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1978 REPORT ON THE WORLD SOCIAL SITUATION



UNITED NATIONS

New York, 1979

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FOREWORD

The 1978 *Report on the World Social Situation* is the second in a series of quadrennial reports on this subject and the ninth dating from 1952.

Guidelines for the preparation of the present *Report* were provided by the General Assembly in resolutions 31/83 and 31/84 of 13 December 1976. After taking note of the 1974 *Report*, the General Assembly specified that future reports should contain a more integrated and concise text and be based on a wide range of sources of information. The Assembly also emphasized the close links between international economic relations and the world social situation, reaffirmed the urgency of implementing the decisions regarding the establishment of the new international economic order and pointed out the need for measures leading to more equitable redistribution of income and wealth, the elimination of hunger and malnutrition, a reduction of unemployment and underemployment, and the improvement of the distribution of health, housing, education and other social services.

The present *Report* appears at a time when a great deal of thought is being given in the United Nations to the preparation of a new international development strategy. The analysis and information contained in the *Report* are intended to be a contribution to that preparatory work.

The introduction to the *Report* summarizes salient social trends and conditions, and provides a brief overview of the international context of social change. The four chapters that follow the introduction deal with

the global issues of population trends and employment, growth and distribution of income and private consumption, the production and distribution of social services, and changing social concerns. A *Supplement** to the *Report* reviews the patterns of governmental expenditure on social services in recent years. The three chapters of the *Supplement* deal, respectively, with developing countries, developed market economies and centrally planned economies.

The *Report* and the *Supplement* were prepared by the Centre for Development Planning, Projections and Policies of the Department of International Economic and Social Affairs of the United Nations Secretariat. The relevant information was drawn from a variety of sources. Particular mention needs to be made in this context of the information from organizations of the United Nations system and from Governments.

In accordance with General Assembly resolution 31/82 of 13 December 1976, an annex* to the *Report* provides a summary of the measures adopted by Member States and international organizations with a view to ensuring the effective implementation of the rights and principles laid down in the Declaration on the Rights of Disabled Persons and of resolution 31/82. That annex was prepared by the Centre for Social Development and Humanitarian Affairs of the Department of International Economic and Social Affairs of the United Nations Secretariat.

* To be issued separately.

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Explanatory notes

The following symbols have been used in the tables throughout the report:

Three dots (...) indicate that data are not available or are not separately reported

A dash (—) indicates that the amount is nil or negligible

A blank in a table indicates that the item is not applicable

A minus sign (—) indicates a deficit or decrease, except as indicated

A full stop (.) is used to indicate decimals

A comma (,) is used to distinguish thousands and millions

A slash (/) indicates a financial, crop or academic year, e.g., 1976/77

Use of a hyphen (-) between dates representing years, e.g., 1975-1976, signifies the full period involved, including the beginning and end years.

Reference to "dollars" (\$) indicates United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals, because of rounding.

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The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

INTRODUCTION

For a large majority of the world's people, the required dimensions of social progress or the benefits expected from the policies designed to hasten socioeconomic change remain obvious. The common aspiration of those people is to have a decent and meaningful life. Thus, alleviation of poverty, greater employment opportunities, more education, good health and better living conditions in general, and a sense of participation in the life of the community, together with individual freedom and dignity, are the goals that figure prominently in the ongoing development thrusts of nations. Against the backdrop of these goals, the present report focuses on recent trends in social progress and describes the current social situation.

Development is a long and slow process. Although countries are making progress, living conditions in various parts of the world around 1978 are as full of contrasts as they were at the beginning of the 1970s. Particularly glaring is the situation in those developing countries that had a *per capita* annual gross domestic product of less than \$200 at the outset of the 1970s. *Per capita* income of these countries is not only low but has been expanding at a very slow pace—just over 1 per cent per annum during the first half of the 1970s. In terms of the prices prevailing in 1970, their average *per capita* income increased from \$108 in 1970 to only about \$114 in 1975. *Per capita* agricultural production declined in many of these low-income developing countries, especially the ones situated in Africa. The lag in output of agriculture, typically the dominant activity in these countries, had a pervasive effect on their socioeconomic progress. In 1975, private consumption per inhabitant in the low-income developing countries, which had a combined population of 1.2 billion, amounted to only \$85, representing a gain of a mere \$5 from 1970 (in terms of 1970 prices). In contrast, for the 0.7 billion people living in high-income countries—that is, those whose *per capita* gross domestic product in 1970 was \$1,000 or more—private consumption per inhabitant rose on the average from approximately \$1,800 in 1970 to more than \$2,000 in 1975. This gain was made even though, because of a recession in productive activity around the mid 1970s, the economic circumstances in those countries were far from favourable. A difference of around 25 years in life expectancy at birth and a sixfold gap in infant mortality remained between these two parts of the world at mid decade. Their respective enrolment ratios at the third level of education were 0.6 per cent and 20 per cent, respectively. In the low-income countries, on the average, almost half the children were not enrolled in primary education, and approximately 80 per cent of the adult population was still illiterate.

Even in the societies that have few resources and have made little economic gain, there have been various significant forms of social change. Urbanization, the loosening of family ties, new attitudes towards fer-

tility, increased scholarization, new expectations in terms of consumption, and the substitution of governmental control for more traditional and immediate forms of authority and systems of hierarchy are some of the transformations that are occurring in many economically poor countries. Such changes, warranted by development needs or transmitted by external stimuli—for instance, the concepts of modernization prevailing in rich countries—can make people feel insecure, especially when economic activity in their own countries is expanding slowly or is declining. A number of countries appear to have experienced such transitional problems during the 1970s.

In many other developing countries, living conditions appear to have improved significantly. The countries whose *per capita* income in 1970 was in the range of \$400-\$1,000 had, for the group as a whole, an average *per capita* income of \$757 in 1975, as compared with \$591 in 1970. The annual growth of 5 per cent in average *per capita* income in real terms was accompanied by substantial social progress. For example, at mid decade, these countries generally had full enrolment at the primary level of education, a 50 per cent enrolment—for males and females—at the secondary level, an adult literacy ratio of approximately 85 per cent, a ratio of 2,000 persons per physician (as compared with 19,000 in the low-income countries and 520 in the developed centrally planned economies) and an infant mortality rate of 51 per 1,000 persons (as compared with 119 in the low-income countries and 19 in the countries whose *per capita* income in 1970 exceeded \$1,000).

In general, however, the social situation in developing countries remains disturbing. Rough estimates suggest that approximately 40 per cent of the growing labour force of all developing countries was unemployed or underemployed around 1975, underemployment being by far the predominant component. Other crude indicators related to nutrition and access to basic facilities, such as clean water, also emphasize the magnitude and persistence of poverty in many parts of the world. Even the countries that experienced a fairly good pace of economic growth and some progress in levels of living have continued to face acute problems of unemployment and underemployment, accelerated urbanization, poverty in rural areas, slums in cities and lack of access to basic social services for large numbers of people.

Levels of living have continued to improve in developed countries, both market economies and centrally planned economies. This is evident from such indicators as *per capita* income and consumption, possession of durables, and access to various social services and benefits.

In the developed market economies, however, the pace of economic growth was considerably slower in

the years after 1970 than in the 1960s—an average annual growth rate of the gross domestic product of 3.2 per cent in 1971-1977, as compared with more than 5 per cent during the 1960s. The slow-down of economic activity was accompanied by serious unemployment and inflation. Although unemployment benefits were expanded, young people, minorities and migrant workers were severely hit in a number of countries. Consumer prices rose in the developed market economies on the average by 8.6 per cent in 1976 and 9.3 per cent in 1977, as compared with 4 per cent during the period 1960-1973. Wages and pensions also rose, but low-income groups, particularly elderly women, often experienced a decline in their level of living.

In the developed centrally planned economies, national income increased annually by 6.3 per cent in 1971-1975 and by 4.9 per cent in 1976-1977. Real personal *per capita* income also increased at an annual rate of around 6 per cent during the first half of the 1970s and 3-4 per cent during the more recent years. In most of these countries, increases of transfer payments and free social benefits played a greater role than wage increases in the recent growth of personal *per capita* income. Housing and urban infrastructure received particular attention. Consumer prices were generally kept stable, often by price subsidies. At mid decade, in this country group, the average level of infant mortality was 33 per 1,000, fertility was low and, as in the developed market economies, the population was aging. A high participation of women in the labour force was made possible by sustained efforts to achieve equality between the sexes. Such participation was also facilitated by a growing shortage of available workers.

The realization of a more equitable distribution, among various social groups, of income and services, as well as opportunities, continued to figure prominently in the national objectives and programmes of most Governments. However, as regards the distribution of income and services, little change appears to have occurred during the 1970s. In the low-income developing countries, the reduction of poverty and the reduction of inequalities are inseparable issues. Redistributive measures in these countries are symbolically important but economically negligible. In other developing countries, the process of economic growth continued to be accompanied by sharp income differentials. However, the identification of a clear trend is difficult, and attempts to establish a relationship, positive or negative, between economic growth and income distribution have not yet proved successful. National experience differs widely. Social structures, including the initial distribution of assets and power, are seemingly more important than distributive and redistributive policies in explaining the varying levels of inequality in different countries that have reached a similar stage of economic development. In the industrialized countries with market and mixed economies, a relative stability was observed in the distribution of income and wealth. Economic difficulties experienced by these countries appear to have reduced the demand for more equity; this is suggested by the change apparent in the attitudes of trade unions. The range of income after taxes and transfers was already narrow

in some of those countries, and wealth differentials are less known and less debated. The developed countries with centrally planned economies continued their policies designed to reduce inequalities between urban and rural groups and between regions. Income differentials are quite narrow in these countries; some of them, in fact, are considering trade-offs between income equality and the creation of incentives.

The search for equity is not aimed solely at a reduction of income inequality; it also has other dimensions. In most societies, the roles and status of individuals and population groups are not wholly determined by their position on the income ladder. Changes, for instance, in the legal and social status of a group are often a precondition for the group's economic progress. The situation of women is typical in this respect. During the 1970s, steps were taken in a number of countries to ensure equality for men and women in various dimensions of societal life. The most important facet of this fundamental change was not the narrowing of wage differentials between male and female workers but rather a new image of women's role which emerged during the current decade. The situation of the aged, particularly in developed societies, illustrates another aspect of the search for equity and dignity. Through various policies, notably the linking of pensions with changes in the cost of living, the material conditions of the growing population of elderly people seem to have improved in a number of countries. At the same time, however, the influence and status of the aged appears to have declined.

These various aspects of social trends and conditions during the 1970s are analysed in the four chapters of the present report. The chapters also draw attention to some rigidities as well as to some seeds of change that have become evident. The focus on a few basic elements of the world social situation provides only a partial summary of the wide variety of living conditions that are currently prevailing. Certain other aspects that have a bearing on the life of individuals and nations are briefly mentioned, by way of background, in the remainder of this introduction.

A major feature of the contemporary scene is the search for a new international economic order. The negotiations conducted so far on concrete issues in this framework have produced only limited results. But, clearly, both the content and the intensity of the debate on development and international co-operation are markedly different now from what they were in the early 1970s. An equitable distribution of economic power and resources at the world level is seen as an objective to be pursued in itself and as a condition for economic and social progress in developing countries. The international and national dimensions of strategies and policies to reduce poverty are now perceived as interrelated elements. Perceptions of general interdependence have sharpened. Emphasis on the need for structural adjustments in the economies of both rich and poor countries has been growing.

In many respects, the debate on a more equitable world order has subdued the controversies on the merits and future of economic growth which were prominent in the early 1970s. The discussions on physical limits to economic growth and quality of life *versus* increased production of goods have, however,

left a mark on development thought and action. Policies to protect and enhance the quality of the natural environment have evolved during the current decade at the national and international levels. Increasing stress has been placed on a more rational use of natural resources. But the opposition to, or the questioning of the need for, economic growth became irrelevant when stagflation struck the economies of many developed countries and when the international community expressed a new awareness of the changes and efforts required to promote development. The renewed emphasis on the necessity of economic growth has been paralleled by a searching debate on the content of economic and social progress. At world conferences and other forums, strategies, policies and targets in a number of fields have continued to be re-assessed. Such dialogues have drawn attention to the inherent complexity of development problems. It is increasingly recognized that unidimensional strategies—in respect of rural development, or meeting the needs of the poorest, or industrialization at all costs—can hardly be adequate responses to the new challenges. Reality demands that the diversity and complexity of development requirements be taken fully into account. Indeed, only through fundamental structural and institutional changes will it be possible to usher in a new international economic order.

Resources have continued to be diverted to military ends during the 1970s.¹ It is reported that military expenditure remained stable in real terms from 1968 to 1973, when it was overtaken in magnitude by public expenditure on education. Yet, the long-term rise of military budgets does not appear to have ceased, and their present absolute and comparative size is overwhelming. Every year, military activities absorb a volume of resources equivalent to two thirds of the gross national product of the countries comprising the poorest half of the world's population. The annual spending for military purposes of \$250 billion to \$260 billion (in constant 1973 dollars) can be compared to the \$83 million spent over a 10-year period by the World Health Organization to eradicate smallpox in the world. The major military powers account for 96-97 per cent of world military research and development, and this expenditure is estimated to represent about 10 times the entire scientific and technological capabilities available in developing countries.² These major military spenders accounted for 73 per cent of world military expenditure in 1975, as compared with 84 per cent in 1960. The rest is equally shared between the other industrialized countries and the developing countries.

This "unprecedented challenge to human survival represented by the present incredible diversity and quantity of armaments of all kinds"³ led to the convening of the tenth special session of the General Assembly which was devoted to disarmament issues. A

final document adopted at that session provides a framework for an international disarmament strategy. A Programme of Action on disarmament specifies measures and priorities that States are invited to undertake.

Also essential for the well-being of individuals and the future of mankind is the protection of human rights. A number of recent United Nations reports are devoted to this crucial issue.⁴ The international community took a number of initiatives during the 1970s, reflecting a growing awareness of the magnitude of the problem. The International Covenant on Civil and Political Rights came into force in 1976 and by 1978 had been acceded to by 13 Member States and ratified by 39 Member States. The Optional Protocol attached to that Covenant permits the United Nations Human Rights Committee, which was established under the Covenant, to consider individuals' complaints on human rights violations. At present, 6 Member States have acceded to the Protocol and 14 have ratified it. The International Covenant on Economic, Social and Cultural Rights has been acceded to by 12 Member States and ratified by 40 Member States. Having entered into force in 1969, the International Convention on the Elimination of All Forms of Racial Discrimination had 35 accessions and 63 ratifications by 1978. In November 1976, the General Assembly commended to all Governments, organizations and individuals a Programme of Action Against *Apartheid*. Also, a Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment was adopted by the General Assembly in December 1975 (General Assembly resolution 3452 (XXX)). In the latter part of 1978, the Assembly was considering a draft code of conduct for law enforcement officials. The Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Population of the Occupied Territories has been issuing an annual report since 1969.

Thus, during the 30 years since the adoption of the Universal Declaration of Human Rights, several international instruments have been fashioned to protect and promote basic rights and fundamental freedoms. New rights have been added to those contained in the Declaration, such as the right of peoples to self-determination and their right to dispose freely of their natural wealth and resources. It is not clear, however, whether these decisions of the international community reflect real progress in the fulfilment of human rights or merely a growing commitment to protect those rights. Some long-standing issues—for example, the plight and settlement of refugees—have yet to be resolved. On the other hand, cases of infringement of basic rights are receiving increasing publicity. Indications are that the promotion of human rights will continue to be an important issue in the foreseeable future.

¹ The information on military expenditures is taken from *Economic and Social Consequences of the Arms Race and of Military Expenditures* (United Nations publication, Sales No. E.78.IX.1).

² The six leading countries in terms of military expenditure are United States of America, USSR, China, France, United Kingdom and Federal Republic of Germany. See *Economic and Social Consequences of the Arms Race...*, p. 5.

³ *Official Records of the General Assembly, Thirty-third session, Supplement No. 1 (A/33/1)*, sect. VI.

⁴ See, in particular, the report of the Commission on Human Rights, on its thirty-fourth session, *Official Records of the Economic and Social Council, 1978, Supplement No. 4 (E/1978/34)*; the report of the Committee on the Elimination of Racial Discrimination, *Official Records of the General Assembly, Thirty-third Session, Supplement No. 18 (A/33/18)*; and the report of the United Nations High Commissioner for Refugees, *Official Records of the General Assembly, Thirty-third Session, Supplement No. 12 (A/33/12)*.

POPULATION TRENDS, WORK OPPORTUNITIES AND UNEMPLOYMENT

POPULATION TRENDS AND POLICIES

Population growth

Increasing in the 1970s at an annual rate of 1.9 per cent, the population of the world reached over 4 billion in 1976, from about 2.5 billion in 1950 and 3.6 billion in 1970. At this average annual rate of growth, which is "well over double the rate during the first half of this century and 3 to 4 times the 1800-1900 rate",¹ the world's population is estimated to have totalled 4.2 billion by mid 1978.

As indicated in table 1, the pattern of population

¹ "World population situation: note by the Secretary-General" (A/C.2/32/L.8), 28 September 1977, para. 3.

increase has varied considerably among different regions of the world. Between 1970 and 1976, the annual rate of increase ranged from 2.8 per cent in Latin America, followed closely by Africa and South Asia, to less than 1 per cent in Europe and North America. In the mid 1970s, almost one third of the world population was concentrated in South Asia and another one quarter in East Asia. The density of population in these two regions in 1976 was in the range of 80-90 inhabitants per square kilometre, a level not far short of the European one, whereas low densities still prevailed in Africa, North America, Latin America and the Union of Soviet Socialist Republics.

Low rates of population growth are associated with high levels of economic development, as measured by *per capita* gross domestic product (GDP) (see table 2).

TABLE 1. MAIN DEMOGRAPHIC TRENDS

Region	Population				Density, ^a 1976	Annual rate of population increase, 1970-1976	Annual birth rate per 1,000, 1970-1975	Annual death rate per 1,000, 1970-1975	Percentage distribution by age, 1975		
	1970		1976						0-14	15-64	65+
	Millions	Percentage of total	Millions	Percentage of total							
Africa	352	9.8	412	10.2	14	2.7	46	20	44	53	3
Latin America .	283	7.8	333	8.2	16	2.8	37	9	42	54	4
East Asia	926	25.7	1 021	25.3	87	1.6	25	9	33	62	6
South Asia	1 101	30.6	1 283	31.8	81	2.6	41	16	43	54	3
Oceania	154	0.4	171	0.4	3	1.8	23	10	31	61	7
North America	226	6.3	239	5.9	11	0.9	16	9	25	64	10
Europe	459	12.7	476	11.8	96	0.6	17	11	24	64	12
USSR	243	6.7	258	6.4	11	1.0	18	9	26	65	9
World	3 610	100	4 044	100	30	1.9	31	12	36	58	6

SOURCE: *Demographic Yearbook, 1976* (United Nations publication, Sales No. E/F.77.XIII.1) and estimates for birth and death rates from the Population Division, Department of

International Economic and Social Affairs, United Nations Secretariat.

^a Number of inhabitants per square kilometre.

TABLE 2. ANNUAL RATE OF POPULATION INCREASE, 1970-1976
(Percentage)

Less than 1

1-1.4

1.5-1.9

2-2.4

2.5-2.9

3 or more

Country group*

I. Countries with per capita GDP in 1970 of less than \$200:
Those with per capita GDP of less than \$100

Afghanistan, Benin, Bangladesh, Burma, Burundi, Chad, Guinea, Haiti
Ethiopia, Indonesia, Malawi, Mali, Rwanda, Nepal, India, Lesotho, Upper Volta
malia, United Republic of Tanzania, Zaïre

Those with per capita GDP of \$100 or more but less than \$200

Comoros, Gambia, Mauritania, Niger, Nigeria, Philippines, Sudan, Thailand, Togo
Cape Verde, Central African Empire, Sri Lanka
United Republic of Cameroon, Guinea-Bissau

II. Countries with per capita GDP in 1970 of \$200 or more but less than \$400

Algeria, Dominican Republic, Ecuador, Ghana, Honduras, Iraq, Jordan, Morocco, Nicaragua, Oman, Senegal, Southern Rhodesia, Syrian Arab Republic
Bolivia, Colombia, Congo, El Salvador, Guatemala, Ivory Coast, Malaysia, Paraguay, Swaziland
Angola, Equatorial Guinea, Republic of Korea, Sao Tome and Principe
Mauritius

III. Countries with per capita GDP in 1970 of \$400 or more but less than \$1,000

Mexico, Panama, Peru, Saudi Arabia, Zambia
Brazil, Costa Rica, South Africa, Surinam
Iran, Portugal, Réunion
Chile, Gabon, Hong Kong, Jamaica, Singapore
Trinidad and Tobago, Uruguay
Cyprus, Yugoslavia

IV. Countries with per capita GDP in 1970 of \$1,000 and more

Israel, Kuwait, Libyan Arab Jamahiriyah, Venezuela
Austria, Belgium, Denmark, Finland, France, Germany, Federal Republic of, Greece, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States of America
Argentina, Canada, Iceland, Ireland, Japan, Spain
Australia, New Zealand

V. Centrally planned economies

Albania, Mongolia
Democratic Kampuchea, Lao People's Democratic Republic
Democratic People's Republic of Korea, Vietnam
China
Romania

Number of countries ...
Share of total population, 1976

30 8.2 17.6 22.9 23.7 5.7 22.0
35 22 16 10 23

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, and Demographic Yearbook, 1976 (United Nations publication, Sales No. E/F.77.XIII.1), table 3.

* Centrally planned economies for which more detailed data are available.

All but four countries with a *per capita* income above \$1,000 in 1970 experienced a rate of population increase below 2 per cent between 1970 and 1976, the exceptions being Israel, Kuwait, the Libyan Arab Jamahiriya and Venezuela. In fact the richer European countries were and continue to be characterized by an annual population growth below 1 per cent, and some have already experienced a decline in their population. In 1976, 22 per cent of the world population was concentrated in those countries with low population growth and with moderate and high incomes.

Conversely, most developing countries face a population growth of more than 2 per cent a year. However, the poorest countries among them do not have the most rapid population increase. Indeed, none of the countries with a *per capita* GDP below \$100 in 1970 appear among the 30 countries that experienced an annual population growth of 3 per cent or more between 1970 and 1976. This is largely because most of the poorest countries still have high levels of mortality. In the period 1970-1976 their death rate was around 23 per 1,000, as compared with 14.5 per 1,000 in the 30 countries with the fastest population growth. Thus, the well-known demographic revolution characterized by a sharp reduction of mortality and a maintenance of high fertility has not yet reached a number of economically poor developing countries. On the other hand, among developing countries, Mauritius, Trinidad and Tobago and Uruguay already have demographic characteristics of relatively low fertility and mortality, comparable to the situation in industrialized countries.

Besides a relatively low death rate and a high birth rate—ranging from 41 per 1,000 to 51 per 1,000—the 30 countries with the fastest population growth, which accounted for 8.2 per cent of the world population in 1976, do not constitute a homogeneous group. Their level of infant mortality, considered as a good indicator of socio-economic development, varies considerably, from a relatively low 20-30 per 1,000 in such countries as Iraq, Jordan, the Syrian Arab Republic and Zambia, to as high as 100-120 and even 160 per 1,000 in several African countries. Similarly, life expectancy ranges from 42 years in those African countries to 66-67 years in Kuwait, Mexico and Venezuela, and levels of urbanization also vary widely.

