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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

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D.3(3) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The International Bank for Reconstruction and  
Development

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973

- 3 -

Comments for the ILO Employment Missions  
Review Meeting

Introduction

1. The World Bank has welcomed the decision of the ILO to organise an evaluation of the work of the employment policy missions carried out under its auspices. We are happy to participate in such an evaluation exercise and offer the following comments as a contribution to the proposed meeting for this purpose, to be held from 7 to 9 March 1973. The Bank has been closely associated with the four principal missions - to Colombia, Sri Lanka, Iran and Kenya; members of the staff have taken part in the preliminary discussions and planning sessions with the mission leaders, as well as being associated with the teams while in the field. Draft reports were reviewed and discussed within the Bank and comments transmitted to the ILO and the leaders. Representatives have been sent to all the subsequent inter-agency meetings which discussed the draft reports.

2. Such an evaluation will also assist the Bank in reviewing its own programme of country economic analysis. The Bank has long been involved in the development process in the countries concerned. All four countries are important borrowers from the Bank and relationships with the country are both widespread in terms of topics and areas of interest and go back long periods in time. Bank-country relationships are, therefore, a part of the development process which the employment missions had to take into consideration. It follows that any comments that can now be made are to be taken as coming from an organisation that has been an interested party in the events under review.

3. A second proviso must also be made concerning the art of evaluation itself. Although there has been increasing interest in assessing and measuring the effects of development processes and policies it is clear that this relatively new activity has not yet reached the stage where agreed and



definitive techniques can be applied to obtain clear-cut answers. One reason for welcoming the initiative of the ILO in organising this evaluation is the hope that it will contribute to this important task.

4. A related issue is the extent to which it is possible to assess the effects of mission activity of this kind on the policies and performance of the recipient governments. Even the earliest mission, to Colombia in 1970, is so recent that the implications of the proposals on policies and practices could scarcely have begun to become apparent. There are clearly relatively long time lags involved in the delivery of the recommendations to the government, their publication (with its impact upon public opinion), the formulation of proposals for implementation of some or all the changes, and the period required for such changes to take effect in the economy. As the recommendations of the reports are generally far reaching in their implications for established policies and practices, it would be surprising if a 10-year period would suffice for the full effect of changes to be adequately measured.

5. The possible influence of the missions falls into three broad areas. The first is the likely effect on thinking about employment and development problems. The second is the example provided by the techniques employed and the extent to which they might be followed in other cases. The third area would be the effects of the mission and its recommendations on the development prospects of the countries visited. In what follows, major attention is given to the first two areas while the third is dealt with in a more summary way for the reasons cited above. It is assumed here that the main interest would be in permanent influences on development policy and practice, rather than in transitory effects on events in the areas concerned. A fourth possible area is omitted from this document, although it is recognised that it may be of considerable importance to the ILO and should be a proper subject for an over-all evaluation meeting. This is the impact of the mission activities upon the ILO itself.



including the extent to which the ILO's own participation contributed to the success or otherwise of the missions. It would be inappropriate for another international agency to comment on this aspect of the evaluation.

#### New Thinking on Employment and Development

6. New approaches and attitudes to development planning have been evolving over recent years and it is difficult to isolate the influence of one particular line of activity. It is clear, however, that the influence of the policy missions on such thinking has been considerable. The members of such missions would be the first to recognise, however, that they were often stating and applying ideas which were developing contemporaneously in universities and international organisations. Their main contribution was to apply this new thinking to the particular circumstances of the four countries concerned in essentially a series of detailed case studies. Although the ideas which form the basis of three of the four reports can be described as a new approach to policy, they consist in part of revival of earlier thinking or a reinterpretation of older ideas. Such restatements are important. Much of the authority attached to the three reports on Colombia, Sri Lanka and Kenya is based on the impressive way in which these ideas have been reapplied to modern situations.

7. The basic theme is a desire to restate the objectives of economic development in broader terms than that of the growth of the national income. The new emphasis stems from the present evidence and future expectation that relatively high rates of growth of GDP are not necessarily accompanied by parallel increases in employment opportunities. Employment opportunities are viewed not in the narrow sense of the hiring of labour for wages and salaries, but in a broader context embracing those parts of the economy where access to productive resources, particularly land, is the major way in which the well-being of the population can be advanced.



8. A second related strand of thought is a renewed interest in the way in which the benefits of growth are distributed. This leads to investigations of the distribution of income and wealth - investigations formerly central to questions of political economy but which are only now returning to that central position after several decades of neglect.

9. These basic themes led the employment missions to a re-examination of the structure and operation of the economies under review, which stressed certain aspects. One is the choice of techniques of production. The manner in which labour is combined with capital and natural resources was re-examined with emphasis on the fact that inappropriate techniques resulted in a structure of production which was often both wasteful of capital and unable to make use of abundant labour supplies.

10. The second area of concentration to which the missions were naturally led concerned the content and quality of education and training. Since the ability of labour to contribute to development depends on the education facilities available, in the broadest sense, it was natural to pay considerable attention to the way in which education systems responded to the needs of the economy. The missions were able to document the divergence that has developed between the aspirations and expectations of educated manpower, and the employment opportunities available to those emerging from the system. Although many observers were already becoming aware of the phenomenon of the educated unemployed, it has perhaps been most dramatically highlighted in the case of the mission report on Sri Lanka.

11. Another intellectual contribution of the missions has been the different emphasis given to the macro-economic aspects of country analysis. The missions' reports have not followed the traditional patterns of country economic reporting as currently practiced. Some would regard this as a weakness in the sense that mission conclusions would have been strengthened by a more thorough and systematic macro-economic basis. The procedure adopted, however, was to highlight certain key aspects



of the macro-economic framework in so far as these were judged to be particularly relevant to the employment issue. The most significant example concerns the circular relationship between the growth and composition of the GDP, the pattern of final demands and the links with the composition of output. It was demonstrated that a recognition of the relationships between final demand patterns and the income distribution are essential to an understanding of the structure of production.

12. Another aspect of thought which is emphasised in the mission report on Kenya concerns the relationship between the modern and the traditional sectors of the economy. Although this dichotomy in developing countries is a basic part of nearly all development theory, the report puts a new emphasis on the distinction. The word "traditional" is replaced by "informal" to point up the role of this part of the economy in the development process. The aim is to highlight the dynamism which often occurs in the neglected twilight zone that lies between the agriculture sector and modern urban development. The word informal is used to indicate the unmeasured and often neglected aspect of this part of the economy. It is a part in which much enterprise flourishes in a fashion which is often neither encouraged nor much noticed by the authorities. Often these official attitudes are influenced by unsatisfactory social aspects in housing facilities, etc. The mission points to the role that economic activity in this sector can play in the economy. The informal sector, it is argued, will have to play a bigger role in the future in providing employment opportunities and, in so doing, ease the transition between older social and economic structures and those associated with the newer forms of productive activity in the modern sector.

13. Although the role of the missions has been outstanding in pioneering the rethinking of development policy and practice, it is also probably true that the more extravagant claims made for these missions' reports are exaggerated. For example, it has been stated that the approach embodied in three of the



reports represents a revolutionary new approach to development planning which focuses entirely on employment objectives and thus relegates growth to a secondary position. There is no doubt that this was the intention of the missions' leaders, but it is a claim which can hardly be supported either from the evidence of the reports or by comparison with other exercises of a similar kind. A fairer conclusion would be that the rethinking demanded by the ILO missions had been under way during the period covered by the reports and is also reflected in the work of other agencies concerned with development questions.

14. Perhaps the more important influence of the employment missions has been in the way in which they have encouraged and stimulated governments and other agencies to re-examine traditional approaches. What they have not done is to persuade those agencies to abandon entirely the view of the process of economic development which centres around measurements of economic growth. It is now generally recognised that growth of the Gross Domestic Product is only one aspect of the development process. In practice, however, it has not been possible to change over completely to measures of development couched only in terms of employment creation, nor would it be desirable to do so.

15. In many respects it can be said that the machinery for development planning has not yet been modified to the extent that would make such a change of emphasis possible. This is why the actual recommendations of the employment missions turn out to be much less revolutionary than might be expected from the emphasis laid on new departures in the basic thinking behind the reports. The fault lies not with the missions or with the thinking, but rather with the fact that the mechanisms required to translate the implications of this new thinking into operational practice have not yet been developed.

16. Even when this can be done it will still remain true that the growth in GDP will remain a central subject of interest for planners. Although not a sufficient condition for providing productive opportunities for all who want them, economic growth remains a necessary condition for the structural changes associated with genuine economic development.



### The Role of Employment Missions

17. The usefulness of employment missions depends a great deal upon the nature and limitations of the mechanism used, in this case, the relatively large, short-term mission of experts. The pattern followed for the four missions carried out so far was to organise a large team, well diversified in terms of expertise and background and under the leadership of a distinguished and internationally well-known individual. The teams were set up for the particular mission and were not intended to be a permanent feature of the relationships between the ILO (or any other agency) and the country concerned. The closest parallel from the recent past is provided by the series of country reviews in depth organised by the World Bank in the 1950s. Those general survey missions undertook to examine the economic condition and prospects of the country concerned, at the request of the country. The World Bank organised the missions, but they were largely made up of consultants. The essential feature of those earlier missions was the same as that of the ILO employment missions, that the report was prepared only at the request of the governments, who had identified a need for an independent review.

18. In the case of the employment missions the reports have been the final responsibility of the leader alone. They have not been inter-agency missions, in the sense that the agencies took any responsibility other than to offer assistance and make available staff as members. In a very real sense, therefore, the quality of the reports has been a function of the quality of the leadership. The coherence, unity and authority which lie behind the recommendations of the missions to Colombia, Sri Lanka and Kenya are related to the fact that the leadership and the key members of the team came from a single, independent academic-based institution where many of the basic ideas on employment and poverty discussed above had been debated and developed. This feature, and the dynamic leadership provided by this institution, explains much of the success the missions have achieved. The



role of leadership extended beyond the minimum unifying task required to ensure the production of a well-edited report. The leaders undertook, in the case of three of the missions, to organise them, including the choice of staff and negotiations for their availability.<sup>1</sup> This provided a direction to the mission that is reflected in the quality of the reports; it also permitted the leader to follow through, in some detail, the kinds of inquiries that he regarded as important through the choice of particular individuals and skills. It also relieved the ILO, as the sponsoring agency, from the task of mission organisation, although administrative services were provided.

19. It follows from the above that one of the difficulties of evaluating the possible future use of employment policy missions as a permanent technique is that there is, as yet, insufficient evidence as to whether this mechanism would work as well under other leadership and with a different kind of core membership for the mission.

20. Certainly the size of the missions has been no necessary contribution to their success. The contributions of the various experts were available to the mission leader but the speed with which the reports were produced required him to operate with a small group in the drafting of the document. There is considerable value in the production of such reports within a short space of time. It is clear, however, that it was not always possible in these circumstances to take fully into account the work of the more peripheral experts and contributors.

21. This disadvantage arising from large size of missions can be related to the more general limitations of missions of this kind. The temporary nature of the activity, for example, is both an advantage and a disadvantage. It is an advantage because such a mission can enjoy influence and prestige, as a

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<sup>1</sup> In the case of the fourth mission the leader refused to take on this role and viewed his task in a more limited way.



result of the specific invitation of the government concerned, which may be denied to other more permanent arrangements. It is a disadvantage simply because there are many aspects of the employment and poverty problem which will not yield easily to solutions derived from temporary exercises. It follows that the longer-term influence of these missions will depend on the extent to which they leave permanent marks on the governments concerned, and on the related activities of other agencies and institutions operating on a more permanent basis.

22. It should be added that some of the above disadvantages of mission activities may apply to similar exercises mounted and carried out by other international agencies. The World Bank experience over the years, arising from a considerable programme of country mission work, has been that such work has limitations as a means of dealing with the less well-understood aspects of economic development. To some extent this can be mitigated by a continuing programme of economic work, if it builds up experience and knowledge in the hands of both governments and the international agencies concerned. Special studies can be sponsored and attempts made to gather new and significant information. Such a continuing programme of economic work has not been possible within the World Employment Programme of the ILO because the latter has not been organised in a way that would have permitted it to carry on such a programme of work. One of the key questions that arises in the present evaluation of the efforts made so far is whether the advantages which stem from the independent authority of the missions have yielded sufficient benefits to outweigh the disadvantages arising from the fact that there is no certainty that many of the points raised in the reports will be followed up by the governments concerned.

23. It is clear that to some extent the thinking of the missions has been reflected in the ongoing work of other agencies in the international system. Certainly the style and methods of operation of the continuing country economic work of such agencies as the World Bank and the IMF have been influenced in



such a way as to provide more permanent attention to these key issues. It is difficult to disentangle in practice, however, the extent to which this is so. Given the increasing recognition of the poverty and employment problems of developing countries, it is certain that economic work programmes of these agencies would have been influenced and modified in this direction, even if no employment missions had been mounted. It is also clear that influence has also gone in the other direction. In the case of the report on Colombia, for example, a Bank mission was in the field at the same time as the ILO mission, and the very close inter-relationships between their reports can be seen by a comparison of the published documents concerned.<sup>1</sup> Similarly, the mission to Kenya was able to draw upon the report and findings of previous Bank missions as well as a close interchange of ideas arising from Bank staff participation in the employment mission. The same is true of the missions to Iran and Sri Lanka.

24. The nature of economic development planning, however implemented in practice, necessarily requires that attention be paid to certain key features of the economic system. It would be possible, therefore, to evaluate the influence of the employment missions by examining the policies and practices in economic planning of the countries who have received such missions. The essential elements are nearly always based on some form of macro-economic planning technique and methodology. Secondly, this must be backed up by appropriate sector planning and attention to intersectoral linkages. Almost certainly the treatment of the balance of payments must be a separate and distinct part of the planning exercise, since the management of the balance of payments and of exchange rate policy is central to any process of economic planning. This would naturally lead to attention being paid to such questions as the role of foreign investment, both private or

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<sup>1</sup> "Economic Growth of Colombia: Problems and Prospects", 1972, Johns Hopkins Press.



public, including the contributions of overseas development assistance. Such a framework occurs in nearly all examples of country economic analysis which have been carried out by the international agencies. Certainly in the case of the World Bank the examination of a country's present condition and future development prospects will always cover the above aspects. It will increasingly go into much greater detail in areas judged to be of particular significance.

25. Much will depend on the immediate purposes for which the analysis is required. The employment reports carried out under the World Employment Programme, although similar to the economic reports prepared by the World Bank and the International Monetary Fund, are nevertheless sufficiently different in their coverage and objectives. Much of the basic macro-economic framework and the related balance of payments analysis is missing or is treated only in a summary fashion. In contrast, the reports are notable for the special attention paid to questions of manpower, labour and related social issues. The reports therefore complement those prepared by other agencies.

#### Impact of the Missions on Country Policy

26. In the meantime the reports of the employment missions have done much to demonstrate what can be accomplished within an ad hoc mission framework to open up new ideas and begin to apply them. What has not yet been demonstrated is whether such missions have had a significant and permanent effect upon the policies and practices of the countries visited. The evidence available to the World Bank on this point from its continuing relationships with the countries concerned gives at best, a sceptical answer. Few changes which can be linked directly to the influence of the reports have been observed and, in some cases, there has even been retrogression.<sup>1</sup> All the signs,

<sup>1</sup> In the case of Colombia, for example, the unemployment surveys which the employment mission made use of have been abandoned and not yet replaced by officially sponsored surveys.



however, do not point in the same direction, and the interest in employment and income distribution questions has continued to grow and has been reflected in development policies. The case of Kenya may be particularly significant, in that the government has shown an interest in relating the findings of the mission to the forthcoming development plan, so that the basis for a systematic following through of the recommendations may be built up.

27. In areas where sensitive political issues are involved there must be a prior commitment to act and this will itself take time to establish. The principal reason for the apparent lack of impact on policy and practice is undoubtedly the absence of adequate follow-up procedures. Such procedures go well beyond the normal processes of policy formulation and implementation where new approaches are recommended. Apart from the problems raised by the novelty of radical departures from established ways of thought and practice it will often be necessary to develop new techniques and institutions. Expert technical assistance may be required for a variety of purposes before action can be taken. This is true even when the nature of the policies required is known and understood and the means are at hand with which to implement them. For many of the areas concerned with poverty, employment and income distribution, however, no clear understanding yet exists on which action can be securely based and follow-up procedures must include the necessary studies to establish such a sure basis. It is hardly surprising, therefore, if the present conclusion must be that there has not been, as yet, much real impact upon country policy and practice.

### Conclusions

28. It would be wrong, however, to conclude this paper on a pessimistic note. It is clearly too soon and too close to the events concerned to be able to evaluate, or even detect, the full influence of the employment missions on the processes of economic development. In a world in which there are many reports



prepared by a multitude of agencies, both national and international, these have attracted considerable attention. This attention and the respect paid to them in both academic and official circles is due to the total impression made by the reports, rather than to the originality of their recommendations. The latter are made up of proposals which have been made before and the contribution of these missions has been to apply them, in a balanced way, to a total country situation where the poverty and employment problem is emerging as a key development issue. No individual or institution can look at development policy in the future without taking account of these reports and they are likely therefore to have a permanent influence upon thinking.

29. The ILO sponsored employment missions have also demonstrated certain values of the independent mission approach, as a supplement to the more institutionalised methods which have been built up within the international system, when the mission is properly prepared, organised, vigorously led, and provided with institutional support and follow up. The questions for the ILO would seem to be whether and, if so, on what scale and frequency to continue sponsoring such independent missions, or whether to establish within the ILO a unit that would have a planning and organising capacity effectively to organise and staff from within and outside the Office, and to carry out country employment strategy studies - functions performed up to now by, for example, the University of Sussex.

30. If it were decided to follow the first pattern, it would be necessary to identify and make appropriate arrangements with universities or other institutions with the capacity and willingness to mount such missions. There do not appear to be very many institutions at present with either the capacity or willingness, and very few indeed with both. If this path were followed, it would be desirable to avoid attaching large numbers of part-time experts to the missions merely to give them an inter-agency or international façade. Experience to date clearly demonstrates that the inputs of such experts, whatever



their technical value, are seldom reflected in any significant manner in the substantive recommendations of the mission reports, which are largely or entirely the work of the mission chief and a small core of full-time associates. While doubtless less dependent on structural changes within the ILO than the second alternative suggested, establishment of a regular programme of, say, one or two employment strategy missions per year would nevertheless call for some development of a capacity not now present in the ILO to plan, oversee and evaluate such missions and, in particular, to relate their operations to the ongoing work of the ILO, the Bank, the UNDP and the other specialised agencies in the countries in question.

31. A decision to provide the necessary institutional functions and continuity within the Office itself would have organisational and budgetary implications into which it would be inappropriate to attempt to go in this paper. Much would depend on the number of countries it was proposed to cover and at what rate, and on whether the ILO intended to assume institutional responsibility for the recommendations of employment strategy missions. If the ILO should decide to follow this path, the Bank's long experience in organisation and carrying out country missions ranging from general reviews of development prospects and policy to detailed studies of economic and social sectors might be of some value and, if so, it would of course be made available to the Office.

December 1972



Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

To All Participants

1. The evaluation meeting will take place as scheduled on 7-9 March 1973 in the Main Building of the ILO, 154 rue de Lausanne, Geneva. The opening session is set for 10.0 a.m. Wednesday 7 March 1973.

2. I am enclosing (in two copies) a first set of materials which have been assembled in preparation for the evaluation, along with a complete list of the papers which will be made available to participants prior to the meeting. We expect to be able to despatch those documents not enclosed herewith by 15 February.

3. The list of participants enclosed is provisional. I would appreciate it if you would communicate any changes or corrections as soon as possible, so that a final list may be distributed at the opening session.

Abbas Ammar,  
Deputy Director-General.

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D.3(22)1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

STATEMENT

by

The Ministry of Finance and Planning

Government of Kenya

ILO  
Geneva, 1973

## Comments upon the Kenya Report

### INTRODUCTION

1. It is not always easy to evaluate the effectiveness of a Mission like the recent UNDP/ILO Mission to Kenya on employment matters. This is partly due to the fact that employment problems in the developing countries are very complex and touch on all aspects of society. But in Kenya's context in particular, this Mission's report is so recent that the Government has not yet had time to formulate a comprehensive reaction to the Mission's recommendations, let alone implement the agreed recommendations. It is within this context that the following preliminary comments are outlined below. The comments are based entirely upon the UNDP/ILO's Mission Report on Kenya, and the impact which both the Mission and the Report have had on the perception of employment and unemployment problems in Kenya.

2. At the outset, it is worth noting that the Mission to Kenya took place against a background of intense concern over unemployment on the part of the Kenya Government. At the time the decision was made to invite the ILO to send a mission to the country, a Parliamentary Select Committee had just published a report on the subject of unemployment and the Government, for its part, was carrying out an ongoing review of the problem of unemployment, and ways and means of overcoming it. Action in response to the report of the Select Committee and the Government's own study in this field were placed in abeyance pending the completion of the work of the Mission. The Government felt that the costs of these postponements would be compensated for by the benefits which might be derived from a more comprehensive analysis of the problems.

3. The unemployment problems with which the Kenya Government was specifically concerned were, first, the problem of unemployed school leavers, secondly, the volume of rural-urban migration and



the consequent urban unemployment, and, finally, the related problem of unemployment and underemployment in the rural areas. The Government understood the relationship of income distribution to these problems and the need for intensified efforts in rural development in order to alleviate them; the Development Plan 1970-1974 provided adequate testimony to this effect. It was hoped that the Mission would provide new insights into these specific unemployment problems and, perhaps, proposals for action programmes consistent with the institutional constraints within which the Government must operate.

4. It is against this background that the Government has received the Mission's report and has subjected it to a very close and thorough analysis. The Report has been examined by high officials in every Ministry of Government and a Sessional Paper has been written as a consequence of this evaluation. This Sessional Paper is still under consideration by the Government. The many thousands of man-hours which the Government has now invested in an evaluation of the report have served to clarify many of the unemployment issues which have been concerning the Government, in particular, those issues relating to the identification of feasible policy instruments. The results of this evaluation are reflected in the following comments.

#### Focus of the Report

5. The report on Kenya focusses upon poverty and income distribution and not the specific problems of unemployment indicated above. Poverty is, of course, the Government's primary concern; Kenya is a lesser developed country. Nevertheless problems of unemployment, poverty and income distribution, while related; are analytically distinct and it was hoped that greater emphasis would have been given to unemployment as such.

6. To elaborate, in the analysis of unemployment we are concerned with the efficient use of given human resources embodying specific investment in human capital. We are also interested



in the welfare implications of particular patterns of labour utilisation as determined by the operations of labour markets and the institutions which affect these markets. Poverty, on the other hand, may be defined as a less than socially acceptable level of human welfare. Poverty has many causes, including unemployment, but more importantly it represents analytically a scarcity and/or poor organisation of co-operating productive factors. Income distribution is, again, analytically distinct, reflecting the distribution of ownership of all productive factors and the operations of the markets for these productive factors. While unemployment, poverty and income distribution are certainly related, one would normally expect that a report on unemployment would focus upon unemployment as an analytically distinct phenomenon.

7. Equally as important as the analytical framework is the feasibility of carrying out a broad-based study encompassing poverty, income distribution and unemployment within the short time that was available to the Mission. In adopting the all-inclusive subject of poverty, the Mission attempted to produce what is, in essence, a development plan. In Kenya, the purpose of planning is to eliminate poverty, and the whole of the planning and development machinery is geared to that end. This undertaking, in our opinion, was too broad to be adequately covered by a Mission consisting largely of outsiders working in the country for a period of only six weeks. The Mission's report would have met Kenya's needs more adequately if it had focussed, in greater detail, on the specific points of rural-urban migration, school leavers' unemployment, and rural underemployment and unemployment. This being said, the emphasis given to income distribution in the Mission's report has called attention to a problem with which the Government has been concerned and has served to remind the Government of the importance of devising rational incomes policy if the employment and other development objectives are to be met.



### Analysis of Problems

8. The solutions to problems are inherent in the analytical framework in which they are examined. The analytical framework of the Kenya report was comprehensive in the sense that it involved an examination of the host of economic, social and political relationships which have their historical origins in the colonial period. These inter-relationships determined the structure of income distribution and the consequent structure of demand. They also determined, among other things, urban-rural relationships and the current role of foreign firms, imports and foreign investment in the Kenya economy. Recommendations based upon this type of analysis would be those which attempt to alter all of these inter-relationships.

9. Many of those who have examined the report have found the analysis to be a useful aid to understanding the structure of income distribution. However, the scope of the proposals in the report and the amount of resources, human, organisational, physical and financial, required to alter this structure are truly enormous. Governments, and specially governments of less developed countries, can only undertake a specified number of items at a time. Man-power and resources do not exist which can enable action to take place on a comprehensive basis and on all fronts. It would have been preferable if the mission had attempted to find and make proposals with respect to selected critical areas subject to alteration by the policy instruments and other resources available to the Government. Such proposals could have laid focus on selected operationally relevant variables, and would have involved, among other things, analysis of the numerous labour markets which operate in countries such as Kenya.

10. For example, there is a market for rural non-agricultural unskilled labour and another for agricultural labour. There are also markets for skilled and semi-skilled workers in both rural areas and towns. An understanding of unemployment problems is obtainable only by an identification of these markets and the



characteristics of the people who participate in them. This type of analysis is almost certainly beyond the capabilities of short missions, however adequately they are staffed. Therefore, the ILO may wish to examine the implications of a mission's structure for the kind of analyses which are undertaken. Time constraints may be a critical determinant of the analytical framework and consequently the recommendations and proposals which are made.

11. Finally, it is conceivable that the choice of the all-encompassing analytical framework adopted by the Mission could be unacceptable to some countries which may wish to host future ILO Missions. The analytical framework adopted in future should therefore be sufficiently flexible, and be capable of accommodating any terms of reference which may be given by host countries.

### Strategy

12. The major thrust of the recommendations in the ILO report is embodied in a redistribution from growth strategy. While the purpose of this paper is not to provide a detailed discussion of the strategy, it should be noted that the major features of this strategy are problematic in terms of policy formulation. For example, it is not possible to impound all increments of income of those earning more than £700 per year. The wages and salaries policy proposed in the report would not touch incomes earned from profits, interest and rents. Moreover, "paper" promotions and changes in job descriptions could provide means for avoiding even the wages and salaries policy provisions. Also it is doubtful that projects can be found which benefit only the poorest one third of the population by providing them with permanent increases in income, as the report suggests.

13. Faced with lack of adequate statistics and the implementation problems inherent in the "redistribution from growth" strategy, it would not be prudent or indeed feasible to adopt the minimum household income targets which are proposed in the report. However, the proposals to establish certain physical targets appear



to be more feasible provided that account is taken of the trade-offs which may exist between investments when they are dispersed as opposed to when they are allowed to complement each other at given locations.

14. To summarise, the broad focus of the report, the analytical framework and the proposed strategy are interesting and instructive on a wide variety of problems and issues. The major criticism is that the general analysis and the recommendations are not easily implementable, at least in the short run.

15. The most operationally useful sections of the report from Kenya's point of view are those which are more specific. In particular, the discussions and the proposals on fiscal and trade policies are of sufficiently narrow focus as to have an immediate impact on policy formulation. The portions of the report on agriculture, manufacturing, building and constructions were similarly operationally very useful. It should be noted that all of these sections of the report have one thing in common: they were the result of close consultations with those in Government who are responsible for formulating and implementing policy in these areas.

#### Evaluation of the Effectiveness of the Report

16. The effectiveness of a report as a policy instrument must be determined against the criteria of what happens as a consequence of a report which would not have happened had a report not been written. In a very real sense it is premature to make this kind of judgement as the report is still being discussed within the Kenya Government. In the case of the Kenya report, there has been time only to consider the recommendations in the report in terms of policy formulations, and the policies, in fact, are still being formulated. The time since the receipt of the report is too short to consider the problems of translating the policies into action.



17. The major impact of the report on policy is perhaps that it accelerated the consideration of several issues related to employment creation. These issues have already been outlined above. The report has made it possible for the Government to consider these issues and formulate policies on them much earlier than would have been the case without the report.

#### Recommendations

18. It is conceivable that the Mission's report was written with several audiences in mind. The mere intention to publish the Mission's report generates pressures on the part of the Mission members to address a wider audience. It is suggested that the only relevant criteria for the evaluation of technical assistance projects such as this one is the effectiveness of the project in contributing to the achievement of Government objectives as outlined in the agreed terms of reference. These should be the criteria of the ILO in formulating similar missions in future.

19. In order to assure that the interests of the host Government are given top priority, the ILO may therefore wish to reconsider the desirability of actually publishing the reports which are produced by the Mission.

20. It is also suggested that an effective mission, from the viewpoint of policy formulation, should take the following factors into account:

- (a) it should attempt to understand fully the nature of the problems outlined in the terms of reference;
- (b) it should attempt to understand fully the constraints, both immediate and long run, to the selection of the problems;
- (c) it should find out what the Government can do, or is willing to do in order to overcome the problems;
- (d) on the basis of the above points, it should indicate what can and should be done, giving resource requirements and time-phasing.



This procedure would result in a report in which those responsible for policy formulation and implementation have a vested interest, and would ensure a high probability of implementation.

21. Unemployment problems in less developed countries are complex, and need to be studied thoroughly before concrete recommendations are made. Time consuming and in-depth studies and analysis of these problems is therefore required. It is therefore suggested that the duration of future employment missions should be much longer than has been the case to date.

22. The comments in this paper are very incomplete because the Kenya Mission's report is still being studied by the Government. In due course, it will be possible to indicate those recommendations which will be acceptable to the Government, and those which will not be acceptable. Notwithstanding the comments made in this paper, the Mission's report was found to be a very useful document in assisting the Government to formulate policies and programmes aimed at minimizing unemployment and employment problems.

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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

THE EVALUATION OF COMPREHENSIVE  
EMPLOYMENT STRATEGY MISSIONS:  
AN ANALYSIS OF ISSUES FOR  
DISCUSSION

The analysis of issues for discussion in this paper draws upon all the papers and preliminary comments shown in the List of Preparatory Materials, with the exception of the analysis of mission influence in Sri Lanka by Mr. Godfrey Gunatilleke and the statements by the Governments of Colombia, Iran and Kenya, which had not been received at the time of drafting.

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Geneva, 1973



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THE EVALUATION OF COMPREHENSIVE EMPLOYMENT  
STRATEGY MISSIONS:  
AN ANALYSIS OF ISSUES FOR DISCUSSION

INTRODUCTION

The meeting on the evaluation of comprehensive employment strategy missions is doubly experimental. Not only have the four missions completed thus far been considered as experimental or "pilot" activities, but the notion of subjecting these missions to an interim appraisal by all the participating agencies is, in many respects, a unique and unprecedented exercise. Programme evaluation is an uncertain art, under any circumstances; to undertake it in a genuinely inter-agency context multiplies the complexities and raises difficult problems of formulating an appropriate framework for a fruitful confrontation of the numerous issues any adequate appraisal necessarily involves.

As the sponsor of the employment strategy missions, the ILO has sought from the agencies a rather "unstructured" response to a general listing of issues so that the evaluation meeting would have available for discussion preliminary indications of the principal concerns of the participants. In addition to these preliminary comments by agencies, it was felt that the meeting should have before it the reflections of the chiefs of mission on their own experience and some appraisal of the analytical and policy impact of the mission reports by both independent experts and the host governments concerned.

A basic difficulty which has had to be faced in preparing the agenda for the meeting is a diversity of views on (a) the purposes to be served by the evaluation, and (b) the specific context in which the employment missions are to



be evaluated. With regard to (a), the fundamental assumption of this paper is that the objective of the meeting is to contribute to the on-going process of evaluation and policy determination within the ILO and other participating agencies. There is, therefore, no expectation that the meeting should or will seek to reach any sort of definitive common position on the merits or otherwise of this mission programme or other international activities in the field of employment broadly conceived. Rather what is expected is that a candid confrontation of the issues raised by these inter-agency missions will take place as a necessary and important input for agency appraisals of their activities in these areas. Success, in this perspective, is to be measured by the extent to which a common understanding of the problems is achieved, with general indications of directions for effective future action.

Regarding (b) - the appropriate context for the evaluation - the written responses from interested agencies and internal discussions in the ILO have revealed significantly different judgements about the desirable focus for the deliberations of the meeting. At least three different levels of evaluation are represented explicitly or implicitly:

- (a) The most restricted is to devote the bulk of the meeting to a detailed critique of the four missions so far completed, with a brief general discussion on the possible "lessons" to be derived.
- (b) A wider context is the consideration of the programme of comprehensive missions as part of the World Employment Programme (WEP) with greater attention to the possible future role of such missions.



(c) Finally, the inter-agency character of the meeting has naturally generated expectations that one concern of the meeting might be the appropriate role of the comprehensive missions in the whole context of other UN agency programmes such as UNDP country programming, IBRD country analyses, OECD development assistance and research, etc.

These various approaches are not mutually exclusive. Nevertheless, the structure of the meeting will depend upon what weight is given to the quite different issues arising from the various contexts of evaluation.

The approach incorporated in the provisional agenda and this paper is designed to help in shaping the course of the discussion so as to assure a reasonable degree of continuity and cumulation in the meeting's deliberations. Briefly summarised, the underlying rationale of the agenda is to move gradually from the more specific and concrete experiences of the past to the broader and more general issues of potential relevance for the future. The introductory review of experience of the four completed missions should permit an initial examination in quite concrete terms of mission objectives as originally conceived, the actual arrangements and activities undertaken to achieve these objectives in the four particular cases, and preliminary views of the initial reception of the missions' reports. Subsequent sessions can then undertake a more intensive exploration in depth of different aspects of the missions' impact. These discussions ought to provide the basis for a concluding exchange of views on the inferences or "lessons" to be drawn for future programmes and co-operation by the UN agencies and possibly other national and international organisations and institutions.

Although the basic purpose of this paper is to formulate some of the issues for discussion and not to evaluate specific positions taken by agencies or individuals in preparatory papers and comments, the process of selection and analysis inevitably must be in part judgemental - at least implicitly. Nevertheless, the intent is always to sharpen the statement of issues involved; to pose the questions, not to presume to resolve them.

REVIEW OF MISSION EXPERIENCE: CONCEPTS,  
DESIGN AND EXECUTION (Agenda Item I)

Any evaluation of the comprehensive employment missions will require consideration of the objectives sought, the design and organisation of the missions themselves as instruments for achieving these objectives, the actual implementation, and the impact of the missions to the extent it can be observed. But when it comes to giving substantive content to this logical structure, there immediately arise difficulties of concept and interpretation. An approach from as concrete a level as possible may make it possible to avoid some of the dangers of prematurely abstract and overly general discussion. For this reason it is proposed to begin with consideration of actual mission experience in order to open up for discussion with the chiefs of mission their conceptions and interpretations of mission tasks and accomplishments, the manner in which the missions were organised and executed, and the problems they confronted in completing their particular assignments.

Interpretations of Mission Assignments

In general terms, the immediate purposes of the missions apparently have not varied significantly from their original statement in the Colombia mission report - "to give the government concerned an analysis of its unemployment problem



and a suggested programme of action....to provide guidance for the aid and trade policies of international organisations and of donor agencies, and to indicate priorities in research." Nevertheless, actual mission implementation presents a varied spectrum of experience, two principal features of which are particularly worthy of note.

The first is the evolution in the concept of the employment problem which has been noted in connection with the missions headed by members of the Sussex Institute of Development Studies. This involved (as is brought out in the "Sussex paper") an increasing awareness of the need for systematic attention to different dimensions of the unemployment problem, a more integrated view of employment as part of the broader problem of income distribution and poverty, and, finally, the crucial importance of "political dimensions" and "the balance of political forces" which have come to be seen as lying at "the heart of employment strategy".

Secondly, there are the differences which have been noted in conception and relative emphases between the Iran mission and the other three missions. The Iran mission, as stated in the report, was "first and foremost aimed at offering practical advice to....Iranian planners and policy makers" with the "strictly subsidiary objective....to make the results of the mission's work available to a wider audience". This concept of the mission's task gave a distinctive character to both the work of the Iran mission and the form of its report, reflecting the mission chief's views that the report should be "brief and to the point....a framework for action by politicians and officials....[in which] recommendations must be specific" and justified by "reference to the problems of the country and not to theoretical considerations".

The differences in concept discernible in the various mission approaches to their immediate tasks, have obviously been important influences on the actual arrangements whereby the missions carried out their work.

#### Size and Duration

The broadening conceptions in the three Sussex missions was paralleled by an increase in size of mission<sup>1</sup> from 27 for Colombia, 31 for Sri Lanka, and 48 for Kenya. The Iran mission, with 23 members, was the smallest of the four. Nevertheless, from the comments submitted in preparation for the evaluation meeting, there is universal concern among the participants and the agencies involved about the tendency for the missions to become unwieldy in size, and general agreement that the size of missions should be kept down. It may be the "pilot" character of the first four missions required a larger and more varied membership than would be necessary for any future missions which need not bear the burden of breaking new ground in relatively unexplored areas. The issue is what size of missions is optimal given the nature of the tasks undertaken.

Other concerns arise in connection with the duration of the missions from inception to the submission of the report. Severe time constraints were apparently felt by all four missions. In part this is an inevitable result of the effort to carry out the far-reach analyses necessary to support a comprehensive employment strategy while at the same time

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<sup>1</sup> It should be kept in mind that "mission members" is not a homogeneous category. The figures cited include all those formally identified in the mission reports as members, but the extent of their association varied from only relatively short periods to the complete duration of the mission.



seeking to co-ordinate the mission with the national government's own planning and policy deadlines in order to enhance the usefulness and influence of the mission's recommendations. While no resolution of the question of mission duration can be made which would be appropriate in all cases, there nevertheless remains the issue of whether the decisions with respect to timing and duration made by the host governments and the ILO have imposed too severe limitations on the organization and execution of the missions.

Closely related are the questions of the allocation of time between preparation, mission operations in the country and formulation of the report and recommendations and of the time pattern established for mission members' activities in the field. Here again, there are potentially instructive differences between the experiences of the different missions. The Iran mission, for example, had members operating in the field over a period of three to four months, although the average length of stay for each member was only four to six weeks and there was no period when the whole mission was in Iran at the same time. The three other missions, on the other hand, followed the pattern of concentrating mission activity in the country into a period of about five weeks with all the mission members present for at least part of that time.

#### Mission Leadership Responsibilities

One of the most distinctive features of the comprehensive missions has been the unique role accorded to the chief of mission who prepares the mission report and recommendations on his sole authority and responsibility. The advantages this arrangement provides in permitting the freedom to confront controversial issues which are likely to be involved

in any thorough reappraisal of development strategy and policy, have been favourably commented upon by the mission chiefs themselves. In so far as this independent role of the mission chief has contributed to the delineation of a fresh and frank realism in approach to development problems, unalloyed by organisational positions or parochial interests, it is not a characteristic of the employment missions which can easily be foregone. As emphasised particularly by the World Bank in its comments, however, the unique responsibilities of the mission chief have implications which may be a cause of difficulty.

The heavy dependence of the quality of the mission reports upon the mission leadership makes selection of the mission chief singularly crucial to the performance of the mission. In the case of the Colombia, Sri Lanka and Kenya missions, much of their achievement, in the World Bank view, is explained by the dynamic intellectual leadership and support provided by the Institute of Development Studies from which the mission chiefs and key mission members were drawn. A related issue is the extent to which the staffing and work of the missions can or should be dependent upon the sort of institutional support which can be provided by particular academic or research organisations. For the two missions currently in preparation, the latter pattern is apparently being followed in one case (the Philippines) but not in the other (the Dominican Republic).

The organisationally unfettered position of the mission chief also constrains the extent and character of inter-agency involvement. To vest the chief with control over mission staffing and organisation obviously may conflict with agency representation in the membership of the mission. This conflict apparently has arisen to some extent in the past,



and may have been a contributing cause of the limited use of agency resources in both headquarters and the field commented upon by several agencies. It may also have a tendency to inflate the size of the mission if an effort is made to accommodate the interest in inter-agency participation while, at the same time, staffing key positions with experts more suitable in the eyes of the mission chief.

#### Status and Roles of Mission Members

Peculiarly difficult problems are posed by the relations of the members of the mission and their work, to the mission chief and the report and recommendations which are put forward on his personal responsibility. Although the missions have not been styled as "commissions", there is little doubt but what expectations about the mission and the weight accorded the report and recommendations are influenced by the fact that they are not "one man shows". Moreover, the staffing of the missions with individuals of high standing and reputation in their own fields and, as the case may be, in the agencies which contribute their services, has the effect, and no doubt the intent, of surrounding the mission with the aura of a "high level" team effort.

One of the burdens of the mission leadership as they have been constituted is to reach some accommodation of the potential conflicts and inconsistencies inherent in maintaining the balance between individual responsibility and collective effort. As stated in the first mission report, "The attempt to arrive at a coherent and internally consistent set of recommendations implies, if nothing else does, that the report cannot be simply the sum of the views of all those who took part and of agency officials." But this leaves the question of what the report can be, of how the work of various contributors with possibly disparate views can be transformed into a consistent and coherent whole which, one might hope, is greater than the sum of its parts.

In the Iran mission this problem was apparently handled quite differently from the other three missions. In the latter, there was a deliberate and systematic effort to forge a coherent view through the continuing interaction of members organised into mission working groups. The reports were drafted by an editorial group drawn mainly from the heads of the working parties, with final editing by the chiefs of mission. The contributions of individual members were either incorporated into the report, edited for inclusion as technical papers supporting the report, or presumably discarded.

The Iran mission, on the other hand, involved considerably less interaction between the members. In some cases their periods of activity within the country overlapped briefly, or not at all. Both the drafting and final editing of the report were done by the chief of mission and his deputy, making selective use of material prepared by the mission members. On the other hand, individual mission members' contributions were appended to the report with minimal editing. As a result, as has been noted by Professor Thorbecke, some of the policy recommendations in the main Iran report are provided with meager analytical support and, in important instances, conflict with the analyses in the technical appendices. The FAO also criticises this aspect of the Iran mission, and for the "consequent lack of co-ordination evident in the mission's report, and lack of harmonisation between the main report and individual members' contributions."

The issues here run deep and are certainly not to be viewed as simply matters of style or personality. The traditional authority of Emerson that "a foolish consistency is the hobgoblin of little minds" probably need not be invoked to impugn "consistency" as an over-riding virtue; its



imposition is unlikely to be costless. In particular, a highly integrated, completely consistent, comprehensive employment strategy may result in a rather indigestible policy package difficult for any government to adopt in toto. And the more highly integrated the strategy, the greater may be the difficulty for policy makers of determining which particular components could or should be implemented if the rest were not. The emphasis given in the Iran mission to the importance of practicable recommendations of immediate usefulness to Iranian policy makers, may have led to a lack of concern for analytical deficiencies in the report or, indeed, with the report itself as a self-contained document and the principal product of the mission. In a perspective in which the achievements of the mission are to be measured by direct and immediate influence on national policy - whether exercised through the mission report itself, or the activities of mission members and the mission chief during the course of the mission - concern for consistency and analytic rigour may appear as "unrealistic" and "academic". But without firm analytic foundations it may be difficult to discern how the various components of any employment strategy relate to one another and to the ostensible objectives which specific policy recommendations are designed to achieve.

#### Selection of Host Countries

There appears to be universal agreement that the success of comprehensive employment strategy missions is crucially dependent on the establishment of good working relationships with the host government and other nationals - (although it is doubtful if this agreement would survive an attempt to specify what is meant by "success" or "good"). The importance of these relationships is apparent in all phases - preparatory, operational, and follow-up, and, in fact, must

be a factor to be considered even prior to the mission in deciding on the country to which such a mission is to be sent.

To a certain extent, the host countries are self-selected in that the missions are undertaken only on the request of the prime minister or head of state. This ensures at the very minimum a government commitment to the need for a comprehensive look at the employment and distributive aspects of development policy so that the resulting report and recommendations will receive serious attention. Nevertheless, a selection problem remains in the form of the decision how to respond to a country's request for assistance on employment strategy - a responsibility which the ILO has assumed as the sponsoring agency.

The pilot character of the first missions - the fact that an important objective was to obtain a range of mission experience under differing circumstances - places the criteria for country selection on a somewhat different footing than would be the case for future missions. Moreover, there would seem to be little to be gained from an effort to determine whether the actual selections made were right or wrong according to some general criteria, since the decision to organise a comprehensive employment mission in any given instance necessarily will be dependent upon the unique and individual circumstances. Nevertheless, the experience of the pilot missions can point to relevant issues which must be taken into account in reaching a decision whether a comprehensive employment mission or some alternative mechanism would be the appropriate response to a particular country's request for assistance.



Among the more obvious questions are the appropriate size and economic position of the countries concerned. Whether by chance or design, the four pilot countries span an upper middle range on both counts, since they fall neither among the largest or the smallest, the richest or the poorest of the lesser developed countries. They range in population from about 12 million to over 30 million, in GNP per capita from about \$125 to over \$300. One question which might arise is whether missions of the sort represented by the pilot group would be appropriate for countries falling significantly outside these boundaries.

Much more important and delicate issues, however, surround the countries' social and political characteristics which, as noted previously, have been identified by Professors Jolly, Seers and Singer as lying at the heart of the problem of employment strategy. It is a tribute to the leadership of the missions carried out thus far that they have been able to function under quite diverse and difficult political circumstances which included not only changes in administration but, in the case of Sri Lanka, an armed rebellion.

#### Working Relationships with Host Governments and Nationals

All the missions, after the first, assiduously sought to establish close working relationships with government officials. The extent to which these efforts were effective seems to have varied within and between countries. By the very nature of its work, the missions apparently can be expected to arouse varying reactions among different national ministries or officials, ranging from enthusiastic support to outright antagonism (the latter, perhaps, being associated on occasion with the "foreign" auspices of the mission or the



inevitable dominance of participants from developed countries). Missions' experience in their contacts with non-governmental groups - educational and research institutions, trade union and employer organisations etc. - has also been mixed. There appears to be little doubt that the work of the missions has benefitted greatly from co-operation with research institutions and individual scholars within the host countries. But substantial questions surround the involvement of the missions with organised domestic interest groups - questions that are the more complex because such organised group interests have a tendency to be formed outside the rural smallholder and "informal" sectors which, as all the missions have been at particular pains to point out, represent the bulk of the poverty and unemployment problems.

In general, however, since the issues of mission relationships with host governments and other nationals cannot be usefully separated from questions about the impact and "follow-up" of the missions, they are, perhaps, best pursued later in the context of a more intensive examination of specific aspects of mission accomplishments.

#### THE IMPACT OF THE MISSIONS (Agenda Items II-IV)

The comprehensive character of the employment strategy missions, the inherent complexities and varied interpretations of their assignments, make it manifestly impossible to evaluate their "impact" in any simple and definitive manner. This is not only because there is no common set of generally agreed expectations of what the results of the "pilot" missions might be, beyond the formal one that a report would be produced incorporating a "comprehensive employment strategy". It also stems from the intrinsic difficulty of being able to ascribe to mission activity decisive influence on any of those



underlying social and economic variables which must constitute the ultimate objectives of the missions. In addition, as is noted in almost all of the comments prepared for the evaluation meeting, there may not have been sufficient time as yet for the impact of the missions to be observed - the more so since the long term and fundamental nature of the problems precludes any expectation of quick results.

The preliminary comments submitted by participants in the evaluation meeting have not altogether avoided frequent references to mission "impact" or "influence", unaccompanied by any clear identification of the groups affected or responsible for action or by any precise specification of the type of impact implied. In order to avoid what a distinguished philosopher has referred to as "the delusive quality of detached expressions", it has seemed worth while to develop a systematic if rudimentary framework within which different aspects of the "impact" of mission activities can be identified.

#### A Framework for Evaluation of Mission Impact

It follows from the most general concept of the missions that they are intended to influence the policies and behaviour of different groups by increasing the knowledge and understanding of the problems with which those groups are concerned, and by recommending policy actions for their solution. While it would no doubt be fruitless to attempt to observe the impact of such missions on the real social-economic variables which constitute their ultimate objectives - employment, incomes, distributional equity, etc. - the effects of the missions on "intermediate" variables - the policies, behaviour and actions of identifiable groups - ought to be observable and are, therefore, an appropriate basis for evaluation.

