial in the health field in that the rural sanitary standard received a boost by the installation of safe drinking water facilities and that the physician-population ratio declined by almost 100%. These are the areas of public need where the Nasser government poured significant proportions of its resources and energy. By comparison, the subsidies were relegated to a minor role throughout the period. Even when the expenditures for them were at a peak, they did not achieve the importance of the first phase.

The above measures, however, do not necessarily mark the second phase. What really distinguishes it is the evolution, through stages, of a comprehensive system of occupational measures designed to award direct cash and service benefits to wage-earners and salaried employees. The first stage was the establishment of the Workers' Insurance and Provident Funds in 1955.²⁵ These funds were first implemented in urban centers and extended to other areas gradually.²⁶

The second stage was the 1959 promulgation of the Social Insurance Code (Law No.92). The Code repealed all earlier legislation and established a unified system of compulsory social insurance covering old age, invalidity, survivors,

²²Mansfield, *op. cit.*, p. 111.

²³UN, *World Economic Survey*, 1969-1970, Statistical Annex, Table 2.7, p. 196.

²⁴*Ibid.*

²⁵*ISSAB*, November 1955, pp.408-410.

²⁶Hopkins, *op. cit.*, p. 312; Vatikiotis, *op. cit.*, p. 401.

industrial accidents, sickness and maternity (enabling provisions only) and unemployment (enabling provisions only). The public employee pension and provident funds were introduced in 1960, following the passage of the general legislative scheme.

Stage three included the introduction of the profit-sharing scheme (Law No.111), which was part of a larger package of legislation frequently referred to as the Socialist Law of 1961. The package included, among others, a highly progressive tax system (Law No.115), a maximum ceiling on salaries (Law No.113), and a radical tax increase on building rentals in conjunction with a significant reduction in rents (Law No.129). The specifics of the profit-sharing scheme were as given earlier.

In the final stage, the Social Insurance Code of 1959 was amended (Law No.63 of 1964) to extend coverage and improve benefits. Under this Code, sickness, maternity and unemployment insurance have been upgraded to provide both cash and service benefits.

From the foregoing, it can be said that the more significant development in the UAR's IMP came during the second phase and its main features included:

- i. Continued attention to education and health service, with significant gains over the previous phase.
- ii. Playing down of price subsidies which tended to favor the high consumption sector.
- iii. Notable strides in the occupational sector that included a comprehensive system of social insurance and a non-contributory and non-contingency profit-sharing scheme.
- iv. Addition of unemployment insurance in the social security system.
- v. A high contribution rate and an equally high benefit level of social insurance, and
- vi. Extensive population coverage of social insurance schemes (with the exception of the unemployment insurance).

The following discussion of underlying factors will be largely in regard to these aspects of the IMP in the second phase.

Underlying Factors

The present discussion will first be concerned with some aspects of the socio-political conditions that led up to the coup d'état of July 23, 1952. This is necessary partly because it is difficult to understand the events of the Nasser years without knowing something about the previous years and partly because many of the forces that came together during the period were the same forces that contributed to whatever advances were made in the social field in the preceding period.

In many respects, social policy developments in the UAR have always been direct outcomes of power politics involving the power that is, the power that would be, and the masses providing the power base. Social policies and programs have been the means to an end. Labor unions existed in the UAR since 1899.²⁷ Around the time of formal independence from the British in 1922, they constituted a political force significant enough for contending parties to seek control. Between 1925 and 1935, at least four separate trade union organizations were formed under the wings of as many political parties or factions.²⁸ The various governments spanning that period either promised or actually studied measures to improve the conditions of labor.²⁹

What actually came out of the period, however, was the 1933 bill to limit work hours and the 1936 law providing for industrial accident compensation.³⁰ This pattern repeated itself in the subsequent years. The ruling groups³¹ continued to seek and obtain control of the labor organizations, promised benefits and at times went as far as to enact laws to fulfill that promise, but they were either part of a measure to place labor ever more closely under official purview or were countered by later laws to curb its strength and activities.³² The net gains

²⁷For details of the history of Egyptian labor, see Gabriel Baer, *Studies in the Social History of Modern Egypt*, 1969, University of Chicago Press, Chicago, 1969; Mansfield, *op. cit.*, p.170; Vatikiotis, *op. cit.*, pp. 335-407.

²⁸Including the Ittihad, Liberal, Wafd, and Egyptian Labor parties. See Vatiokiotis, *op. cit.*

²⁹Among the measures promised were workers' housings, hospitals, schools for industrial workers, protection against sickness and industrial accidents, and further regulation of child labor and the employment of women. See *Ibid.*, p. 338.

³⁰*Ibid.*, pp. 339, 401.

³¹Outside the Palace, the reigns of government went back and forth between the Wafd, the Shaab, the Saadist, and other parties led by the upper class (landowning and industrial) elements. The Wafd had in its constituency large segments of the fellahin, urban workers, as well as the middle-class. See Political Handbook of World, *op.cit.* Issues up to 1953.

³²For instance, in 1930, the Sidqi government established the Bureau of Labor, but placed it under the authority of the Ministry of Interior for control purposes; the Trade Union Law of 1942 officially recognized unions but officially forbade the formation of a labor federation as well as prohibiting political activities; a 1944 law provided for minimum wages, over-time, paid holidays,

therefore were minimal in the end. This pattern was not confined to the official relationship vis-à-vis the organized labor but extended to its dealings with the public at large, as the legislation of the Upper-Constituency Missions for Dependents (Act No.16 of 1950) exemplifies.

What were some of the factors associated with this two-handed attitude on the part of the ruling group? At the risk of oversimplification, they can all be boiled down to conflicting interests. On the one hand were the pressing needs of the fellahin (peasantry) and the working class which have been increasingly articulate in their demands since the days of the national independence movement. They had become radicalized by the nationalist and leftist intelligentsia who stimulated and led them.³³ On the other hand were the interests of the ruling class. Under the circumstances, the various governments offered labor and the public palliatives in the hope of maintaining their support as well as preventing their further radicalization, but were never able to undertake a wholehearted reform.

The primarily political interpretation above of the social policy development of the monarchy period might be challenged on the ground that there have been some significant progress in the education and health fields, as indicated earlier. Although there is no particular work to call upon to support this, it seems reasonable to apply the same explicator to the seemingly contrasting development. That is, not being averse to progress per se, the ruling parties, especially the Wafd, which stood for reform and development, were able to pursue consistent, if somewhat slow-paced, policies in the areas of education and health because the consequences of such policies did not pose an immediate threat to the status quo.

The point to be carried forward to the discussion of the Nasser years is that if it was the interest of the ruling group that largely prevented the enactment of any significant occupational income maintenance measure during the monarchy, it was the interest of another ruling group that contributed to the adoption of such measures in the subsequent period. This, in its specific manifestation and the changing position of labor in relation to it, will be the subject of the following discussion. A discussion of other factors, also associated with the development of the IMP in the Nasser period, both precedes and follows it. Unless otherwise indicated, all the factors pertain to the IMP as a whole.

cost of living allowances, free medical services at places of work, etc., but at the same time the Wafd government resorted to exercising emergency powers to jail union leaders; in 1950 a new law dealing with collective labor contracts and cost of living allowances was passed, but so was another law, in 1951, to curb the workers' right to strike. See Vatikiotis, *op. cit.*, p.340, Hopkins, *op. cit.*, p.145 and Abdel-Malek, *op. cit.*, p.41.

³³ Abdel-Malek, *op. cit.*, pp.10-20, 42-43, and 63-64; Vatikiotis, *op. cit.*, pp. 311-342.

1. Nasser and the "Free Officers": Orientation of the Political Leadership

A first step toward understanding any ruling group's political interests or requisites is to understand something of the psychological, ideological, class and other orientations, affiliations and commitments. This is a complex and difficult task and, for this reason, no one person's work in this area can or should be regarded as definitive. There are some consensus of views however, concerning Nasser and other leaders of the military coup that are pertinent to the present purpose.

Most of the so-called "Free Officers" were sons of small land-owners in the provinces and government employees of various categories. A few of them were sons and grandsons of Army officers. Two had come from the upper class. Ideologically, some were involved in pro-Axis activities during the Second World War. Others were members of the Muslim Brotherhood and Young Egypt.³⁴ A few belong to Marxist and other leftist groups.³⁵ As a group, however, the military regime reflected the middle-class; perhaps partly because Nasser himself was from that class, and, in this respect, the present leadership was not that far apart from the previous one.

What set it apart was that it was a leadership in active search of a new solution to Egypt's old and new problems. In the words of Hopkins, it reflected "the sector of middle-class with its head, so to speak, in the West, but its feet on the native soil."

The initial thrust and strategy of the leadership in the conduct of overall national affairs and its later change of course seem explicable given the dualistic orientation of the leaders. Following the seizure of power, the military regime had sought only to purify the existing order without necessarily repudiating the upper and middle class at large. In fact, the regime had counted on the support of the latter sectors in carrying out its self-appointed tasks.³⁶ Even land reform, the principal project of the junta, had been carried out in 1952 in the expectation that the capital diverted from the agrarian sector would be

³⁴Both are extremist nationalist.

³⁵Abdel-Malek, *op. cit.*, p. xxi; Vatikiotis, *op. cit.*, pp.375-376; Hopkins, *op. cit.*, p. 231.

³⁶That the regime had counted on the establishment support was evident, in part, in the fact that General Naguib, who figure-headed the junta, was part of the mainstream of the monarchy period and Ali Maher, head of the first post-coup cabinet, was an independent of the upper bourgeoisie and had formed a government before. Also Dr. Abdel-Jalilal-Emari was retained as Finance Minister from the previous government although his views on matters of finance were anything but progressive. See "Egypt Since the Coup d'etat of 1952". *The World Today*, Vol.10, No. 4 (Apr. 1954), pp. 140-143. Also see Vatikiotis, *op. cit.*, p.378.

invested in industry by basically cooperative landowners seeking new outlets for their money.³⁷

2. The leadership requisites and its changing orientation

a. Internal resistance

The junta was sorely disappointed in its hopes with regards to the old establishment. Its resistance was strong and those among its members who participated in the new regime made every effort to co-opt or sabotage its aims and programs for their own ends.³⁸ The diverted capital did not get invested in industry: they escaped abroad instead. The economic situation became extremely unstable. There were anti-government demonstrations and a counter-coup plot in the Army. On January 16, 1953, the junta was forced to dissolve all political parties and confiscate their funds and announce a three year postponement of the restoration of democratic rule.³⁹ This was an acknowledgment of the total collapse of the junta's initial expectations and strategy and marked the beginning of its active cultivation of other sources of support, most notably labor. A year later, in 1954, the effort paid off when labor played a critical role in the showdown between Naguib and Nasser. The trade unions staged a massive demonstration in support of the latter and finally handed him the reign of power.⁴⁰

One might ask what is the point of all this as far as the social policies of the period are concerned? It is simply this: in 1955 the military regime took the first significant step toward providing income protection for the workers in the form of compulsory insurance and provident funds, as indicated earlier. The implications are fairly clear. First, because of the basically rural middle-class orientation of the new leadership, the urban wage-earning sector had not received its attention as early as the fellahin which was handed the Agrarian Reform within two months of the coup.⁴¹ Second, when it did, it was "in acknowledgment of its support in the critical stage of his (Nasser's) political development."⁴² It was the leader's power requisite that was decisive in the adoption of policies concerning labor and its needs.

³⁷Malcolm H. Kerr, "The Emergence of a Socialist Ideology in Egypt", *MEJ.*, Vol. 16, No.2 (Spring 1962), pp.130-131.

³⁸*The World Today, op. cit.*

³⁹*Ibid.*, p.142; Vatikiotis, *op. cit.*, p.144.

⁴⁰Vatikiotis, *op. cit.*, pp. 153-155.

⁴¹Included land redistribution as well as tenancy reform.

⁴²Vatikiotis, *op. cit.*, p. 155.

The subsequent Nasser-Labor relationship and its bearing on social legislation will be discussed later. For now, it seems appropriate to consider another factor that entered into the political requisite parameter of the leadership and contributed to its radicalization, eventually influencing its later policies in the social and economic fields.

b. External confluence

The factor in question has to do with the position in which Nasser and his regime found themselves in relation to foreign powers and its impact on Egypt's economy. In line with the generally moderate domestic policies in the early years,⁴³ the regime initially adopted a conciliatory stance vis-à-vis the foreign powers, especially Great Britain, France and the United States. As to the underlying reasons, one source states,

From the outset there seems to have been no doubt in the minds of the Army leaders that the long-term development of Egyptian economy could only be achieved with Western capital, and that confidence must be created at home and abroad to obtain it...⁴⁴

Specific steps were taken to encourage investment from abroad.⁴⁵ In this sphere, too, however, the expectations went unfulfilled. Foreign private capital continued to stay away and all the likely official sources of external aid, such as the United States, Great Britain, and the International Bank for Reconstruction and Development, attached conditions to their aid proposals which were unacceptable to the regime. The USSR was an alternative source, but the basically anti-Communist leadership had preferred to turn to the West. In December 1955, the United States and Great Britain had finally come through with a pledge involving US\$70 million. They abrogated that pledge half a year later, however.