Another group of countries, accounting for 17.6 per cent of the world population, recorded an annual increase in population of 2.5-2.9 per cent between 1970 and 1976. In relation to their *per capita* GDP in 1970, the 35 countries belonging to this group are as heterogeneous as the 30 with the fastest population growth. They include not only most of the low-income countries but also middle-income countries like Colombia and Ivory Coast and a few large nations like Brazil and South Africa, characterized by rapid economic growth and, in comparison to most other developing countries, a moderately high average income. Infant mortality rates vary in this group from a moderate level of 30 per 1,000 in Malaysia and Surinam to a high level of 200 per 1,000 in the Congo and the Niger. Life expectancy and levels of urbanization vary

as greatly in this group as in the group of countries with the fastest population growth.

The differences in rates of population growth between developed and developing countries reflect highly contrasted levels of fertility and mortality. After a surge in fertility following the Second World War, a decline became apparent in all industrialized countries at the beginning of the 1960s—earlier in the developed centrally planned economies; it has accelerated since then. In the mid 1970s, birth rates in developed countries were in the range of 11-17 per 1,000. In the nine countries of the European Economic Community (EEC),² the birth rate dropped from 17.9 in 1960 to 15.8 in 1970 and to 12.8 in 1975. With the exception of Ireland, the countries of this group show a remarkable uniformity in fertility trends. In 1970, birth rates ranged from 18.3 in the Netherlands to 13.4 in the Federal Republic of Germany. In 1975, a comparably small gap was maintained at a lower level of fertility: 14.8 per 1,000 in Italy and 9.7 per 1,000 in the Federal Republic of Germany. Declines in fertility have also been observed in the United States of America and the USSR, where birth rates in 1976 were 14.7 and 18.1 per 1,000, respectively.

As noted above, birth rates in the developing regions are still considerably higher than they are in industrialized countries. They are also much higher in Africa and South Asia than in East Asia and, to a less extent, in Latin America. Trends are difficult to measure with accuracy, but it seems that some decline in fertility is occurring in the developing world. "In the case of fertility, dramatically sharp downturns in some less developed areas have been accompanied by unchanging or perhaps even rising levels in others. Unfortunately neither the level nor the trend of fertility can be reliably measured for any of the seven largest nations in the less developed regions, comprising fully two thirds of the total population of the developing regions and half of the world's population. Nevertheless, the odds favouring further fertility decline in many low-income areas in which such declines have already begun, or the near onset of substantial declines where such processes are still potential rather than realized, are no longer small."³

Gaps in mortality between countries at different levels of development are still very significant. Crude death rates varied in the first half of the 1970s from 20 per 1,000 in Africa and 16 per 1,000 in South Asia to around 10 per 1,000 in the developed regions of the world as well as in Latin America and East Asia. These regional averages mask large differences among individual countries. But, as noted above, a number of developing countries, particularly in Latin America, have levels of mortality comparable to those achieved in the industrialized regions.

The same observation can be made for infant mortality and life expectancy at birth. These two related indicators of over-all development are presented in table 3 for groups of countries at different levels of

² Belgium, Denmark, France, Germany, Federal Republic of, Ireland, Italy, Luxembourg, Netherlands, United Kingdom.

³ "World population situation . . .", para. 10.

TABLE 3. INFANT MORTALITY AND LIFE EXPECTANCY IN GROUPS OF COUNTRIES AT DIFFERENT LEVELS OF DEVELOPMENT, CIRCA 1970

Country group ^a	Infant mortality (average rate per 1,000) ^b	Average life expectancy at birth ^b (years)
I. Countries with <i>per capita</i> GDP in 1970 of less than \$200	119	44
II. Countries with <i>per capita</i> GDP in 1970 of \$200 or more but less than \$400	76	52
III. Countries with <i>per capita</i> GDP in 1970 of \$400 or more but less than \$1,000	51	61
IV. Countries with <i>per capita</i> GDP in 1970 of \$1,000 and more	19	71
V. Centrally planned economies of Eastern Europe and USSR	33	70

SOURCE: See table 2.

^a Because of lack of data, the present table is based on information for 101 countries as against the 136 countries in table 2. See also table 2, foot-note a.

^b Arithmetic mean of averages of life expectancy in countries of each group.

GDP *per capita*. Infant mortality ranges from 124 per 1,000 in low-income countries to 16 per 1,000 in industrialized countries, and life expectancy ranges from 44 years to 71 years in the same groups. Yet, data for individual countries show that part of the developing world has achieved spectacular progress in this respect. In the countries of Latin America, for instance, there is a difference of about 23 years between the highest and lowest average life expectancies. In East Asia also, a few countries have low rates of infant mortality and high levels of life expectancy.

Reduction of mortality seems to have reached its limit in most industrialized countries. The crude death rate in EEC was 10.9 per 1,000 in 1960 and 11.0 per 1,000 in 1975.⁴ This mainly reflects changes in the age structure of the European population, but it also appears that a reversal of the previous downward trend in mortality in the older age groups has occurred. In addition, an excess mortality of males in adult age groups and a related increased difference in life expectancy at birth between males and females are also apparent in a number of industrialized countries.⁵

Another demographic contrast between developing and developed regions is the age composition of the population. In the mid 1970s more than a third of the world population was below the age of 15. In Africa, Latin America and South Asia this proportion of young people was above 40 per cent, as compared

⁴ European Coal and Steel Community, European Economic Community, European Atomic Energy Community, *Report on the Development of the Social Situation in the Community in 1976* (Brussels, 1977), p. 193.

⁵ See *Population Bulletin of the United Nations*, (United Nations publication, Sales No. E.77.XIII.3), p. 4.

with around 25 per cent in Europe, North America and the USSR (see table 1). The age composition has not changed significantly in the developing world during the past few decades and has remained fairly constant in the developed world for the adult age group. However, the proportion of young people in the developed world has declined and that of people over 65 has increased. In EEC, the population under 15 represented 24.2 per cent of the total population in 1960 and 23.4 per cent in 1975, and is expected to represent 22 per cent in 1980. The corresponding figures for the population over 65 are 10.9 per cent, 13.3 per cent and 14.0 per cent. Thus, the adult and potentially active population remains around 64 per cent in that part of the world, whereas it is only about 54 per cent in most developing regions.

Urbanization

The global urban population more than doubled between 1950 and 1975, to reach about 39 per cent of the total world population in the mid 1970s. The current 4 per cent annual rate of urban increase in the developing regions, if continued, would bring the urban share of the total world population close to 50 per cent by the year 2000.

Levels of urbanization and levels of economic development are closely related. In the mid 1970s, the low-income developing countries—those with a *per capita* GDP in 1970 of less than \$200—had only 20 per cent of their population in urban areas, compared with 75 per cent in the economically most advanced group of countries—that is, those with a *per capita* GDP of more than \$1,000 (see table 4).

TABLE 4. DISTRIBUTION AND INCREASE IN URBAN AND RURAL POPULATION, 1970 TO 1975 (Percentage)

Country group ^a	Distribution		Average annual rate of increase 1970-1975
	1970	1975	
I. Countries with <i>per capita</i> GDP in 1970 of less than \$200:			
Urban population	18.0	19.6	4.4
Rural population	82.0	80.4	2.1
II. Countries with <i>per capita</i> GDP in 1970 of \$200 or more but less than \$400:			
Urban population	38.4	42.3	4.7
Rural population	61.6	57.7	1.4
III. Countries with <i>per capita</i> GDP in 1970 of \$400 or more but less than \$1,000:			
Urban population	52.7	56.4	4.2
Rural population	47.3	43.6	1.1
IV. Countries with <i>per capita</i> GDP in 1970 of \$1,000 and more:			
Urban population	72.8	75.3	1.6
Rural population	27.2	24.7	-1.1
V. Centrally planned economies:			
Urban population	31.6	33.8	-2.8
Rural population	68.4	66.2	-0.8

TABLE 4 (continued)

Country group ^a	Distribution		Average annual rate of increase 1970-1975
	1970	1975	
All groups:			
Urban population	37.4	39.2	2.9
Rural population	62.6	60.8	1.3

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on "Trends and prospects in urban and rural population, 1950-2000 (as assessed in 1973-1974)", working paper No. 54, prepared by the Population Division of the United Nations Secretariat.
^a For a list of the countries, see table 2. See also footnote *a* thereto.

In the latter group, urban population has been growing at an average annual rate of only 1.6 per cent, or well below half the rate for developing countries in general.

In developed countries, the rural population has continued to decline. "Starting about mid-century, the developed regions as a group began to lose rural population and the rate of decline has apparently been mounting ever since. This cross-over from rising to falling non-urban members has been the result of a massive process of social evolution, one which first became important among a few of the earliest developing nations in the nineteenth century and has since extended to every industrialized population today".⁶ By contrast, in the less developed regions, rural population has grown and continues to grow at a significant rate in spite of a large out-migration to urban areas. In countries with a *per capita* GDP of less than \$200 in 1970, rural population increased at an annual rate of 2.1 per cent during the first half of the 1970s (see table 4). Should this trend persist, the present 1 billion rural population of those low-income countries would double in three decades. At present, the ratio of rural members in the less developed to the more developed regions is approximately 6 to 1.

Urbanization in the developing world is more often an uncontrolled growth of the urban population than an orderly expansion of cities. When large cities grow at a rate of 10 per cent or more a year, urban planning becomes impossible. Moreover, the notion of an urban style of life is misleading, because new immigrants often continue to live on the outskirts of the cities with their rural traditions and attitudes. The conversion of an urban sprawl into urban expansion continued to be a major problem for Governments during the 1970s.

Global population changes of such dimensions have a dramatic influence on most aspects of development strategy and policy. The growing perception of this influence explains why a large number of Governments are attempting to integrate their population policies and programmes in their over-all development plans.

Population policies

Policies directly intended to affect demographic events concern fertility, mortality, internal migration and external migration.

⁶ "World population situation . . .", para. 19.

Although a majority of Governments had, in the mid 1970s, no policy of direct intervention on fertility, the 40 countries that are actively seeking to reduce their fertility rate represent 56 per cent of the world's population. All those 40 countries were in the developing regions. The distribution of 156 countries according to their policy on fertility was as follows in 1976:

	Number of countries	Percentage of world population
No intervention	82	31
Intervention to raise level of fertility	14	3
Intervention to maintain present level of fertility	20	10
Intervention to lower level of fertility	40	56

SOURCE: "World population situation: note by the Secretary-General" (A/C.2/32/L.8), 28 September 1977, para. 31. The 156 countries were Members of the United Nations or members of the specialized agencies.

This summary of governmental attitudes regarding fertility needs to be qualified. The concept of "non-intervention" on fertility behaviour is obviously relative. All countries have legislation or commonly accepted practices on marriage, family formation and procreation. The minimum legal age at marriage, the regulations concerning separation and divorce, the availability or non-availability of means of contraception, sterilization and abortion, and even the practices on sex education have a direct impact on fertility. A lack of intervention in these domains generally means a maintenance of the *status quo*. It also means, in a number of countries, an actual liberalization of existing rules, particularly with regard to abortion and contraception, which is prompted by pressures for the rights of individuals and therefore not presented by Governments as an intervention on fertility behaviour.

On the other hand, a direct intervention to lower the level of fertility can and does vary from modest family planning programmes to measures affecting the whole society. The most important trend to underline, however, is that all Governments desirous of modifying fertility rates recognize that direct policies to that effect are insufficient and need to be integrated into a global development strategy. Although changes in fertility trends are far from being fully explained, it appears that policies to raise levels of living and improve living conditions have more effect on reproductive behaviour than family planning campaigns. The Plan of Action adopted by the World Population Conference held at Bucharest in August 1974 stressed the view that "policies whose aim is to affect population trends must not be considered substitutes for socio-economic development policies but as being integrated with those policies in order to facilitate the solution of certain problems facing both developing and developed countries and to promote a more balanced and rational development".⁷

In fact, the most striking example of the complex relationship between population policies and develop-

⁷ Report of the United Nations World Population Conference, 1974 (United Nations publication, Sales No. E.75.XIII.3), p. 4.

ment strategies is the effect on fertility of the employment of women. Such effect is unquestionably towards lowered fertility. Yet, Governments wishing to reduce population growth are faced with economic conditions preventing a significant rise of the female labour force in the short and medium term. At the other end of the spectrum, Governments preoccupied with a decline of fertility cannot, for many social, political and even economic reasons, openly discourage the trend towards an increased employment of women. Also, in those industrialized countries confronted with the perspective of a stable or declining population, the changes in attitudes, values and expectations concerning the role and status of women are so great that a reduction of opportunities for female employment might generate more social unrest than would large families. Some of the countries facing such a dilemma, particularly a few socialist countries of Eastern Europe, have recently tightened their liberal legislation on marriage, divorce, contraception and abortion. In many countries of the world, developed and developing, policies on fertility generate conflicts between the perceived public interest and the rights of individuals. "In a world where behaviour is, both in appearance and in fact, increasingly determined by systems of economic, social and political constraints imposed in the name of the general good, there have been frequent conflicts of interest between the individual and collective goals."⁸

With regard to mortality, the other component of natural population change, government policies are less direct and less controversial. Most developing countries consider their present level of mortality, measured by infant mortality or by expectation of life at birth, as unacceptable. Through health policies and general development programmes, these countries are seeking further progress in this respect. The respective impact on mortality of the application of modern medical technology and of improvements in levels and styles of living remains unclear. It seems however that spectacular progress due to the eradication of some major microbial and parasitic diseases is often followed by a period of stagnation. "Countries which in the recent past registered substantial gains may find it increasingly difficult to maintain the pace of decline because they owed their success to relatively low-cost programmes against some of the major killers. Once these diseases, however, have been brought under control, further progress may depend on progress on a broader front, including economic development, social policy measures, an active, health conscious attitude of the population, an improved health service infrastructure. If the underlying socio-economic environment reasserts itself, the rate of further reductions may diminish or cede to stagnation."⁹ The relative disappointment with mortality trends, already noted above, is probably due to this fundamental cause which illustrates an aspect of the relations between development and demographic trends. On the other hand, there are still a number of low-income countries in which the eradication of

major parasitic diseases will lead to a rapid and substantial mortality decline.

Internal migration and the geographical distribution of population are matters of growing concern in most nations. In the mid 1970s, 100 countries expressed their wish to slow down the flow of internal migration and 81 of them indicated their hope to change their population structure in urban and rural areas.¹⁰ Many countries face the double problem of over-concentration in a few urban centres, particularly the capital city, and excessive demographic dispersion in rural areas. These issues are not new and the 1970s have not brought significant changes in governmental policies. In fact, short of an authoritarian management of population movements—which implies and reflects a choice for a different type of society—Governments are confronted with an intricate set of economic and social factors which limit considerably their control of the trend towards an increased urbanization.

Experience has shown that the level of effective employment in traditional agriculture is not sufficient to absorb the growth of the rural labour force. The modernization of agriculture means more mechanization, better productivity and fewer employment opportunities in this sector. The concept of rural industrialization is not really operational except in the countries that have achieved a high level of economic development accompanied by a balanced geographical pattern of activities. In those countries, employment opportunities in the industrial and service sectors exist in middle-sized towns. In most developing countries, the inflow of migrants from villages and small towns into the capital city provokes well-known problems of saturation, but, on the other hand, the economic advantages of a localized concentration of modern industries and related activities are real, especially in countries whose economies are export-oriented. Also, the new immigrants living in shanty towns often have more working opportunities in the informal sector than they had in their region of origin. Yet, most Governments do not have enough resources to develop the infrastructures required by an ordered growth of large cities, and the result is an increasing deterioration of the human environment. On the whole, the inevitability of rapid urban growth is not seriously questioned, and efforts of Governments to develop new poles of attraction to ensure a better geographical distribution of the population and a better use of natural resources have so far not been very successful.

Immigration is demographically significant in only a few countries but economically and socially important in a number of countries of Western Europe, North America and, more recently, the Middle East. Movements of labour among the developing countries themselves, particularly in Latin America, and among the developed countries, essentially in the European Economic Community, are substantial, but the most important movements over several decades have been the migrations from developing countries to industrialized market-economy countries. "A conservative estimate of the number of Third World migrants working in the industrialized market economy countries and in the high-income OPEC members in the Middle East might be around 12 million. While the overwhelming

⁸ "World population situation . . .", para. 39.

⁹ H. Hansluwka, "Health population and socio-economic development", in *Population Growth and Economic Development in the Third World*, Leon Tabah, ed. (Liège, International Union for the Scientific Study of Population, 1975), vol. I, chap. IV, p. 198.

¹⁰ "World population situation . . .", para. 32.

majority of these workers would be classified as unskilled and semi-skilled, in recent years there has also been a marked acceleration in the emigration of highly trained and professional persons from developing countries.”¹¹ More recently, there appears to have been a tightening of immigration rules in the countries of immigration. In fact, as a result of the economic difficulties of the mid 1970s, immigration from non-member countries practically stopped in the European Economic Community in 1975, 1976 and 1977. In 1975, workers from third countries represented 5.3 per cent of civilian employees in that Community, as compared with 5.7 per cent in 1973.¹² At the same time, Western European countries “have continued to show their concern about the continuing failure of the social infrastructure to meet current needs, and measures were taken in some countries to reinforce sanctions against illegal immigration and employment”.¹³

EMPLOYMENT TRENDS AND POLICIES

Expansion of labour force and employment

Between 1970 and 1975 the world labour force rose from 1,509 million to 1,646 million, an annual increase of about 1.8 per cent.¹⁴ With a rate of growth of 2 per cent a year, the labour force of the less developed regions of the world—including China—reached 1,129 million in the mid 1970s, or nearly 69 per cent of the world total labour force, as compared with 66 per cent in 1960. By contrast, the proportion of the world’s economically active population resident in the developed market economies is estimated at 21 per cent in 1960 and 20 per cent in 1975. The corresponding figures for Eastern Europe and the USSR are 12 per cent and 11 per cent, respectively.

This share of developing countries in the total world’s labour force would be higher if the activity rate of women in those countries were comparable to that reached by women in the developed world. In 1975 the proportion of women in the total labour force was 35.5 per cent in industrialized market economies and 29.3 per cent in the developing world. Changes in female participation in the labour force are slow. Between 1960 and 1973 the rates increased by 3 percentage points in the developed market economies and by less than 1 percentage point in developing countries. In the centrally planned economies of Eastern Europe and the USSR, a much higher female participation in the labour force has been achieved: 43.9 in 1960, 48.2 in 1970 and 49.4 in 1975.¹⁵

¹¹ International Labour Office, *Employment, Growth and Basic Needs: A One-World Problem* (Geneva, 1976), p. 125.

¹² European Coal and Steel Community *et al.*

¹³ *Ibid.*, p. 44.

¹⁴ This growth rate of labour force was slightly lower than the growth rate of population because of a declining participation of young and older workers.

¹⁵ Proportion of females in the wage-labour force, excluding private and collective farms.

Another factor negatively affecting the total labour force in developing countries is the age structure of their population. As noted above, more than 40 per cent of this population is below the age of 15. The result is a high and increasing global labour dependency ratio. In the mid 1970s, the number of non-active persons per 100 active persons was approximately 150 in the developing world, as compared with 140 in 1960. In the developed regions this ratio remained unchanged at around 120 per 100, the aging of the population being compensated by declining birth rates and increased female employment. In fact, several industrialized countries, including Eastern Europe, the USSR and Japan, have fewer dependants than workers. The dependency ratio in developing countries may be reduced by lower fertility and higher female employment, but the impact of these factors will remain marginal for several decades.

Trends in the distribution of the labour force by activity continue to show a decline of the share of economically active population in agriculture (see table 5). However, as for the population as a whole, this relative decline is accompanied in developing countries by an absolute growth of the labour force in agriculture. In 1975, the agricultural labour force represented 10 per cent of the total labour force in the developed market economies, 24 per cent in Eastern Europe and the USSR, and 63 per cent in the developing world, including China. Estimates for the year 2000 put these shares at 4 per cent, 10 per cent and 43 per cent, respectively.

Employment growth in the developing countries remained generally too slow to absorb the fast growing labour force. The agricultural sector, whose unemployment and underemployment are high and possibilities for job creation very limited, in 1975 still represented almost 40 per cent of the gross domestic product in low-income countries and nearly 24 per cent of that product in lower-middle-income countries (see groups I and II of table 6). The industrial sector, accounting for 26 per cent of the output in low-income countries and 45 per cent in the most economically advanced developing countries (group III of table 6), grew relatively rapidly during the first part of the 1970s, especially in those countries with *per capita* GDP of above \$200 in 1970. However, industrial output lagged at 5 per cent a year in the poorest countries. It is on the growth of the manufacturing activity that developing countries tend to rely for employment creation. In 1975, manufacturing activity provided approximately half the total industrial output of those countries, no significant changes having occurred since 1970. Its contribution to gross domestic product was twice as important in the developed than in the poorest countries, in 1975 as well as in 1970 (see table 7). How-

TABLE 5. ESTIMATES OF THE LABOUR FORCE IN AGRICULTURE AND OTHER SECTORS OF ACTIVITY,
SHARES AND GROWTH RATES, 1960-1975
(Percentage)

Country group	Share of labour force						Average annual growth rates					
	1960		1970		1975		1960-1970			1970-1975		
	Agri- culture	Other sectors	Agri- culture	Other sectors	Agri- culture	Other sectors	Agri- culture	Other sectors	Total	Agri- culture	Other sectors	Total
Developed market economies	20	80	13	87	10	90	-3.3	2.1	1.2	-3.1	1.8	1.3
Centrally planned economies ^a	42	58	29	71	24	76	-3.1	2.9	0.8	-2.3	2.8	1.4
All developed countries	28	72	19	82	15	85	-3.2	2.3	1.0	-2.6	2.1	1.3
Developing countries ^b .	73	27	66	34	63	37	0.8	3.9	1.8	0.9	4.0	2.0
World	58	42	51	49	48	52	0.3	3.0	1.5	0.5	3.0	1.8

SOURCE: International Labour Office, *Labour Force, 1950-2000* (Geneva, 1977), vols. 1-5.

^a Eastern Europe and the USSR.

^b Including China and the developing centrally planned economies of Asia.

TABLE 6. COMPOSITION AND GROWTH OF GROSS DOMESTIC PRODUCT BY INCOME GROUP
OF COUNTRIES, 1970-1975
(Percentage)

Country group ^a	Share of sectors in GDP at current prices						Average annual growth rate of GDP by sector at constant prices			
	1970			1975			1970-1975			
	Agri- culture	Industry	Services	Agri- culture	Industry	Services	Agri- culture	Industry	Services	Total GDP
I. Countries with <i>per capita</i> GDP of less than \$200 in 1970	44.2	21.0	34.8	39.6	25.7	34.7	1.4	5.2	5.2	3.6
II. Countries with <i>per capita</i> GDP of \$200 or more but less than \$400 in 1970	26.9	27.8	45.3	23.8	34.2	42.0	4.2	8.8	7.0	6.8
III. Countries with <i>per capita</i> GDP of \$400 or more but less than \$1,000 in 1970	12.7	37.0	50.3	9.7	45.1	45.2	3.5	6.8	7.5	6.7
IV. Countries with <i>per capita</i> GDP of \$1,000 and more in 1970	4.0	38.6	57.4	4.3	37.3	58.4	1.7	1.2	3.2	2.4

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on data from various international and national sources.