The impact of the missions so defined has two distinguishable aspects or dimensions: (i) the target groups whose policies and behaviour it is intended to influence - the audiences to whom, in the most general sense, the mission report is addressed; and (ii) a knowledge-understanding-policy-action dimension with respect to which the effects on beliefs and behaviour of these groups may be distinguished and differentiated even if they cannot be quantified. Designation of categories along either of these two "dimensions" must, to a large extent, be somewhat arbitrary. From the discussions in the papers prepared for the evaluation meeting, however, it would appear that the main "target" groups on which any individual mission is expected to have an effect may be classified into four principal categories in a roughly descending order of scope and generality:

Group affected:

- A. International community of development scholars and planners.
- B. International organisations participating in the mission.
- C. National government which is host to the mission.
- D. Trade unions, employer associations and other organised interest groups within the host country.<sup>1</sup>

Categorisation along the second dimension is equally arbitrary, but a spectrum extending from mission influences on conceptual frameworks and analytic understanding through

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<sup>1</sup> There is, of course, a fifth category - the general public in the host country. But this may be omitted not only because it would be extremely difficult to calculate any mission impact on general public opinion, but also because it is doubtful whether anyone concerned with the missions would feel it worth while to evaluate them as public relations exercises!



observable effects on general policy, to quite specific influences on programmes and organisational implementation, may be indicated by another four classifications as follows:

Impact on:

- (1) Concepts and analysis.
- (2) General policies and plans.
- (3) Specific programmes and projects.
- (4) Organisational and administrative implementation.

A joint array of these categories as in the following table provides a crude system of co-ordinates for sorting out the effects of the missions according to the type of group affected and the extent to which they relate to concepts and understanding, to announced intentions or to specific action. An indication has been made in the table of the areas it is suggested to cover under the proposed agenda items II, III and IV which deal with the impact of the missions. Some areas have been omitted not only because there seems to be little evidence on effects in these areas, but also because it is doubtful that such impact as there may be is of central interest for the evaluation of the missions.

A FRAMEWORK FOR EVALUATION OF MISSION IMPACT

		<u>Type of Effect</u>			
		(1) Conceptual and analytical	(2) General policies and plans	(3) Specific programmes and projects	(4) Organisational and administrative implementation
Type of group affected	A. Development community	Agenda item II			
	B. Participating agencies			Agenda item IV	
	C. Host govern- ments			Agenda item III	
	D. Organised national interest groups				



Nothing more<sup>1</sup> is claimed for this schema beyond its possible usefulness as a means of defining rough boundaries for relevant areas of discussion as the meeting progresses through the difficult terrain it must traverse, and of providing a check on what ground has been covered and what remains to be explored. Nor is there any thought that the discussion ought to or can be rigidly confined within what at best can be rather arbitrary boundaries. In fact, one would hope and expect that frequent excursions will occur to neighbouring areas. The discussion under agenda item II of mission impact on national policies, for example, can hardly fail to be concerned with those aspects of UN agency programmes relevant to national policy formation in the host countries. Analogous situations prevail with respect to the other agenda items.

THE IMPACT OF THE MISSIONS: ANALYTIC  
FOUNDATION FOR EMPLOYMENT STRATEGIES  
(Agenda Item II)

Virtually all the comments and papers prepared for the evaluation meeting accept, as the ultimate motivation for comprehensive employment missions, the need for greater and more systematic attention to employment and distributive aspects of economic development. Differences of opinion arise, however, in how radical a re-structuring in approach to development policy is required and, in particular, whether employment represents the most meaningful focus for a comprehensive re-ordering of social-economic priorities and objectives. In a very real sense, the dominating issue underlying any appraisal

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<sup>1</sup> By entering at appropriate "co-ordinates" indications of positive, ambiguous or null effects, one could use the schema as a rudimentary "evaluation sheet" for specific missions, but this is left to the individual discretion of the participants.



of the mission is the fundamental one of whether the comprehensive employment strategies are analytically well-founded.

This has been recognised from the very inception of the pilot missions. A major result expected from the missions was an increase in knowledge and understanding of employment problems in the development process, not only among scholars and academics but also among national and international policy makers. The missions have apparently been extremely conscious of their responsibilities in this regard - in the innovative application of current knowledge to specific problems of individual countries, in the generation of novel conceptual and analytical approaches, and in the demarcation of areas for further research. The joint paper by Professors Jolly, Seers and Singer emphasises the point:

"....a more deliberate intention was to sketch out the fundamental nature and the magnitude of unemployment and other employment problems.... This meant examining critically a number of concepts, starting with 'unemployment' itself, and looking for causal relationships and solutions that might be applicable in many countries or require international action....Basic changes in theory are a necessary precondition for the far reaching shifts in the approach of political leaders, international and national officials, etc., which need to take place if really profound changes are to be made in policy."

Professor Thorbecke in a paper prepared for this meeting has subjected the four pilot mission reports to a searching analytical critique. It is therefore not necessary in the present paper to do more than note briefly the issues which he raises and to place them in the context of related concerns revealed in the comments received from other participants.



Concepts and Diagnosis of  
Employment Problems

Professor Thorbecke identifies as major contributions of the reports the clarification of (1) the comprehensive nature of the employment problem and the strategy to cope with it; (2) the nature of unemployment and its various dimensions; (3) the association of employment problems with a number of "structural imbalances"; and (4) a new and unconventional view of the role of the "informal urban sector" and of traditional agriculture.

In their preliminary comments on the missions, the World Bank, FAO and UNIDO take positions which, in important respects, challenge the originality and the validity of these analytical contributions. The Bank, for example, while welcoming the fresh perspectives on development provided by the reports, interprets them as a return to former concerns of political economy which have tended to be neglected in recent decades. FAO states that:

"some of the reports have been rated as little more than a re-statement of conventional wisdom and knowledge readily available in the country, as seen from the employment aspects [and].... have suffered from serious misconceptions regarding the nature of the employment problem. Inevitably, all have suffered from the lack of any real conceptual framework to guide their work or to provide an analytical system for operating upon the factual information available or needed and so permit valid conclusions and useful insights to be drawn regarding the resolution of employment problems."

UNIDO conscientiously refrains from generalising about the conceptual contributions of the mission reports as a whole,



but in its analysis of specific aspects of the reports, takes issue with some of the fundamental analytic premises of the missions.

Despite this evidence of important differences regarding the conceptual and diagnostic contributions of the missions, it would probably be a vain and sterile exercise for the present meeting to attempt to resolve them by a thorough discussion of the basic theoretical issues involved. A more fruitful approach, perhaps - and one more consonant with the original purposes of the missions themselves - is to examine the analytic strengths and weaknesses of the missions' efforts to formulate comprehensive employment strategies. There is, however, one general issue - namely the relation between employment and income distribution - which deserves attention at the conceptual level before concentrating on specific strategic issues and their relevance to circumstances in individual countries.

Although styled as employment missions, the comprehensive view of the employment problem incorporated in the missions' objectives has had the result that focus of attention of the missions has been - and increasingly so - on the underlying problems of income distribution and poverty. The point is made forcefully in the "Sussex paper":

"The [Colombia] report uncompromisingly identified low incomes as the central problem... In spite of various refinements in subsequent reports (in part related, of course, to real differences in the employment situation in the different countries to which they refer) this emphasis on poverty as the essential problem persists....[It] must be said that this viewpoint was not the general one at the time (or, possibly, even today). Academic economists still tried to identify unemployment with under-utilised labour and politicians still tended to



be preoccupied with the frustrations of school-leavers. But the general problem of poverty is broader, more fundamental, and in the last resort conceptually distinct from the other two. [Emphasis added.]

Few would, perhaps, disagree with the general proposition that "development objectives" in their broadest sense transcend "growth objectives", "employment objectives" and even "distributive objectives". The meaningful issues concern the interaction among the three (and, possibly others, such as "industrialisation" or "modernisation"). Questions may be raised whether the missions, in casting an increasingly comprehensive net, have not had a tendency to blur the precise character of these interactions by widening the concept of employment problems in order to give enhanced priority to distributional objectives. Whether or not such is a proper interpretation, there are some indications that it may be a potential source of adverse reactions to comprehensive employment strategies. In his opening address as chairman of the 1972 Meeting of the World Bank and Monetary Fund, the Indonesian Minister of Finance posed the issue as follows:

"Many societies are acutely conscious that the problems of unemployment and mass poverty are becoming worse even where the rate of GNP growth is conventionally regarded as fairly respectable.

This paradox has led to a search for growth and development strategies which combine the objectives of rapid growth with more employment and greater distributional justice. There is the danger, however - evident in much of what is fashionably written and said - that the search for new strategies will obscure the simple need that rates of growth in the developing countries should be much higher than those conventionally regarded as acceptable and feasible. To put it crudely,



one cannot more equitably distribute nothing. That such higher rates of growth are possible and will, more than anything else, contribute towards the solution of the twin problems of unemployment and inequity has been demonstrated in a number of countries where resources in the measure required have been available."

But, as indicated previously, the issue posed for this meeting is perhaps best pursued, not on a general conceptual level, but with reference to the analytic support provided in the reports for the strategies recommended.

#### Macro-Economic Inter-Sectoral Consistency Framework

In Professor Thorbecke's views, "Probably the greatest conceptual shortcoming of all the reports is the lack of a macro-economic, intersectoral consistency framework." The need for such a framework is also reflected, most frequently by implication, in several of the agency comments. Many of the crucial issues of development strategy turn on the quantitative importance of postulated relationships such as the association between income distribution and the import content of consumption, the responsiveness of employment demand to relative factor prices, the mutual interaction between changes in the level and structure of output, employment, incomes, savings and investment, and, last but not least, the quantitative implications or economic costs of the various policy components which make up an employment strategy.

Professor Thorbecke believes that, despite the severe data problems which confront any attempt to build such a consistency model, there is no satisfactory alternative means of proving in a systematic and comprehensive fashion, the central questions of employment and income distribution in an over-all development strategy. He emphasises the high priority to be given to both theoretical and empirical research necessary to improve analytic techniques of this sort.



It is not altogether clear that the chiefs of the four completed missions would agree on the analytic importance of a macro-economic intersectoral framework. The Iran mission report, it has been noted, makes little use of the results along these directions which were undertaken during the mission. And in his comments for this meeting, the chief of the Iran mission has stated his view that the policy recommendations should not rely on "theoretical considerations" but should "place matters in order of importance and above all define trends without attempting to compile statistical data which are non-existent or of doubtful value." The Sussex mission chiefs, on the other hand, express the view that they:

"now see more clearly that the heart of employment strategy lies not in making economic projections, or finding ways of removing biases towards capital intensity, but in the balance of political forces, and the capacity of political leadership in government and outside to mobilise support in ways which will make changes successful."

#### Alternative Technologies in Employment Strategy

A second, and closely related, problem which Professor Thorbecke identifies in his analytic critique of the reports, is the lack of empirical support for recommendations bearing on the use of "labour-intensive" technologies:

"Since, in general, the reports attach considerable importance to the possibility of designing and implementing more labour-intensive technologies in industry, construction and even certain parts of agriculture, the lack of representative information on 'average' technique by sector, sub-sector or even process is a serious shortcoming. It makes it almost

impossible for the reports to go beyond general recommendations and admonitions about the desirability of adopting more labour-intensive technologies."

The point is pursued at greater length and detail in the comments prepared by UNIDO. In UNIDO's view, not only is there insufficient evidence to support the strategic importance ascribed in the reports to technological choice, but even more serious questions concern the presumed relations between small- and large-scale manufacturing, the "formal" and the "informal" sectors, "modern" and "traditional" agriculture, etc., which UNIDO believes underly many of the strategic recommendations put forward in the reports.

#### Relation between Policy Means and Development Objectives

These two "shortcomings" which Professor Thorbecke finds in the analytic structure of the mission reports are examples of what, in his view, is a general failure of the reports to relate policy recommendations clearly and consistently with the objectives they are ostensibly designed to serve. In his words:

"The reports contain a large number of policy recommendations in many different fields and sectors. Many of these recommendations are of a general nature reflecting an over-all assessment of the nature of the employment problem. Relatively few recommendations are specific and based on a quantitative evaluation of the relationships between policy means and objectives. A converse case [illustrated by the Iran report] - of which one should be critical - is that of expressing very specific and concrete policy recommendations without an adequate analysis of the effects of these measures on the set of objectives."



Such a criticism, if valid, raises profound issues about the whole role of the missions as instruments for devising more effective strategies which can be usefully applied in the re-design of development policies. It also, by implication, casts some doubt on the operational usefulness of those analytic categories such as "structural imbalances", "types of unemployment problems", and even the "formal-informal sector" distinction which have been evolved particularly in the Colombia, Sri Lanka and Kenya missions. Their usefulness may then rest more in stimulating a rethinking of development strategy than in providing the analytic foundations for concrete policy measures for achieving reoriented social-economic objectives.

The World Bank, however, ascribes the difficulty not to the analysis but to the lack of policy mechanisms, in its comments regarding the influence of the missions on development thinking:

"Perhaps the more important influence of the employment missions has been in the way in which they have encouraged and stimulated governments and other agencies to re-examine traditional approaches....In many respects it can be said that the machinery for development planning has not yet been modified to the extent that would make such a change in emphasis [as sought by the missions] possible. This is why the actual recommendations of the employment missions turn out to be much less revolutionary than might be expected from the emphasis laid on new departures in the basic thinking behind the reports. The fault lies not with the missions or with the thinking, but rather with the fact that the mechanisms required to translate the implications of this new thinking into operational practice have not yet been developed."



One may wonder how much weight the national policy makers would place on this aspect of missions' results.<sup>1</sup>

Growth, Employment and Redistribution  
under Structural Change

The final point that Professor Thorbecke makes in his analytic critique of the mission reports is that they, surprisingly to him, propose strategies involving major structural and distributional shifts which nevertheless are associated with growth rates substantially higher than currently prevail in the four countries concerned:

"It thus appears that the structural changes which are recommended would make possible not only a substantial relative improvement in the employment and income distribution but also, in addition, permit a higher over-all growth of income....[although] there is extremely little evidence in the reports linking the (high) GNP growth rate to the policy measures."

To the extent this is true, it means that in their analyses, the reports, in one important respect, have failed to elucidate that interaction between growth, employment and distributional objectives which, as noted earlier, could be cited as one of their principal purposes for the re-appraisal of development policies which they undertook.

Whatever the validity of Professor Thorbecke's criticism of the reports in this respect, it is perhaps worth emphasising that the relevant questions turn on the calculated impact of

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<sup>1</sup> Professor Martin Shubik has illustrated similar tendencies in economists' advice with the following story. A centipede with ninety-nine sore feet came to consult with the owl, the wisest creature in the forest. The advice he was given was to walk one inch above the ground for the next two weeks in order to give his sore feet enough time to heal. The centipede observed that it was a splendid suggestion, was precise, insightful and logical. He then asked the owl, "How am I going to walk one inch above the ground?" The owl replied, "I have solved your conceptual problem. Do not bother me with technical details."



policy recommendations and not on the analytic conceptualisation of possible conflicts between development objectives. All the reports seem to be not only aware but, in most cases, acutely sensitive to the latter as potentially important in the framing of social-economic policies. What requires consideration is the extent to which these potential conflicts can be determined to be empirically significant, the precise character of the "trade-offs" which policy-makers must, therefore, confront, and the actual availability and effectiveness of policy instruments which it is feasible to deploy under the circumstances prevailing in any given country.

#### Further Research and Analysis

It would be wholly contrary to the spirit and intent of the pilot missions, as Professor Thorbecke makes abundantly clear, to interpret whatever analytic "shortcomings" may be discernible in the mission reports as judgements of mission "failures" in any invidious sense. The discovery of such deficiencies, many of which must certainly lie in circumstances far beyond the control of any particular mission, may indeed be among the most positive and productive results of the missions. For by laying bare the crucial areas where further analytic and empirical work is needed, or even in exposing lines of attack which turn out to be misconceived or to lead up blind alleys, the missions can contribute greatly to an improvement in the basic foundations for development strategies.

It is to be hoped, therefore, that this research perspective can be kept in the forefront of the discussion of the analytical issues raised by the mission reports. Such a perspective not only conforms to one of the major and explicit purposes for which the missions have been undertaken, but the confrontation between research imperatives and policy action

implicit in the mission programme can hardly fail to yield instructive benefits for the design and execution of analytical and empirical studies in the international agencies and elsewhere.

IMPACT OF THE MISSIONS: NATIONAL  
POLICY FORMATION (Agenda Item III)

The comments of the participating agencies on the policy impact within the host countries reflected a general consensus that this was an area in which the countries concerned must provide the final evaluation and that, in any event, too little time had elapsed since the completion of the mission reports to appraise their full impact. The agency comments also laid stress on the dependence of mission impact on follow-up measures instituted by both national authorities and international organisations within the countries concerned.

Much of the discussion under this agenda item must properly be expected to centre on issues posed by the independent analyses of Professors Urrutia and Gunatilleke on the influence of the missions to Colombia and Sri Lanka, and by the Government representatives at the meeting. Nevertheless, there are several general issues to which attention has been drawn.

Measurement of Impact and  
Implementation

One problem is connected with the measures by which the impact and implementation of the mission report are judged. Since indicators of mission influence, judging from those cited in the comments of participating agencies, are generally identified with government policy statements or actions, particularly as represented in the formulation of development plans, there may be a danger of introducing an empty circularity into the evaluation of mission effectiveness to the possible neglect of the missions' real contributions and long term value.



Such would be the case, for example, if the otherwise justifiable effort to recommend specific and concrete policy measures which the government can readily adopt and implement were to result in the avoidance of more fundamental problems for which feasible and politically attractive solutions were not unavailable or non-existent. Professor Thorbecke apparently refers to this tendency in his comment that "in the Iran Report, one gets the impression, at times, that some of the very concrete recommendations which are proposed simply reflected what the Government wanted to do - without subjecting these measures to any independent check regarding their presumed effects."

Professors Jolly, Seers and Singer emphasise in their paper that the impact of the mission is not to be measured simply in terms of the extent to which they are "implemented" by governments:

"In the first place....local impact is not the be-all and end-all of a report. Moreover, to some extent the question [of government implementation] is naive....Such a question might have some meaning for a report that was concerned, e.g. with whether the railways should be electrified, since then either the government does or does not take the advice. But our reports were a package, each containing dozens of proposals, some of them specific, others referring to changes in the direction of policy....and others again proposing further investigation or research. In both Colombia and Ceylon some proposals of each type have been carried out....and in all three countries the thinking of political leadership, officials and key individuals, outside government as well as inside, has clearly been influenced, perhaps the most important outcome."

This leaves open, however, the question of how one is to assess mission impact on the "thinking" of influential persons.



Mission Integration with  
Host Governments

The question of mission relations with the host government has been touched upon earlier in connection with the decision of whether to send a mission to a country and the establishment of working relationships during the period of mission activity with government officials and other nationals. There are, however, broader issues which cannot be separated from the general problems of mission impact and necessary follow-up measures. They are most cogently and succinctly put by Professors Jolly, Seers and Singer:

"One major question is how much a mission should try to integrate itself in the government machine. It could do this by merging into the local Ministry of Planning, or by spreading its members over several departments. The issue of integration is related to the emphasis given to the 'international' objective. Broadly, the more completely a mission is integrated with the host government, the less will it be able to produce a report which is useful for other countries and international agencies. Also the less will it be able to produce anything fundamentally critical of its host and the greater the danger of opposition being aroused, which could inhibit publication of the report. On the other hand, the greater the degree of integration the greater the access to information, the more the mission's proposals will concentrate on the practicable and the greater the chances will be of some implementation, though probably implementation of a programme much less than is required to deal adequately with the full set of employment problems."

It is clear that the role of the report in national policy formation will vary according to the extent the mission finds it possible or desirable to associate its work with the on-going planning and policy-making processes of the government



which requests its assistance. But it should not be taken for granted that the requesting governments necessarily look upon the function of such a mission as primarily to formulate policy recommendations which can be adopted as part of national plans and programmes. From the statement of the Sri Lanka Government submitted for this meeting, it appears that the report of the mission to that country has been considered as only one among a number of alternative inputs into the policy-making process. It may not be an altogether mistaken inference that this independent character of the report had its own significant value for the national authorities.

#### Mission Influence on Non-Governmental Groups

Although the missions made some contacts with representatives of workers' and employers' organisations, these were primarily for the purpose of obtaining information and opinions during the course of the mission, and at its end to explain the conclusions of the mission. Professors Jolly, Seers and Singer raise a broader issue, however, of the involvement of important interest groups in the design and implementation of employment strategies. They point out that the three missions they headed ventured further in addressing this question than is usual among international missions, with discussions of how peasant support might be mobilised for land reform and of the need for representation of the unemployed, peasants and consumers on bodies concerned with labour legislation and incomes policies. Although the ILO has the advantage, in their view, of a structure which provides representation for some of the main groups important for employment policies, they raise for examination the question "in what way the wider activities required for employment strategy can bring in such

important groups as farmers, self-employed, those in the 'informal sector', and the unemployed and important groups of them such as educated school-leavers and women."

#### National and International Follow-Up

The vexed problem of necessary and appropriate "follow-up" to mission reports by national authorities and international agencies within the host countries receives great stress in all of the comments and papers prepared for the evaluation meeting. There is a general feeling that longer term efforts were required to enhance the impact of the missions in the form of general acceptance and implementation of mission policy analysis and recommendations. There is no corresponding consensus on the form which follow-up measures should take; the suggestions offered vary in scope and specificity.

Among the more specific proposals is Professor Urrutia's suggestion that the host governments undertake to organise a team of national counterparts to the foreign mission, who would help in implementing the mission's recommendations after its departure. This process would be accompanied by subsequent agreement with the government on the additional technical assistance required to carry out the recommendations.

The agency suggestions tended to involve the use of follow-up teams, small evaluation missions, or regional employment teams such as PREALO and ARTEP. It might not be inappropriate to suggest as an issue for this evaluation meeting to consider what would be the functions and responsibilities of such follow-up missions - or, in other words, how are the evaluations to be evaluated!

In many respects, however, the central issues connected with any follow-up by international agencies of the employment missions may be more usefully approached in the context of



on-going agency programmes within the countries concerned. This is implicitly recognised in the comments of FAO that the work of employment missions should be complementary to the activities of other agencies which are actively engaged in programmes directed to other aspects of the development process. A similar inference may be drawn from the remarks of the IBRD concerning the relation of the employment missions to its own programme of country economic analysis in support of its lending operations. Moreover, the missions have had, as one of their explicit purposes, a better articulation of employment policy and strategy with the country programming of technical assistance under the auspices of UNDP.

IMPACT OF THE MISSIONS: INTERNATIONAL POLICIES AND PROGRAMMES (Agenda Item IV)

The impact of the missions on international agencies' policies and programmes within the countries which have already received missions, cannot and should not be separated from the processes of national policy formation in those countries considered in the previous sector. What is suggested for discussion under the present heading are those broader aspects of mission influence on international policies in general, not necessarily restricted to particular host countries.

Policy Analysis and Research

There seems to be no disagreement among the agencies involved that one of the principal results hoped for from this type of inter-agency mission activity is guidance on how the problems of employment and income distribution may be best taken account of in the pursuit of other but related international programmes. In their comments submitted for this meeting, however, there is little explicit discussion of any mission influence on agency operations. The World Bank



notes that "to some extent the thinking of the missions has been reflected in the on-going work of other agencies", but that the extent of mission impact is difficult to disentangle from other influences which have been operating to produce greater stress on poverty and employment problems.

If the missions have influence on agency activities, it should be observable primarily in the way in which they carry out analysis and research in support of their own policies and programmes. The economic mission activity of the Bank is of particular importance in this connection, representing as they do perhaps the largest existing international system of country economic information and analysis. But the impact on country analysis and mission activities undertaken by the IMF, FAO, as well as other agencies, are also relevant. A specific point which is stressed by the joint Sussex paper is the need to avoid an excessive number and duplication of mission visits.

"Every country now suffers from a great stream of these, many seeking the same information. Politicians and officials overseas complain, and with reason, that a great deal of their time and energy is taken up in dealing with missions and experts. Indeed, this is one of the main obstacles to efficient administration."

#### Role of the ILO

As the sponsoring agency, the ILO in many ways stands to benefit most from the impact of the missions on its own plans and programmes. To a large extent, this is built into the mutually supporting action and research activities making up the World Employment Programme of which the comprehensive missions are a part. UNCTAD in its comments suggests that the ILO initiate a review of the work of the missions and other WEP research, for the purpose of developing a general



analytical framework for analysing employment problems in any individual country. The World Bank, although refraining from comment on the substance, suggests that an issue "of considerable importance to the ILO and....a proper subject for an over-all evaluation meeting....is the impact of the mission activities on the ILO itself, including the extent to which the ILO's participation contributed to the success or otherwise of the missions."

The latter issue is addressed in even broader terms by Professors Jolly, Seers and Singer in concluding that one result of the missions' efforts has been to make clear that the dimensions of the employment problem transcend the competence of the ILO. As they put it: "...what the missions were really talking about was 'development' rather than just employment, and the ILO is clearly not the broad development agency that is needed...."

Development Assistance and  
International Economic Policy

How far it is possible to pursue possible mission influences on general international economic policies - trade, aid, and technical assistance - is questionable. But there is little doubt that, at least in the minds of Professors Jolly, Seers and Singer, one of the objectives of the pilot missions was to put unemployment and poverty "prominently on the international agenda". In their view, the missions have succeeded in this, to a significant extent, and have indicated defects of the present system of international development policies.

"The reports strongly implied that the present strategy for the Second Development Decade stands as utterly inadequate, both in the slightness and superficiality of its attention to problems of employment and income distribution and also in its over-all emphases. Certainly this should be one of the most obvious objectives for the current process of review and appraisal."

COMPREHENSIVE EMPLOYMENT MISSIONS:  
LESSONS FOR THE FUTURE (Agenda Item V)

By the time the meeting reaches this item on the agenda there should be a plethora of items for discussion. A number of suggestions or "lessons" have already been put forward in the papers and comments prepared for the meeting. But it would be contrary to the spirit of open inquiry with which this evaluation meeting has been convened to attempt a selection of these in advance of the meeting's own deliberations. Concluding views on where a consensus might have emerged, where any differences need further clarification, and where further research might be undertaken, are best left to be formulated by the participants themselves.



D.3 (19) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March, 1973)

A SUMMARY OF PRELIMINARY COMMENTS  
BY PARTICIPATING AGENCIES ON THE  
COMPREHENSIVE EMPLOYMENT MISSIONS

by the

International Labour Office

ILO  
Geneva, 1973

A SUMMARY OF PRELIMINARY COMMENTS BY  
PARTICIPATING AGENCIES<sup>1)</sup> ON THE  
COMPREHENSIVE EMPLOYMENT MISSIONS

INTRODUCTION

A major concern in the drafting of this summary was to remain as faithful as possible to the contents of the agency comments, and in particular not to give the appearance of a consensus when, perhaps, only one or two of the agencies brought up an issue or favoured a viewpoint on an issue. It may appear that the summary treatment of some issues is rather sparse and of others quite lengthy, or that certain agencies may be more frequently cited than others. This is largely a reflection of the comments themselves; the coverage and weight attached to different aspects of the missions were by no means uniform among the agencies.

REVIEW OF MISSION EXPERIENCE:

CONCEPTS, DESIGN AND EXECUTION (Agenda Item I)

The comments in this area, with the exception of some of the Iran mission and some of a more general nature by the IBRD and the UN, did not reveal any fundamental concerns with the operational aspects of the missions. UNCTAD, for example, found that aside from problems related to integrating the work in the different fields, the operational side of the missions were on the whole "fully satisfactory". Most of the comments in this section raise questions about emphasis or degree rather than basic changes in operational methods

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- 1) The summary is based on the Preliminary Comments of FAO (D.3(2)1973), IBRD (D.3(3)1973), ILO (D.3(4)1973), SIDA (D.3(5)1973), UN (D.3(11)1973), UNCTAD (D.3(8)1973), UNDP Resident Representative Iran (D.3(7)1973), UNDP Resident Representative Kenya (D.3(15)1973), UNESCO (D.3(4)1973), and WHO (D.3(13)1973). No comments on the substance of the meeting were submitted by the IMF and UNDP.



### Mission assignments.

FAO and UN recommended that the terms of reference should be sharpened. It was suggested that general statements of objectives "to strengthen existing national employment policy", "changing national policy by reorienting them towards employment", and "providing a basis for country programming of international development assistance" should be dropped; the former two because they were largely beyond the control of the missions, and the latter because it was a by-product rather than a primary aim of the missions. As regards the "country programming of international assistance" UNIDO stated other problems besides employment must be recognised in the formulation of the programmes.

The ILO noted that the terms of reference were adapted to each country, and in general, "were drafted in such a way as to leave the chief of missions sufficient flexibility in the formulation of an employment-oriented development strategy". The UNDP Resident Representatives for Iran and Kenya found the terms of reference for the missions to the two countries to be satisfactory.

### Mission Leadership and Composition.

The IBRD in particular emphasised the role of leadership on the missions. Indeed, in their view the evaluation of the missions as a technique was clouded by "insufficient evidence as to whether the mechanism would work well under other leadership...".

The UN and the UNDP Resident Representative for Iran also took up the question of leadership. The former stated a preference for a high-ranking civil servant with administrative or policy responsibilities in the economic sphere as chief of mission rather than an academician. The latter mentioned the important role which the leader of the Iran mission played through his personal influence with the Government and, at the same time, some of the weaknesses that developed because the chief did not serve full time with the mission.

The ILO described some of the difficulties of recruiting highly competent chiefs of missions and staff. The IBRD raised



the question whether the ILO ought, or can, continue to rely on outside institutions to assume the major responsibility for the staffing of the missions. They went on to conclude that whether or not the ILO chose to develop its own capacity to carry out missions, a regular programme of one or two missions a year would require "development of a capacity not now present in the ILO to plan, oversee, and evaluate such missions, and in particular, to relate their operation to the ongoing work ... (of other agencies)".

FAO and UNESCO suggested that central roles on the missions be given to the regional employment teams. They and several other agencies mentioned the desirability of utilising international experts already in the country, and of involving local expertise more fully in the missions. The positive value to the missions of prior experience in Kenya among team members, was mentioned by the UNDP Resident Representative for Kenya.

Most of the agencies expressed the view that inter-agency co-operation was a positive aspect of the missions. A few had some reservations about the way in which the arrangements were handled, and hoped that they would be strengthened. UNCTAD, for example, felt that the integration of the different fields covered by the programmes and assigned to particular organisations could have been improved upon. Also FAO, UN, UNCTAD, UNESCO and WHO in different ways expressed the view that there should be more systematic and strengthened inter-agency co-operation. UNESCO mentioned that more advance notice "as well as some indication of the role they were expected to play" would help. UN stated that there was not as much inter-agency participation as might have been desirable. FAO mentioned that the "nature, purpose, composition and duration of missions ... should be the subject of advance assessment in fullest consultation with the UNDP and other agencies' local representatives". FAO, UNCTAD, UNIDO and WHO indicated in varying degrees that the missions had not sufficiently taken into account their sector of concern or views on the sector. The special role of the chief of mission and the drafting group was seen as important in this connection.



The ILO stated its impression that the "missions permit the integration of specific contributions which the specialised agencies ... can make ... within a systematic and mutually consistent context...". Despite reservations on the part of some agencies, it should be emphasised that the view emerges that inter-agency co-operation was seen as a positive aspect of the missions and that it should be strengthened.

#### Size and Duration.

There was a consensus that the team sizes on the Colombia, Kenya and Sri Lanka missions were too large. The IBRD noted in this respect "the size of missions has been no necessary contribution to their success". The ILO took the position that "it is our impression that the size of some of the missions was larger than strictly necessary". Some of the agencies also suggested that the number of part-time team members be kept as small as possible. The UN suggested that a sense of unity was required for the team to operate effectively, and recommended that a team (10-12 members) ought to meet at headquarters for 4-5 weeks' preparation before going out to the country.

FAO, UNESCO and WHO mentioned that more advance notice would have been helpful to their participation in the missions. The ILO stated that missions until now have been organised in a hurry, and that at least six months' advance notice was desirable.

It was suggested by several agencies that more time might have helped; however, there was no great degree of certainty on this point. The ILO stated "there was undoubtedly a great time pressure ... the reports might have been more complete, ... if more advance empirical and political work had been done ... before the missions actually assembled in the respective countries". UNESCO mentioned that the regional employment teams ought to be sent to a country in advance of a mission. The UN suggested a team of two persons be sent to the country to do preparatory work, and also suggested assembling the team for several weeks at headquarters prior to going into the field. WHO noted that "indeed the preparatory period is a key element".



Several agencies made brief over-all assessments of the short-term character of the missions. On the positive side, it was mentioned by UNESCO and ILO that short-term missions can obtain, on average, a higher caliber of expert than longer-term missions. UNESCO noted that the missions by their nature secured political "support of a kind rather rare for a short-term mission". IBRD also mentioned "the influence and prestige" attached to the short-term missions. In the same vein, the ILO noted "the big impact upon public opinion" which can be obtained from short-term missions. The IBRD stressed the importance of the "independent authority" of the missions as a positive factor, but raised the question whether its advantages outweigh the disadvantage that there is no certainty of follow up. On the whole, it was felt by the agencies that short-term ad-hoc missions had a useful role to play.

#### Working Relations with Host Governments and Other Nationals.

Two quite different viewpoints emerged on the question of how the missions should relate to the host government. The UN suggested that the content of the reports, and especially the recommendations, be negotiated with the government while the mission is in progress. The end product would essentially be a negotiated agreement which the government has agreed in principle to accept. It was stated by WHO that "it is essential from the beginning to mobilise the full support of the concerned ministries at the national level for a co-ordinated effort ... and that without such involvement, recommendations of the missions tend not to reflect completely national aspirations and will". SIDA also expressed concern that the final recommendations be politically acceptable. The ILO and FAO raised the question of the political acceptability of the report and arrived at a similar conclusion though for somewhat different reasons. Both agencies concluded that independent analysis and recommendations on balance are preferable for this type of mission. Governments should be kept informed and issues discussed with them, but they should not participate in the actual drafting of the report. The ILO noted that "while actual participation in the work of the missions by government officials was ...



rather scanty there was ... constant striving on the part of each mission chief to keep the government informed ...".

The UNDP Resident Representatives for Iran and Kenya noted that the Governments of Iran and Kenya were adequately involved. In Kenya, it was stated, "the Government's approach was one of non-interference, coupled with preparedness to assist".

A question of concern to a number of agencies was the relation of the mission to national planning efforts. SIDA recommended close co-ordination with the host country planning cycle. The UNDP Resident Representative for Iran, the IBRD and FAO, all stressed the importance of the involvement of the national plan organisation to the attainment of the mission objectives.

The ILO and the UNDP Resident Representatives for the missions to Kenya and Iran, stated that efforts had been made to involve employers' and workers' groups as sources of information to the missions, and to inform them of the conclusions of the missions. The only substantive comment about the participation of employers' and workers' groups was by the UNDP Resident Representative for Iran who noted that involvement of these groups did not contribute much to the effectiveness of the mission to Iran.

There was mention made by the ILO, FAO and UNESCO that assistance from local institutions such as universities and research institutes could make a valuable contribution to the missions. In connection with the Kenya mission, the considerable help obtained from national research institutions was mentioned by the ILO and the UNDP Resident Representative for Kenya.

#### THE IMPACT OF THE MISSIONS:

##### ANALYTICAL FOUNDATIONS FOR COMPREHENSIVE EMPLOYMENT STRATEGIES (Agenda item II).

In this area issues raised were the extent and originality of mission intellectual contributions, the need for a more explicit general analytical framework, the emphasis, or lack of it, given to certain topics and sectors, and the weakness of empirical underpinnings of some of the policy recommendations.



Contributions to Understanding.

IBRD mentions several intellectual contributions of the missions, e.g. helping to bring the distribution of income and wealth back to a central position as an economic question; a different approach to macro-economic questions, in particular, work on links between patterns of final demand, income distribution and the structure of production and investigations in the "informal" sector. FAO states that the missions had an important catalytic effect in reordering priorities. UNIDO found the emphasis on social issues refreshing and pointed to the special significance of income distribution objectives in the reports. In the ILO's view an important aspect of the four missions was that they "succeeded in showing that a new approach to the employment problem ... is necessary because the conventional approach (of leaving everything to the attainment of satisfactory rates of growth of GNP) has failed and will continue to fail".

IBRD and FAO took exception to some of the claims for originality of the analysis by the missions. FAO suggested that the reports were "little more than a restatement of conventional wisdom and knowledge already available in the country as seen from the employment aspect". The important influence on thought in this view was the re-examination or rethinking of development policy and practice.

UNIDO devoted a major section to a critique of the analytical underpinnings of income distribution policy. It was suggested that more work was needed on links between foreign exchange constraints, income distribution and the scope for a more labour-intensive composition of production. The inter-relation between savings and income distribution was also touched upon. As a general observation, it was mentioned that "in all these reports there is a tendency to oversimplify" the inter-relation between income distribution and the pattern of industrialisation.

Another major section of UNIDO comments were devoted to issues raised by "the crucial problem ... (of) what should be the role of modern industry in an employment-oriented strategy".



Three principal problem areas discussed in this context were the inter-relation between industry structure and agriculture, between industry structure and foreign exchange constraints, and spacial problems, namely the implications of decentralised versus conventional patterns of industrial development. An important conclusion of UNIDO's analysis was that attainment of long-run employment and growth objectives requires a growing modern industrial sector; to emphasize small-scale industry and handicrafts may be to attain short-run objectives at the sacrifice of long-run objectives.

#### Macro-economic Framework.

The relatively slight reliance on explicit macro-economic frameworks in the reports was mentioned by several agencies and implicit in the comments of others. IBRD stated that some would regard the absence of a more systematic macro-economic basis as a weakness but praised some of the innovative aspects of the macro-economic analysis. FAO, in a somewhat different vein, noted the missions "have suffered from the lack of any real conceptual framework to guide their work or to provide an analytical system for operating upon the factual information available ...", and it was hoped that careful analysis would enable future employment missions to "spend less time conceptualising and have a more adequate and consistent framework from which to start". UNCTAD suggested that the ILO set up a group of experts "to formulate a general framework for analysing the employment problem...".

#### Sectoral Analyses.

UNCTAD commented on two topics which it felt were not sufficiently stressed in the reports. It noted that the "foreign trade sector has been seriously overlooked ..."; examples of omissions were cited from the Kenya, Sri Lanka and Iran missions. UNCTAD also suggested that insufficient attention was paid to creating and attracting capital, again, examples were provided. FAO mentioned that "in every mission so far, the agricultural component has been notably weak in several important subsectors, relative to the importance of the sector ...".



In addition to its critical view of an over-all employment-oriented strategy, UNIDO took issue with the soundness of some specific policy recommendations by the missions. Comments were made on the analytical weakness of recommendations to increase production of low cost housing, especially as regards the relation between proposed financing and interest rate policy. It was also UNIDO's view that the scope for improvement of resource allocation through introduction of measures to correct for factor price distortions "may not be quantitatively significant to justify ignoring the other policy implications of such broad policy changes". On recommendations relating to the more intensive utilisation of existing capital stock, it was stated that "the reports are too general ... to be particularly useful". UNCTAD also questioned the feasibility of certain policy recommendations: the possibility of establishing a free trade zone in Sri Lanka, it notes, was not discussed adequately; the question of how to provide capital and infrastructure for labour-intensive rural industries to make a rural industrialisation programme feasible, was an issue that required investigation.

#### IMPACT OF THE MISSIONS:

##### NATIONAL POLICY FORMATION (Agenda Item III).

A position that clearly emerges from the papers is that insufficient time has elapsed in which to judge the impact of the mission reports on national policy. Despite this, and the obvious difficulties of estimating impact, the undercurrent running through the comments is that more could have been done to leave a mark on the countries' attitudes and policies on employment: a number of suggestions are made for improving the effectiveness of any future missions.

##### Measures of Mission Influence on Policy.

The primary measure for judging the influence of the reports and the mission as such was the reception accorded report recommendations by the government. Indicators of acceptance were such actions as integration of report strategy and policy into the national plan, new legislation, parliamentary debates and



official meetings, and in general any concrete policy statements or measures which could be said to derive at least in part from the strategy and policies recommended in the reports. IBRD for example, mentions that it would be possible to evaluate the influence of the employment missions by examining the policies and practices in economic planning. The ILO, when it attempted to describe the impact of the missions, mentioned specific pieces of legislation, a sessional paper prepared for discussion in a parliament, and the integration of some of the missions' recommendations into the country plan. The influence of the mission reports on national plans as a measure of effectiveness of the mission was either mentioned or implicit in the comments by most of the agencies. The ILO notes that "up to now the signs of new action taken after the reports form a mixture of promising and disappointing aspects". The IBRD expresses a sceptical view as to whether sufficient evidence is available to date to indicate if the missions have had a significant effect. FAO and UNCTAD suggest that it is primarily for the governments to assess the influence of the mission reports.

#### Practicability and Implementation of Mission Recommendations.

The problem of having recommendations of missions accepted and implemented by governments was raised by a number of agencies. In this connection, it was stated by ILO, UN and IBRD, that an important precondition for the acceptance of mission reports was a clear recognition by the host governments of the urgency of the employment problem. IBRD noted that "in areas where sensitive political issues are involved there must be a prior commitment to act".

WHO stated "that national ministerial involvement and co-ordination of effort is of key importance ... This is not solely a question of counterpart personnel, but one which involves willingness of the highest level of government to review its economic and social policies".

FAO stated that in its view governments were looking for more concrete measures than indicated in the general mission objectives. The UN noted that the missions were "perhaps too general to produce any specific results in terms of jobs created,



and too rapid and superficial from the standpoint of general economic planning". The UNDP Resident Representative for Iran stated that the recommendations were sufficiently concrete in the Iran report. The ILO drew attention to an inherent difficulty of short-term missions, noting that the detail in which some of the analysis was done "was not always sufficient to ensure that the recommendations were concrete enough and operational".

#### Follow-up Measures.

A point stressed by most of the agencies was the need for longer term efforts to take advantage of the temporary influence and prestige of the missions. In this view, the missions were only a first step towards gaining long-term acceptance and implementation of the general views and recommendations found in the reports.

The general view that the impact of missions could be improved if there were greater attention to follow up of each of the missions was, perhaps, the most strongly emphasised and the most agreed upon point in the agency comments. It was, of course, expressed in different ways ranging from mention of the need for a long-term programme to suggestions for specific follow-up measures. The UNDP Resident Representative for Iran effectively states the case - "even though the Government (Iran) has accepted a lot of the report's recommendations, they remain largely at a loss as to how to implement them".

The follow-up measures suggested were varied. FAO mentioned some short-term measures, seminars and greater use of communication media to gain publicity and understanding for the missions. Similarly, the UNDP Resident Representative for Kenya suggested that "an easily digestible summary of the report" and seminars and meetings for government officials, academicians and politicians, would have helped.

The longer term measures, for the most part, revolved around follow-up teams. UN, for example, suggested a three-man team be sent out each year to evaluate progress; UNIDO and FAO also suggested small follow-up evaluation missions.



UNESCO and FAO suggested that the regional employment teams could be called upon to help implement report recommendations. FAO suggested that an employment adviser be placed in the UNDP office. ILO stated that a long run employment advisory team will start in Colombia; the regional teams, it was also noted, contribute to overall employment strategies and there are projects within WEP which are complementary to the short-term missions.

IMPACT OF THE MISSION:

INTERNATIONAL PROGRAMMES (Agenda Item IV).

There was very little explicit discussion of the impact of the missions on agency programmes. It was noted both by the ILO, for the four countries that had received missions, and by the UNDP Resident Representative for Iran for the case of Iran, that the missions had not had too much of an influence on the UNDP country programmes for technical assistance. IBRD stated "it is clear to some extent the thinking of the missions has been reflected in the ongoing work of other agencies ... Certainly the style and methods of operation of the continuing country economic work of such agencies as the World Bank and the IMF have been influenced ... to provide more permanent attention to these (employment) issues". The IBRD went on to state, however, that it was difficult to assess the extent of impact of the missions since "it was certain" in any event that economic programmes of the agencies would have moved in the direction of placing more stress on poverty and employment problems. WHO noted that "we have taken steps to ensure within the Organisation an understanding of the thrust of the ILO employment programme".

A number of agencies expressed willingness to participate in follow-up missions. FAO, for example, stated it would be desirable to have "project identification and formulation missions, as and when required, from the major individual UN agencies involved - FAO, ILO, UNIDO, etc.". WHO mentioned it was "ready to co-operate and follow up in missions which provide



recommendations on employment policy and manpower development". WHO added that individual agencies can only act on mission recommendations when governments request their assistance through normal channels of co-operation.

COMPREHENSIVE EMPLOYMENT MISSIONS:

LESSONS FOR THE FUTURE (Agenda Item V).

The question of alternative mechanisms for achieving mission objectives did not elicit a very great range of opinion. The general view seemed to be that the missions complemented work of other agencies. The UNDP Resident Representative for Iran stated the "mission did not prove to be a more or less effective instrument than other devices mentioned, but played its part amongst the others". FAO noted that the work of other agencies would cover economic development from a different point of view; "there is, therefore, no question of competition or duplication". It would appear that there was general feeling that the missions have played a unique role. Perhaps the major "lesson" to be found in the agency comments is a dissatisfaction with the ad-hoc, short-term nature of the missions; most of the agencies took the view that the missions could be more effective as part of a systematic, continuing, more co-ordinated effort.

The role of the ILO

UNCTAD raised the question of the impact of the missions on the ILO, stating that "it can no doubt be said that the knowledge and understanding of an optimal employment strategy have greatly improved within the ILO Secretariat as a result of the experience gathered in the course of these missions". UNCTAD also suggests that the ILO ought to undertake to review the missions and the research of WEP with the assistance of a group of experts for the purpose of developing a general analytical framework for analysing the employment problem in any individual country. IBRD also raised as a possible area for discussion "the impact of mission activities upon the ILO itself, including the extent to which the ILO's participation contributed to the success or otherwise of the missions".



D.3(21) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions  
(Geneva, 7-9 March, 1973)

STATEMENT

by

The Government of Iran

ILO  
Geneva, 1973

## Statement by the Government of Iran

### TERMS OF REFERENCE

The Terms of Reference provided for four countries: Iran, Sri Lanka, Colombia and Kenya, bore a general nature but in the future efforts should be made that objectives of employment set forth for countries be determined according their preliminary reconnaissance and in consideration of demographic, cultural, and socio-political aspects of the same countries so that it may be possible to recommend definite and clear policies and recommendations in subsequent studies.

### SELECTION OF EXPERTS

The head of the team should be selected at the request of the country under study and approval of the ILO. The head of the team should, as far as possible, be selected from experienced economic planners, and not only academic background should be considered. If possible, the head of the team should be stationed in the country under study from the beginning until preparation of the report. The number of the experts shall be determined with due regard to the requirements of each country and appointment of teams with a large number of experts must be avoided.

Furthermore, experts with same qualifications should not be assigned to the team. The above reasons shall cause duplication and waste of time, since the experts studying a field shall, at all times, disagree on many questions. The experts must not be selected from academic staff only. Therefore, it would be more prudent to select the experts out of such individuals that enjoy adequate practical experience in the fields assigned to them. It is necessary to appoint the experts at least one year before their assignment. They should be given the opportunity to spend their time in preparing statistics and collecting data of the countries in question. The statistics and data collected should be placed at the disposal of all experts before their departure



to the country of their assignment. Meanwhile it would be necessary for the experts to hold regular meetings with each other before departure, so that they may exchange views and ideas and consequently coordinate their approaches towards various issues of interest that have to be confronted with. The necessity to travel within the country under study is inevitable, but such travelling should not have the nature of tourism and should be arranged to complete statistics and orientation with problems and duties assigned to them. The experts should present reports of their trips inside the country to the head of the team. The reports should justify the necessity of the trip and should contain useful information on various aspects of the visit. Copies of the report should be distributed between the other members of the team.

#### TIME TABLE

Assignment of the team to the countries should fit the conditions and circumstances of a country and the best time to detail a team would be before preparation of development plans and at least one year ahead of that, so that the report of the team can satisfy the planning, administrative and political authorities of the necessity to execute the policies and courses of action and consequently the development plan may have been influenced as far as employment aspects are involved.

In respect to duration of the experts in countries, no definite time can be foreseen but the long or short-term duration shall depend mainly on the importance of various sectors. However, such a duration should not be that short, to attain the nature of tourism and the experts must, before departure to their country of origin, prepare their reports with the collaboration of their local counterparts and present them to the Head of the Mission.



### GOVERNMENTAL COUNTERPART'S ROLE

In respect to the role of the Government, acceptance of employment policy within the framework of economic development objectives shall require a prior understanding by which the role of the Government and planning must be defined. In order that such an understanding may achieve a national nature, it shall not be adequate to accept policies and courses of action in all sectors, but the entire organizations and agencies should be bound to implement them.

### NON-GOVERNMENTAL ORGANIZATION

Social institutions are not solely confined to workers and employers organizations but they are more variable; therefore, it would be necessary that different bodies such as village, town and provincial councils, that enjoy roles in village and town development, participate in national employment oriented development strategies to make it more comprehensive. At certain instances, workers or even the employers organizations may not be fully representative of each of the said institutions.

### REPORTING PROCEDURE

Preparation of reports should not be the sole duty of the mission but the counterparts must participate because it is observed that the experts at times only content themselves with exchange of views with their counterparts. The report should be compiled in the shape of a work program and should not be identical to an academic research report, where no practical aspects of issues are provided. Therefore, the more the reports are summarized, the better they would serve the purpose. Furthermore, the report should present policies, courses of action and recommendations; studies, statistics, data and other information should be contained in the appendices.

