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## Book Reviews

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J. Mouly and E. Costa (P. Lamartine Yates ed.), **Employment Policies in Developing Countries**. Published on behalf of the International Labour Office, Geneva, by Allen & Unwin, London, 1975. pp. 251. £8.00.

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This is not a conventional review, let alone a 'fair' one. The heart of the book consists of five sectoral chapters dealing with industry; services; rural industry; construction and public works; and agriculture; together with another chapter entitled 'General Stimuli to Employment'. These form Part II of the book, well over half its total length. These chapters, disregarded in this review note, contain valuable material, although one could quarrel with details here and there. Drafts have been prepared by various staff members of the ILO with considerable experience of the problems discussed, and have been well used by Mr. Mouly and Mr. Costa. To an 'insider' the origin of the various chapters is fairly clear. This is not to minimize the excellent work of Mr. Mouly and Mr. Costa or the overall editorship of Mr. Lamartine Yates.

Part III of this book, much briefer, shows the 'cloven hoof' of the ILO in that it goes back to its traditional concern with manpower questions. There are chapters on training policies; migration (both internal and external); and on demographic policies. Again, no comment will be offered on this part of the book.

This note is entirely concerned with the general framework in which the discussion is set, dealing, in Part I, with policy objectives and the dimensions of the employment problem and, in the concluding Part IV, with goals and strategies. This last part, from some internal evidence, was added somewhat after the rest of the book. There will also be some comment on the discussion of foreign trade which, characteristically, is treated only briefly under the heading of 'General Stimuli to Employment'.

The sections of the book representing this general setting are a real 1972 period piece. The words 'period piece' are not used in any derogatory sense. Quite the contrary. The ILO in developing its World Employment Programme has rendered a tremendous service, not least to the United Nations family which it has rescued from total irrelevance over the Second Development Decade

(DD2). (If only the etiquette of UN family relations had permitted the ILO to replace the irrelevant strategies of the DD2 documents with the insights gained in its World Employment Programme!) But it is a period piece in several senses: (a) it represents a transitional stage within the evolution of the World Employment Programme, when its lessons were only beginning to emerge. The only major mission fully taken into account was the Seers mission to Colombia, and to a much lesser extent, the second Seers mission, to Sri Lanka. The results of other missions could not be incorporated, except perhaps in the last section; (b) the discussion is entirely in terms of the pre-OPEC situation; and (c) it contains no whiff of the New International Economic Order discussion presently in full swing. It is interesting to note the authorities given for greater concern with employment problems (p. 11): the President of the World Bank, the Pearson Commission, the Development Assistance Committee of the OECD, the Director-General of ILPES (Raoul Prebisch), and the International Development Strategy for DD2. There are appeals to the 'generosity' of the rich.

The transitional nature of the positions taken in this publication is particularly clear in relation to objectives. Although it repeats the idea of a 'dethronement of GNP' with which the World Employment Programme started, yet it also emphasises that maximisation of GNP remains an important objective. The prevailing line is more or less that GNP growth, employment, income distribution, reduction of poverty and other social objectives are all independent objectives alongside each other, with other specific goals added for good measure. The possibilities of trade-off between growth and employment are considered, drawing mainly on the classic Stewart/Streeen article.<sup>1</sup> In general, however, the distinction between on the one hand final objectives—in the view of some of us this could be only the reduction of poverty—and on the other intermediate objectives, or means towards the final objectives, is not clearly thought out. The statement in the last chapter on goals and strategies, reflecting a somewhat later stage in thinking, comes much closer to the position of a reduction

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<sup>1</sup> Frances Stewart and Paul Streeen, 'Conflicts between Output and Employment Objectives', in *Prospects for Employment Opportunities in the Nineteen Seventies*, HMSO, London, 1971, pp. 77-94.

in poverty as a final objective, with the increase in employment as a means towards this end. In the earlier part, the attitude to employment is in fact somewhat puritanical; this comes out especially clearly in the Preface, where four main reasons are cited for making employment a development objective, namely, that it

“(i) can make for a more equitable distribution of income, but in addition (ii) can satisfy the human needs for useful and creative activity, (iii) can provide more people with opportunities for acquiring skills and the habit of work and thus participating in the tasks as well as the benefits of economic development, and (iv) for all these reasons can contribute to a reduction of political and social tensions.”

Nowhere is it stated that in many cases—perhaps especially where women are concerned—one of the ways of reducing poverty, and hence one development objective, must be to reduce the crushing burden of work involved in carrying heavy loads, having to walk for hours for water, etc.