^a Excluding centrally planned countries because of lack of

data on gross domestic product. As compared with the 136 countries included in table 2, the present table includes only 98 countries, distributed as follows: group I, 32; group II, 29; group III, 18; group IV, 19.

TABLE 7. MANUFACTURING IN GROSS DOMESTIC PRODUCT, SHARE AND GROWTH, 1970-1975

Country group ^a	Share of manufacturing in GDP at current prices		Average annual rate of growth, 1970-1975	
	1970	1975	Manufacturing	GDP
I. Countries with per capita GDP of less than \$200 in 1970	13.0	12.6	5.2	3.6
II. Countries with per capita GDP of \$200 or more but less than \$400 in 1970	16.8	17.6	10.1	7.0
III. Countries with per capita GDP of \$400 or more but less than \$1,000 in 1970	22.4	19.9	6.8	6.8
IV. Countries with per capita GDP of \$1,000 and more in 1970	27.8	25.9	1.2	2.2

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on data from various international and national sources.

^a Excluding centrally planned countries because of lack of data on gross domestic product. As compared with the 136 countries included in table 2, the present table includes only 68 countries distributed as follows: group I, 18; group II, 21; group III, 15; group IV, 14.

ever, the growth of this key activity in developing countries has not stimulated the creation of employment as expected. The conclusions reached for Asia in 1977 seem to apply to other parts of the developing world: "Recent experience of employment growth in manufacturing in developing Asian economies has generally been disappointing. Only in exceptional instances, such as the Republic of Korea and Singapore, where it has been possible to attain extraordinary rates of manufacturing growth, has the contribution of manufacturing to employment been reasonably satisfactory. In larger economies, even though the manufacturing sector may have reached an appreciable size in terms of output and employment levels, its share in the absorption of the growing labour force has been modest at best. In India, for example, growth in manufacturing employment in the period 1970-1975 accounted for barely a fifth of the employment increase in the organized sector. This sector, in turn, apparently failed to keep pace with the growth of the country's labour force."¹⁶ Thus, in the 1970-1975 period, the expansion of the manufacturing industry absorbed two fifths of the labour force increment in the Republic of Korea, one half in Hong Kong, and only one sixth in Malaysia and 5 per cent in the Philippines.¹⁷ In Africa, "new employment opportunities have failed even to absorb new entrants into the labour force, with the result that the backlog of unemployment is increasing".¹⁸ In the developing world as a whole, even

where manufacturing growth has been relatively rapid, labour productivity has increased with the growth of total output and value added, and employment creation has correspondingly lagged.

Employment opportunities being scarce in modern industrial activities in most developing countries, new urban workers continued to seek employment and income in services and the urban informal sector. Services provided roughly 40 per cent of the gross domestic product of developing countries in 1975, with an annual rate of growth comparable to the growth of industrial output. The creation of jobs in services, essentially in public administration, cannot be pushed too far in economies which are still predominantly agrarian. The informal sector is more closely associated with productive activities. It expanded considerably in most developing countries during the 1960s and 1970s and has gained significance as an absorber of urban labour. According to empirical studies conducted under the auspices of the International Labour Organisation (ILO), "the goods and services produced [by the informal sector] range from instantly consumable food products to light industries and from simple personal and household services to repair of vehicles and consumer durables. Thus the activities of this sector (excluding agriculture) include manufacturing, transport, construction, trade and services".¹⁹ In many urban areas of Africa, this sector is fast growing and absorbs apparently 50-60 per cent of the employed persons.²⁰ Data on employment in some major cities in Asia confirm the increasing role of this sector "on the fringes of the tertiary and manufacturing sectors".²¹ The ILO studies suggest the need to strengthen the role of this informal sector in developing countries, as a source of employment, income and human resources development. It seems that school drop-outs and young people lacking in formal training, in particular, can often acquire skills and develop initiative by participating in such activities as the repair of vehicles, collection of discarded materials and informal trading of consumer goods. Also, the links between the formal and informal sectors are strengthening the over-all economic capacity of the developing countries.

Employment rose by a mere 0.7 per cent a year in the developed market economies during the first half of the 1970s. A significant increase in Austria, Australia, Canada, Finland and the United States contrasted with a decline in the nine member countries of the European Economic Community. In the latter group the level of employment rose by 0.4 per cent a year during the period 1960-1965, remained stable in 1965-1970 and fell by 0.1 per cent a year in 1970-1975.²² In 1976 and 1977 those trends persisted. It has been noted that "In North America, the growth of labour productivity has been lower and the employment increase higher than in western Europe throughout the post-war period. This long-term feature is apparent also in 1976 when employment rose by 2.2

¹⁹ International Labour Office, *A Basic Needs Strategy for Africa: Report of the Director-General* (Geneva, 1977), p. 62.

²⁰ *Ibid.*

²¹ *Economic and Social Survey of Asia and the Pacific, 1976...*, p. 66.

²² European Coal and Steel Community, *et. al., op. cit.* pp. 198-199.

¹⁶ *Economic and Social Survey of Asia and the Pacific, 1976* (United Nations publication, Sales No. E.77.II.F.1), p. 65.

¹⁷ *Ibid.*, pp. 65-66.

¹⁸ *Survey of economic and social conditions in Africa, 1976* (E/CN.14/654), 16 November 1976, part I, p. 74.

per cent in Canada and by 3.2 per cent in the United States while labour productivity rose less than 3 per cent in both countries".²³ New entrants in the labour force of developed market economies do not find employment opportunities in the agricultural sector and less and less in the industrial sector. Levels of employment in these two sectors declined by 4 per cent and 0.4 per cent a year, respectively, between 1970 and 1975, whereas employment in services increased by 2.5 per cent a year. The result of this long-term trend is an employment structure with close to 50 per cent of jobs in services, i.e., transport, trade, insurance, banking, public administration and other, similar activities.

In the developed centrally planned economies, employment in agriculture also continued to decrease, at a pace of 1.1 per cent a year during the 1970s, but industry as well as services grew at 2.1 and 3.1 per cent, respectively, and total employment at 1.6 per cent a year. Since the 1960s, however, the rate of increase of employment in these economies is diminishing and shortages of labour supply have emerged.

Unemployment and underemployment

Open unemployment in developing countries seems to affect approximately 5 per cent of the labour force, or about 33 million people at mid decade. Estimates by the International Labour Organisation put rates of open unemployment at 4 per cent in Asia, 7 per cent in Africa and 5 per cent in Latin America. This open unemployment appears to be "more the problem of young dependants seeking employment than that of experienced workers losing their job. Despite very high rates of open unemployment for some areas and some age groups, and much higher rates in urban than in rural areas, it is not generally a large fraction of the total labour force".²⁴ Comparisons over time are particularly fragile. It is likely, however, that open unemployment increased recently, partly because of demographic and economic factors and partly as a result of rising expectations. In changing and growing economies, the proportion of people hoping to find regular employment, and actively and openly looking for work, increases. In Asia, it is considered "evident" that "the rate of unemployment has been growing in East, Middle South and Southeast Asia between 1960 and 1973" and it is feared that "the situation will have become critical by 1990 and probably sooner than that".²⁵ In Africa, it is reported that, "despite the sketchy nature of existing data, there is no doubt that the problems of open unemployment, underemployment and mass poverty have assumed more serious proportions in recent years".²⁶

Underemployment, defined as work yielding an income inadequate to meet essential needs, is obviously much more common in developing countries than open, registered and, in some cases, compensated unemployment.

²³ *Economic Survey of Europe in 1976*, Part I, *The European Economy in 1976* (United Nations publication, Sales No. E.77.II.E.1), p. 13.

²⁴ *Employment, Growth and Basic Needs*..., p. 7.

²⁵ *Economic and Social Survey of Asia and the Pacific, 1976*..., p. 48.

²⁶ *Survey of economic and social conditions in Africa, 1976* (E/CN.14/654), 16 November 1976, part I, p. 73.

ment. Using national measures and concepts of inadequate incomes and productivity, and adding estimates of the number of people working part-time who want additional work and the number of people working full-time with low productivity and low income, the ILO suggested that, in the mid 1970s, around 36 per cent of the labour force in developing countries—excluding China and other Asian developing centrally planned economies—was underemployed. These estimates "must be interpreted with the very basic qualification that what counts as 'inadequate' in one country (and hence as underemployment) may count as 'adequate' and hence as full employment in another".²⁷ Yet the magnitude of the problem, largely identified with the over-all issue of poverty, is not questioned.

Levels of unemployment in the developed market economies increased from 2 per cent of the labour force in 1970 to approximately 5 per cent in 1975, 1976 and 1977. No significant improvement was apparent in 1978. Rates of unemployment varied within this group of countries, from below 2 per cent in Japan, Norway and Sweden, to more than 7 per cent in Canada, Spain and the United States (see table 8).

TABLE 8. UNEMPLOYMENT RATES IN SELECTED DEVELOPED MARKET ECONOMIES
(Percentage of total labour force)

Country	Average, 1962-1973	1974	1975	1976	1977 ^a
Australia	1.6	2.2	4.3	4.4	4.5
Canada	5.1	5.4	6.9	7.1	7.8
Finland	2.4	1.7	2.3	4.0	5.1
France	2.2	2.7	4.1	4.0	3.9
Germany, Federal Republic of ...	0.6	1.5	3.6	3.5	3.9
Italy	3.5	3.1	3.6	3.9	4.1
Japan	1.2	1.4	2.0	2.1	1.9
Norway	2.0	1.5	2.3	1.8	1.6
Spain	2.0	2.3	4.1	5.8	7.1
Sweden	2.1	2.0	1.6	1.6	1.7
United Kingdom .	3.1	2.9	4.4	6.0	6.0
United States of America	4.6	5.4	8.3	7.5	7.2
TOTAL	2.8	3.3	5.1	5.1	5.1

SOURCE: *The OECD Observer*, No. 87 (July 1977).

^a First quarter of 1977.

The total number of unemployed in the countries members of the Organization for Economic Co-operation and Development (OECD) reached about 15 million at mid decade. Young people were increasingly affected by unemployment. In 1976 there were 6.9 million unemployed young people in the OECD area, or 10.7 per cent of the labour force in the age group 15-24 years. At the beginning of the decade a 10 per cent rate was observed only in North America.²⁸ In the European Economic Community, unemployed young people accounted for 38 per cent of total unemployment in 1975. This deterioration of employment opportunities for young people started in the late 1960s, before the economic crisis of the 1970s. Also, the duration of

²⁷ *Employment, Growth and Basic Needs*..., p. 18.

²⁸ See "Youth unemployment", *The OECD Observer*, No. 90 (January 1978).

youth unemployment became longer, new groups of individuals were affected in addition to school drop-outs, and the cost for society increased. "It burdens already strained transfer payment systems and represents a serious loss of human capital investment. Youth unemployment also obviously generates pressures on political and social structures. It means only lost output but also losses in the form of training which never takes place, negative rather than positive work histories, and labour force experience showing the unmistakable signs of early failure. A significant number of the younger generation will reach maturity without ever having had a meaningful job experience. It is impossible to predict the magnitude of the longer-term effects, but they are bound to be considerable."²⁹ The causes for increased youth unemployment include a slackening economic growth, growing female participation in the labour force, the arrival on the market of large numbers of young people born after the Second World War, measures to protect those already employed, a reduced labour turnover due to the risks involved by a change of work, the employer's attitudes regarding the productivity of young workers and, also, the disincentive effect of transfer programmes, including unemployment benefits which, in some cases, prevent young people from looking for and accepting jobs with lower salary than they expect. Up to the 1980s the number of young people reaching working age will continue to increase in most developed market economies, and a stabilization should occur around 1985.

In addition to young workers, women, poorly educated people and foreign migrants were the groups most affected by this unemployment problem in industrialized countries. At comparable ages and educational levels, the unemployment rate tends to be higher for women than for men. Among the causes are the high rate of mobility for women in and out of the labour force, the vulnerability of part-time and low paid jobs to layoffs and the general attitudes towards female employment which, although changing rapidly, remain discriminatory in most countries. Between 1973 and 1976, some 1.3 million migrant workers lost their jobs in Western Europe, of which 600,000 were in the Federal Republic of Germany and 300,000 in France.³⁰ The restrictions imposed by many developed European countries on immigration should be seen in this context of economic difficulties.

In spite of some economic recovery starting in 1976, the unemployment problem remained serious in many developed market economies. Many questions are therefore raised in those economies about the permanence of traditional relations between output, employment and unemployment. It seems that the usual time-lag between economic recovery and employment creation still partly explains current employment problems. In addition, however, "several factors—which can be described as structural for want of a better term—have contributed, for a number of years, to the enlargement of unemployment above the level that could be expected on the basis of employment changes.

These factors, which have operated with different intensity in the various countries, range from demographic developments to changes in specific activity rates and to a higher degree of registration of job seekers, especially women".³¹ Some of these factors, especially the growing participation of women in the labour force, will remain prevalent.

In many developing countries, the demand for labour has not kept pace with its supply, with the result that often the employment situation has not improved, or has worsened in a number of cases. In part, this is because the economies of many of these countries have been expanding at an inadequate rate. As noted in another United Nations study, "experience has shown that productivity—that is, output per worker—tends to increase generally by 3 to 4 per cent per annum. This suggests that a 6 per cent annual rate of economic growth may not be sufficient to absorb the new entrants into the labour force and at the same time make a significant impact on the backlog of unemployment in developing countries".³² In the developing countries with a *per capita* income of less than \$200, which recorded a yearly increase of only 3.6 per cent in their gross domestic product, the pace of increase was clearly insufficient to alleviate unemployment and underemployment. A sustained increase in the pace of production is therefore considered essential in much of the developing world.

The controversy on the respective merits of labour-intensive and capital-intensive industrial development has remained largely academic and has had little effect on concrete policies of developing countries. Choices between contrasting modes of production are rarely clear-cut. Techniques are not market goods which Governments can choose according to their effect on employment. It has been observed that a number of labour-intensive techniques, as judged in terms of ratios of labour to capital, actually require as much as or even more capital per unit of output than capital-intensive techniques. Also, in such activities as road and dam construction, an efficient use of a labour-intensive mode of production is dependent on, among other things, managerial skill and labour discipline. Employment-maximizing strategies cannot be applied without consideration of their output and cost in capital.

Although the modernization of agriculture often generates a decline of employment in that sector, integrated rural development programmes designed during the 1960s and 1970s have sought to create jobs outside the modern urban industrial sector. Implementation of agrarian reforms, support for co-operative movements as well as other complementary policies—like providing basic amenities to rural communities—have been intensified in a number of developing countries. Agrarian reforms have tended to increase employment opportunities for former landless rural people. For example, in five Latin American countries

³¹ *Economic Survey of Europe in 1976, Part I, The European Economies in 1976* (United Nations publication, Sales No. E.77.II.E.1), p. 13.

³² "Development trends since 1960 and their implications for a new international development strategy", *Journal of Development Planning, No. 13* (United Nations publication, Sales No. E.78.II.A.9).

²⁹ *Ibid.*, p. 7.

³⁰ W. R. Böhning, *Future Demand for Migrant Workers in Western Europe* (Geneva, International Labour Office, 1976).

which have introduced significant agrarian reforms (Bolivia, Cuba, Chile, Peru and Mexico), the level of rural employment is reported to have increased in the reformed areas as against the previous level in the expropriated farms. However, land redistribution always concerns only a minority of peasants and the results of agrarian reforms are far from responding to immediate employment and income-generating needs of large rural populations of developing countries.³³ The co-operative movement has helped to alleviate constraints of tradition in the rural areas, to improve training and to introduce farmers to new techniques and management, but it has had a very limited effect on employment creation. In Africa, for example, the rural co-operatives developing cash-crop production (coffee, cocoa, ground-nuts etc.) have not reached the landless peasants.³⁴ In Asia and the Pacific also the rural élites seem to have benefited more from co-operative societies than have the rural poor.³⁵ Promoted in a number of developing countries, such as Bangladesh, Malawi, Mali, Pakistan, Sierra Leone, and the United Republic of Tanzania, integrated programmes for rural development have sought to harmonize into a single comprehensive plan multisectoral and interdisciplinary development needs of economic sectors as well as basic social services. These programmes include a number of schemes for the development of education, health services, housing, water supply, disease control, tsetse clearance and the building of feeder roads.³⁶ However, their effect on employment cannot be ascertained as yet.

In many developing countries, labour-intensive public works are used as an instrument for increasing employment and building infrastructure which, in turn, should provide a basis for further employment and rising income. These public programmes are concentrated mainly on building agricultural infrastructure such as rural roads, irrigation canals, dams, village electrification etc. For example, the national programme of India, part of the fifth five-year plan initiated in 1974, provides resources for roads, electrification, health centres and the provision of drinking water. Since 1975, Thailand, in order to improve rural infrastructure and to use the off-season rural labour supply, has started to allocate resources to rural areas to finance projects selected at the local level.³⁷ In Africa, labour-intensive rural programmes have been implemented, particularly for soil conservation, erosion control and afforestation. National programmes of labour-mobilization, some of them financed partly by international assistance, have also been launched in Africa. Thus, the Moroccan "National promotion" was started as a drought relief programme and has provided employment for some 80,000 persons per month during the peak season. The Algerian programme, "Worksite for full employment", which has been operating since

1963 to fight severe erosion problems, has led to a progressive increase in the number of days of employment for a significant number of rural workers. In Mauritius the "Work for all" programme for carrying out urban projects has attracted several thousand workers. Among other African countries, Ethiopia, Kenya, Lesotho, Madagascar, Senegal, Somalia, and the United Republic of Tanzania have started rural work programmes, some of them of the self-help type.³⁸ In Latin America also, a number of countries, such as Haiti, Panama and Peru, are using public works projects to reduce their unemployment problems.

Labour-intensive public works in "functional economic areas" created in the countryside to stem rural migration are not yet widespread. The Djoliba pilot project in Mali has converted a rural village into an agro-urban community to test the feasibility of the establishment of some 150 rural centres that would service Mali's more than 10,000 villages. The Volta River Settlement Programme of Ghana involves the creation of a network of rural towns and access roads. Three times as many workers were employed in these resettlement preparations as were used in building the Volta Dam.

As noted above, policies regarding the urban informal sector have been hesitant in most developing countries. In Africa, the Governments' attitudes range from negative to neutral or mildly positive. In Latin America, the support for the informal sector is considered as non-existent. However, in Ecuador shoe factories are prohibited from employing more than 50 persons, and in El Salvador small vendors are using specially built market infrastructure.

Such efforts in rural development, public works and the informal sector are useful on a local basis but clearly incommensurate with the dimension and causes of unemployment in developing economies. The factors leading to high levels of unemployment in the Asian developing countries have been identified as follows: the rapid growth of population and the labour force; increased participation in the labour force by women; a high rate of migration to urban areas; a slow rate of growth of industrial employment compared with the rate of growth of industrial production; a highly unequal distribution of income leading to low demand for labour-intensive commodities; the effects of an import-substitution strategy of industrialization which gives preference to capital-intensive commodities; the difficulties of finding markets in developed countries for labour-intensive exports; and the aspirations brought about by the expansion of the educational system and the type of education provided.³⁹ Similar diagnoses were proposed for Africa and Latin America.

Some 24 developing countries, which represent about two thirds of the countries whose development plans were examined in a recent study, have established quantitative targets for over-all employment for the latter part of the 1970s.⁴⁰ Except for three countries

³³ *The Employment Problem in Latin America: Facts, Outlooks and Policies* (Santiago, Regional Employment Programme for Latin America and the Caribbean, 1976), pp. 60-64.

³⁴ See *A Basic Needs Strategy for Africa*..., p. 54.

³⁵ *Economic and Social Survey of Asia and the Pacific*, 1976..., p. 43.

³⁶ See *Survey of economic and social conditions in Africa*, 1976 (E/CN.14/654), 16 November 1976, part I, p. 74.

³⁷ *Economic and Social Survey of Asia and the Pacific*, 1976..., p. 42.

³⁸ *A Basic Needs Strategy for Africa*..., pp. 58-61.

³⁹ *Economic and Social Survey of Asia and the Pacific*, 1976 (United Nations publication, Sales No. E.77.II.F.1), p. 48.

⁴⁰ See "Planning for development: goals and policies of developing countries for the second half of the 1970s", *Journal of Development Planning*, No. 11 (United Nations publication, Sales No. E.77.II.A.14), p. 71.

—Kenya, Madagascar and Sierra Leone—the planned annual rates of increase for employment are greater than the estimated growth of the labour force during the plan period, ranging from a differential of 6 percentage points in Botswana, 2.5 percentage points in Algeria, and 1 to 2 percentage points in Argentina, Barbados, Chile, Costa Rica and Mauritius. Although employment in agriculture is expected to increase slowly in most countries, employment in non-agricultural sectors is posited to grow faster than the planned increase of total employment in all those countries. Except in Algeria and Botswana, which expect employment and total output to increase at about the same pace, developing countries foresee a differential due to increases in labour productivity. In most developing countries, however, with or without quantified employment targets, the ways of achieving employment objectives are not clearly spelt out, essentially because employment problems cannot be dissociated from over-all development issues.

The return of full employment through the creation of jobs in industry as well as in public and private services remained the proclaimed goal and policy of developed market economies during this period of rising unemployment. With the exception of a few countries, notably Japan, Norway and Sweden, the achievement of this goal appeared, however, more and more elusive. The Commission of the European Economic Community stressed in 1977 that “the present problems were the result of lines which have been followed for a number of years—production structures out of step with demand, distortions in the trend of income and expenditure, abuse of aggregate demand management in an attempt to attain full employment, and shortcomings in structural policies. Restoring full employment means revising accepted ideas and searching for new solutions”.⁴¹ In the absence of such radical innovations in their economic and social policy, most developed market countries attempted to limit the increase of unemployment and compensate its effects on individuals.

Most OECD countries started to subsidize companies in the private industrial sector to maintain or create jobs. Taking the form of payments to the employer or exemption from social security charges, these subsidies apply to all age groups in the labour force or, in some countries, to young people, and are usually limited to a certain number of weeks or months. It seems that most jobs maintained with such public help have been in the labour-intensive industries, such as textiles and foot-wear, which are most affected by the current economic difficulties. This practice has been criticized as an obstacle to structural adjustments in the industrial framework of market economies. As an OECD publication has put it, “The terms on which subsidies are granted do not on the whole seem to contain elements designed to encourage a better re-deployment of manpower, e.g., varied rates favouring firms or industries that will be essential for the expansion”.⁴²

The creation of jobs in the public sector is another form of action which has some importance in a few

European countries and in the United States. In the United States, the Comprehensive Employment and Training Act of 1974 seeks to provide 500,000 jobs and it seems that, so far, young people under 24 have benefited from about 55 per cent of the working hours created by this public sector employment programme. Some innovations have been introduced in a few countries. In Sweden, for example, people are employed temporarily in the public service while permanent civil servants take training. In Norway, the Government pays half the cost of jobs created by local authorities for young people. In Finland and the Netherlands, office work is created for unemployed young people with an academic or technical degree. In France, several thousand jobs were created in 1977 for young people in the central administration. In a few European countries, health services and welfare services were expanded with the specific purpose of creating employment.