### ORIGIN OF THE NEW DATA

As stated above, detail of the experts should not be arranged on short notice, but the basic purpose is to collect



all necessary statistics and data, so that if any deficiencies may appear, arrangements could be made to request the same from the concerned country for provision of new data. Non-availability of certain data should not cause preparation of general inadequate proposals.

### DIAGNOSIS

With regard to diagnosis, it would suffice to exchange views with counterparts, or contacts may be maintained with various government authorities or agencies or worker/employer organizations for such diagnosis through which specific research and collection of data, that can indicate exact situation of employment in the country, can be obtained. Unfortunately, such research and statistics, that can clearly present the diagnosis, are scarce and limited; therefore, it would be worthwhile to prepare a precise statistical framework containing accurate definitions and facts and to recommend it to the countries involved.

### DEVELOPMENT OR STRENGTHENING OF MACHINERY FOR INTEGRATED ECONOMIC AND HUMAN RESOURCES PLANNING.

The report should also embody recommendations and definite and executive policies for employment and manpower planning, in which the executive aspects of the said issues should be clearly defined.

At this stage the assistance and cooperation of international organizations in the line of follow-up shall be indispensable and it would be necessary to create a responsible body for manpower planning, so that it may supervise implementation of projects and plans to achieve employment objectives. Formulation of annual plans shall help effectively the promotion of employment in the country.

### TRAINING

The aims of the mission should not be training of its own members, but it should train the local experts in planning of

employment policies so that they may eventually continue the various functions assigned to them. In this connection cooperation between the experts and their counterparts is a definite must. At times, it has been observed that members of mission utilize exactly the analysis, researches and projections of local counterparts; hence the question arises: are the mission members assigned to train the counterparts or not?

In the meantime, the reports on manpower planning and recommendations in this line which have been of a general nature, fail to present the true and exact manpower requirements of a country. Needless to say that even a general and inaccurate assessment of the present education and training situation has not been carried out. Sophisticated methods for the analysis of the education situation often fail to present a clear view of the situation and would only be useful for seminars and scientific meetings and would definitely not be able to indicate insufficiencies and shortcomings of the education system.

#### SUGGESTED POINTS FOR DISCUSSION

The responsibilities of the WEP mission cannot be compared with any of the points raised in Clause 7 of your questionnaire. Experts of other UN organizations should accept and develop the WEP reports and local research institutes and international organizations shall further help to complete such reports. The productive role of the WEP mission to various countries cannot be denied but should be developed on the basis of experiences accumulated in Iran, Colombia, Kenya and Sri Lanka.

In respect to follow-up, the Head of the team can, at the request of the country, visit in company with a small group to determine the progress of objectives and policies concerning employment strategies, and submit his reports both to ILO and the country concerned. The role of ILO in future, should be the focal point for World Employment Programme.



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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

United Nations Industrial  
Development Organization

RETURN TO REFERENCE SERVICES UNIT  
ROOM 280

ILO  
Geneva, 1973

AN EVALUATION OF THE ROLE OF INDUSTRY IN  
THE FOUR PILOT EMPLOYMENT STRATEGY MISSIONS

Preface

In undertaking this study, we have tried to follow as closely as possible the guidelines laid down for the preparation of the evaluation report. These guidelines have broadly identified seven major issues on which evaluation of the inter-agency employment missions should concentrate. The following 21 pages deal entirely with the substantive points relating to the logic of employment-oriented strategies suggested by the ILO-organized missions to Colombia, Ceylon, Iran and Kenya. In short, we concentrate on the first set of issues laid down in the guidelines under the heading "objectives of the missions", which are questions (1.a - e) of the Annex. The report evaluates whether the missions succeeded in,

- (a) clearer identification of problems of, and of experience with, national employment policies.
- (b) experimental design of national employment-oriented development strategies.
- (c) discovering new approaches to the employment problem.
- (d) strengthening existing national employment policies.
- (e) changing national policies by reorienting them towards employment.
- (f) providing a basis for country programming of international development assistance.

These are the substantive economic issues with which the evaluation report is concerned. It should also be mentioned that these issues are dealt with here especially from the point of view of the role of industry in an employment-oriented strategy and relative emphasis has been placed on policy recommendations directly affecting industry. For this is an area where UNIDO has a vital role to play, and it must analyse these aspects of the reports of the employment missions with special care.

Questions (1.f - 7.b) of the Annex follow the main evaluation and are included on pages 22-24.



IDENTIFICATION OF THE PROBLEMS

1. In spite of considerable differences in their social, political and historical background, all of the four countries, Colombia, Ceylon, Iran and Kenya, tend to exhibit a set of common features characterizing their state of economic underdevelopment. Many of these general features of underdevelopment are well known: a low level of per capita income associated with a high proportion of the employed population engaged in agriculture, total value added by the manufacturing industries being a small fraction of the GDP, and the export earnings in the case of each country depending on a few agricultural products or unprocessed mineral resources. These features persist in these economies after almost two decades of conscious planning, and the growing unemployment problem facing these countries must be viewed in this context.

2. The configuration of economic forces operating in these countries tend to generate a vicious circle which has led to the present employment crisis. A low level of per capita income limits the size of the domestic market which in turn restricts investment opportunities. Except in the fortunate case of Iran whose oil enjoys a favourable world market, possibilities of export-led growth along the classic nineteenth century pattern are more or less ruled out due to unfavourable world market conditions in primary products. At the same time, a weak industrial base makes rapid expansion in non-traditional exports difficult, and experience has shown that industrial development based on import-substitution has narrow limits. Limited domestic markets coupled with inefficient industries protected behind a tariff-wall makes such a strategy unviable in the long-run. Having carried out import-substitution to a greater or lesser extent in the field of consumers' goods industries, this process is now coming to a halt in these four countries. It is against this background that the ILO-organized employment missions had to formulate strategies for economic development which must also give relief to the unemployment problem in the immediate future.

3. Three aspects of the problem were evident from the beginning to all the missions. First, there can be no general or universal strategy that is applicable to all four countries. There are some policy recommendations which are common to all the reports, but there are other recommendations which are specific to the particular country. This makes it rather meaningless to develop an approach in this evaluation report which only takes into account the common factors. Secondly, all four reports have a common starting point. They all agree that the conventional pattern of industrialization as the solution to the unemployment problem has more or less failed in the four countries. Experience makes it abundantly clear that the growth in employment over the last two decades has been far lower than the growth in GNP in these countries, so that a purely growth-oriented strategy is not viable in the face of growing unemployment over a long period of time. The report on Colombia makes this point well, "To try to solve the unemployment problem by just accelerating overall economic growth is therefore to take on, voluntarily, the task of Tantalus - the target recedes as one reaches for it. What is needed is to change the nature of the process of the economic growth."<sup>1/</sup> In other words, the conventional economic strategy of growthmanship is by itself an inadequate device to deal with the problem of generating employment on a sufficiently rapid scale and for reducing economic disparities. Indeed crucial to the whole problem is the composition of the growth process and on such questions as how growth is financed and how the benefits from the growth process are distributed over time.

4. All four reports agree that these important questions must be answered in devising an economic strategy for development. This is the reason each report places considerable emphasis on questions of educational opportunity, health, social security and equality as well as on the methods of implementation. This emphasis is a refreshing feature of these reports, especially Ceylon and Kenya.

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<sup>1/</sup>Towards Full Employment. A programme for Colombia prepared by an Interagency team organized by the International Labour Office, ILO, Geneva, 1970. p. 48-49, paragraph 159.



5. Finally, there is another common point to all four reports. The general state of economic underdevelopment in which these countries are caught explains why the strategy of economic development has to be more or less common for them all. In the case of each country the objective is to create a considerable volume of employment opportunities immediately without at the same time losing the long-term perspective of rapid industrialization of the country. While all four reports agree to this broad objective, they differ on important tactical questions on how to combine the short-run aspect of immediate employment creation with the long-run aspect of sustaining a high rate of growth in productive employment in the future. The role assigned to industry <sup>2/</sup> in an employment-oriented strategy is one of these crucial tactical questions and is the main focus of our discussion.

6. Therefore, the crucial problem can be identified as what should be the role of industry in an employment-oriented strategy? To answer this question, it must be understood that industrialization is necessary not so much for creating employment immediately, but for structural changes in the economy that will make it possible to maintain high rates of growth in productive employment over the long-run without running into any one of the fundamental economic constraints facing the country. Indeed, if by the term 'industrialization' we mean the expansion of modern manufacturing industries, then statistical evidence from these four reports and elsewhere clearly shows that on the average, the cost in terms of direct fixed investment for creating an additional job in the modern manufacturing sector is usually extraordinarily high ... the Kenya Report calculates it at £ 4,400 per worker <sup>3/</sup>, while the Ceylon Report shows that in the textile sector fixed capital cost per worker equipped with automatic power looms is

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<sup>2/</sup>Industry here includes manufacturing, small-scale industries and handicrafts as well as construction in line with the general terminology of the four reports.

<sup>3/</sup>Employment, Incomes and Equality: A strategy for increasing productive employment in Kenya. Draft Report. Vol. 1 p. 84

about 443 times higher than that of a worker using a handloom <sup>4/</sup>.

Such data are available in abundance to show that the modern manufacturing sector cannot bear the burden of creating large employment opportunities in the short-run. Yet it is wrong to claim that modern manufacturing has a minor role to play in an employment-oriented strategy because neither the short-term nor the long-term aspect of the employment problem can be considered in isolation.

7. In the longer-run the modern manufacturing sector has to play a leading role to ease some of the major economic constraints embedded in the very structure of economic underdevelopment in order to sustain a high rate of growth in productive employment over time. Typically, the major constraints that have to be considered in this context are the following:

- (a) The availability of domestic resources (plus net foreign inflow) for reinvestment over time.
- (b) The broad pattern of intersectoral balance to avoid crucial bottlenecks.
- (c) The size and the rate of expansion of the domestic market as well as the external market for export promotion.
- (d) The viability of the balance of payments position over time.
- (e) Political and institutional feasibility of the various recommendations.

The role assigned to industry in general and modern manufacturing industry in particular must be judged in the light of its impact on the constraints mentioned above in formulating an employment-oriented development strategy. The problem then becomes not so much to discuss the role of industry in general but:

- (a) To identify the types of industries most suitable for the purpose.
- (b) To obtain the right balance between directly employment-creating small-scale industries and handicrafts on the one hand and modern manufacturing on the other.

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<sup>4/</sup> Matching Employment Opportunities and Expectations: A programme of action for Ceylon, ILO, Geneva, 1971. Table 25 on page 186: fixed capital per worker in handloom is Rs. 346 while the same per worker in automatic powerloom is Rs. 153,540.



- (c) To define the role of the construction and mining sectors in this context. Here the specific circumstances in each country become highly relevant and understandably, the four reports differ considerably in their relative emphasis on these issues.

## Chapter 2

### ROLE OF INDUSTRY IN EXPERIMENTAL DESIGNS OF EMPLOYMENT-ORIENTED DEVELOPMENT STRATEGIES.

8. The role assigned to industry can be properly defined only in relation to an overall framework of analysis of all the major economic interconnections and constraints facing the country. In this sense, one needs an economic model which provides a systematic scheme for carrying out the relevant economic calculations. Underlying each report there are such calculation schemes on which, supposedly, the final policy recommendations are based. Some reports make the formal structure of these calculation schemes explicit e.g., Iran Report C or Ceylon technical paper No. 4, while in the other reports only the final rounds of numerical calculations are provided. But even in the latter cases, it is not difficult to guess at least the broad outlines of the underlying scheme. It is not our purpose here to go into the details of these economic models, but it seems useful to make explicit at least some of the most important economic interrelations and constraints which are directly relevant for defining the role of industry in a development strategy.

9. Perhaps the most important point in this respect is the interrelation between industry and agriculture. Since agriculture is by far the most dominant sector in all four countries, it is simply unavoidable in any strategy of economic development not to give considerable attention to it. This is still more important in an employment-oriented strategy because rapid expansion of employment generates income typically among the poorer section of the population, who spend a high proportion of their income on food. Consequently, either the agricultural sector must expand at a

sufficient rate to sustain an employment programme or food items must be imported.

10. International data as well as specific "consumers' budget survey" analysis carried out in these countries show that the income elasticity of demand for food is at least around 0.5 in these countries. Ceylon is an exception because of the special food-policy of the government which gives one "measure" of rice free and a second "measure" at a highly subsidized price. Therefore, any employment-oriented policy creating rapid employment in industry or elsewhere must take into account how the growing demand for food is to be met, and the more the distribution of income is in favour of the poorer section of the society, the more urgent is the problem, because the richer segment spend a lower proportion of their budgets on food and have lower income-elasticity of demand for food. The Iran Report in particular has not paid sufficient attention to this problem.

11. The Main Report on Iran (Part A) rightly emphasises the need for linking income distribution through employment expansion with a rapid pace of overall economic growth. The Report argues that creation of employment at a faster pace will lead to rapid expansion of the domestic market which will absorb the new capacities created through investment during the plan period. While this is a highly desirable strategy particularly because of its pronounced emphasis on the question of income distribution, in our view the Main Report fails to appreciate fully its implication in terms of the rate of growth in the demand for food, at least around 6-7% according to calculations. Since the Main Report on Iran recommends a strategy where, "It is envisaged that the number of persons employed in agriculture will also remain at the present level but their proportion will fall to 36% of the labour force as a whole", <sup>5/</sup> the whole increase in food demand must be met from rising productivity in agriculture or from imports. Since the Main Report rules out food imports on any significant scale, the Report has to rely entirely on a "massive effort to spread the technology of the green revolution" (p. 10, Report A) to bring

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<sup>5/</sup> Volume A, The Main Report, Employment and Income Policies for Iran, Geneva, June, 1972. p.9



about such an increase in productivity. This appears to be a highly implausible strategy for at least two reasons. First, pre-conditions for adopting "new technology" in agriculture in terms of extensive irrigation and credit-network for small farmers seem to be especially lacking in Iran. If they were to be created, there would be a considerable time-lag involved so that acute imbalances will be created during the Fifth Plan period in Iran. Secondly, the Report fails to give special emphasis to industries such as cement, pipes, pumps, etc. that are crucial for developing agricultural infrastructure rapidly and modernizing agriculture, as well as to industries that will supply direct inputs to agriculture such as fertilizers, pesticides etc. It is in this sense that the Iran Report appears to us to have over-emphasized industries ability to create employment in relation to agriculture and this is dramatically illustrated by the Report's expectation that manufacturing industries will absorb immediately and in a direct fashion almost half of the total increase in labour force in Iran during 1972-77.

12. In this respect the reports on Colombia, Ceylon and Kenya appear to be more balanced in their conclusions. In each case, the need for a radical landreform has been emphasised not only in order to reduce economic disparities in the rural sector, but also primarily with a view to creating greater employment opportunities in the agricultural sector. In other words, all these three reports conclude that increased employment opportunities on land must absorb a substantial proportion of the unemployed labour-force as an integral part of the overall employment strategies. The Colombia Report argues quite convincingly that if full-employment has to be reached by 1985, implying an 8% annual growth rate in employment over 15 years, then the whole burden cannot be placed on the non-agricultural sector alone. For that would entail, in accordance with the formula given above, at least a 6% annual growth in the demand for food and other agricultural products. Consequently, the Report comes to the conclusion, "But if there were to be no increase in agricultural employment, this would all have to be provided by raising productivity, implying heavy capital needs here too. It is hard to envisage a foreign trade balance compatible with these needs".<sup>6/</sup> Consequently, the Colombia Report

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<sup>6/</sup> Towards Full-Employment op cit. p.53, para 174.

postulates that employment in the agricultural sector should grow as fast as the increase in rural population of working age over this period, a rate of about 3.5% per annum.<sup>7/</sup> A similar line of reasoning, though less explicitly stated, can also be found in the Kenya Report.<sup>8/</sup> Both in the case of Kenya and Colombia, there is a considerable degree of flexibility in agriculture in the sense that there is substantial un- or under-utilized cultivable land which could be brought under cultivation more or less easily. In this respect, Ceylon is rather different with one of the lowest (cultivable) land-man ratios even in South East Asia, and as recognized in the Ceylon Report, the problem of land-reform in relation to greater employment opportunities has to be tackled somewhat differently.<sup>9/</sup>

13. The second problem (the first one being a balance between industry and agriculture) of defining the role of industry in the overall development strategy relates to the question of the foreign trade balance.

Insofar as developing countries are concerned in general, there is almost a paradoxical situation here. In order to have a viable balance of payments position in the longer run these countries must industrialize, but industrialization in the short-run usually means heavy imports of capital and intermediate goods, making the balance of payments position often unviable in the short-run. The quantitative importance of this problem varies from country to country. Iran with its oil resources has not yet faced a severe balance of payments crisis. A heavy inflow of foreign private capital has not made the problem apparent in Kenya yet, though it is beginning to be felt. Colombia is managing to keep up a fairly high rate of growth in non-traditional exports while Ceylon is in the midst of one of its most severe foreign exchange crises. These are all variations on the same theme that is industrialization based on imported machinery and intermediate goods is constrained by the availability of foreign exchange earnings to a considerable extent.

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<sup>7/</sup>Towards Full-Employment op cit. p. 54, para 177.

<sup>8/</sup>Employment, Incomes and Equality, op cit. pp 92 - 93.

<sup>9/</sup>Matching Employment Opportunities and Expectations technical papers, ILO, Geneva, 1971. Technical Paper No. 12



14. Viewed from the angle of the foreign trade constraint, the employment missions therefore had to consider two broad possibilities in defining the role of industry. First, special emphasis had to be given to export-earning (actual or potential) industries both traditional and non-traditional. Here, one has to encourage even imported capital-intensive industries to a certain extent provided that they have good export prospects. Secondly, one must look for a pattern of industrialization which is less import-intensive, and this is the crux of the strategy of "import-substitution," which will gradually bring down the "import-elasticity" over time. At the same time, in their search for immediate employment opportunities, all the reports tend to place a good deal of emphasis on a pattern of industrialization relatively biased in favour of small-scale industries and handicrafts. But this generates a conflict between short-run and long-run objectives.

15. The provision for immediate employment opportunities tends to draw away resources from developing "basic and heavy" industries which do not provide much direct employment, instead they provide a pattern of industrial capacities that eases the foreign exchange constraint on growth of employment and output in the longer-run. At least the Ceylon Report is clearly aware of this conflict in objectives, <sup>10/</sup> and there does not seem to be any easy solution to this problem. The point that needs to be firmly stressed here is the prospect of providing, on a large-scale, immediate employment opportunities through small-scale industries. This point should be carefully examined in view of its long-term balance of payments problem.<sup>11/</sup> Such a pattern of industrialization may make "import-substitution" difficult in the long-run and may even reduce competitiveness in promoting non-traditional exports. From this point of view, it is probably that construction related to housing and the creation of economic infrastructure has by far the greatest

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<sup>10/</sup> Matching Employment Opportunities and Expectations Report, op cit. pp 105-6 para 352-355 and para 359 on p.107

<sup>11/</sup> Indeed, even the short-term balance of payments problem may be serious due to high direct import content of many small-scale industries. See, Ceylon, technical paper No. 13. Table 2 and para.5.

potentialities for providing immediate employment without coming into conflict with the longer-run objective of growth in income and employment. Though all the four reports deal with the construction sector, only the Colombia Report seems to have a satisfactory analysis of the demand for housing in this context.

16. The final problem of defining the role of industry in the overall development strategy to be discussed in this chapter concerns the spacial dimensions of the problem and the question of so-called urban-rural balance. Except in the unique case of Ceylon, migration from countryside to the cities on a phenomenal scale has become the prominent feature of conventional patterns of industrialization with a strong urban bias, and the reports on Colombia, Iran and Kenya take serious note of this problem. Decentralization in the pattern of industrial locations is a worthwhile consideration for reducing the disparities between cities and villages as well as for reducing agricultural underemployment. But the reports have not succeeded in estimating even in broad terms the cost implication of this problem. What will be the broad order of magnitude of cost in decentralizing industrial locations? Further, the setting up of small workshops and industries in rural areas must run into the same problem which arises in the case of a strategy directed at providing immediate employment opportunities through small-scale industries as mentioned above i.e. a conflict between short and long-run objectives. Therefore, the reports can not be considered entirely satisfactory on this point. They have not spelled out more fully the implications of a scheme of decentralized industrial development which maintains a balance between urban and rural development. Nevertheless, suggestions for decentralizing the pattern of industrial growth in Iran, Colombia and Kenya add an interesting spacial dimension to the whole problem and put the role of small-scale industries and handicrafts in a somewhat new light.



Chapter 3

IMPLICATIONS OF NEW APPROACHES TO THE EMPLOYMENT  
PROBLEM FOR INDUSTRY.

17. There is one distinguishing feature to all four employment mission. They all are acutely aware that the orthodox model of industrialization has more or less failed in these countries in regard to employment. An emphasis on growth in GNP has neither led to social justice as evident from massive unemployment nor has it even removed the structural imbalances of an underdeveloped economy. It was, therefore, natural for the missions to look for new approaches to the problem of employment where the relative emphasis changes from growth per se to economic equity. Consequently, the need for a better distribution of national income among various sections of the society is a central issue running through all four reports.

18. It is against this background that an employment-oriented development strategy assumes special significance. A necessary concomitant of any employment-oriented strategy is a more equal distribution of income. An analysis of the four reports suggests that a more equal distribution of personal income can have many implications, it can be an end in itself for achieving greater social justice or it can be a means to an end like achieving higher levels of employment and output. As the Colombia Report says, "To achieve a higher level of employment is to redistribute income, it is in fact almost the only way of providing the poorest groups of the population with the opportunity to obtain a larger share of the total."<sup>12/</sup> From this point of view, greater employment opportunities have to be created, if one considers greater economic equality as an end in itself. Similarly in Iran it appears that employment creation is used also as an instrument of policy to achieve a more equal pattern of income distribution. This is particularly important, when for some reason or other the government cannot take direct recourse to taxation and other fiscal or institutional measures, to bring about changes in the distribution of income.

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<sup>12/</sup> Towards Full-Employment, op cit. p.139 para 427.

19. One could also invert the problem. It can be argued that making employment creation the objective, it is necessary to bring about a more equal pattern of income distribution in many cases. The Iran Report has argued on many points that a more equal distribution of income will expand considerably the size of the domestic market and in turn will create more investment opportunities in the economy. However, one needs to specify its detailed sectoral implications and here the demand for food products assumes special importance since it will grow very fast as a consequence of a more equal distribution of income. From this point of view the Colombia Report, as well as Ceylon and the Kenyan Reports to a certain extent, goes much farther by trying to link the structure of income with the pattern of consumption. As the Colombia Report has argued, "This works in two ways: the first is through a different import-content of the expenditures of the rich and the poor, the second is through the different labour content of those expenditures."<sup>13/</sup>

20. While it is true that direct import of consumption goods is rather limited in all these countries, the quantitative importance of the first argument is based on such factors as the amount of contraband imports (in Colombia), the volume of tourist expenditure and probably most important of all, the import content of different domestically produced consumers' goods. Statistical evidence from Colombia shows that the import content of basic industrial consumers' goods like clothing, footwear, beverages, furniture, etc. is less than 5% in contrast to about 30% for electrical consumers' durables,<sup>14/</sup> bought mostly by the rich in all these countries.

21. Unfortunately, none of the reports goes fully into the problem of the import content of domestically produced agricultural products and low-income housing, which are the two most important items of consumption by low-income groups. Items like agricultural products, simple manufactures, and housing consumed by the lower-income groups are, or can be, relatively

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<sup>13/</sup> Towards Full-Employment, op cit. p.145 para. 441

<sup>14/</sup> Towards Full-Employment, op cit. p.147 para 447.  
Also, as mentioned in para 448 this seems to be statistical underestimate for 'luxury' consumers' goods.



labour-intensive, which makes it possible to increase the labour-content per unit of output. It is easy to see that associated with a more equal pattern of income distribution is a pattern of consumption, which somewhat relaxes the balance of payments problem on the one hand and increases the labour-content per unit of consumption expenditure on the other. Establishing a link between income distribution, foreign exchange constraints and the scope for labour-intensive composition of production is one of the interesting new elements in the approach to the employment problem, which probably could yield still more fruitful results, if carried out in the context of Iran. This relationship can also have important implications for the pattern of industrialization in many developing countries in the sense that the nature of their industrial priorities will be closely influenced by the pattern of income distribution.

22. Nevertheless, by making income distribution more equal, one of the cornerstones in the programme for employment creation, all the reports run against the orthodox economic argument claiming that a more unequal distribution of income, by favouring the higher income groups, helps to generate savings, since the higher income groups naturally have higher marginal propensities to save. For generating reinvestible surplus and maintaining a high rate of growth, a more unequal distribution of income may be helpful. While this argument is persuasive in principle, all the reports agree that its quantitative significance is quite limited in practice. Personal savings in Colombia averaged about 2% of GNP during 1961-67, a high price to pay indeed in terms of inequality, for generating this volume of savings. In Iran it has been argued that the lowest income groups may be actual dissavers (living on perpetual loans), so that the net effect of income redistribution in their favour may actually increase rather than decrease savings. In Kenya the highest income-group of European settlers takes out a high proportion in terms of repatriation of profits and income, which makes the positive correlation between domestic savings and income inequality, to say the least, rather dubious. Overriding these empirical facts, is the obvious argument that the instruments of fiscal and monetary policy can always be used to generate government savings, instead of relying on the high-income groups to do this voluntarily.

23. In relation to the question of the interrelation between income distribution and the pattern of industrialization, we should perhaps mention in passing that in all these reports there is a tendency to oversimplify the problem. This is particularly evident in the Iran Report and to a certain extent in the Colombian Report. While we completely agree that income distribution must be improved in these countries to bring about a more viable pattern of industrialization, the policy recommendations of the reports are rather weak on this crucial point, as we shall try to show in the next chapter (4) on policy instruments. A fuller appreciation of this question can be found in the Kenyan Report which has insisted that growth itself should be combined with distributive justice. This means that from the increment in output during the growth process, a higher proportion should go to the poorest section of the population,<sup>15/</sup> so that the problem of income distribution must be viewed in the dynamic context of growth. Thus a once-and-for-all redistribution at the present level of income will not do, but the growth process itself must be geared to redistributing income. In some sense, this is a more difficult problem related not only to fiscal measures, but to the structure of the growth process itself.

24. Another new aspect of the present approaches to the employment problem is to be found, particularly in the Ceylon and the Kenyan reports, in the field of export promotion. It is suggested that the primary commodities exported, tea, coffee and rubber, should be processed to a much larger extent at home to increase their value-added component and thus increase export revenue. This is an area where export promotion and industrialization are thoroughly interlinked. For example, in Ceylon, much of the value-added component in tea comes at the higher processing and distribution stage of the product and the same is true with coffee in Kenya or rubber and coconut in Ceylon. Domestic industries can be set up or expanded to carry out the processing of the "finished" product for export to a much higher degree at home, e.g. all the tea-chests could be produced in Ceylon rather than 75% of them being imported, see p.106, Ceylon Report. This process points to a pattern of industrialization called "vertically

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<sup>15/</sup> See, Employment, Incomes and Equality op cit. pp. 6.5 - 6.8 under the heading "A wider sharing of the benefits of expansion."



integrated", and this builds up many industries through their "backward linkages".

25. Finally, as we have already mentioned in the previous chapter, the reports of Kenya, Iran and Colombia state how the existing pattern of industrialization leads to unplanned urbanization and enormous migration to cities and towns from the countryside. In spite of our reservations about the viability of small-scale industrialization as a major component of any long-term strategy mentioned in the last chapter, the problem of massive migration has forced planners to recognize the importance of rural small-scale industrialization. The link between unplanned urbanization and the need for rural employment opportunities have been discussed at length in these reports, and the importance given to these locational and decentralization problems of industry adds a relatively new dimension to the usual discussions of the role of industry in a development strategy.

#### Chapter 4

##### STRENGTHENING OR CHANGING NATIONAL INDUSTRIAL POLICIES IN THE CONTEXT OF AN EMPLOYMENT-ORIENTED STRATEGY.

26. An analysis of the four reports reveals that many of the industrial policies of the four countries are directed towards a pattern of industrialization that is more labour-intensive in character. But a more labour-intensive process of industrialization has many aspects which need to be analyzed. In the first place, this means a choice of a set of industries and products which are or can be made, more labour-intensive. Secondly, this means that the choice of the method of production for any given product should tend to favour a higher amount of labour per unit of capital cost. One should make the important distinction between the "degree of mechanization" which involves only fixed capital cost per unit of labour and the "degree of capital-intensity" which includes fixed as well as working capital requirements per unit of labour. Another aspect of a labour-intensive process of industrialization involves the question of organization of production and in particular, the emphasis to be placed on

the size of the establishment, e.g. the relative emphasis on modern factories vs. handicrafts and small-scale industries. Finally, there is the question of what we may call the intensity of capital utilization. This involves such questions as the number of shifts worked, the extent of unutilized capacity, and the use of old and semi-obsolete machinery, overtime, employment, etc.

27. Regarding the question of labour-intensive industries or products, the four reports are in broad agreement that within the manufacturing sector itself, the scope for choosing labour-intensive products is relatively small. Quantitatively, the more important question is the composition of "industry" as a whole or the relative strength of manufacturing, mining and construction. In particular, construction which accounts for about 60% of gross investment on the average, can become a fairly labour-intensive industry and the reports are absolutely right in placing considerable emphasis on various public works like road-building, small irrigation work, and simple housing.

28. On the policy-side, however, the main question is to devise methods of financing such a programme of construction. The Colombia Report especially goes into this question at some length <sup>16/</sup> while the Iran or the Kenya Reports are particularly weak in this respect. Two policy implications emerge rather clearly from the Colombia Report. First, low-cost finance should be made available for purchasing houses, and housing finance institutions in rural and urban areas should be strengthened. But, this low-cost finance policy may conflict with the overall policy of raising the rate of interest in general, <sup>17/</sup> which is suggested for influencing the choice of technology in favour of more labour-intensive production methods.

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<sup>16/</sup> See, Towards Full-Employment op cit. p.127-134

<sup>17/</sup> Compare, p.178-179 where it is suggested that "lending rates seem also quite low for a country where capital is scarce ... encouraging indirectly an unduly high degree of mechanization". Although, the Colombia Report suggests caution in raising the interest rate, the tendency of the argument is clear. Compare also the Iran Report which comes out openly in favour of a higher interest rate (around 127.)



Secondly, the Report states that, "Those who cannot afford the economic cost of purchasing a house, (are) precisely those whose housing needs are greatest. Subsidized, very basic, accomodation is the only answer here, and the government could not demonstrate its social concern more clearly than by developing such schemes, with what finance it can get from abroad."<sup>18/</sup>  
The limits to the housing programme is in short what the government can provide, rather than shortage of inputs in most cases, provided local materials are used.

29. The possibility of choosing more labour-intensive techniques is a favourite topic of discussion, particularly among academic economists. The importance of this question has been exaggerated by the habit of thinking in terms of a "neo-classical production function", showing more or less continuous substitutability between labour and capital. Actual engineering data, particularly in the field of manufacturing industries, seldom permit such a wide range of choice and in this respect, we believe that the Kenyan Report has put the right emphasis by insisting that labour-intensive technologies must be created by local research and design, rather than simply assuming that they already exist on a significant scale in many branches of manufacturing industries. The need for research and development expenditure in this context, both by the public and by the private sector, cannot be overstressed though the task involved in relation to available resources is truly formidable.

30. A possible line of action suggested by the Ceylon and the Kenya Reports is promising. One could probably start with "light" machinery directly linked with agriculture e.g. small tractors and capital imports such as tea-processing machines. Low-cost housing is another example, the Kenya Report suggests that, "The means of providing low-cost housing of an acceptable nature lies not in technical solutions but in administrative and legal reform. There are already traditional designs of construction (e.g. the "Swahili" house) which, with perhaps few modifications, can provide adequate housing at a price which most urban families can afford."<sup>19/</sup>

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<sup>18/</sup> Towards Full-Employment, op cit. p. 134, para 416.

<sup>19/</sup> Employment, Incomes and Equality, op cit. p.10.24

It should also be mentioned in connection with the development of locally appropriate technology for agricultural equipment like "small" tractors that their relatively "capital-intensive" nature over more traditional methods, is often justifiable due to their "land-saving" bias by making multi-crop agriculture possible. This argument is especially important in a country like Ceylon with high population density on cultivable land and needs to be examined in detail.

31. A second reason why the problem of the choice of technique appears overstated is the fact that the scope of this choice is usually marginal. The existing capital-stock in industry can seldom be readjusted to employ much more labour. It is only at the margin that new investment can take a more or less labour-intensive form. Viewed in this context, the policy suggestions contained in all the reports for using fiscal and monetary policies which make labour cheaper in relation to capital goods, seem to be a case of wrong emphasis. For as we have already mentioned, the quantitative importance of this problem seems to be rather limited - it cannot justify all the sweeping changes in fiscal or monetary policy whose main purpose is only to make capital relatively more expensive. The reports are right in pointing out that an overvalued exchange-rate, in fact makes imported capital goods less expensive than they should be or inappropriately high standards of labour-laws (however much desirable on social grounds) in the organized industrial sector make labour more expensive than justified on grounds of relative scarcity and similarly, a higher price for the borrowing of finance through raising the interest rate is justified on grounds of capital scarcity in these countries.

32. In principle, one can agree that a more accurate valuation of the relative "factor-prices", i.e. so-called "shadow prices" for foreign exchange, labour and capital will be a move in the right direction for a better allocation of resources. But the point here is a slightly different one, should these shadow-prices be actually implemented as a matter of policy, rather than just being used as notional prices for evaluation of investment projects? It is our contention that any improvement in resource-allocation through a more appropriate choice of technique, which such sweeping changes in policy may bring about, may not be quantitatively significant to justify ignoring the other implications of such broad policy



changes. Examples are major economic questions like income distribution and the need for structural changes in the economy, etc. There is no disagreement with these policy recommendations of the reports. We only wish to point out that the use of such broad policy instruments as exchange rates, lending rates of financial institutions, wage rates for unskilled labour, etc. cannot be used only to influence the choice of techniques, but they must also be justified in relation to other major economic and political consequences flowing from them. Perhaps, in this sense, virtually all of the reports have tended to oversimplify the problems of policy formulation.

33. This may lead to special problems or even inconsistencies in certain cases. For example, smaller investment allowances are suggested in the Ceylon Report <sup>20/</sup> for making capital goods more expensive, seems to raise administrative problems for the tax-free zone which may be established (in Trincomalee) and where foreign capital will be attracted through various incentives such as a "tax holiday". Not taking a unified approach to domestic and foreign capital may rightly be a deliberate policy under many circumstances, but the associated administrative problems should be fully considered. The policy of attracting foreign private capital on liberal terms, as followed in Kenya and Iran in the past, will seem to contradict the general policy of making capital more expensive in relation to labour at least in some situations. A definitive policy of the relationship between domestic and foreign capital needs to be spelled out. Another method of making capital more expensive is to raise the tariff rate on capital goods, as suggested in the Iran Report. <sup>21/</sup> It is not clear whether such a policy will tend to favour more labour-intensive methods and encourage domestic capital goods industries, instead of raising the cost of overall production. As stated before a policy instrument like the tariff rate may not be convenient to use for any specific purpose such as encouraging labour-intensive technology without producing repercussions elsewhere in the economy.

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<sup>20/</sup> This is not always strictly true. For example see Matching Employment Opportunities and Expectations, Ceylon Report, p.203 para 686, where it is explicitly stated that "fiscal policy and exchange-rate policy need to be thought of together as a single set of measures for: (a) balancing aggregate demand and available supply and (b) removing price distortions at the same time.

<sup>21/</sup> Employment and Income Policies for Iran. op cit. pp.15-16 and p.101. See particularly recommendation C.3 on p.15 suggesting "abolish all tariff concessions on the import of machinery and equipment", and also, C.7(c): "a higher rate (e.g. average of 30 per cent on finished goods (capital or consumption).

34. Regarding the relative emphasis between large- vs. small-scale industries and handicrafts, the relation between them can be complementary or competitive. The reports raise considerable hope that industrial policies may be formulated to encourage a complementary relationship between the two sectors and the Ceylon Report even mentions the Japanese "sub-contracting" system in this context. Even without going into all the technological and organizational problems associated with efficient production by small-scale industries and its long-term consequence on the industrial structure of the economy, actual experience of many countries, e.g. India, makes it abundantly clear that the relation between the modern manufacturing sector and small-scale industries often tends to become competitive. That is the two sectors compete for relatively scarce inputs like working capital and foreign exchange <sup>22/</sup> on the one hand and for a share of the domestic market on the other. In this respect, it appears to us that a major gap exists in these reports. For though they suggest organization of better credit facilities, co-operative distribution and marketing, etc. for small producers, they appear to have failed to specify a sufficiently strong set of policies that will probably be needed, at least in the short-run, to protect small-scale industries from competition with modern factories. On the other hand, if such measures are taken, then the longer-run question of how to make protected small-industries gradually competitive over time becomes a crucial policy problem and it is our impression that none of the reports has been able to tackle this question convincingly.

35. The question of devising policies for more intensive utilization of the existing stock of capital receives attention in many places in each report. It is a complex question with many dimensions, and a satisfactory treatment of these issues requires more detailed investigation than has been provided by any of the reports. For example, to the extent unutilized industrial capacity can be more effectively used through better labour-relations and management, more judicious allocation of working capital and foreign exchange, or a more efficient system of repair and maintenance;

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<sup>22/</sup> The common belief that small-scale industries have a lower import-content is often untrue, as shown, for example, by empirical investigation in Ceylon. See technical paper No. 13, particularly Table 2 and para 5 of cit.



better utilization will strengthen the process of industrial growth at a lower capital cost. The main problem here is to identify the major causes of underutilized capacity in each case, and except for a few illustrative examples, the reports are too general on this point to be particularly useful.

36. There is also the related question of the number of shifts worked, one must consider the indirect investment cost which may be additionally required in order to see whether increasing the number of shifts is an economical proposition or not. It is of course understandable that in most of these countries with a weak statistical base, such questions cannot usually be quantitatively answered by missions of relatively short duration. Clearly, perfection in reasoning based on massive statistical evidence is a highly time-consuming process which should not even have been attempted in a situation where the need for immediate action is so pressing. Perfect theoretical formulation, however desirable, is no substitute for determined action in the right direction.

Continuation of the Evaluation of the Role of Industry in the  
Four Employment Strategy Missions  
(Questions 1.(f) - 7.(b) of Annex)

1.(f) Providing a basis for country programming of international  
development assistance.

All ILO employment missions are extremely invaluable not only in regard to the attention given employment problems but also the considerations that are shed on other economic problems in regard to development assistance. Regarding country programming of international assistance, many problem areas should be addressed and employment considerations and the generation of employment should be of primary concern; however, other problems must be recognized such as developing or maintaining a high rate of growth, the balance of payments, acceleration of industrial growth, education and health problems, etc.

2. The process of design and implementation of the four missions that  
have taken place so far, including the involvement of the various  
agencies at different stages, of this process. The rationale of the  
inter-disciplinary approach.

In regard to the involvement of various agencies at different stages of design and implementation we welcome this. When it comes to the rationale of the inter-disciplinary approach, we certainly believe that it is necessary for the successful implementation of future employment missions and programs that are going to be followed in relation to solving employment problems.

3. The extent to which the objectives of these missions were achieved.

We believe that this remains to be seen. Knowledge of how far the recommendations will be implemented are needed before any judgement can be rendered on the missions.



4. The extent to which the original objectives remain valid, and possible need for redefinition of objectives.

We feel that the answer to this question is embodied in other answers to these questions.

5.(a) Inter-Agency missions compared with alternative methods of helping countries to improve their national employment policy-making; conditions in which one or other of these alternative approaches is likely to be optimal; for instance, the present type of missions compared with smaller and longer advisory missions; regional employment teams; multi-disciplinary inter country missions of the UN; World Bank economic missions; country examinations of the kind organized by OECD and CIAP.

Each type of mission serves a purpose, and it is difficult to judge whether a mission from one agency alone can do a fully adequate job in proposing policy guidelines. When it comes to employment, it should be remembered that employment is not a sector but rather a problem area. Consequently, an inter-disciplinary or a multi-agency approach is desirable. Within the industry sector numerous specialized missions are often essential to clarify problems. There are pro and con arguments for any particular type of mission, and any one kind of mission is not substitutable for a variety of missions. It should be remembered that the achievement of the overall employment goal will be made by the contribution of all sectors.

5.(6) Relationships, complementary or competitive, between different approaches.

Different approaches to the same problem may give different colorations to the results that emerge in regard to the answers that flow from the research effort, and this process will bring about a different emphasis on the final policy recommendations. Nevertheless, the end product should create more complementary results than conflicts of interest and be a positive contribution to the development effort.

6. Conditions in the host countries that should affect timing and type of international action (e.g. degree of acceptance at various political levels of employment as a policy objectives; attitudes towards international advice; availability of data and of counterpart personnel; political and administrative ability to recast economic and social policy).

It is difficult to make hard and fast rules in regard to this question, because the case of each country would differ considerably depending on the reception by the Government of the mission report and especially the specific proposals that would emerge from ILO recommendations. The priority with which the Government attaches to different sectors and problem areas will also be crucial. There is the problem of the number and quality of counterpart personnel. Nevertheless, it is felt that both exploratory and regular employment missions are invaluable.

7.(a) What can be done to ensure better understanding by governments and UN Agencies of what is meant by and required for the implementation of policies designed to promote employment on a large scale?

- Although recruitment problems are fully recognized by the government of developing countries, care should be taken not to give the impression that employment considerations should have precedence over other objectives such as overall development, sectoral problems, and the international competitive position of the nation in question. One method would be to recommend a time horizon in which stop-gap employment measures could be instituted but keeping in mind that long term goals should not be sacrificed. This approach depends upon how serious the government receives the report of the mission and will be demonstrated by actions taken. Moreover, the report should not be biased against other sectors.

7.(b) What can be done to improve methods of ensuring effective follow-up of diagnostic and advisory missions on employment policy by the host country, UNDP, the other participating international organizations, bilateral programmes of international development assistance?

Small follow-up missions should be sent to the participating country at certain intervals after the major survey mission has completed its work in order to evaluate whether the mission has been effective and the recommendations are being carried out.

The UN itself has a heavy responsibility here. For instance, within ILO and other agencies, the recommendations of the mission or missions should be disseminated to all interested offices and follow-up actions must be carried out. Of course, ultimately the government in question must carry out suggested policies.



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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

THE PILOT MISSIONS UNDER  
THE WORLD EMPLOYMENT PROGRAMME

by

Richard Jolly, Dudley Seers and Hans Singer

The authors in presenting this paper are acting entirely in their personal capacities and not as chiefs of missions; the views expressed are their own and are not intended to represent those of any of the other members of missions which they headed. The paper is also subject to additional revision in case of eventual further circulation.

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THE PILOT MISSIONS UNDER THE WORLD EMPLOYMENT PROGRAMME

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World Employment Programme

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I. Objectives

1. Paragraph 1 of the agenda ("Issues on which Evaluation of Inter-Agency Employment Missions should focus") refers to the objectives. These are, of course, crucial to the evaluation. But objectives are held by the governments requesting missions, by the ILO, by UNDP and by other agencies taking part, by the missions themselves - not to speak of the aims of various groups and individuals within each of these. Many objectives change over time and are only vaguely defined - if they are known at all. Even to the most naive it is obvious that the objectives of different parties do not by any means coincide and, in fact, may well conflict.

2. But they also overlap. Let us take it for the purpose of this paper that there is one objective which is common to all parties: to reduce the magnitude and intensity of the employment problems in the country concerned. This implies a number of changes in policies (and institutions) not only in that country but also in others, rich and poor, especially trading and investing partners, aid donors, those involved in the development of science and technology and in international organisations.

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<sup>1</sup> We are grateful for comments and suggestions on an earlier draft from John Anderson, Ronald Dore, Arthur Gaitskell, Rafie Kaplinsky and Lawrence Smith, all members of one of the three pilot missions discussed in this paper. We have tried to take account of these comments but naturally the views expressed in this paper cannot be assumed to be those of these mission members, or of others.

3. It follows that, whatever the formal appearance, a mission report is not only written for the government to which it is addressed. In fact, the government is not really the only addressee within the host country. Part of the report's job is to focus public attention on employment problems and related issues (especially income distribution). This will help the government and other key interest groups to adopt and support the strategy suggested. But suppose the government rejects the proposals, the report could still have a positive effect in the hands of those inside the administration, and outside it, who are trying to mobilise support for the necessary changes in direction. Indeed, in such a case, it should not be held against a mission if its report may be one of the factors which leads to a change in government. Conversely, a report would be counter-productive if it reinforces the power of such a government (e.g. by providing a cover for inaction) and helped prevent its removal or reform - assuming that an opposition group or movement which might come to power offered a more constructive alternative.

4. We can also assume that from the viewpoint of all parties, except perhaps the governments which requested them, the pilot missions had an additional objective: to contribute to the alleviation of employment problems in the rest of the world. There are a number of ways in which they could do this. Their reports would, without even being written with this in mind, be of at least some relevance to other countries, especially those with similar socio-economic structures.<sup>1</sup>

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<sup>1</sup> This raises the further question of how far the solution of unemployment in a particular country leads on to its external ramifications on employment problems in the rest of the world. This problem arose in the Kenya mission when considering how far the Kenya proposals on tea and coffee exports should take account of proposals made earlier by the Ceylon and Colombia missions. The same problem also arises  
(footnote 1 continued on p.3)



5. But a more deliberate intention was to sketch out the fundamental nature and the magnitude of unemployment and other employment problems, and draw attention to them. This meant examining critically a number of concepts, starting with "unemployment" itself, and looking for causal relationships and solutions that might be applicable in many countries or require international action. Such work would help to give content to the World Employment Programme; it would identify worldwide issues on which statistical information, research and action were needed, and here the impact could be wider than the WEP and it would help to keep the employment problems firmly in the centre of the attention of governments and agencies.

6. A longer-term objective for the pilot missions, at least in the eyes of many mission members, was to put employment, or (more broadly) social objectives, in the forefront of professional research and teaching on development problems and to stimulate reforms of texts and syllabuses, drawing on the analyses in the reports. It had become clear in the 1960s that the maximisation of economic growth was inadequate, perhaps even dangerous, as the central objective in development theory; the work of 'growthmongers', whether in classrooms or planning offices, was being brought increasingly into disrepute

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(footnote 1 continued from p. 2)

when considering the removal of constraints in richer countries against the sale of products from poorer countries (which must be one of the important objectives in order to raise incomes and reduce unemployment in poorer countries), frequently resisted precisely because it may cause more unemployment in the richer countries. The agricultural policy of the EEC and the textile industries in many rich countries would seem prime illustrations of resistance to open imports from poorer countries very largely because of this risk.

(especially in the eyes of the younger generation). Basic changes in theory are a necessary precondition for the far-reaching shifts in the approach of political leaders, international and national officials, etc., which need to take place if really profound changes are to be made in policy.

## II. Setting Up the Pilot Missions

7. We shall discuss how completely these objectives have been fulfilled, and try to indicate lessons for the future. But first let us examine briefly how appropriate the organisation of the pilot missions was for these objectives. The examples cited refer only to the Colombia, Ceylon and Kenya missions.

8. A most important question has been raised by paragraph 3 above: how appropriate were the host countries? Were the governments selected unlikely to be dedicated to the solution of employment problems? Were there in these countries alternative administrations, plausible and more constructive, which the very appointment of a mission would help keep out of office? Additional criteria for selection are implied by paragraphs 4, 5 and 6. How 'typical' is a country, in the sense of yielding results of interest to others? And what opportunities does it offer for the study of particular aspects of the various employment problems?

9. Kenya provides perhaps the clearest answer to these questions: those considering the Kenyan request could reasonably assume that the Government was concerned about unemployment and other employment problems to realise that big policy changes would be needed to deal with them and willing, at least, to consider them seriously. Perhaps most important there were individuals in government and outside



keen to see broader issues of strategy, particularly towards income distribution, brought into the mainstream of national debate. Moreover Kenya well illustrates problems of dualism and might be expected to throw up policy issues similar to those of other African countries where employment problems are not yet quite so acute.

10. The cases of Ceylon and Colombia were rather different since the uncertainties of the internal situation of both countries made it difficult to predict the weight which was likely to be attached to the solution of employment problems by government administrations in the respective countries. Nevertheless, in other ways, both countries seemed good cases for study. Ceylon has fairly typical structural characteristics, and it provides a classic case of 'educated unemployment' - a problem emerging in many other countries. While Colombia was perhaps the least obvious candidate of the three, as a medium size country, partially industrialised but dependent on coffee exports, its choice seemed quite appropriate.