Profoundly dismayed, Nasser and his colleagues reacted by announcing the nationalization of the Suez Canal Company and demanding the

⁴³Even the land redistribution was not based on confiscation, although the terms of compensation changed in later years in disfavor of the original owners, perhaps reflecting the radicalization of the regime. See Bent Hansen & Girgis A. Marzouk, *Development and Economic Policy in UAR (Egypt)*, North-Holland Publishing Company, Amsterdam, 1965, pp.85, 90; Hopkins, *op. cit.*, p.279; Mansfield, *op. cit.*, p.176.

⁴⁴*The World Today*, *op.cit.*, p.144.

⁴⁵The steps included the granting of long term visas to foreign residents, the repeal of the 1947 law limiting foreign capital in any firm to 49%, a 7 year tax exemption to industrial companies, the transfer of profit in foreign currency, etc. See *Ibid.*, pp.144-145; Vatikiotis, *op.cit.*, pp.394-395; Abdel-Malek, *op. cit.*, pp.89-91.

evacuation of the British troops from the Canal base. As a result, the Suez War began three months later. The United States intercession and the Soviet ultimatum cut short the invasion plan of the British and French expeditionary corps and, in two months, the nationalization of the Canal Company and the evacuation of the Canal Zone were complete. Subsequently, Nasser and his regime turned more and more to the “non-aligned” world and the socialist bloc for financial, technical, political and moral support.⁴⁶ A rapid radicalization of policies in all fields accompanied this shift. The 1959 Social Insurance Code, the profit-sharing provision of the 1961 Socialist Law and the revised and upgraded Social Insurance Code of 1964 all came on the crest of this new wave.

It is clear from the foregoing that the radicalization of the military regime since the Suez War was not so much a result of a new ideological allegiance as it was “a consequence of the impact of external events upon Egypt and of the clear failure of the regime’s policy to stimulate economic development by encouraging private native and foreign enterprise.”⁴⁷

These then were the main ingredients that transformed the orientation of the military leadership with its implications for the IMP development. What then is the substance of the orientation itself? The answer has been implicit in the above discussion, but the subject warrants a more explicit treatment in view of its prominence in the Egyptian affairs in general and in social policies in particular. It will be considered following the discussion of the internal political alignment next, which apropos provides an explanation of the importance of the leadership ideology in the UAR.

c. Internal alignment and the place of labor: Its implications for social security development

Having failed to rally the traditional parties around his cause and faced with growing demonstrations of their opposition to his regime, Nasser’s reaction was more than merely to dissolve the parties and call a moratorium on the election. He proceeded to destroy the opposition and more or less succeeded. In the words of Abdel-Malek,

(Nasser) ousted the King from power with his clique of aristocrats, neutralized and isolated the landed bourgeoisie even while calling on it to assume a new function in industry, destroyed the Moslem Brotherhood, oriented as it was toward the past and (being) guilty of xenophobia and religious fanaticism, decimated

⁴⁶Abdel-Malek, *op. cit.*, pp. 101-108; *The World Today, op. cit.*, p. 145; Vatikiotis, *op. cit.*, pp. 396-397.

⁴⁷Vatikiotis, *op. cit.*, p. 396.

*the ranks of the Communist organizations that had been aroused by the Chinese example...*⁴⁸

The one sector of the old ruling group excepted from a similar treatment was the formerly independent industrial wing of the upper bourgeoisie, notably those represented in the Misr and the Abbud complexes. This important modern sector of industry cooperated fully with the new regime and, in time, evolved into key agents of industrial development within the structure of a nationalized economy.⁴⁹

Of the two remaining sources of support, the fellahin was won over first through the comprehensive land reform and subsequently by absorbing more or less the entire agrarian sector into the highly subsidized production and marketing cooperatives.⁵⁰ The landless workers were slowly brought under the agricultural workers union which, by the mid 1960s, began to participate in the Trade Union Confederation of Egypt.⁵¹

The beginning relationship of labor with Nasser was mentioned earlier. As the shape of his political support came into clearer view, the workers, particularly organized labor, turned out to be his mainstay. Outside the military itself, organized labor was the only force of consequence which Nasser could mobilize on his own and his regime's behalf. The students constituted such a force also, but they were volatile and not easily manageable. Labor formed rallies, stage demonstrations for Nasser and even provided a rich seedbed for people's representatives to the National Assembly as required by the National Charter of 1962.⁵²

Nasser was therefore determined to give the union's status and pushed forward their leaders on to the national scene.⁵³ More significantly, with the formation of the Arab Socialist Union in 1963, labor, along with the fellahin, was given unprecedented scope for participation in the political and economic decision making processes. It was required under the new Charter that half of

⁴⁸*Op. cit.*, p.104.

⁴⁹*Ibid.*, pp.105, 112-115, 130.

⁵⁰Hansen & Marzouk, *op. cit.*, pp. 91-92; Hopkins, *op. cit.*, pp. 100-114.

⁵¹Hopkins, *op. cit.*, pp. 313-316.

⁵²The U.S. Army Area Handbook, *op.cit.*, p.331; Vatikiotis, Egypt 1966: The Assessment of a Revolution - An Interpretative Essay", *The World Today*, June 1966, p.246.

⁵³An indication of this push was the appointment in 1962 of Anwar Salama, a veteran trade union leader and President of the Petroleum Workers Union, as the Minister of Labor. The election in 1963 of Ali Sayed, second-in-command of the Petroleum Workers Union, as the Deputy Speaker of the National Assembly was another such indication.

the deputies elected to the Assembly be workers or fellahs⁵⁴ and that, in industrial and commercial establishments, the workers be represented on their boards to protect their interests.⁵⁵

To be precise about the nature of the military-labor or Nasser-labor coalition though, labor's position, despite its advanced status just described, was not that of a body standing on its own feet. Rather, it was that of a group co-opted by the ruling elites. Thus, the government-labor relationship was generally characterized by paternalism on one side and docile submission on the other.⁵⁶

Labor's position, in other words, was not too different from what it had always been in relation to the old ruling groups. Only this time, it was awarded with privileges and benefits in the forms of a fuller participation in the national affairs and a solid system of income maintenance provisions.

d. Ideology of the leadership: Its implications on social policy

The officers of the coup d'état straddled two worlds in their collective orientation, as indicated earlier. In this respect, the officers were fairly typical of the main ideological current of their time and place. Hopkins who uses the term "Egyptian nationalism" to describe the main current gives the following analysis of its dualistic character:

If the Egyptian nationalism was finally "polished" in the salons of Paris, it had been born in the Nile Valley of the conjunction between a sense of outrage and the promise of Islam: if the names of Rousseau and Locke were later added to its texts, its true line of descent ran back to the Koran and the Crusades...

The founding father of Egyptian nationalism, namely Colonel Arabi, Saad Zaghoul, Mohamed Ali, Nasser, are all sons of Islam at heart as well as in soul. They have been trained in Islam and El Azhar, its fount, the hidden heart of Egyptian life.

Yet if El Azhar still appeared the secret key to so much in Egypt, it was a key which would no longer fit the doors of either present or future. The nation-state, the joint-stock company, the assembly-

⁵⁴Vatikiois, Some Political Consequences of the 1952 Revolution in Egypt", *Political and Social Change in Modern Egypt*, P.M. Holt ed., Oxford Press, London, 1968, pp. 379-380.

⁵⁵The U.S. Army Area Handbook, *op. cit.*, p. 332; Vatikiotis, *The Modern History of Egypt*, p. 403.

⁵⁶Hopkins, *op. cit.*, p. 359; Vatikiotis, *op. cit.*, p. 400.

line, were institutions unknown to the Koran - in whose sacred text interest is sinful "usury"...

Since Egypt, geographically placed as she was, could not withstand the advance of the modern world, what happened was that the Islamic institutions were simply by-passed...⁵⁷

Born of such a world, the military leaders were nevertheless more and more propelled toward the modern stream, largely of necessity,⁵⁸ while a good part of the society, the former aristocracy, the middle class and even segments of the lower class, clung to the traditional one.

The modernism on the part of the leaders had at least two discernible facets. One was the drive toward industrialization and development. The other was the amalgam of hopes, aspirations, values and outlooks embodied in "Arab Socialism". The first impulse was prominent from the beginning. This, in fact, was a major factor underlying the Free Officers' seizure of power itself and their initial strategy with regards to the traditional parties inside and the Western powers outside. Upon the failure of the initial strategy toward industrialization and development, the military regime not only had need of new sources of support, but to restructure the society as a whole in order to mobilize it toward the same end. Also, it had yet to legitimize its authority and consolidate its power. Arab Socialism was the ideological framework which, it was hoped, would enable the regime to accomplish these tasks.

The last ideology is of interest to the present discussion because its evolution is closely tied to the evolution of the income maintenance program in the UAR. First of all, it may be recalled that the timing of the enactments of the first and second Social Insurance Codes (1959 and 1964) generally coincided with the years in which the Socialist Charter (National Charter of 1962) and the Arab Socialist Union, respectively, and the constitutional and organizational translations of Arab Socialism, were conceived and brought into being. It may also be recalled that the profit-sharing provision for the workers was an integral part of the "Socialist Law" of 1961. Finally, it was seen that there was a general step-up of both educational and health expenditures since around 1960-1963, perhaps indicating heightened public efforts in these fields subsequent to this period. It therefore seems propitious to understand what the ideology consists of.

Its premises are clearly evident first in the Constitution of 1956. It embodies the concept of the Egyptian nation as based on the abolition of

⁵⁷*Op. cit.*, pp. 228-229.

⁵⁸"The Socialist solution of the problem of social development in Egypt - with a view to achieving progress in a revolutionary way - was never a question of free choice. The socialist solution was a historical inevitability imposed by reality, the broad aspirations of the masses and the changing nature of the world in the second part of the twentieth century..." (Section 6 of the National Charter.)

imperialism, feudalism, monopoly, and the control of capitalist influence over the system of government, and the establishment of a strong army, social justice and a democratic society. More pertinently for the present purpose, it defines certain fundamental values of the Egyptian society which include a planned economy, the state ownership of natural resources, an equitable distribution of national wealth, and a comprehensive social security program.⁵⁹

The Charter of 1962 is more cogent in stating the terms of Arab Socialism. But basically it affirms the premises of popular participation and representation at all levels of the political structure and the imperative that the state must represent the interests of all popular forces, including farmers, workers, intellectuals, national capitalists, members of organized professions and soldiers. Arab Socialism is concerned with values and the construction of a whole moral world.⁶⁰ But it is also an ideology with concrete guidelines for socio-economic policies and programs. In it, the compelling preoccupations are with independence from all external controls, economic modernization and development for the purpose of effecting social justice, equitable sharing of national wealth, and freedom from anxiety as to future security. As for democracy, it is not defined in terms of individual freedom and traditional parliamentary structures, but in terms of social and economic justice. In order to establish this justice, political life has to be centralized and regimented.⁶¹

Given these tenets at the heart of Arab Socialism it is only consistent that such a wide range and rather high benefit level (financed by a high rate of contributions) Social Insurance Schemes were adopted to protect workers' incomes and that a high level investment in health and education was carried out during this period. Also, the particular form that one of the provisions took, i.e. profit-sharing, which is related neither to contribution nor to the level of wage, but only on a per capita basis with a maximum ceiling, seems fitting to the concept of justice contained in the ideology.

There has been an effort to integrate or even equate the ideology of Arab Socialism with that of Islam⁶² and, as late as the mid 1960s, certain government ministries, including the Ministry of Social Affairs, had plans for

⁵⁹Constitution of Egypt, 1956. See Preamble and Chapter Two - The Fundamental Values of Egyptian Society.

⁶⁰Hopkins, *op. cit.*, p. 226.

⁶¹Sharabi, *op. cit.*, p. 482.