Other employment and labour-force policy measures include the improvement of information on vacancies, facilitation of geographical mobility, development of child-care facilities for working mothers, and, more significant, provision of benefits for persons working fewer than a standard number of hours each week. Similarly, a significant number of firms in several industrialized countries decided to maintain their contract with their underemployed personnel. The result was a decline of output per man-hour and a limitation of unemployment. According to the OECD, “had previous relationships between trends in output and employment prevailed during the last recession, the rate of unemployment would have been significantly higher than it actually was”.⁴³

A number of policies have been also introduced in order to restrict labour supply. In such countries as Belgium, Finland, France and Spain, arrangements were made to facilitate a shift from unemployment status to retirement. The Federal Republic of Germany, Italy and Japan have passed laws for paid educational leave for workers. Longer periods of leave have been granted in some countries. In Australia, trade union members are getting three months' long-service leave after a few years' work, and in France a minimum of four weeks' annual leave has been generalized. As already noted, measures were also taken in most developed market economies to restrict immigration.

During the 1970s, all industrialized market economies increased their efforts to protect the income of the unemployed. In 1975, the proportion of civilian wage and salary earners covered by insurance averaged 70-75 per cent in France, Italy and the United Kingdom, 80-85 per cent in Belgium, 85-90 per cent in the Netherlands, 95 per cent in the Federal Republic of Germany, and 100 per cent in Ireland and Luxembourg. Unemployment benefits also increased considerably. In 1976, they represented 60 per cent of earnings of the unskilled workers in Belgium, 68 per cent of net earnings as against 55 per cent in 1960 in the Federal Republic of Germany and 80 per cent in Luxembourg as against 60 per cent in 1960. During the same period 1960-1976, the standard rate of unem-

⁴¹ European Coal and Steel Community *et al.*, *op. cit.* . . . , p. 18.

⁴² *The OECD Observer*, No. 90 (January 1978), p. 9.

⁴³ *Ibid.*, p. 14.

employment benefits per day increased nearly three times in Italy and four times in France. In other countries, the basic rate of benefits on average earnings ranges from 40 per cent in Austria, 50 per cent in the United States, 60-65 per cent in Switzerland, 66 per cent in Canada, 75 per cent in Spain, and 60-80 per cent in Japan. The maximum duration of unemployment benefits is without limit in Australia, Belgium, New Zealand and France. In the latter country, some reduction in amount is made at the end of each year but not for persons over 55 years of age. Sweden has extended unemployment benefits to persons over 55 years of age. In other countries, such as Austria, the Federal Republic of Germany and Greece, the duration varies according to the time and the weeks of work contribution to insurance schemes. In the United States, some states apply a fixed duration, other relate duration to previous weeks of work.⁴⁴ In Canada, Japan and the United States, the legislation guarantees an automatic extension of entitlement to unemployment benefits when the unemployment rate exceeds a fixed threshold for a particular number of consecutive months.

As a result of these measures, the "unemployment bill" has significantly increased in the market economy countries. As a percentage of the gross national product, unemployment benefits went up between 1972 and 1975 from 1.0 to 1.7 in Belgium, 0.7 to 1.3 in Denmark, 0.2 to 0.6 in France, 0.2 to 0.9 in the Federal Republic of Germany, 0.7 to 1.3 in Ireland, 0.3 to 0.6 in Italy, 0.9 to 1.6 in the Netherlands, and 0.8 to 1.0 in the United Kingdom.⁴⁵

The centrally planned economies of Eastern Europe and the USSR have strengthened policies to overcome problems of labour shortages, especially in specific branches of the industrial sector. The long-term trend of transferring surplus labour from agriculture, though still intense in such countries as Poland and Romania, is rapidly slowing down because the proportion of young adults in the farm population is already low.

⁴⁴ International Labour Office, *Social Security for the Unemployed* (Geneva, 1976), pp. 58-64.

⁴⁵ Jan Vitek, "The social purse feels the pinch" (Geneva, International Labour Office, February 1977), p. 2 (mimeo.).

Recent policies to increase private consumption and improve the services offered to the population have also placed constraints on labour supply, because the service sector is usually labour-intensive. Beyond these common features, national employment policies have been influenced by a number of specific factors, notably demographic trends and social policies related to child-care, low retirement age and longer schooling.

Full employment and the consequent scarcity of labour in most of these centrally planned countries have prompted efforts to rationalize the use of labour resources. During 1970-1975, national employment and educational policies attempted to increase labour productivity, improve the professional preparation of labour, reduce the proportion of manual labour, and establish organizational arrangements for a better use of workers' initiative, qualifications and capabilities. These policies have been continued during the time periods of current national plans. As a result of such policies, important gains in productivity were made during the first half of the 1970s, and further gains are expected during the second half of the decade (see table 9).

TABLE 9. CENTRALLY PLANNED ECONOMIES OF EASTERN EUROPE AND THE USSR: GROWTH OF EMPLOYMENT AND PRODUCTIVITY IN THE INDUSTRIAL SECTOR (Percentage)

Country	Average annual rates of growth					
	1965-1970		1970-1975		1976-1980 (planned)	
	Employment	Productivity	Employment	Productivity	Employment	Productivity
Bulgaria	3.7	6.9	2.2	6.7	1.1	8.4
Czechoslovakia	1.2	5.4	0.7	6.0	0.7	5.1
German Democratic Republic	0.8	5.7	1.0	5.4	0.7	5.4
Hungary	2.5	3.6	0.1	6.3	0.2	5.9
Poland	3.2	4.9	2.6	7.7	0.7	7.8
Romania	4.3	7.3	6.1	6.4	2.0	9.0
USSR	2.6	5.8	1.3	6.0	0.8	5.7

SOURCE: Z. Zima, "Employment structure in centrally planned economies", paper submitted to the European Economic Community Seminar on Employment, Income Distribution and Consumption: Long-term Objectives and Structural Changes, held from 6 to 13 September 1977 (EC.AD/SEM.5/4), p. 5.

GROWTH AND DISTRIBUTION OF INCOME, AND PRIVATE CONSUMPTION

GROWTH AND EQUITY AT THE INTERNATIONAL LEVEL

High and sustained rates of population growth and high levels of unemployment and underemployment reflect and contribute to conditions of inequity among nations and social groups. Vast numbers of people, mainly in the developing world, remain outside the main-stream of employment, have limited access to consumer goods and public services, and live in poverty. A high proportion of those who are employed often earn inadequate incomes and thus have extremely low levels of living. Urban slums and many rural districts continue to be areas of misery and deprivation. Even in industrialized countries, pockets of relatively chronic poverty persist.

The international community has long been concerned with such conditions of inequity among and within nations, and this concern has been more forcefully expressed during the 1970s than hitherto. A more equitable distribution of income has been emphasized in the International Development Strategy for the Second United Nations Development Decade. The United Nations Declaration and Programme of Action on the Establishment of a New International Economic Order have outlined the forms of international economic co-operation conducive to a reduction of inequalities among nations. The conditions and recommendations adopted by a number of world conferences on development issues held during the 1970s have also stressed the elimination of poverty and the narrowing of income and consumption gaps as major objectives of the international community.

In addition to changes in international economic and financial relations between rich and poor countries, the production of goods and services is fundamental to efforts for a better distribution of income and consumption. The average rate of growth of gross domestic product in the developing economies during 1971-1977 was 5.7 per cent, compared to 3.2 per cent in the developed market economies. The growth rate in the latter reflects the recessionary trends from the early 1970s through 1975. In the centrally planned economies the average rate of growth of net national product from 1971-1977 was 6.1 per cent.¹

These growth rates need to be assessed in relation to population growth. Particularly in the developing economies, economic gains *per capita* were minimized by rapid population growth. In the first half of the 1970s, the average *per capita* product of the developing countries rose from \$222 in 1970 to \$260 in 1975. During the same period—1970-1975—the *per capita* product of the developed market economies rose from

\$1,988 to \$3,122.² The gap between developed and developing countries is thus on a scale of nearly 12 to 1. For reasons that are well known, GDP *per capita* tends to exaggerate the real income differences between the less developed and the more developed countries. Comparisons based on purchasing power parities of currencies would, however, still reveal a very wide income gap between rich and poor countries. The income gap is also wide between the developing countries and the centrally planned economies of Eastern Europe and the USSR.

Thus, in recent years, there has been no significant reduction in income inequality among countries at the global level, in spite of the increased rates of growth achieved by many developing countries. Moreover, the lowest-income countries were also the countries with the slowest growth rates. The 40 countries with a *per capita* product below \$200 in 1970 had an average annual rate of growth from 1970 to 1975 of only 1.1 per cent (see table 10). Their average *per capita* income amounted to \$108 in 1970 and \$114 in 1975. This group of low-income, low-growth countries has roughly 1.2 billion of the world's population since it includes four of the most populous nations, i.e., Bangladesh, India, Indonesia and Pakistan. It also includes 27 African nations.

A second group of countries, i.e., those with an average *per capita* income of \$348 in 1975 as compared with \$293 in 1970, made aggregately significant progress. However, their annual average growth rate of income of 3.5 per cent conceals the fact that eight of them—Angola, Egypt, Equatorial Guinea, Ghana, Honduras, Jordan, Mozambique and Senegal—with a *per capita* product of over \$200 in 1970, actually experienced a decline in *per capita* product from 1970 to 1975.

The most spectacular real growth was achieved by the group of countries whose *per capita* income ranged between \$400 and \$1,000 in 1970. An average annual growth rate of 5.1 per cent brought their average *per capita* income to \$757 in 1975. The group includes four petroleum-exporting countries—Gabon, Iran, Saudi Arabia and Trinidad and Tobago—and a number of Latin American countries. Their over-all progress conceals a decline of *per capita* product in constant terms in six other countries in the group—Chile, Cyprus, Jamaica, Surinam, Uruguay and Zambia.

At the top of the scale adopted in table 10, approximately 0.7 billion people inhabiting 27 countries had an average *per capita* income of \$2,971 in 1970

¹ *World Economic Survey, 1977* (E/1978/70), p. 9. United Nations publication, to be issued.

² Data are in 1970 dollars. See "Development trends since 1960 and their implications for a new international development strategy", *Journal of Development Planning*, No. 13 (United Nations publication, Sales No. E.78.II.A.9).

TABLE 10. POPULATION, GROWTH OF GROSS DOMESTIC PRODUCT AND PRIVATE CONSUMPTION *per capita*, BY INCOME GROUP OF COUNTRIES, 1970-1975

Country group ^a	Population, 1970		Gross domestic product per capita in 1970			Private consumption per capita in 1970		
	Millions	Percentage share ^b	Annual average rate of increase, 1970-1975 ^c	Average level		Annual average rate of income, 1970-1975 ^c	Average level	
				1970	1975		1970	1975
I. Countries with <i>per capita</i> GDP in 1970 of less than \$200 ..	1 150.5	48.5	1.1	108	114	1.2	80	85
II. Countries with <i>per capita</i> GDP in 1970 of \$200 or more but less than \$400	257.5	10.9	3.5	293	348	3.5	200	238
III. Countries with <i>per capita</i> GDP in 1970 of \$400 or more but less than \$1,000	255.6	10.8	5.1	591	757	4.4	403	499
IV. Countries with <i>per capita</i> GDP in 1970 of \$1,000 and more	710.3	29.9	1.9	2 971	3 269	2.7	1 788	2 045

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on data from various international and national sources.

^a Excluding centrally planned economies for which data

and \$3,269 in 1975. This group includes the Western industrialized countries and a majority of the petroleum-exporting countries. The centrally planned economies of Eastern Europe and the USSR, which are not included in table 10 because the concept of net material product is not exactly comparable to the concept of gross domestic product, also had a *per capita* income above \$1,000 in 1970 and, as noted above, experienced a fast growth during the period.

As was true of total output, private consumption *per capita* grew at the fastest rate in the upper-middle-income developing countries (group III of table 10). The low-growth, low-income countries experienced the smallest increase in private consumption, just over 1 per cent annually. In absolute terms the gap in 1975 in private consumption between the poorest and richest group of countries was 1 to 24.

Further evidence of the declining position of many developing economies in the global distribution of income and consumption may be illustrated by the state of over-all agricultural and food production. In most developing countries agricultural production barely kept pace with increasing population and with the growth of the agricultural labour force. For the period 1961 to 1970 the average annual rate of growth in agricultural production *per capita* was 1.2 per cent in the developed countries, including the centrally planned economies, and 0.7 per cent in the developing countries. During 1970-1976 this growth remained unchanged in developed countries and dropped to 0.2 per cent in the developing world. A negative growth was actually observed in Africa. Similarly, food production *per capita* increased at 1.4 per cent a year in the developed countries during 1961-1970 and 1970-1976, whereas it remained lagging in the developing countries at 0.7 and 0.3 per cent a year during those two periods. The growth of agricultural production in relation to the agricultural labour force also indicates the growing disparities in world economic and social conditions. Agricultural production per agricultural worker increased annually by 5.7 and 4.8 per cent in the developed countries during the period 1961-1970 and 1970-1976, as compared with 2.1 and 1.7 per cent

on GDP are not available. For a list of countries included in groups I to IV, see chap. I, table 2.

^b Percentage of the combined population of countries in groups I, II, III and IV.

^c Weighted averages.

in the developing countries. Again, a negative growth was observed in Africa during the first part of the 1970s.

Given this slackening agricultural production in the world, undernutrition and malnutrition remained widespread. The Food and Agriculture Organization of the United Nations estimates that, with a better system of distribution at the world level, "food supplies should be sufficient to provide everyone with an adequate diet", but a related conclusion is that "on a *per caput* basis there is an unequal distribution of food among countries, and that in some countries food supplies are inadequate to meet nutritional requirements, even if they were to be distributed equitably". According to a survey undertaken in the "most seriously affected" countries, from one quarter to one half of young children were suffering from protein-energy malnutrition around 1973.³ The population with calorie intake below the critical limit was estimated in 1974 at 35 per cent of the total population in low-income countries, 20 per cent in lower-middle-income countries and 15 per cent in middle-income developing countries (groups I, II and III of table 10). Figures for 1970 were 33 per cent, 24 per cent and 15 per cent, respectively. These estimates are consistent with other crude evaluations of the magnitude of poverty in the world. Using minimum regional levels of income required for a typical basket of food, the International Labour Office estimated that around 1972-1974 there were 700 million destitute people in the world, or 39 per cent of the population of developing countries. This proportion was 42 per cent in Asia, 39 per cent in Africa and 27 per cent in Latin America.⁴ The share of meat in the dietary pattern of people in developing countries decreased from 9.7 per cent to 9.1 per cent between 1963 and 1974, whereas it increased in the developed world from 21.4 per cent to 25.3 per cent. In parallel fashion, the share of cereals in this dietary

³ See *World Food Survey, 1977*, Food and Agriculture Organization of the United Nations (Rome, 1977), pp. 3-14, 29, 30.

⁴ International Labour Office, *Employment, Growth and Basic Needs: A One-World Problem* (Geneva, 1976), pp. 20-22.

pattern moved from 53 to 54.7 per cent in the developing countries and from 35.9 to 30.2 per cent in the developed countries during the same period. Also "health statistics of developed countries indicate the steadily rising prevalence of diseases which may be linked, at least in part, with excessive food intake or improper diets. In these countries attention is being directed to the possible relationships between diet and degenerative diseases. An increasing number of persons among the affluent in the developing countries also suffer from these diseases."⁵

Other critical indicators of living conditions in developed and developing countries are provided throughout the present report. To illustrate further the extent of inequality between poor and rich nations, the number of telephones in use per 1,000 inhabitants can be used here as a proxy for measuring levels of development. In 1975 there were 96 telephones per 1,000 inhabitants in the world, 11 in Africa, 26 in Asia,

41 in South America, 66 in the USSR, 246 in Europe and 471 in North America. Similarly, of the 258 million motor vehicles in use in the world in 1975, 5 million were in Africa, 23 million in Asia, 9 million in Latin America, 91 million in Europe and 119 million in North America⁶. The regional distribution of this highly valued symbol of development was similar in 1970.

GROWTH AND EQUITY AT THE NATIONAL LEVEL

Since the 1974 *Report on the World Social Situation*, few new data on the distribution of income by social group at the national level have become available. Nor have the conceptual and definitional problems of measuring income been resolved, although some progress has been made. Yet, despite the limitations of existing data, there has been renewed interest

⁶ *Statistical Yearbook, 1976* (United Nations publication, Sales No. E/F.77.XVII.1), tables 156 and 165.

⁵ *World Food Survey, 1977* . . . , p. 29.

TABLE 11. PERCENTAGE SHARE OF INCOME ACCRUING TO POPULATION FRACTILES IN COUNTRIES GROUPED BY LEVEL OF GROSS DOMESTIC PRODUCT *per capita* IN 1970^a

Country group ^b	Share of income accruing to:				
	Lower 10 per cent	Lower 20 per cent	Lower 50 per cent	Upper 20 per cent	Upper 5 per cent
I. GDP <i>per capita</i> below \$200 in 1970					
Malawi (1969) ^c	2	5	21	53	30
Bangladesh (1967)	3	8	27	43	17
United Republic of Tan- zania (1969)	1	3	12	64	34
India (1968)	2	5	19	53	25
Pakistan (1971)	4	9	28	42	18
Sri Lanka (1970)	3	7	25	45	19
Thailand (1970)	3	7	24	45	17
Philippines (1971)	1	4	18	54	25
II. GDP <i>per capita</i> between \$200 and \$399 in 1970					
Egypt (1965)	2	5	21	48	19
Honduras (1968)	1	2	10	66	33
Malaysia (1970)	1	3	17	56	28
Turkey (1968)	1	3	14	61	33
III. GDP <i>per capita</i> between \$400 and \$999 in 1970					
Cyprus (1966)	3	8	27	40	12
Zambia (1960)	3	6	18	58	34
Mexico (1969)	2	4	15	63	29
Uruguay (1967)	1	4	21	47	19
Iran (1968)	1	4	19	58	30
IV. GDP <i>per capita</i> of \$1,000 and above in 1970					
Fiji (1972)	2	5	21	48	19
Spain (1965)	2	6	24	45	19
Yugoslavia (1968)	2	6	26	41	15
New Zealand (1966)	3	8	29	40	15
German Democratic Re- public (1970)	4	10	36	31	9
United Kingdom (1968)	2	6	26	40	14
Germany, Federal Repub- lic of (1970)	2	6	23	46	18

SOURCE: Based on data to be included in the 1978 *Compendium of Social Statistics* (to be issued as a United Nations publication).

^a Income before taxes and transfers.

^b Countries are ranked in ascending order of GDP *per capita* in 1970.

^c Date of observed income distribution.

in analysing distributional patterns in relation to economic development and in identifying policy measures which can contribute more effectively to reducing poverty and improving access to opportunities for all members of society for a better life.

On the basis of cross-country comparisons, analysts have observed that inequality is low in traditional societies, tends to increase in the early stages of economic development and then declines when countries reach high levels of industrialization. According to data presented in table 11, which tend to confirm this conclusion, countries at a low level of *per capita* gross domestic product seem to have a relatively moderate pattern of inequality, as measured by the income shares, before taxes and transfers, accruing to various income groups of the population. In the majority of countries figuring in table 11 with a *per capita* gross domestic product below \$200 in 1970, the lower 50 per cent of the population received slightly more than 20 per cent of the total income, while in half of the countries the upper 5 per cent also received more than 20 per cent. A similar—though slightly more moderate—pattern of inequality is suggested by the data on countries with a *per capita* gross domestic product of over \$1,000 per annum. In these seven countries, the lower 50 per cent income group receives around 25 per cent of the total income and the upper 5 per cent receives around 15 per cent. On the other hand, countries at an intermediate stage of economic development (groups II and III of table 11) tend to be characterized by a pattern of high inequality. Typically, less than 5 per cent and 20 per cent of the total income accrue to the lower 20 per cent and lower 50 per cent income groups, respectively. In six of the nine countries mentioned in table 11 with a *per capita* gross national product between \$200 and \$1,000 in 1970, the upper 20 per cent income group appears to receive an average of more than 55 per cent of the total income.

It should be emphasized that this picture of the distribution of income within countries with a similar GDP *per capita* is seriously affected by the limited sample of countries for which data are available and by the fact that the available data are quite old for all groups of countries. Furthermore, the income shares may conceal the important dynamics of income distribution. Such data do not reveal levels of absolute poverty or the non-income-earning populations, such as subsistence farmers, and their status vis à vis income recipients. Nor do the data provide a basis for analysing changes in the distributions of income over time, since time series data are even more limited in their coverage.

The relationship suggested by the data between levels of economic development as expressed in GDP *per capita* and changes in the distribution of income need to be qualified in a number of respects.⁷ Income distribution is a complex issue of various dimensions which can be appraised most usefully at the country level. A number of variables associated with economic growth affect the pattern of income distribution as well as that of consumption. These include the relative

decline of the traditional rural sector, progress in training and education, reductions in the rate of growth of population, patterns of savings and investment, the organization of workers in the modern sector of the economy and the type of production and the importance of governmental and administrative apparatus in economic management. The “natural” effect of these trends on income distribution can be modified somewhat through direct and indirect policies. Recent studies provide some guidelines in this respect. It seems that in most cases a relative improvement in the situation of the poorest group in a society is not achieved before a fairly high level of economic growth. Improvement in relative equality as observed from available cross-country data, according to one writer, “occurs over the phase of development presented by the transition from *per capita* GNP levels of US \$75 to *per capita* GNP levels of around US \$750. For an economy experiencing growth in *per capita* GNP at about 2.5 per cent per year, this transition would take about a hundred years”.⁸ Thus, a reliance on the “trickle down” effect would not be very promising for countries affected by mass poverty. Moreover, even if the real level of income of the poorest 20 per cent of the population improved, the actual living conditions of particular socio-economic groups inside this income bracket might grow worse. Some analysts have even suggested that the process of development frequently involves an absolute and prolonged impoverishment for lower-income groups.⁹ More recent studies do not entirely support this conclusion, but the need to monitor and act upon the situation of specific groups hidden behind statistics on average income remains obvious and is reflected in the present policies of a number of developed and developing countries.

One dimension of the distribution of income at the national level which has received particular attention in recent years is that of the disparities between urban and rural populations. Particularly in most developing countries, high-income groups are concentrated in urban areas. The information available suggests that in many developing countries the ratio of the average urban income to the average rural income is close to 2 to 1. For example, a household expenditure survey undertaken in the Philippines at the beginning of the 1970s shows that the average annual household income was 5,867 pesos in urban areas and 2,818 pesos in rural areas; 51 per cent of rural households had an annual income of less than 2,000 pesos, as compared with 18 per cent of urban households, and the figures for an annual income above 10,000 pesos were 3 and 14 per cent, respectively.¹⁰ A comparable situation could be observed in countries at different levels of economic development such as Brazil, Colombia, Costa Rica, Malaysia, Mexico, the Sudan, Thailand and Uganda. In Uganda in 1970 the average annual income of a male employee was estimated to be 1,780 Ugandan

⁸ Montek S. Ahluwalia, “Inequality, poverty and development”, *Journal of Development Economics*, No. 3 (1976), p. 335.