#### Approach

11. The objectives of providing something useful for other countries (paragraph 4) and of making a fundamental examination of the nature and causes of unemployment (paragraph 5) largely determined the approach of the pilot missions. It could be argued that, even for the sake of the countries they visited such an approach would have been more useful than a set of more detailed but piecemeal recommendations. But in fact a survey sector by sector of the roots of the unemployment problem, and of possible lines of solution in each sector, woven together into a strategy of socio-economic change was essential if we were to satisfy the terms of reference, which required us to prepare programmes



for achieving big reductions in unemployment. Nevertheless the broad scope of the reports inevitably laid us open to the challenge of not being specific enough in each matter of detail - and nationalist emotions aroused by a foreign mission would probably have been less had the scope of the work been more restricted.

12. Even more crucial was the decision to prepare a programme and a strategy sufficient to deal adequately (as far as we could tell) with the full range of employment problems, regardless of whether the programme was immediately acceptable or not. It is this which ultimately determined the ambitious nature of the programmes and accounts in large part for the fact that the chance of full implementation is small.

#### Size

13. The decision to adopt a comprehensive approach to the problems pointed to fairly large missions - though not necessarily as large as the pilot missions actually were - with experts in many sectors and other social scientists besides economists. It also meant that the chief of mission would call on the resources of all the leading international agencies, including field personnel. (Nevertheless, as we propose in section V, there are probably better ways in which a wide range of expertise can be called upon without adding so much to the size of the mission.)

#### Relation to agencies

14.. In addition, it indicated the need for the chief of mission to have a final say in the selection of personnel and the text of the report. This was indeed in the interests of the ILO and other agencies, otherwise they would have been held in a degree responsible. In fact, one or two agencies did try to induce the chiefs of mission to accept particular



people (often totally inappropriate in quality or background) and to insist on their own pet doctrines, especially at the inter-agency meeting to consider the draft report. But on the whole they were very co-operative and helpful. The backing of the ILO was outstanding and very important.

#### Internal structure

15. A mission could, in fact, be run dictatorially, but the need for drawing on the experience of its members and for getting their full co-operation meant spreading responsibility. This was done by two devices - establishing working parties for the main sectors and setting up an editorial group (consisting mostly of chairmen of the working parties) which was in a sense "the mission". However, in order to ensure a degree of coherence, the final editing was done by the chiefs of mission, who alone carried the responsibility for the text.

#### Use of projections

16. The basic approach of concocting an over-all strategy from sector policies also required the preparation of projections to test their consistency in terms not only of employment, but also foreign exchange, savings, sectoral balance, etc. This was handled differently in each of the three missions. There were advantages and drawbacks in each approach and perhaps a special discussion is needed on this point.<sup>1</sup>

#### Integration

17. One major question is how much a mission should try to integrate itself in the government machine. It could do this by merging into the local Ministry of Planning, or by spreading its members over several departments. The issue of

<sup>1</sup> See also paras. 31 and 32.



integration is related to the emphasis given to the 'international' objective. Broadly, the more completely a mission is integrated with the host government, the less will it be able to produce a report which is useful for other countries and international agencies. Also the less will it be able to produce anything fundamentally critical of its host and the greater the danger of opposition being aroused, which could inhibit publication of the report. On the other hand, the greater the degree of integration the greater the access to information, the more the mission's proposals will concentrate on the practicable and the greater the chances will be of some implementation, though probably implementation of a programme much less than is required to deal adequately with the full set of employment problems.

18. The Colombia mission kept very much to itself: this was possibly justified for the first pilot mission, since a particularly heavy weight had to be given to the 'international' objective. The Ceylon mission had little option on this point since the Permanent Secretary of the Ministry of Planning and Employment declined offers of collaboration (offers which went so far as to contemplate the mission's members joining the team working on the development plan). His senior officials did, however, take a fairly active part in the mission's work, even receiving drafts of all working papers.

19. The Kenya mission went slightly further, consulting local officials rather more extensively during the fieldwork and drafting stages, and providing a number of copies of the complete draft for government comment, without incurring the costs mentioned in the previous paragraph. An especially important feature was the existence in Kenya, prior to the arrival of the mission, of a select committee of the national parliament (National Assembly) on unemployment and a report



published by this select committee. The mission drew attention to this committee in its own report and supported a number of its recommendations. Such reinforced recommendations were particularly important in that they gave the mission an opportunity to strengthen national proposals rather than develop entirely new proposals from outside. This also applied to some other government and non-government reports. Future missions should, in our view, pay close attention to such opportunities.

#### Use of nationals

20. Similar issues are raised by consultation with unofficial, especially university, organisations. The Ceylon mission made virtually no use of local research institutions in the social sciences because at the time of the mission's visit there were really none. The Colombia mission commissioned a university institute to prepare special tabulations and projections. The Kenya mission went much further, collaborating closely with the Institute for Development Studies of the University of Nairobi, which in pre-mission discussions had shown some hostility to it. University members (nationals and expatriates) were employed in various capacities as full and part-time mission members, others were shown drafts and invited not only to comment but to write papers. Again this appeared to work out satisfactorily and played a big part in dissipating the initial coldness, which could have been damaging, and in laying the foundations for follow-up research.

21. All the missions included nationals among their members, some of whom played leading parts and belonged to the editorial group. This could raise problems, but in fact in all three cases the contribution of the nationals was considerable and there were advantages in the consequent 'image' of the mission locally. If, as in the case of the



Kenya mission but not the other two, the nationals (actually University of Nairobi staff) are local residents, the prospects for building a local base of persons acquainted with the report and concerned with its implementation are increased. There is the further advantage that mission members will then be available to put across the mission ideas, to carry them further and to act as on-going consultants to government (or pressure groups) to encourage and plan for action.

#### Period of work

22. One major defect of all three missions was that they were too hurried. We were in each case pressed by the governments concerned to report quickly - which, to be frank, also suited our own convenience. In particular we did not spend enough time in advance preparation. We should have read more in advance; commissioned research, both at agency headquarters and in the host country, to suit our needs; ensured that material which had been collected would be available and that it would be processed in ways which would be useful; planned special sample surveys to fill any major gap, especially on questions such as people's job preferences.

23. In all cases some important advance work was carried out by the ILO, especially bibliographies and labour force projections, but we did not make nearly as much use as we could have of the huge resources of the international agencies, including regional commissions. We should also have made more progress with economic projections before the fieldwork started, at least narrowing down the range of possible strategies, on the basis of simulations. A good deal of advance material, including analysis, had been specially prepared for the Colombia mission (by FREALC), amounting almost to a preliminary report, but the work had been set in



motion before the mission chief was selected and it was not really properly exploited. (Some papers were also prepared by ARTEP for the Ceylon mission.) We arranged in each country for advance tabulations of recent surveys, and for special surveys to be carried out in Ceylon (on topics such as the degree of use of productive capacity, the attitudes of secondary school graduates to jobs), and also in Kenya (labour turnover). But we could have done much more.

24. Fieldwork was rather short, especially for the Colombia mission, which only spent five weeks in the country, and in Ceylon, where the mission was for most of the time confined to the capital. This meant inadequate time outside Bogotá and Colombo - although in all three countries there were important regional problems. It also meant that contacts with government departments and other institutions was barely adequate. In all three cases there were major issues of strategy which were never settled before the editorial group got into its stride. In fact, the pilot missions could not carry out study in as much depth as was necessitated by the objectives outlined.

### III. Increasing Understanding

25. Paragraph 5 has emphasised one key objective of the 'pilot' missions: increasing our understanding of the employment problem. What we have learned can only be judged by reference to what we once knew - or thought we knew. The general approach to employment problems today is very different from that of the mid-1960s. The mission reports have, we would argue, made a significant contribution to this change. But they are only one of many influences, part of a wider process of discovery and understanding, to which contributions were made by planning offices across the world



grappling first hand with unemployment and by universities and research institutions (and international agencies) studying it - not least other activities under the World Employment Programme. To distinguish in all this the new comprehensions which can be traced directly to the mission reports is obviously a fruitless endeavour. The reports helped to push the frontiers forward partly by developing new ways of looking at problems and partly by bringing into the arena of public debate ideas already afoot elsewhere. One cannot be more precise than that.

26. What were the dominant views on employment problems in the mid-1960s? In the academic world, economists were still preoccupied with labour surplus models focussed on the different stages in the process of transferring unemployed or under-employed rural labour to the urban areas, where they were assumed to be fully employed in an expanding industrial sector.<sup>1</sup> When doubts were expressed about this model, they were doubts about whether reality matched the model's assumptions - in particular, the assumption that real wages would remain constant as long as rural surplus labour existed. But even when it became clear that real urban wages were often rising rapidly, it was argued that this did not invalidate the model's usefulness. Rising urban wages would lead to the adoption of more capital-intensive techniques and the growth of urban employment would be slower than otherwise. At the same time, the flow of labour to the towns would be greater, thus adding urban unemployment to the rural which already existed. But these changes were still treated largely as modifications to the basic labour transfer model, not as

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<sup>1</sup> Although Arthur Lewis's two classic articles had been published in the 1950s, it is worth noting that Ranis and Fei's book, The Development of the Labour Surplus Economy, was first published only in 1964.



fundamental reasons for reviewing the adequacy of the model's conception of employment, the variables it considered relevant, its treatment of e.g. education or the structure of land ownership or technology, its determining mechanisms or the trade-off between employment and other economic objectives. It was generally assumed that growth was in itself the solution, and its benefits would in due course automatically 'trickle down' to the poor. A redistributive policy might therefore actually harm them - if it was 'premature'. Hence the UN growth targets for the "first development decade" (5 per cent by its end).

27. In government offices, the sense of reality and urgency was greater. Development plans identified unemployment as a major problem, particularly the difficulty of finding enough jobs for school-leavers. Nevertheless, few such plans contained anything remotely like an integrated employment strategy. The essential orientation was still towards the expansion of output, with the involvement of people a by-product. Most had a strategy built of sector projects and programmes loosely tied to a core in which total capital investment was derived from some assumptions about the growth of output, with employment linked to output by crude assumptions about labour productivity. It is of course true that many of the programmes of these plans were directly relevant to employment strategy. The need for family planning, for intermediate technology, for rural works projects, for dispersion of industry, and for employment-creating rural and agricultural programmes were often mentioned. There were warnings that if wages continued to rise, the growth of employment would be slowed. But these were never fully integrated with the total strategy and were usually peripheral to the general concentration on economic growth.

28. Because two of us were involved in all three missions, we can trace a certain evolution in our understanding about the nature of the problem, its causes, and solution.<sup>1</sup> We sketch below what seem to us some of the main landmarks in this process.

29. The Colombia mission took the decisive first step by giving to employment a dramatically enhanced priority in the scale of economic objectives and treating employment problems as a symptom of a country's failure to achieve 'development'. It emphasised that the employment problem was not one problem but three: the shortage of work opportunities, inadequate incomes from work, unutilised or underutilised labour resources. Within each of these categories, different types of unemployment and under-employment were identified, both visible and 'disguised'. The report uncompromisingly identified low incomes as the central problem, concluding that "in the last result the real tragedy of those without jobs is the poverty into which they slip and which they share with all those with very low incomes. After all, the ultimate object of policy is not just to provide more jobs, but to provide work which is socially attractive and yields enough income for a reasonable standard of living".

30. In spite of various refinements in subsequent reports (in part related of course to real differences in the employment situation in the different countries to which they refer) this emphasis on poverty as the essential problem persists. No one would pretend that it took great insight to recognise this or that the ILO missions were the first to

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<sup>1</sup> We may have found this learning process facilitated by the sequence of the reports, starting with the most developed country of the three. This may have made it easier to break away from concepts and analyses suitable for industrial countries.



do so. Nevertheless, as a matter of objective evaluation it must be said that this viewpoint was not the general one at the time (or, possibly, even today). Academic economists still tried to identify unemployment primarily with under-utilised labour and politicians still tended to be preoccupied with the frustrations of school-leavers. But the general problem of poverty is broader, more fundamental, and in the last resort conceptually distinct from the other two.

31. Probably the major contribution of the Colombia report to the analysis of employment problems was its emphasis on income distribution as intimately linked to the roots of the problem. A high degree of concentration of income means a high demand for luxury goods and (probably) transfer of savings abroad, heavy imports of luxuries, much foreign tourism and - in the context of a typical Latin American policy of import substitution - considerable local production of capital-intensive and import-intensive goods. Little evidence could be produced in this report as to the quantitative magnitude of each of these links in the chain of effects. But as far as one can judge, this section of the Colombia report had a significant impact on development thinking at the time, partly because widespread reaction to the optimism of the Pearson report had already set in, partly because the persistence or worsening of inequality was becoming more widely known (most notably from the lessons of the early application of the new seeds) and partly because the Colombia report made direct links between reducing unemployment, curing poverty and altering the distribution of income. At the time, the emphasis on the predominantly negative development effects of an unequal income distribution was somewhat new. Conventional thinking was still dominated by the assumption that people with higher incomes saved more and thus that the more unequal the distribution, the higher would be savings, investment and growth.



32. The Colombia report emphasised that a fundamental change in the employment situation would require a change in the total strategy of development, not merely changes in a few key areas, e.g. in the wage level or foreign exchange rate. Land distribution, tax reform, educational strategy, health policy, technology and industry, government organisation, all, in one way or another, were brought in. Of these, the decision which the Colombia report identified as central concerned the relative rates of growth of the urban and rural populations. If rural-urban migration continued at past rates, it would lead to intolerable burdens of absorbing labour in the towns; if reduced to zero, it would lead to intolerable burdens for labour absorption in the rural areas. The crucial variable for strategy was therefore the rate of internal migration.

33. Although the physical location of the labour force is obviously important, whether this is the essential issue on which policy should focus is with hindsight highly doubtful, let alone one which is meaningful in terms of the policy instruments available to influence it. By the time the Kenya report was produced, our thinking had moved far from seeing this as the strategic choice, which determines all others.

34. Indeed, the underlying model of employment, growth and productivity in the Colombia report was still very conventional. It is true that this model was relegated to an appendix and did not have much influence on the policy recommendations, but it did provide the framework for testing consistency. The basic form is  $Y - P = L$ , where Y is the growth of output, P the growth of productivity, L the growth of employment. In one respect, of course, this is merely an innocent tautology - but at times we gave it causal



significance by searching for ways to increase Y, or decrease  $P^1$  and thus increase I by enough to match our forecast of the growth of the labour force.

35. The crudity of this macro model subsequently came in for a good deal of criticism, which possibly detracted attention from the main message of the report. And, in general, at least for its impact on international thinking (as distinct from its contribution to thinking about policy in Colombia) one wonders whether the shift of emphasis towards poverty and income distribution could not have been greater if we had concentrated on them more heavily.

36. Some emphasis on poverty and income distribution can clearly be seen in the Ceylon report, too, but its relative importance is somewhat less, partly because Ceylon is a much more equal society which for years has provided many elements of a welfare state, and partly because the underlying elements of the problem are less directly related, or so it seems, to income distribution.

37. The analysis here was dominated by the plight of the educated unemployed, with some two-thirds of secondary school-leavers under twenty-five being out of work, though this led on to a more general concern with structural divisions and imbalances in the labour market. There was certainly a gap between the growth of total employment opportunities on the one hand and the total labour force on the other, but this was in numerous ways compounded by structural imbalances between the types of work which people want and the

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<sup>1</sup> P is of course an aggregate of productivity growth over sub-sectors and over high and low productivity units within sectors. To decrease P as a growth rate does not imply deliberately lowering actual productivity but, for example, encouraging relatively higher growth of production in units using intermediate technology or in labour-intensive sectors.



opportunities available. Labour on the estates had long, for ethnic, linguistic and political reasons, been separate: those working on them but underemployed have very great difficulty finding jobs elsewhere. The rest of the labour market is cut through by the mounting disproportions between the number of educated persons seeking jobs and the openings available at a level of income which those who have been at secondary schools have come to expect.

38. This raised serious questions about the meaning of 'unemployment'. The figures conventionally used for labour force supply add up people who would only accept various minimum levels of income as if they were identical. But it is not only a question of income. The Ceylon report brought out some other features of the labour market still hardly discussed in economic literature. The first is that the attraction of a job is a matter of regularity of income and security as well as of average levels of pay. This point is easy to overlook because well-paid jobs are also those offering greatest reliability - in the double sense of security of tenure and a steadiness of income (as long as one holds the job). Moreover these all go together - broadly the higher the pay, the greater the security of tenure and the less the risk of a big fluctuation in income. The reliability of salaries is matched by that of the income of other well-paid people, including those self-employed who enjoy a substantial property base and work as large or medium scale farmers and traders. On the other hand, those with little property and/or low income are usually also insecure. So it is not only income that needs to be taken into account when incentives are being altered.



39. The emphasis on structural imbalance between job seekers and work opportunities was carried through in the Ceylon report into a discussion of fundamental changes in the structure of education, of wages and of the process of selection for jobs. At every point, the use of education as the point of reference by which to fix pay scales or select people for jobs was ruthlessly attacked; abandoning this approach was seen as the essential condition for the constraints on educational reform being relaxed.

40. It is worth contrasting this analysis of the educated unemployed with what is common in economic literature. Until the end of the 1960s academic studies gave very little attention to the educated unemployed in 'developing' countries. Unemployment was the result of the labour force exceeding job opportunities. The appearance of educated unemployment was simply the result of a simultaneous expansion of the education system. With less education there would have been the same amount of unemployment, but the unemployed would have been less educated. In short, there was no deep connection between education and unemployment.

41. Probably the most sophisticated study of educated unemployment in Asia before the Ceylon report was that of Mark Blaug and his colleagues.<sup>1</sup> They clearly identified unemployment among the educated as a separate problem, but they saw it as a changing queue of graduates each finding it "rational" to spend a period in search of a "good" job, meanwhile deliberately not taking an inferior one lest by doing so they excluded themselves permanently from what they really wanted. Ultimately the core of their analysis is a simple conventional neoclassical model in which unemployment

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<sup>1</sup> M. Blaug, P.R.G. Layard and M. Woodhall, Graduate Unemployment in India, Penguin Press, 1970.



is the result of contriving factor price disequilibrium - in this case of the salaries in the educated job market. Their explanation ignores other imbalances in the job market, and in the economy itself, and says nothing about structural complexities discussed in the Ceylon report, nor much about the effect of education on attitudes.

42. A feature of the report on Ceylon was the importance it attached not so much to the volume of education as to its nature. Education designed to provide paper qualifications for jobs that are not available, and at the same time making school-leavers unwilling to take the jobs that are, is of negative value. This casts a good deal of doubt on the utility of much education and manpower planning, in which 'the quality' of schooling under different circumstances is ignored and school years are added together and treated as if they were all of equal value.

43. The Ceylon report also greatly extended our understanding of the inter-relations between the world pattern of development and employment problems within Third World countries. Imbalance in a country's labour market is related to imbalance in the world economy as a whole. Even a partial solution of employment problems would in the short run throw even heavier burdens on the government budget and the balance of payments. Balance in the labour market requires the same in other areas of the economy, particularly with respect to foreign exchange flows and the pattern of government revenue and expenditure. These in turn are hard to achieve so long as the structural injustices of the world economic system persist.<sup>1</sup>

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<sup>1</sup> This is one interpretation of the failure of Ceylon's own plan of 1957, focussed ten years ahead of its time on the need to eradicate unemployment over the period 1959-1968. Exports actually expanded faster and imports were cut back more rapidly than the plan envisaged in physical terms - yet the forecast surplus in the balance of payments became a horrific deficit, the result of a deterioration in the terms of trade.



44. Methodologically, the Ceylon report, like that on Colombia, largely accepted the existing world system as the frame within which policies had to work, regardless of whether such policies were realistic in terms of being implementable given the existing internal system in Ceylon. It is in fact debatable whether such policies are within the Government's power to implement, since they imply severe restraints for many years on the growth of consumption of key interest groups (the urban organised labour force, in particular). Yet the damage to those living overseas of an improvement in Ceylon's terms of trade would almost certainly be less than any loss of welfare involved in achieving a redistribution of income within Ceylon. It is perhaps a weakness of the report that these issues do not emerge more clearly.

45. The Kenya report returned to the emphasis on income distribution but within a different setting. The dominant characteristic of Kenya in contrast with Colombia and Ceylon is the overwhelming proportion of the population living in the rural areas, and in severe poverty. This led to new approaches to the nature of the employment problem. First, preoccupation with the 'labour force' became clearly pointless. In official statistics, it is assumed that only 45 per cent of women 'participate' in the labour force. The reality is that throughout the rural areas most women are working in the field - usually for much longer hours than men. Moreover, the sharp distinction between time spent on 'economic' activities and on work for the family (fetching water, preparing food, teaching children and dealing with their ailments, etc.) is entirely arbitrary; many of the services just listed are often remunerated and counted as 'economic' in Kenya, even more so in other countries. A little reflection leads to the



conclusion that in any country the value of a contribution to the welfare of the family does not depend on whether the person concerned is paid for it.

46. In the urban areas, particularly Nairobi itself, the problem of deciding who was in the labour force was difficult for other reasons. The statistics on employment miss out many who are self-employed or working for small employers, in construction, trading, taxi driving, etc. - in some cases because small-scale activities of this kind are unlicensed, even illegal. These omissions occur in some degree everywhere, but in Kenya they amount to a large fraction of total economic activities. To understand the nature and role of this sector, which we called the 'informal' (or 'unorganised') one, turned out to be essential to understanding the mechanism of the labour market. Moreover, it is now clear to us that to infer the volume of unemployment by contrasting the growth of recorded employment with that of the labour force can be very misleading.

47. The concept of the informal sector illuminated issues far beyond those directly related to the statistics of employment. In almost every area of Kenyan activity, there appeared to be a sharp and analytically significant dualism between the aided, organised large-scale, foreign influenced formal sector and the ignored or harassed and essentially self-reliant, unorganised, small-scale informal sector. The tensions in this formal-informal dichotomy influenced the whole pattern of behaviour towards education, job seeking, migration, and thus of income distribution.

48. As regards policies, income distribution came again to the centre of the stage. Given the low average incomes, growth alone would not be sufficient to raise the living standards of the large proportion of the poor to tolerable



levels within a tolerable period. Nor would redistribution alone. The strategy of "redistribution from growth" consisted of:

- (i) stabilisation of the incomes of the wealthier sections of the country;
- (ii) the use of resources which would otherwise have accrued to the wealthy for investments to raise the incomes of the poorest sections of the population above specified "poverty lines".

49. To implement this implied a total change in a wide variety of government and other policy measures and institutions - e.g. land redistribution, the diversion of credit and extension services to help small farmers (especially those in the more marginal and risky areas of the country), the use of selection quotas for government jobs and education, the promotion and careful adaptation of indigenous technologies.

50. In two of these areas the Kenya report's analysis introduced a range of ideas not common in either the academic literature or in operational reports of this kind. It emphasised the need for a total change of policies and attitudes towards the "informal" sector, a rethinking of all regulations which attempt to impose unrealistic standards. And it carried the critique of the international context further, identifying a range of foreign influences of a sort commonly brought into analyses of Latin American problems but, so far, only rarely in Africa. This analysis led to the policy conclusion that there was a major need to be more selective in accepting private investment (and aid) so that the technology used, the types of goods produced, and the incomes generated would be more in line with the needs of the country.

51. To summarise, the three mission reports have approached their task within a common framework of analysis, though each has developed it in new ways. The assumption that there is not one employment problem but many seems amply borne out by the analysis; so therefore is the need for a marked change in much of the conventional wisdom which is still current. Even the dimensions of the problem have undergone some evolution from the first report to the third - the shortage of work opportunities of the Colombia mission report being subtly changed to preoccupations with expectations for particular types of work in the Ceylon report, and in the Kenya report expanded to include a much wider range of people frustrated by various problems and materially hit in various ways by lack of income.

52. The distinction in the Ceylon report between the two types of imbalances underlying employment problems - global and structural - seems another important analytical feature which will remain. The Kenya report makes clear that even further disaggregation may be necessary. One possible conclusion from the fieldwork in Kenya was that national analyses of employment problems were in many countries not very meaningful: perhaps what would be more helpful would be to analyse the problem of incomes, work frustration and labour utilisation, district by district, or at least within the major ecological regions of the country. However, one cannot be concerned only with what people in the labour force do, or even with the activities of the adult population. The direction in which the missions have clearly been leading is towards concern with the patterns of all human activities, through different stages of people's lives. The focus of concern is thus shifted from economic activities (from 'unemployment' or even 'employment' problems) to concern with all forms of economic and social deprivation, and the role of employment strategy in their cure.



53. Another dimension which has been opened up has been awareness of the political dimensions of problems. As will be shown shortly, implementation in the case of Colombia and Ceylon has been very partial.. This raises questions such as what weight a government actually gives to employment objectives, what freedom of manoeuvre it possesses given the structure and influence of key interest groups, both domestic and foreign, what costs would be involved in adopting an employment-oriented strategy, and how those who would benefit from such a policy could be made more vocal and more powerful.

54. We did in fact venture further in this direction than is the custom among international missions. The Colombia report, in particular, discussed how peasant support might be mobilised for land reform, and all three reports emphasised the need for the unemployed as well as the peasants and consumer interests to be represented, i.e. in bodies set up to make recommendations on labour legislation or incomes policy.

55. But we now see more clearly that the heart of employment strategy lies not in making economic projections, or finding ways of removing biases towards capital intensity, but in the balance of political forces, and the capacity of political leadership in government and outside to mobilise support in ways which will make changes successful.

56. This very much justifies the interdisciplinary nature of the missions, or perhaps more precisely the inclusion of people able to take account of the practical requirements of policy and its social and political implications (which is not true of all sociologists, still less all political scientists).

57. Finally, we kept on coming across similar influences in all three countries. The other main source of the problem is the international context - the impingement on 'developing' countries of foreign technologies, consumer tastes, attitudes, even political influence. This raises a question fundamental to any country's policy: what actually is its room to manoeuvre? What international constraints are there really on the operation of a far-reaching employment policy, including a much more selection approach to foreign capital?

#### IV. Effects

##### (1) On teaching

58. Certainly the three reports point to fundamental changes in not merely the economics of development but the whole approach of the social sciences - perhaps more profound than the 'Keynesian revolution' which started in the 1930s, in response to the less chronic but extensive world unemployment problem of that time. This means fundamental changes in texts and syllabuses, away from preoccupation with economic growth and towards a treatment combining social, economic and political analyses. The largely instinctive feeling of some students, often the brightest, especially in 'developing' countries, that existing teaching material is irrelevant or even a dangerous evasion of reality, is not entirely misplaced; certainly some changes are needed if such students are to feel much stimulus, or even interested, in their studies.

59. We do not know the extent to which these shifts are actually taking place, still less how much they could be attributed to our reports rather than various other influences working in the same direction. What does seem clear is that the Colombia report had a considerable impact on university teaching, especially in the United States, where it seems to



be a frequent reference in graduate school reading lists. And at IDS we are trying to meet the implied challenge by devising a new syllabus for a graduate degree in development studies, to start next academic year, and we plan to back this with appropriate texts.

60. We hope that other papers at this meeting will indicate how much and in what ways research has been influenced. A rich field has been revealed.

(2) On policies of host countries

61. First the facts so far as we know them. The Colombia report was requested by and delivered to President Lleras just before he was due to leave office.<sup>1</sup> He passed it on to the incoming President, Pastrana, who welcomed it with considerable enthusiasm. A very high-level National Council was set up to study it - they issued a report which was on the whole favourable, though some trade union members dissented.

62. But actual implementation has been a different story. We gather that there has been some impact on day-to-day decisions - one of us was told by an official on an import control committee that they were following our criteria. Key proposals of our report, however, such as the acceleration of land reform, the shift of government expenditure on schools and other social services towards the rural areas and small towns, the switch of credit policy towards small businessmen and peasants, the increase in taxes (we endorsed the Musgrave report), seem not to have been carried out.

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<sup>1</sup> Under an agreement between the two main parties, the Liberals and Conservatives, devised to promote political stability, the Presidency (and a number of lesser offices) has been held by each in turn for a period of sixteen years (four presidencies) starting in 1958. So Lleras could not be re-elected in 1970.

63. In one respect we opened a flank to unnecessary criticism. We quoted unemployment estimates which seem in the light of later and better surveys to have been too high. We had 'exaggerated' the problem. Our diagnosis did not really hang on the exact figures, but perhaps we gave too much weight to them and appeared to accept them too uncritically, especially by reprinting cross-classifications which could not be justified in view of the size of the samples concerned.

64. In any case, key personnel at the planning office has changed, and Dr. Laughlin Currie has returned as an adviser. The general orientation of the current development plan is towards concentrating government resources on the modern sector, especially urban housing, a very different approach from ours.

65. This does not mean that our report has been lost to sight. There may well be some people within the existing administration who are unhappy about the emphasis in the new development plan. Indeed, this is suggested by the terms of reference of a high-level mission which the Government of Colombia has recently requested the UNDP to finance, which among other things asks for discussion and analysis of the development plan "in the light of the recommendations of the Seers report".

66. The position of Ceylon is different. There the Permanent Secretary of the Ministry of Planning and Employment, after the mission reported, asked the ILO to hold up publication until his own plan was ready (to which the organisation quite rightly agreed). When the advance copies of the report arrived they apparently received little circulation. The problems raised for some officials by the Ceylon report are probably not entirely different from those of many officials in any country faced with a similar highly-publicised foreign



mission with vague terms of reference. Given the nature of the exercise it is almost inevitable that such mission reports will often arouse a good deal of antagonism among officials in any but the most deferentially dependent-minded countries.

67. Here again, however, other influences have been at work. The "Additional" Permanent Secretary, and the Director of the Perspective Planning Division (now also an Additional Permanent Secretary), wanted the report to get as much circulation as possible. What they did was to organise a seminar on it, attended by the leader of the mission and two of its members, under the auspices of the Ceylon Association for the Advancement of Science (last July) to which key ministers, permanent secretaries, and other officials were invited. This ensured departmental study of the report and stirred a good deal of public interest in the mission's work.

68. Moreover, the contributions made by officials at this seminar showed that in the ministries, especially Housing and Agriculture, the report's policies had made a considerable impact, notably in the field of choice of technology.

69. The Prime Minister at a meeting with the chief of mission expressed her own interest in the report, and she authorised preparation of translations into Sinhala and Tamil by a non-government research institute, and the issue of summaries in both languages. She also promised to provide a Government response.

70. Of course, the Ceylon report is politically a difficult one to implement. The Government's request that we should show how a high level of employment could be reached in a few years meant that some of the proposals were necessarily drastic, given the chronic and severe foreign exchange crisis. And, as mentioned in paragraph 44, the

shifts in income distribution implied by the proposed strategy would penalise heavily key interest groups, particularly the urban wage earners.

71. Neglect of the report would of course not have mattered greatly if an employment-oriented policy had in fact been adopted. Certainly the recent development plan, which reflects at many points the views of the mission, contains some of the elements of such a policy. But the fiscal basis for implementing it, or indeed starting any employment policy, has yet to be established. At the end of 1971 a fairly stiff budget was tabled, only to be withdrawn in response to back-bench pressure; practically all that remained was an increase in the price of sugar (outside a basic ration). The following budget, presented at the end of last year, did go some way to adopting our proposals - notably what amounted to a partial devaluation, and a partial removal of the rice subsidy. But not far enough; the task of raising resources for an employment policy has yet to be tackled. Similarly in key fields like land tenure, education, and the salary structure in government, some steps have been taken in the directions we indicated, but these have only been very limited.

72. We are still at an early stage so far as the Kenya report is concerned, but the omens for implementation are somewhat better, at least for some of the detailed measures proposed, if not for the fundamental changes in strategy. Some elements of the strategy proposed do not appear so difficult for the Government concerned and there have not been the personality problems that affected reception in the other two countries. Nevertheless, it would be foolish to pretend that the chances of the fundamental reforms proposed being implemented is anything but very small.



73. The Government of Kenya has however taken several important steps. It has prepared a sessional paper on employment policy, which is now in its third draft and, we understand, soon to be published. It has also instructed those preparing drafts of the new Development Plan to work on the basis of the report - from that point of view the timing of the mission was very favourable. It has distributed the report widely to civil servants, Members of the National Assembly, and others concerned, and, we understand, is arranging a full debate in the National Assembly. It is considering a popular version of the report and its translation into Swahili.

74. It would be reasonable to consider whether the effort going into the reports was justified in view of the facts outlined above. The question "Why was the Colombia report not implemented?" is one which we often encounter. In the first place, as will be apparent from this paper, local impact is not the be-all and end-all of a report. Moreover, to some extent the question is naive: one can hardly expect a complete change of development strategy, amounting to what the Colombia report describes in one place as a "revolution by consent", to take place within a few years. Such a question might have some meaning for a report that was concerned, e.g. with whether the railways should be electrified, since then either the Government does or does not take the advice. But our reports were a package, each containing dozens of proposals, some of them specific, others referring to changes in the direction of policy (e.g. that the currency should not be allowed to become over-valued) and others again proposing further investigation or research. In both Colombia and Ceylon some proposals of each type have been carried out (though it could be argued that they would

have been carried out anyway); and in all three countries the thinking of the political leadership, officials and key individuals, outside Government as well as inside, has clearly been influenced, perhaps the most important outcome.

75. Ultimately it was the unconscious decision to focus on the question "What must be done to remove unemployment and deal adequately with other employment problems?" which makes the reports over-ambitious in terms of what most governments are prepared to implement completely. It has been argued that our strategies were not realistic and that we should have restricted our recommendations to what we judged the government concerned could (and would have been willing to) implement.<sup>1</sup> But this judgment is difficult, possibly even arrogant, for a group largely composed of foreigners. Moreover, this might not even be in a government's own interests. When the Prime Minister of Ceylon was given an oral preview of some of the mission's proposals, she urged the mission to say exactly what it thought. Even if she could not go all the way with the proposals, e.g. on rice subsidies, frankness by the mission would, she said, make it easier for her to steer policy in the right direction.<sup>2</sup> Kenyan Ministers also repeatedly urged that the report be honest and outspoken about what was required, leaving to the Kenya Government to decide what parts it would or would not implement.

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<sup>1</sup> It has indeed been suggested that we should not have concerned ourselves with policies needed to solve the foreign exchange problem.

<sup>2</sup> Moreover, to outline the complete policy requirements for full employment may be of more use to governments in other countries facing different political constraints.



76. Still, missions do, in fact, by implication form views on political feasibility of various policies. The whole area needs study. As has been mentioned above, we tried to make a start on it, especially in the Colombia report.

77. A less important but not insignificant reason for the incompleteness of implementation may be the weakness of follow-up. It would have been desirable for one or more senior members of the missions to remain in the country for some months and for others to pay subsequent visits. While the basic problems of implementation are political, the presence of members after the report had been presented would have at least made it more likely that the political leadership considered it thoroughly, that it was kept in the public eye (which would have included checking on local dissemination of the report and summaries, especially in local languages), and that misrepresentations were challenged.<sup>1</sup> Contact with government departments and technical assistance experts would have stimulated more departmental action on sector proposals. Another result would have been a continuous feedback to ILO on the report's reception, as well as to other agencies and the mission leader.

78. One final heading for evaluation of the official impact is statistics. All three reports make suggestions, not merely for new surveys and tabulations, but also for changing the emphasis of statistical policy, away from pre-occupation with systems of national accounts (without discarding these entirely) and towards data on people and their activities and economic welfare.<sup>2</sup> The improvement and

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<sup>1</sup> We gather that there is a remarkably tenacious belief in official circles in Colombia that the mission proposed reductions in productivity.

<sup>2</sup> In none of the three reports, however, was this aspect of statistical reform brought out as strongly as it might have been or with many pointers as to how a revised statistical system might look.



reshaping of official statistics would have a considerable long-term effect on the approach of politicians and officials, and - more broadly - on the public's perception of economic and social problems. It is interesting to speculate on how the emphasis of policy over the last ten years might have been different if measures of poverty had been as widely available as statistics on GNP and balance of payments.

79. The Colombian statistical office (DANE) has started carrying out more comprehensive urban labour force surveys - but perhaps they would have done this anyway. Otherwise the impact of the reports in this field appears to have been very limited - zero in Ceylon. Yet the reports imply a complete transformation of an official statistic (especially the nature and role of the UN system of national accounting) and the IDS proposes to hold a conference early in 1974 on changes in statistical policy necessitated by the new balance of policy priorities.

80. There has also been a wider public impact, though exactly what is hard for us to say. The report probably put income distribution permanently in the forefront of debate on development policy. There does not seem to have been much impact, however, in the universities or many other sections of the public either there or in Ceylon. (It is too early to speak of Kenya.)

81. The fault is certainly not delay in publication. This report, like the others, benefited greatly from the speed of translation, editing and printing, which has been remarkable by any standards (from the time the chief of mission hands in the report until it is available in print has taken only three to four months) yet speed does not appear to have been purchased at the expense of quality. This is much to the credit of the editorial side of the ILO.



82. On the other hand, part of the effect was lost because of the weakness of distribution facilities. Sometimes those who had read in the press about a report had to wait weeks to get it from their booksellers, then paying prices high by local standards (though special prices were set for the Kenya report). University departments do not seem to be given specimen copies nor are they even sent publication notices. The subsidiary objectives (of influencing public opinion and helping to change teaching and research programmes) have therefore been partially impaired.

(3) On policies of donor and international agencies

83. This is difficult for us to judge. The Colombian Government called a large conference of aid agencies early in 1971 to discuss how the recommendations in the report might be supported by aid. This seems to have been largely a public relations exercise - certainly the planning office did very little preparation for it. But the Government got the endorsement it wanted.

84. The World Bank quoted our report extensively in the report of their own mission (under Avromovic), which partially coincided with ours, and worked closely with it. They broadly endorsed our findings, but had difficulty in believing the 8 per cent rate implied by our least 'implausible' projections, as well they might - but this difference really attracted too much attention. Our growth rate was in the first place not in any sense a forecast but simply a very rough estimate of the implication, as we saw it, of the hypothetical objective of full employment in 1985 and of various more or less crude assumptions about growth in the labour force and also in output and productivity in various sectors. It was not in any way a 'target'. In any case, the whole point of the report was that



one should concentrate on the composition of growth rather than its pace; a 5 or 6 per cent growth rate might well be produced by the policies suggested and still be compatible with the employment objective.

85. The Latin American Department of the Bank seems to have had more criticisms but it too, like the IMF and IDB, welcomed various aspects of the report, especially emphasis on the need for avoiding an over-valued exchange rate and other disincentives to capital intensity, and on the significance of fiscal reforms. We cannot say, however, how much their policies were affected, e.g. whether the composition of aid was altered by country or by sector, or the degree of 'tying' to foreign procurement reduced.

86. Scraps of information suggest that the report was not totally without influence on bilateral donors. It certainly aroused interest in USAID, but also elsewhere. For example, we gather that an application for British aid to finance an automatic postal sorting system was referred back to Colombia because of doubts about its effects on employment.

87. So far as Ceylon is concerned, the World Bank appeared more wholeheartedly in favour of the report. They felt it provided the basis for a programme which might, with modification, meet the political needs of the Government, while providing some assurance to the aid group that assistance would be used productively. They were particularly glad at our endorsement of their own advice to the Ceylon Government on the need to make substantial reductions in rice subsidies, to charge for the use of irrigation water, and to carry out some form of devaluation.

88. But donors continue to consider the steps taken in these directions very half-hearted, and new aid commitments in the last two years have been very few. Probably the report



as such has had little effect one way or the other on major aid decisions. At present disbursements are declining as the 'pipeline' is cleared.

89. On trade policy towards Colombia or Ceylon, especially the import regime of the US or EEC, we assume that the report has had little effect.

90. It is too early yet to speak of the effects of the Kenya report on donor countries. But one of the mission chiefs was invited to attend the meeting of the Consultative Group for East Africa in Paris; this invitation had to be declined because the work of the mission was still in full swing. However, another member associated with the mission attended the meeting and presented the thinking of the mission and outlined the direction in which its recommendations were moving. There was also close contact with the International Bank during and after the mission, and subsequently the Annual Mission of the Bank to Kenya expressed a wish to come to Sussex for discussions with the mission chiefs and members of the mission. One of the bilateral aid programmes has in fact stationed a representative who was also a member of the mission in the country with a specific intention of following up on the mission report, and there is other evidence that the report is carefully and favourably studied by bilateral aid donors.

91. We got some insight into the effects of the reports on the general policies of bilateral agencies from two brief conferences at IDS in 1972, the first mainly composed of IDS staff and senior ODA officials, but drawing in other development experts, on "the implications of unemployment for aid policy", based on an ODA paper - which appeared to be strongly influenced by the Colombia report. This was followed by a meeting attended by representatives of multilateral and other bilateral agencies, where the discussion was focussed

on a revised version of the ODA paper and also one prepared by USAID. We believe we can conclude from these discussions that the three reports have had some effect on policies of bilateral aid agencies.

92. As mentioned above, an interesting area for discussion is the effect in the ILO itself. The general themes of the report implied policies not always in the interests of workers' organisations in the modern sector - many of their members would lose from a redistributive policy because they are high in the income distribution, and the reports, especially in Colombia, implied the need to remove some of the legal privileges of a 'labour aristocracy'. One conclusion we drew was that representatives of peasants, consumers, etc., should be brought into the machinery for wage determination.

93. Moreover, these lines of thought spur queries about the ILO's own activities. Have the reports helped impart a greater 'development orientation' to the agency's work? Has it, because of this experience, provided more training on development questions, and broken down some of the rather artificial internal compartments? Is there more recognition of the need to re-examine the application of its conventions and recommendations to 'developing' countries, in fields like minimum wages or shift work for women? We would be interested to hear reactions on these questions. Analogous ones also arise about other agencies.

(4) On development policies in other 'developing' countries

94. We have heard interest in the Colombia report expressed by officials in Peru, Venezuela and other Latin American countries, but here too we have no means of assessing how extensive this is, or what the practical effects, if any, have been. One reason for doubt on this score is the



distribution system, to which reference has already been made: there is apparently no regular machinery to see that bookshops in countries in the same region are kept supplied with copies - or even hear of the report. The same applies to university libraries and research institutions.

95. The reports of the missions have also been used in several international courses on employment policy, to our knowledge (and there may well be others of which we do not know). Both the Colombia and Ceylon reports have been used by the US Department of Labor in its international seminars. IDS made use of the Colombia report in a study seminar for officials in the Carribbean a year ago in Trinidad, in co-operation with the University of the West Indies, and plans another at the end of this year in Nairobi, mainly for African officials, to discuss the wider applicability of the Kenya report (with a Kenyan who was on the mission as a co-director and with the collaboration of IDS Nairobi). The Ceylon report was recently used at a seminar in Bangkok, organised by ARTEP and the Asian Institute for Economic Development, to which IDS personnel contributed, and it will provide a good deal of material for one due to be held in Kandy, Ceylon, in a few weeks by IDS, in collaboration with the Agrarian Research and Training Institute of Colombo, on the social and economic consequences of the new seeds.<sup>1</sup>

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<sup>1</sup> The impact may be broadened by the work of an IERD-IDS working party, to meet shortly, on ways in which planning models should be adapted to take account of employment and distributional objectives. About a dozen officials of planning offices have been invited to a conference later in the year to discuss the working party's findings.

95. Thus, as in many other areas, the main impact of the reports has largely been indirect - through the effects on the thinking and policies of international agencies and bilateral donors, and (in the longer run) by changes induced in the social sciences. These last may in due course have some influence on the developed countries too. This is by no means a weak conclusion. Given that the reports had opted for analysis and recommendations commensurate with the size of the problem rather than with the immediately practicable, it follows that they must largely make their impact - and be judged by their impact - in changing ideas about the general approach and emphasis of development strategy. One can usefully recall the dictum of Keynes:

"Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachments of ideas."

#### V. Suggestions for the Future

97. Here we return to the implications of this evaluation for future policy. We shall broaden the perspective at first to discuss the international machinery required for action on unemployment and then at the end discuss whether and in what form further country missions of this kind might be desirable.

98. As we said in the first section, one of the objectives of the "pilot missions" was to place this matter prominently on the international agenda and another was to indicate the changes in thinking required not only in the country directly concerned but also in other countries, rich or poor, and in international organisations.



99. These purposes have, as we have seen, been in some degree accomplished. The reports showed that we need not feel helpless in the fact of this terrible problem, and there was widespread approval of analyses which implied a major and worldwide reshaping of policies. But there are not many signs of action. The experience to date with the Colombia and Ceylon reports has been that action can by no means be assumed to follow more or less automatically from any of the parties concerned, even if the government has sincerely requested the mission.

100. So far as global strategy is concerned, what we are really talking about is the need for an international economic order that holds out to the countries of the Third World the possibility, even the prospect, that they will experience not merely growth but also development. The reports strongly implied that the present strategy for the Second Development Decade stands as utterly inadequate, both in the slightness and superficiality of its attention to problems of employment and income distribution and also in its over-all emphases.<sup>1</sup> Certainly this should be one of the most obvious objectives for the current process of review and appraisal.

101. It could be argued that, because rich countries are not interested in its implementation, it does not matter what is in the DDII documents. But we would not take that position. They do focus the attention of international agencies and governments on development problems, and the way in which they do so has a good deal of influence on policy priorities. It may now be too late to attempt to get DDII strategy changed basically during the first round of review

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<sup>1</sup> It was a pity that the ILO was unable to secure adequate attention in the DDII "Strategy" to employment objectives or the bigger issue of poverty.

and appraisal. Still, the necessary preparations should be put in hand now if they are to be brought about in the major mid-term review which now seems increasingly necessary.

102. There is, however, one danger to be guarded against: DDII - and this would be true even of any conceivable reformed version - puts the development problem as one for 'developing' countries, and only speaks to the developed countries about their external policies. This inevitably gives it a somewhat paternalistic flavour. Yet one of the main lessons which could be drawn by a perceptive reader of the three reports is how similar, in some respects (but by no means all), the employment problems of 'developing' countries are to those with which rich countries are now struggling to cope. The points of resemblance range from problems of the measurement of unemployment and poverty to the issues raised by the indigestibility of technology and by wage policy and educational reforms. Unemployment should be seen for what it really is, a world problem in the full sense of the word.<sup>1</sup> The need, therefore, is not so much to remove the current biases of aid procedures against the provision of employment - though that need is not to be ignored - but more positively to gear the whole international system, such as it is, to the elimination of unemployment. Only thus can the ILO World Employment Programme achieve its full meaning.

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<sup>1</sup> This could be brought out clearly by a similar study, though not necessarily by the same mechanism of an ILO/UNDP mission, of one or more of the developed countries. A report on these lines would be desirable for many reasons - not the least being to show how greater trade liberalisation in favour of Third World countries would be possible while diminishing, instead of augmenting, unemployment in the rich countries.



103. Co-ordinated international action in the fields of trade and technology is crucial, indeed in the whole range of issues relating to private foreign investment and the role of multinational corporations. But which agency can act as the co-ordinator? Which can take an active part in discussions of trade liberalisation, of international liquidity, of science and technology (e.g. in the new ECOSOC Committee of that name), not to speak of the coming negotiations on the reform of the agricultural and import regime of the European Economic Community? The object would not merely be to make sure that the need for employment creation was taken into account or even that various counter-productive policies should be changed, but that a coherent international employment strategy should be established with the machinery for implementing it. The reports of the missions could provide some of the needed guidance, but there is a very big job to be done.

104. Here, of course, we are faced with the obvious limitations of the ILO. The Organisation took an invaluable initiative in launching the World Employment Programme and organising the pilot missions. Indeed, by catching the tide of affairs it has probably achieved more than was expected by those who created WEP. But what the missions were really talking about was 'development' rather than just 'employment', and the ILO is clearly not the broad development agency that is needed for the next step. It is not sufficiently involved in (or even familiar with) international discussions on such topics as trade, aid or liquidity, and it lacks the resources, both professional and financial, to cover such a range of subjects.

105. The ILO starts off with the advantage of a structure in which some of the main groups important for employment policies are directly represented. However, other important



groups equally involved are not so represented. This clearly raises the problem for examination in what way the wider activities required for employment strategy can bring in such important groups as farmers, self-employed, those in the "informal sector", and the unemployed and important groups of them such as educated school-leavers and women.

106. A newly-created World Employment Agency (or even World Poverty Agency) might look on paper like the best answer, but the trend of opinion is - with reason - running strongly against the creation of new agencies. Moreover, such a new agency could not fail to take over activities now carried out by existing agencies and this would meet resistance from them and result in wasteful organisational disputes.

107. One should study the potential future roles of the World Bank, the Development Assistance Committee of OECD, UNCTAD, UNDP, and the UN machinery set up in connection with DDII, the new functional group on employment policy set up under the ACC. It is interesting to note that the latter body has commissioned a paper from the ILO on agency co-ordination in employment policy. All these agencies have their special problems and limitations as future foci of global co-ordinating bodies. This subject will require much further discussion, as will the review of ILO activities and structures in the light of the newly-emerging emphases on employment strategy.