⁶²Such as finding parallels between the Prophet's condemnation of usury and speculation and the control of the public sector; Islam's stress on the brotherhood of man and restraint in personal consumption and the income-limitation and redistribution; the Koranic duty of Zakat and social insurance and the welfare state; and the Islamic emphasis on collectivity and the cooperatives and trade unions. See Hopkins, *op. cit.*, p. 246.

installing Islamic consultants whose duty would be to find new texts for old.⁶³ As far as the decisions in the income maintenance field were concerned, however, the traditional stream in modern Egyptian ideology, concepts and values, appear to have had no serious impact so far.

e. Pertinent socio-economic conditions

There have been significant changes in various economic indicators between 1952 and the early years of the 1960s. Whether anyone explicitly attributes the adoption of the various income maintenance measures during the period to these changes or not, it is reasonable to assume that they entered into the decision parameters of the policy-makers. Table 17 shows the changes in six economic indicators.

Table 17. Selected Economic Indicators, around 1952 and 1960 (UAR)

	Around 1952	Around 1960
1. Index Numbers of Total Product (at constant prices, 1963=100)	43	82
2. Index Numbers of Industrial Production (1963=100)	16	77
3. Rate of Industrialization (contribution to the GNP)	10%	20%
4. Number of Workers in Shops Hiring More Than 10 Persons	401,000	744,000
5. Wages in non-agricultural sectors (piasters per week)		236
6. Unemployment (% of total labor force)	4.9 (1959)	1.9 (1964)

Source: UN, *Statistical Yearbook*, 1964, pp.546-548, and *Yearbook of National Accounts Statistics*, 1969, Vol.II, International Tables, pp.166-169, for 1; UN, *Statistical Yearbook*, 1970, Table 51, pp.167-176 for 2; P.J. Vatikiotis, *The Modern History of Egypt*, p.311 for 3; H. Hopkins, *Egypt - The Crucible*, p.251 for 4; ILO, *Yearbook of Labor Statistics*, 1971, Table 19, p.553 for 5; UN, *Statistical Yearbook*, 1964, Table 24 and 1970, Table 24, pp.106-107 for 6.

The growth of the total product index at an annual average rate of about 4.9 was in no way impressive and, in fact, the government had been faced with mounting debts, both internal and external, during the period of consideration.⁶⁴ But various indices point to an accelerated industrial expansion. The index for industrial production rose by nearly five times and its contribution to the GNP doubled from 10% in 1952 to 20% in 1962. More significantly, for the present discussion, the size of the non-agricultural labor force grew from

⁶³*Op. cit.*, p. 385.

⁶⁴The total internal debt increased from \$500 million in 1952 to \$1.45 billion in 1962-63 and between 1960 and 1963 alone, the government's net drawings from external loans totaled \$205.6 million. See *The United States Army Area Handbook*, *op. cit.*, p. 336.

about two million in 1952 to 3.4 million in 1960⁶⁵. The number of workers in establishments employing more than 10 persons alone almost doubled between 1952 and 1963. Perhaps due to this expansion, unemployment declined from 4.0% of the total labor force in 1959 to 1.9% in 1964.

What is significant about the above statistics is that there has been an accelerated growth in the industrial sector, by plan, as well as an accompanying rise in the industrial labor force over the eight year period of 1952-1960 when the social security measures for workers were successively introduced and revised through stages, as discussed earlier. What is more, this development occurred despite not so favorable economic conditions in general and government budget situation in particular.

It may be also noted that the unemployment insurance with its enabling provisions was enacted in 1959 when the level of unemployment was fairly high (4.9% of the total labor force) and amended to include cash benefits as well in 1964 when the level was down (to 1.9%). That the measure was adopted at all despite the particular levels of unemployment and even upgraded later is highly significant and represents a clear departure from the trends among underdeveloped countries where unemployment insurance is for all practical purposes unknown.

Summary

Absorbing considerably more than 10 percent of the GNP, the UAR's income maintenance program is well developed both in the non-occupational and occupational sectors. During the period under consideration, the most significant steps taken were in the occupational sector. While non-occupational provisions such as education and public health also gained over the previous period, much of the advance in this area was overtaken by a high rate of population growth. The price subsidies which favored the high consumption sector were relegated to a minor role during much of the period, but were restored to a substantial level of expenditure in the last several years, before presumably being abolished.

The underlying factors of various income maintenance program components were as follows,

1. In the decisions concerning education, health and price subsidies, the needs and resource factors impacted directly on the leadership class where the latter's orientation and commitment to reform and development predisposed it to action (programs) without necessitating pressures from other sources. Public demand, in this connection, existed implicitly, but it did not become a political

⁶⁵ILO, *Yearbook of Labor Statistics*, 1971, Table 2-A, p.58; Vatikiotis, *The Modern History of Egypt*, *op. cit.*, p. 322.

pressure because, in this particular area, the leaders' identification with public need was optimal, the military regime having come into power at least in part to respond to this need in the first place.

2. The evolution of occupational measures was attributable first and last to political requisites of the leadership. As it needed labor support for its political legitimization and its pursuit of development objectives, the leadership interacted sympathetically with income maintenance needs of the workers. The rising industrial labor force and its needs were transmitted directly to the leadership to reinforce political requisite factors already in operation. Such a direct and effective channeling of labor needs to the leadership was possible again because of the latter's political and economic development requisites.

3. The overall international and external political situation which drove the military regime into a coalition with labor and contributed toward radicalizing it must also be regarded as an indirect underlying factor of work-related social security provisions.

4. Political requisites of the leadership and its radical outlook had very much to do with the choice of the profit-sharing provision for the workers. The economic context in which the workers were partners in the decision-making processes of business establishments appears to have been significant in relation to the principle of profit-sharing. However, this, too, must be regarded a secondary factor in that the context itself was determined by the leadership requisites and orientation.

In short, the partnership of existing needs and the leadership orientation was present in all decisions concerning either the income maintenance laws passed but unenforced by previous governments or the introduction and implementation of the new ones during the Nasser period. The interaction between the leadership's political and development requisites and pressure groups was prominent in association with the development of work-related measures. External political factors contributed to the same work-related measures indirectly by influencing the leadership orientation.

CHAPTER VI

CROSS-NATIONAL ANALYSIS

INTRODUCTION

This chapter attempts a substantive overview of the income maintenance program types and the factors that have been associated with their evolvments in the study group as a whole. In doing so, attention will be first given to the classification of the country IMPs according to the four basic models introduced in Chapter 3. It may be recalled that Model A is the least developed of the model types consisting of underdeveloped non-occupational and occupational component sectors. Models B and C are more or less on the same semi-developed level, especially in terms of total GNP shares involved (7.7 and 7.8% respectively), but differ as to their sector alignments. The best developed model type is Model D. In this, the income maintenance program components are developed in both sectors.

Following the classification of IMPs by model types will be a systematic evaluation of all the factors presumed to underly the choice of one or another of the model types. At this stage, the underlying factors will be treated singly, except in the case of some that will be considered jointly for reasons to be clarified in due course of the discussion.

The last part examines the patterns of factor combination as they relate to the model types or individual components. A summary at the end includes a frequency count as they may be suggestive of relative strengths of individual factors and their combination patterns.

CLASSIFICATION OF INCOME MAINTENANCE PROGRAMS BY TYPE OF MODEL

In classifying the income maintenance programs of the study countries by the model types, the principal criterion of program evaluation was the level of expenditure. But such other criteria as the number and type of components and the relative balance between the occupational and non-occupational sectors have also been taken into account, particularly where expenditure data was either unavailable or ambiguous.

Table 18 shows each country's IMP in terms of its sector alignment, expenditure level, population coverage, developmental ranking, and model types.

A program sector was regarded either developed (D) or underdeveloped (U/D) depending on whether its level of expenditure was above or below the group average. For non-occupational sectors of income maintenance programs (N/O), the group average was 7.1% of the GNP while, for occupational sectors (O), the average was 2.3% of the GNP.

Table 18. Evaluation of the IMP by Level of Expenditure & Number of Components

Country	Program Sector	Current Number of Components	Cost (% of the GNP)	Level of Development	IMP Type
Bolivia	N/O	3	3.8 + PA	U/D	C
	O	5	4.0 + Commissary	D	
Ceylon	N/O	4	12.1	D	D
	O	4	3.5 + WI S/M*	D	
Ghana	N/O	3	6.5	U/D	A
	O	3	1.0	U/D	
Mauritius	N/O	6	6.7 + PH	D	B
	O	2	1.0	U/D	
Thailand	N/O	3	5.5	U/D	A
	O	3	---	U/D	
UAR	N/O	5	8.0	D	D
	O	6	2.1	D	
Group average of cost:		N/O	-- 7.1% of the GNP		
		O	-- 2.3% of the GNP		

In Mauritius, GNP share level alone was insufficient to evaluate the non-occupational sector of its IMP. Specifically, in the years between 1963 and 1967, the combined expenditure for all non-occupational components represented approximately 6.7% of the GNP. This was 0.4% below the group average. The sector, however, was regarded D because the expenditure for that sector was exclusive of the cost of public health and its components were highly developed, consisting of demogrants for the aged and the blind as well as a negative tax type family allowance system.

A similar problem was encountered in the UAR where the occupational sector of the IMP took up 2.1% of the GNP, 0.2% short of the group average (2.3%). Here, the sector was ranked D based on the fact that the expenditure data were not up-to-date, therefore likely to under-represent the actual level, and that they did not include the cash transfers taking place directly between employers and employees under the profit-sharing provision. The comprehensiveness of the occupational components was another compensating factor.

In Ghana, the expenditure level of the non-occupational sector of the IMP was short of the group average by 0.6% only, but there was no compensating factor to permit a cross-over into the other side of the average. The data was

fairly recent so that it could not be regarded as under-representing the actual level either, and the component types were not particularly innovative. This was in addition to the fact that the percentage gap in this instance was greater than in the first two countries. Accordingly, the sector was rated U/D.

INDIVIDUAL FACTORS ASSOCIATED WITH THE ADOPTION OF INCOME MAINTENANCE PROGRAM MODELS OR COMPONENTS

a. Per capita income and the IMPMs

The relationship emerging between the level of per capita income and the IMPM was as follows,

Table 19. Ranking of Study Countries' IMPMs

	IMPM
<u>Group A (US\$137-157)</u>	
Bolivia	C
Ceylon	D
Thailand	A
United Arab Republic	D
<u>Group B (US\$209-211)</u>	
Ghana	A
Mauritius	B

The IMPs of Group A encompassed three model types. This bore out the impression with which this study began: levels of national resource and IMPMs are not necessarily related. The fact that, in Group B, there were as many models as there were countries and that the best ranking models (Ds) were found in Group A rather than in Group B all seemed to strengthen the assumption of an absence of or even a negative association between the two variables.

This is not to suggest that economic variables as a whole were unrelated to the IMPs. There were specific instances in which one or more of them were positively associated, which will be duly identified. For the present, however, it seems appropriate to consider an overall relationship between per capita income level, social indicators, and IMPMs, since it will provide a base upon which other findings may be layered.

b. Per capita income, level of need, and the IMPMs

Table 20 shows that the distribution of levels of social indicators by per capita income and IMPM has no meaningful pattern. The levels of need as measured by a combined index of five indicators were both low (L) and very

low (VL) for each of the three ranks of models, A, B or C, and D. Since the level of per capita income was already found unrelated to model types, this means that there is no association among the level of per capita income, the level of need, and the model types.

Table 20. Distribution of the Levels of Social Indicators by Per Capita Income and IMPM

Social Indicators	Model Types of US\$137-157 Per Capita Group				Model Types of US\$209-211 Per Capita Group	
	A	C	D	D	A	B
Calories in daily food supply ¹	N.D.	-	-	-	-	+
Health Services ²	-	+	+	-	-	+
Infant Mortality ²	+	-	+	-	N.D.	-
Adult Literacy ²	+	-	+	-	-	+
Unemployment ²	+	N.D.	-	+	+	-
Level of Need ³	L	VL	L	VL	VL	L

N.D. = No data available; + = above group average; - = below; L = low; VL = very low

1. Above or below caloric needs, as derived from UN, *World Economic Survey*, 1969/70, Table A.8.
2. Above or below group average of social indicator levels
3. Determined by + or - count of social indicators. If + outnumber - , the level is low. If - outnumber + , the level is very low.

c. Literacy rate and expenditures on education

The relationship between the literacy rate and the level of public expenditure on education was unclear in the study. In three countries where the literacy rate was above the group average, the level of expenditure was also above average in one and under average in two. In the remaining countries where the rate was under average, the level of expenditure was also below average in one and above average in two. In other words, the above-average-literacy group tended to under-spend, while the below-average-literacy group tended to spend more.

Table 21. Literacy Rate v. Expenditures on Education

Public Expenditures on Education	A/Av	Literacy Rate	
		A/Av	U/Av
	A/Av	1	2
	U/Av	2	1

This is an unexpected outcome if the assumption was that an above average literacy rate is attained through an above average investment in education. As it is, the reasonable interpretation may be that the first group under-spends because it no longer needs to spend as much as far as basic education is concerned, while the second spends more because it has some catching up to do in terms of raising the literacy rate.