⁹ See I. Adelman and C. T. Morris, *Economic Growth and Social Equity in Developing Countries* (Stanford, Ca., Stanford University Press, 1973).

¹⁰ Data derived from *Statistical Yearbook for Asia and the Pacific, 1975* (United Nations publication, Sales No. E/75.II.F.17).

⁷ For a more detailed discussion, see “Distribution of income: trends and policies: report of the Secretary-General” (E/1978/29).

shillings in rural areas and 3,120 in urban areas. Rural incomes, it should be noted, are often underestimated, particularly as a major share of "income" in rural households consists of production for own consumption and investment.

Only in industrialized countries that have a small proportion of their active population employed in agriculture and whose efforts to ensure a geographical dispersion of activities have met with some success are income differentials between urban and rural areas relatively narrow. In Norway, for instance, the average income per taxpayer in 1970 was only 7 per cent below the national average in rural municipalities and 7 per cent above the national average in urban municipalities.¹¹ Nevertheless, rural development continues to be necessary even in certain industrialized countries where there persist regions in which the population is relatively less well off than the rest of the society. For example, in the United States, areas of the rural South have not progressed at a rate comparable to that in other parts of the country. In the USSR, efforts to raise incomes in rural areas have included incentives to skilled workers to accept employment in those areas.

Over-all inequalities tend to be more pronounced in urban than in rural areas. The income shares of the poorest half of the urban population are generally smaller than those of the poorest half of the rural population. Conversely, the top 10 per cent of the urban population receives on average more than the top 10 per cent of the rural population. A study of consumption expenditure for households in rural and urban areas of Indonesia, Mexico, Pakistan, the United Republic of Tanzania and Tunisia indicates that the Gini index of inequality is generally higher in urban centres.¹² This over-all tendency can be partly explained by the co-existence in urban areas of socio-economic groups such as civil servants, entrepreneurs and organized workers, together with the unemployed and under-employed. In many developing, as well as developed, countries the most destitute people are found in urban settlements. Yet the masses of the poor live in rural areas. As already shown in the preceding chapter, in 1975 the proportion of rural population was 80 per cent in the low-income regions, as compared with 25 per cent in the more developed countries.

Changes over time in the distribution of income between and within urban and rural populations are slow. It seems that both urban and rural income inequality tend to increase with the level of *per capita* gross domestic product at the first stages of economic development. As the level of *per capita* income approaches approximately \$1,000, urban/rural inequality tends to decline.

Even if confirmed by the evolution of developed countries over the past decades, a broad assessment of the relationship between economic development and income distribution is of limited relevance to countries facing immediate problems of acute inequality and/or poverty. The need for dynamic policies to produce an

effect on existing structures of income distribution persists. Most countries have sought to implement social and economic measures in order to narrow gaps in real income and raise the absolute minimum to an acceptable level. The record of success has not, however, kept pace with expectations, and pressure to step up efforts comes at a time when many countries are finding it increasingly difficult to cope with internal needs as well as with external constraints which seriously affect their development efforts.

TRENDS IN POLICIES FOR INCOME REDISTRIBUTION

Developing economies

In view of the magnitude of absolute poverty in spite of economic gains, most developing countries have continued to place high priority on the expansion of output and income and the creation of employment as the most effective strategies for improving income distribution, particularly since a reduction in mass poverty implies considerable increases in the production of goods and services as well as the involvement of the poor in the process of development. The use of direct measures to redistribute income more equitably has had limited effectiveness in the majority of developing countries. Fiscal measures, for example, have tended to affect only marginally the situation of the large number of people experiencing various forms of deprivation. The reduction of poverty in most low-income countries has necessitated major structural changes, particularly in the rural sector. In the mid 1970s, policy approaches to reducing mass poverty and redistributing income in most developing countries thus focused on fundamental economic and social changes. On the whole, income redistribution was viewed as a secondary goal to economic growth in most national development plans.

Among the fundamental changes sought in a number of developing countries was that of land redistribution. While this measure has successfully contributed to the redistribution of wealth in some countries, it has not been the panacea that many analysts expected it to be at one time. Land redistribution has, in most cases, taken the form of transfers from big landowners to individual peasant families or to collectives of agricultural workers, but the least likely to benefit from land redistribution seem to be the landless labourers.¹³

The landless represent a large share of the population in many developing countries. In India, one third of the total population is landless, with an even greater proportion in some states; most of them are in the lowest-income group. In Thailand and the Philippines, the landless are about 10-15 per cent of the population in many areas.¹⁴ During the 1970s, several African countries—Kenya among them—experienced considerable growth of the landless population.

To reduce landlessness, several countries have attempted to legislate action to limit the land area that individuals or families may own. In countries such as

¹¹ *Sossialt Utsyn* 1974 (Oslo, Statistisk Sentral Ayra, 1974), p. 141.

¹² Wouter van Giuneken, *Rural and Urban Income Inequalities in Indonesia, Mexico, Pakistan, Tanzania and Tunisia* (Geneva, International Labour Office, 1976).

¹³ A. Foxly, E. Aninat and J. Arellano, *The Role of Asset Redistribution in Poverty-focused Development Strategies* (Geneva, International Labour Office, 1976), pp. 1-3.

¹⁴ John W. Mellor, "The landed and the landless", *Ceres*, vol. II, No. 1 (January-February 1978), pp. 42-46.

India, however, relatively little land has been redistributed as a direct result of such measures.¹⁵ In fact, the number of landless farm workers in most developing countries has been increasing.¹⁶ Furthermore, land redistribution policies have, in general, had limited effect on the over-all redistribution of wealth in most developing countries, since the bulk of the top-income groups are in the non-agricultural sector.¹⁷

In the corporate sector, redistribution of property has, in most cases, not been practical and property ownership has usually gone to the State or to workers' collectives. In most countries, business assets continue to be heavily concentrated in the hands of the top-income urban group. For a variety of reasons, including lack of political will, lack of participation of the poor in decisions on assets and anti-poor biases in rural administration, the success of redistributive measures in most instances has fallen short of objectives for achieving greater equity of asset ownership.¹⁸

Small producers make up a large share of the lowest-income groups in developing countries. In addition to land reform measures, some Governments have taken steps to aid small producers by providing easier access to short-term credit. For example, since the late 1960s the pattern in Asia has been to institutionalize rural credit by creating Government-sponsored capitalized banks specializing in providing capital inputs to small-scale agricultural producers. Nevertheless, large farmers tend to be the prime beneficiaries.¹⁹ Small farmers are often blocked from adopting new and more remunerative techniques of production because of an inadequate supply of credit and lack of savings. Interest subsidies have also tended to bypass the often large and even poorer group of landless labourers. In some countries long-term credit has not been perceived as a particularly appropriate instrument for transferring income to low-income producers or the rural poor, the emphasis being instead on productive capacity and short-term seasonal credit for purchasing inputs to agriculture.²⁰

Production policies and related economic measures have had important effects on low-income groups in so far as these have opened up employment opportunities, ensured adequate wages and improved consumption. As noted in the previous chapter, industrial growth has been too limited in most developing countries to modify significantly the employment situation. A few developing countries are shifting their pattern of pro-

duction away from import-substitution industries to the promotion of agro-based export industries and processing industries for available raw materials. It has been argued that in many countries emphasis on import-substitution policy has not provided needed employment opportunities and has forced up wages in manufacturing faster than the change in earnings of rural workers.²¹ Some countries, particularly in South Asia and Africa, have undertaken to increase the production of goods for internal consumption and expand basic infrastructure, in order to strengthen their economies and contribute to sustained growth.

The choice of technologies for production, in so far as this has affected labour demand, has influenced the distribution of wages and salaries. Some studies suggest that the introduction of modern technologies, particularly in the agricultural sector, has tended to reinforce income inequality, at least in the medium term in many countries. For example, increased mechanization in agriculture in a number of countries has resulted in more open unemployment and higher profits for large-scale farmers, as well as higher rents. Other studies, however, suggest that the application of new techniques has produced major increases in labour demand and improvements in the wage rates of agricultural labour.²² Although the evidence is not yet conclusive, results—particularly of the introduction of high-yield varieties of food grains—suggest that in many places seasonal employment increased as a result of the green revolution but the number of people employed full-time in agriculture declined as small owners, sharecroppers and tenants were forced off their land as it became profitable for large landowners to cultivate their own lands.²³

Wage and salary policies generally affect the distribution of income in developing countries through the relatively small work force in the modern sectors of the economy. Several countries are attempting to narrow the differences in income between workers in industry, governmental service and agriculture. Measures to achieve this have included payment of minimum wages, freezing salaries paid to senior governmental staff, allowing increments in the salaries of junior staff when justified by rises in productivity and raising the incomes of the rural population through a set of ameliorative actions including, in some cases, setting price incentives for agricultural producers.²⁴

A minimum wage has been legislated in a number of countries and a few have set ceilings on upper incomes and assets. The enforcement of minimum wages has continued to be uneven and their adjustment to price increases under conditions of rapid inflation has met with difficulties.²⁵ Furthermore, the difficulties

¹⁵ See, for example, Michael Farbman, *Policy Planning for Employment and Income Distribution in Rural India* (Geneva, International Labour Office, 1976).

¹⁶ *Land Reform Sector Paper* (Washington, D.C., World Bank, 1975), p. 62.

¹⁷ "Distribution of income: trends and policies"; see also, *Progress in Land Reform, Sixth Report* (United Nations publication, Sales No. E.76.IV.5) and "The distribution of incomes in the ECAFE region: causal factors and remedial policies", *Economic Bulletin for Asia and the Far East*, vol. XXIII, No. 3 (December 1972).

¹⁸ See, for example, *Economic and Social Survey of Asia and the Pacific*, 1975....

¹⁹ See, for example, R. J. G. Wells, "An input credit programme for small farmers in West Malaysia", *Journal of Administration Overseas*, vol. XVII, No. 1 (January 1978), pp. 4-16; and *Economic and Social Survey of Asia and the Pacific*, 1975..., pp. 123-129.

²⁰ *Agricultural Credit*, World Bank Paper: Rural Development Series (Washington, D.C., World Bank, 1975), pp. 12, 18.

²¹ Shyam B. L. Nigam, *Employment and Income Distribution Approach in Development Plans of African Countries* (Addis Ababa, International Labour Office, 1975), pp. 13-15.

²² "Distribution of income: trends and policies...", sect. IV.

²³ United Nations Research Institute for Social Development, "The social and economic implications of large-scale introduction of new varieties of foodgrain: summary of conclusions of a global research project", Report No. 74 (Geneva, 1974).

²⁴ Shyam B. L. Nigam, *op. cit.*, pp. 21-22.

²⁵ H. Chenery and others, *Redistribution with Growth: An Approach to Policy* (London, Oxford University Press, 1974), p. 271.

that may be encountered when minimum wages are used to raise low wages are well known and have made this approach to relieving poverty a matter of continuing controversy. Perhaps the most fundamental concern has been that if minimum wages are raised too high, employment will be adversely affected. There has been a concern that minimum-wage regulation may indirectly add to poverty by inducing more urban migration and worsening the urban-rural income gap.²⁶ This has been the case in Africa and in other countries as well. In some cases, minimum wages caused employers to opt for capital-intensive production; costs were then passed on in the form of higher prices. The purchasing power of unprotected consumers is often adversely affected under such conditions.

Policies to relieve inequities in the distribution of income and consumption among different regions of a country are quite varied, with many countries continuing to concentrate their developmental investment on one or two key urban centres. Nevertheless, rural development, particularly through area-based projects, is being undertaken in most countries. Methods are also being sought to reorient agricultural policy to ensure greater benefits to small farmers. Resettlement schemes and the creation of new towns and villages or reinforcement of existing growth poles have been undertaken with varying success. It is known that institutional and administrative development are lagging behind in many countries. The disruption of traditional practices has often proved to be a stumbling block to rural development projects in the absence of participation by the local population in planning and implementing the project. Migration from rural areas, particularly by the youth, continues in most countries as noted in chapter I of the present report, imposing pressures for employment and services in urban centres.

²⁶ Shyam B. L. Nigam, *op. cit.* See also J. du Greeny and C. Horgan, "Factors affecting migration and implications for population redistribution policies and programmes", paper prepared for the FAO/ASEAN Technical Workshop on Migration in Relation to Rural Development in ASEAN Countries, November 1977.

Many countries have also experienced an increase in the number of people in rural areas dependent on wage employment or on subsidies for production or fulfilment of social needs. On the whole, the need extends well beyond the capacity of most countries to provide more basic services or jobs for their expanding populations.

Although fiscal policies have gained somewhat in importance during the decade as an instrument for affecting the distribution of income in developing countries as well as a means of collecting resources for governmental programmes, they have remained limited in influence. As a short-range goal, there have been some efforts to achieve a fairer distribution of the tax burden, leaving improvements in the over-all distribution of income through the fiscal system for long-range strategies. Even in attempting to redistribute the tax burden, countries are faced with a number of obstacles, including tax evasion, tax shelters and other loopholes, such as the flow of capital out of a country beyond the effective tax net of the country.²⁷

The proportion of direct and indirect taxes in the total tax levy is important from the standpoint of income distribution. Given the narrow tax base in developing countries with a *per capita* gross domestic product of less than \$200 per annum, it is not surprising that direct taxes amounted to less than 25 per cent of total taxes in 1970 and 1975, and to less than 3 per cent of the gross domestic product (see table 12). Indirect taxes, on the other hand, rose from 9 per cent of GDP in 1970 to 11 per cent in 1975. As *per capita* product increases, the share of direct taxes in total taxes increases. In countries with an income of between \$400 and \$1,000 *per capita*, it averaged around 40 and 46 per cent in 1970 and 1975. In 1975 in the richest countries direct taxes represented around 70 per cent of total taxes and 18 per cent of the gross

²⁷ A. C. Harberger, "Fiscal policy and income redistribution", in C. Frank and R. C. Webb, *Income Distribution and Growth in the Less-Developed Countries* (Washington, D.C., Brookings Institute, 1977), pp. 259-280.

TABLE 12. DIRECT AND INDIRECT TAXES AS SHARE OF GDP IN GROUPS OF COUNTRIES AT DIFFERENT LEVELS OF ECONOMIC DEVELOPMENT, 1970 AND 1975

Country group ^a	Direct taxes as percentage of total taxes		Indirect taxes as percentage of total taxes		Direct taxes as percentage of GDP		Indirect taxes as percentage of GDP		Total taxes as percentage of GDP	
	1970	1975	1970	1975	1970	1975	1970	1975	1970	1975
I. Countries with <i>per capita</i> GDP in 1970 of less than \$200	21.1	21.6	78.9	78.4	2.4	3.0	9.1	10.8	11.5	13.8
II. Countries with <i>per capita</i> GDP in 1970 of \$200 or more but less than \$400	33.1	32.4	66.9	67.6	4.5	4.7	9.0	9.8	13.4	14.5
III. Countries with <i>per capita</i> GDP in 1970 of \$400 or more but less than \$1,000	39.2	46.6	60.8	53.4	4.6	5.8	7.2	6.7	11.8	12.5
IV. Countries with <i>per capita</i> GDP in 1970 of \$1,000 and more	69.6	70.5	30.4	29.5	18.0	18.0	7.9	7.6	25.8	25.6

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on data from various international and national sources.

^a Excluding centrally planned economies because of lack of data on gross domestic product. As compared with table 2 of

chapter 1, which includes 136 countries, the present table is based on data for 67 countries distributed as follows in each group: group I: 16; group II: 17; group III: 13; group IV: 21. The oil-exporting countries are excluded because of difficulties in separating direct and indirect taxes.

domestic product. Based on the assumption that direct taxes are generally progressive and indirect taxes regressive, it seems that in situations reliant largely on indirect taxes, low-income groups in the low-income developing countries are hardest hit by taxation. This generalization has been examined in tax incidence studies carried out in about 23 countries. The results suggest that in about half of the countries where studies were carried out, "the tax system was at least mildly progressive, with the remainder exhibiting proportionality or even regressivity over some ranges of the income distribution".²⁸

As noted earlier, in most developing countries direct income transfers have been applied in only a limited way to meet the needs of low-income groups. Nevertheless, social security systems have been growing in importance, particularly in a number of Latin American countries. The coverage has been expanded in several of them to include rural workers and the self-employed. In the early part of the decade, most low-income developing countries spent less than 2 per cent of their gross domestic product on social security benefits, while the middle-income countries spent from 2 to 6 per cent.²⁹

By the mid 1970s, a domain which was receiving special attention in relation to low-income groups in many developing countries, particularly in Asia and Latin America, was food/nutrition. Evidence has been put forward demonstrating that children suffering from malnutrition, particularly in infancy, can be debilitated for life. A large proportion of malnourished youngsters apparently come from households with low incomes, and malnutrition is most pronounced in low-income countries. Low-income groups often subsist on as little as 50 per cent of the recommended FAO daily calorie requirement.³⁰ However, it should be noted that calorie intake alone is not necessarily determined by level of income. According to a study made in Kerala, India, variations in *per capita* calorie intake reflect *per capita* availability of cereals and cereal substitutes. In a study of Somalia, results suggest that calorie intake is not predominantly determined by levels of income but by other factors including availability of appropriate food-stuffs.³¹ Calorie intake may also be correlated with eating habits and preferences. Some nutrition studies also suggest that long-term effects of malnutrition in early childhood may be damaging to an individual's lifelong capacity to function.³²

To directly combat malnutrition, a number of countries have stepped up feeding programmes for vulnerable groups, such as children and lactating mothers. Apart from providing special services for the malnourished, some countries—Bolivia, for example—have been seeking to improve the system of nutritional education. In a number of African and Asian countries, emphasis has been placed on the acceptance of new

foods and beverages, especially those with a high protein content, and on changes in methods of harvesting, storing and preparing foods in order to preserve their nutritional content.³³

Other policies indirectly affecting the nutrition of low-income groups have been implemented. For example, in India, agricultural policy has been based on the selection of regions for food-grain production on the assumption that those regions should produce a large supply of food-grains and that market forces would make required supplies available to food-deficit regions. The poor in rural communities, however, have found it difficult to attract supplies of food-grains from a distance after covering market costs and distributive margins. Special measures have, therefore, been required to raise local food production and/or to import or distribute food in the countryside through a public distribution system on a non-commercial basis, as has been done in Kerala, India. Improved systems for distributing food to poorer areas or areas suffering from drought or other natural hindrances to food production have been introduced in a number of countries. Such systems were a focus of attention in the mid 1970s when crop failure was widespread in parts of the African Sahel. The problem is, however, far from being solved.

Transfers in kind through the use of public expenditures on various social services, such as education and health or, for example, on subsidized food for distribution have been undertaken as part of the strategies of developing countries to raise living standards and develop human resources. As such, these have played a role in the redistribution of income. For the most part, however, as the next chapter indicates, the benefits from such expenditures have accrued largely to the upper and middle groups in most developing countries. Access to most social services has been affected by family income as well as by such factors as lack of information, social and cultural alienation, and the geographical location of clients in relation to services.³⁴ In some countries, there have been serious efforts made to identify the actual beneficiaries of public programmes as well as to assess the hidden costs of services to the consumer in order to find innovative ways to reach the poorest members of society. However, given the magnitude of poverty in developing countries, such targeting of resources has differed widely from country to country and from sector to sector.

Developed market economies

In meeting the challenge posed by the inflation and high rates of unemployment which prevailed in the mid 1970s, most developed market economies have sought to narrow disparities in income distribution and taxation in order to have a relatively equal sharing of burdens. The issue of income distribution is politically sensitive and, particularly in countries where the real incomes of upper social groups are not well known,

³³ "Planning for development: goals and policies of developing countries for the second half of the 1970s", *Journal of Development Planning*, No. 11 (United Nations publication, Sales No. E.77.II.A.14), p. 19.

³⁴ See, for example, Vito Tanzi, "Redistributing income through the budget in Latin America", *Banco Nazionale del Lavoro Quarterly Review*, No. 108 (March 1974).

²⁸ Richard M. Bird, "Public finance and inequality", *Finance and Development*, vol. II, No. 1 (March 1974), p. 2.

²⁹ International Labour Office, *The Cost of Social Security: Eighth International Inquiry, 1967-1971* (Geneva, 1976).

³⁰ S. Reutlinger and M. Selowsky, *Malnutrition and Poverty* (Baltimore, Md., Johns Hopkins University Press, 1976), p. 17.

³¹ Michael J. Hopkins, *Somalia and Basic Needs: Some Issues* (Geneva, International Labour Office, 1978), pp. 23-24.

³² See, for example, Fernando Monckeberg, *Jaque al sub-desarrollo* (Santiago, Gabriela Mistral, 1974).

public opinion has been mobilized by political parties and trade unions to press for more information on actual distributions of income and wealth. A number of countries have stepped up efforts to obtain improved statistical information about excessive income inequalities.³⁵ New data on income distribution published by Governments and international organizations have generated considerable interest and controversy.³⁶

Yet the social pressure to modify the disparities in income has been frustrated somewhat by the economic constraints imposed by economic disruptions and stagflation. Most Governments are faced with the difficult problem of adjusting their distributive and redistributive policies in light of the changing economic situation. It is generally recognized that slowed economic growth has made the reduction of inequalities both more necessary and, at the same time, more difficult to achieve than in periods of prosperity.³⁷ Persons with fixed incomes have been hurt by inflation. The number of unemployed and the length of time of unemployment have grown, and transfers and public expenditures on social services have become increasingly high as a share of total national income. In the United States, for instance, the fraction of federal government expenditures accounted for by transfers to persons rose from 35 per cent in 1973 to 41 per cent in 1975. Part of the rise was due to higher rates of inflation, the direct federal funding of certain welfare programmes previously financed through grants, and the low levels of economic activity at mid decade, a higher cost of unemployment benefits and non-cyclical growth in real transfer payments.³⁸ In Japan, the economic growth rate recovered slightly at mid decade to 3 per cent in real terms, and personal spending jumped from 5.3 per cent over the previous year's 3.6 per cent. Employment also grew. Incomes, however, did not show any marked growth, although there were signs of recovery. Female earnings advanced more than other incomes as more women sought employment. Retired workers were hardest hit by the recession despite a rise in the old-age annuities paid by the Government. This in turn placed a greater burden on the youngest age group paying social security.³⁹

³⁵ European Coal and Steel Community, *et al.*, *op. cit.*, pp. 99-101.

³⁶ In July 1976 OECD published a study indicating that in 10 industrialized market economies the lowest and highest deciles of population were getting, on the average, 2.1 and 26.3 per cent, respectively, of post-tax income. The share of the lowest decile was 1.4-1.5 per cent in Canada, France and the United States, and 2.6 and 3.0 per cent in the Federal Republic of Germany, Netherlands and Japan. The share of the highest decile ranged from 22.2 per cent in Norway to 30 per cent in France, the Federal Republic of Germany and Italy. (See Organization for Economic Co-operation and Development, *Income Distribution in OECD Countries* (Paris, 1976).)

³⁷ See, in particular, *Rapport de la Commission inégalités sociales* (Paris, Documentation française, 1975). This report analyses, *inter alia*, the consequences for social inequality of two different rates of economic growth, i.e., 6 and 3.5 per cent.