108. In whatever way this question is solved (or not solved) there are important responsibilities in the employment field for the leading agencies. Thus the Bank would contribute substantially more to the objectives indicated above if it changed the approach of its country reports (the grey books), took greater account of employment and distribution in its briefs for consortia and consultative groups and in the conduct



of their discussions, and reviewed critically its explicit and implicit performance criteria with these priorities in mind. It could go beyond that and develop new forms of lending specifically designed to cope with employment problems, which probably means a greater degree of decentralisation of loan administration to national agencies capable of handling a large number of small projects, in countries where governments genuinely are committed to social objectives. And whatever other changes come about in international machinery, a closer partnership between the Bank and ILO is desirable.<sup>1</sup>

109. UNCTAD's valuable research programme in the transfer of technology - one of the more positive results of the Santiago meeting - looks like playing an important role in the creation of international policy. It should throw light on the possibilities of adapting techniques in many sectors and provide valuable policy guidance on the costs and benefits of the transfer of technology through various channels.

110. Any work done in this field will rely heavily on the continued financial support of UNDP, which has been so helpful in making possible the pilot missions. It could be of still greater use if it encouraged the development of country programmes which contained initiatives for employment creation, including the promotion of labour-intensive and indigenous technologies (especially in the informal sector - see above). Indeed, it is only by some such focus on priorities that the concept of country programming really acquires any meaning. Special attention needs to be given to supporting global or regional projects within the WEP and also its research programme.

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<sup>1</sup> The Bank has already formed co-operative groups and joint units with other agencies - FAO, WHO and UNESCO. Moreover, some forms of collaboration with ILO are already developing, such as the use of their staff and consultants on the Bank's economic missions.



These priorities would be further underlined if UNDP reserved some resources - they need not be great - for additional allocations outside the normal country programmes, to enable governments to obtain assistance in carrying out employment policies which promise to yield lessons of relevance in other countries. We would also emphasise the important role of the UNDP representatives - where they are of the calibre required and have established sufficiently close relations with the government - in support and in implementation of mission recommendations.

111. Whatever the role of other agencies, a big one will remain for the ILO itself, though a new one, especially in what might be called its traditional fields. A critical review could be made - if this has not already been done - of the conventions and recommendations, most of which have been formulated in an era when priorities and perceptions were entirely different. Many of them may require no more than a passing glance, but the missions picked out one or two which seemed incompatible with the emphases of employment strategies, and there could well be others. More important is to review the agency's work in fields like training, labour legislation and wages policy, to see how fully they reflect the policy emphases that have now emerged.

112. Labour statistics are another such field, on which a few additional points can be made. Already the ILO statistical office has played a major role, e.g. in forecasting population of working age, analysing changes in participation rates, etc.<sup>1</sup> Employment-oriented country strategies require the collection of new types of information; indeed, they need

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<sup>1</sup> These projections need to be revised as frequently as is feasible, especially as new census results become available; it appears that this is not currently happening.



new approaches to collecting and using data. Examples of statistical needs are the scope and composition of the 'informal' sector; surveys of their budgets revealing patterns of people's activities (whether conventionally labelled 'economic' or not) and of the income (whether cash or not) attached to them; systems of rural/urban income flows; the access of various regions to a country's social services; regional impact of government expenditures; poverty line definitions and measurement; and differential fertility. Such work involves conceptual clarification, specification of methodology, pilot surveys in co-operation with national statistical offices, technical assistance to countries developing new sources of data, and finally the compilation and tabulation of statistics in the yearbook and in special publications.<sup>1</sup> Such a programme would make possible great improvements in government policy and a strengthening of the political base for its implementation. Another ultimate objective should be the worldwide monitoring of progress - or regress - in reducing the incidence of poverty by providing productive employment. (This certainly should have been part of any real DDII strategy.) All this would require a highly active statistical policy.

113. Another item for consideration is the role of the ILO regional teams in Asia and Latin America. Their functions have at times seemed slightly obscure. They hardly had sufficient staff of quality to play a big part in the employment missions, important though individual contributions have been. Are they capable now of helping various countries in

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<sup>1</sup> It would be helpful if the ILO published revisions to its 'Labour Force Projections' last published in 1971, as the results of the censuses of 1970 and 1971 are taken into account. This is a very valuable source.



respective regions so that each can assess the results of the pilot missions and select and adapt what is suitable for their own problems? One device for stimulating reading and discussion of the reports would be regional meetings of officials from neighbouring countries, or possibly from countries concerned with specific problems - say educated unemployment or rural/urban migration.<sup>1</sup> To develop this type of work would require staff of unusual initiative and judgment, and the question which has dogged these teams for some time recurs with new force: can they attract experts capable of meeting these challenges?

114. The next heading is 'follow up' in the countries which have been visited by missions. Pilot missions might well now be followed by a pilot implementation programme. For one thing this would signal to other 'developing' countries that not only advice but also follow-up was within their grasp.<sup>2</sup> In any case it is only by involvement in implementation that one can gauge the political forces at work and the hostility or weakness of the administration. It would be wrong to press countries which have received missions to implement their recommendations, although countries could be expected to formulate their own position on the matters discussed in the reports. And once a country has indicated a real desire - beyond lip service - to carry out any specific set of recommendations, the maximum help should be mobilised.

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<sup>1</sup> It is planned to hold such a meeting in follow up of the Kenya report in Nairobi later this year, in the form of a study seminar organised under the auspices of IDS Sussex and with financing under the British aid programme. So far the ILO Regional Teams have only taken limited initiatives in this direction, primarily the seminar held in Bangkok in November/December 1972 in follow up of the Ceylon mission, also with participation by the IDS Sussex.

<sup>2</sup> Such programmes could specifically be the first charge of a joint IBRD/ILO unit.



115. It would be helpful if the ILO published an appraisal of implementation later this year, say three years after the pilot missions were initiated, drawing on the results of this meeting. Another idea would be to develop a more systematic and analytical WEP information sheet - perhaps even a journal - which would bring together experiences and ideas in the fields of implementation and research, providing appropriate bibliographies.<sup>1</sup>

116. Finally we come to the question whether there should be more country missions. But although a number of people think in these terms, this is really a misleading way of putting the issue. There is bound to be some form of technical assistance to countries to deal with their employment problems and the task really is to devise the best ways of helping different countries in different situations; many possibilities exist, extending from the big missions typical of the pilot stage to individual visits. There are also all sorts of different degrees and forms of working with the government concerned. The key question is always: in what way can outside expertise most usefully contribute to reducing employment problems - and, we would add, the associated evil of poverty? (In many countries this implies tackling income distribution as well.)

117. Of course, the balance of objectives has now changed. We must expect any future mission reports to contribute less to elucidating the fundamental nature of employment problems or to identifying the gaps to be filled by statistics and research, although there may be some particular policy areas

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<sup>1</sup> This new periodical - preferably printed - could also provide a channel for the results of what was described above as the monitoring of progress.

(e.g. various service industries) where local study may yield insights of wider interest. But bilateral and multilateral agencies would henceforward turn to reports with less expectation of general policy guidance, and there is no longer the same need to convince social scientists working on development problems of the significance of employment problems. The ground has largely been mapped out and the main purpose henceforward would be help to the host country (a rubric which of course would continue to include influencing those trading with it or providing aid).

118. The main means of doing this might not be 'a report' at all (apart from the sponsor's obvious need for some administrative account), but helping the government to prepare and implement a development plan, by supplying a group of people to work (not necessarily concurrently) in the planning office and other agencies. The job of the chief of mission would then become similar to that of a project leader. Even in the case of the three pilot missions, the total impact extended well beyond that of the 'report' - through separate memoranda, discussions, interim drafts, etc.

119. This change of emphasis makes the nature of the government an even more important consideration than it has been in the past. Considerable resources should not be devoted to helping governments that will predictably be unwilling or unable to make much use of the advice tendered. This applies especially to those which are really not seriously concerned about employment problems or income distribution, and more especially still, to those which prevent the interests of the poor being politically expressed. Once international agencies become involved in a country they inevitably acquire certain obligations to the government in power. A mission cannot make contact, anyway direct contact,



with opposition movements which are more or less illegal, so in a country of this type it would only be able to draw on the opinions and knowledge of part of the public. This could weaken the report from a professional view point and make it liable to be discarded completely once the regime changes, perhaps at some long run cost to the ILO's local goodwill. Besides, deep involvement with regimes of this type would damage ILO's standing in the world and reduce the credibility of WEP. It is realised, however, that this is a problem extending much beyond the WEP and the ILO, being inherent in the conception of the United Nations system as a grouping of governments rather than of people.

120. This does not mean that no government about which one has serious doubts (of this sort) should be accorded technical assistance or even 'missions'. The politics of international agencies, indeed the whole philosophy of country programming, makes it difficult for them to refuse indefinitely to respond to a request from any particular government. But agencies (and for that matter UNDP resident representatives) should certainly be careful not to encourage such countries to make requests involving considerable resources or conspicuous support for the local political leadership. And if for one reason or another a decision is taken to send a group of people, it should be on the small side and its terms of reference should be considered very carefully: big aims like reducing unemployment are entirely beyond the reach of many governments. A thorough examination should be made of the local political scene and of the economic situation before any request for a mission is accepted. This may indicate that it would be best to concentrate on particular sectors or on particular parts of over-all problems (e.g. artisan techniques or apprenticeship schemes).

121. Even where the ground seems ripe for a more general approach, the organisation of a team need not be a copy of that used for the pilot missions. The experience of these, which has been summarised earlier, points anyway to fewer people devoting more time to the work of the mission. The need for this switch is reinforced by the change in the balance of objectives.

122. Let us outline the sort of longer country mission that we have in mind, which might suit some needs. The first step would be a visit by the chief of mission, accompanied by two or three people of proven quality and who are bound to be needed subsequently (e.g. specialists in agriculture, education, public administration). This group would study the real political aims of the government and the necessary local support and collaboration and the structure of the administration, so as to check on whether a mission would, in fact, be productive and - if so - devise the best modus operandi, the key question being the degree of integration with the planning office and other government departments. It would also, of course, assess the substantive problems and survey the material available. This would be followed by visits to the main agencies (not forgetting the respective regional commissions and regional banks) to discuss their views on priorities, the material they have available and other field activities.

123. The next requirement is a careful programme of work for up to two years. The chief of mission may well be able to prepare this after the visits just indicated, but he may prefer to wait for preparatory research to be completed (e.g. population projections) or for the local situation to develop (e.g. an election to take place, or development plans to be finalised).



124. One element in such a programme would almost certainly be special data collection and tabulation. Another would be arranging for the ILO and other agencies to prepare material. Another again would be a series of research projects, some probably to be carried out by local institutions.

125. The arrangements for fieldwork would depend on the specific situation. Instead of a large group working in the country simultaneously for five to six weeks, it might be better for a small group to be there for three or four months (not necessarily consecutively) with the chief of mission calling on experts as convenient.<sup>1</sup> The budgetary arrangements should be flexible enough to make this possible.

126. They should also make it possible for younger people to be included with the fieldwork, even if this is not strictly justified on a narrow cost-benefit calculus. This form of 'training' would help provide future experts and encourage young people to develop work in this area. It would therefore contribute to the objective of the long-term professional progress in development studies.

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<sup>1</sup> A point worth pondering, though it raises wider issues, is the need to avoid duplication of visits. Every country now suffers from a great stream of these, many seeking the same information. Politicians and officials overseas complain, and with reason, that a great deal of their time and energy is taken up in dealing with missions and experts. Indeed, this is one of the main obstacles to efficient administration. A solution is suggested precisely by the common needs of many agencies. A small inter-agency team, of say half-a-dozen people, might be sent to each country once a year to do this basic work. An inter-agency data bank might be set up, in addition to issuing some set of specific reports. This would involve agreement on a common framework of analysis, since even the most elementary frameworks imply some judgment on priorities. (Making employment a major element in the analysis would help focus attention on this problem.) Then each agency could, as they found necessary, send further missions to carry the analysis into fields of particular interest to themselves. (An item for the agenda of ACC perhaps?)



127. The chief of mission and other senior personnel should expect the job to take a fair fraction of their time for at least a year - in the case of a large and complex country, it would be a full-time job. The burden would be eased if the mission were provided with means to hire research and administrative assistance: indeed one possible arrangement would be to get an institution to carry out such a job on contract. If it is not possible to find a chief of mission of the right calibre with sufficient time available, the ILO or another agency should provide a full-time senior person to act as Chef de Cabinet and perhaps deputy to the chief of mission.

128. Special attention needs to be paid to the local distribution of any report. When it has been officially cleared, it should be provided simultaneously to key organisations (especially those of employers and workers) and it should be on general sale throughout the country. Salesmen should ensure by personal contact that it is kept in stock in leading cities, and should visit or correspond with public libraries, directors of research institutes, university teachers, etc. This might well mean subcontracting distribution (possibly the whole process of publication) to an international or local firm. Preferential local pricing, translation into local languages, serialisation in newspapers, cheap editions of a summary or condensation of the report: these should all be carefully considered.



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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY VIEWS ON THE COMPREHENSIVE  
EMPLOYMENT STRATEGY MISSIONS

by the

International Labour Office



ILO  
Geneva, 1973

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PRELIMINARY VIEWS ON THE COMPREHENSIVE  
EMPLOYMENT STRATEGY MISSIONS

INTRODUCTION

1. As the sponsor of the inter-agency comprehensive employment strategy missions and the convenor of the inter-agency meeting to evaluate these missions, the ILO recognises its dual responsibility to perform two distinct but not wholly separable and perhaps in some measure conflicting roles. On the one hand as perhaps the most heavily involved participant in a unique inter-agency venture the ILO has an obligation to set out and support, in a manner analogous to other participating organisations, its own views on the missions from the standpoint of an interested party. On the other hand, the ILO is acutely aware of its responsibility to its fellow partners in the evaluation exercise for performing the function of furnishing information, independent analysis and a clear formulation of central issues as a foundation for objective appraisal.

2. The comments in the present paper are intended to serve, primarily but not exclusively, the former rather than the latter function. If they are presented as preliminary views it is not because they have failed to receive careful consideration within the ILO nor that they lack firm support within the ILO. Rather it is because the ILO strongly believes that whatever position it may adopt must be subject to re-appraisal and modification in the light of ideas, suggestions and considered positions from the other UN agencies involved. This is, indeed, the whole purpose of the inter-agency evaluation meeting.

MISSION OBJECTIVES AND THEIR REALISATION

Terms of Reference

3. The objectives of the first four missions as stated in their respective terms of reference were, the ILO believes, by and large valid at the time each mission was organised. They were, of course, drawn up in close contact with the Government authorities. Clearly, certain general conditions need to be present in any country for which a comprehensive employment mission is contemplated: (i) a high degree of consciousness among the higher spheres of government about the seriousness of the employment problem and the need for far-reaching action; (ii) a very clear intention, again on the part of the higher spheres of government, to study the mission's report seriously and constructively as a possible basis for concerted action; (iii) an administrative and technical machinery able, with the assistance of international expertise, of proceeding with the technical and organisational work needed to gradually incorporate employment objectives and policies in the planning process; (iv) the political capacity, and the willingness, to take hard decisions in terms of changing legislation, transferring resources etc., which inevitably affect vested interest groups and which, in general, imply considerable effort and sacrifice.

4. These four conditions could be assumed in our view at the moment when the four missions were started.

5. In other cases, the lack of these pre-conditions has prompted the ILO to deflect a request for a comprehensive employment mission into some other, more appropriate, form of assistance. Exploratory missions have been sent, for example, to a number of countries where conditions did not appear to be ripe for the comprehensive missions.



6. The basic and common feature of the terms of reference of all the missions was the requirement that the employment situation and trends be analysed, and that a comprehensive employment-oriented strategy be designed, accompanied by detailed recommendations compatible with such a strategy.

7. Besides this basic and central purpose, the requests usually added some more specific issues. Thus, for example, in the Colombia request, ten special fields of expertise, which were supposed to be represented in the mission, were mentioned with the provision that recommendations of short and long run nature should be made for each one of those special fields. In the Sri Lanka request, specific mentions of the need to assist the Government to improve data collection, to indicate what policies might be adopted in the fields of trade and aid and to recommend crash programmes were made.

8. In general, the terms of reference were drafted in such a way as to leave the chief of mission sufficient flexibility in the formulation of an employment-oriented development strategy.

#### Mission Organisation and Operation

9. The requests to the ILO for the organisation of a comprehensive employment mission originate at the highest level of government - from the President of the Republic in the cases of Colombia and Kenya, from the Prime Minister in the cases of Sri Lanka and Iran.

10. Each chief of mission was selected by the Director-General. Mission members were selected by the ILO on advice of the chief of mission and/or sponsoring agencies. The selection of chief of mission and mission members was generally made from lists of internationally renowned academic scholars or top national and/or international civil servants.



11. It is felt that, on the whole, ILO was able to recruit outstanding chiefs of mission and highly competent experts. Even though the average quality of the latter was high, there were, of course, a number of exceptions. In many instances, the time factor was a handicap in obtaining the collaboration of some good people. If top people are not contacted very much in advance, (at least six months), they are generally fully committed. In addition, the fees and allowances have in a few instances proved to be an obstacle in getting the people that we had in mind.

12. It is possible that not enough thought went initially into the question of what determines the "optimum" size and composition of a mission. It is clear that the comprehensive nature of the missions required sectoral and functional specialists as well as a minimum number of general development economists and other social scientists. In general, it is our impression that the size of some of the missions was larger than strictly necessary - in the sense that the same output could have been achieved with fewer experts. In retrospect, we appear to have learned through experience the types of expertise which should be represented in such missions. Perhaps of greater importance is the fact that more effective preparatory work could have been done by, or for, the missions.

13. It was formally understood, in at least three of the four missions, that counterpart national personnel would participate in the different stages of the missions' work. In fact, government officials participated mainly in the technical preparatory work. In Colombia, the PREALC team worked very closely with the Planning Department. In Sri Lanka, ample consultations were made with the Ministry of Planning and Employment. In Kenya, a good part of the statistical preparatory work was made at the Statistical Office, and Nairobi University experts prepared some of the preparatory technical papers. In Iran there was very little participation by national counterparts or local academicians in the preparatory stage.



14. While actual participation in the work of the mission by governmental officials was, thus, rather scanty, there was, on the other hand, constant striving on the part of each mission chief to keep the Government informed of progress in the work of the mission, and what type of conclusions were developed. Periodic meetings were held with senior planning officials in the four countries. In all cases except Kenya, the chief of mission discussed the mission's work with the head of state or government before leaving the country.

15. Thus, while it cannot be said that government experts, or political decision-makers were associated with the exercise at all its stages, mutual consultation did take place. Actually, it is not clear that any aspiration to have a formal participation of government officials in all the stages is a good idea. The logistic and technical operation of reaching conclusions, and of writing a report which by its character deals with many controversial subjects would become almost impossible if local officials selected by the Government became fully involved in all the proceedings.

16. In arranging for the co-operation with other UN agencies, first steps were in each case a letter from the Director-General to Executive Heads of participating agencies, and an inter-agency planning meeting (not held for Colombia mission due to lack of time). Chiefs of mission usually visited certain agencies in order to finalise arrangements for their participation. Not only did the main agencies participate directly in all the missions, they also sent instructions to their local representatives and project personnel to extend every collaboration possible to the missions. Headquarters of international agencies followed the mission's progress through their participation in the preliminary inter-agency meetings, through the contacts they maintained with the experts they had designated to represent them in each mission, and through their

participation in the inter-agency meeting to review each draft report. It is clear that the contributions of the cooperating agencies were important in the design of the methodology underlying the reports, the provision of staff and other resources, in the formulation of recommendations and in the incorporation of elements of the agreed upon employment strategy in their own policies and programmes.

17. The know-how and resources of bilateral and multilateral aid programmes were tapped to a very large extent. Locally stationed experts were consulted and often participated in the mission's field work. Also the UNDP Resident Representatives were continuously kept in the picture, and it must be stressed that they played a most important role in the whole operation.

18. The co-operation and advice of employers' and workers' organisations was solicited for each mission. Meetings with employers' groups were particularly useful as were meetings with workers' representatives which allowed the missions to know more about the aspirations of the workers and to understand their preoccupations. The missions discussed with employers or workers some of their conclusions before writing their final report.

19. National research institutions and universities were utilised intensively in the cases of Kenya and Colombia, but not so much in Sri Lanka, and even less in Iran. In Kenya, academicians and researchers from the Institute of Development Studies of Nairobi University wrote several key papers, and the Director of the Institute was one of the key members of the mission. In Colombia, much of the survey work on unemployment was contracted with the Universidad de Los Andes.



20. The chiefs of mission were left with the responsibility of the preparation of the work plan of their mission. Intensive consultations with headquarters did however take place in this respect. In the case of Colombia, a preliminary analysis was carried out by the WEP regional team (PREALC) on the sectoral data available. Before the mission actually started, preliminary contacts had taken place with counterparts and focal points (generally the Planning Department of the Government) to discuss the mission outline. The work of the missions was divided amongst team members on a sectoral basis, individual contributions being examined by the chief of mission assisted by a small group of mission members, and a final report being written by the chief and the same core group.

21. In all four missions there was, undoubtedly, a great time pressure. The four governments in question wanted the reports as soon as possible, and the chiefs of mission and members had time constraints of their own. The reports might have been more complete, and each issue could have had more in-depth analysis, if more advance empirical and analytical work had been done at the sectoral and macro-economic levels before the missions actually assembled in the respective countries.

#### Some Proximate Results of the Missions

22. The strength and weaknesses of the four mission reports from a professional point of view have been analysed in depth by Professor Erik Thorbecke in a paper which is also before the evaluation meeting. There is, therefore, no

need in the present context to offer more than a few supplementary observations. It should be noted immediately that it is still too early to evaluate the full impact of the missions.

23. The analysis of the structural causes of the magnitude and of the trends of the employment problem which was made in each of the four mission reports, and the design of employment-oriented development strategies, imply in themselves a new approach to the employment problem. The central conclusion in the four missions, is that the problem cannot be solved only by a concentration of efforts and resources in the so-called modern sector, but that special efforts must be made to offer more opportunities for growth in those sectors which hitherto have lagged behind.

24. This means special plans to improve the situation of the traditional rural sector and of the lower income groups in general. This also implies looking differently at some aspects of the development and social process than has been the case up till now, such as the appropriate types of technological policy, the role of education and training, the need for a carefully-designed incomes policy which can contribute to employment creation (especially a wage policy), the role of financial policy, and the contributions of the external sector to the employment situation.

25. The four missions have, in our view, succeeded in showing that a new approach as indicated above is necessary because the conventional approach (of leaving everything to the attainment of satisfactory rates of growth of GNP only), has failed and will continue to fail.



26. Since the four mission reports implied a new approach to the employment problem, they could not always be consistent with or strengthen existing policies. However, some national programmes and policies, although usually isolated, and struggling to obtain attention and support from the authorities, were reinforced or confirmed by the missions. In the case of Colombia, agrarian reform got special support, as did the technical work which had been started by the Planning Department in the fields of manpower planning and employment analysis, and plans in the National Department of Statistics for establishing a country-wide system of employment surveys. In the case of Sri Lanka, several important aspects of the new Development Plan coincide to some extent with the analysis and recommendations of the mission, like the proposals for land reform, educational reform, the use of labour-intensive techniques, etc.

27. In the cases of Iran and Kenya, it is too early to judge to what extent the reports have served to strengthen existing national employment objectives, although initial signs are positive (incorporation of employment objectives in the Iran Fifth Plan, and preparation of a Sessional Paper on the employment issue based on the ILO report and to be debated in the Kenyan Parliament).

28. All the mission chiefs and many of the mission members had had practical experience in planning methods and operations. It is quite possible, however, that many of the recommendations included in the reports did not contain enough operational details needed to put them immediately into practical operation. The reports were conceived chiefly as a basis for promoting the adoption of a comprehensive employment strategy. This implies a gradual process. The first decision needed relates to the general strategy itself. The Government must decide whether the general objectives proposed by the mission, and the central implications of this in terms of structural changes, seem right



and politically acceptable. The missions could probably have gone further in building a consistent inter-sectoral framework and in analysing the consequences of the recommended structural changes. (See the Thorbecke paper on this). In any case, at the level of concrete recommendations for the sectors, many of those contained in the reports were detailed enough to serve as a basis for an immediate decision.

29. It is obviously too early to assess definitively the likely short-run and long-run impacts of the missions' work. The Kenya and the Iran reports were only delivered less than six months ago. The Colombia and the Sri Lanka reports have been in the hands of the Government for almost three and two years respectively, but this period is still too short to know whether the whole set of difficult decisions implied within a full employment strategy will be taken or not.

30. Up to now, the signs of new action taken after the reports, form a mixture of promising and disappointing aspects. In Colombia, the employment report was studied by a large committee created by the President, in which all the important sectors of the economy were represented. The results of the work of that committee were vague, inconclusive, and not exactly favourable regarding the suggested strategy or about specific policy recommendations. The same happened with a meeting of international agencies which took place in Bogotá in order to advise on the technical assistance needed. After these two meetings, interest in the report inside Colombia declined.

31. However, three promising events took place some time later: (i) a new development strategy, which has employment as a central objective, was adopted by the Government; (ii) a large project of technical assistance in the field of employment policies was requested by the Government, and is going to be implemented by the ILO; (iii) the President has recently requested high level assistance from the ILO, to examine the new development strategy and advise on how to complete it with additional employment-oriented elements.



32. In the case of Sri Lanka, there were for a while certain misgivings on the part of the Ministry of Planning and Employment to accept the "foreign" advice of the mission's report. However, a meeting was organised in July 1972 with the attendance of five Ministers and other high government officials, as well as the mission chief and other members of the mission, to study the report's recommendations. Moreover, news was received about the introduction of draft legislation to Parliament calling for the elimination of the rice subsidy, and for the establishment of a system of income ceilings, both of which were recommended by the report. In addition, ILO was invited by the Sri Lanka Government to send a group of economists under the leadership of Professor G. Pyatt to help in the gathering and organisation of data useful for the employment-oriented planning process. This group will be going to Sri Lanka in March-April and will work very closely with government agencies.

33. The Kenya report has been received by the Government with much interest. A special high level committee has been created to produce a Sessional Paper on the report, which is to be debated in Parliament.

34. In the case of Iran, the mission chief returned to Teheran in November 1972, some five months after delivery of the report. His visit had been suggested by the Resident Representative with the objective of advising the Government on how to introduce the mission's recommendations into the new Development Plan. He obtained from high government officials assurances that most of his recommendations had been accepted and that they had been incorporated into the new Plan. To some extent, this reflected the initial intent of the chief of mission to design a development strategy which was consistent with the official plan.

35. To summarise, the ILO believes that the inter-agency employment missions have obtained results which would have been very difficult to obtain otherwise. In any case, it is clear that the effectiveness of missions depends on the social, economic and political conditions of the country where the study is made and on the type and the urgency of the action which the Government wants to take.

36. Among the unique qualities of the comprehensive missions, we can mention the outstanding international stature of the experts who can be recruited for them, and who would not be available for longer-term service in the countries concerned; the big impact upon public opinion which can be obtained with a report of high quality, highly publicised and, in a way, dramatically presented; the possibility of making an all-out effort in a very short period of time without having to wait for the protracted results of reports which take one or two years to be prepared. If the immediate objective of calling nation-wide attention to the need for a real change in development policies is attained, and if the impact is strong enough to start a process towards such change, the results of a mission can be considered very important. As was pointed out above, it is doubtful whether such results could have been obtained otherwise under similar time and financial constraints.

37. On the other hand, the short-term character of the missions implies dangers and important gaps (some of which have been amply explained in Professor Thorbecke's paper). The degree of internal consistency and of specificity of the analysis was not always sufficient to ensure that the recommendations were both concrete enough and operational. These gaps, however, should not detract from the important results, which have been obtained from the missions, i.e. the need to adopt a new



approach and to take certain basic decisions about the economic and social objectives to be pursued, and the identification of the basic efforts which must be pursued and of the political sacrifices involved.

38. It does appear that a second stage to the comprehensive missions might be desirable. This second stage would consist of studies following up in more depth the empirical analysis of given sectors or issues in order to come up with more concrete and operational policy recommendations.

#### COMPREHENSIVE EMPLOYMENT MISSIONS IN THE CONTEXT OF OTHER PROGRAMMES

39. The comprehensive employment strategy missions must be viewed as only one of a wide variety of ways through which national and international action in the field of employment may be promoted by the ILO and other agencies. The ILO position is that the more other agencies undertake seriously the task of examining the employment problem in developing countries, and the more they place their technical and financial resources in the service of this, the better it is for the countries concerned.

#### Other ILO Activities under WEP

40. The ILO is undertaking, as part of the World Employment Programme, the organisation of longer run advisory teams designed to help countries in the process of gradually injecting employment objectives and employment-oriented policies into their development policy machinery. One such project is under way for Peru and a new long run project will start in Colombia in 1973. The Peru project, especially in its second phase, and the Colombia project, are conceived in such a way that the team leaders will be working mostly at the level of the

national planning body, and other members at the sectoral level, especially in agriculture, industry and education. These teams have the advantage of more time at their disposal, so that the operational details of an employment policy can be prepared with more patience and care, and with the full direct participation of national counterparts. However, they also have shortcomings. The teams cannot comprise as wide a range of fields of specialisation as the missions and, therefore, find it difficult to cover all aspects of employment policy. Moreover, their experts being attached to one ministry (e.g. Tunisia, Argentina) or to a limited number of government agencies (e.g. Peru, Colombia) are likely to have difficulty in co-operating with, and influencing the policies of, other important ministries.

41. Such teams are much less prestigious than the missions, and it is difficult to find high-calibre experts who will accept such long-term assignments. The work of the teams receives less publicity and the impact of their recommendations is more limited. Sometimes the experts are used by governments for routine matters of report-writing, data-gathering, etc.

42. Because they remain in the country longer, the teams are more likely to see their work affected by changes in the political climate and in counterpart personnel. Because one of their main functions is to train national personnel and help to develop institutions, they must be careful in their relations with nationals and cannot always be as bold in their diagnoses and recommendations as the missions.

43. Another important element of WEP is the regional employment teams established in Latin America and Asia to perform a whole series of tasks. They must be able, first of all, to progressively acquire expertise about the region's employment problems and issues, so as to be ready to assist countries at a short notice in special short-run projects;



they promote the need for comprehensive employment policies by making country studies in which the current employment trends and the basic components of an employment-oriented strategy are analysed. They must also be ready to assist in the preparation of draft project requests for long-run employment teams.

44. The work of the regional teams suffers from some of the defects affecting longer-term employment policy projects, in particular the limited range of fields of expertise, which means that the teams, while fairly good on diagnosis, are weaker in stimulating a greater awareness and understanding of the nature of the employment problem within the context of over-all development policies, and in pinpointing certain areas in which more in-depth work should be undertaken, e.g. with the help of longer-term technical co-operation.

45. A mention must also be made of some of the ILO sectoral employment projects. The most important of these are the rural development projects, whereby specific employment policies for the non-urban sectors are promoted, within the context, when they exist, of over-all employment strategies. These projects, just as those in the fields of small-scale industries and handicrafts, are addressed to help solving the specific problems which have to be tackled in sectors where, as is usually the case, a special concentration of efforts, transfer of resources, etc., is needed.

46. Finally, an essential instrument which is meant to support and complement the work of the missions is the practical research programme within WEP. There are presently seven major fields of emphasis: population and employment, technology and employment, income distribution and employment, education and employment, effects of trade expansion on employment, urban employment problems, and feasibility of emergency employment



schemes. There is a two-way relationship between the work of the missions and the research effort within WEP. On the one hand, certain questions and hypotheses raised by the comprehensive missions triggered specific research or follow-up action projects within the research branch. Thus, for example, the Colombia report argued that the main way in which income distribution affects the level of employment is through its effect on the pattern of consumption, i.e. through the different impact and labour content of the expenditures of the rich and the poor. Since this was considered a very important question which the mission could not really answer in quantitative terms, a research project was designed to try to measure these effects within an input-output model.

47. Other examples of action-oriented research influenced by missions' reports are the road construction project in Iran which looks at the availability and effects of alternative technologies in road construction on employment and output, and the project to explore labour-intensive technologies in the production of maize-bags in Kenya.

48. On the other hand, some important applied research can be done before the field phase of the mission starts. In this connection, it has been pointed out that one area which needed strengthening in all four comprehensive missions' reports was the formulation of a consistent macro-economic and inter-sectoral framework to project employment output and income distribution. A research project is presently underway within WEP to improve the methodology underlying such a model and to apply it to four countries: Iran, Colombia, Ceylon and the Philippines. Conceivably, in the case of future comprehensive missions the availability of such a framework at the outset of the field phase of the missions should improve the quality of the analysis and policy recommendations.



49. In general, within WEP, all the existing types of projects are designed to be complementary. For instance, comprehensive missions can lead to the need for longer-run teams which would be in charge of helping to implement in more detail an employment strategy, or to the need for special projects—research and action-oriented in some key sectors, such as the rural one. On the other hand, long-run teams can call the attention of the authorities to the need for a special over-all study which helps to establish, at a certain stage, the basic components of an employment strategy. The work of the regional teams may also reveal the need for long-term national teams, or for a more in-depth or high-level study on specific issues, etc., etc. One of the most attractive possibilities would be to have a comprehensive mission being followed up by a longer run team (which might happen to be the case in Colombia in the immediate future), but only if the government concerned has given some indication of being committed to an employment policy and uses the team for that purpose. Another attractive possibility is to have the longer-run team to do the spadework and to receive, at the appropriate time, the additional support and prestige of a mission, possibly on a smaller scale than Kenya or Sri Lanka, and concentrating on a limited number of key issues identified by the team. More specifically in the case of countries which have ratified international labour conventions, missions' reports may provide a vehicle for stricter enforcement.

#### Employment Missions in relation to Other Agencies' Activities

50. It is, of course, clear that the increased interest in employment matters extends much beyond ILO programmes along to many activities of other international agencies. For example, the multi-disciplinary missions of the United Nations, the World Bank economic missions, and the CIAP and OECD country examinations are all potential additional international instruments for



tackling the employment problem. Moreover, both ECLA and ECA are launching full-fledged programmes of research on the employment problems of their respective regions. Likewise, the OAS completed, some months ago, a basic document on an employment strategy for Latin America, which will be discussed at the next meeting of the Inter-American Economic and Social Council, for eventual adoption as a basis of common action. The question to be raised is how co-ordination, consultation and bilateral and multilateral co-operation can be further improved.

51. While until now, the other agencies' studies have not attained the same specific objective of examining national development policies from the point of view of employment considerations, the World Bank and other specialised agencies (e.g. FAO) have recognised, especially during the past year or so, the need for stressing much more the employment and income distribution aspects in their country reports, project evaluations and sectoral studies. This positive trend is set out in more detail in the ACC Functional Group paper on employment policy which will be submitted to the ACC during its April session.

52. It is our impression that the comprehensive missions permit the integration of specific contributions which the specialised agencies such as FAO can make in agriculture and the rural sector, UNESCO in education, UNIDO in the industrial field within a systematic and more mutually consistent context than if these contributions and recommendations were limited to each sector, and area looked at independently. This may well be the main "raison d'être" of the comprehensive missions.



Mission Contributions to International Assistance Programmes

53. The four mission reports should be able to make a substantial contribution to country programming of development assistance, as they are based on a comprehensive view of the country's most impending social and economic problems. In this respect, reports which are formulated with the purpose of improving the employment and income situation of a large majority of the population are better guides for technical assistance and for financial and trade co-operation than reports which are prepared with the sole objective of increasing the rate of GNP growth. Employment mission reports could become a very central instrument for programming international assistance, for they provide an opportunity to put into a cohesive economic and social framework project proposals which up to now have tended to be a mere accumulation of requests from ministries or "shopping-lists" from agencies. They can play a very decisive role in UNDP country programming exercises and give them a focus which they may, perhaps, have lacked up to now. Furthermore, missions may influence international agencies, as a result of their involvement in the whole exercise, to reorientate their programmes of action in their respective fields to more employment-creating projects and in their own country programming. The use of missions' reports depends, in the final analysis, on the existence of at least a declaration of intent on the part of the government to accept their general recommendations and proposed strategies, and a political will to draw the conclusions with regard to multilateral and bilateral assistance. The UNDP Resident Representative can also play a key role here in giving an employment focus to technical assistance projects.

54. Each of the four reports made proposals on the general needs for technical assistance deriving from the adoption of an employment strategy. In none of them, however, are concrete projects actually formulated; only general areas are mentioned. This specification can better be left to follow-up activities undertaken as a result of the reports, by ILO and other agencies.

EMPLOYMENT MISSIONS IN THE WORLD EMPLOYMENT PROGRAMME - A FORWARD LOOK

55. The prime focus of the present inter-agency evaluation is properly on the four missions which have completed their work and submitted their reports. But the significance of this evaluation will rest in the extent to which the experience of the past is incorporated into improved and more effective plans for the future. The inter-agency evaluation meeting is considered by the ILO as part of a continuing process in which plans and projects must be made subject to review and modification from a variety of perspectives.

56. A salient feature in recent months has been the close scrutiny to which the objectives and results of ILO action under the World Employment Programme have been subjected by various ILO bodies. Thus, reviews of the WEP in the respective regions were carried out by the recent meetings of the African and Inter-American Advisory Committees, which endorsed the broad lines of the Programme.

57. Within the framework of its consideration of the ILO's draft long-term plan for 1974-79, the ILO's Governing Body Working Party on the Long-Term Plan considered that the World Employment Programme was among the ILO's highest priorities, particularly for the developing countries, and generally endorsed the Programme for 1974-79 outlined in the plan.



Prospective Comprehensive Employment Missions

58. Two comprehensive employment strategy missions are currently in the final stages of preparation - one to the Dominican Republic, the other to the Philippines.

59. The main objectives of the mission to the Dominican Republic are to analyse the employment situation and the causes of the under-utilisation of human resources; and to sketch the main lines of a development strategy designed to promote the growth of employment. The chief of the mission will be Mr. Felipe Pazos, Economic Adviser to the President of the Inter-American Bank, whom the Bank has agreed to release for that purpose. The mission is expected to comprise about 15 members (including experts to be provided by the regional employment team (PREALC)).

60. The ILO is contacting IDB, OAS, UN, ECLA, IBRD, FAO, UNESCO, UNIDO, IMF, UNCTAD and WHO to associate them with the mission. Particular attention is being paid to ensuring close co-ordination between the ILO mission and the economic planning project in the Dominican Republic for which ILPES (Latin American Institute for Economic and Social Planning) is the executing agency on behalf of the Inter-American Development Bank. According to present plans, the mission's report is expected to be completed in the autumn of 1973.

61. The employment strategy mission to the Philippines which is being sent at the request of President Marcos, will, as stated among others in its terms of reference, have as its major objective to suggest for the Philippines a long-term developmental strategy for the attainment of high levels of productive employment on a sustained basis.

62. The chief of mission will be Professor Gustav Ranis of the Economic Growth Center, Yale University. The Government has designated the National Economic Development Authority to be responsible for co-ordinating the mission's work at the national level.

63. Professor Ranis, together with a few members of the mission, visited the Philippines during the last two weeks of January 1973 to initiate a programme of preparatory work; the mission proper will carry out its field work in June-July 1973. ILO is in the process of contacting other agencies to involve them in the work of the mission.

#### Long-term Aspects of WEP

64. ILO believes that there will continue to exist a strong need on the part of the developing countries for a combination of policy-oriented research and advisory activities relating to the employment problem in its broadest sense. ILO attaches the highest priority to WEP and is committed to strengthening its various activities under that programme. It is not possible to predict at this time what the best form of employment assistance will be in the second half of this decade. It is conceivable that by then the need for comprehensive missions might have weakened, or that the form of these missions might have to be changed substantially. Likewise, the scope of the research programme will undoubtedly evolve over time to meet the tests of relevance and operational usefulness. The form of the various WEP instruments and their relative importance are bound to change gradually as more is learned by all of us - about the process of economic and social development geared to the resolution of the employment and poverty problems.



65. It is evident that the task confronting the various national and multilateral development agencies in the employment area is likely to remain gigantic over an extended period. Given scarce resources, it is essential that the process of co-operation and co-ordination among these various agencies continue to be strengthened to ensure the best use of limited resources. This is a major challenge which ILO is conscious of and is willing to face.

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D.3(11) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The United Nations

RETURN TO REFERENCE SERVICES UNIT  
ROOM 280

ILO  
Geneva, 1973



## INTER-AGENCY EMPLOYMENT MISSIONS

This note follows closely the outline suggested by the ILO in the paper entitled "Issues on Which Evaluation of Inter-Agency Employment Missions Should Focus" (11 August 1972).

### Objectives of the Missions

1. Ranked by order of importance, the objectives would be (a), (c), (d) and (e). Objective (f) should probably not be regarded as of primary importance, but rather as a by-product of the missions; the factors to be taken into account in the medium-term country programming of technical assistance are not restricted to employment policy, even in the broader sense. Objective (b) might be reconsidered in the light of the comments made under item 4.

### Design, Organisation and Implementation of Missions

2. The inter-agency and inter-disciplinary approach seems to be the most appropriate and should probably be retained.

3. Despite its efforts, the ILO has not always enjoyed the degree of commitment and participation by all the various agencies that would have been desirable for technical efficiency. One way of strengthening inter-agency co-operation might be to extend it to the organisation and preparation of missions, including the make-up of the team, the choice of its members and its programme of work. The Department of Economic and Social Affairs would prefer the following type of organisation, which it suggests for future missions:

(a) the head of the team would, for preference, be a practising economist (a senior national or international official with a background of administrative or political responsibility in the economic field, if possible with experience of the developing countries) rather than a person from a university;

(b) the team would consist of not more than ten to twelve persons (plus the experts working in the field). Its programme of work would consist of four phases:

i. The chief of mission would place two persons (including the statistician) on the spot, to collect the documentation on the subjects indicated by the chief of mission and to carry out or begin the preliminary studies. Time involved: two or three months.

ii. The entire team, after studying the information, would meet at headquarters and prepare its preliminary analysis, its points for study and its programme of field work. This is when the team would become a unit. Time involved: individual consideration of the documents: three weeks; discussion and programme: one or two weeks.

iii. Field work by the full team. Contacts, visits, first drafting of technical chapters and synthesis. Time involved: two-and-a-half to three months.

iv. Final drafting of the main report by the chief of mission, assisted by one or two members of the team at headquarters. The other members would be called in or consulted, if necessary, depending on how far away from headquarters they were living.



4. If possible, it would be preferable for the members of the team to know one another already and to have had a previous opportunity of working together. In most cases, however, an inter-disciplinary, inter-agency and, if possible, international team would at the outset have little in common. Hence phase two of the organisation is suggested.

5. It would also be desirable for the skills and experience of the experts working in the field to be put to maximum use for the mission's benefit. Greater participation by the various agencies (to which reference has been made above) and better communications - possibly directly - between the mission and the different headquarters would help in this direction.

6. During the field work the chief of mission would visit many of the political leaders and acquaint them orally with such material as his team had helped him to prepare, which would become more comprehensive and detailed as the visits proceeded. The members of the team would have extensive contacts with senior officials in the ministries concerned and would explore the possibilities of having the embryonic employment policies wholeheartedly accepted and applied with reasonable efficiency.

7. The report would be short, because it would mainly consist of a record of the points on which agreement had been reached as the mission proceeded. It would contain a precise list of recommendations - not too many - some of which should already have been accepted in principle by the government.

Extent to Which the Objectives  
of the Missions Were Achieved

8. From the standpoint of the countries visited, the missions have certainly been remarkably effective in defining the scope, nature and content of the employment problem and in bringing it more clearly home to the political and administrative leadership; they have also helped to define a number of possible employment policies and to suggest the more vigorous pursuit of those already implemented.

9. How far these policies will be applied and how far they will prove successful can only be appreciated fully after a certain time-lag and then only if on-the-spot visits, prepared with the help of the resident representative and the local experts, are organised for the purpose from time to time.

10. The missions have already helped to shape the world development strategy within the framework of the Second Development Decade, and are likely to contribute even more in future.

Extent to Which the Original  
Objectives Remain Valid, and Possible  
Need for Redefinition of Objectives

11. As the ILO has often emphasised, the employment missions undertaken hitherto have been of an experimental nature. The missions, heavy with extremely ambitious objectives, have explored the possible field of action in a preparatory phase.



They can be regarded as having achieved their objective and defined the pattern of the ILO's specific action in this field.

12. The next phase might be concentrated on devising more specific programmes for employment generation, identifying appropriate products and production techniques, giving new life to the informal sector and discovering how it can be made to form part of schemes for creating employment opportunities.

13. In the employment field, missions conceived in this way would probably yield better results. The over-all planning exercises involved in the initial missions are perhaps too general to produce any specific results in terms of jobs created and, at the same time, too rapid and superficial from the standpoint of general economic planning.

Inter-Agency Missions Compared  
with Alternative Methods of  
Helping Countries to Improve  
Their National Employment  
Policy-Making

14. Comments on these matters have already been made under item 2. Fewer missions spending a little more time as a full team in the field would probably have a greater impact on national policies and also provide the research work carried out at headquarters with a better knowledge of local conditions.

15. The missions should obviously be able to count on the co-operation and assistance of the regional teams already in the field (regional employment teams, UNDATS); this again raises the problem of the commitment of the various agencies and the outside contacts of the missions. The relevant country reports drawn up by the missions sent by the Bank, the OECD or other agencies have obviously been taken into account in the work of the employment missions and have in fact proved very useful.



Relationships, Complementary or Competitive between Different Approaches

16. Comments on this subject have also been made under item 4. The employment mission reports could probably be presented and drafted in such a way as not to give the impression that they are competing with the work done by other agencies in such fields as education and health planning, over-all economic planning, agricultural planning and industrial planning.

Choice of Countries and Timing of Employment Missions

17. The most important factor in the success of these missions is probably recognition by government circles, or at least some of them, of the existence and urgency of an employment problem. A second factor would be the ability of the administration to define and apply a vigorous employment policy and its readiness to rid itself of accepted ways of thinking. The other factors mentioned would seem to be less important.

How to Ensure Better Understanding of Employment-Oriented Development Strategies

18. The exchanges of views already organised on a more or less regular basis and the representation of the various agencies by officials responsible for substantive issues at the various meetings where employment problems are discussed (e.g. the meetings of the CDP) would seem to provide an answer to this question.

Methods of Ensuring Effective Follow-Up

19. The methods needed to ensure an effective follow-up have already been mentioned in a previous paragraph. One would probably be to send a very small mission from time to time (once a year) for a short period to the country concerned; the mission might consist of the chief of mission and one or two international officials, who would report on the implementation of the proposed measures.



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WORLD EMPLOYMENT PROGRAMME

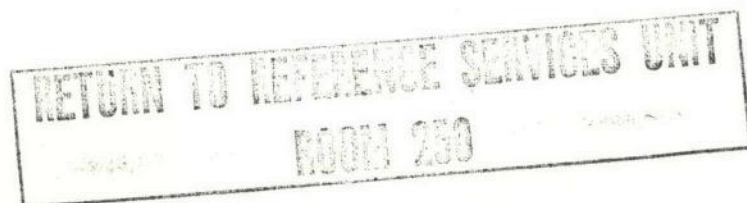
Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

R. Bruce Stedman,  
Resident Representative,  
United Nations Development Programme, Kenya



ILO  
Geneva, 1973

SPECIFIC QUESTIONS CONCERNING  
THE EMPLOYMENT STRATEGY MISSION TO KENYA

1. Administrative Arrangements

1.1 Terms of Reference -

The terms of reference were discussed in quite some detail with ILO and Government officials. The draft was basically the product of two or three Government officials, who subsequently maintained a close touch with the mission throughout its assignment. I believe that the terms of reference were sufficiently explicit, whilst at the same time flexible enough so as to make them attainable as viewed and interpreted by the chiefs of the mission.

1.2 Selection of Experts -

High level expertise was indeed made available in the important fields and we believe that the team was sufficiently interdisciplinary. About "high level" one could, however, make the observation that the relevance of the term in the context of a mission like this one is doubtful. If "high level" means internationally renowned academicians and/or experts with long and undisputed experience, there is perhaps a danger that one would find a positive correlation between the "height" of the level and the degree to which these eminent people will come accompanied by preconceived ideas. Surely an appropriate definition of "high level" must take into consideration the ability of the expertise to allow themselves to be bombarded with new stimuli and new facts and allow themselves to be influenced accordingly when it comes to drawing conclusions and arriving at predictions. In any case the term is over-worked in UN jargon.



Whether the mission was of optimum size or not is a different question. ILO's first plan called for about a dozen full-time experts, whereas in the end this number was more than doubled and, in addition, more than 20 specialists worked with the team for varying lengths of time. The problem of giving adequate technical coverage to the immense interdisciplinary scope of the subject was no doubt complicated by the drive of every discipline to "get into the act". On balance, we tend to conclude that "the perfect is the enemy of the good" and that the mission was in fact too large. An even better job could probably have been done with a smaller number of "permanent" mission members, compensated if necessary through use of shorter term specialists. Nevertheless, the ultimate judgement must be based on the quality of the end product, and by that standard one shouldn't carp.