The relationship between the two variables are just diffuse enough to warrant the assumption that in order for it to be effective, literacy rates may need to combine strength with other factors. In fact, this was the case in a number of countries of the study group, but its discussion will be deferred to the section concerning inter-factor relationships.

d. Level of health service and health expenditure

In three out of the five countries for which data was available, there was a correspondence between the levels of health service (measured by physician- and hospital bed-population ratios) and the public expenditures on it. In Ghana and Thailand, both the service and expenditure levels were below average, while in Ceylon, they were both above average. Of the remaining two countries, Bolivia's service level was above average and its expenditure level below average. The situation was reversed in the UAR.

Table 22. Health Service v. Expenditures

		Health Service	
		A/Av	U/Av
Public Expenditures on Health	H	1	1
	L	1	2

The above might mean that, on the whole, the level of health service is a result of the investment made in it, but a poor level of service does not necessarily cause governments to make a higher investment to improve it. This contrasts with the situation in the education sector.

A fuller account as to what governments respond to in the health field is available in the section concerning inter-factor relationships.

e. Unemployment

There were two countries in which the level of unemployment and its effects on income maintenance program could be examined. In Mauritius, a high level of unemployment, resulting in an inordinate rise in the relief roll, had led to the introduction of the family allowance system, a measure designed to absorb at least part of the needs arising from the problem. In the UAR, the response to unemployment was more direct; i.e. a contributory unemployment insurance. It should be noted, however, that, in the latter, the rate of unemployment was not at all high. It was short of the study group average of 1.05% of the total population by 0.3%

In the remainder of the countries, there were no measures specifically responding to unemployment needs.

The above would suggest that there is no direct connection between the level of unemployment and income protection measures, although governments attempt to cope with the problem indirectly either through an overall economic policy or such cover-all measures as public assistance. If the case of the UAR suggests anything, it may be to the effect that its adoption of unemployment insurance was more from preference than from an urgent need calling for it, just as the adoption of family allowances in Bolivia might have been the same. As far as high unemployment countries such as Ceylon and Mauritius were concerned, a likely explanation for the absence of measures specifically addressing the problem is that such measures would not only be economically impractical, but essentially unproductive in terms of solving the basic problem.

f. Availability of cash reserves

Beyond the per capita income-IMP relationship already considered, there were specific instances of cash reserves serving as an underlying factor for the development of income maintenance program components. For instance, both in Ceylon and Ghana, the availability of post-WW II or post-colonial cash reserves referred to earlier encouraged and enabled the newly independent governments to either implement or project expansion and reform of educational programs. Where such reserves were unavailable, introduction of some occupational measures was delayed, as in the case of Bolivia. There were also indications that the adoption of provident funds in Ceylon and Ghana had been due to the government's inability to assume greater financial responsibilities which other types of measures, such as social insurance, would require. These instances, however, need to be kept in perspective by comparisons with Bolivia and the UAR where resources are equally limited but comprehensive social security systems were nevertheless adopted.

g. Wage level

Among five countries for which wage data were available, low level of wage was associated with low level of occupational components in two countries. In the remaining three, there was no such association.

The cross-tabulation on Table 23 is suggestive of an ambiguous relationship between the variables. But the fact that, in Mauritius, low wages were specifically cited as a reason for not adopting social insurance needs to be kept in mind. It is also to be noted that the Mauritian wage level was the lowest in the study group.

Table 23. Wage Level and the Level of Occupational Components

Level of Occupational Components	D U/D	Wage Level	
		A/Av	U/Av
		1	1
		1	2

h. Size of the working sector (non-agricultural)

The number of salaried and wage-earning employees in the non-agricultural sector proportional to the total population varied from 4.9% in Thailand to 14.2% in Mauritius. The group average was 8.9%. In two of the three above-average countries, the occupational measures were developed. In two of the three below-average countries, they were underdeveloped. If the UAR, with its proportion of the non-agricultural sector close to the group average at 8.5% and separated from the next low ranking country by 2.7% were to be regarded as among the above-average group, then the ratio in that group would improve to 3:1, and that in the below-average group to 2:0.

Although the size of the non-agricultural working sector explicitly attributed as an underlying factor of occupational measures was not considered in any of the countries examined, the above tabulation would suggest a positive relationship between the variables involved. Of the economic variables considered so far, the present factor seems one of the strongest in association with level of occupational measures.

i. Variations in the economic context

Economic context played a significant part in the development of income maintenance programs or their components. In Bolivia, it was the significance of the mining industry in the overall national economy that had contributed to the power of mine workers and thus to the development of its IMP, particularly the occupational sector. A similar situation existed in Ceylon. But, there, the significant industry was tea-exporting and the group deriving power from it was the dock workers of Colombo. The dock workers constituted the core of the trade union movement in Ceylon and thus have been influential on government decisions concerning income maintenance measures, including rice subsidies and the provident fund.

In Ceylon and Mauritius, the dualistic economic structure, consisting of the estate and non-estate industries, had a definite connection with the development of dualistic health service systems.

In Thailand, it was the economic context characterized by an abundance of cultivable land which has contributed to the general indifference of the country to statutory and otherwise public-sponsored income maintenance, whether in the non-occupational or occupational sector.

Finally, in the UAR, there was ground for assuming that the choice of the profit-sharing provision as an occupational measure was associated with the socialistic economic context in which workers took part in the policy-making of business establishments.

j. Trained personnel

A shortage of trained personnel limited the pursuit of educational, health and other policies in a number of countries. In Bolivia, it restricted qualitative upgrading of education if not necessarily its quantitative expansion. Ceylon's policy of educational expansion suffered due to the limited number of trained teachers. In Ghana, there was restrained development of both educational and health services and this has been true in both the colonial and post-colonial periods. In the case of Mauritius, it was not simply a matter of a shortage of medical personnel inhibiting a program involving them, but a desire to maximize their service value that led to the reform of public assistance and the introduction of family allowances.

The above illustrations provide ground for assuming that existence of trained personnel is a significant factor in program development and policy decisions. A cross-tabulation of the level of trained personnel, as measured by the number of third level school graduates, and the level of IMP development tended to support this assumption. In two of the countries whose numbers of graduates per 10,000 inhabitants were above the group average of 34, their IMPs were "developed" while in the four below-average countries two had semi-developed IMPs (B and C) and the remaining two, underdeveloped ones.

As to the countries whose IMPs were semi-developed despite low levels of trained personnel, Bolivia and Mauritius, the situation could be explained by the fact that both had access to technical resources from the outside, such as the United States and the United Nations in the case of the former and the United Kingdom in the case of the latter. In other words, levels of trained personnel in those countries were actually higher than can be measured by the number of their own third level graduates. This makes the association of the level of trained personnel with that of the IMP unequivocal in the study group.

k. Technical assistance

Technical assistance separately contributed to specific measures in four of the study countries. In Bolivia, it helped develop health programs as well as the technical formulations of social insurance schemes. Its contributions in Ceylon and Ghana were similar: it had a major impact on health programs and on the formulations of the provident fund systems. In Mauritius, the contribution of technical assistance from its metropolitan area was perhaps all pervasive, but clearly evident, as far as the available material affords, in the formulation and adoption of family allowances.

l. Socio-cultural and institutional factors

The strength and impact of socio-cultural and institutional factors on the income maintenance program have been unrivaled in Thailand. There, the Buddhist religious precepts and the patrimonial socio-political structure and the Thai behavior traits deriving therefrom inhibited development of public and statutory social provisions. The family oriented organization of the industrial production units, which may also be related to the patrimonial social structure, was an additional factor hindering social security development.

Considered separately from its religious derivation, patrimonialism with its authoritarian and paternalistic approach to problem solution is not unique to Thailand. It was present in all the countries considered in one form or another. The question then is why it has been such a powerful factor in Thailand but not in other countries. One possible answer is the degree of its strength. If a way can be found to quantify and measure the variable, it would provide a clearer insight into the matter. Even without such data, however, it is not too far-fetched to argue that in the study group, Thailand is a country most deeply-rooted and entrenched in its traditional values.

One of the obvious explanations may be that, unlike other countries in the group, Thailand has never been uprooted or seriously disrupted out of its tradition by any external invasion, occupation, or dependency affiliation. Another possible answer may be the relative weakness of other factors, such as economic necessity and rival political pressures, from either within or without. Regarding the last, it was indicated in the country discussion that, in recent years, the combined impact of the radical insurgency from within, the threat posed by the revolutionary conflict raging just outside its border, and the reform pressure from the United States, appears to be changing the direction of development policies of the country. It may be argued from this that, should these other factors gain strength sufficiently, the socio-cultural and institutional factors may wane in their influence vis-à-vis the income maintenance program outcomes.

m. Political structure

Four of the study countries had Republican forms of government. One had a monarchy and one was a monarchy-affiliate. The association between political structure and the IMPM was diffuse. The Republics were represented by the IMPMs A, B, C, and D. In the monarchy and monarchy-affiliate, the Models were A and B. Unless consideration is given to the fact that both of the developed IMPMs (Ds) were found among the Republics, the political structure-IMPM relationship would have to be regarded as insignificant. However, their existence in only the Republican settings provides grounds for not dismissing the possibility of a significant association outright. It may be significant that there are differences in the allocation of substantive political and policy-making powers and the degree of openness of the policy-making systems, rather than differences in the governmental and political organizational structures.

n. Centralization v. decentralization

It is difficult to measure the effect of political structure, such as centralization versus decentralization, on social policy in general and IMP development in particular. Accordingly, this study did not attempt to address the problem. Whatever observations are made in this respect therefore have only tenuous values.

One way to roughly differentiate the countries in terms of centralization or decentralization was to go by the presence or absence of overt polarization in the polity. In Bolivia and Ceylon, the existence of functioning Marxist and other radical political parties prevented the governments from monopolizing policy-making powers. In the remaining countries, they were heavily concentrated in the hands of the ruler or the ruling group. A cross-tabulation of these differences and the IMPM showed that dispersed political power was associated with IMP Models C and D, and concentrated power with A, B, and D. In other words, dispersed power was not associated with the underdeveloped IMPM (A) at all, whereas concentrated power was associated with it in two instances. The concentrated power, however, went with the developed IMPMs as well, suggesting the possibility of certain other factors also operating in the political context. Since this carries over to the question of inter-variable relationships, further consideration will be deferred.

o. Pressure groups

It is difficult to consider the function of pressure groups in policy-making separately from the question of political power allocations. It is being

discussed separately here because there was a difference in the properties of the two variables. That difference was between explicit and implicit functions of pressure groups which may and may not force power disbursement. This was illustrated in the UAR where organized labor as a pressure group was strong and played a decisive role in the power struggle between Naguib and Nasser, but subsequently its role has been no longer as a center of independent power but as a major and submissive supporter of the ruling leadership. This turned labor into a political client to whom the leadership awarded benefits and made concessions without necessarily conceding power. Thus, in the UAR, organized labor was a pressure group that could dispense with overt pressuring, such a labor unrest and strikes.

Thus, taking the UAR as a country with a viable pressure group, the study countries divided themselves in two equal parts in terms of pressure group presence or absence. Of the countries with pressure groups, one had a semi-developed IMP and two developed IMPs. In the countries without significant pressure groups, a semi-developed IMP was present in one instance and underdeveloped IMPs in two instances. The pressure group-IMP association was therefore fairly strong. The pattern of association remained the same when the pressure group was related to occupational components only.

Civil service as an implicit pressure group was important in relation to provisions for public employees in all the countries studied. Civil service is clearly capable of powerful political pressure. This is partly because of the tradition of privilege accorded government bureaucracy and partly because its members are valuable to government leaders, not only in terms of their bureaucratic functions but also from the fact that they are often members of influential socio-political strata.

p. Ideology

Ideology divided the study group in the same way as did pressure groups, whether it was Marxism or radical nationalism such as Sinhalese nationalism in Ceylon. Its pattern of association with IMPM was identical. This was to be expected because in the study group radical ideology and pressure groups were inter-dependent variables, as shall be seen.

q. Leadership orientation

Overall, ideological and/or value orientations of the political leaders and leadership groups in the study have not been as varied as they might have been. They represented reformist or socialist outlooks with modernization or development objectives on one hand, and traditional outlooks (patrimonialism) with or without modernization objectives on the other. The first type of

orientation was associated with IMP Models A, C, and two Ds, and the last with A and B. This association was suggestive of a positive relationship between the first type of orientation and better developed IMPs. The existence of an underdeveloped IMP in association with the same orientation indicates that a progressive leadership orientation is not a guarantee for equally progressive income maintenance policies and programs. It may be hypothesized in this regard that the outcome is likely to depend on the degree of leadership commitment to professed ideologies and values, as well as on other factors in the policy-making environment.