³⁸ *Economic Report of the President*, transmitted to the Congress in January 1976 (Washington, D.C., Government Printing Office, 1976), p. 53.

³⁹ Government of Japan, *White Paper on National Life, 1976* (Tokyo, 1976), pp. 1, 77-78 and 127-128. See also R. O. Wada, "Changes in the size distribution of income in post-war Japan", World Employment Programme, 2-23 (Geneva, International Labour Office, 1974).

The steep unemployment at mid decade in the market economies has generated a wide array of measures to limit its extent and mitigate its effects. Those measures were summarized in the previous chapter. They range from wage subsidies to firms to plans to stimulate economic activities in lagging regions and policies to promote vocational education to retrain displaced labour or to train disadvantaged young people to help raise earnings potential. Also, the system of paid on-the-job training with contributions from public funds has increased, particularly where it is accompanied by realistic prospects of employment by the beneficiary firms. On a regional level, the European Economic Community established a European Centre for the Development of Vocational Training to serve member States.

As a result of such measures, unemployment, although causing hardship and insecurity, is no longer a major cause of poverty in most developed market economies, and relative poverty is more likely to be found in families headed by someone who cannot work because of ill health, old age or domestic responsibilities, among part-time workers and those employed permanently in low-wage occupations.⁴⁰ Several countries that set official minimum levels of income or poverty lines as bench-marks to guide policy have found that a large number of households continued to live below the national poverty line (in some cases nothing more than the criteria of eligibility of granting social aid), as can be seen from table 13. The national

TABLE 13. NATIONAL POVERTY LINES IN SELECTED DEVELOPED MARKET COUNTRIES

Country and year	Proportion of population below poverty line	Poverty line as percentage of private disposable income per capita		
		For one person ^a	For two persons ^a	For a family of four
Australia (1973)	8.2	65.1	87.1	122.2
Belgium (1972) ^b	14.4	56.3	92.3	131.0
Canada (1972)	15.1	74.7	124.4	174.2
France (1972) .....	...	29.8	59.6	92.7
Ireland (1971) ^b	24.0	62.0	103.4	166.3
United Kingdom (1972)	13.2	78.4	112.5	154.3
United States of America (1972) ...	11.9	63.0	81.3	123.7

SOURCE: Organization for Economic Co-operation and Development, *Public Expenditure on Income Maintenance Programmes* (Paris, July 1976), p. 65.

^a Non-retired.

^b Private estimates.

poverty lines, in the early 1970s, for seven market economies, i.e., Australia, Belgium, Canada, France, Ireland, the United Kingdom and the United States, range from 30 to 79 per cent of the average *per capita* household disposable income of a single non-retired person. For households with two persons or more, the

⁴⁰ It was less likely among the temporarily unemployed who received generous benefits and who belonged to families having two or more members working. *Economic Survey of Europe in 1975* (United Nations publication, Sales No. E.76.II.E.1), p. 20.

TABLE 14. PRE- AND POST-TRANSFER INCOME DISTRIBUTION
IN SELECTED MARKET ECONOMIES

Country and year	Share in pre-tax pre-transfer income		Share in post-tax post-transfer income		Transfers as percentage of post-tax income	
	Lowest decile	Highest decile	Lowest decile	Highest decile	Lowest decile	Highest decile
Canada (1972)	0.3	28.0	1.0	26.5	72.0	2.2
Sweden (1972)	-0.2	28.8	4.1	20.3	113.9	6.9
United Kingdom (1973) ..	0.4	26.7	2.1	24.7	81.8	1.7
France (1970)	1.0	33.7	1.9	31.1	83.5	5.4
Germany, Federal Republic of (1969)	0.8	27.3	2.3	24.4	72.2	7.2
Norway (1970)	0.6	26.3	1.7	24.4	65.0	2.1
Spain (1973-1974)	0.0	29.9	4.4	26.4	100.7	2.7

SOURCE: Malcolm Sawyer, "Income distribution in OECD countries", *OECD Occasional Studies* (July 1976), pp. 34-35.

range of variation was from 60 to 125 per cent.⁴¹ The relatively low poverty line indicated for France in table 13 is quasi-official and has since been raised. Over-all, the proportion of the poor in the total population in the seven countries listed in table 13 was substantial. It ranged from 10 to 25 per cent. These figures are, however, derived from different concepts and definitions; as such, they are not strictly comparable.

Since the national concepts and definitions used to establish a poverty line vary greatly, OECD calculated a "standardized" relative poverty line showing that "poverty, in the sense of relative economic (as well as social and cultural) deprivation, may affect from 10 to 15 per cent" of the population in the OECD countries.⁴² Absolute poverty has been declining fairly rapidly, while relative poverty has remained a significant social phenomenon.

Income maintenance payments, including transfer payments on account of old-age pensions, child allowances, sickness or unemployment benefits and social assistance or welfare, have been used in most developed market countries to improve the situation of the poor. It can be seen in table 14 that these transfers, at the beginning of the 1970s, contributed significantly to a reduction of income disparities in the seven countries for which data were available. The share in post-tax post-transfer income of the lowest decile of the population in the early half of the decade was above 2 per cent in four of those countries, i.e., Federal Republic of Germany, Spain, Sweden and the United Kingdom, and thus far above the corresponding figure for pre-tax pre-transfer income. The share of the highest decile was, after taxes and transfers, reduced by more than 2 percentage points in the Federal Republic of Germany, France, Spain and Sweden. In the OECD countries as a whole, it is estimated that income maintenance payments in the early 1970s represented from one half to two thirds of the total income after transfers of the bottom income quintile. These results were obtained with a ratio of income maintenance expenditure to gross domestic product close to 8.5 per cent in the OECD countries around 1973 and a rapid

increase of this share between the early 1960s and the early 1970s. Such increases have not always been progressive because the over-all progressivity of direct taxes has in some cases been offset by the regressivity of indirect taxes and social security contributions. Hence, to counter the effects of taxation, a number of fiscal steps have been taken to promote greater social justice.⁴³ In the United Kingdom, income tax allowances, a higher minimum taxable income level and tax relief for large families were instituted around 1976. In the same period, Belgium introduced, *inter alia*, full indexation for low incomes. France has introduced new taxes on assets and a capital gains tax. In Denmark, basic allowances have been raised and taxable income brackets widened. Italy has increased taxes on dividends and tightened controls. At the same time, in some of the developed market economies the level of taxation is considered to have reached its upper limit, close to being a disincentive for individual initiative. In others, the over-all level of growth is not high enough to generate enough public resources to pay the rising costs of the transfer system. The need for efficiency stems not only from the rising over-all costs of transfers in the national budget produced by higher levels of unemployment but also from rising expectations and new policies. Table 15 shows the growth in the proportion of national income devoted to social benefits in seven countries of the European Economic Community. The figure is over one fifth in every case and reaches almost one third in the Netherlands and the Federal Republic of Germany by the mid 1970s.

Thus, in most industrialized market economies, there has been a growing inclination to achieve social justice through more redistributive efficiency by focusing policies on social groups at the very bottom of the income scale. One approach has been to streamline the administration of existing income maintenance programmes through selectivity of social benefits and services. To reach the poorest segments of society, transfers in kind—for example, food stamps and subsidized pharmaceutical products—have been made available free or at lower cost.

The debate over governmental responsibility to guarantee a minimum amount of resources to citizens

⁴¹ Organization for Economic Co-operation and Development, *Public Expenditure on Income Maintenance Programmes*, (Paris, July 1976), pp. 64-65.

⁴² *Ibid.*, p. 68.

⁴³ Although social justice is a concept different from income equality, there is a growing tendency to interchange the two terms.

TABLE 15. SOCIAL BENEFITS AS A PERCENTAGE OF NET NATIONAL DISPOSABLE INCOME

Year	Belgium	Denmark	Federal Republic of Germany	France	Italy	Netherlands	United Kingdom
1970	19.3	21.3	23.2	20.1	18.7	21.8	17.1
1975	24.2	28.8	30.6	22.9	24.1	30.1	20.1

SOURCE: European Coal and Steel Community, European Economic Community, European Atomic Energy Community, *Report on the Development of the Social Situation in the Communities in 1976* (Brussels, 1977), pp. 224-225.

has gained in intensity in the face of escalating costs. A traditional instrument, the minimum wage, is viewed as only one instrument for guaranteeing minimum levels of living. The ILO defined the purpose of minimum wage fixing as follows: "Minimum wage fixing should constitute one element in a policy designed to overcome poverty and to ensure the satisfaction of the needs of all workers and their families. The fundamental purpose of minimum wage fixing should be to give wage earners the necessary social protection as regards minimum permissible levels of wages."⁴⁴ However, minimum wage policy has not provided a complete solution to the problems of the working poor in market economies. It applies to wage earners only and is not relevant to the self-employed; it is often difficult to enforce minimum wage laws, and the minimum wage is sometimes not sufficient to meet the needs of families with many dependants.⁴⁵

Innovative proposals to guarantee income have included negative income taxes in the United States, a tax credit system in the United Kingdom, an income support and supplementation programme in Canada and a minimum subsistence security programme in Belgium. A few countries have also considered ways to limit incomes at the upper end of the scale. Several, for example, have reformed their tax provisions to remove loopholes which particularly benefited high-income groups. In the Netherlands, a fixed ceiling on earnings, or "maximum income", has been discussed. Indexing of wages has been modified in Belgium, Italy, France and Denmark to curb wage increases even where a sliding-scale system exists. An additional, and often major, objective of these policies has been to combat inflation. Austerity guidelines have also been applied in some countries to incomes other than wages, through such measures as price controls or freezes, the fixing of profit margins and professional fees, restrictions on rent increases and dividends.

Centrally planned economies

A major policy goal in the centrally planned countries of Eastern Europe since mid decade has been to narrow income differences between social groups, especially between workers and peasants and between blue-collar and white-collar workers, by affecting the distribution of primary incomes.⁴⁶ Full employment policies, as well as policies to systematically raise minimum wages, have been emphasized in this regard

as means for achieving a greater over-all balance between minimum and maximum incomes. In most centrally planned economies during the decade over-all expansion of real income has mainly been correlated with rises in real wages. The gap in earnings between wage earners and salary earners in both material and non-material (i.e., health, education, research) sectors has narrowed. One factor contributing to the narrowing gap has been the introduction of new minimum wage regulations. In the USSR, for example, the policy has been to raise the minimum wage more rapidly than the mean wage. In Poland the minimum wage has been adjusted to the current cost of living. The number of persons earning the minimum wage in the nationalized sector in Poland therefore dropped from 9 per cent of the total workers in that sector in 1970 to 1.9 per cent in 1974. The proportion of persons earning less than the minimum wage fell from 45.7 per cent to 25 per cent during the same period.⁴⁷ In most of the countries in this group, the increase in minimum wages and the accelerating growth rate of earnings in the middle-income groups of the labour force has contributed to a narrowing of occupational wage differentials among, for example, manual workers, engineers and administrators.⁴⁸ Of course, differentials remained because of different wage scales for different occupations and performance levels as well as because of differences in family size and composition. In addition, agricultural incomes have not kept pace with over-all increases in incomes, although successful efforts have been made to ensure greater income security in absolute terms to farmers.

Incomes policies in centrally planned economies have increasingly reflected the situation of women and the importance attached to their economic and social roles in society. Nevertheless, whereas the principle of equal pay for equal work has been recognized, some differential in average earnings of men and women remains, whether compared by skill, sector, occupation or educational standard. Measures to improve the working and living conditions of women have included the promotion of equal opportunities to receive benefits from the social consumption fund and the provision of facilities for saving time and effort normally spent on domestic jobs.⁴⁹ A further goal has been to expand the time available to women to improve their qualifications. For example, in Bulgaria the number of women with higher secondary educations of a specialized nature has grown proportionately over the past decade

⁴⁴ International Labour Organisation, recommendation 135, 22 June 1970, paras. 1 and 2.

⁴⁵ "Distribution of income..."

⁴⁶ "National experience in achieving far-reaching social and economic changes for the purpose of social progress: report of the Secretary-General" (E/1978/19).

⁴⁷ "Minimum levels of living and their role in social policy" (SOA/SEM/64/WP.1), p. 31.

⁴⁸ *Economic Survey of Europe in 1975*..., pp. 127-128.

⁴⁹ "National experience in achieving far-reaching social and economic changes..."

and is at present equal to that of men.⁵⁰ Related to the improvement in the income status of women has been the introduction of children's and family allowances to ensure incomes to mothers who stop work to care for their children at home. Some of the measures taken in this regard have also served to support policy objectives to increase population and in some cases can be linked to increases in the crude birth rate.⁵¹

Family allowances, largely aimed at the maintenance and upbringing of children, have played an important role in moderating income inequalities among families with varying numbers of dependants. By mid decade, family allowances had increased in most centrally planned economies. In Poland, for instance, family allowances were raised in 1975 for the first two children. In 1974 the Soviet Union increased allowances for families with a monthly income of 50 roubles or less,⁵² and in Bulgaria monthly payments for children rose by 16.2 per cent between 1970 and 1975.⁵³

These allowances are financed out of the public or social consumption fund. This fund is an important instrument for ensuring adequate incomes as well as standards of living to members of society. It generates resources for individuals and groups whatever their participation in social production. It provides old-age and disability pensions as well as various income-supplementing allowances. It also helps to ensure access to education, medical care and recreation. In the first half of the decade, social consumption in most centrally planned economies increased at a faster rate than personal consumption.⁵⁴ Table 16 depicts the average annual percentage change in social consumption funds in Bulgaria, the German Democratic Republic, Romania and the USSR.

TABLE 16. AVERAGE ANNUAL RATE OF GROWTH OF SOCIAL CONSUMPTION FUNDS IN SELECTED CENTRALLY PLANNED ECONOMIES^a

	(Percentage)	
	1966-1970	1971-1975
Bulgaria	9.0	7.4
German Democratic Republic ...	6.1	7.9
Romania	10.0	9.0
USSR	8.8	7.1

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat based on national statistics.

^a Figures are at current prices and include all transfer payments and payments in kind from the state budgets.

⁵⁰ Z. Zima, "Employment structure in centrally planned economies", paper submitted to the Economic Commission for Europe Seminar on Employment, Income Distribution and Consumption: Long-term Objectives and Structural Changes, held from 6 to 13 September 1977 (EC.AD/SEM.5/4) and "National experience in achieving far-reaching social and economic changes ...".

⁵¹ *Economic Survey of Europe in 1975* For example, between 1970 and 1975 the number of live births per thousand population rose from 15.9 to 20 in Czechoslovakia and from 14.7 to 18.4 in Hungary. Both countries have had active policies to support women at home with children.

⁵² *Economic Survey of Europe in 1975*, p. 129.

⁵³ "National experience in achieving far-reaching social and economic changes ...".

⁵⁴ *Economic Survey of Europe in 1975*, p. 129. See also *The Soviet Planned Economy* (Moscow, Progress Publishers, 1974).

Social consumption funds, which have financed changes in pensions and social security benefits, have affected a wide share of the population in centrally planned economies in recent years. Peasants in most of those countries now receive social security benefits closer to those of wage and salary earners. In several countries, pensions have also been extended to co-operative farmers along with guaranteed monthly incomes. In Romania farmers in areas other than co-operatives also receive higher pensions. Policies in this area have been implemented not only to affect incomes in the agricultural sector but also to slow emigration from rural areas and raise agricultural output. Minimum pensions for workers in all sectors were raised in a number of countries, i.e., in Bulgaria (1974), the German Democratic Republic (1972), Hungary (1975), Romania (1972), Poland (1974) and the Soviet Union (1971).⁵⁵ It should be noted that pensioners in the socialist countries do not lose their right to work. The provision of employment suitable for the aged is one aspect of social security policy in most of these countries.⁵⁶

Additional social consumption funds have been allocated to reduce regional differences in income and to provide especially for cultural development and improvements in infrastructure, including electricity and social security benefits. In the Soviet Union as well as in other countries, wages have been increased, as well as social facilities and amenities, in order to attract labour to remote areas. These incentives have been accompanied by the elaboration of average indices of levels of living for economic regions.

Despite increased social expenditure, however, many centrally planned countries have found that existing financial resources, even if specifically earmarked for lower-income groups, are not always fully used by those groups because of leakages caused by deficiencies in the functioning of local social and administrative services.⁵⁷ Increased attention has therefore been devoted to this problem in recent years by public authorities.

During the decade, changes in taxation policy have had effects on income and wealth in several countries in the region. Direct taxes have been introduced in Hungary and Poland on property above a certain value. In Poland, a wealth levy has been imposed. Taxes on low earnings have been abolished in Bulgaria. In Czechoslovakia pensions have not been taxed since 1976. Wage and salary taxes as well as the compulsory pension contribution paid by wage and salary earners were abolished in Poland in 1976. In 1977 Romanian workers were relieved of the responsibility of paying income taxes, and taxes on individual farm income in that country were reduced. With some exceptions, the abolition or reduction of taxes was

⁵⁵ *Economic Survey of Europe in 1975*, p. 128; also P. S. Mstislavsky, "The standard of living" in *The Soviet Planned Economy*

⁵⁶ Lev P. Yakushev, "Old people's rights in the USSR and other European socialist countries", *International Labour Review* (March/April 1976), pp. 243-256.

⁵⁷ See, for example, Stefan Ancerewicz, "Enklawy niedostatkaty" (Enclaves of indigence), *Polityka* (1975); and Susan Ferge, "On ways of life in Hungary", *Sociology and Social Research*, vol. 57, No. 21 (1973).

undertaken primarily for purposes of redistribution.⁵⁸ Indirect taxes levied in the form of a turnover tax on luxury goods, such as cars, high-quality textiles, shoes and other consumer durables, have tended to be more redistributive in nature. Subsidies have been applied to certain goods, such as children's clothing, for which large families in particular have a demand.

Consumer prices are increasingly being linked to indirect taxes in the centrally planned economies. The tendency is to maintain over-all price stability except in cases where a more flexible approach to price-fixing facilitates reductions in shortages of consumer goods and a greater equilibrium between supply and demand.⁵⁹ Price stability is increasingly supported by budgetary subsidies in most countries. "It was reported that in the German Democratic Republic, for every 100 marks spent on food by citizens, the State contributed an additional 27 marks in subsidies".⁶⁰ Price reductions have been introduced in the Soviet Union for certain goods. In Hungary consumer prices are at present linked more closely to production costs, thus bringing about increases in the 1976 consumer price index. To compensate for the increases, wage and salary earners and pensioners receive a monthly supplement, and social benefit allowances and scholarships have been increased by the same amount. Poland froze prices for basic food products. In Romania increases in consumer prices largely reflect price movements in imported raw materials.⁶¹ On the whole, centrally planned countries are seeking to diversify output of consumer goods as well as to meet consumers' requirements for better technical standards and quality.⁶²

As a tool for income distribution policy, a number of analysts in the centrally planned countries have recently discussed the uses of a "social minimum", or measurement of a minimum living standard expressed in monetary terms. The social minimum has been described, on the one hand, as an indicator of realistic aspirations which could serve as a general guideline and motor for social policy. As such, the minimum would be set at a relatively high level to take into account the dynamic growth of physical and social needs.⁶³ On the other hand, the social minimum has been defined as an amount of money necessary to

satisfy the minimum needs of a particular type of household, in the measure considered adequate at the current stage of the country's development.⁶⁴ In connexion with this debate, a Polish economist has suggested that if we are to have an efficient policy of income distribution, we must, first of all, know what the living conditions of the population are, and then define the social minimum.⁶⁵ It has been argued that by comparing a family's or household's average income with a defined social minimum it would be possible to identify those persons without adequate incomes or standards of living and elaborate programmes to remedy the situation. In 1970 such an analysis of social groups in Czechoslovakia indicated the following percentages of the persons concerned with resources below the social minimum: 63 per cent were members of families with many children; 30 per cent were retired persons with no dependent children and 7 per cent were economically active persons with no dependent children.⁶⁶ One result of this analysis in policy terms has been to step up efforts to equalize social assistance to families of different sizes.

By 1978 pessimism regarding the possibilities of bringing about changes in the short term, among and within countries, in patterns of income distribution and access to opportunities for employment and consumption was compounded by the lack of transformation of the international economic order, the persistence of rapid inflation, the trade difficulties of many developing countries, the pace of economic growth in many developed market economies and serious unemployment in various parts of the world. Developing countries still face formidable problems of poverty. In the developing world the pressure for a more equitable distribution of income among nations is accompanied by calls for greater self-reliance, requiring new measures to diversify production and involve the mass of the population in more efficient, income-generating activities. The ability of many developed market economies to cope with the plight of the poorer segments of society and undertake structural change is still open to question. The centrally planned economies, more sensitive than before to external economic influences, are still struggling for increased productivity in a context of full employment and relative equality. Trends and policies for the production and delivery of social services in the world must be seen in the light of these global developments.

⁵⁸ *Economic Survey of Europe in 1975* . . . , p. 129; and *Economic Survey of Europe in 1976* (United Nations publication, Sales No. E.77.II.E.1), part I, pp. 113-115.

⁵⁹ Z. Zima, *op. cit.*

⁶⁰ *Economic Survey of Europe in 1976* . . . , Part I, p. 116.

⁶¹ *Ibid.*, p. 117.

⁶² *Ibid.*, pp. 119-121.

⁶³ Leszek Zienkowski, "Maksimum o minimum" (Maximum or minimum), *Polityka* (March 1974); "Problemy miernikow poziomu zycia ludnosci", report of a symposium organized by Wiadomosci Statystyczne and held at Warsaw, 1974.

⁶⁴ Andrzej Tymowski, "Warunku by tu rodzin" (living conditions of families), *Polityka spoleczna* (1973).

⁶⁵ Z. Pirozynski, "Proporcje dochodow" (Proportions in incomes), *Zycie Gospodarcze* (March 1975).

⁶⁶ Miroslav Hirvsi, "Problems of social minimum in the socialist society", paper delivered at an international symposium on social policy held at Wieliko Tyrnovo, Bulgaria, in May 1975.

Chapter III

THE PRODUCTION AND DISTRIBUTION OF SOCIAL SERVICES

The provision of social services and amenities is seen as a major responsibility of public authorities in most countries of the world. The right to education, health, a decent environment and acceptable living conditions figures as prominently in international declarations and national constitutions as does the right to employment or freedom. This responsibility is a never-ending task, because the concept of "satisfaction" does not apply to the need for health, education or any other amenity socially recognized as an indispensable element of the well-being of individuals. It is not merely that social amenities are created to meet the demand for them; the supply of social services also creates the demand. More health facilities and new techniques to cure illnesses previously accepted with fatalism multiply the demand for health care. More schools for secondary education create the demand for higher education. The provision of day-care centres is a response to the needs of working mothers and also an incentive for women to seek employment. Urbanization, industrialization, demographic phenomena—for example, the aging of the population in developed countries and the increasing proportion of young people in developing countries—and such social trends as the weakening of family ties and the increasing role of women in professional life are among other factors explaining the continuously growing demand for a large variety of social services. Also, social benefits in cash and in kind are still seen by most Governments as a means of correcting inequalities in the distribution of primary income. Since, as indicated in the preceding chapter, this distribution remains fairly constant over long periods in spite of deep changes in economic, fiscal and other policies, the demand for redistributive measures through the provision of social benefits is expanding in a majority of countries.