A few subsidiary points should be made:

A number of experts had prior experience of Kenya and others of a number of full and part time participants were drawn from the academic community in Kenya (Kenyans). This no doubt helped in reminding the mission, if it ever was needed, that Kenya was the scene.

As to whether the experts were properly used we cannot, of course, with any degree of certainty, say. However, it is our understanding that most of them not only worked hard but were devoted to the job. Groups were formed and a number of field trips were made. Full credit should be given to the mission leadership for their skill in achieving a co-ordinated effort.

### 1.3 Finance -

It would appear from this distance that financial allocations were adequate. Whether the ILO had to supplement the UNDP allocation or not is not known. The selection of experts does not seem to have suffered from financial constraints, although ILO headquarters and the chiefs of mission alone would of course be in a better position to answer this. Adequate consultations with the Government both prior to and after the work of the actual mission was undertaken by ILO officials and in particular the chiefs of the mission.

Preparatory work was initiated more than half a year prior to the actual mission and was intensified a couple of months before with the arrival of a preparatory group whose task basically was data collection and processing. It was successful too. Here should be added that the preparatory phase was greatly facilitated and perhaps could not have been achieved without the support of local academicians, basically the IDS of the University of Nairobi.

The one element which evidently had to be cut out, although formally requested by the Government and planned for, was the follow-up stage. To quote from the Government request: "The consultant will be available to answer questions which arise as a consequence of the report and to advise on the implementation of proposals contained in the report." Throughout the mission the UNDP office was made available for assistance and advice as deemed appropriate by the chiefs of the mission.

A minor point might bear review in connection with future mission budgets: What is the optimum number of free copies of the report, for Government and international organisations' use, in the case at hand?



#### 1.4 Indirect Costs -

The Government throughout the various phases of the work of the mission rendered generous and adequate support, comprising local transportation, secretarial assistance, duplicating facilities, etc. It was perhaps only in the very beginning of the preparatory group's work and towards the end of the actual mission's work (i.e. the preparation of the initial drafting of the report) that the UNDP office was required to give substantial assistance (typing, proof-reading, transportation and some minor amounts of office supplies).

#### 1.5 Timetable -

The timing and duration of each stage of the mission was by and large adequate. It can perhaps always be said that more time could have been used but the result would not necessarily have benefitted from an extension. The follow-up phase was, however, completely eliminated (see 1.3 above).

#### 1.6 Government Counterpart Role -

We thought that Government machinery was adequately involved in the planning and preparation of the mission. This was definitely true, too, for the implementation phase. Here one has of course to recognise the dichotomy of the Government's situation. On the one hand it wanted the mission to get on with the business and come up with an unbiased interpretation of the situation as they saw it, plus recommendations. On the other hand, the Government was anxious to make data, information, etc. available to the mission so as to enable them to get a complete and comprehensive picture. To institutionalise the type of relationship that prevailed throughout the mission, a standing liaison committee was created including Government representatives from the most important ministries.

It is too early to say anything about Government follow-up activities. A sessional paper based on the report is, however, under preparation, and a Swahili version of at least a summary of the report is contemplated.

Political decision-makers were to some extent associated with the exercise throughout the various stages, but we reiterate that the Government's approach was one of non-interference, coupled with preparedness to assist.

#### 1.7 Non-Governmental Organisations -

Representatives from employers' and workers' organisations were involved. The extent of these consultations was presumably in accordance with the plans of the leadership of the mission which had expressly declared that contacts with these and other organisations were of utmost importance. It is not known whether the preliminary findings were discussed with them.

International aid programmes were co-operating and, indeed, some of them made expertise available.

National research institutions, primarily the IDS, University of Nairobi, co-operated constructively. Not only did the IDS associate itself fully with the preparatory stage but also made staff available to join the mission on a full time basis. Research material produced at the University and IDS in particular was made available to the mission as appropriate.

Indeed, one could say, as the mission has acknowledged itself, that work, research and otherwise related to the employment situation in Kenya, had been going on for a long time here and that a wealth of material was available prior to the mission's arrival, which was put to good use.



### 1.3 Reporting Procedure -

The question posed by the questionnaire is whether the most appropriate means were adopted for communicating the findings to the intended audience. Such a point I presume can always be debated. One way of looking at the issue is the report itself, its contents, accessibility, etc.; circulation; price and so on. Viewed from this angle, we believe that reasonable efforts have successfully been made (altogether 1,500 copies have arrived at the time of writing with perhaps 5,000 more copies to come). The Government has decided to make the report available to the public at a greatly subsidised price (not yet decided), with the express purpose of encouraging the widest possible local circulation.

But an easily digestible summary of the report would have helped. This we recall was originally planned to be done in Geneva, presumably by the leaders of the mission. It was not done, which is to be regretted. A summary, apart from its general value, would have lent itself admirably to serialisation in newspapers, something which was agreed to at an informal level. Also a summary could have been translated into Swahili. It is yet to be decided whether the Government itself will make up for this deficiency.

Having said the above relating to the report as a means of communicating the findings of the mission, we want to emphasise that there are complementary ways of doing it. As explained under 1.3 (Finance) above, a follow-up phase was envisaged which would have achieved not only dissemination of the findings, but perhaps more importantly ensured a continued dialogue and the presence of somebody who could have been in a position to explain and elaborate. Additional

seminars and meetings involving Government officials, academicians, as well as politicians, could perhaps have been of great value. Seminars of this nature have indeed been discussed and it is our understanding that something along these lines may eventually take place.

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Ed. note: Mr. Stedman hoped to be able to send his remaining comments; however, they were not available at the time of this distribution.



D.3(13) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The World Health Organization

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973

- 5 -

PRELIMINARY COMMENTS BY WHO

With regard to the specific issues listed in the Annex to Mr. Jenks' letter to WHO of 15 August 1972 in relation to the evaluation of the four multi-disciplinary missions already undertaken by the ILO, the following comments might be taken into account:

Para. 1 (Objectives of the missions)

No comment.

Para. 2 (Mission design and implementation)

We have already queried whether the crash approach taken by the missions is justified in terms of cost-benefit in a limited time framework as against other alternatives which are raised under paragraph 5(a) of the issues. In so far as WHO is concerned there have been problems of alerting the Organization early enough for an adequate input to be made to the missions, both in the exploratory phase as well as in the full mission. There are two points of key importance for us: the first is that the Organization believes that it is essential from the beginning to mobilise the full support of the concerned ministries at the national level for a co-ordinated effort - in our case the Ministry of Health - and that without such involvement, recommendations of the missions tend not to reflect completely national aspirations and will; secondly, WHO has a structure of regional offices and country representatives which could be utilised to assist missions and the ministries of health if adequate time is given for preparation. Indeed, the preparatory period is a key element.

Despite the active efforts of the ILO headquarters to involve WHO in the missions, by and large the mission leaders have considered the health concerns in a limited focus and in one case at least as of marginal concern to the over-all purposes of the missions. It is essential that there be complete understandings of over-all policy at all levels.



Paras. 3-4 (Achievement and validity of objectives)

It is very difficult for us to be in a position to assess the extent to which the objectives of the missions were achieved or their need for redefinition. This is a matter of primary concern to the ILO, but our general comments are germane.

Paras. 5(a) and (b) (Possible alternatives to employment missions)

We would urge that all possible approaches be considered before a specific mission is decided upon at the request of a government. Our experience has shown that missions are of limited long-term usefulness and should only be considered as one form of input into possible approaches to assisting governmental effort in identifying major economic and social development problems. This is particularly true in the light of the over-all country programming approach now being more universally adopted, and which needs strengthening from all sectors at the national level.

It should be mentioned that even for any particular part of inter-agency missions, a multi-disciplinary viewpoint is essential; in the field of health, for example, this includes expertise in health manpower and education and training, health planning, etc. and we are sure that this is true for other inputs into such inter-agency missions. Missions should be carefully balanced but not overloaded and only mounted when governments are ready.

Para. 6 (Prerequisite conditions in host countries)

We should like to underline that national ministerial involvement and co-ordination of effort is of key importance in the whole preparatory process; without this, international action tends to be ineffective. This is not solely a question of counterpart personnel, but one which involves willingness of the highest level of government to review its economic and social policies.

Paras. 7(a) and (b) (Improvement in understanding and follow-up)

In so far as WHO is concerned, we have taken steps to ensure within the Organization an understanding of the thrust of the ILO employment programme. WHO is ready to co-operate and follow up in missions which provide recommendations to governments on employment policy and manpower development. It is clear that only governments can act upon recommendations from any international organisation or groups of organisations; however, individual agencies can assist governments, when those decisions are made, through the normal channels of co-operation.

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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The Food and Agriculture Organisation

ILO  
Geneva, 1973

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

- 2 -

Preliminary Evaluation by the Food  
and Agriculture Organisation

Background

1. FAO has participated actively and to an increasing extent in all four of these inter-agency, multidisciplinary missions. All have been carried out under the auspices of the ILO, as a major part of their World Employment Programme and, apart from the first one, to Colombia, have been at least partly financed by UNDP. Reports have been published by ILO for the Colombia and Sri Lanka missions<sup>1</sup> and are expected shortly in the case of Iran and Kenya. (Final drafts of the last two are available in FAO.)

2. To quote from the Kenya report, the purpose of these pilot country missions was, with the help of the concerned UN agencies, to study the causes of unemployment in countries with particular types of problems, and to bring out what needed to be done internationally as well as nationally. The reports of these missions, according to ILO, have several purposes: (i) to give the government concerned an analysis of its employment problem and a suggested programme of action; (ii) to provide guidance for the aid and trade policies of international organisations and of donor agencies; and (iii) to indicate priorities in research.

3. Because of their comprehensive coverage of the entire economy, the missions were large by any standards, with up to ten UN and related agencies co-operating. Some details are given in the following table:

Country	Total Mission (1)	Agriculture Group (2)	FAO Component (3)	Time in Country (4)
1. Colombia	27	?	2	5 weeks
2. Sri Lanka	31	3	3	5 "
3. Iran	22	?	2	8 "
4. Kenya	44	12	6	6 "

(1) Not all of these were "full-time" members.

(2) Some members served in more than one group.

(3) FAO staff members plus consultants recruited by FAO.

(4) Time spent by main mission; not all members were asked to stay for this period; considerable additional preparatory and follow-up work was also done in the countries.

<sup>1</sup> "Towards Full Employment - a Programme for Colombia"; ILO, Geneva, 1970. "Matching Employment Opportunities and Expectations - a Programme of Action for Ceylon"; ILO, Geneva, 1971.



4. A premise of these country employment studies is that responsibility for them rests not with the ILO or other sponsoring agencies but with the Chiefs of Mission.<sup>1</sup> The latter, with the help of a small editorial group drawn from mission members, built on the papers prepared by those who participated in the work and drew on the accumulated experience of the agencies. Responsibility for the analysis and presentation of the reports' recommendations therefore lies entirely with the Chiefs of Mission in each case.

5. According to the ILO, it has always been their intention that after the first three or four missions had been completed a careful evaluation would be made of what had been accomplished by the missions or as a result of their work. The present paper constitutes the FAO contribution to this evaluation, which has now been initiated by the ILO on an inter-agency basis.

#### General Comments

6. To the extent possible with the time and resources available, FAO has consistently given its full support to the ILO in the carrying out of the four missions. This is not to say that we have not had some misgivings at times about the approach, or that we have not been quite critical of particular aspects of the missions. However, our support stems from three strongly held views. First, we recognise fully that the problems which come under the rather omnibus title of "employment" are one of the major socio-economic issues facing the developing countries today. ILO must be given credit for focusing the world's attention upon it. Secondly, FAO is acutely aware of the significance of this issue for the rapidly growing agricultural populations for which

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<sup>1</sup> These were: Colombia - Dr. Dudley Seers, Director, Institute of Development Studies, University of Sussex, England. Sri Lanka - Dr. Dudley Seers. Iran - Mr. Etienne Hirsch, former Commissaire Général du Plan, France. Kenya - (Joint Chiefs) Prof. Hans Singer and Prof. R. Jolly, Institute of Development Studies, University of Sussex, England.



FAO carries prime responsibility in the UN system, and of the key role in employment creation and income generation which the agricultural sector must play in the economies of the developing countries. Thirdly, because of the magnitude and complexity of the problem and the growing preoccupation of member governments with it, it is essential that the UN agencies should work together closely towards acceptable solutions.

7. In this last respect, we feel that these missions (with the possible exception of the Iran one, for reasons given later) have served a real and valuable function. The missions have demonstrated the UN agencies' willingness and ability to work together, among themselves and with other bodies, on such matters. Further, the missions have, we hope, brought home to both the governments and people of the countries visited, the ramifications of the employment problem, the difficulty of finding solutions to it and the frequently radical nature of remedial measures.

8. Only in the longer term and in the experience of the countries themselves will the specific benefits of these missions be seen. But at least to the international community, the missions have confirmed the need for a multidisciplinary approach, covering in principle the entire economy of a country. Also, they have shown that many gaps exist in our present knowledge and have indicated where research is needed in making this new approach to development planning. The missions may be criticised on the grounds of size, with some justification, but in retrospect and in the light of our present limited knowledge and experience in this field, it was probably wise in the beginning to tap all possible sources of competence in the academic, public, private and international spheres.

#### Specific Issues

9. Coming now to the specific issues on which the ILO has suggested that these missions should be evaluated, these are taken in the same order as they appear in the Annex to the ILO



Director-General's letter of 15 August 1972 and as appended to this note. Comments have been made on each point as and where it seemed appropriate for FAO to do so, in the light of our role and experience.

10. Point 1(a-f): The objectives of the missions. It is felt that the general objectives have been adequately stated but could now perhaps be sharpened in the light of experience. For example, the first one should be both broader and more specific, and should include an assessment of the dimensions and of the causes of the employment problem in a country. The extent to which the original objectives were achieved and remain valid is discussed under points 3 and 4 below.

11. Point 2: The process of design and implementation of missions, etc. The rationale of the interdisciplinary approach has been covered earlier (see para. 8). Undoubtedly, there has been much improvement in these respects in the light of experience gained from one mission to the next. Within the constraints of time and resources placed on each of these missions and which affected them in different ways, their design and implementation were, on the whole, acceptable.

12. The only exception we would make to the foregoing is the Iran mission. This mission, as is known, differed in several material respects from the others, in its purpose and objectives. Nevertheless, serious criticism must be made of the handling of this mission, particularly as to its lack of effective leadership and direction, insufficient contact between its leaders and members, among the members themselves and between the mission and other UN personnel in the country. There was a consequent lack of co-ordination evident in the mission's report, and lack of harmonisation between the main report and individual members' contributions.

13. In general under this section, we would suggest the following points for consideration in forming any further missions of this type:



- (i) The need for earlier consultation between the ILO and the other UN agencies likely to be involved as to the possible composition, scope and nature of the mission, before anything has been agreed on these aspects with the country concerned. It would also be useful if criteria for the selection of countries to which missions are to be sent could be discussed.
- (ii) The balance and composition of a mission should bear a closer relationship to the economy of the country and to the amount of work to be done by the mission in each sector. In every mission so far, the agricultural component has been notably weak in several important sub-sectors, relative to the importance of the sector in terms of employment, present and potential, and also to the weight given to other sectors and parts of the mission's work.
- (iii) Given the constraints of time and size of report within which all these missions have had to complete their task, there would seem to be an urgent need to strike a balance between these constraints and the size of mission. The Ceylon and Kenya missions must each have been near to saturation point in this respect with the problems they posed in terms of accommodation, office services, transport, data collection and information, supply, organisation and administration. It is suggested that a slightly smaller and better balanced mission, spending perhaps a slightly longer period in the country, might be a more effective instrument.
- (iv) As to the size of the report, it is submitted that this should not be a constraint; the size of the country and the complexity of its employment problems should be the criteria, and if a member or section of the mission has something of relevance to say, it should be in the report. Otherwise, it would be better to omit some areas or



subsectors from the mission in the first place if, as happened in the Kenya case, for one, there is no possibility of making use of all material prepared. Hence the need to take an early decision on this point of report size and content in the planning of any further missions.

14. Point 3: Extent to which objectives were achieved.

In so far as "effective action" resulting from these missions is concerned, the really pertinent comments can only come from the countries themselves. These should be extremely valuable and would be by far the most important part of this evaluation exercise. All that we could do at this stage, as a participating agency, would be to assess these missions on the basis of their reports, against their individual terms of reference. As, however, we have already commented fully on each mission report at the time, there seems no need to repeat ourselves here.

15. If, however, we look at these reports collectively from the viewpoint of the needs of the international community, how much have these missions in fact contributed to a greater knowledge and understanding of the employment problem and of the strategy needed to promote "an optimum combination of employment and output growth in developing countries"?

16. While, as remarked earlier, these missions have undoubtedly had an important catalytic effect in formulating new attitudes and reordering priorities in relation to employment and related issues, some of the reports have been rated as being little more than a restatement of conventional wisdom and knowledge readily available in the country, as seen from the employment aspect. While attempting to fulfil the objective outlined by the ILO, the missions have been largely fact-finding efforts. In some instances, they are considered to have suffered from serious misconceptions regarding the nature of the employment problem. Inevitably, all have suffered from the lack of any real conceptual framework to guide their work or to provide an analytical system for operating upon the factual information



available or needed and so permit valid conclusions and useful insights to be drawn regarding the resolution of employment problems.

17. It would seem that we are still some way from a systematic presentation or understanding of the complex inter-relationship of the factors governing changes in employment levels and the necessary economic, social and institutional structures that are an integral part of these phenomena. It was perhaps inevitable that each mission had to be left to develop its own methodology to cope with this problem. But it is to be hoped that a careful analysis will be made of the experience gained to date on this fundamental question, so that any future employment missions can spend less time "conceptualising" and have a more adequate and consistent framework from which to start.

18. Point 4: Extent to which the original objectives remain valid and possible need for redefinition of objectives. It is felt that countries are looking for more concrete measures for increasing employment than is indicated by the general objectives set out in the ILO note-- most important being measures for increasing employment, the means by which they could be implemented and their estimated costs. Taking this into consideration, therefore, a clearer enunciation of the problems and objectives to which these missions should address themselves is suggested below:

- (a) Nature and dimension of the employment problem.
- (b) Basic causes: what is the balance of factors by which employment is affected having regard to the particular circumstances of the country?
- (c) An examination of government policies regarding employment or otherwise affecting employment.
- (d) New approaches to the employment problem - including special approaches demanded in particular sectors.



(e) Employment strategy:

- (i) a long-term strategy for employment - taking into consideration government objectives and policies;
  - (ii) a short-term employment strategy - if required by circumstances in the country;
  - (iii) this must seek to specify what measures should be adopted and how they could be implemented (procedures, etc.).
- (f) An estimate of the employment that will be generated by such strategy and by each measure in each sector.
- (g) An estimate of the cost of implementing each such measure (to the extent feasible within the mission's time-table).
- (h) (i) Advice regarding further data necessary and procedures for the collection of those data.
- (ii) Identification of the areas for further research.  
Such identification should include areas where theories or "solutions" are suggested in the report which have not been adequately tested on an empirical basis.
- (i) Proposals for internal and external technical and financial assistance in relation to the above strategy programmes.  
(This should provide a basis for country programming and technical and financial aid programmes.)

19. On the other hand, some of the general objectives included in the ILO Annex such as (d) strengthening national employment policies, and (e) changing national policies by orienting them towards employment, should perhaps be deleted, as these are more a result of outcome of a mission's work and, being dependent on government action, could be quite beyond the control of the mission. This again raises the important question of "political acceptability" of a mission's recommendations and how much importance should be attached to this factor by a mission. Is the primary value of such a mission's report to be measured by



the independent analysis which it provides, or by the extent to which its recommendations are adopted?

20. Acceptability is fundamentally a political decision involving a balance of forces in a country; acceptability based on such political considerations affecting a particular government may have little or nothing to do with the accuracy or validity of a mission's analysis of a situation or its recommendations to improve it. In the case of Sri Lanka, for example, it appears that, for political reasons, the Government has not yet been able to take a formal stand on the Seers mission's recommendations. This illustrates the point.

21. Point 5: (a) inter-agency missions compared with alternative methods, etc.; (b) relationships between different approaches. An attempt has been made to sort out this rather heterogenous collection of issues into a series of specific points, as follows:

- (i) Is there need for a special mission to look particularly at the problem of employment? The employment problem cannot be analysed or planned for except in the context of the over-all development process. And there is a definite case for looking at the development process from the point of view of employment in most of the developing countries today.
- (ii) Is it best done by an inter-agency team? Assuming that it is to be done by the United Nations agencies, it is desirable and necessary that it be an inter-agency endeavour because of the interdisciplinary nature of the problem. A comment has been made earlier about factors affecting the size of any particular mission (see para. 13). Size should not be regarded as being interchangeable with time; in other words, a large size will not necessarily "compensate" for spending only a few weeks in a country, nor will a longer time compensate for lack of



professional competence. The nature, purpose, composition and duration of a mission must be governed partly by the answers to point 6 below but mainly by the wishes of the government and the needs of the country involved. This should be the subject of very careful advance assessment, in fullest consultation with the UNDP and other agencies' local representatives. If there is a regional employment team available, then obviously it should automatically form the core of a national employment mission and be given whatever supplementary resources may be necessary to carry out the task.

- (iii) Whether such missions would gain from other related or complementary missions, e.g. IBRD, OECD, etc., given the short duration of these missions, there is no doubt that they gained enormously from work done by other missions; the OECD study on "Employment and Unemployment in Ceylon" is a good example. There is no doubt that a prior IBRD Economic Review Mission Report would greatly help an employment mission, since the same ground (all sectors of development planning) would be covered, although from a different point of view. There is, therefore, no question of competition or duplication. Employment missions should follow such comprehensive economic missions wherever possible.
- (iv) Involvement of international experts working in the country concerned: this would provide a great input of knowledge and continuity into the work of the mission. In the Sri Lanka mission, for example, the involvement of a former OECD expert available in Sri Lanka and of local UN agency experts was a source of strength. It should be a policy of other co-operating agencies to second suitable personnel already working in the country to the mission during its field work, where possible.



(v) Involvement of local planners, technicians and research workers: apart from the fact that this would bring more reality into what might otherwise be a theoretical exercise, the involvement of the national plan organisation and similar personnel in the work of the mission would be an important factor in the ultimate acceptance and follow-up of a mission's recommendations. This was one of the strengths, at least in the original concept, of the Iran mission and, in some areas at least, was a feature of the Kenya mission. The Sri Lanka mission, on the other hand, suffered initially from a feeling in some government departments that the servicing of the mission was competing with their work on the official five-year plan preparations.

22. Point 6: Conditions in the host country, etc. Most of the necessary conditions are already listed in this question and other criteria are fairly obvious. Greater advantage would also accrue if such missions could report about one year ahead of the preparation of the Government Development Plan, so that the mission's findings could be incorporated, if found acceptable. In the Sri Lanka case, for example, the report was a bit too late in this respect. The Kenya report, however, seems to be well timed, as the 1975-79 Development Plan is in the early stages of preparation.

23. Point 7: (a) ensuring better understanding ... for implementation of policies to promote employment on a large scale; (b) improving methods of effective follow-up of employment missions ...

(a) All possible media and means should be used to stimulate and continue the discussion of employment and related problems of the developing countries. National seminars and meetings of government officials, local leaders, university staff, etc. should be held on the lines of the successful seminar held earlier in 1972 in Sri Lanka. These are also an important part of follow-up action to any mission's work.



24. (b) As to possible follow-up measures, it is suggested that provision for these should be included in the initial UNDP funds allocated for an employment mission. These might, for example, make provision for the following:

- (i) An employment adviser, located in the UNDP country office, to co-ordinate follow-up action in particular sectors in liaison between government and the agencies involved.
- (ii) A small follow-up mission, within a specified period, on an inter-agency (UN) basis plus major donors, to review the main recommendations of the mission with the government and assist it in transforming them into policies and programmes.
- (iii) Subsequent project identification and formulation missions as and when required, from the major individual UN agencies involved - FAO, ILO, UNILCO, etc.

25. If, after an employment mission has reported, the country wanted to opt out of any of the above follow-up procedures, this could be agreed with UNDP. But in view of the expenditure already put out by the UN agencies on the main mission, consideration should be given to at least the small follow-up mission being regarded as an essential part of a national employment study.

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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

THE EMPLOYMENT PROBLEM: A CRITICAL EVALUATION  
OF FOUR ILO COMPREHENSIVE COUNTRY REPORTS

by Erik Thorbecke

ILO  
Geneva, 1973

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The Employment Problem: a Critical Evaluation  
of Four ILO Comprehensive Country Reports

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- 3 -

The Employment Problem: a Critical Evaluation of  
Four ILO Comprehensive Country Reports\*

I. Introduction

In the last three years four high level missions have been organised under the auspices of ILO's World Employment Programme to study and analyse the employment problem in a comprehensive way, and to formulate policy recommendations which would help increase employment within the context of economic development. Each country mission produced a major report, the titles of which throw some light on the nature of the employment problem in each of the countries, i.e. "Towards full employment" for Colombia [1]; "Matching employment opportunities and expectations" [2] in the case of Ceylon; "Employment and income policies" for Iran [3]; and, "Employment, incomes and equality" for Kenya [4].

The purpose of this paper is to evaluate these reports critically and identify their contributions to the state of the arts, and to a better understanding of the unemployment problem.<sup>1</sup> The paper itself is divided into three parts. The first part attempts to distill the essence of each report. In the second part an attempt is made at identifying what contributions these reports made to the state of knowledge and a better understanding of the various dimensions of the employment problem. The third part deals with a critical evaluation of the reports from a technical and methodological standpoint. These last two parts are complementary to one another, identifying, respectively,

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\* The author benefited from valuable comments made by Louis Emmerij and Jorge Méndez. The author assumes solé responsibility for the opinions expressed in this paper.

<sup>1</sup> An important purpose of these reports was to formulate an employment strategy which could be implemented by the respective countries. This paper does not address itself directly to the questions of the operational usefulness of the policy recommendations and extent to which the governments actually implemented these recommendations.



a number of positive contributions and some issues of an analytical, empirical or other nature where additional work is needed, to strengthen the quality of the analysis contained in the reports and the policy recommendations flowing from them.

In addition, these sections draw upon the critical evaluation in offering some suggestions and recommendations regarding the methodology to be used in future reports.

## II. The Essential Content of the Reports

Rather than summarising the detailed content of these reports, an attempt is made in this section to capture the essential substance of each report.<sup>1</sup>

At the outset it is important to define the frame of reference under which the comprehensive Missions operated. In the Colombian case the terms of reference specified that the mission would "make recommendations to the President of the Republic concerning short-term and long-term measures with a view to formulating a comprehensive national policy to ensure that the economic development of Colombia results in a high level of productive employment in a reasonably near future" [1, p.3]. The inter-disciplinary team of international experts was to be composed of representatives of a number of specific fields ranging from macroeconomic policy and planning, agricultural and industrial planning and the planning of human resources to the sociological aspects of development.

While less specific in terms of the various disciplines to be represented, the terms of reference of the Ceylon Mission were quite similar to those applying to Colombia. In addition to

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<sup>1</sup> In this process it is impossible to avoid at least some critical evaluation. In general, this critical evaluation is pursued further in Section III. b.



preparing "a long-term strategy for achieving a high level of productive employment in Ceylon" the mission was asked "to recommend measures to reduce the magnitude of the unemployment problem in the short-term, and to review crash programmes for employment creation currently being elaborated by the government". [2, p.XVI].

With regard to Kenya, the terms of reference emphasised strongly the need for investigating employment in rural areas, employment generation in both urban and rural industry, the examination of "Kenyanisation" and technical assistance policies, employment generation in the unenumerated or informal sectors, and the identification of specific quantitative indicators of employment.

Finally, the Iran Mission's assignment called for both a long-term strategy for achieving a high level of productive employment by 1985, and a more short-term strategy which could be incorporated in the national development plan covering the period 1973/76. In general, it is relevant to note that each mission was asked to suggest ways in which international and bilateral aid agencies could lend support to the implementation of these employment strategies.

Thus, the major thrust of each mission was to formulate a comprehensive employment strategy consistent with overall economic and social development.

Before moving to the main substance of these reports, it is important to note that at least to some extent a learning-by-doing process is recognisable as one moves from the Colombia to the Ceylon and finally the Kenya Report. Both the department within ILO which provided the technical support (i.e., the department in charge of the World Employment Programme) and the missions' participants from inside ILO and outside - many of whom took part in more than one mission - obtained better insights into the



causes of the employment problem, and in the strategy required to combat it, as they encountered relatively similar problems and situations in these countries.<sup>1</sup> One important result of this continuing involvement of a key group of ILO and outside experts was that a certain approach to (one is almost tempted to say a certain philosophy of) the employment problem has evolved gradually, both with respect to the diagnosis of it and the prescriptive methodology which is used to derive policy recommendations.

The Iran Report, for a number of reasons<sup>2</sup> which are brought out subsequently, followed a somewhat different model than the other three missions and, as such, does not seem to have benefited from the learning process previously referred to.

a. The Colombia Report

The primary and explicit purpose of the report, as its title indicates, was to recommend a "full employment" strategy. Thus, the emphasis was shifted from the formulation of a development strategy based on economic growth per se with employment obtained as it were as a residual to one focussing on employment as a major policy objective in its own right. Defining full employment as 95 per cent of the labour force and given the demographic trends,

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<sup>1</sup> Another factor which contributed to this learning-by-doing process is that the leadership of these three missions rested with members of the Institute of Development Studies at the University of Sussex, i.e., Dudley Seers, for the first two missions above, and Hans Singer and Richard Jolly, jointly, for Kenya. In addition to the chiefs-of-mission, Sussex was well represented in these three missions, with a number of individuals participating in two or even three of these country teams.

<sup>2</sup> Neither the leadership of the Iran Mission nor the majority of its members were involved in any of the other employment missions.



it would necessitate the creation of about five million additional jobs between 1970 and 1985 - the self-imposed planning horizon. It was felt that the maximum productive labour absorption which could occur within agriculture would be of the order of 1.8 per cent annually (equivalent to about half the natural increase in the rural population). This would mean that over the fifteen-year planning horizon, agriculture could only provide about three-quarters of a million new jobs and that, therefore, the non-agricultural sectors would have to absorb the remaining four and one quarter additional jobs. The achievement of this objective, in turn, would require a growth rate of employment outside of agriculture of seven per cent per year.

A hypothetical "idealised" strategy was designed, which is summarised in Table 1, to reach this employment target. Three non-agricultural sectors are defined: (1) a capital-intensive, skill-intensive sector including modern manufacturing, mining, public service and transport; (2) an essentially labour-intensive (i.e., non-capital, nor skill-intensive) sector consisting of construction, artisanal production, trade and personal services; and (3) a skill-intensive sector, which embraces financial and government services. Table 1 illustrates clearly the basic aspects of the strategy. The projected growth of labour productivity would be increasing in agriculture from the present level (2.0 per cent) to 3.5 per cent per annum, while it would decline in the rest of the economy. These changes would occur while at the same time GDP would grow at 8.0 per cent a year (5.4 per cent in agriculture and 8.9 per cent in non-agriculture). This strategy would, thus, entail major changes in the composition of output towards relatively more labour-intensive goods and services and in technology away from capital-intensive techniques - at least, outside of agriculture. It would amount to "progressive modernisation" from the "bottom-up". The reduction of the growth rate of labour productivity could only take place if more reliance were placed on traditional and newly designed labour-intensive techniques befitting Colombia's resource endowment better than "modern" techniques.



Table 1

Colombia: Growth Rates of Employment, Labour Productivity and Value Added by Sector: Estimates for 1964-70 and Hypothetical Strategy for 1970-85 (annual cumulative growth rates in percentages).

Sector:	<u>Employment</u>		<u>Labour Productivity</u>		<u>Value Added</u>	
	1964-1970	1970-1985	1964-1970	1970-1985	1964-1970	1970-1985
Agriculture <sup>1</sup>	1.4	1.8	2.0	3.5	3.4	5.4
Non-agriculture	3.2	7.0	2.5	1.8	5.7	8.9
of which:						
Capital-intensive and skill-intensive <sup>2</sup>	2.5	6.9	4.0	2.9	6.6	9.1
Not capital-intensive nor skill-intensive <sup>3</sup>	3.6	6.9	1.4	1.5	5.1	8.5
Skill-intensive <sup>4</sup>	3.3	8.3	1.8	1.0	5.1	9.3
All sectors	2.3	4.8	2.9	3.2	5.2	8.1

<sup>1</sup> Agriculture, livestock, forestry and fishing.

<sup>2</sup> Mining, modern manufacturing, public services and transportation.

<sup>3</sup> Construction, artisanal production, trade and personal services.

<sup>4</sup> Financial and government services.

Source: [1, p.61].

In agriculture, on the other hand, the increase in the growth of labour productivity suggests that relatively more capital-intensive techniques are to be used. To quote Dudley Seers "in agriculture the danger is not of productivity rising too fast to permit enough labour absorption, but of it rising too

slowly, especially too slowly to permit the necessary expansion of the urban economy." [5, p.384]. It is claimed, however, that a major land reform combined with a switch of emphasis towards helping the small farmer, - particularly through encouraging him to adopt more intermediate capital inputs (e.g. fertiliser, insecticide, improved seeds) rather than mechanisation - would yield the relatively high growth of labour productivity assumed in the projections (3.5 per cent per annum). The objectives should be to achieve relatively high output growth per man in agriculture, on the one hand, and to increase the labour inputs of small farmers through the adoption of intermediate rather than mechanised techniques, on the other. There is, perhaps, some ambivalence in the way in which the concept of labour productivity is used in the report. Presumably the existence of a large stock of under-utilised labour resources mainly of a seasonal nature may lead to an increase in the number of man-hours (man-days) of work per annum for farmers on the average, while output per man-hour rose only very slightly. It would seem reasonable that the bulk of the growth in agricultural output in this case would result from a higher labour intensity rather than growth of productivity per man-hour. This distinction between labour productivity per man-hour and per man-year (allowing for possible increases in the total number of man-hours worked) is not made sufficiently clearly in the report. This is an important question which is discussed further in more general terms in Part III.

In a general sense, the ILO employment strategy would necessitate the implementation of major structural changes, including agrarian reform, a removal or reduction in the artificial distortions in factor prices, fiscal reforms which would among others limit consumption expenditure of the higher and middle-income classes, the design of entirely new (labour-intensive) techniques of production, and policies conducive to altering the composition of output. In any case, the ILO strategy should be considered as a set of general guidelines to achieve



full employment by 1985, rather than a specific and detailed plan.<sup>1</sup>

Even though many of the assumptions made (mostly implicitly) on the supply and demand sides appear reasonable on a priori ground, no input-output consistency check is undertaken. Furthermore, assumptions regarding sectoral growth rate of labour productivity appear rather arbitrary, e.g., an increase in the latter rate in agriculture from a current 2.0 per cent per annum to 3.5 per cent over the projection period (1970-85) and a reduction from 4 per cent to 2.9 per cent in manufacturing. It is important to remember that the above figures are not meant to be any "policy" forecast but rather illustrative of the sort of pattern full employment would require. At the same time, it seems somewhat ironical that a study which emphasises structural reforms as opposed to economic growth per se as a necessary condition for increased employment (or the resolution of the employment problem) would, nevertheless, require an overall growth rate of GNP of 8 per cent per year over the planning period. Such a global growth target implies a very drastic discrete jump compared to the historical growth performance of Colombia. One would expect that the attainment of such a high growth rate of GNP would go a long way towards alleviating the unemployment problem if not eliminating it altogether. The claim which is made in the report without being quantitatively documented or tested is, of course, that it is only through the implementation of these major structural changes that such a jump in overall growth can take place and the employment problem resolved. The relationship between the structural changes and the growth rate

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<sup>1</sup> It is interesting to note that a continuation of the present trend - assuming the structure of the economy to remain the same during the projection period - would result, according to the mission, in a level of unemployment of between 31 and 37 per cent of the labour force in 1985 (compared with 21 per cent in 1970). [1, p.378]. A "passive" policy would have disastrous consequences and, hence, drastic changes are called for.



of GNP is not explicitly discussed.

It is clear that the Colombia Report made some important contributions to a better understanding of the employment problems which are discussed subsequently in Part III. At the same time, the absence of a general equilibrium macroeconomic and intersectoral framework makes it difficult to test the internal consistency and realism of the overall strategy. Since this is a shortcoming of all the country reports this question is discussed in some detail in Part III. b.

b. The Ceylon Report

The Ceylon Report [2] goes beyond the Colombia one in its analysis of the major causes of unemployment and in outlining a programme of action for the short and long-run periods. At the same time, it contains even less of a macroeconomic, intersectoral consistency framework than the above report.<sup>1</sup> In addition to identifying many of the same causes responsible for a global shortage of productive job opportunities as were found in Colombia, a major novelty of the Ceylon study is the thorough analysis of structural unemployment. The major type of structural unemployment is found among the young educated group. The magnitude of unemployment among this group is truly staggering considering that over 90 per cent of those under 20 who have passed the O-level examination and who were seeking work were unemployed and that the corresponding proportion for the age group 20 to 24 was over two-thirds. Clearly, an imbalance exists between the

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<sup>1</sup> It should be noted that, whereas, the main report lacked such a consistency framework, one of the technical papers in the second volume presents an interesting model for a full employment strategy. The quantitative specification of this model was severely limited by the lack of data which might have been one of the reasons why the main report in Volume I made no use of it. [2, Volume 2, Chapter 4].



expectations of the educated and the opportunities available.<sup>1</sup> An attempt is made to explain this imbalance, notwithstanding the availability of manual jobs, on the ground of large income differentials between white-collar and blue-collar jobs, and greater security and status in the former. Perhaps in a more fundamental way Dudley Seers points out, "what seems to have happened is that the expansion of the educational system has out-run the capacity of the economy to provide the sort of jobs that those with secondary school qualifications feel they are entitled to expect - broadly speaking, office jobs." [6, p.102].

Another type of structural unemployment in Ceylon is that prevailing on tea and rubber estates. On these estates the bulk of the labour force consists of a population of Indian origin which because of linguistic, social and communal barriers is precluded from moving out.

In general, it was calculated that employment would have to grow at something like four per cent a year between 1968 and 1985 to achieve full employment at the end of that period. A broad strategy is designed to help achieve the full employment objective. This strategy is based on a number of major structural reforms as well as important adjustments within the prevailing structure.<sup>2</sup> Perhaps, the most restrictive constraint to the economic and social development of Ceylon is the state of the balance of payments. Consequently, export diversification and high growth of non-traditional exports are of the utmost importance. Within agriculture the major components of the development strategy are changes in production processes, essentially in the direction of using more labour-intensive techniques, through the adoption of intermediate inputs and high-

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<sup>1</sup> The importance which the mission attached to this type of structural unemployment is reflected by the title which was given to the Ceylon Report, e.g., "Matching employment opportunities and expectations".

<sup>2</sup> It is perhaps revealing that no target growth rate of GNP appears anywhere in the final report.



yielding varieties; a radical land distribution which would increase the number of small holdings and thereby employment absorption; and a rural works programme combining drainage, minor irrigation and consolidation.

In the area of wage policy not only should differential wage rates be reduced (particularly those between white and blue-collar workers) but also drastic restraints should be placed on wage increases to limit consumption growth to an annual rate of less than 1.5 per cent over the planning period. A reorganisation of the educational system is outlined to try to cope with the structural unemployment among the young educated.

In addition to the long-run strategy, an immediate programme to reduce unemployment during the 1972/76 Plan period was also spelled out. Among the measures which are recommended, one should note the establishment of national youth services. The underlying idea of these services is that during the first two or three years of any young person's working life he or she would be paid a nominal wage rate - presumably considerably below the prevailing market rate. Such a scheme would in a sense be equivalent to a period of national (military) service.

In general, no attempt is made in the report to quantify the effects of the various policy measures and structural changes on employment. In some cases, rough orders of magnitude are given but the analysis is basically descriptive rather than quantitative.

### c. The Kenya Report

The Kenya mission completed its work in the fall of 1972. It represented, in a sense, the culmination of one approach to



employment.<sup>1</sup> A number of concepts which had surfaced in the previous reports appear to have been even more carefully thought through in the Kenya exercise. Undoubtedly, the knowledge acquired from having already studied the employment problem in Colombia and Ceylon provided a more empirical basis for testing a number of hypotheses in Kenya. In a sense the Kenya Report incorporates the fruits of the comparative analysis and provides a well-argued - if not necessarily consistent - approach to, and strategy for resolving the employment problem.

Perhaps, the starting point of the approach to the unemployment problem in Kenya was the recognition that in addition to the underutilisation of labour per se, another essential dimension - and not necessarily a corollary of it - is the very low income received by many individuals. To quote the Kenya Report "we identify the main problem as one of employment rather than unemployment. By this we mean that in addition to people who are not earning incomes at all, there is another - and in Kenya more numerous - group of people whom we call the "working poor". These people are working, and possibly working very hard and strenuously, but their employment is not productive in the sense of earning them an income which is up to a modest minimum. Thus an analysis of the problem of low incomes, income distribution and the concept of a minimum income are inherent in our approach to the problem." [3, p.9].<sup>2</sup>

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<sup>1</sup> Indeed, as was pointed out previously, the three missions referred to so far included a large contingent - including the chiefs-of-mission - from Sussex (many of whom were involved in more than one mission) and from the World Employment Programme of ILO. In all fairness one cannot, and should not talk about "the Sussex view of the employment problem" since different viewpoints are shared by different people at Sussex, as Richard Jolly has pointed out [7, p.1]. At the same time there appears to be enough agreement among the individuals who participated in these missions (from ILO, other agencies, Sussex and other academic institutions) to talk about one approach to the employment problem.

<sup>2</sup> Even though this problem was recognised in the previous missions, it was further elaborated and clarified in the case of Kenya. Furthermore, the term "working poor" was first coined in the Kenya Report.



The magnitude of unemployment in the urban areas was estimated to be in the range of 8 to 14 per cent of the labour force. If the "working poor" are added to this number (i.e., those earning less than 200 shillings a month) the proportion of the adult population suffering from lack of productive employment in the urban areas could easily exceed 20 per cent of males and 50 per cent of females. What these above figures measure is the proportion of the adult population lacking "the opportunity of earning a reasonable minimum income". The above estimates of the magnitude of the employment problem, based on Nairobi figures, appear to be representative of other urban areas in Kenya.

In the rural areas the major factor affecting employment is the lack of access to land. The combination of a high rate of population growth and inadequate incomes and productive employment opportunities in the rural areas explains, at least partially, the very large migration to the urban areas and particularly to Nairobi. Since this flow is particularly concentrated on the younger and better-educated men, many families are left behind on small agricultural holdings in the charge of women who may well be "over-employed" in terms of work intensity but who typically can be counted as part of the "working poor" especially when the husband fails to obtain work in town or make remittances.

Basically, three types of imbalances affecting the employment problem are identified in the report. The first one is global in nature, representing the gap between the present capacity of the economy to provide productive employment opportunities, on the one hand, and the large and increasing number of individuals "needing" work to earn a minimum income. The second type of imbalance is that reflected by the heavy migration described above from the country to the towns, and particularly Nairobi, which creates an imbalance between the centre and the periphery. The study makes the point that even though migration is probably worthwhile from a private standpoint, it may not be socially desirable and therefore ought to be slowed down. The final type



of imbalance is caused by the discriminatory treatment of, or the lack of support received by the "informal" sector as compared to the formal sector. The informal sector in the above sense corresponds approximately to the traditional or non-modern sector.<sup>1</sup>

For purposes of designing an employment-oriented strategy the mission took four major objectives as a starting point. These objectives were: (1) the continued expansion of the economy; (2) a wider sharing of the benefits of expansion - especially among those groups of the population which lack the opportunity of earning a minimum acceptable income; (3) the national integration of the economy; and (4) an attack on extreme imbalances and disparities between regions, social groups and individuals. It should be noted that there is a substantial degree of overlap between the last three objectives above. It is this complementarity which, while logically perhaps somewhat bothersome, facilitates the formulation of a comprehensive strategy. The only conflict which might exist is as between the first objective, i.e., growth and the other three which together reflect some equity target.<sup>2</sup>

A development strategy is designed as a function of the four above objectives and in the light of the imbalances previously identified. To cope with the global shortage of employment opportunities population control measures and policies leading to high economic growth with redistribution are advocated. An

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<sup>1</sup> The Kenya Report attaches great importance to the rôle of the informal sector in creating both employment and income. This sector is defined and its rôle analysed in great detail in the report. In the next section of this paper this concept will be reviewed in as much as it can be considered as a contribution to a better understanding of employment problems in general.

<sup>2</sup> The report recognises this possibility when it states that "a trade-off between growth and more equal distribution cannot be ruled out, especially as a temporary result of the proposed restructuring of the economy." [3, p.12]. The report adds, however, that many of the proposals should have the opposite effect of increasing output and growth.



overall growth rate of about 7 per cent a year (corresponding to 6 per cent growth of agricultural output and 8-9 per cent in the non-agricultural sectors) is postulated as being required for a rapid implementation of the proposed strategy. The redistributive nature of the strategy is based on the stabilisation of the disposable real incomes of the receivers of the top 10 per cent of total incomes over the planning period through fiscal measures. In turn, these taxed resources would be invested in programmes "required to attain the minimum income targets, especially in labour-intensive employment-oriented projects benefiting the unemployed and the working poor." [3, p.13]. The mission concludes on the basis of rough estimates that this strategy would permit the doubling of the per capita incomes of the unemployed and working poor in about seven years.

The strategy which is recommended to reduce the centre-periphery imbalance consists mainly of reducing the rural outflow by increasing labour absorption within agriculture and rural non-farm activities. It implies, within agriculture, the introduction of more labour-intensive technologies such as those based on high-yielding varieties and intermediate inputs without mechanisation; a trend towards a reduction in the average size of farm holdings since labour inputs per hectare seem to be negatively correlated with the size of the holding; encouraging a change in the structure of production towards agricultural commodities requiring relatively more labour; and finally, increasing substantially the services provided by the public sector to small producers. In addition, a rural works programme is recommended which should, as much as possible, be complementary in a seasonal sense with agricultural production to make better use of the labour resources which are seasonally underemployed.

Finally, basic changes in the government policies vis-à-vis the informal sector are suggested to reduce the third type of imbalance.



d. The Iran Report

The main report produced by the Iran mission [4, Volume A] starts by outlining strategies in at least six different yet - according to the mission - "clearly interdependent and mutually reinforcing areas". The population strategy consists in simply giving the highest national priority to family planning. The employment strategy sets targets regarding the number of new jobs which have to be created in order to achieve full employment. Thus, it is projected that at least one and a half million new jobs would have to be created by the end of the Fifth Plan (1973-77). Since it is felt that the absolute labour force in agriculture has reached its peak the new jobs are to be provided by the other sectors - mainly by the manufacturing industry and, to some extent, by the construction and service sectors. The industrial and agricultural strategy appears to be a mixture of promoting and encouraging large-scale, capital-intensive production while at the same time encouraging the development of middle and small-size industries and the spreading of the technology of the Green Revolution (based on intermediate technology with little or no additional mechanisation) to small holdings. The income strategy is predicated upon achieving a less unequal distribution of income which would entail among others a rise in the minimum wage rate, the provision of housing for the low income groups and the improvement of living conditions in the agricultural and rural sectors. The educational strategy calls for training enough teachers to ensure the educational targets which have been established. Finally, it is recommended that the decision-making process be as decentralised as possible. In general, the so-called strategies appear to amount, in fact, to the specification of quantitative, or in some cases qualitative targets to be achieved over the planning period.

A large number of policy recommendations are made in each one of the above areas. Some of these recommendations are highly specific (e.g. to train 2,000 co-operative managers and



3,000 extension agents a year) while others are quite general. Very briefly, the agricultural and rural policy entails strengthening substantially the rural multi-purpose co-operative system, the provision of easier access to crop-credit and medium and long-term funds for investment purposes for small farmers, a new price policy for water to cover all costs, the completion of a number of infrastructure projects mainly in the field of irrigation, and the subsidisation of various inputs. It was expected that the multi-purpose co-operatives would expand the craft activities, such as carpet-weaving, to absorb as much as possible the slack labour resources resulting from seasonal underemployment in agriculture.

The industrial policy embraces a series of measures such as a reform of the system of import duties which would eliminate all concessions on imports of machinery and equipment and establish an ad valorem average rate of 15 per cent on intermediate goods and 30 per cent on finished goods. Specific measures are, likewise, recommended with respect to education and vocational training, family planning and other areas.