There is also little trace of any ‘dependency’ or ‘underdevelopment’ viewpoint: e.g. the treatment of foreign investment and multinational corporations is notably neo-classical (again, more so in the earlier part than in the final statement). There is no real discussion of the special problems of women or other groups not fitting in with the traditional ILO concept of a ‘labour force’; the urban informal sector is still described as “porters, street vendors, boot-blacks or other over-crowded service occupations in which self-employment is possible”, and in another place possibly identified with ‘pseudo-employment’. Small-scale industry, characteristically, is dealt with in the chapter dealing with industry in rural areas (chapter 5). There is no separate chapter on technology and the problem of choice of technology is limited to the industrial chapter; moreover, the question of technology is almost entirely treated as one of application of known knowledge rather than the development of autonomous technological power suited to the problems and resource endowments of developing countries. The treatment of statistics is weak, typified by the statement that “it would be useful to planners to have some information regarding the numbers, even approximately, in these several categories (of the under-employed, wholly unemployed and those working for insufficient incomes)”. The chapter on ‘the dimensions of the problem’ is almost entirely based on the Turnham/Jaeger study on ‘The Employment Problem in Least Developed Countries’ published by the OECD Development

Centre in 1970—i.e. substantially written before the ILO World Employment Programme was under way.

On some matters crucial for the trade-off between growth and employment such as the relative labour intensity and relative import propensity of the expenditure patterns of poorer and richer people respectively, the initial section is somewhat dogmatic in asserting that these factors work in the direction of cumulative effects of more equal income distribution, whereas the final part is more doubtful and emphasizes the need for more data and research. (In fact, the subsequent Philippines mission of the ILO World Employment Programme has produced mixed evidence on this subject<sup>2</sup>.) The discussion will strike us today as too philosophical and long-run, too tolerant of the present position. In view of this one cannot refrain from pointing out a Freudian typing error of rare splendour: “Surely it is *tolerable* for, say, three more generations to be born into poverty and to die in poverty and to be given nothing?” (p. 27) (italics added!)

Even the final (1973) part is still clearly a product of pre-crisis optimism. The concluding sentence reads as follows: “If many governments were vigorously to pursue such employment policies, as a few have indeed begun to do, then the end of the Second Development Decade could witness some massive improvements in the welfare of the least advantaged people of the developing countries.” In the present period of international concern for the least developed and MSA<sup>3</sup> groups of countries this strikes one as a very dated statement. The model presented in the final part is the traditional two (or three) sector manpower distribution model.

As another sign of the transitional nature of this volume, it is clear that in spite of its practical orientation there is almost nothing on the translation of general employment policies into specific project selection, cost/benefit calculation and planning methods designed to give priority to employment creation, except perhaps in relation to public works.

A word may be added on the treatment of foreign trade and problems relating to the international division of labour. As already mentioned, the neglect of these aspects would be unthinkable now in the era of discussions on a New International Economic Order, only two years since this volume

2 Special Paper no. 19 on ‘Intersectoral linkages and direct and indirect employment effects’, in *Sharing in Development. A programme of employment, equity and growth for the Philippines*, ILO, Geneva, 1974, pp. 659-677.

3 “Most Seriously Affected,” i.e. by rising prices (not only of oil but also of other primary products and of manufactures).

was written. There is no real discussion on the classical and neo-classical view that international trade is the main method by which differences in factor proportions are brought into account, leading to full employment and ultimately to factor price and factor endowment equalization, and of the reasons why this has not happened. The brief discussion on trade from the point of view only of direct employment also neglects the great importance of prices and terms of trade as well as problems, especially those related to the operations of multinational corporations, concerning the retention or otherwise of export proceeds within the developing country. An emphasis on income distribution should also have led to more discussion of institutional factors and the organisation of world trade, as distinct from the more traditional problems of trade liberalization. There seems nothing in the volume on the employment effects of aid although this is clearly an important element.

There are a number of more detailed points which one could debate. For instance, in looking at the possibility that the richer importing countries would refund to the producing countries any fiscal charges on the import or consumption of tropical commodities<sup>4</sup>, the authors object to the extension of this principle from tropical products to primary products also produced in temperate zones, on the grounds that this "would merely make an unnecessary present to the developed exporters" (p. 189). One would have thought, surely, that methods could be developed to refund such charges only to the poorer exporters.

However, the purpose of this review was not to argue specific points, nor to emphasize the book's merits and the valuable information which it contains, but merely to describe the limitations of the transitional attitude of the early years of the ILO World Employment Programme which it reflects.

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<sup>4</sup> As has been done in Denmark where the proceeds of coffee taxes are channeled back in the Fund for the Industrialisation of Underdeveloped Countries (FIU).