The production of social services and amenities is, of course, a costly activity which raises a number of policy issues. When expenditure on social services represents more than, say, half the public budget of a country or 20 per cent of its gross domestic product, questions on the effectiveness of conventional delivery systems are bound to be raised. Inequity in the distribution of facilities and resources and the inaccessibility of services are other policy issues in countries at all levels of development and with different socio-economic systems. Since the levels and mechanisms of inequity in the consumption of social services overlap and reinforce other sources of socio-economic inequality, notably patterns of distribution of income, power and employment, Governments attempt to devise integrated strategies for reducing poverty and inequality. The escalation of the cost of social services and the size of vulnerable population groups underscore the search for alternative strategies and new cost-effective pro-

grammes in the provision of basic services and amenities.

In this respect, in developing countries, particularly those with low incomes, the planning and programming of social services stresses the need for adapting the technology and delivery systems to local conditions. In developed market economies, the emphasis is on regulating the cost of social services and on introducing reforms in methods of financing, particularly for health, social welfare and housing. In the centrally planned economies, improvement in the quality of services is a general policy concern.

These various policy issues are recurrent. They were, however, exacerbated in many regions around the mid 1970s by the deteriorating general economic situation. Unemployment, inflation, lagging agricultural production, and increased poverty in certain areas are some of the prominent problems of recent years which have provoked both a greater need for compensatory social benefits and a greater incentive for questioning traditional social policies.

The following sections first summarize the salient features of living conditions and then discuss some issues relating to sectoral social policies.

MAIN FEATURES OF LIVING CONDITIONS

Health

As noted above, the over-all picture of trends in world mortality is one of modest improvements and persistent differentials among regions. Almost all of the reductions in crude death rates occurred in developing areas, particularly in South Asia and Africa. Yet, life expectancy at birth continued to range from 42 years in some African countries to 73 years in developed European countries. Similarly, infant mortality is still five to six times higher in developing than in developed regions. While a large part of such international differentials in mortality levels is due to over-all inequalities in standards of living, the prevalence of specific diseases closely associated with poor environmental sanitation remains an important factor. Mortality and morbidity patterns of developing regions are dominated by major tropical and infectious diseases and epidemics. Even in those developing countries that have relatively low mortality levels, influenza, viral infection, bacillary dysentery, amoebiasis and other diarrhoeal diseases—resulting primarily from poor sanitary conditions—are the prevalent causes of sickness and death. By contrast, in the developed regions cardiovascular diseases associated with a strenuous style of life and an unbalanced diet are the leading causes. According to a World Health Organization study, heart diseases alone accounted for over 30 per cent of all deaths in

12 out of 27 developed countries at the beginning of the 1970s. In 25 of those countries, cerebrovascular diseases were the third highest cause of death and, together with heart diseases, accounted for over 44 per cent of all deaths. Among the age group 65 years and over, the proportion of deaths due to cardiovascular diseases was generally over one half.¹

Progress in the control of some infectious diseases and better understanding of the factors associated with cardiovascular diseases have led to improvements in the control, early diagnosis and treatment of some of those major causes of death, in both the developing and the developed regions.

The treatment of smallpox has been known for centuries, but knowledge of its epidemiology is quite recent. In connexion with internationally assisted national eradication programmes launched in 1972, methods of detection and control have been improved and have contributed to the eradication of the incidence of *variola major* since 1975.² Cases of confirmed *variola minor*, however, occurred in 1975 and 1977 in some African countries.³ The number of countries reporting cholera outbreaks declined from 36 in 1970 to 30 in 1975 and 25 in 1977.⁴ Although cholera fatality rates have been significantly reduced, its wide geographical incidence and importation to areas outside cholera focus areas in Africa and South Asia testify to the prevalence of risk conditions and dangers of spread. The scope of technical co-operation in monitoring and controlling the incidence of cholera has expanded, and both international and national mechanisms for assisting cholera-prone victims of droughts and natural disasters have been strengthened. In addition, the participation of health professionals of many countries in interregional seminars on the treatment and prevention of cholera has increased, and subsequent courses for national medical and auxiliary staff have been organized and are expected to contribute to public education on the causes and prevention of cholera.⁵

About 1 billion people in the developing areas are at risk of contracting one of six tropical diseases—malaria, schistosomiasis, filariasis, trypanosomiasis, leishmaniasis and leprosy. For some of these, present methods of control and treatment are either inadequate or impracticable in terms of the financial and skilled manpower resources required. For others, curative treatment with chemoprophylaxis is non-existent, dangerous or losing its effectiveness. However, recent scientific advances, notably the successful growth of human malaria parasites *in vitro* and the cultivation of the mycobacterium causing leprosy in other than human host, have opened up the prospects for develop-

ment of simple diagnostic techniques and improved methods of vector control.⁶

The reported incidence of malaria, the most prevalent of tropical diseases, has generally corresponded to the size of regional and national populations at risk, and the situation has been deteriorating. In 1975 in 10 out of 21 African countries, malaria ranked highest or second highest among all infectious diseases, in terms of the number of reported cases.⁷ About 30 per cent of the consultations in health centres and 10 per cent of the admissions to hospitals were concerned with malaria. It is estimated that around 1 million children in the region died of it each year.⁸ In South East Asia, about 15 per cent of the people live in areas where there are no specific anti-malaria measures. The disease has also re-emerged as a major public health problem, particularly in Burma and Sri Lanka. In Bangladesh and Singapore, malaria transmission has increased. The number of cases rose dramatically in India—from 100,185 in 1965 to 2,482,471 in 1974 and 4,200,000 in 1975.⁹ In Colombia, El Salvador, Haiti, Honduras and Nicaragua, vector resistance and the number of reported cases have increased, and the incidence of the disease has continued to be high in Bolivia, Brazil and Peru.¹⁰

Floods, increases in vector resistance and the spiralling costs of insecticide and anti-malaria drugs have generally hampered the effectiveness of malaria eradication programmes. But, with the increased recrudescence of the disease, the scope and approaches of anti-malaria programmes have been expanded or revised to emphasize and improve epidemiological and evaluation studies and the training of professional anti-malaria personnel.

New irrigation systems and inadequacies in urban sewerage have contributed to the persistence and increase of schistosomiasis and filariasis in some developing countries. The infection rates of those diseases have, however, been obscured because their symptoms are difficult to detect, and schistosomiasis in particular tends to be found more frequently in rural communities where reporting on health conditions is inadequate.

A decrease in the number of deaths from heart disease and stroke has been apparent in developed countries in recent years.¹¹ In the United States of America, for instance, programmes for the detection and treatment of high blood pressure were initiated in 1973, and the death rate due to stroke was 10 per cent lower in 1975 than in 1973. In contrast, the mortality rates and the proportion of deaths ascribable to cancer (neoplasm) have continually increased within the past century in the developed countries.¹² Some

¹ "The ten leading causes of death for selected countries of North America, Europe and Oceania, 1969, 1970 and 1971", *World Health Statistics Report*, vol. 27, No. 9 (1974), pp. 563-652.

² S. O. Foster, "Smallpox eradication: lessons learned in Bangladesh", *WHO Chronicle*, vol. 31, No. 6 (June 1977), p. 245.

³ "Smallpox surveillance: status at midyear", *WHO Chronicle*, vol. 31, No. 9 (September 1977), p. 377.

⁴ Twelve countries in Africa, 12 in Asia and one in Oceania.

⁵ World Health Organization, *The Work of WHO, 1975* (Geneva, 1976), p. 77.

⁶ "Report of the Director-General to the Thirtieth World Health Assembly on the work of WHO in 1976", *WHO Chronicle*, vol. 31 (June 1977).

⁷ Compiled from World Health Organization, *World Health Statistics Annual, 1977*, vol. III (Geneva, 1977).

⁸ *The Work of WHO, 1975* . . . , p. 89.

⁹ *Economic and Political Weekly*, vol. XI, No. 26 (June 1976), p. 947.

¹⁰ *The Work of WHO, 1975* . . . , p. 90.

¹¹ "The ten leading causes of death . . .", and *World Health Statistics Annual, 1977*, vol. I.

¹² *Cancer Incidence in Five Continents*, vol. I (Berlin, Springer Verlag, 1966).

forms of cancer may, however, be declining. Mortality due to the cancer of the cervix fell significantly during the past decade in those developed countries in which screening was first introduced.¹³ The establishment of a network of national and regional disease surveillance centres and greater international co-operation in research on the clinical development of cancer, together with the search for simpler and more effective immunization and screening methods of high-risk populations, are indicative of the new emphasis on preventive health care.

Trends in the incidence levels of major childhood diseases and changes in the primary causes of infant mortality reflect the uneven progress made in their control. In the developed countries, accidents are the major cause of infant mortality, while improvement in the treatment of congenital anomalies and care for premature babies has reduced the level of neo-natal mortality. High incidence rates of measles and, to a less extent, whooping cough and tuberculosis are, however, still common. The incidence of poliomyelitis, a disease that has been declining since the introduction of poliomyelitis vaccine in the early 1950s and the wide use of live oral vaccine between 1961 and 1965, was reduced to near zero levels in 1975 in industrialized countries. While in Africa the incidence of polio increased in over half the reporting countries during the period 1951-1975, it changed little in South East Asia and, with the exception of Argentina and Chile where there were active immunization programmes, declined only slightly in Latin America.¹⁴

These changes in disease-specific mortality rates have resulted from the interplay of complex factors. Incidence levels and case fatalities have been reduced, but improvements in the reporting of the causes of death may mask the magnitude of progress achieved. The forces shaping the prevalence of clinical and sociological risk factors associated with degenerative diseases are difficult to assess. For instance, considerable progress has been made in early diagnosis and preventive and therapeutic methods of treating cancer and heart diseases, but in many countries individuals seem to respond to various psychological stresses with overconsumption of such products as tobacco, alcohol and drugs. Among members of the European Community, for instance, the annual consumption of cigarettes per adult increased between 1960 and 1973 from 1,570 to 2,730 in Belgium, from 1,470 to 1,850 in Denmark, from 1,630 to 2,610 in the Federal Republic of Germany, from 1,320 to 1,920 in France, from 1,280 to 1,930 in Italy, and from 2,760 to 3,230 in the United Kingdom. The total consumption of tobacco per adult reached 4.4 kilograms in 1975 in the Netherlands and 3.1 kilograms in the Federal Republic of Germany, as compared with 3.9 and 2.5 kilograms, respectively, in 1960.¹⁵ The use of tobacco by women seems to have significantly increased in many parts of the world. The consumption of alcohol is also rising. Using again the

example of European countries, the annual consumption of wine per adult declined in the two high-consumer countries, France and Italy, but increased in the other members of the European Community between 1962 and 1974.¹⁶ In all these European countries the consumption of alcoholic beverages other than wine increased. Little is known about the contribution to degenerative diseases of suspected environmental factors and diet-based risk factors such as high levels of cholesterol and other fats in the blood. It has been noted, however, that the consumption of meat, white sugar, oils and fats has been rising with level of living. The patterns of behaviour and life-styles of a growing number of people seem to contribute to an increase in the prevalence of multiple-risk factors and to some worsening in the incidence of degenerative diseases. At the same time, millions of people are still exposed to diseases and deaths closely related to poverty and underdevelopment.

Education

The total number of students enrolled in the world, excluding China,¹⁷ at the three main levels of education—primary, secondary and higher—rose from about 489 million in 1970 to 557 million in 1975, representing an average annual increase of 2.6 per cent. This rate was just about equal to that achieved during the period 1965-1970, but sharply lower than the 5 per cent annual growth achieved during the period 1960-1965. The slow-down in the rate of education expansion that began around 1966 is partly a reflection of the remarkable results in enrolment already achieved in a number of developing and developed countries. Between 1950 and 1970, the total number of enrolled students rose from approximately 73 million to 250 million in the developing world and from 148 million to 240 million in the developed countries. However, the relative decline in enrolment progress observed in recent years has coincided in many developing countries with the peaking of the demographic pressure for the school-age population. Thus, financial constraints and economic problems, combined with a questioning of the efficiency of educational systems, are restraining the move towards primary universal education in some developing countries or the expansion of secondary and higher levels of education in other developing countries.

At the primary level, enrolment rose in the early 1970s at an annual rate of 2 per cent. In a fifth of the developing countries, however, expansion of primary education was above 10 per cent a year. As a result, at mid decade, about 15 countries had an enrolment ratio for the first level below 50 per cent, whereas by 1970 22 countries were in that situation.¹⁸ In 1975, countries with a low enrolment ratio were found mainly in Africa. Countries with higher gains in education during the 1970s were Guinea-Bissau, Senegal, So-

¹³ *Ibid.* In 1973/74 the annual consumption of wine per adult was 147 litres in France, 133 in Italy, 27 in the Federal Republic of Germany, 19 in Belgium, 16 in the United Kingdom, 14 in Denmark and 13 in the Netherlands.

¹⁷ Data for China are not available.

¹⁸ An enrolment ratio expresses the total number of students enrolled at a given level of education—first, second or third—as a percentage of the total population in the corresponding age group (for instance, 5-14 years for the primary level).

¹⁴ Gerry B. Hill, "Mortality from malignant neoplasm of the uterus since 1950", *World Health Statistics Report*, vol. 28, No. 8 (1975), pp. 323-337.

¹⁵ "Worldwide picture of poliomyelitis from 1951 to 1975", *WHO Chronicle*, vol. 31, No. 9 (September 1977), pp. 380-381.

¹⁶ European Coal and Steel Community, *et. al.*, *op. cit.*, p. 210.

malia and the United Republic of Tanzania. Striving to achieve universal primary education, Nigeria launched a special programme in 1976. Nigeria, the United Republic of Tanzania and Zambia expect to provide universal primary education by 1980. A rapid increase in the number of pupils in primary schools was also common in Asia, particularly in the Arabian Peninsula. Countries of that region in which the primary enrolment ratio remained low in 1975 were Afghanistan, Bhutan, Nepal, Saudi Arabia and Yemen. In India and Bangladesh, the ratio was around 70 per cent in 1975. In Latin America, some countries, such as Brazil, Ecuador and Peru, which still do not have universal enrolment at primary level, expect to achieve this goal before 1980.

At the secondary and third levels, enrolment increased at an annual rate of 3.9 and 5.4 per cent, respectively, during the first half of the 1970s. Secondary enrolment had a particularly rapid growth in Africa, a continent where most countries had an enrolment ratio below 10 per cent in 1970. In Africa, Botswana, the Congo, Gabon, Ghana, Lesotho, Liberia and the Libyan Arab Jamahiriya doubled the number of enrolled pupils in secondary schools between 1970 and 1975. By 1975 two thirds of the Asian countries and half of the Latin American countries had achieved an enrolment ratio at the secondary level of above 20 per cent. Between 1970 and 1975, for the world as a whole, the number of countries with a low secondary enrolment ratio—10 per cent and under—dropped from 29 to 17.

The expansion of enrolment at the third level of education was even more spectacular in most developing countries. In half of them, the annual rate of increase was above 15 per cent between 1970 and 1975. The enrolment ratios rose during the same period from 1.7 to 3.4 per cent in Algeria, from 0.1 to 0.7 per cent in Benin, from 0.4 to 2.3 per cent in Gabon, from 3.1 to 6.5 per cent in the Libyan Arab Jamahiriya and from 7.9 to 12.8 per cent in Egypt. In the Caribbean and Latin America, ratios moved from 4.0 to 6.8 per cent in Barbados, from 10.3 to 17.2 per cent in Costa Rica, from 3.7 to 9.2 per cent in Cuba, from 3.3 to 7.7 per cent in El Salvador, from 6.6 to 17.9 per cent in Panama, from 14.2 to 28.1 per cent in Argentina, from 5.3 to 9.8 per cent in Brazil, and from 11.7 to 18.9 per cent in Venezuela. In Asia, at mid decade, enrolment ratios for higher education reached 3 per cent in Bangladesh, 2.5 per cent in Pakistan, 4.6 per cent in Iran, 8.4 per cent in Iraq, 10.6 per cent in the Syrian Arab Republic and 20 per cent in the Philippines. In most industrialized countries, this third-level enrolment ratio remained stable at around 20 per cent.

As a result of these differential rates of growth for the three levels of education, the proportion of pupils enrolled in primary education is declining (see table 17). The regional gap is nevertheless still striking. In Africa, 1.6 per cent of the school population was enrolled at the third level in 1975, as compared with 8.1 per cent in Europe.

Female enrolment as a percentage of total primary enrolment at mid decade reached 45 per cent in the world as a whole. No significant change has occurred since 1970, and only 1 percentage point was gained

TABLE 17. DISTRIBUTION OF PUPILS BY EDUCATION LEVEL (Percentage)

		First level	Second level	Third level
Africa				
1970	.....	86.3	12.5	1.2
1975	.....	83.6	14.8	1.6
Northern America				
1970	.....	51.8	33.9	14.3
1975	.....	46.0	36.0	18.0
Latin America				
1970	.....	77.9	19.2	2.9
1975	.....	78.6	16.7	4.7
Asia^a				
1970	.....	71.4	25.6	3.0
1975	.....	69.4	27.3	3.3
Europe and the USSR				
1970	.....	65.9	27.2	6.9
1975	.....	60.0	31.9	8.1
Oceania				
1970	.....	62.9	31.8	5.3
1975	.....	58.5	33.9	7.6
World				
1970	.....	69.1	25.4	5.5
1975	.....	66.9	26.9	6.2

SOURCE: 1978 *Compendium of Social Statistics* (to be issued as a United Nations publication).

^a Excluding China, Democratic People's Republic of Korea and Viet Nam, for which data are not available.

at the world level. The countries of Europe and the Americas have already achieved equality in this respect. In Asia and Africa, female enrolment was 41 per cent by 1975. Countries with low female enrolment ratio at mid decade included Yemen (12 per cent), Afghanistan (14 per cent), Oman (22 per cent), Bhutan (24 per cent) and Chad (25 per cent). In many countries, significant progress was, however, achieved after 1970. For example, the ratio rose from 5 to 24 per cent in Bhutan, from 9 to 35 per cent in Saudi Arabia, from 16 to 35 per cent in the Niger, and from 21 to 40 per cent in Nigeria. The situation is comparable at the secondary level: at mid decade female enrolment represented 43 per cent of total secondary enrolment in the world. Developed countries registered 49 per cent of female enrolment and Latin America 48 per cent, whereas Asia registered 36 per cent and Africa 34 per cent. In Arab countries, female enrolment was 32 per cent by 1975.

Education at the pre-primary level has also been expanding. During the first half of the 1970s, about 9 million children were enrolled in pre-primary schools; rising at an annual rate of 6.1 per cent, total enrolment at that level reached 35 million children. The corresponding rate of increase was 7.1 per cent in Latin America, 6 per cent in Africa and 5.2 per cent in the developing countries of Asia. Thus, a number of countries which have yet to achieve universal primary education have begun to accept responsibility for early childhood education, usually for five-year-old children and in some cases for four-year-olds as well. Countries with centrally planned economies also reported high rates of growth for enrolment at kindergarten level. In the German Democratic Republic, for instance, about 80 per cent of three-year-old children

were admitted to kindergarten in 1974. The Soviet Union also registered higher enrolment rates and is planning to accommodate an additional 2.5 million children during the period 1976-1980.¹⁹ In Romania, pre-school education has been integrated as a first stage into the general schooling system, and 73 per cent of the children three to five years of age have been enrolled.²⁰

Special education includes all the educational services provided to children with a mental, physical or social handicap which prevents them from attending an ordinary school. At the world level at mid decade, 4.9 million children were enrolled in special institutions under educational authorities or welfare programmes. Special education is, so far, a service provided almost exclusively in the developed countries; about 96 per cent of the children receiving special education are in industrialized countries. Recent trends in North America and Western Europe suggest a gradual move from separate institutions to a system whereby special education would be provided in ordinary schools so as to increase the integration of handicapped children into society.²¹ In the Soviet Union, special schools for the handicapped have been expanded, as have "forest schools" for children with poor health, where medical treatment and therapeutical physical culture are provided in addition to the ordinary school curricula. These schools are wholly maintained by the State.²²

As a result of educational efforts, the proportion of illiterate adults in the world declined from 44 per cent in 1950 to 39 per cent in 1960 and 34 per cent in 1970. It is estimated that by 1977 about 800 million people—one third of the world population—were still illiterate, 60 per cent of them being women. Africa, Latin America and, to a less extent, South Asia, remain the most affected regions. During the 1970s only a few countries launched or renewed campaigns to reduce illiteracy. One of the policy issues related to education is a reassessment of the methods used in literacy campaigns.

Housing

The total number of existing dwellings in the world is unknown. The information that is available shows that in 1970 half of the world population was housed in 463 million dwellings, at a rate of 257 units per 1,000 inhabitants. In the developed regions, the ratio was 315 dwellings per 1,000 inhabitants—around 365 in 1975—while in the less developed regions this ratio was significantly lower. The percentage of occupied dwellings with three or more persons per room is indicative of the quality of housing. The available information reveals that there were areas of excessive over-

crowding in all regions, with the exception of Europe and North America. In the nine countries of the European Community, the number of persons per dwelling was, on average, 2.74 in 1975, as compared with 3.29 in 1960. A number of countries reported that more than 40 per cent of their dwellings were occupied by three and more persons per room. El Salvador and Paraguay in Latin America, Morocco in Africa, and Sri Lanka in Asia are the countries with the highest degree of overcrowding, with 63.1, 49.2, 42.3 and 47.7 per cent of their housing occupied at a level of three or more occupants per room, respectively. In Europe, Yugoslavia had the highest figure: 9.2 per cent. Although generalizations made on the basis of the relatively scarce information could be misleading, available data do show that the rural areas have more overcrowding than the urban areas.

Currently, the world-wide urban housing deficit is estimated to be increasing at a rate of 4 million to 5 million units annually. In developing countries an estimated annual rate of 8 to 10 dwellings per 1,000 inhabitants would be required to meet the housing needs arising from the increase of population and from replacement requirements.²³ Such a rate was not achieved at the beginning of the 1970s in most developing countries and in 8 of the 22 developed countries for which information was available. The growth of slums and squatter settlements in numerous cities throughout the world is the most obvious indication of this housing deficit. In Africa, for instance, it has been estimated that, on the average, for each housing unit built in a city, 10 new families were immigrating from the rural areas.²⁴

The coverage and quality of water and sewage disposal systems are indicators of housing as well as social conditions. The contamination of water and its inadequate supply for personal hygiene and sewage disposal is a major contributing factor in the transmission of infectious diseases prevalent in developing countries, particularly in rural communities. A World Health Organization mid-decade (1975) survey of community water supply and excreta disposal in developing countries illustrates the scope of potential demand for such facilities. Data were collected for 97 countries in 1970 and for 79 in 1975. In 1970, on the average, community water supply was available to 67 per cent of the urban population and to 14 per cent of the rural population. This coverage rose to 77 per cent and 22 per cent, respectively, in 1975. Excreta disposal services were available to 75 per cent of the urban population and 15 per cent of the rural population in 1975, as compared with 71 and 11 per cent in 1970. Connexions to public sewerage systems actually decreased while pipe-borne water services to urban populations increased slightly.