In the one instance, Ghana, there was reason to believe that the leader's professed adherence to socialism was on a rhetorical rather than a practical level; therefore, his commitment was not substantial. If this can be accepted, then the leadership orientation-IMP association, given the degree of commitment, would be stronger than is apparent in the study.

The significance of leadership orientation in association with the IMP is even clearer from another perspective. In four countries, the introduction of new IMPs and significant revisions in old ones occurred subsequent to leadership changeovers. In a fifth country, Thailand, there were at least two periods, around 1932 and 1954, when the introduction, or an attempt at it, of highly significant socio-economic policies and fairly comprehensive social security measures, respectively, followed leadership change-overs. Both attempts were ultimately unsuccessful, however, because they were either rejected at the outset or abrogated later by a different government. That said, the mere fact that these were attempted at all by a few specific leaders despite a long tradition to the contrary seems to support the point in question.

r. Requisites of power

Denoting various requirements for attaining or remaining in political power, this factor motivated all leaders and leadership groups of the study countries in their decisions concerning income maintenance programs. In Bolivia, the nation's entire economic policies, including nationalization of mines and land redistribution, and policies concerning social security have been largely determined by the leadership's need to stay viable politically. It was out of this need that the Paz government acceded to the demands of labor and the radical left and adopted the said policies and measures. In Ceylon, similar political necessities led to the launching of Sri Lanka's Freedom Party career on a coalition with Marxist parties and thus to the adoption of the socialist policy stance to begin with, and, later, caused the Banadaranaiké government to back down on its rice subsidy cut-back proposal.

In Ghana, adoptions of the Accelerated Education Plan, the curative emphasis in health programs and the provident fund, when it was finally

adopted, were variously connected with the leader's political and developmental purposes, and to quell increasing labor unrest. In Mauritius, it was not so much political necessity on the part of the colonial government and the bureaucracy to appease the public, but a desire not to go against the interest of the powerful sugar industry, particularly the estate owners, that influenced policy decisions.

The case of Thailand is similar to that of Mauritius. There, too, the ruling elite and the ruling class made decisions concerning social provisions according to what are required for maintaining the status quo on the basis of traditional values. In the UAR, it was Nasser's need to find a power base after having failed to secure it in the old establishment that obliged him to turn to labor internally and to the socialist bloc externally, with far-reaching consequences on social policy.

Thus, the significance of power requisites in association with the IMP was as great as it can be within the limits of this study.

s. Colonial influence

Three of the study countries, Ceylon, Ghana and Mauritius, were formerly under the British colonial administration. The UAR was a protectorate of the same until 1921 and continued in varying degrees of voluntary and involuntary dependency statuses long after. It was not until after the confrontation of 1956 (the Suez War) that the dependency tie was dissolved.

In Mauritius, colonial influence had been the predominant factor in the evolution of its IMP because it took place largely under the colonial administration. Its effect seems to have been particularly strong on education. Interestingly, the British rule had its strongest impact on education in other countries as well, particularly Ceylon and Ghana. In the UAR, indications are that its effects have been erased by the impact of the Nasser regime.

The colonial impact was both positive and negative. In all the countries concerned, modern education was introduced and evolved to a significant degree by the colonial government, but its legacies in terms of program scope and relevance to existing educational needs were far from adequate. In Ceylon and Mauritius, the civil service-oriented educational approach, growing out of the colonial context, seemed to hinder adjustments of educational objectives and program contents to existing needs.

t. Foreign aid

Foreign aid often went with technical assistance and was a factor in the advancement of education and health services in Bolivia, Ceylon, Ghana,

and Thailand. However, apart from the way it affected the IMP or the IMPC in conjunction with technical assistance, which was discussed earlier, this variable was not explored separately because available data was highly selective and uneven between countries. For Bolivia, such data for a certain period was fairly complete but for other countries, such as Thailand, Ceylon, and the UAR, only fragmentary information was in view. Even if more information was obtainable, it was doubtful that an assessment of its relationship to the IMP can actually be made without explicit and full information as to the context in which the aid was provided.

In two instances, in which such information was available to a limited degree, Bolivia and Thailand, foreign aid served to restrain radical policy impulse in one and to encourage reform in the other.

FACTOR COMBINATIONS ASSOCIATED WITH THE ADOPTION OF INCOME MAINTENANCE PROGRAM MODELS OR COMPONENTS

To make the following discussion intelligible, a number of clarifications are necessary at this point. First of all, unlike the foregoing section in which all the factors assumed to underlie either the IMP and/or IMPC decisions at the beginning of the study were reviewed, this section considers only those factors which were actually associated with such decisions.

Secondly, as a way to simplify both the analysis and presentation of inter-factor relationships, it was decided to treat the factors of needs and resources as constants, thus dispensing with their separate and repeated inclusions in the relationships. This procedure is consistent with their roles in social policy-making in general and in the development of income maintenance programs in the study countries in particular. With rare exceptions when they either predominate or co-dominate policy decisions, the factors of needs and resources jointly serve as an ever present, if fluid, reference point for policy-makers, but not necessarily as decisive underlying factors. This was particularly so in the study group which was controlled by a fairly narrow range of per capita income to begin with, and in which needs are equally staggering in all the countries concerned, granting some insignificant variations in degree. The exceptional situations, however, will be separately delineated.

The rest of the underlying factors were found in the study group in four patterns of relationships: inter-dependence, dependence, co-existence, and isolation. In association with a certain IMPM or IMPC, these patterns of relationships were not mutually exclusive. At times, two or more patterns influenced a single IMPC. But in the following, the relationships will be examined as separate units as much as possible, that is, within the bounds of certain organic linkages that exist between certain types of relational patterns which will become evident shortly.

1. Interdependence of Pressure Groups and Requisites of Power in Relation to IMPMs and/or IMPCs

The most frequently occurring relationship was between pressure group demands and acquiescence by the political leadership out of political necessity. This was not necessarily an open-and-shut relationship in all the countries or even within one country. It had differential characteristics depending on whether the demand/pressure group factors were of a general nature (involving the public at large) or sector-specific (involving specific interest group(s)), and whether the demand/pressure group factors were explicit or implicit in making their views felt.

The full extent to which these differentials may be significant cannot be known within the limits of this study. However, the differential of scope (general or specific) was meaningful in that the areas of needs represented by pressure groups and the areas of needs actually met by the leadership coincided in all instances where the factor combination under consideration applied. This was the case in all but one country, Thailand, where neither specific demands nor pressure groups were present. In Bolivia, where the predominant pressure group during the period studied was organized labor, it was the demands of this group, whether in the area of broad national policies or in that of labor legislation, that were responded to. In addition, it was the working sector represented by the same group, particularly the powerful miners, which received a greater share of the national revenue in terms of immediate benefits.

In Ceylon, where a wide coalition of pressure groups joined in protesting the reduction of rice subsidies, it was this universal measure that was retained. Later, when the labor unions created pressure for social security, the result was a provident fund law. The same pattern could be seen in Ghana and the UAR, and to a lesser degree in Mauritius where a muted labor demand for social security, particularly provisions for retirement and unemployment, obtained an indirect response in the forms of non-contributory old age pensions and the family allowances. This differential comparison indicates that the strength of pressure groups is an effective factor on income maintenance program development.

As for the significance of distinguishing explicit pressure groups from implicit ones, this study was not equipped to examine its tangible effects on either the level or the type of benefits involved. The fact that there was a difference and that both types of groups brought about results poses an interesting problem. That is, if both types are indeed more or less equally effective and it can be assumed that there is some degree of waste involved in militant forms of pressure group action, then the former may be regarded preferable, at least to the relevant population sector. If so, an exploration into the conditions in which

such (implicit) group pressure can be effective may be useful, although not in the context of the present study.

2. Interdependence of Pressure Group and Radical Polity Factors in Relation to IMPMs and IMPCs

In four of the five countries where pressure groups existed, they did so in a generally radical political climate. The one exception was Mauritius. These factors are regarded as inter-dependent rather than coexistent or one dependent on the other based in part on the illustration provided by the exceptional context. In it, labor as a pressure group was muted because the traditional political context was able to counter its pressure. The consequence was that labor's demand for social security largely went unheeded although some of the needs stemming from low wages and high unemployment were met indirectly by way of old age and family allowances. In other words, there is reason to assume that the pressure group was ineffective without the support of a sympathetic polity. An illustration of much greater influence and activism was provided in Bolivia where a strong and radical labor movement was able to transform the polity at large by first radicalizing the political leadership, at least in its policy pledges, and then bringing the agrarian sector into its revolutionary movement.

The above illustrations indicate that, in the study group, the two factors under consideration tended to reinforce one another. As for the effect of this particular relationship, the study finding indicates that it depends on which particular pressure group in a given political setting is asking for what. In Bolivia and Ceylon, it affected the development of their respective IMPs as a whole. In the UAR, it was effective mostly in relation to occupational measures. In Ghana, it was primarily in relation to education. It was not the relationship per se, in other words, but what it was aimed at that made the difference.

There were a number of factors which contributed to the formation of pressure groups or a radicalization of polity, or both, but were without independent functions in relation to the IMPs or the IMPCs. For the sake of completing a relational pattern, these will be reviewed at this point.

3. Interdependence of Socio-Cultural Values, Leadership Orientation and Power Requisites

In the case of Thailand alone, these factors had to be regarded as interdependent because they reinforced one another in producing a general disinterest in public or statutory social provisions. At no serious risk of oversimplification, it can be stated that Thai religious precepts and cultural values has an enormous influence. Their emphases on the salvation of the soul at the expense

of “this worldly” needs of the body, the power of meditation and ritual rather than that of grappling with tangible reality, and individual responsibility for solving one’s own problems, served as powerful brakes on change. Their attribution of a priori morality and virtue to those in authority and power was fundamentally responsible for the apathy of the populace toward public or collective social provisions. This religiously and culturally conditioned passivity on the part of the populace suited very well the political requirements of the ruling elite or the ruling class at large, predisposed as they were to maintaining the status quo which enabled them to continue in their privileged position. They therefore encouraged and supported the existing religious precepts and cultural values by meticulously adhering to them. It was a case of “form over substance”.

4. Dependence of General Pressure Groups (the Public) on Development Impulse and Radical Ideology

The world-wide resurgence of idealism and humanistic values in the first decade or so of the post-World War II period had profound effects on the peoples of many underdeveloped countries. Among other things, it persuaded them that certain fundamental social changes and changes in their living conditions hitherto characterized by unmitigated poverty may actually be achievable, and so moved them to desire and make efforts to realize the possibilities, or at least to share in the fruits of such efforts. As far as the masses were concerned, these trends manifested themselves in specific expectations such as better educational opportunities, better employment conditions, and greater responsibility on the part of the national leadership for providing the basic necessities of life. In at least four of the study countries, a combination of these trends which, for want of a better phrase, will be termed “development impulse”, provided the fertile soil needed for the growth of organized pressure groups.

More focused ideologies such as Marxism, Communism, and radical nationalism operated in a climate imbued with such impulses to stimulate less generalized pressure group formations.

The effects of this particular dependency relationship on the IMPMs or the IMPCs are identical with those of the inter-dependent relationship between pressure groups and power requisite factors. The assumption here is that development impulses and radical ideology have no independent functions outside the relational context under consideration as far as they pertain to the IMPMs or the IMPCs.

5. Dependence of Pressure Groups (Labor) on Radical Ideology, Role in Economy, Status in Political Coalition, Large Union Membership and Possession of Arms

In Bolivia and Ceylon where organized labor was a militant pressure group, it was closely affiliated with Marxist and Communist parties and therefore strongly under the influence of their ideologies. In the latter country in which the Sinhalese majority was also a militant pressure group, its radical nationalism was an additional influence on certain segments of labor.

Marxist and socialist ideologies were present in Ghana and the UAR also, but they had no direct impact on organized labor. These ideologies were espoused in the said countries primarily by the political leadership and, in the case of the UAR, the leader's ideological stance had the effect of supporting the status of labor as it translated itself into socialist policies in the economic and political fields in which labor, as well as the rural masses, was given important roles to play. This was not the case in Ghana where the leader's espousal of socialism was regarded as not being substantive, as indicated earlier. Radical ideology, in other words, has been directly or indirectly contributory to the strength of labor as a pressure group in three of the study countries.