Even though the main report contains an analysis of the overall employment situation, and of the conditions existing in various sectors the links between the policy measures recommended and the objectives which are specified under the various strategies are in many instances quite vague.<sup>1</sup> In addition, the policy recommendations in the main report are not always consistent with those which are included in the technical papers (in Volume B). In the Iran Report, perhaps even more strongly than in the others,

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<sup>1</sup> In general, this question of the relationship between policy measures and policy objectives is discussed in Part III. B. The relevant concern here relates to the extent upon which the formulation of policy recommendations is based upon an empirical knowledge of the effects of the policy means on the set of desired objectives.



the lack of a macroeconomic consistency framework underlying the analysis casts a shadow of doubt on the feasibility of achieving a number of quantitative targets which have been set. The irony is that the main report does not appear to make use of the outstanding intersectoral projections model developed for Iran and contained in Volume C. Even after making allowance for the doubtful quality of some of the data and guesstimates used in the above exercise, some important policy conclusions result which have a much stronger empirical basis than some of the recommendations in the main report.

In the diagnosis of the prevailing situation, the main report reveals the increasing seriousness of the unemployment problem, the magnitude of the rural-urban migration and the increasing inequality in the income distribution as indicated, for instance, by the widening ratio of urban to rural income per head from 4.6 to 1 in 1959 to 5.7 to 1 in 1969. The GNP growth targets which are adopted in the main report are essentially those selected for the Fifth Plan (1972-77), i.e., 11 per cent per annum for overall GDP, 6 per cent for agricultural output and 14 per cent for mining and manufacturing. Labour productivity, per employed person, is postulated to rise at a very high 7.5 per cent annually which yields a growth rate of employment of 3.1 per cent per annum. It should be noted that the growth rate of labour productivity which is assumed to prevail in agriculture, i.e. 6 per cent, appears extremely high by international standards. Here, again, it is probable that the bulk of the projected increase in output will result from a rise in labour-intensity (i.e., the total number of man-hours or man-days per year) per member of the agricultural labour force, rather than from the growth in labour productivity per man-hour. It is unfortunate that the report provides very little empirical or analytical support for the



growth rates of output and labour productivity which are used in the projection exercise.<sup>1</sup>

### III. Major Contributions and Critical Evaluation

In this part an attempt is made at (a) identifying the major contributions which the high-level mission reports have made to the state of the arts and a better understanding of the employment problem; and, (b) undertaking a critical evaluation of these reports.

#### a. Major Contributions of the Reports

The following four main contributions to a clarification of the employment problem were identified: (1) the comprehensive nature of the approach taken to the analysis of the employment problem and of the strategy to cope with it; (2) an improved understanding of the nature of unemployment and of its various dimensions; (3) the recognition and identification of a number of structural imbalances of an educational, regional (e.g. between the centre and the periphery) and other nature; and (4) a new and unconventional view of the role of the informal urban sector, and to a somewhat lesser extent, of traditional agriculture in the process of economic and social development. These contributions are discussed, in turn, in some detail below.

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<sup>1</sup> In general, the output targets are taken over, uncritically, from the National Plan. The main justification which appears to be given for selecting a 6 per cent annual growth rate of labour productivity in agriculture is that the agricultural labour force has reached its peak and that, consequently, if value added in that sector is to grow at 6 per cent per annum, it follows that labour productivity per member of the labour force should grow at the same rate!



### 1. Comprehensive Approach to Employment

At the outset, it is important to recall that until recently the major policy objective which the governments of the developing countries were striving for was an increase in average per capita income. It was felt that this goal was largely complementary with other policy objectives such as a high level of employment. Furthermore, to the extent that a conflict might exist between GNP growth, on the one hand, and employment and a more equal income distribution, on the other hand, the relative weight attached to the former was very high. Indeed, if it were possible to redistribute an increased output, every individual would be materially better off, on the average. The prevailing view among economists and policymakers was essentially that it was more important to increase the size of the pie than to be concerned with ways of dividing it more evenly. Therefore, the maximisation of output should be the prime objective - after which fiscal, and perhaps monetary policies could be designed to redistribute that output and corresponding income in any socially desirable way. There are at least three objections to this conception. First, the political power balance is, at least partially, related to the primary income distribution (before taxes) so that it is very difficult in most developing countries to design and implement policies, acceptable to the power groups, which would permit such a redistribution. Secondly, even if there is a political will to use fiscal and other instruments to alter the income distribution, the actual institution, enforcement and administration of these measures is often beyond the administrative capability of these countries. The third objection is perhaps even more fundamental, namely, that there is a frustration and lack of human dignity which is associated with the unemployed status which is not going to be removed simply through any income redistribution scheme.<sup>1</sup>

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<sup>1</sup> This point is discussed next in the sub-part dealing with the contribution which the reports made to a better understanding of the various dimensions of the employment problem.



It is clear that from the late sixties on the previous traditional wisdom that economic growth was synonymous with economic and social development became seriously questioned. This point is emphasised strongly by Dudley Seers when he states that it is not enough to "accelerate growth". To quote him, "perhaps the hardest step for those who have worked for many years in the development field is to realise the limited relevance in itself of the rate of economic growth. Even those who accept employment as a specific objective often fall back on the argument that the way to achieve the necessary increase in employment is to accelerate the rate of economic growth. Yet it is clear, by now, that fast economic growth is not sufficient to raise employment at a fast pace; moreover, one common result is that part of the population is left behind and inequalities become even greater. In fact, if growth is concentrated in a few capital-intensive industries, as it tends to be when it is really fast, the effect may be to raise productivity rather than employment, and also to lift wages to levels higher than other industries can pay, especially agriculture, thus reducing the employment they provide.". [5, p.380].<sup>1</sup>

An increase in the number of productive jobs and a more equal income distribution became objectives in their own right. The next step was to realise that the link between the employment pattern and income distribution is a close one, and that through an appropriate employment policy the personal income distribution can be affected and vice-versa. Indeed, there is only one income distribution which corresponds to a given output-mix and set of technical production relations (for any given set of prices and

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<sup>1</sup> It is, however important to note that, notwithstanding the above viewpoint, all the mission strategies were predicated upon the attainment of high income growth rates. In each case, the projected growth rate of GNP was substantially higher than that achieved in the recent past. This point is discussed in the next section.



ownership of resources) - abstracting from government action in the fiscal or monetary fields. In other words, the product mix and the technological input-output relations determine the returns to the factors of production in the forms of wages and salaries, rent, interest and profits and thereby the resulting personal income distribution.

Thus, the new approach recognised that economic growth per se was not a cure-all and that the economic development process was essentially multi-dimensional requiring the achievement of objectives which might be mutually conflicting. It was also recognised that an appropriate employment level and structure would be an important means in affecting personal and regional income distributions - rather than just an end in itself. Since any policy measures undertaken to affect the pattern of employment are also likely to have important consequences on other policy objectives it follows that it is not possible to identify an employment strategy, as such, independently of an overall economic development strategy. It is this interdependence and central nature of the employment problem, which is at the heart of the whole development process, that necessitated a comprehensive analysis of the causes of the problem and of ways to cope with it.

The comprehensive, all-embracing nature of the employment problem is well understood and described by each country mission. In this respect the following quotation from the concluding section of the Kenya Report is representative of the approach taken in each report: "It is clear from the foregoing that we have travelled far beyond the confines of the employment problem narrowly defined. This is inevitable since employment, in our analysis of the Kenyan situation, is inseparable from an overall strategy of economic and social development. Thus, any frontal attack on the problem of unemployment and employment in Kenya has to deal with the whole gamut of measures related to economic and social inequalities, equity and low incomes." [3, p.30].



## 2. Dimensions of the Employment Problem

A second major contribution of the reports<sup>1</sup> is the analysis and identification of the various dimensions of the employment problem. Basically, the reports identify three different aspects of the employment problem: (a) the frustration which is felt by job-seekers who are unable to find work of the type and for the remuneration which they want or which they feel they can expect; (b) inadequate incomes in money or kind to satisfy the basic needs of individuals or households; (c) the underutilisation of labour resources in the sense of people involuntarily working and producing less than they are capable of with the resources at hand.<sup>2</sup>

The contribution made by the reports consists of highlighting the importance of the first two aspects of the employment problem relative to the third one. Indeed, it appears that the literature on this question strongly emphasised the underutilisation of labour without paying sufficient attention to the inherent frustration suffered by the unemployed and the inadequacy of incomes. It is, of course, true that these three aspects are in general, but not always, closely inter-related in the sense, for example, that a reduction of labour underutilisation should increase income and reduce frustration.

The frustration among job seekers is linked in the report to a number of imbalances. The first imbalance is of a global nature, namely, that the total number of people in the labour force is larger than the total number of work opportunities. Besides this overall imbalance there are a number of structural imbalances. Among the latter, the one which is perhaps best

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<sup>1</sup> With the possible exception of the Iran Report where these distinctions are not sharply drawn.

<sup>2</sup> These three aspects of the employment problem are emphasised and illustrated in the Colombia, Ceylon, and Kenya Reports. For an overall discussion of these aspects see [7].



analysed and illustrated in the reports is the structural imbalance in skills and attitudes, particularly in education. The analysis of this type of imbalance suggests that relatively educated people hold out for certain types of white-collar jobs even when "inferior" white-collar or blue-collar jobs are available. This type of unemployment which was, for instance, extremely large among the young educated in Ceylon, is not simply a function of the income differentials but is also related to the higher degree of job security and status attached to these more desirable jobs.<sup>1</sup> There are other dimensions of structural imbalance which are related to the uneven seasonal pattern of labour requirements in agriculture, compartmentalisation between regions or sectors (e.g. the lack of mobility of Indian workers on the Ceylonese estates) and others which will be discussed subsequently.

What constitutes an inadequate income - the second aspect of the employment problem - is difficult to define in any general way. It is clear, however, that certain nutritional minimum norms can be established, in addition, to minimum standards for shelter, clothing and other necessities which might vary from country to country and perhaps from region to region. Even though the notion of an adequate income is, essentially, arbitrary, it would appear to be possible to arrive at some agreement as to what minimum household income is required to provide the strictest necessities.

Finally, the concept of labour underutilisation implies that there is an excess of man-hours (or man-days) of labour available to people in the labour force over and above the total number of man-hours (or man-days) required to produce the total output of the economy. Thus, labour underutilisation is a combination

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<sup>1</sup> In addition, the probability of obtaining such jobs should also be taken into account.



of unemployment and underemployment. The latter is particularly acute in agriculture where there are widespread fluctuations of a seasonal nature in the requirements for labour. Here again, the extent of underemployment is somewhat arbitrary and difficult to measure. There are problems of a conceptual nature which will be touched upon in the next section. In any case, it is clear that there exists a large reservoir of labour resources which, at least potentially, could be used to increase production.

Even though, as was pointed out previously, these three aspects of the employment problem are in general interlinked, there are cases where an increase in the intensity of employment (e.g. by working more hours per week) would still not provide an adequate income level for the individual or the household. Indeed, the group of people identified as the "working poor" in the Kenya Report cannot in spite of being fully employed earn an income which is up to a modest minimum. Thus, it is possible to have people fully employed at inadequate income levels because of very low productivity. Obviously, for this group of people, the policy prescription is not to create additional employment opportunities but rather provide them with new skills, and additional complementary resources which will increase their productivity.

### 3. Structural Imbalances

A third important contribution is the recognition that the employment problem is not just caused by an aggregate deficiency of productive job opportunities to employ the entire labour force. Rather, as has just been seen, a number of specific structural imbalances are identified and analysed as contributing to it.

A first type of structural imbalance is that between skills, attitudes and expectations on the one side, and opportunities, on the other, which affects mainly the young-educated group.



This type of imbalance has been discussed and illustrated in previous parts of this paper to which the reader is referred.

A second type of imbalance is that found in many parts of agriculture and reflected by a very large degree of seasonal underemployment. The causes of seasonal underemployment are, of course, directly related to the discontinuous nature of the production process in agriculture. There are peak periods, such as at harvest time, where the entire labour force may be required and there are slack periods, where only 10 or 20 per cent of the available labour resources is actually required. It is no exaggeration to say, that in many developing countries, a good half of the labour resources potentially available in agriculture is seasonally underemployed. A corollary of underemployment is, of course, that there exists a (very large) pool of labour resources which is potentially available. If this pool could be combined with complementary resources it would permit an increase in production and in income for these (underemployed) workers and thereby improve their standard-of-living and lead to a more equal income distribution. The policy implications which suggest themselves are, first, within agriculture, that measures should be designed to influence the output-mix and the production techniques so as to increase total labour utilisation - particularly through a more balanced seasonal distribution of labour requirements.<sup>1</sup> Secondly, rural non-farm activities should be promoted which, likewise, could help absorb productively the pool of seasonally underemployed labour resources available. These activities would have to be complementary, in a seasonal sense, with the agricultural production calendar,<sup>2</sup> and could take

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<sup>1</sup> This is, of course, tantamount to reducing seasonal underemployment.

<sup>2</sup> Some of the more specific policy measures which are suggested in the reports are reviewed in the next sub-section which deals with a new approach to, and strategy for the traditional (rural and urban) sector.



the form of rural works programmes, construction, artisanal and craft industries and others.

Still other types of structural imbalances are identified, and particularly those between the centre and the periphery and those between the formal and informal sectors. Symptoms of the former are the tremendous relative growth of key cities and the rural-urban migration in developing countries. A major symptom of the latter is the relative compartmentalisation between traditional and modern activities.

One can raise the question of why these imbalances are "structural"? The basic answer would seem to be that, in every case, there are factors (e.g. policies, controls and attitudes) which prevent the type of adjustments which would lead to full employment from occurring. More specifically, the price system is sometimes not allowed to operate as an adjustment mechanism because of government intervention which helps maintain large urban-rural, and modern-traditional income differentials. This could be the case, for instance, when the government moved the internal terms-of-trade against agriculture in order to provide food to urban workers at relatively low prices. Such a strategy might discourage farmers from adopting more productive techniques and thereby force them to remain at a near-subsistence income level. Another example is provided by the existence of relatively high and rigid civil service salary scales which contribute to the maintenance of large income differentials between various educational groups.

At the same time, it is true that there are other circumstances under which the free play of market forces would itself further accentuate any existing inequality in the income distribution.



#### 4. Role of Informal Sector and Traditional Agriculture

Finally, an important contribution of the reports consists of the novel approach taken to the traditional urban sector and the unconventional strategy which is recommended vis-à-vis the traditional sectors in both urban and rural areas. An interesting progression is noticeable as one reads through, respectively, the Colombia, Ceylon and Kenya Reports in the conception of what became called, ultimately, the "informal sector".

The informal sector is not defined in very specific terms. Basically, it embraces the traditional urban activities and the small-scale rural non-agricultural activities. In general, these activities are characterised by the following criteria: (a) ease of entry; (b) reliance on indigenous resources; (c) family ownership of enterprises; (d) small-scale of operations; (e) labour-intensive and adapted technology; (f) skills acquired outside the formal school system; and (g) unregulated and competitive markets. [3, p.6].

A strong case is made in the Kenya Report regarding the important role which the informal sector plays in providing productive employment and income. Thus, it is claimed that "the evidence presented ... suggests that the bulk of employment in the informal sector, far from being only marginally productive, is economically efficient and profit-making, though small in scale and limited by simple technologies, little capital and lack of links with the other ("formal") sector... surrounded by imported steel, glass and concrete, it requires a leap of imagination and considerable openness of mind to perceive the informal sector as a sector of thriving economic activity and a source of Kenya's future wealth ... There exists, for instance, considerable evidence of technical change in the urban informal sector, as well as of regular employment at incomes above the average level attainable in smallholder agriculture." [3, p.5]. It is, further, argued that the informal sector has been



strongly discriminated against through various restrictions such as punitive policies of demolition of squatter settlements, and licensing systems.

In one of the technical papers attached to the Kenya Report the inter-relationships and linkages between the formal and informal sectors are examined. It is argued that there are important linkages of an input-output nature between these sectors. More specifically, an increase in the final demand for informal sector products would have a spillover effect on other sectors because of the intermediate demand of that sector for goods and services coming from other sectors.<sup>1</sup> Essentially, what is being suggested is that the size of the input-output coefficients between informal and formal sectors be increased and secondly, that the composition of future increases in output be shifted towards sectors using more of the inputs originating in the informal sector.

Thus, in the Kenya Report, (and to a lesser extent also in the other reports) a positive attitude on the part of the government towards the promotion of the informal sector is advocated. The strategy which is recommended would embrace the following measures, among others: (a) ceasing the demolition of informal-sector housing; (b) reviewing trade and commercial licensing with a view to eliminating unnecessary licenses; (c) intensifying technical research and development work on products suitable for informal sector production; (d) attempting to increase the amounts of products and services purchased by various levels of government obtainable from informal sector enterprises; and (e) inducing larger firms to train sub-contractors in the informal sector. [3, p.22].

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<sup>1</sup> It should be noted that, at this stage, the linkages are expressed purely in qualitative terms. It would be highly desirable and perhaps revealing to attempt to quantify these linkages.



The reports also took a favourable approach regarding the development potential of traditional agriculture. The latter, in much the same way as the informal urban sector, is considered to be not only an important source of productive employment, but furthermore, to offer considerable potential for increased output and even, in some cases, employment. The strategy which is recommended vis-à-vis traditional agriculture embraces a number of measures. First, the missions advocate widespread land reforms, the major effect of which would be to reduce the average size of the farm holdings and to increase the labour intensity (input of labour of the small farm family) and land and labour productivity. Secondly, it is recommended that the small farmers have easier access to various inputs such as credit, fertiliser, new seeds, and extension service so as to encourage them to adopt new intermediate technologies which tend to be quite labour-intensive rather than capital-intensive.

At the same time, it is suggested that price distortions discriminating against labour and in favour of capital be removed to discourage socially undesirable mechanisation in various parts of agriculture. Indeed, it is argued that a reduction in the degree of overvaluation of the exchange rate and the elimination of other devices which tend to subsidise capital would go far in slowing down the trend towards mechanisation (e.g. tractorisation) and the substitution of capital for labour in agriculture.

In general, the main strategy which is advocated in agriculture is based on progressive modernisation from the bottom up.<sup>1</sup> It is recognised that the role of the agricultural sector

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<sup>1</sup> Even though this was the main line taken by all missions, perhaps not enough attention was paid to the effects of the adoption of intermediate techniques in small-scale agriculture on reducing seasonal underemployment as opposed to increasing labour productivity per man-hour. This point is discussed further in the next section.



in the process of economic and social development has to be active rather than passive and dependent on the pull of the industrial sector, as a leading dynamic sector. Furthermore, the emphasis within agriculture should be on the gradual development of the traditional small-scale labour-intensive sub-sector.

#### b. Critical Evaluation

There are a number of methodological and empirical questions which can be raised with respect to the analytical frameworks underlying the reports. The critical observations which are made in this section should not detract from the important contributions which the reports have made.<sup>1</sup> The present section ought to be considered as a selective discussion of areas and aspects in which the analysis could have been strengthened. In this sense, the critical points (suggestions) which follow might be considered as key areas for future research in the field and for possible inclusion in the conceptual framework underlying future country missions.

##### 1. Macroeconomic, Inter-sectoral Framework

Probably the greatest conceptual shortcoming apparent in all the reports is the lack of a macroeconomic, intersectoral consistency framework.<sup>2</sup> This is particularly true when it is accepted that an employment strategy can only be formulated within the context of a comprehensive development strategy. (See Section III. a. 1).

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<sup>1</sup> It should be remembered that the major purpose of the reports was not to contribute to the "state of the arts", as such, but rather to formulate an employment strategy for the respective governments. The very severe time constraints under which the missions operated may often have precluded the kind of refinement and additional research suggested here.

<sup>2</sup> This weakness has already been discussed and illustrated in the review of the Colombia Report in Section II. a.



It is important when projecting output and employment on a sectorally disaggregated basis to rely on an inter-sectoral framework to check, and in fact guarantee, the internal consistency from, respectively, the demand and supply sides. In the review of the projection framework underlying the Colombia study in Part II. a. it was seen that this consistency check was only quite rudimentary. Naturally, the specific form of the consistency framework will depend on the availability of data (to some extent the form will have to be tailored to the data available) and on the time, skill, ingenuity and resources available to the research group. There are a few examples of this type of projection model in the literature which have been built for and applied to specific developing countries. Two relevant examples of such models are those built by, respectively, a team under the direction of Graham Pyatt in connection with the high-level mission to Iran (Volume C of the Iran Report<sup>1</sup>) and the Thorbecke-Sengupta [8] framework applied to Colombia.<sup>2</sup>

This last study was undertaken with the express purpose of reducing the relatively large number of fairly arbitrary assumptions underlying most employment and output projections and, more particularly, to provide a more consistent cadre within which to evaluate the quantitative projections contained in the ILO Colombia Report. For this reason, and since the elements of the existing projection models are fairly similar, it appeared relevant to describe here the major steps underlying the above-mentioned consistency model of Colombia. [8]. The intent is to provide a concrete example of the types of analytical and empirical building blocks which enter into the

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<sup>1</sup> This first model describes very clearly the extent to which data limitations affected the specification of the model. At the same time, it shows that even with inadequate data and information it is possible to build a coherent, quantitative, framework which is potentially very useful for policy purposes. As was pointed out previously, it is perhaps regrettable that no greater use of this model was made in the main Iran Report.

<sup>2</sup> This study is referred to as the T-S study for short in subsequent discussion.



construction of an inter-sectoral consistency framework.<sup>1</sup>

The T-S study is divided into two major parts. The first part attempts to describe quantitatively the macroeconomic and sectoral structure of the Colombian economy over the period 1950-1967 in terms of output, employment and income distribution. The second part projects these variables to 1980 within a consistent framework and under different assumptions regarding export growth and technological change.

Part I entailed the following steps. The first step consisted in building a macroeconometric model of Colombia over the period 1960-1967. This model proved capable of explaining accurately the macroeconomic structure and performance of the Colombian economy over the sample period. The model itself determines the paths of the endogenous variables consisting of gross domestic product, consumption, investment and imports as functions of exogenous variables such as exports, changes in the terms-of-trade and public expenditures.

The second step consisted of obtaining input-output and employment information on a comparable basis within a 10-12 sector breakdown. From the above information it proved possible to derive the sectoral income distribution and to design a methodology which provided a mapping between the sectoral and

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<sup>1</sup> The author's only excuse for the lack of humility involved in describing here one of his own works is that it was conceived directly in response to the perceived shortcoming of the Colombia ILO Report. The author's only wish in referring to it is to identify and illustrate the major conceptual and empirical problems connected with the construction of such a macroeconomic, intersectoral framework. It is fully realised that the T-S study falls quite short of providing a complete theoretical and empirical consistency model which is operationally useful. This study, however, goes much beyond the type of analysis contained in the reports - with the exception of the projection model built in connection with, but not used in the Iran Report.



personal income distribution prevailing in the mid-sixties.

The second part of the T-S study was devoted to the design of an analytical framework capable of generating a set of internally consistent projections to 1980. First, projections of the major macroeconomic variables were undertaken within the context of the macroeconomic model mentioned above under two alternative assumptions regarding exports and public expenditure variables, (i.e., "high" and "low" growth alternatives). Next, the various components of sectoral final demand were projected in a way consistent with the macroeconomic projections. Thus, for example, final demand consumption for the various sectors was computed as a function of GDP growth given likely values of the sectoral income elasticities of consumption demand. Likewise, the sum of the sectoral final demand components (i.e., consumption, changes in stocks, investment, exports and imports) were consistent with, namely add up to, the projected values of the variable appearing in the macroeconomic model.

Thirdly, the sectoral gross output and value added vectors were projected to 1980, given projected final demand and the consolidated input-output table of 1966. Furthermore, on the basis of magnitudes of the growth rates of labour productivity by sector likely to prevail over the projection period, the sectoral employment and income distributions were derived. The methodology designed in Part I was then used to map the personal income distribution resulting from the sectoral distribution. At that stage, it could be determined whether the changes in the composition of output and employment affected the personal income distribution. To the extent that changes in the latter were projected to prevail in 1980, revised projections of the final demand components (specifically consumption of agricultural and manufacturing goods) were undertaken to ensure consistency with the new income distribution.

In addition, a fairly rudimentary test was conducted to check whether the alternative output combinations resulting from



the projections to 1980 could be produced given the total investment funds generated by the macroeconomic model. It was determined that the investment availability would not constrain the attainment of the projected sectoral output and value added combinations reached under the two growth alternatives.

The whole set of projections described above reflects the likely consequences of a maintenance of the productive structure of the Colombian economy since the input-output matrix prevailing in the base-year (1966) was used to generate these projections. The value of these projections for policy purposes is that they may provide the policymaker with a quantitative view of the consequences of essentially neutral technological policies.<sup>1</sup> The final section of Part II was devoted to a simple analysis of the effects of technological changes in agriculture on employment and income distribution.

It is interesting to compare the resulting projections of this last study with the "idealised" strategy underlying the ILO Colombia Report.<sup>2</sup> Thus, quoting from the concluding section of

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<sup>1</sup> It is, of course, true that the underlying structure of an economy may change during the projection and planning periods. Thus, a model which describes accurately the performance of the macroeconomic variables over some (historical) sample periods may not predict well if the underlying structural relations should change. It is even more likely that the inter-sectoral (input-output) structure will change over, say, a ten-year planning horizon. It may be very difficult to approximate quantitatively the new structural relations. However, even when it is not possible to make reasonable guesstimates of likely changes, it can be very revealing to simulate the effects of the maintenance of the prevailing structure (at both the macroeconomic and inter-sectoral levels) and then to simulate various types of presumed technological changes.

<sup>2</sup> These results are summarised in Table 26 of [8, p.66]. The projections obtained under the two growth alternatives of the T-S study and under ILO's full employment strategy are given in terms the four-sector breakdown used by the Colombia ILO Report. Since the T-S model used a much more disaggregated breakdown in terms of 10 and 12 sectors, the latter had to be consolidated into a comparable four sector breakdown.



the T-S study "it can be seen, at the outset, that ILO postulated a target growth-rate of GDP of above 8 per cent annually, over the projection period, which is substantially higher than what we would consider possible under our alternatives (which yield a corresponding range of between 5.2 and 6.1 per cent). In addition, ILO uses sectoral growth rates of labour productivity quite different from the ones contained in this study. The rate of growth of labour productivity in agriculture (3.5 per cent) appears unreasonably high even under major technological changes, while that of the capital and skill-intensive sectors (e.g., manufacturing) appears low. As a consequence of the high growth hypothesis and the above selection of labour productivity growth rates, the growth of employment which results is very high (4.8 per cent annually) compared to our projections (2.8 - 3.3 per cent annually)." [8, pp.66-8].

It is, of course, essential to underline the fact that the above projections assumed - except for one run in which the input-output coefficients of agriculture were altered - the maintenance of the input-output structure prevailing in the base period. It is clear that the implementation of the various structural changes recommended in the Colombian and other reports would be likely to alter the sectoral production functions and intersectoral production relationships. One wishes that the missions had gone further in trying to estimate the effects of the proposed structural changes on the structure of production. This type of information would be necessary to undertake projections under conditions of technological change.

In summary, it can be argued that a disaggregated framework is necessary to obtain mutually consistent projections of output and employment. Anyone who has ever attempted to build such a consistency model realises the number of relatively arbitrary assumptions which have to be made and the relatively dubious quality of much of the statistical information upon which the quantitative framework must, by necessity, be based.



Notwithstanding these qualifications many questions can be answered - albeit approximately - within such a framework which could not be answered with any degree of confidence within a partial equilibrium system. Thus, conceptually, it is possible within the type of macroeconomic consistency framework described above to (a) analyse the effects of changes in the structure of final demand caused by economic growth and/or of changes in income distribution on the structure of output, value added and employment, by sector; (b) follow through quantitatively the effects of the changes in (a) above on savings and the supply of investment<sup>1</sup>; (c) estimate the effects of structural changes in some of the macroeconomic relationships (e.g. resulting from tax reforms) or in the sectoral production relationships (e.g. to reflect the increased adoption of intermediate technologies in agriculture and more labour-intensive techniques in other sectors) on the levels and sectoral structures of value added and employment; and (d) estimate in all the exercises above the indirect as well as the direct employment effects.

Much emphasis is placed in the reports on the effects of changes in the structure of demand and of technological change and the adoption of more labour-intensive techniques on employment. It is, therefore, surprising that so little is said about the indirect effects of these two types of changes on employment.<sup>2</sup> It has been well documented empirically, e.g. in the cases of India [9] and Mexico [10], that the indirect employment effects can be extremely important and sometimes even

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<sup>1</sup>This feed-back is well treated and applied to the case of Iran in the macroeconomic model built as an annex to the Iran Report. [4, Volume C].

<sup>2</sup>As was previously mentioned one of the few instances where indirect labour effects per se were explored - albeit only qualitatively - was with reference to the informal sector in Kenya. [3, pp.503-8].



more important than the primary employment effects. Thus, for example, the primary employment effects of an increase in the output of the food and beverage industry may be relatively low compared to the indirect employment effects. The latter result from the considerable degree of dependence of that industry on agricultural inputs which, in turn, necessitate labour inputs. Given the relative importance of these indirect effects, it would appear important even in the absence of a reliable input-output table to attempt, at least, to measure the secondary (second-round) effects on employment of any changes in the structure of demand or technology.

In conclusion, it is clear that at the conceptual level, there is a strong need for more research to help clarify within a general equilibrium framework, the range of questions reviewed in this section.<sup>1</sup> Secondly, at the informational level, there is a major task for the statistical offices of the developing countries to provide more relevant and operationally useful data. In the meantime, a greater effort might be made by future country teams to design an employment strategy within a somewhat more consistent inter-sectoral framework.

## 2. Measurement and Analysis of the Effects of Alternative Technologies

It is an open secret that the whole field of intermediate technology is still practically a virgin territory for economists and engineers alike. One should, therefore, not be too harsh on the missions for not having been able to assemble any hard quantitative information on intermediate techniques. Typically, the only kind of quantitative information contained in the reports, regarding the choice of techniques available in industry, is based

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<sup>1</sup> An effort in that direction is underway within ILO's World Employment Research Branch. As a starting point it may entail the formulation of a methodology based on a combination of [8] and [4, Volume C], which would subsequently be applied to a limited number of countries.



on micro-data of specific processes coming from a very small number of firms. Given the size of the samples upon which this information is based it is, at best, suggestive of the existence of some degree of technical choice. This information is not, however, representative of the incidence of different techniques in given processes or even of the average input-output coefficients obtaining for a sample of firms using essentially the same technique - or, even less, of the private or social profitability of alternative techniques.

Since, in general, the reports attach considerable importance to the possibility of designing and implementing more labour-intensive technologies in industry, construction and even certain parts of agriculture, the lack of representative information on "average" technique by sector, sub-sector or even process is a serious shortcoming. It makes it almost impossible for the reports to go beyond general recommendations and admonitions about the desirability of adopting more labour-intensive technologies.<sup>1</sup>

Clearly, it appears extremely difficult to obtain, at this stage, operationally useful information about the technical shelves available for many industrial branches and processes. At the same time, it does seem that for sectors like agriculture

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<sup>1</sup> The very limited sizes of the samples means that any finding based on micro-data has to be highly qualified. For example, there is only one case study of the choice of techniques which was undertaken in connection with the Kenya mission. This study which explored two processes in the manufacture of cans concluded that the automated technique yields labour and capital productivities substantially higher than for semi-automated techniques. To quote the Kenya Report "no clear-cut evidence is available for Kenya to indicate whether labour-intensive techniques in use are often inefficient or not ... The case study indicated that the shadow price of unskilled labour would have to be very low to make the labour-intensive techniques viable." [3, p.9.6]. Thus, at least in these processes the adoption of the more labour-intensive techniques would result in a sacrifice of output.



and construction this type of information can be estimated. For instance, for many agricultural crops it is possible to obtain technological (input-output) coefficients according to three alternative technologies, i.e., traditional, intermediate and mechanised.<sup>1</sup> Within such a breakdown, output and employment for various agricultural crops can be projected. In this way, the effects of technological change on aggregate output, value added and employment can be approximated and, furthermore, the policy measures and resources required to induce that change can be identified at the commodity, and sometimes, regional levels.<sup>2</sup>

Furthermore, it is clear that the alternative input-output coefficients should be available on a seasonal basis. Thereby, the magnitude of seasonal underemployment can be estimated and a strategy designed which would reduce the aggregate level of seasonal underemployment by an appropriate combination of technological change (e.g. adopting high-yielding varieties and multiple cropping), changes in the agricultural output-mix, and the promotion of rural non-farm activities capable of absorbing labour in a way which complements the seasonal labour requirements in agriculture.

In this connection, a number of references have already been made to the desire to raise the growth rates of labour productivity in agriculture to high levels (e.g., respectively, 3.5 per cent and 6 per cent annually, in Colombia and Iran) while

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<sup>1</sup> The traditional technique relies mainly on land and labour with a minimum of other inputs; the intermediate technique is based on the application of intermediate inputs such as fertiliser, insecticides and new seeds with very little mechanisation, while the mechanised technology uses both intermediate inputs and mechanical implements such as tractors.

<sup>2</sup> For example, projections of this type applied to Peru revealed that an agricultural development strategy based on the adoption of the intermediate technology alternative would yield higher growth rates of both value added and of employment as compared to the growth rates obtaining for the two other technological alternatives.



concentrating on the small farmers and encouraging the adoption of non-mechanised techniques. The adoption of these intermediate techniques should increase labour productivity per man-hour (or man-day) only slightly. The main effect of these techniques, however, is likely to be on labour intensity. Since intermediate inputs are complementary with labour (on a per hectare basis) more labour-hours will be applied per unit of land, and labour requirements are likely to be distributed more evenly over the course of the year (e.g. because of multiple cropping made possible by improved varieties). Thus, each farmer will, on the average, work a larger number of man-days (or man-hours) per year than previously while his output per man-day will probably not increase more than marginally. This distinction between the increase in output resulting from a larger labour intensity (through a reduction of seasonal underemployment) and an increase in labour productivity per man-hour is an important one which is not sufficiently stressed in the reports. The projected high growth rates of labour productivity in agriculture in the Iran and Colombia reports are, in fact, due mainly to an expected rise



in labour-intensity rather than productivity per se.<sup>1</sup>

Two main recommendations suggest themselves on the basis of the above analysis. First, much more applied research is needed to help bridge the gap between micro-type data and technological variants representative of production processes or even sectoral production functions.<sup>2</sup> This kind of aggregation problem is particularly intractable in industry, but less in agriculture. Secondly, in this last sector it is absolutely essential that the effects of alternative techniques on employment be carried out within a time dimension. This permits one to estimate the pattern of underemployment over time and help design measures which could

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<sup>1</sup> It is important to note that the stock of seasonally underemployed labour resources available to the existing labour force is likely to be fully absorbed over a relatively short period of time - through the above-described rise in labour-intensity. Thus, for example, if it is assumed (a) that the annual growth rate of labour productivity per man-hour in Iran is 2 per cent and that of labour-intensity 4 per cent (yielding a combined growth rate of productivity per man-year in the labour force of 6 per cent per annum), and (b) that 40 per cent of the total agricultural labour resources is, initially, seasonally underemployed, then it would take 13 years to exhaust fully the extent of seasonal underemployment.

In reality it is extremely unlikely that labour requirements can be evened out entirely over time. Some seasonal underemployment is bound to continue to prevail so that, in fact, the potential for increased output through a rise in labour-intensity in the previous example would probably be reached in much less than ten years. Therefore, the continuation of such a high growth rate of labour productivity per man-year (i.e. 6 per cent) could only occur through an equivalent increase in labour productivity per man-hour which would require, presumably, at least some mechanisation and consequent labour displacement.

<sup>2</sup> One of the projects within ILO's World Employment Research Branch deals with "Employment and Technology" and attempts on a selective basis (e.g., within road construction, and certain branches of industry) to obtain representative information.



contribute to the absorption of this pool of labour resources in a seasonally complementary way.

3. Relationship between Policy Means and Objectives;  
Bases for and Form of Policy Recommendations.

The reports contain a large number of policy recommendations in many different fields and sectors. Many of these recommendations are of a general nature reflecting an overall assessment of the nature of the employment problem. Relatively few recommendations are specific and based on a quantitative evaluation of the relationships between policy means and objectives.<sup>1</sup> Furthermore, most policy recommendations are obtained from analyses undertaken at the sectoral or functional levels. Indeed, different team members (often representing different agencies) prepared papers on various topics, such as agriculture, education and technology, which became the inputs upon which the main report was built. Given the lack of a macroeconomic consistency framework agreed upon at the outset, the frames of reference, or macroeconomic hypotheses assumed in the various papers are not necessarily mutually consistent. One gets the impression, at times, that whole programmes and sets of policy measures are generated at the sector or area level somewhat independently of one another. This procedure - which was perhaps unavoidable given the time constraints under which the missions operated - may have been largely responsible for the fact that, in many instances and in all reports, lists of recommendations are made without priorities

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<sup>1</sup> A converse case - of which one should be critical - is that of expressing very specific and concrete policy recommendations without an adequate analysis of the effects of these measures on the set of objectives. Thus, in the Iran Report, one gets the impression, at times, that some of the very concrete recommendations which are proposed - simply reflected what the government wanted to do - without subjecting these measures to any independent check regarding their presumed effects.



being assigned to them - except for dividing these recommendations as between short and long-run.<sup>1</sup>

Another complication is that the recommendations contained in the main reports of the missions are not always consistent with the technical papers upon which these recommendations should presumably be based. This drawback is particularly noticeable in the case of the Iran Report.<sup>2</sup> It is, of course, obvious that one should not expect a complete convergence in the analytical and policy outlooks of all members of a large mission. By necessity, some voice has to prevail and according to the terms of reference of the missions the reports are presented on the sole responsibility of each chief. Nevertheless, one's confidence in the soundness of those suggested policy measures which appear either inconsistent with, or at least not supported by, technical analyses is found to be shaken.

It seems clear that much more empirical work is required to obtain better estimates of relationships between policy measures and potential objectives. For example, the reports stressed the effect which the removal, or reduction of price distortions would have on employment. Any answer to this question depends on the availability of reliable estimates of the elasticity of substitution. Without such information, one is merely guessing at the potential (qualitative) effect of these policies.

In summary, the points worth emphasising here are, first, that it is important, even in the absence of a full-fledged

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<sup>1</sup> One can sympathise somewhat with a government which receives such an inventory of policy recommendations and is faced with deciding on its implementation.

<sup>2</sup> For instance, great stress is placed on the need for increasing very substantially the number of multi-purpose rural co-operatives in the agricultural strategy contained in the main report. The technical paper on agriculture, on the other hand, raises doubts about the feasibility of this strategy. Other such examples could be mentioned.



macroeconomic framework, to agree upon a macroeconomic cadre which will be common to all team members responsible for the preparation of sectoral or functional technical papers. Secondly, a strong effort should be made to ensure that the analysis and policy recommendations contained in the technical papers be consistent with the tone of the main reports. Finally, whenever possible orders of priority should be attached to suggested policies, not just within a time dimension, but also in terms of the expected effects of the measures on the objectives. This could be done, for instance, with the help of a simple critical path analysis linking policy means and objectives over time.

#### 4. Economic Growth, Employment and Income Redistribution under Structural Change

It has been cogently argued in the reports and in previous parts of this paper that economic growth, as such and within a feasible range, is not a sufficient condition to achieve full employment and a more equitable income distribution. In other words, a strategy based on maximising GNP, given the prevailing structure, is very unlikely to lead to "desired" employment level and income distribution. This is true, even if it were possible to institute and implement fiscal and other policies which would redistribute that (maximum) income.<sup>1</sup> In fact, as was discussed in Section III. a. 1, it is extremely difficult to implement such fiscal reforms on a large scale.

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<sup>1</sup> It is not clear a priori what the second-round effects of that redistribution would be on employment (e.g. through changes in the structure of final demand) or the future growth (e.g. through its impact on savings and investment). In any case, even if the redistribution policies help achieve the desired income distribution, no additional employment will be created initially. Thus, even if the poor are materially better off the frustration of being unemployed (one of the dimensions of the employment problem) will still exist.



The fact that the acceleration of economic growth per se will not solve the employment problem provides the starting point for the formulation of a development strategy emphasising the necessity for structural changes and reforms to increase employment, achieve a more equal income distribution, and as high a rate of growth of GNP consistent with the above objectives. Thus, it is conceivable that some trade-offs might exist between these objectives, e.g. in the sense that a (marginal) amount of growth might have to be sacrificed to achieve more employment and a more equitable income distribution.<sup>1</sup>

What is surprising is that the strategies proposed in the reports - and involving major structural changes - tend to be associated with, or yield, higher growth rates of GDP than prevail presently in the four countries.<sup>2</sup> It, thus, appears that the structural changes which are recommended would make possible not only a substantial relative improvement in the employment and income distribution but also, in addition, permit a higher overall growth of income. It should be pointed out, before proceeding any further, that there is extremely little evidence in the reports linking the (high) GDP growth rate to the policy measures. To some extent, the former appears as some kind of deus ex machina representing more the required growth rate to make the strategy succeed rather than the feasible rate consistent with that strategy.

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<sup>1</sup> This is an empirical question which can only be answered with the help of a rather complex disaggregated model of the whole economy. See, for a first attempt in that direction the "projection model for a full employment strategy" contained in Volume 2 of the Ceylon Report. [2].

<sup>2</sup> Thus, in Colombia the projected growth rate of GNP is 8 per cent annually compared to 5.5 per cent in the decade of the sixties. The projected rates for Kenya and Iran are, respectively, 7 and 11 per cent. No explicit reference to a projected (target) growth rate of GNP could be found in the Ceylon Report.

This conflict is evident in the mission's proposals in the fiscal area. It is first assumed that overall growth will accelerate and then it is shown how the larger pie can be divided more evenly.<sup>1</sup> In reality, neither the acceleration of growth nor the implementation of major fiscal reforms might be feasible.<sup>2</sup> What makes the case for an employment strategy strong and convincing is that the creation of jobs is not only an end in itself but also a major means of affecting income distribution. This point is not made strongly enough in the reports.

As a conclusion to this last point, it may be suggested that more effort go into attempting to derive estimates of aggregate income growth resulting from the proposed strategy and to show more clearly how an appropriate employment policy affects global growth and income distribution. This would reduce the arbitrariness of selecting "required" aggregate growth targets which - if achieved - guarantee success.

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<sup>1</sup> See particularly the Kenyan model of redistribution from growth [3, Part II, Chapter 6] and the scheme proposed for Ceylon of limiting the income growth of the high income groups.

<sup>2</sup> Furthermore, even if the latter were feasible it would not add to employment initially and solve the frustration of the unemployed.





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D.3(4) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The United Nations Educational, Scientific,  
and Cultural Organisation

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973



- 2 -

EVALUATION OF INTER-AGENCY MULTIDISCIPLINARY  
MISSIONS UNDER THE AUSPICES OF ILO: SOME SUGGESTIONS

1. UNESCO participated in the missions to four countries - Colombia, Ceylon, Iran and Kenya - by providing the services of staff members and consultants, and help from its technical assistance experts in the field. In the case of Ceylon and Kenya, it also prepared long-term alternative educational projections using the UNESCO educational simulation model as background material for the missions.

The report of the first of these missions, to Colombia, was submitted to the Government in 1970, that of the second, to Ceylon, in 1971, while the other two missions have submitted their reports only recently. It is felt, therefore, that sufficient time has not yet elapsed to make an evaluation of what may be called the "product", especially of the last two missions. What can be attempted at present can only be a "process" evaluation, namely the evaluation of the objectives, design and methodology of the missions.

2. UNESCO found great value in the experiment with the inter-agency multidisciplinary employment missions. As a method, it compared most favourably with alternative methods of helping countries to improve their national employment policy-making. One would hope that in the future the regional employment teams would be given a more active part to play both in following up the implementation of the recommendations of the missions and in preparing the prior studies and background material. The present type of missions have the following advantages:

- (a) since these are missions of comparatively short duration, it is possible to obtain the services of high-level experts in the various disciplines of interest, which may not be possible in the case of longer advisory missions;



- (b) because unemployment had become a severely felt political and administrative problem the four missions were asked for by the highest authorities in the countries; it was thus possible to secure support of a kind rather rare for short-term missions;
- (c) moreover, a short high-level mission of the present type is likely to arouse interest in the countries and its recommendations are likely to get more support at the country level.

3. The main drawback of the missions seems to be that, once the report is submitted to the governments concerned, there is inadequate follow-up as to the implementation of at least the core recommendations. This shortcoming may be improved by involving the regional employment teams in

- (a) arranging for wide discussions of the contents of the report by future "executors" of the recommendations (employers, trade unions, various administrative authorities, universities, etc.);
- (b) helping to formulate detailed programmes and projects for the implementation of the recommendations; and
- (c) encouraging the relevant studies and research. In particular, the teams can work out the long-term implications of some of the important recommendations in the mission reports.

4. Since the regional teams contain staff members seconded from the different international organisations, the team should be able to handle this. It may well be that the regional team will require some strengthening in certain of the disciplines. It should also be possible for the regional teams, with their experience in the countries of the region, to prepare and assemble the necessary information and data and undertake some relevant studies prior to the arrival of and as preparatory work for the missions, so that the members of the latter have more solid evidence on which to base their conclusions and recommendations.



Furthermore, regional teams should be involved in the follow-up work. Thus, it might well be useful to involve them directly in the high-level missions.

5. As far as the composition of the missions are concerned, a particular feature of the mission to Colombia was that it included three sociologists to ensure that social, and thus some of the political, implications were not overlooked. In the case of the Kenya mission, many local experts, mainly from the university and research institutes were invited to take part in the mission. These two innovations should be continued in the future missions, in order to ensure that (a) the mission reports deal more fully with the social and psychological problems involved in any employment policy; and (b) the countries can count on local specialists who would have participated in the planning of, and have fully understood, the different policy measures suggested by the mission in its reports, so that they can aid the government in formulating the future policies and programmes needed to help resolve employment problems.

6. As regards the involvement of the various agencies at different stages of the mission, it would be more productive if they were given considerably more advance notice of the forthcoming missions than has been the case, as well as some indication of the part they are expected to play.

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The Swedish International Development Authority

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973



- 2 -

Evaluation of Reports concerning Unemployment  
Problems in Colombia, Ceylon, Iran and Kenya

The list of issues elaborated in connection with the proposed meeting seems to be well formulated and cover most aspects in relation to the employment question. In accordance with your invitation I would like to add the following aspects.

The four reports are concluded by recommendations of somewhat different kinds, some of them being more realistic and easy to implement than others. It is obviously a difficult task to formulate a recommendation in such a way that the government is able to accept and support the recommendation. It is too easy to submit the ideal recommendation to the government which would be totally unacceptable in view of the political conditions that might influence the acceptability of its recommendations. On the other hand, recommendations might encompass strategies with such a far-reaching potential impact that they will be found totally unacceptable to the host country. On the other hand there is a danger that the advice of the mission would be so general that impact on the main targets would be negligible. How have the four WEP reports tried to solve this problem?

Close attention should be paid to a thorough follow-up of the four reports. Once the reports have been submitted to the host country the latter should be assisted in examining the theses and suggested strategies against existing policy programmes and administration capacity. It is also important to see in what way the reports could be used for recurrent surveys in order to discuss and advise on strategies chosen by the host country, on further studies made by the government on the report and on already obtained results.

In future WEP missions close co-ordination ought to be established with the host countries planning cycle in order to be of optimal use for the host country. This should not only be done during the mission but also on a recurrent basis.

The four missions so far have entered at different stages in the planning cycle of the four countries. It would be interesting to discuss the experience in this respect.

Once the government has accepted and decided to follow any of the presented recommendations or modified recommendations it is of great importance that appropriate international agencies and bilateral donors do their utmost to assist the governments. During this final preparatory phase the question of co-ordination and country programming among donor agencies must be carefully treated.

Through the four WEP reports a comprehensive social and economical conception has been reached concerning the income distribution and the total labour and employment situation in the four countries. This approach of measuring an employment situation might prove useful in industrialised countries where other more traditional methods mostly are used.



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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

Etienne Hirsch

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973

## A Few Remarks on Employment Strategy

There is no miracle formula for an employment strategy. In each country account must be taken of natural, demographic, socio-cultural and political conditions. It is possible, however, to lay down a few guidelines in general terms.

### Prerequisites

A team of experts has a chance of carrying out its mission successfully only if its presence has been requested by the highest authorities of a country enjoying a minimum of stability of government. A qualified inter-ministerial group, capable of arranging for contacts with all the government departments concerned, should be placed permanently at the disposal of the team. If it is the practice of the country concerned to follow a plan, it must be recognised that employment policy is to be one of the items to be given priority in the plan. Lastly, the government must agree to an annual review being made of the way in which the team's recommendations are being put into effect and the results achieved over a sufficiently long period.

### How the Team Should Operate

The procedure decided upon by the ILO whereby the report is the responsibility of the leader of the team alone is an excellent one. It is preferable for the team to be a fairly small one and for it to be briefed sufficiently in advance to make sure that all its members are able to work together for the length of time needed.

The team should be able to count on the assistance and co-operation of the staff of international organisations located in the area. It is indispensable for it to be in continuous contact with the local authorities and with the



representatives of bodies active in the economic and social fields. Its conclusions, before becoming final, should be put before all these collaborators for their opinion as to whether they are sufficiently explicit and are so worded as to take account of objections, national susceptibilities and obstacles which will have to be overcome when they are implemented.

### Form of Report

It should be brief and to the point, fuller explanations and statistics preferably being consigned to appendices. It is intended as a framework for action by politicians and officials and not as an academic document. Recommendations must be specific. In justifying them reference should be made to the problems of the country and not to theoretical considerations.

### A Few Basic Problems

It is necessary to place matters in order of importance and above all to define trends without attempting to compile statistical data which are non-existent or of doubtful value.

The unemployment problem is impossible to solve where population growth has got out of control; hence the importance of family planning, though in advocating it one should have no illusions as to the rapidity with which it will achieve results.

Employment development is directly conditional upon a far more equitable distribution of income than that prevailing in the developing countries; employment depends first and foremost upon the domestic market, and the small class which is the beneficiary of an excessively high proportion of the national income and consumes mainly products imported from abroad. The idea that this small class is necessary because it is the only class in a position to save is illusory. The savings in question are exported or used in a manner unrelated to the country's real needs.

The fascination with industrialisation causes the agricultural sector to be neglected, yet as a general rule this sector is and will remain for a long time the main provider of employment. Steps must be taken to prevent a mass exodus from the countryside which will render the problem of employment dramatically acute. To achieve this it is necessary to improve the land tenure pattern (agrarian reform), and increase the income of the peasants without reducing their numbers, i.e. by giving priority to training, biochemical techniques rather than mechanisation, and commercialisation. The standard of living of the rural population also needs to be raised.

Industrial development should be geared to industries which are by nature labour-intensive. In most countries there is a shortage of men capable to be heads of enterprises. It is therefore necessary to promote the creation of handicraft or small-scale enterprises and facilitate their subsequent development. Often co-operatives could afford them technical, financial and marketing assistance.

In the case of both industry and public works and building it is necessary to select an "appropriate technology", i.e. a technology which takes account of the fact that labour is cheap and all too plentiful while capital is scarce. In particular the public authorities must be deterred from perverting this relationship by granting subsidies or tax or customs privileges which would encourage investment in equipment while reducing the need for manpower.

Vocational training and education are of paramount importance everywhere. There can be no question of being satisfied with the traditional methods, the efficacy and productivity of which is generally very poor. Hence the value of drawing inspiration from the extremely promising experiments in functional literacy teaching.



International Organisations

The ILO realised from the outset that a country's employment strategy affects every aspect of the life of that country. It accordingly established contacts with all the international organisations. These contacts must be maintained for the two-fold purpose of ensuring their co-operation and keeping employment at the forefront of their preoccupations in respect of their own activities.

It is particularly important that an institution like the World Bank should orient financing along the lines recommended by the teams of experts. Mr. McNamara's address to the last meeting of the Bank was particularly encouraging in this respect.

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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

Nessim Shallon, Resident Representative,  
United Nations Development Programme, Iran

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973



## Employment Strategy Mission to Iran

### 1.1. Terms of Reference -

The terms of reference were drawn up in very general terms which was the correct approach. It proved impossible to draw up precise suggestions for TA, as called for in the terms of reference but was necessary to get these from international organisations thereafter.

### 1.2. Selection of Experts -

The level of expertise was adequate though not particularly high. The teams were interdisciplinary and their size was sufficient (in some cases there was unnecessary duplication). The short notice under which the mission had to function to gear itself to the planning cycle in Iran was responsible for some of the shortcomings in the team's construction. Experience of Iran was provided by the large number of experts working already in Iran under UNDP.

The organisation of the mission's work left something to be desired because of some lack of understanding between the team leader and the headquarters staff who had charge of the arrangements.

Also, given the way the mission was set up (with a chief of mission, only an occasional visitor to Iran and a deputy entrusted with the task of ensuring continuity) a weakness in the leadership was apparent at times. The resulting report, only part of which is acceptable to the Government, lacks inner consistency and could have been better integrated.

Access to some data was particularly difficult because of the language barrier.

### 1.3. Finance -

No serious constraint appeared in the financing of the mission.

1.4. Indirect Cost -

No additional cost was incurred by the Government except that some internal travelling was paid for by the Government.

1.5. Timetable -

The timing of the mission was extremely tight which imposed constraints on some of the work accomplished. This drawback was more than compensated by the special effectiveness which resulted from making the mission findings available at the time when they could be (and were) used within the planning process in Iran.

1.6. Government Counterpart Role -

Yes, Government machinery and political decision-makers were adequately involved and associated with the mission at its various stages.

1.7. Non-Governmental Organisation -

Contacts were taken with employers and workers but there is no evidence that it was of some use - which is understandable in view of the weakness of workers' movement.

National research facilities were hardly used by the mission but international experts were used to a very large extent. Some national institutes or universities may have been consulted by individual members of the mission but were not associated formally or in any organised manner.

1.8. Reporting Procedure -

Directly interested authorities received the report and discussed it at length with the team leader. However, supporting papers are not yet declassified and broad distribution of the report has yet to be undertaken (the declassified first part which contains the recommendations is still under printing).

2.1. Provision of New Data -

This was a very obvious handicap.



The mission was made aware of it in advance, so they appointed a statistician. Also a lot of unpublished information was screened and used so that, as a whole, factual support was at an acceptable level.

## 2.2. Diagnosis -

No doubt the diagnosis is sound. There were signs, before the mission came, that this diagnosis would be generally accepted. In fact, full employment was considered by the Government(1) a high priority objective, but(2) not a serious problem.

Previous research studies: work done by international experts (manpower planning, field surveys in rural areas), OECD seminars, etc.

The main constraints to adoption of an employment oriented policy are the general trend to use sophisticated, capital-intensive techniques preferably to labour-intensive methods stemming from a penchant for modernism; and the deeply-rooted traditions in education to get all kinds of diplomas irrespective of their practical use. Those constraints have made themselves felt in the Fifth Plan decisions, which although not yet published, are known to lean in directions less than ideal from an employment viewpoint.

## 2.3. Design and Development of Employment - Oriented Strategy, Plans, Policies and Programmes -

Yes, the reporter provides sufficient guidance to translate broad ideas into practical instruments. Yes, the advisers were sufficiently familiar with the mechanics of planning and policy/project implementation to assess the feasibility of their recommendations in Iran.

## 2.4. Development or Strengthening of Machinery for Integrated Economic and Human Resources Planning -

Recommendations submitted are concrete and practical enough for giving the basis for action programmes. However,





more to the fore and even if discussion at this stage leads to what may be considered undesirable decisions, raising the issue will be of great benefit in the long run.

The discussions about the technical co-operation programme have somewhat been influenced by the mission's report, though it is doubtful whether the final results would have been notably different should the mission have not taken place.

### 3. Comparison of Alternative Approaches -

The mission did not prove to be a more or less effective instrument than the other devices mentioned, but played its part amongst the others (Asian Employment Team apart, whose possible contribution to Iran was never attempted and whose possible efficiency cannot therefore be assessed here). The report has been well received by certain authorities particularly the central planning authorities and those dealing with human rural development in addition to the Ministry of Labour. It was politely ignored by others: the team leader's effectiveness which was not negligible in the planning process benefited from his personal influence and it may be said perhaps that he achieved as much through his individual talks with top leaders of the country as the rest of the mission together. The fact that he came to head an international employment mission added weight to his comments and he left behind in the main report a body of recommendations against which accomplishments during the plan period can be judged.

### 4. Conclusions and Recommendations for Future Action in Iran -

Even though the Government has accepted a lot of the report's recommendations, they remain largely at a loss as to how to implement them.

A sustained follow-up effort has therefore to be made through:

- period (annual?/semi-annual) return visits by the team-leader or similar reduced missions;





D.3(8) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The United Nations Conference  
on Trade and Development

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

ILO  
Geneva, 1973

In a letter of 15 August 1972, the Director-General of the ILO asked the Secretary-General of UNCTAD for views to be taken into account in an evaluation of the inter-agency multi-disciplinary employment missions undertaken by the ILO to Colombia, Sri Lanka, Iran and Kenya.

In the following an attempt has been made to summarise the main views held by the officials of UNCTAD who participated in the ILO missions or gave advice on the reports of the missions.

1. In the above-mentioned letter two main questions were put forward on the benefits derived from the missions:

- (a) greater knowledge and understanding of the strategy of promoting an optimum combination of employment and output growth in developing countries;
- (b) effective action in the countries concerned.

The knowledge gathered represents an important capital

2. It can no doubt be said that the knowledge and understanding of an optimal employment strategy have greatly improved within the ILO secretariat as a result of the experience gathered in the course of these missions. This is especially clear when comparing the research plans within the framework of the World Employment Programme three years ago before the missions started and the newly issued document "Scope, Approach and Content of Research-Oriented Activities of the World Employment Programme". The accumulated knowledge gathered through the missions can thus be considered as a capital which it is important to use for the benefit of all developing countries encountering employment problems.



Fruitful experience of inter-agency collaboration

3. The missions have also given experience in inter-agency collaboration to an extent which has not been tried before. The experience shows that the UN agencies are capable of productive collaboration, provided that the organisational arrangements are adequate. This does not mean that the collaboration can be considered as having been perfect in the missions undertaken so far. No mission in fact succeeded in fully integrating the different fields covered by the programmes and assigned to particular organisations. The reason might be the short duration of the missions and the large number of mission members involved. The lack of integration becomes evident when the contents of annexes in special fields and even of specialised chapters are compared with the over-all and summary recommendations. This failure stems from the fact that in the preparation of the final report only a few members of the mission were involved, due to the pressure of time and perhaps also the necessity to come to an over-all conclusion, which might have needed time-consuming negotiations in order to be agreed by all members of the mission. In the organisation of future missions this integration problem should be especially considered and might affect the length of the mission as well as the division of time between work in the field and work at headquarters.

4. In practically all other respects the organisation of the ILO missions has been fully satisfactory, especially as regards the political considerations underlying the choice of countries to be studied, the selection of the members of the mission covering all important fields of economic activity

in the countries, the high quality of the professionals, the administrative support in travel arrangements, secretarial assistance and the performance of the technical work in producing very large reports in an extremely short time.

Policy action - a matter for governments

5. As to the contribution of the missions to effective action in the countries concerned, UNCTAD is not in a position to make any comments. This question should rather be addressed to the governments of the countries which have been studied.

6. With regard to the question concerning the objectives of the missions, only matters concerning fields of interest to UNCTAD will be discussed. In general, the idea of an inter-disciplinary approach is rational. The criticism presented below could, in fact, to some extent have been avoided by fuller participation of UNCTAD itself in the missions. In some cases little influence could be brought to bear on the recommendations of the missions in policy fields of interest to UNCTAD. This holds true especially for the last two missions, to Iran and Kenya, during which pressing obligations of the secretariat to prepare for the Santiago Conference hampered its participation in the ILO missions. Nonetheless the issues which have been overlooked by the missions are so important that they should have been better taken into account, even without the full participation of UNCTAD. The two main issues concerned are the role of the foreign sector in the economic growth and employment policies and the role of domestic and foreign capital.



The foreign trade sector has been overlooked

7. In all of the missions the foreign trade sector has been seriously overlooked, despite the great role it plays in the economy of the countries studied. For example, the proposals of the UNCTAD expert on the Sri Lanka mission were completely disregarded in the final report, although the main problem for that mission was the shortage of foreign exchange earnings due to a weak performance in the export of the principal products.

8. In the first version of the Kenya report there was no chapter at all on the export sector, despite the fact that more than one-third of the GNP originates in this sector.

9. In the case of Iran, the mission took an inward-looking decision with respect to the role of the foreign trade sector. This could be understandable on the ground that the major foreign exchange earnings are provided by the export of petroleum, but on the other hand a number of industries had already been established which needed export markets in order to make full use of their production capacity.

10. Some of the most obvious omissions regarding the role of the foreign sector were corrected in the ILO headquarters preparations of the final report, on advice from the UNCTAD secretariat. It is, however, clear that necessary steps should be taken in the future to avoid such omissions, both through more extensive participation in the missions by the UNCTAD secretariat and by the choice of the economically trained central staff of the missions.

Insufficient attention paid to creating and attracting capital

11. It is at first sight not surprising that the missions, which concentrated on employment problems, tended to overlook the problems of capital. However, the crucial issue in a country with labour in surplus is the lack of capital and the need to provide additional capital to be used to obtain a maximum of new employment. There has been a tendency to discuss mainly the creation of new industries applying a high labour/capital ratio, assuming in some way that the capital supply is given and fixed. Much more effort could have been made to look into the possibility of using very labour-intensive methods to create new capital and to study concrete actions to attract capital from abroad.

12. There was, for example, a short analysis of the possibility of establishing a free-trade zone in Sri Lanka (in one of the annexes to the report), but this way of attracting foreign capital was never taken up seriously in the recommendations for policy actions. Although the typical free-zone arrangement might not have been feasible in Sri Lanka for political reasons, it might have been worth while to investigate further variants of this idea which could have been more attractive to the government.

13. Several of the missions recommended the establishment of labour-intensive rural industries, without going into the question of how to provide the necessary capital for such industries and to promote the infrastructure needed to channel the financing capital in a way and to an extent that could make the rural industrialisation programme feasible.



Follow-up needed both in general and in each case

14. A general evaluation of the missions, although very essential and useful, cannot replace a follow-up of each individual mission. After all, the missions were undertaken primarily not to give the international organisations a certain experience of such activities, but to give real help to developing countries encountering employment problems. The follow-up of an individual mission should therefore not only establish to what extent action has been taken by the individual governments in accordance with the recommendations of the mission, but also find out if these lines of action, even if taken, lead to the results which were envisaged. Without such a follow-up the ILO will not be in a position to give further advice to the governments in the countries where missions have taken place or to formulate effective recommendations to any other governments.

15. Further, the general evaluation should not be limited to an inter-agency analysis. It would seem helpful to take stock of the experience of the four missions and the present research-oriented activities of the World Employment Programme and to try to formulate a general framework for analysing the employment problem in any individual country. One way of doing this could be to call an expert group to work out guidelines for establishing optimal employment country programmes. This group should have before it not only the mission reports and the reports on evaluation of the mission, but also contributions from the ILO secretariat and from some of the experts who participated in several missions on the elements to be considered in formulating the analytical framework.

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WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

PRELIMINARY COMMENTS

by

The International Monetary Fund

ILO,  
Geneva, 1973



The Fund staff have followed with interest the work and reports of the comprehensive employment strategy missions. This is natural as the Fund's charter recognises the promotion and maintenance of high levels of employment and real income as a primary objective of economic policy in member countries. In the Fund's relationship with its member countries, whether in regular consultation discussions bearing upon all major aspects of economic policy or in connection with the formulation of stabilisation programmes supported by the use of Fund resources, employment and unemployment problems and their implications for economic policy have received close attention. Stabilisation programmes supported by the Fund are designed to restore or maintain a sound external payments position, consistent with the achievement of other policy objectives including in particular a high level and growth of employment. They have contributed to the promotion of growth and employment by strengthening confidence in the economy and thereby facilitating a larger inflow of external resources and also by preventing the adverse consequences from inflationary distortions.

Our technical advice in the fiscal field is also available to assist governments in promoting the growth of employment opportunities within their national plans and priorities. Different aspects of the employment problem have been examined in several recent papers by members of the staff. In view of this continuing concern with and interest in the alleviation of these problems, we have welcomed the comprehensive and systematic attention received by them from the multi-disciplinary teams of the employment strategy missions.

The most striking accomplishment of the mission reports has perhaps been to dramatise and focus public attention on issues and problems that were increasingly coming to the forefront of economic policy. Many people from differing vantage points had begun to raise questions about the contrast between the creditable growth performance, by historical standards, of many developing countries and the apparent failure in many instances of this being effected in a noticeable improvement in the employment situation. Many questions were being raised and needed to be raised: Had there been an excessive preoccupation with economic growth measured by increases in GNP? What was the relationship between growth of GNP and other goals of economic policy, particularly the growth of employment opportunities? What were the specific policy measures needed to blunt the acuteness of the unemployment problem? Or was it simply that all that was needed was a better over-all growth performance? Underlying these broad questions were many specific issues, e.g., the role of demographic factors, the "urban drift" of populations and its consequences, the optimal balance between agriculture and industry, institutional arrangements in agriculture, appropriate educational strategies, technological choices throughout the economy, the orientation of research and development efforts, etc. These questions of development strategy and of tactical policy emphasis were beginning to get attention from national policy-makers, academic scholars, and international agencies concerned with economic development.

An important strength of the approach reflected in these reports has been the intellectual willingness to consider all aspects of social, economic and other policies having a bearing on the possible solutions to the employment problem.



Both these aspects, viz., the central focus being on the employment problem and the wide stretch of the analytical and policy net, were on the whole innovative features of the approach of these missions and they were made possible by the latitude provided by the terms of reference and by the qualifications and interests of the participants, in particular the mission chiefs. It is of some importance in this respect that though many of the participants have been drawn from the staffs of several international agencies and other institutions, the reports in each case have been transmitted to the government concerned on the responsibility of the chief of the mission.

The work undertaken by the missions encompassed a systematic analysis of all available data on population growth, labour force, participation rates, employment by industrial sectors, unemployment and underemployment and this analysis was supplemented by an examination of education, health, nutrition and other aspects of the social conditions. The missions also analysed labour markets and focused attention on labour legislation and other institutional factors that affect employment and income distribution. There can be no doubt that the research, analysis and discussion have enhanced the understanding of many of the issues referred to above. They also served to point up the gaps in knowledge and understanding that need to be filled and, as a result, are now more likely to be filled. The reports make extensive recommendations that virtually encompass the whole range of social and economic policies. Their main thrust was a reorientation of development policies away from capital- and technology-intensive investment toward labour-intensive, employment-creating industries. In achieving this, key roles in resource allocation and income distribution

were assigned to fiscal, monetary, exchange rate, commercial and wage policies. In particular, realistic pricing policies and use of the market mechanism in influencing resource allocation received considerable emphasis, with which the Fund staff is very much in sympathy.

The recommendations generally covered a much wider range of policy measures than these and an important weakness of the reports is the absence of quantification of the fiscal implications of the recommendations individually and taken together. An important consideration governing the feasibility of translating the recommendations into action would be their financial feasibility. A related drawback has been the absence of sufficient emphasis on an order or priorities among the various recommended measures. The establishment of such an order of priorities would require, in addition to some quantification of their financial cost, an assessment of the administrative and decision-making resources likely to be absorbed in implementation, and of the gains in terms of additional employment opportunities. And if the aim were to secure implementation within a specific time frame, their practical, political feasibility and acceptance would no doubt have also to be given consideration. In this respect, the prospects for implementation would be furthered if active efforts were made to involve in the findings of the mission government and other officials operationally concerned with the making of relevant decisions, e.g., planning ministries regarding development strategy, labour ministries and unions regarding wage policies, finance ministries regarding the over-all fiscal implications, etc.



The missions and the reports have served a valuable function in focusing public attention on employment issues and in enhancing the weight they will receive in the policy-making processes. It is no doubt too early to attempt an assessment of the extent to which recommendations have been translated into effective action, which is in any case a rather difficult task because of the diffuseness of the policy formation process. In our own work in the Fund, both in research efforts and in operational relationships with member countries, we are influenced by the growing concern, information and understanding for the employment problems in the developing countries. We have in the past extended co-operation to employment missions under the World Employment Programme and intend to continue this in the future.

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D.3(9) 1973

WORLD EMPLOYMENT PROGRAMME

Meeting on Evaluation of Comprehensive  
Employment Missions

(Geneva, 7-9 March 1973)

INFLUENCE OF THE ILO MISSION'S RECOMMENDATIONS  
CONCERNING FULL EMPLOYMENT  
ON COLOMBIAN ECONOMIC POLICY

by

Miguel Urrutia

RETURN TO REFERENCE SERVICES UNIT  
ROOM 250

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Geneva, 1973



## Introduction

The International Labour Organisation has asked me to discuss, at a meeting called to evaluate the work of the four employment missions which have produced reports on Colombia, Sri Lanka, Iran and Kenya, the value of the report on Colombia to those responsible for shaping and implementing our economic policy.

It is always difficult to assess the effectiveness of technical assistance programmes and in this particular case, assessment is exceptionally difficult because the mission recommended structural and institutional changes on such a scale that there was no likelihood of these recommendations being adopted in their entirety except through a revolutionary process. Although it cannot be expected that recommendations of this kind will be fully implemented over a short period, it would also be dishonest not to confront the country with the sweeping changes that will have to be made if it is to achieve the kind of economic growth needed to help the poorer half of the population.

In order to achieve these rates of economic growth, combined with adequate increases in employment, the developing countries must make such drastic changes in their development processes that it would be unrealistic to imagine it can be done either rapidly or painlessly.

It is for this reason, in my opinion, that none of the recommendations made in Towards Full Employment have been adopted in Colombia. Not only have the recommendations led to no changes in economic policy, but to the best of my knowledge none of the draft legislation recently published has been based on them.

In the following pages, I shall endeavour to suggest how a greater proportion of the recommendations could have been reflected in economic policy-making and I shall also suggest changes that might be made in these employment missions in order to enhance their effectiveness for purposes of implementing an employment strategy.

It should, however, be borne in mind that in Colombia, as in many other developing countries, any improvement in the general well-being of the mass of the population may depend on a change in attitudes towards development far more than on specific measures to solve immediate problems. The ILO report was made available at a time when a number of groups within the Government were already redefining the country's goals with the emphasis on greater social justice and a pattern of development designed to benefit the poorer half of the population.

The contents of the Musgrave report, the President's close interest in land reform and fairer tax collection, the attempts to work out a new development plan and public investment programme involving a shift of emphasis by the State away from the improvement of the physical infra-structure and towards greater outlays on such social programmes as education and health, and academic investigations into income distribution, unemployment and urban problems - had all helped to prepare the country for a radical change in its approach towards development. The ILO's report, by demonstrating that all these efforts to concentrate the country's attention on the poorest section of the population could be justified economically within an over-all employment strategy, may have been decisive in bringing about a change in the attitude of the Colombian political class towards development. The new



President, Dr. Pastrana, appears to have attached considerable importance to the report, and from the start of his term of office stressed the need for a new social policy designed to assist those who had hitherto failed to enjoy the benefits of economic growth.

If the report had anything to do with this shift towards a new concept of development on the Government's part, then its influence was undoubtedly great. Unfortunately, we can never be sure that the mission's effect was, in fact, so far-reaching.

#### The Mission as a Source of New Ideas on Economic Policy

When the ILO mission arrived in Colombia, the National Planning Department had already submitted a report to the Economic Policy Council, the chairman of which is the President himself, emphasising that the unemployment problem would worsen if past economic growth patterns were to continue. To deal with this problem of growing unemployment, the National Planning Department put forward a series of proposals, many of which were later repeated in the ILO's report.

Accordingly, it can be argued that before the international experts arrived, projections (admittedly somewhat approximate) were already available illustrating the scale of the problem, while the National Planning Department was endeavouring to evaluate public investment projects using the criterion of employment maximisation. Similarly, the plan was being revised so as to adjust certain policies and shift the emphasis towards forms of economic development which absorbed more labour.

But as in almost all countries, whether developed or developing, a plan is more a method of organising discussion on economic problems within the government than an effective

instrument of economic policy. Although the recent constitutional reform gives considerable importance to the plan and to the discussions on it in Congress, the legislature has not, in fact, discussed any of Colombia's plans so far, and in general the Government has not implemented any of the plans that it has itself approved, with the exception of part of the public investment plan included in the over-all planning exercise. And even in the case of public investment, a by no means negligible share of the resources is allocated to projects which are specifically not given priority under the plan.

The fact that the Government was already aware of the employment problem and that the technicians had a good idea of the structural changes that would be needed to carry out a full employment strategy, does not mean that the ILO mission was unnecessary. On the contrary, Colombian experts felt that support from a selected group of international economists for their diagnosis would improve the prospects of action to expand the economy's capacity to absorb labour.

In my view, the final report had an unexpected effect in that, by exaggerating the scale of unemployment, it reduced the long-term interest of the economic policy-makers in the employment problem. The report spoke of a future 5 million unemployed and unemployment rates of between 30 and 40 per cent of the labour force<sup>1</sup> and asserted that in the urban sector, unemployment affected between a quarter and a third of the labour force.<sup>2</sup>

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<sup>1</sup> ILO: Towards Full Employment (Geneva, 1970), p. 45.

<sup>2</sup> Op. cit., p. 13.



These figures were so incredible that inevitably the politicians failed to take them seriously, although they did find them useful for speeches on a subject which had gone out of fashion. As society was visibly not collapsing and as levels of unemployment like those mentioned are not compatible with a society's normal functioning, the report's exaggerations meant that its novel diagnosis of the problem was ignored.

Furthermore, politicians and ministers who read a 470-page report are few and far between and, therefore, they only remembered the report's prophecies of doom, while overlooking its more subtle approach to the relationship between unemployment and poverty, which is the novel and valuable feature of the whole World Employment Programme. It was easy to make sweeping statements about the need to create 5 million new jobs, if possible with greater international aid, and to ignore the report's contention that full employment would require a speeding up of land reform and a drastic redistribution of incomes.

I think that it would have been more helpful to have provided a specific model, making it clear to the country that the problem of poverty was immense and that given the existing pattern of development, part of this poverty took the form of open urban unemployment, but that this would not in fact increase still further because society would find new ways of absorbing the expanding labour force, probably in a growing urban sub-sector with very low incomes.

Although in a sense this is the approach adopted by the report, the startling figures given in the summary, which is probably the only part that many people will look at, have been damaging to the more sophisticated analysis made in the body of the report and to its incontrovertible recommendations.



One illustration of the possible harmful effects of the report's inflated projections of unemployment is the fact that after the ILO mission, publication of unemployment figures for Bogota - the only continuous statistical series on the subject in the country- was discontinued. In addition, the Statistics Department, for one reason or another, has not begun the regular publication of unemployment figures.

But the interesting point is that the publication of unemployment statistics was not discontinued in order to conceal inconvenient facts since - on the contrary - when the ILO report was published, it was already obvious that open urban unemployment was far lower than the level assumed in the report. All the indications are that between 1967 and 1971, urban unemployment in Colombia declined perceptibly. I myself estimate that the number of workers openly unemployed may have fallen by as much as 40 per cent. This was because the year 1970, owing to the currency crisis, witnessed a severe recession in industrial production accompanied by unusually high rates of unemployment; and secondly, because the economic policies pursued since 1967 have brought about structural changes in the economy which have enhanced its ability to absorb more labour.

Some of the changes were, in fact, recommended in the ILO report and it would be helpful, therefore, to discuss how far some of these reforms have helped to solve the employment problem in Colombia.

#### The Report's Recommendations

As stated earlier, many of the mission's recommendations merely endorsed policies already adopted in Colombia but still regarded as experimental measures.



In particular, the report laid considerable stress on the need to adjust relative prices so as to make employment of the labour factor more attractive and to this end urged that interest rates should be adjusted and an over-valued currency avoided.

From 1967 onwards, Colombia had been experimenting with regular adjustments in the exchange rate to maintain the competitive position of its non-traditional exports. The recommendations of the ILO mission may have helped to convince some leaders of the wisdom of this policy, which has been continued even at a time when currency reserves have been rising rapidly owing to high coffee prices.

The report's recommendations were used directly as grounds for giving far more emphasis to employment in the assessment of investment projects financed by the FIP (the main source of finance for major industrial projects) and also in the evaluation of public investment projects. Similarly, the recommendations strengthened the FFI in its policy of financing labour-intensive small-scale industries and led to the elimination of some of the special concessions made in the case of capital goods under the import deposits scheme.

All these measures, coupled with a number of adjustments in interest rates and the maintenance of a policy of flexible exchange rates, have drastically altered the pattern of Colombian development. Non-traditional exports, which by and large are labour-intensive, have expanded at a spectacular pace - from US\$126.3 million in 1967 to US\$247.1 million in 1971, and the more realistic price of imported capital goods has led to industrial expansion combined with a slight fall in the capital/labour ratio. Although aggregate statistics of this type are always unreliable, there is some empirical evidence that during the last three or four years, the



capital/output ratio has fallen in industry, which explains why recent economic growth in Colombia has been accompanied by more intensive absorption of labour than in the past.

Although it cannot be claimed that these measures effecting relative factor prices and the adoption of a strategy of exports instead of the old policy of import substitution were due to the Government's acceptance of the mission's recommendations, since many of these policies were already under way, it is interesting to note that the technical recommendations made in the report and which have since been repeated in the reports on Sri Lanka and Kenya, have been shown to be sound in the case of countries with the characteristics of Colombia and can lead to a fairly rapid improvement in the employment situation. The important point, therefore, is not whether the ILO was, or was not, responsible for the change in policy, but the fact that the changes in economic policy recommended under the World Employment Programme are effective. This may be important, because there are many groups in the developing countries with an interest in arguing that technological co-efficients are fixed and that changes in relative prices will not create employment. These groups include all those businessmen who are accustomed to being protected by import substitution policies and, not surprisingly, they can be expected to oppose the reports of employment missions organised by the ILO.

#### Opposition to the Report in Colombia

Since one of the major themes of the report is income distribution and a reorientation of the industrialisation process towards a more open and competitive economy with higher and more realistic cost levels for capital, the hostile reaction of large-scale industry to the report can hardly have come as a surprise to anybody. The recommendations were obviously prejudicial to the large industries which had been built up behind the bulwark of the import substitution policy



and under a system whereby cheap capital was available to the privileged few who could obtain licences for the import of equipment at over-valued rates of exchange with subsidised credit. It was for this reason that the representatives of large-scale industry were opposed to the ILO report from the outset, both in Colombia and in Geneva.

This opposition was explicable, but the objections of some trade unionists to the report are less easy to understand. The report - quite rightly, in my view - does not recommend a wage freeze in the modern sector, nor does it suggest any form of interference with the system of collective bargaining between management and labour. All it does is to advocate moderation in wage increases on the logical ground that substantial increases in employment can be attained more easily if large increases in the real incomes of those already in employment are avoided (see page 186 of the report).

It is true that the report's recommendations in respect of labour legislation might be open to misinterpretation by the unions. The experts found that legislation which guarantees job security may hamper the creation of new jobs, and proposed that this legislation should be replaced by an unemployment insurance scheme which would allow the employers greater flexibility in recruitment.

Since this greater flexibility is to the advantage of the employers, the report suggests that they should bear the cost of the unemployment insurance scheme. This recommendation appears eminently reasonable, and if it had been explained properly to the unions there is no reason why it should have aroused serious opposition. In any case, this is a recommendation to which the Government has not given consideration, although, if acted upon, it could substantially improve the efficiency of the employment market and create an atmosphere more favourable to expansion of industrial employment.



The fact that these aspects were not in fact explained to the unions suggests that there was something seriously wrong with the mission's method of work.

A large team of experts which is required to produce a report of this scope after less than two months in the country has no time to spend on educational work, among other reasons because until the report is published, this education will serve no useful purpose. Furthermore, the foreign experts worked on their own, which made it easier to produce the report quickly but did not allow for the formation of a group of local officials identifying themselves with the recommendations in the report and accordingly prepared to champion it and to endeavour to use their influence with the Government to secure the implementation of at least some of these recommendations.

Once the report was finished, its influence was merely that of an able dissertation on economic development, since there was no group in the country imbued with the ideas expressed in it and dedicated to securing their implementation. If the technical mission had worked with a selected group of officials who had learned how the team worked and identified themselves with its recommendations, the likelihood of the report's being transformed into economic policy decisions would have been greater.

In Colombia, there is a useful precedent which illustrates the value to be derived from the formation of a group of national experts as a part of a high-level technical mission. The case in point is the Commission on Tax Reform headed by Richard A. Musgrave.

Professor Musgrave was always of the opinion that one of the main tasks of the Commission would be to form a high-powered technical group in the Finance Ministry to enable the international experts to co-operate with a group of Colombians. With this end in view, several economists were engaged to work directly with the Commission, and at the same time a number of officials in the Ministry were assigned to the Commission's technical group.



Prior to the Commission on Tax Reform, there were no specialised tax economists in the country. Today the group which worked with the Commission can be regarded as a technical group of high calibre. Of the Commission's counterparts, two officials subsequently became secretaries-general at the Finance Ministry and two others National Tax Directors. The result was that whenever the Finance Minister or the Government was in need of additional revenues, the technical group that had worked with the Commission on Tax Reform was ready with carefully worked out tax reforms to meet the need. After four years, more than half the recommendations in the Musgrave Report have become law, notwithstanding the fact that the report was heavily criticised when it first appeared both in the press and by employers, trade unions and even individuals who had never read it.

The sole purpose of this digression on the Musgrave Report is to emphasise the need for technical missions to form groups of experts in the country who can follow up the missions' work and endeavour to steer their recommendations through the inevitably slow bureaucratic processes.

Relationship between the New Development Plan and the Strategy Proposed by the ILO Mission

The new development plan introduced by the President of the Republic on 2 December 1971 proposes to the country four strategies for "reconciling economic growth with a substantial improvement in the standard of living of the poorest".<sup>1</sup> The four strategies involve the concentration of resources upon the urban building industry, the export promotion drive, agricultural productivity and income distribution policy.

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<sup>1</sup> Departamento Nacional de Planeación: Las Cuatro Estrategias (Bogota, Editorial Andes, 1972), p. XI.



The basic assumption of the Plan is that the problem of Colombian development is lack of demand rather than difficulty with supply.

The Director of Planning has this to say on the subject:

"The bulk of the literature on economic growth is concerned with obstacles on the supply side, but little is said about demand. This is curious, to say the least, bearing in mind that the first pre-requisite for producers to be able to sell their products is the existence of a market where they can be sure of finding buyers. The Plan, on the other hand, sets out to identify the sectors where a drastic increase in production can be absorbed without the real income of producers being affected by sharp falls in the prices of their products. Agriculture and industry would benefit from an increase in production, but this increase is to a large extent geared to the growth in demand."<sup>1</sup>

For this reason the Plan lays stress above all on its strategies for increased construction of housing and for the encouragement of exports.

"Housing and exports have one important feature in common: in both sectors there is a huge latent demand which can be met if certain obstacles are eliminated. For this reason, both these sectors can act as spearheads and engines of growth without being hampered by the inelastic demand which exists for so many other commodities."<sup>2</sup>

In a word, under the plan, building and exports are the leading sectors for development. This can be seen even more clearly in the quantification of the plan provided by the Planning Department, where it may be observed that these strategies are designed to create sufficient employment in

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<sup>1</sup> Ibid., p. XV.

<sup>2</sup> Ibid., p. XIII.



the future both directly and through redistributive effects which shift the pattern of demand towards commodities produced by labour-intensive methods.

This quantitative evaluation of the effects of the plan is an interesting attempt to analyse the effects of the four strategies, using an input-output table. The essential point here is that the object of the exercise is to see what the effects of the plan will be; it suggests that in fact the plan, if carried out in full, will solve the problem of employment and improve distribution. These were the targets set in the ILO report, and if this report influenced those responsible for economic policy to set themselves the same goals, then it really did serve a useful purpose.

Nevertheless, while the goals are the same, the strategies proposed by the plan and by the ILO report are very different.

For example, although the report recommends that building activity should be increased, and maintains that there is a certain unsatisfied demand for housing, it explicitly recommends that mortgage payments should not be tied to the cost of living, thus making the total amount due unpredictable.<sup>1</sup>

In contrast, one of the main instruments for implementing the plan is a savings and loan scheme for housing with a constant scale of valued pegged to the price index.

But this in itself is a minor point. In reality, the ILO report expresses serious doubts as to the possibility of solving the problem of unemployment and poverty by means of an urban strategy like that outlined in the plan. In paragraphs 172 and 174, the mission analyses the possibility of creating 5 million extra jobs outside the agricultural

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<sup>1</sup> ILO, op. cit., p. 132, para. 410.

sector - "broadly the strategy proposed by Dr. Laughlin Currie"<sup>1</sup> - and comes to the conclusion in paragraph 174 that this strategy is not really viable.

Although the plan modifies to some extent Dr. Currie's original strategy, and the mission wrote the report before work had begun on implementing the new development plan, it has to be acknowledged that this plan is essentially a more sophisticated version of the original proposed for Operation Colombia made by Dr. Currie. In principle, therefore, the ILO mission was against an urban-type strategy of the kind proposed in the new plan.

Even though agricultural productivity is identified in the "Guidelines for a New Development Strategy" as the theme of one of the four strategies, it has to be admitted that within the context of the plan as a whole, this strategy is not given great importance. The Guidelines state:

"We do not believe that agricultural production has been a factor restricting growth.....We must be careful, however, that productivity does not increase at its own pace and outstrip the increase in demand, in which case the effect upon the producers' income will be adverse owing to the fall in prices resulting from the inelasticity of the demand for agricultural produce.....If stress has been laid on housing and exports it is because these sectors can act as driving forces and permit of the release of potential forces, at present held in check, in agriculture, industry and other sectors affected by insufficient demand."<sup>2</sup>

The mission, on the other hand, was of the opinion that with its full employment strategy, the increase in demand would be sufficient to permit rapid development in the agricultural sector. Appendix 4 forecasts an increase in

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<sup>1</sup> Ibid., p. 52.

<sup>2</sup> Departamento Nacional de Planeación, op. cit., pp. 39-40.



agricultural consumption between 1965 and 1985 of 5.9 per cent per annum<sup>1</sup>, which implies a rate of growth of agricultural production far higher than the historical average of 3.1 per cent per year between 1950 and 1960 and 3.8 per cent per year between 1960 and 1969.

In actual fact, the whole of the programme proposed by the mission implicitly lays great stress on the agricultural sector and on agrarian reform. The mission's basic model presupposes an increase in gross agricultural production of 5.4 per cent per year between 1970 and 1985, with an annual increase in employment in that sector of 1.8 per cent. A comparison of these projections with the previous rates of increase for agricultural production and for agricultural employment - 3.4 per cent and 1.4 per cent respectively between 1964 and 1970 - shows what a huge effort needs to be made in agriculture. This high rate of increase in production implies an accelerated rise in productivity so as to improve the incomes of farmers, who constitute the poorest sector of the population. This sector of the labour force would also be the first to benefit from a substantial speeding up in agrarian reform.

The Guidelines make no mention of the need to speed up agrarian reform when discussing either the strategy for agricultural productivity or the strategy entitled "distribution policies". As far as distribution is concerned, the emphasis is on a progressive tax system and a greater proportion of public expenditure for social purposes.

The quantitative evaluation of the plan made by the National Planning Department goes further than this and shows that the housing strategy will improve urban distribution, and

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<sup>1</sup> ILO, op. cit., p. 384.

that this improvement is a key factor in the effort to increase employment, since it changes the pattern of demand, orienting it towards sectors with low capital/labour and imported inputs/output ratios. While this evidence of the favourable influence of distribution upon employment bears out one of the most original theories put forward by the ILO mission in its report, it is interesting to note that in the documents on the plan little importance is attached to the redistributive impact of agrarian reform.

To sum up, the plan proposes an urban strategy with building and exports as the spearheads for development. The ILO mission, on the other hand, attaches far more importance to the rural sector and agrarian reform. On other points, such as the importance of tax reform and greater expenditure on social services to bring about a better distribution of income, the two documents concur. Both also consider non-traditional exports to be a sector of strategic importance.

It would be interesting at this stage, on the basis of the encouraging results of the quantitative evaluation of the plan as regards the levels of employment likely to result from its implementation, to analyse more thoroughly the advantages and drawbacks of two development models which go a long way towards solving the employment problem, bearing in mind that the main difference between the two lies in the importance each attaches to agricultural modernisation and to agrarian reform.

Apart from analysing the impact of both models on the incomes of the poorest segments of the population, it would also be useful to consider which of the two strategies would be the easiest to implement under the institutional and political conditions prevailing in Colombia in the 1970s.



How to Make Employment Missions More Effective

In principle the general idea of employment missions is to be welcomed since a country derives considerable benefit from a visit by a group of experts on various subjects to analyse the employment problem and propose over-all solutions. This general approach has the advantage of avoiding a concentration of efforts on ad hoc solutions that may ease the unemployment of some groups for a short period but cannot offer a comprehensive strategy guaranteeing a long-term solution to the growing problem presented by the exclusion of the majority of the population from the development process.

Nevertheless, the present approach, consisting of a comprehensive analysis and the devising of general employment strategies, has the disadvantage that countries may feel the recommendations to be too general and difficult to implement. To avoid this, it is recommended that the structure of employment missions be changed along the following lines:

- (1) Missions like those already organised should make a general assessment of the problem and draw up a general employment strategy. In the interests of efficiency, it might be advisable to have smaller missions, not necessarily including personnel from other United Nations agencies. In recruiting, the sole criteria should be ability and experience.
- (2) The mission should work in the country for six to eight weeks, although if some members were in a position to do so, they could bring their families for up to three months.

- (3) A mission should go only to a country whose government is able to supply a small team of technicians with a sound professional background as national counterparts to the foreign mission. This team would remain to help in implementing the mission's recommendations after its departure and to explain the full implications of the final report. While the latter is being disseminated, the ILO could send out an official with experience of training programmes to help in explaining the report, particularly to trade union groups.
- (4) Once the government had assessed the report, it would reach agreement with the ILO as to the fields in which additional technical assistance was required in order to carry out the recommendations on employment. A new group of experts would then be formed to go to the country to draft concrete policy or legislative reforms over a period not exceeding three months. In Colombia, for example, it would have been useful had there been a group of top-level experts to assist in drafting the legislation required to change the present laws on job security into a clearly costed unemployment insurance scheme.  
Other countries might need a group to propose an item by item reform of customs tariffs in conjunction with the Ministry of Finance.

#### Value of the Reports Already Prepared

The writer was surprised at the similarity of the problems raised and the solutions proposed in the reports on Colombia, Sri Lanka and Kenya. Moreover, the solutions put forward appear to have been appropriate in the case of Colombia.



This is why it would appear important for the reports already made to be disseminated more widely. For example, when a country asks the ILO to send an employment mission, before accepting, the ILO should hold a seminar on the reports already written for the top-level officials who made the request for the mission. A one-day seminar of this kind would probably arouse greater interest in the programme and would ensure that economic policy-makers realised the magnitude of the changes that a full-employment strategy would likely entail. Furthermore, a seminar would enable the government to define more accurately the terms of reference of the mission it wanted.

Lastly, if little interest is shown in the seminar by senior officials, the ILO will know that the country's interest in the employment problem may not really be very deep.

#### Conclusion

In general, the system devised by the ILO to assist countries in working out an employment strategy by means of comprehensive employment missions is an original one which, with a few changes, can become highly effective.

The problem of employment in developing societies is very complex and it can only be solved by means of an over-all development strategy aimed at reconciling economic growth with full employment. To devise such a strategy, it is necessary to analyse all aspects of the economy and to make a technical plan for institutional and policy reforms in very varied fields. Only a multi-disciplinary team of experts can devise such a strategy.

It is impossible for one or two isolated experts in any ministry to influence a government to change its development pattern in order to ensure that the poorer half of the labour force benefits from economic growth.

The approach adopted by employment missions, however, also has its dangers. The foremost of these is that it may not be very practical to propose such sweeping economic reforms since an international report is unlikely to bring about revolutionary changes. On the other hand, the radical changes proposed may influence the attitudes towards development of some leaders and members of the younger generation who study its proposals for more egalitarian development.

Nevertheless, practical results might be achieved more rapidly if employment missions created a local team capable of supporting and carrying out their recommendations and if some technical assistance were organised to help in the process of turning general recommendations into concrete, detailed alternatives for economic policy.



Comprehensive Employment  
Missions Under ILO Auspices

The Fund staff have followed with interest the work and reports of the Comprehensive Employment Strategy Missions. This is natural as the Fund's charter recognizes the promotion and maintenance of high levels of employment and real income as a primary objective of economic policy in member countries. In the Fund's relationship with its member countries, whether in regular consultation discussions bearing upon all major aspects of economic policy or in connection with the formulation of stabilization programs supported by the use of Fund resources, employment and unemployment problems and their implications for economic policy have received close attention. Stabilization programs supported by the Fund are designed to restore or maintain a sound external payments position, consistent with the achievement of other policy objectives including in particular a high level and growth of employment. They have contributed to the promotion of growth and employment by strengthening confidence in the economy and thereby facilitating a larger inflow of external resources and also by preventing the adverse consequences from inflationary distortions. Our technical advice in the fiscal field is also available to assist governments in promoting the growth of employment opportunities within their national plans and priorities. ~~of the staff~~. Different aspects of the employment problem have been examined in several recent papers by members of the staff. In view of this continuing concern with and interest in the alleviation of these problems, we have welcomed the comprehensive and systematic attention received by them from the multi-disciplinary teams of the Employment Strategy Missions.

The most striking accomplishment of the mission reports has perhaps been to dramatize and focus public attention on issues and problems that were increasingly coming to the forefront of economic policy. Many people from differing vantage points had begun to raise questions about the contrast between the creditable growth performance, by historical standards, of many developing countries and the apparent failure in many instances of this being effected in a noticeable improvement in the employment situation. Many questions were being raised and needed to be raised: Had there been an excessive preoccupation with economic growth measured by increases in GNP? What was the relationship between growth of GNP and other goals of economic policy, particularly the growth of employment opportunities? What were the specific policy measures needed to blunt the acuteness of the unemployment problem? Or was it simply that all that was needed was a better overall growth performance? Underlying these broad questions were many specific issues, e.g., the role of demographic factors, the "urban drift" of populations and its consequences, the optimal balance between agriculture and industry, institutional arrangements in agriculture, appropriate educational strategies, technological choices throughout the economy, the orientation of research and development efforts, etc. These questions of development strategy and of tactical policy emphasis were beginning to get attention from national policymakers, academic scholars, and international agencies concerned with economic development.

An important strength of the approach reflected in these reports has been the intellectual willingness to consider all aspects of social, economic and other policies having a bearing on the possible solutions to the employment problem. Both these aspects, viz., the central focus being on



the employment problem and the wide stretch of the analytical and policy net, were on the whole innovative features of the approach of these missions and they were made possible by the latitude provided by the terms of reference and by the qualifications and interests of the participants, in particular the mission chiefs. It is of some importance in this respect that though many of the participants have been drawn from the staffs of several international agencies and other institutions, the reports in each case have been transmitted to the government concerned on the responsibility of the chief of the mission.

The work undertaken by the missions encompassed a systematic analysis of all available data on population growth, labor force, participation rates, employment by industrial sectors, unemployment and underemployment and this analysis was supplemented by an examination of education, health, nutrition and other aspects of the social conditions. The missions also analyzed labor markets and focused attention on labor legislation and other institutional factors that affect employment and income distribution. There can be no doubt that the research, analysis and discussion have enhanced the understanding of many of the issues referred to above. They also served to point up the gaps in knowledge and understanding that need to be filled and, as a result, are now more likely to be filled. The reports make extensive recommendations that virtually encompass the whole range of social and economic policies. Their main thrust was a reorientation of development policies away from capital--and technology-intensive investment toward labor-intensive, employment-creating industries. In achieving this, key roles in resource allocation and income distribution were assigned to fiscal, monetary, exchange rate, commercial and wage policies. In particular, realistic pricing policies and use of the market mechanism in influencing

resource allocation received considerable emphasis, with which the Fund staff is very much in sympathy.

The recommendations generally covered a much wider range of policy measures than these and an important weakness of the reports is the absence of quantification of the fiscal implications of the recommendations individually and taken together. An important consideration governing the feasibility of translating the recommendations into action would be their financial feasibility. A related drawback has been the absence of sufficient emphasis on an order or priorities among the various recommended measures. The establishment of such an order of priorities would require, in addition to some quantification of their financial cost, an assessment of the administrative and decision-making resources likely to be absorbed in implementation, and of the gains in terms of additional employment opportunities. And if the aim were to secure implementation within a specific time frame, their practical, political feasibility and acceptance would no doubt have also to be given consideration. In this respect, the prospects for implementation would be furthered if active efforts were made to involve in the findings of the mission government and other officials operationally concerned with the making of relevant decisions, e.g., Planning Ministries regarding development strategy, Labor Ministries and unions regarding wage policies, Finance Ministries regarding the overall fiscal implications, etc.

The missions and the reports have served a valuable function in focusing public attention on employment issues and in enhancing the weight they will receive in the policymaking processes. It is no doubt too early to attempt an assessment of the extent to which recommendations have been



translated into effective action, which is in any case a rather difficult task because of the diffuseness of the policy formation process. In our own work in the Fund, both in research efforts and in operational relationships with member countries, we are influenced by the growing concern, information and understanding for the employment problems in the developing countries. We have in the past extended cooperation to employment missions under the World Employment Program and intend to continue this in the future.