Whether or not the workers constituting a pressure group collectively played any key role in the overall national economy was highly significant in determining the latter's strength and effectiveness vis-à-vis the IMPMs or the IMPCs. This was pointed out in the previous section as part of the discussion on economic context that affects income maintenance program developments. To reiterate briefly, Bolivian labor was strong as a pressure group during the Paz government (1952-56) because it consisted of workers in the mining industry which was, and still is, the most important sector of the Bolivian economy. Ceylonese labor was strong because it included a large number of dock workers who perform an essential function for the country's tea-export industry. In the UAR, it was the imperative of industrialization and development felt by the political leadership that had made Egyptian labor essential in the national economy and gave it strength as a pressure group.

The Ghanaian and Mauritian workers also performed some essential functions in the cocoa and sugar export industries respectively. But the power of this factor alone was insufficient to give them leverage as a pressure group. They needed the same supportive factors that their counterparts in other countries had, namely a sympathetic leadership group and/or a polity generally allied with their cause. Lacking these, the workers of Ghana and Mauritius, despite their roles in essential industries, exerted only minor influences on the IMPM or IMPC outcomes. In Mauritius, the situation was worse because of a number of countervailing factors, such as the existence of a powerful rival pressure group and a high rate of unemployment which placed the workers more or less under the mercy of the rival group, i.e. the estate owners.

As for Thailand, it was indicated that the industrial wage-earners are without status in that country for more than one reason. First, there was the tradition of agrarian primacy which disposes ethnic Thais to disdain occupations

in the industrial and commercial sectors. As a consequence, the entire salaried and wage employee population in the private sector consists of ethnic minorities, mostly the Chinese. This contributed to further lowering the relative social and power position of urban workers.

The size of trade union membership was an important factor impacting the relative strength of labor as a pressure group. In two of the countries where organized labor was strong, the union membership was large numerically, if not always as a proportion of the total labor force. During 1956-58, the union membership in the UAR was around 450,000. It is not clear what proportion of the urban wage-earners this represented in that period; presumably it was relatively small. By 1965, the membership had reached approximately 75% of the workers engaged in textile, paper, petroleum, and steel industries and commerce.¹ The situation in Ceylon was even more favorable. In 1958, the year of enactment of the provident fund, the union membership in the non-estate industries numbered 730,178 or close to 80% of all non-agricultural salaried employees and wage earners (see Table 9). Data concerning the membership of Bolivian trade unions was unavailable, but there is every reason to assume that it consisted of a vast majority of the wage-earning sector.

In two of the countries where organized labor was weak as a pressure group, union membership as a proportion of the relevant working sector fell far below the level of the above countries. In Ghana, the total membership at the end of 1957, two years before the enactment of the provident fund, was 86,923 or about 31% of the total employees in the non-agricultural sector, as indicated in the country discussion. The membership of the Mauritian employees unions and the government servants totaled only 36,206 or 23% of the relevant population in 1962.² Data was unavailable for Thailand, but it is safe to assume, for reasons detailed in the country discussion, that there is no significant labor movement or organization as such in that country.

In the same three countries in which labor was strong as pressure groups, it played vital roles such as ushering in a government or bringing certain political leadership to power. Without the drive and muscle power of labor, Bolivia's MNR would not have succeeded in the revolution of 1952. The Sri Lanka Freedom Party was able to replace the UNP only in coalition with the Trotskyite parties, for which a significant segment of the organized labor was an active arm. In the Nasser-Naguib political show-down of the mid 1950s, the former owed his victory to the support of labor to a significant degree. In short, labor delivered the additional votes needed to form winning political coalitions. Labor

¹Abdel-Malek, *op. cit.*, p. 135; Vatikiotis, *Modern History of Egypt*, p.401; Hopkins, *op. cit.*, p. 357.

²*Annual Report of the Ministry of Labor and Social Security*, 1963, Vol. II, Government Printer, Mauritius, Appendix III, pp. 16-18.

organizations continued to play important roles in the countries cited as long as the governments in question remained in power.

Arms in the possession of the Bolivian labor movement at the time of the revolution and subsequently was a most tangible source of power for that group, which the latter was not averse to using in order to have their demands, including social security, met. This factor, however, was not operative in other countries.

Thus, it was not always all of the factors cited together that contributed to pressure group strengths. However, the first four were consistently present in the three countries with strong pressure groups.

6. Dependence of Pressure Groups (Civil Service) on Technical Expertise, Bureaucratic Functions, Traditional Privilege Factors

The implicit but powerful nature of civil service as a pressure group and its dependence for strength on administrative and technical know-how, the performance of other bureaucratic functions useful to government leaders, and the socio-cultural and colonial traditions of bureaucratic privilege have been discussed in the previous section. It may be noted that an additional factor included in that part of the discussion has been excluded in the present context: the factor of civil service affiliation to influential socio-political strata of society. This factor is excluded because, while it is often present in the circumstance of civil-service as a pressure group and adds to the group's strength, it cannot be regarded a nuclei of factors that give civil service its unique position.

In the five countries where civil service enjoyed comparatively high levels of social security benefits, i.e. Ceylon, Ghana, Mauritius, Thailand, and the UAR, all three factors appeared to contribute to the strength of civil service as a pressure group. This was particularly clear in the first four countries. The civil service factor seemed insignificant in Bolivia where there was no special or separate system of social security for public employees.

7. Dependence of Radical Polity on Development Impulse, Radical Ideology and Progressive Leadership

Those factors that went into developing a pressure group also went into making a radical polity. A progressive leadership was an additional contributing factor to the latter. In Bolivia, Ceylon, UAR, and, to a lesser degree, in Ghana, the coming into power of leaders determined, or at least willing, to break from tradition and bring about social change had the effect of transforming the countries' overall political climate. This could be seen most clearly in the case of the UAR where, during most of the period examined, overt pressure group activities such as those of the leftists and extreme nationalists had been

suppressed, and the transformation of the national context from feudalism/capitalism to socialism had been wrought primarily by the leadership which itself underwent a gradual transformation in orientation. In the other countries, the leadership contribution to the radicalization of polity was less dramatic.

8. Dependence of Economic Organization on Socio-Cultural Values & Ethnic Bias

Again in Thailand alone, economic organization, including the industrial production unit, was greatly influenced by a combination of socio-cultural values and ethnic bias. A disdain on the part of the ethnic Thai vis-à-vis mercantilism and purely cash based employment resulted in a private sector almost entirely composed of ethnic Chinese and other minority members who were barred from primary occupations such as government service, land ownership and farming, and the priesthood. Even in the public sector of industry, salaried and wage-earning employees were minority group members. This ethnic factor in the organization of the Thai economy and in the composition of the wage-earning sector worked against the development of occupational measures in the country.

The organization of the industrial production unit, which is usually small and family oriented, was due to a strong sense of family and kinship ties which still prevails in the country.

In Thailand, and no where else in the study group, the above patterns of inter-factor relationships had paramount influences in the development of income maintenance policies and programs.

9. Dependence of Economic Context on Leadership Orientation and Pressure Groups

In Bolivia, the political leadership interested in nationalizing resources and organized labor and other groups on the left demanding economic reorganization along the lines of a socialist model jointly brought about a drastic change in the country's economy. That change, in turn, strengthened labor's position as a pressure group and affected the development of social security in the occupational sector. In the UAR, it was primarily the leadership which had seen fit to transform the economy into state capitalism, but the consequence, as far as income maintenance program was concerned, was the same. The new economic context, by requiring greater roles from labor, such as partnership in business/industrial management and as a source of manpower, raised the latter's status and thus its strength as an implicit pressure group. This, in turn, contributed to the adoption of a comprehensive social insurance system and the introduction of the profit-sharing measure.

The case of Ceylon is interesting in the same regard. The necessary ingredients for bringing about a radical change in the economic context were all there: Bandaranaike's coalition government was in fact pledged to nationalizing the economy, including the estate sector, and the coalition on the left actively sought to have the pledge redeemed. However, the economy was not nationalized during the period studied, at least not in the estate and foreign-owned business sectors. The reasons, which were largely economic, need not concern the present discussion in their entirety. The fact that is of concern is that in Ceylon, the ferments to change the economic context existed but did not actually effect the change. This was so because the ferments were comparatively weak, particularly as far as the leadership commitment toward economic nationalization was concerned, while countervailing factors were relatively strong.

In short, the existence of the particular pattern of factor combination under consideration did not automatically lead to a radical change in the economic context so as to favor one pressure group or another with one type or another of IMP measures.

10. Composite of Needs: Changing Family Structure, Population Growth, Unemployment, Administrative and Technical Problems

In the study group, Mauritius was one country where decisions concerning income maintenance programs were to a significant degree determined by pressures of needs, per se. The introduction of the non-contributory old age and blind pensions was in response to needs stemming from a changing family structure and the resultant loss of family functions of caring for the aged, as well as to the technical problem of applying a means-test equitably. The family allowances, which were targeted to non-taxpaying families with three children, were designed to meet various problems connected with a rapid rate of population growth and high unemployment. Specifically, they were designed to eliminate administrative obstacles to problem-solving found under the jurisdiction of the welfare department.

11. Coexistence of Needs & Expert Recommendation Factors

The introduction of the family allowances in Mauritius was not an automatic response to existing needs. It was also a response to specific expert recommendations. Based on a careful analysis of existing problems and available resources, Titmuss and Abdel-Smith made it clear that the particular measure, a modified negative tax system, covering three child-families only, could best address some of the urgent problems, such as population explosion and safeguarding the children's health. It was felt this would lead to safeguarding the general health condition of the future labor force as well, and counter some of the

immediate effects of chronic unemployment. The colonial government of Mauritius had seen fit to act upon this particular recommendation.

In thus pointing out the coexistence of needs and expert recommendation factors in association with a non-occupational component, it should be recalled that in the same policy-making context, other recommendations by the same expert team, including wide-ranging schemes of contributory social insurance, had not been adopted. This suggests an intervention of other factors in the policy-making environment. The weakness of labor as a pressure group, an absence of commitment on the part of the government authority, the predominance of the sugar industry whose interest runs counter to that of labor, and low wages, were likely the major factors. It was also pointed out in the country discussion that the Mauritian income maintenance program has tended to evolve in response to one type or another of manifest needs and demands, and to do so in such a way so as not to result in any direct benefit system for the workers. This again suggests the significance of the pressure group factor.

12. Coexistence of Leadership Orientation and Technical Assistance/Foreign Aid Factors

In the years following the Bolivian revolution of 1952, the above two factors worked together to advance education and health services of the country. More specifically, when the revolutionary policies of the first MNR government made it impossible for the United States, Bolivia's primary source of foreign aid and technical assistance, to continue in its customary role, the U.S. diverted its financial and technical resources to the education and health fields because activities in those areas were politically less controversial. Bolivia's health service appears to have particularly benefited from this circumstance.

13. Coexistence of Leadership Orientation, Technical Assistance/Foreign Aid and Economic Context Factors

In Ceylon, a dualistic economic system (estate and non-estate) had a direct bearing on the development of the dualistic health service system. The leadership orientation and foreign aid factors contributed to the expansion and upgrading of the services concerned.

14. Coexistence of Colonial Influence, Public Demands (Pressure Groups), Leadership Orientation and Resource Factors

All the above factors were already discussed individually. What needs to be pointed out about them here is the fact that in the development of

educational policies and programs in both Ceylon and Ghana, these factors acted together in influencing its course over a period of time.

15. Coexistence of Resource and Technical Assistance Factors

In the countries where technical assistance teams actively participated in the formulation and implementation of occupational measures, the teams generally had restraining effects on program development. This was because the team experts, being third parties, could be more objective and therefore better able to take into account the resource conditions of the countries concerned. There were reasons to assume that the choice of provident fund systems rather than social insurance measures as the preferred model of social security in Ceylon and Ghana was due to the combination of those factors. A delay in the introduction of social insurance in Bolivia also resulted from the same factor combination.

SUMMARY

The findings of the foregoing cross-national analysis may be summarized as follows,

1. The decisions concerning income maintenance programs have most frequently been influenced by political factors. The presence or absence of pressure groups, a radical polity, and radical ideologies, on one hand, and the orientation of political leadership and its requisites of power, on the other, variously combined to affect all income maintenance program outcomes in the study group. Of the political variables, pressure group and leadership orientation factors often combined with certain non-political factors, such as resource and technical assistance factors, to influence the development of income maintenance programs or their components further.

2. Economic factors were also significant in the development of income maintenance programs or their components. In most instances, their significance was of a secondary nature. For example, the availability of cash reserves provided an impetus for promoting education and health services in a number of countries where the desire or the will to do so already existed, but the absence of reserves did not prevent introductions of measures when they were called for by other factors in the policy-making context. Other economic variables such as the size of the wage-earning sector, the wage level, and the economic organization were either actually found or could be inferred from the data to be associated with the development or the underdevelopment of a number of occupational components.

3. External factors such as colonial influence and foreign aid/technical assistance were significant in a number of countries. In Mauritius, which was

under the British rule during the period examined, the colonial factor was significant in connection with the overall income maintenance program development of that country. In the former colonial countries of Ceylon and Ghana, the colonial influence was visible in the areas of education, health service and provisions for public employees. The foreign aid technical assistance factor was also influential in education and health fields and in connection with technical formulations of social security schemes. The countries most affected by these external factors were Bolivia, Ceylon, and Ghana. Thailand was another country affected by the same factors, but it was primarily in the field of basic education.

4. While factors of need served as reference points for all social policy makers, they played particularly important parts in Mauritius where an expert team was able to translate needs into specific program recommendations. The needs in question were those stemming from a rapid population growth, a high unemployment rate, the generally poor health condition of the population, the breakdown of the traditional family system, and certain administrative problems of coping with such needs.

5. In one context only, religious precepts, socio-cultural values, and geographic isolation acted singly in relation to a few specific components. For the most part, however, the underlying factors functioned in varying combinations in influencing income maintenance program outcomes.

The implications of the above findings as they relate to existing theories and hypotheses on the subject matter are various and are of some consequence. Since their discussion overlaps with the evaluation of this study's working conceptual model (presented in Chapter III) and its reformulation based on the foregoing analyses, however, it will be deferred to the next chapter.

CHAPTER VII

CONCLUSION

THE WORKING CONCEPTUAL MODEL

It may be recalled that the working conceptual model with which this study began took into consideration one overriding proposition and two subsidiary ones. The overriding one consisted of a systems concept deriving primarily from the idea of the society as a problem-solving organism in which solutions for social problems were assumed to evolve from interaction among all component parts of the system, and not from the function(s) of one or more of the system components. The subsidiary propositions included a rational decision-making criterion based on factors of need, resources, efficiency, and other objective variables as well as an institutional criterion which gave prominence to the interaction between individual and institutional requirements.

The propositions were drawn from a number of theories and concepts of public policy decision-making. To cite without elaboration, the theories and concepts included the Pareto criterion and related concepts, the role theory, the elite theory, the political self-interest theory, the organizational theory, notions on values and value commitments, ideology, culture, leadership orientation, power requisites, colonial influence and other external factors.

The question at this point is how does the findings of this study relate to those theories and notions?

EMERGING TRENDS

To the extent that they are valid, the study findings support a concept of social policy determination in which political factors are predominant. In this study, it was above all the interdependence between pressure group roles and power requisites of the political leadership groups that was crucial in relation to either the development or underdevelopment of income maintenance programs. Other political factors, such as radical ideology, radical polity, development impulse, leadership orientation and commitment, status in political coalition, etc., were also highly significant as they influenced the development of pressure groups, relative to the strength of the power requisites of the leadership groups.

A combination of leadership orientation and pressure group factors was found to be effective in a number of countries in transforming economic contexts in favor of organized labor and, thus, contributed to the development of occupational measures in those countries. Leadership orientation was also significant together with national resource and technical assistance factors as those factors jointly promoted developments in the educational, health and social security fields.

There were a number of less dominant, non-political trends influencing social policy which also emerged from the study. The first trend related to economic factors. To the extent that the availability or non-availability of cash reserves furthered or retarded the development of an income maintenance program, or one of its components, the function of that particular factor was significant and appeared to support an economic determinism. But in the sense that economic factors did not affect fundamental decisions as to whether a program should be introduced or not, but only as to how, how much, and when it should be introduced, the significance of the factor was secondary in the study. The importance of other economic factors such as wage levels and size of the wage-earning sector could only be inferred from the study findings. Indications were that they are positively associated with the development of work-related social security measures.

No relationship could be found between the two variables of the level of economy, as measured by per capita income, and that of the income maintenance program.

The findings concerning economic factors in relation to income maintenance program development indicate that the hypothesis of economic determinism may not be completely valid. In terms of a positive correlation between the level of either economy or resources and the level of program development, they were not generally valid although certain specific aspects were valid. Attempts to explain the data in dominant economic terms seems particularly limited in the context of the underdeveloped countries. It may be recalled that the Cutright study found a loose correlation between the level of the economy as measured by an index of energy consumption and a social security program index. He indicated, however, that within a limited range of economic levels such as the highly developed context, the correlation disappeared. Despite this finding, he hypothesized that in an undeveloped context, the level of the social security program index is likely to reflect the increments of economic growth. However, the findings of the present study do not support his hypothesis.

Certain factors of need included in the study brought out no basic pattern of association with the development of income maintenance programs. There was only one country in which needs factors played a more definite part in connection with income maintenance program decisions, albeit with the

intercession of an expert team. In other settings, needs factors were seldom the most immediately underlying factors in program development.

It is not clear whether the findings concerning an exceptional setting, such as Mauritius, provide ground for a separate hypothetical formulation. If it is correct that needs factors played a more significant part in Mauritius than in other countries, then it is possible to offer as an explanation the relative stability of contextual factors, be they economic, political or social in nature. Having been under British rule throughout this study period, Mauritius was not subject to the kind of political upheaval and instability that other countries in the study endured. In Mauritius, therefore, those factors which have been most active vis-à-vis income maintenance program development in other countries, i.e. political factors, remained quiescent and allowed the factors of need, which in other countries had secondary importance at best, to play more prominent a role.

In connection with the Mauritian situation, it is tempting to hypothesize that in policy environments characterized by stability, regardless of how the stability may have been attained, social policy decisions are more need-oriented or rational. This may be a valid hypothesis as far as it goes. However, even in the need-oriented policy making situation of Mauritius, the real controlling factors were political. The alliance between the traditional forces, i.e. the colonial government and the sugar interests, was paramount in underpinning the socio-political stability of Mauritius. In other words, even in the seemingly exceptional situation of needs-orientation, the controlling factors have been political ones. Thus, the hypothesis of need determination in situations of political stability should at best be regarded an elaboration of political determinism.

If the above line of argument can be accepted, one of the questions that this study has raised regarding the possible difference between the factors underlying the "mutation" model of income maintenance program development and those underlying the "evolutionary" model of the same (see Chapter IV, p.47) may be answered.

Basically, both models are influenced by the same factors. What distinguished the Mauritian situation from the others was the stability of the political factors in relation to other factors and it was this fact that made a gradual, rather than a sudden, development of income maintenance measures possible. Examples of Ceylon and Ghana provide support to this line of interpretation. In both countries, during the colonial rule, the income maintenance program development, particularly education and health services, was determined largely by need and resource factors. The reason was again the colonial control over these territories that served as a constant and held political factors stable. As soon as the constant came under challenge, as it was in Ghana during the several years prior to self-government, many of the decisions of the colonial government, including those pertaining to social provisions, were affected by political

considerations.¹ The challenge of the post-World War II world to the colonial powers had similar effects on British policies in these countries, especially in the areas of education and health services.

As dominant as cultural factors have been in Thailand in influencing attitudes toward and the direction of income maintenance programs, they were not independent variables even in that context. They worked in interdependence with the political requisites of the ruling class. This particular finding would tend to discourage any entertainment of a concept of social policy determination involving a cultural determinism divorced from political factors.

The influence of external factors other than colonial rule was also secondary in the study. Foreign aid and technical assistance factors helped to advance programs for which an interest on the part of the national leadership or the polity already existed, such as for education and health services. Foreign aid also affected technical formulations of occupational measures and the timing of their introduction. However, none of these factors had any fundamental influence. The present finding therefore would appear to limit and qualify the significance of foreign aid and technical assistance factors. By the same token, the importance of international cultural diffusion and standardization factors must also be regarded as secondary within the limits of this study.

The problem now faced is one of integrating the various trends emerging from the study findings into an overall conceptual framework of social policy determination. As indicated earlier, the findings by and large support the notion of the primacy of political factors, such as argued by Rys. The core of the findings, however, appears to associate more specifically with the political self-interest hypothesis of Downs, Riker, Ellsberg, and others. To state that the present findings give support to these hypotheses is not to suggest that the hypotheses both describe and explain the present findings in their entirety. Therein lies the problem.

The concept of income maintenance policy determination more fully suggestive of the overall study findings is a more complex one. It may envisage the policy-making environment as a kinetic field in which the movements of and the relationships between all factors involved are controlled by a shifting balance of forces among the political factors. In this context, political self-interest, pressure group influence, radical polity, ideology, and the leadership orientation and commitment factors change shift in their relative strengths and directions, thus causing the income maintenance programs or their component(s) to either evolve or not to do so, or to grow, change features or wither away even over time. As the controlling political factors change/shift in their respective attributes and mutual relationships, and in their respective and/or collective aims,

¹One example is the veteran's riot, supported and probably led by the leaders of the Ghanaian independence movement, and the veteran's pension which was a result of the riot. See the Watson Report, *op.cit.*

the non-political factors shift also. This occurs not only in terms of their relative strengths and dispositions in relation to the political factors but in relation to one another as well, thus undergoing changes in their powers of influence upon the programs or their components.

The income maintenance program development in Bolivia over a period of time illustrates this concept of income maintenance policy determination. The powerful miners constituting the core of organized labor had been awarded a comparatively high level of social security benefits during the Paz government because of their role in the revolution that brought Paz and his Party (MNR) into power. Their status in the political coalition supporting the same government and other factors made labor a powerful pressure group.

It was also indicated, however, that these awards had been significantly reduced during the governments of Siles and Barrientos. Why? Part of the reason lay in the shift away of national economic development priority from the mines to agricultural resettlement and the petroleum fields inland. The miners thus lost their key status in the national economy. This reduced labor's power as a pressure group. Another reason was the continuing problem of balance of payment deficits which necessitated massive economic aid from abroad, notably the United States. One of the conditions for such aid was a price stabilization policy involving a significant cut in the costly and economically unrealistic social security program and other benefits for the workers.

That was not all. Perhaps the most important reason was the fact that neither Siles nor Barrientos upheld progressive ideologies or supported organized labor. As early as the first Paz government, Siles, representing the reformist-elitist wing of the MNR had actively sought to undermine labor in order to prevent its radical programs from being implemented. Barrientos, on the other hand, represented something of a reaction to the Bolivian revolution. He played no part in it and had no ties to the MNR, which was still more or less bound by revolutionary commitments.

It was these leadership factors which had no need of an alliance with the radical left, including labor, which opened the way for economic factors, such as capital needs and budgetary requirements, to come into play. It meant a greater economic dependence on the United States, with its economic and income maintenance policy ramifications, acceptable to the political leadership. Budgetary problems and balance of payment deficits plagued the Paz government just as badly in the post-revolutionary period, but the radical political climate had not allowed those problems to become prime factors in relation to income maintenance program decisions.

Thus, in Bolivia, the changing configuration of political factors over a period of time brought about changes in the relative powers of influence of some of the non-political factors such as resources and external constraint.

Certain recent developments in Thailand provide another illustration of the same perception of income maintenance policy determination. It was seen that in Thailand, socio-cultural values in alliance with political requisite factors dominated the income maintenance program development in the past. However, it was also indicated that more recently, certain other political factors, such as radical political pressures emanating from both within and without, and reform pressure from the outside, the last of which is itself a response to the same radical pressures, gained in strength. As a result, the power of cultural factors to influence the political disposition of the leadership toward social policies was lessened.

Programs carried out in the past ten years represent some of the concrete results of this changing balance of forces among the political factors and consequent weakening of the cultural factors. The social security code pending reintroduction in 1974 may be yet another of such results. Whether the new trend will continue in the country and contribute to some fundamental social change, and, if it does, how fast and wide-ranging the change will be, may well depend on the workings of such other factors. Such factors include a continuously favorable economic condition, the rate of industrialization, ideological or value orientation, the power requisites of future political leadership, and the stability or instability of the external political situation.

Here again, while the basic political factors - power requisites of the leadership and its orientation, pressure group influence - would continue to predominate, their relationship must be regarded changeable and responsive to the shifting balance of forces among all the factors and factor relationships involved. It is the thrust of forces generated by this changing configuration among underlying factors as a whole that is regarded as most significant in relation to the development of income maintenance programs.

One might follow the same line of argument in reference to other national contexts but the point is already clear. The perception of a kinetic interaction among the underlying factors of income maintenance policy decisions controlled by a relative power disposition among the political factors closely corresponds to the findings of this study in their major as well as minor trends. This perception is not necessarily a departure from the overall systems hypothesis from which this study began. It is rather an elaboration of the same: it incorporates both the qualitative and quantitative differentials of the underlying factor functions and the functions of their inter-relationships as they relate to income maintenance program development. It also takes into account the factor and inter-factor variations over time. In short, it replaces the flat and time-limited (two dimensional) initial systems model with a four dimensional one which is capable of elucidating both the horizontal and vertical inter-factor alignments and/or relationships over time.

The politico-kinetic framework of income maintenance policy determination thus emerging will be presented schematically. Before doing so, however, an assessment of the initial model is in order.

ASSESSMENT OF THE WORKING CONCEPTUAL MODEL

The initial conceptual model based on literature review was well suited for the exploratory purposes of this study. By encompassing all possible aspects of the three basic propositions involved - the rational, the institutional, as well as the over-all systems aspect, the model helped to keep all pertinent variables visible. Alternative explanations and interpretations of any given variable remained open in terms of their relational possibilities in an ordered and easily definable structure. The model thus significantly aided both data exploration and analysis.

The model was also highly useful in comparing the country findings, which were similar in many respects and dissimilar in others. Both the similarities and dissimilarities could be easily identified through the use of the model. It also facilitated the exposition of theoretical or conceptual implications of each country findings as the various domains of the model, separately and jointly, readily represented those theories and concepts. The findings needed only to be examined in relation to the model to understand the conceptual implications.

Thus while the working model had a high utility value for the study, its overall findings brought out a number of limitations which need to be taken into account in the construction of the new conceptual model. The limitations were;

1. The initial model does not adequately express the relative importance of the underlying factors and the inter-factor relational patterns. For instance, it was capable of expressing the combined effect of the pressure group, power requisites and resource factors on Ghana's Accelerated Education Plan, but incapable of differentiating the primary importance of the resource factor in that particular connection.

2. It is not capable of differentiating whether an underlying factor or an inter-factor relationship impacts on program development directly or indirectly. Radical ideologies, for instance, influenced program development only through the role of pressure groups or radical polity factors. This could not be expressed differentially with the working model.

3. It does not express the time sequence of various factorS in relation to the IMP or the IMPC. In the UAR, for instance, the radicalization of the political leadership preceded the nationalization of the economy and labor participation in economic decision-making, which in turn contributed to the

introduction of the profit-sharing provision. The initial model is not able to express this sequence.

4. It does not reflect the prominent position the polity at large and/or the pressure groups have vis-à-vis income maintenance program development although it fully deserves to occupy a domain of its own, a domain on par in importance with the political leadership domain.

5. It does not give expression to the two-way interactions that exist between all the major underlying factor domains, viz. the needs, resource/economic context domain, the political leadership domain, the polity/pressure group domain, the socio-cultural and institutional domain, and the external domain.

6. It does not reflect the relative importance of the various domains in relation to income maintenance program outcomes. In the present study, it was the factors in the political leadership and polity/pressure group domains that had the primary impact on IMP and/or IMPC developments. Those in other domains exerted secondary or indirect influences on them. This differential underlying the various factor functions could not be properly discerned in the initial model.

What conceptual framework would solve all or most of the above problems as well as adequately support the findings emerging from the present study? Among a number of alternative frameworks that suggest themselves, one particularly relevant framework is discussed below and represented in a schema.

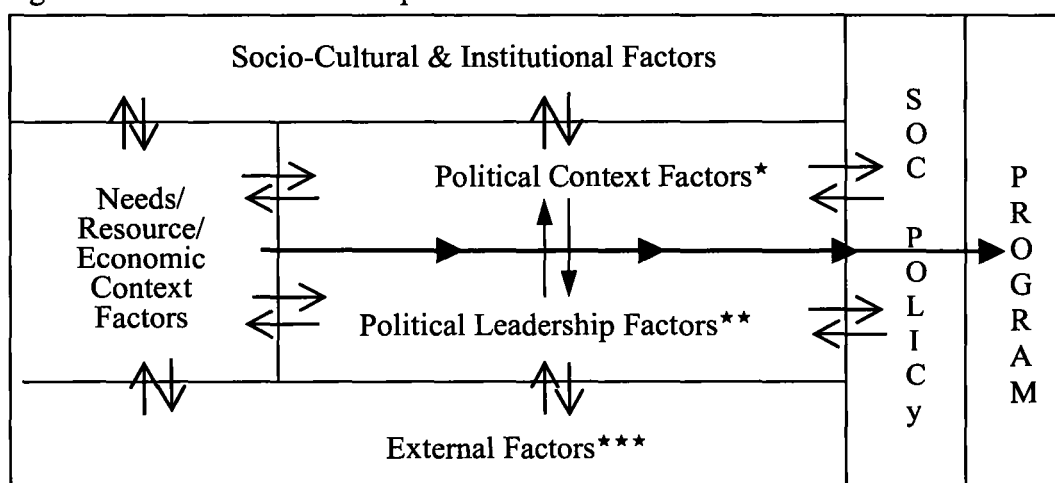
THE REVISED CONCEPTUAL MODEL

The outstanding feature of the revised conceptual model, which distinguishes the model from the initial one, is the equalization of the two political domains in terms of their effective function vis-à-vis the IMP and/or IMPC developments and the relegation of the other domains to the periphery. This structural configuration of the revised conceptual model best represents the co-equal status of the two political domains and their primacy over the other domains in underlying the IMP or IMPC developments.

The central place assigned to the political leadership parameters in the initial model no longer obtains in the revised one. The basis for the central position of the leadership parameters in the initial model was their strategic role presumed in relation to social policy-making. In the present framework, that position is not necessarily refuted, but is no longer regarded as the unitary source of such influence. Another source of similar influence amplifies the overall political context which is characterized by the will of the people at large, requirements of the polity, and pressure group factors.

The revised model is also duly cognizant of the interaction between the political leadership domain and the domain of needs, resources and economic context factors, as represented by the two-way arrows that transverse the two domains.

Figure 3. The Revised Conceptual Model



*General will of the people; requirement of the polity; pressure group demands

** Ideological/value orientations of the political leadership group; power requisites.

*** International socio-economic context; foreign aid and technical assistance; pressures from outside.

As with the initial model, the central impulses toward income maintenance policy-making and program development emanates from the needs, resources, and economic context domain and cuts through the political context and political leadership domains where the two converge to finally emerge in the social policy and program domains in the forms of income maintenance programs or their components, as expressed in the straight bold center arrows in the schematic representation, figure 3. This particular impulse must be regarded as intrinsic in all income maintenance policy formation situations and it is to this impulse to which all the underlying factors, individually and jointly, relate.

The interdependence between the political factors in the two primary domains is shown in the schematic model by two-way bold arrows across the two domains concerned, while the relationships between the political domains and the mostly non-political domains, as well as between the mostly non-political domains themselves, are shown by the minor arrows. In other words, the two types of arrows denote, respectively, the primary and the secondary importance of the inter-domain relationships. All the variable domains are shown by one or another type of arrows, to be in relationships of general interaction. None of the non-political factors has direct access to the central impulse mentioned in the

study, indicating that they were effective only in coexistence, interdependence and dependence relationships with the political factors.

In brief, the revised conceptual model thus recognizes:

1. The predominance of the political factors in relation to the development of income maintenance programs or components of such programs;
2. The co-equal status of political leadership and political context factors;
3. The central significance of the interdependence between the two types of political factors;
4. The secondary significance of the non-political factors and their relationships, whether among themselves or in relation to the political factors; and
5. The dynamic nature of the configuration of all the underlying factors at any given point in time as well as over a period of time.

The only aspect of the findings left unexpressed in the model is the indirect function of certain factors such as ideology, role or place of certain economic sectors or interest groups in a given economy that give support to, or detract from, the strength of pressure groups. (It is possible to represent this aspect in a three dimensional schema. For the present purpose, however, the revised conceptual model presented should suffice.)

EMERGENCE OF A POLITICO-KINETIC PARADIGM OF INCOME MAINTENANCE POLICY FORMATION

This has been a comparative study of income maintenance policy and/or program determination in six underdeveloped countries. Substantively, it attempted to explore and identify the factors that underlay governmental decisions regarding income maintenance provisions. Since research in the particular field is still in an early state, however, this study was also interested in developing a conceptual framework that will aid analyses of the subject matter.

The study approach involving a descriptive analytical technique was determined by the type of material available. Existing international statistical data was only occasionally comparable and there were considerable inconsistencies in the data, depending on their sources. Qualitative materials were also generally uneven in variety and scarce in some instances.

Despite the shortcomings of materials and other limitations of the circumstances, this study was able to identify a number of trends of income maintenance policy determination which permit a generalization within the bounds of the countries studied and, to a lesser degree, the underdeveloped world at large. The trends were:

i) Interdependence between the political context factors and those pertaining to the ideological and value orientations of the reigning political leadership or such groups and their power requisites;

ii) Primacy of political factors over non-political factors such as needs, resources and economic context, socio-cultural and institutional characteristics, and external influence;

iii) The existence of kinetic interactions among all the factors involved, which leave open the possibility of role shifts among them, especially at the domain level; and

iv) The stability of the above pattern of inter-factor relationships both at a given point in time as well as over a period of time.

The above trends supported political hypotheses in general and the political self-interest hypothesis of Downs, Riker, Ellsberg and others in particular. A number of other hypotheses stressing the significance of economic, cultural and external factors could be supported as subsidiaries of the first two.

Although this study made no attempt to explore the utility criterion as a basis of income maintenance decision-making, the findings indicated that the criterion was in operation in the decision making situations in which political self-interest served as the utility parameter.

Ultimately, the above trends and observations together could be seen to support a systems hypothesis of income maintenance policy/program determination characterized by politico-kinetic dynamics among all the parameters associated with them.

APPENDIX I

SELECTED SOCIAL INDICATORS AND WELFARE EXPENDITURES IN
 LESS THAN US\$300 PER CAPITA GDP COUNTRIES IN 1967
 (APPROXIMATELY 80 COUNTRIES INVOLVED)

<u>Social Indicators</u>	<u>Range</u>	
	<u>Low</u>	<u>High</u>
Private Consumption, % of GDP (1966-68 annual average)	44	104
Infant mortality, per 1000 live births (in/around 1968)	19	190
Number of inhabitants, per physician (around 1966)	900	90,800
Estimated calories of per capita daily food supply, % of requirements (around 1967)	79	125
Adult literacy rate (early 1960s)	2	78
Source: UN, <i>World Economic Survey</i> , 1969/70, pp.177-207.		
<u>Social Welfare Expenditures</u>		
Social security expenditures covering SI, PA, PH & administrative costs, % of GNP (in 1965/66 or 1966)	0.5	3.7
Public expenditures on education, % of GDP (in 1966)	1.2	5.8
Source: ILO, <i>The Cost of Social Security</i> , 1964-66, Geneva, 1972, pp.324-330; UN, <i>World Economic Survey</i> , 1969/70, pp.64-65.		

APPENDIX II

SELECTED SOCIAL AND ECONOMIC INDICATORS IN
STUDY COUNTRIES (CIRCA 1966-1970)

	Group A (US\$137-157)				Group B (US\$209-211)		Average
	Bolivia	Ceylon	Thailand	UAR	Ghana	Mauritius	
1. Calorie content of per capita average daily food supply, % of daily requirement (1967)	86	98	---	125	96	103	
2. Health facilities & personnel (circa 1966)							
population per hospital bed	400	320	1,090	560	770	240	556
population per physician	3,100	4,200	8,800	2,200	13,300	3,800	7,614
3. Infant mortality rate per 1,000 live births (circa 1968)	7.7	4.8	2.8	11.9	---	7.0	
4. Private consumption, % of GNP (1966-68 Annual Average)	77	74	65	66	73	72	
5. Adult literacy rate (early 1960)	32	75	68	20	25	61	
6. Public expenditures on Education, % of GNP (in 1968-70)	3.5	5.0	2.6	4.2	3.8	3.2	3.7
7. Public expenditures on Health in 1968-70 (% of GNP)	0.3	2.0	0.5	2.2	1.1	---	1.2
8. Third level graduates per 10,000 inhabitants in 1968	15.2	41.1	28.4	100.6	15.3	3.5	34.0
9. Unemployment, % of Total Population	---	2.5	0.08*	.075	0.17	1.7*	
10. Wage Level (non-Agr. Sector) per week, in 1969 (US\$)	---	6.95	7.49 (manu- facturing)	331	16.15 (incl.sal. emp.)	5.06	US\$8.65
11. Salaried and wage earning employees in non-agr. sector (% of total population)	9.2	10.9	4.9	8.5	5.8	14.2	8.9

Source: UN, *World Economic Survey, 1969-1970*; UN, *Statistical Yearbook, 1971*, Table 2, 18, pp.410-427;
 ILO, *Yearbook of Labor Statistics*, Tables 1, 2, 18 and 19;
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