A disparity between urban and rural areas also exists in developed countries. In Western Europe, 98 per cent of urban dwellings had piped water around 1973; in contrast, only 70 per cent of rural dwellings had that amenity. In the centrally planned economies

¹⁹ See USSR-1976 *Novosti Press Agency Yearbook* (Moscow, 1976), p. 201.

²⁰ See V. Niculescu, "The taste of school", *Romania Today*, No. 9-274, p. 24.

²¹ For changes in special education, see Organization for Economic Co-operation and Development, "Netherlands, countries for a future education system", *Review of National Policies for Education* (Paris, 1976), pp. 13-14; and United Nations Educational Scientific and Cultural Organization, *Case Studies in Special Education: Cuba, Japan, Kenya and Sweden* (Paris, 1974).

²² See USSR-Education (Moscow, Novosti, 1976), p. 15.

²³ *World Housing Survey, 1974* (United Nations publication, Sales No. E.75.IV.8), pp. 48 and 173-174.

²⁴ "Housing in Africa: problems and prospects", *Planning and Administration*, vol. 4, No. 1 (1977).

TABLE 18. INDICATORS OF LIVING CONDITIONS IN GROUPS OF COUNTRIES AT DIFFERENT LEVELS OF DEVELOPMENT, LATEST AVAILABLE YEAR^a

Health and nutrition																
Country groups ^a	Percentage of population with calorie intake below critical limit, 1974	Life expectancy at birth, 1970-1975	Infant mortality, 1970-1975	Population per physician, 1975	Population per hospital bed, 1975	Access to community water supply ^c		Percentage of urban population served by sewerage systems, 1975	Education							
						Percentage of urban population, 1975	Percentage of rural population, 1975		First level		Second level		Third level		Adult literacy ratio, c. 1970 ^e	
									Total	Female	Total	Female	Total	Female		
I. Countries with <i>per capita</i> GDP in 1970 of less than \$200 .	35	44	119	19,000	690	69	15	62	55	43	11	6	0.6	0.2	19	
II. Countries with <i>per capita</i> GDP in 1970 of \$200 or more but less than \$400	20	52	76	3,700	480	88	18	75	89	80	26	20	4.0	2.3	50	
III. Countries with <i>per capita</i> GDP in 1970 of \$400 or more but less than \$1,000	15	61	51	2,000	260	91	55	94	109	106	51	51	7.7	5.0	84	
IV. Countries with <i>per capita</i> GDP in 1970 of \$1,000 and more	...	71	19	670	105	...	...	...	104	103	75	73	20	16	99
V. Centrally planned economies of Eastern Europe and USSR .....	...	70	33	520	120	...	...	...	100	100	56	56	16	13	...

column 4: 115; column 5: 125; column 6: 64; column 7: 50; column 8: 51; columns 9, 10 and 11: 119; column 12: 83.

^cPercentage of urban population served by house connexion or public stand-posts, and percentage of rural population with reasonable access to water.

^dNumber of students enrolled as a percentage of the total population in the age group corresponding to the three levels of education.

^eNumber of persons knowing how to read and write as a percentage of the total population in the age group 15 years and over.

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on various international sources.

^aThe figures presented here are medians.

^bCentrally planned economies, for which gross domestic product data are not available, are shown as a separate group. Because of lack of information, the number of countries covered in the present table varies from indicator to indicator. For each indicator the number of countries is as follows: column 1: 55; columns 2 and 3: 101;

of Eastern Europe and the USSR, the corresponding figures were 83 and 21 per cent, respectively.²⁵

Summary of living conditions in groups of countries at different levels of economic development

A number of indicators of living conditions are presented in table 18 for groups of countries at different levels of *per capita* GDP. Although the data illustrate broad orders of magnitude rather than precise measures of conditions, they do bring out some important aspects of inequality in international development around the mid 1970s. Low-income countries (group I of table 18) had, on the average, 35 per cent of their population suffering from malnutrition and over 80 per cent from illiteracy. They would need to increase the number of physicians nearly tenfold and the number of hospital beds by almost two and a half times in order to reach the level of other developing countries whose modest *per capita* income ranged from \$400 to \$1,000 (group III of table 18). There was a difference of 17 years in life expectancy at birth between those two groups of countries and a more than twofold gap in infant mortality. Comparable differentials can be noted for enrolment ratios and access to basic facilities. The gap between the better-off developing countries (group III) and the developed market economies (group IV) has also remained large, except for enrolment ratios at the first level of education.

Notwithstanding the large gaps in some aspects of living conditions in countries at different levels of economic development, the low-income developing countries (group I) did make progress in the first half of the 1970s. For example, their female enrolment ratio at the primary level of education rose from 28 per cent to 43 per cent between 1970 and 1975. This change occurred in a context of over-all slow-down in the growth of primary school attendance which started in 1966. Also, the population suffering from undernutrition dropped slightly, from 24 per cent to 20 per cent, in the developing countries of group II, in spite of the food crisis of the first part of the 1970s. Some progress was also achieved in most developing countries in the reduction of infant mortality and the provision of health facilities.

While averages by groups of countries ranked according to *per capita* income are useful for broad international comparisons, they mask the fact that conditions vary significantly among countries within each group. For example, in the low-income countries constituting group I of table 18, the median adult literacy ratio was 19; however, the five Asian countries figuring in that group had ratios ranging from 36 per cent in India to 85 per cent in Sri Lanka. Similarly, the two Asian countries of group II had achieved at the beginning of the 1970s a level of literacy of around 90 per cent. In general, in the three groups of developing countries figuring in table 18, the difficult situation prevailing in Africa contrasted with the somewhat better conditions achieved in the other regions.

²⁵ World Health Organization, "Community water supply and excreta disposal in developing countries", *World Health Statistics Report*, vol. 29, No. 10 (1976), tables 2 and 3; and *Compendium of Housing Statistics, 1972-1974* (United Nations publication, Sales No. E/F.75.XVII.12).

SOME ISSUES IN SECTORAL SOCIAL POLICIES

The financing of social services

Public expenditure on social services continued to increase in most countries of the world in spite of the economic difficulties which characterized the first part of the 1970s, and the share of the public sector in providing those services seems also to have grown in all types of societies. Intertemporal and intercountry comparisons are hindered by discrepancies and differences in definitions of financing and systems of social services. Some of the data include the operations of central Governments only, whereas the contributions of state and local governments to the financing of social services are often important. Also, most of the data available combine current and capital expenditure, and a picture at one point in time can be distorted by the financing of particularly expensive programmes. It is not yet possible to give an average of comparable spending figures over a number of years for a sufficient number of countries. Yet, some useful generalizations can be derived using averages for country groups—since such averages tend to cancel out the distorting elements of data.

The relevant data relating to public expenditure on social services in the mid 1970s in groups of countries at different levels of development are presented in table 19. The proportion of total governmental expenditure on social services varies directly with *per capita* GDP. As GDP rises, public expenditure on social services also rises. The richest countries (group IV) spent more than half of their budget, or nearly 15 per cent of their domestic product, on social services. In marked contrast, the low-income developing countries (group I) were able to devote only a little more than one quarter of their governmental budget, or less than 5 per cent of their GDP, to such services.

Education is a major priority for public social spending in developing countries, and its share in budgets and GDP rises along with the increase in that product. Even the poorest countries devote, on the average, 2.6 per cent of their product *per capita* to this sector, compared to the average of 3.1 per cent for developed countries (group IV). The available information leaves little doubt that it is very difficult for the low-income countries to step up their expenditure on education. On the other hand, their needs remain great, for they still have low enrolment ratios, even at the primary level, and a low literacy rate.

Health is another priority for developing countries and its share of public resources grows with over-all wealth. Since expenditure on sickness represents the bulk of programmes for social security, the figures shown in table 19 for health and social security and welfare should be considered jointly. Developed market economies devote 8 per cent of their gross domestic product, or 28 per cent of their budget, to social security and welfare. Figures are even higher in the affluent European countries. In the Netherlands, for instance, around one quarter of the national income is channelled to individuals and families through social security and social welfare institutions. By contrast, the richest developing countries (group III of table 19) still have systems of social security with limited cover-

TABLE 19. PUBLIC EXPENDITURE ON SOCIAL SERVICES IN GROUPS OF COUNTRIES AT DIFFERENT LEVELS OF DEVELOPMENT, CIRCA 1975^a

Country group ^b	Expenditure on social services as percentage of total governmental expenditure	Expenditure by function as percentage of total governmental expenditure				Expenditure on social services as percentage of GDP			
		Social security and welfare	Education	Health	Housing and community services	Other social services	Social security and welfare	Education	Health
I. Countries with per capita GDP in 1970 of less than \$200	26.2	1.2	10.9	4.4	1.3	1.6	4.3	0.5	0.7
II. Countries with per capita GDP in 1970 of \$200 or more but less than \$400	35.0	5.3	16.5	6.6	1.7	1.6	5.1	0.8	1.2
III. Countries with per capita GDP in 1970 of \$400 or more but less than \$1,000	41.8	5.1	17.6	5.8	3.3	1.3	7.4	1.1	1.3
IV. Countries with per capita GDP in 1970 of \$1,000 and more	52.6	28.4	8.7	8.0	1.9	0.8	14.6	8.0	2.1
								3.1	0.5
									0.3

^a The figures presented here are medians. Only expenditures of central Governments are included.

^b Excluding centrally planned economies for which data on GDP are not available. As compared with table 2 in chapter I, which includes 136 countries, the present table is based on data for 47 countries distributed as follows: group I: 10; group II: 13; group III: 9; group IV: 15.

SOURCE: Centre for Development Planning, Projections and Policies, Department of International Economic and Social Affairs of the United Nations Secretariat, based on data from International Monetary Fund, *Government Finance Statistics Yearbook, 1977*, vol. I (Washington, D.C., 1977), and from various international and national sources.

age, and the low-income countries were able to devote only 1.2 per cent of their budget, or 0.5 per cent of their national income, to social security and welfare.

Although developing countries have made significant progress in creating or expanding financial institutions and programmes for housing, those arrangements are still at an early stage of development and serve the needs of only a small proportion of the population. An estimated 50 per cent of the urban and 80 per cent of the rural population in developing countries have few, if any, institutional channels through which to obtain financial assistance for housing. Shortages of capital and staff and the low level of economic development are the primary obstacles to the development of the needed finance systems. In those countries that have established funding institutions for housing, some changes in policy can be seen. Governmental funding of low-cost housing, for example, is being increasingly limited to the development of essential infrastructure. Other approaches include the setting up by Governments of housing co-operatives to finance and/or initiate housing construction.

A few developing countries which have a high *per capita* income, such as the oil-exporting States, have launched, on a large scale and through the provision of governmental finance, low-cost housing programmes in both urban and rural areas. Notable in this respect are the programmes of Bahrain, Kuwait, Iraq and Saudi Arabia.

The industrialized countries with market economies have developed complex systems to finance housing. In recent years, however, the involvement of public authorities in that activity has tended to diminish, while private initiative has been encouraged through the elimination or reduction of rent control. According to the present housing finance scheme of Austria, public loans amount to 45 per cent of total building costs; but the applicant's immediate individual contribution cannot be less than 10 per cent. In Sweden, the state system of housing finance has changed the structure of the housing construction sector and the pattern of ownership so that nowadays most buildings are owned by local authorities or housing co-operatives. In Finland, there has been partial financing—about a half—of new buildings by means of long-term, low-interest state loans. Out of the total dwellings completed in the United Kingdom in 1973, some 63 per cent were provided by private interests, over 34 per cent by public authorities, and 3 per cent by voluntary associations. Public housing authorities provide dwellings mainly for renting, while private interests build mainly for sale. In 1973, United States federal construction programmes represented 10 per cent of the \$130 billion total public and private construction.

These trends are reflected in table 19. In relative terms, public expenditure on housing is comparable in the four groups of countries. In 1975 the poorest countries spent 1.3 per cent of their budget on housing and community services, and the richest countries spent only 1.9 per cent.

In recent years, the share of investment resources allocated to housing in the centrally planned economies of Europe began to increase significantly. This has permitted an increase not only in the total number of

dwelling units constructed but also in their size and quality. The State still concentrates its housing efforts on meeting the needs of the lowest-income groups, but co-operatives are now providing an increasing amount of housing finance for a growing number of their members. Since the 1960s in virtually all the countries of the region, in addition to direct public investment and management of the housing activity, the State has been granting loans and bank credits to individual and collective housing construction. In Bulgaria, the loans granted by the State amounted to 50 per cent of the cost of the dwellings, to be repaid within 25 years at 2 per cent interest. Private construction—with or without state credits—in total housing construction varies from 10 to 20 per cent in the USSR, 25 to 30 per cent in Czechoslovakia and Poland, 60 per cent in Romania and more than 60 per cent in Hungary. In Hungary, more than half of the apartments in the country are privately built with substantial state loans. Since 1973, new credit conditions, supported by national savings banks, enable low-income people to build their own homes. In the USSR, co-operative and individual housing construction are on the increase; by 1973, there were some 16,000 house-building co-operatives with a total membership of 1.7 million.²⁶

Equity in the delivery of social services

It has been argued that "no generally accepted method exists to determine who are the beneficiaries of these (public) expenditures".²⁷ Yet, a number of country-specific and often sector-specific studies using empirical tools to assess the distributional effect of governmental expenditure have been made in recent years. They show the growing interest of Governments in this crucial issue.

A study undertaken in 1977 on public expenditure on health in countries members of the Organization for Economic Co-operation and Development cites a number of examples to support the conclusion that income redistribution in industrialized countries has significantly benefited from greater accessibility to, and use of, health care programmes by lower-income groups.²⁸ In surveying White Papers and other public policy documents concerning public expenditure proposals, OECD found that the reduction of inequality of access to, and use of, medical treatment to favour the poor was among the major justifications mentioned for such spending. To reach that objective, it was necessary for the public sector to assume a substantially increased role in the provision and delivery of health care, including subsidization of costs to the poorest consumers.²⁹ The report states that the concentration of many countries on selective programmes aimed at treating particular groups of people is more efficient in reducing inequality of health care distribution than are universal programmes which also benefit higher-

²⁶ Gennady Fomin, *Housing Construction in the USSR* (Moscow, Novosti, 1974), p. 50.

²⁷ Luc de Wulf, "Do public expenditures reduce inequality?", *Finance and Development*, vol. 11, No. 3 (September 1974), pp. 20-23. The article reviews 14 recent studies on the distributional impact of governmental expenditures in low-income countries.

²⁸ Organization for Economic Co-operation and Development, *Public Expenditure on Health*. Studies in Resource Allocation, No. 2 (Paris, 1977), pp. 44-48.

²⁹ *Ibid.*, p. 43.

income groups. A positive redistributive effect of public health outlays was observed in Canada, Sweden and the United Kingdom. In the United Kingdom, it appears that income redistribution has benefited more from health expenditure than from expenditure on housing, family allowances or education.³⁰

Such positive conclusions were not reached in a similar study on education completed in 1976.³¹ It emphasized the "practically impossible task" of measuring the qualitative as opposed to quantitative "output" of a service such as education. Some analysis can be made of improvements in literacy and enrolment. The lack of adequate data, however, impedes firm conclusions on the influence of public education spending on social equality. The OECD concluded that "it appears, on the scanty evidence available, that achievement has fallen short of expectations and that the education systems have not had a great impact in raising the chances of upward mobility of children in the lower income groups, let alone in trying to achieve some form of equality of result or attainment. . . . It appears, on the whole, that the benefits of expenditures have gone more to the middle classes than to less privileged social groups."³² In a study of public expenditures, taxes, and the distribution of income in the United States between 1950 and 1970, it was also concluded that income inequality among households, after taxes and benefits, had not significantly changed over the two decades, despite rapid growth in public expenditure.³³

In developing countries more than in rich countries, the distribution of health resources and facilities determines the accessibility and utilization of health services. Major hospital facilities are concentrated in large cities and in the most developed provinces. In order to increase the scope of rural health coverage, many developing countries, have established rural hospitals and health clinics, with the hope of upgrading them as resources become available.³⁴ Most patients visiting health facilities, however, tend to be from the immediate vicinity, largely because of the poor transportation often characteristic of rural areas. To a large extent, then, the area of influence of an out-patient health facility is limited by the distance patients are prepared to travel. A survey in Kenya revealed that 40 per cent of the out-patients attending a health centre lived within five miles; 30 per cent lived five to 10 miles away; and only 30 per cent lived more than 10 miles away. An Indian study showed that the

proportion of a community attending a dispensary decreased by 50 per cent for every additional half mile between the community and the facility. In another Indian study, over 60 per cent of the patients came from within one mile of the primary health centre. In Ghana, 80 per cent of the in-patients at the five major hospitals came from the urban district in which the hospital was located. Part of the low health coverage in developing countries for a majority of the population is also due to the concentration of physicians in major urban centres. In Thailand, only 32 per cent of the total districts have physicians who have the authority to diagnose and treat patients.³⁵ In Argentina in 1973 the ratio of physicians to the population in large-sized cities was 25.5 per 10,000; in the rest of the country it was 13.7 per 10,000. In Nicaragua, the comparable figures, in 1975, were 14.9 and 4.0; in Costa Rica, 16.4 and 3.1; in El Salvador, in 1972, 14.0 and 0.6; and in Guyana, in 1974, 10.5 and 0.6.³⁶

The migration of the most skilled health workers from rural areas to cities in developing countries and from developing to developed countries constitutes a major obstacle to the expansion and redistribution of health services in the developing countries. A recent WHO study sought to document the magnitude, direction and determinants of the international migration of physicians and nurses.³⁷ The 140,000 physicians who were in countries other than their countries of origin amounted to about 6 per cent of the world stock and exceeded the 1970 production by 25 per cent. While around 1972 about 75 per cent of all physicians (excluding those in China) were in developed countries, only 43 per cent of the migrant physicians originated there. The developing countries not only contributed a higher proportion of migrant physicians but received only 3 and 6 per cent of the migrant physicians from developed and developing countries, respectively. In general, physicians migrated from countries in which the ratio of physicians to 10,000 inhabitants was above the average ratio in countries with comparable GDP *per capita*; they migrated to countries in which the ratio of physicians to 10,000 inhabitants was below the average ratio in the developed world. Moreover, the stock of migrant physicians was largely concentrated in a few countries in both developing and developed areas. It seems also that the training of physicians and nurses in both developing and developed countries is still not fully relevant to the disease patterns and health needs of the majority of the world's population.

Despite increased spending by the public sector on educational services in developing countries, effective mass participation in educational opportunities does not seem to have been achieved in most cases.³⁸ Measures to improve the efficiency of educational output have often not kept up with the high rates of growth of educational facilities. For instance, while enrolment

³⁰ United Kingdom, Central Statistical Office, "Effects of taxes and benefits on household income, 1975", *Economic Trends* (December 1976).

³¹ Organization for Economic Co-operation and Development, *Public Expenditure on Education*. Studies in Resource Allocation, No. 2 (Paris, 1976).

³² *Ibid.*, p. 37. It is suggested that perhaps, given more time, educational efforts in those countries may achieve greater social mobility.

³³ Morgan O. Reynolds and Eugene Smolensky, *Public Expenditures, Taxes, and the Distribution of Income; The United States, 1950, 1961, 1970* (New York, Academic Press, 1977).

³⁴ The proportion of all hospital beds in rural hospitals and medical centres is generally higher for countries with low health resources and, because of low utilization, is being reduced in most developed countries. See World Health Organization, "Health establishments and their organization and role", *WHO Chronicle*, vol. 29, No. 11 (November 1975), pp. 438-443.

³⁵ World Bank, *The Assault on World Poverty* (Baltimore, Johns Hopkins Press, 1975).

³⁶ Pan-American Health Organization/World Health Organization, *Report of the Director, 1976* (Washington, D.C.).

³⁷ The major findings are summarized in A. Mejia and N. Pizurki, "World migration of health manpower", *WHO Chronicle*, vol. 30 (1976), pp. 455-460.

³⁸ World Bank, *Education Sector Working Paper* (Washington, D.C., 1974), p. 27.

in teacher-training institutions has increased, the number of graduates still lags behind the demand for them, thus reducing the proportion of teachers with the desired level of qualification. In view of the fact that 15 to 20 per cent of the students in such institutions repeat their final year and the majority of them, in most developing countries, do not complete or go beyond the first level of education, improvements in the training of teachers will make a significant contribution to the efficiency of education and its contribution to an equalization of opportunities.

With regard to social expenditure as a whole and its contribution to a reduction of inequalities in developing countries, recent studies undertaken by the International Labour Organisation give a composite picture. As indicated in the preceding chapter, access to social services appears to be closely related to the level of family income. Also, in many developing countries, the tax base is too narrow to provide Governments with significant resources to be redistributed through social security systems. Yet, in a few countries, some redistribution of income was achieved by means of public expenditure, and the beneficiaries include the groups just above a poverty level below which there is no possibility of access to social services.

In the centrally planned economies of Eastern Europe and the USSR, the growth and equitable distribution of health facilities and services are viewed as an integral part of over-all strategies to improve living conditions. The organization and administration of health care as well as the expansion of specialized health services and improvements in rural health delivery systems were the focus of health policies. In the USSR, the facilities in central and local district hospitals were modernized. The replacement of small rural infirmaries with out-patient clinics and the development of first-aid ambulance services were among the measures adopted in the reorganization of medical services for the rural population.³⁹ To complement these changes, training programmes that emphasize more advanced training for physicians and greater specialization for medical personnel and non-medical public health specialists have been adopted in Soviet health medical schools.⁴⁰ In Poland, local community health centres, staffed by a team of doctors, maintain records of the incidence of significant diseases and, together with a programme which provides a visiting public health nurse, facilitate the detection and suppression of the sources of infectious diseases.⁴¹ In Romania, territorial and industrial medical centres increased from 5,162 in 1971 to 5,300 in 1977, while specialized polyclinics increased from 391 to 431.⁴² By means of these various measures, the problem of inequality of access to social services between urban and rural populations has been reduced.

In his address to the thirty-first World Health Assembly in May 1978, the Director-General of the World Health Organization made the following diagnosis: "Thirty years ago, modern health technology had just awakened and was full of promise. Since then its expansion has surpassed all dreams, only to become a nightmare, for it has become oversophisticated and overcostly. It is dictating our health policies unwisely; and what is useful is being applied to too few. Based on these technologies, a huge medical industry has grown up with powerful vested interests of its own. Like the sorcerer's apprentice, we have lost control—social control—over health technology." He then sketched a "blueprint of health for all" emphasizing "the overriding importance of primary health care, that is, essential health care made universally accessible to individuals and families in the community by means acceptable to them, through their full participation and at a cost the community and the country can afford". The World Health Assembly had already, in 1975 and 1976, endorsed the concept of primary health care and recommended the fulfilment of basic health needs within this century as a global goal. The impracticability of extending a system of conventional health care—i.e., one with a curative bias and high cost—to a majority of the world population, particularly in the rural areas of developing countries, prompted a search for innovative approaches to health policies. The primary health care approach encompasses a number of elements applicable to health strategies in both developed and developing countries. It promotes individual and community self-reliance in health through preventive, promotional and educational measures and stresses the choice of appropriate technologies and the simplification of known remedial/curative services.

While the primary health care approach emphasizes cost/effective programmes oriented towards the needs of the underserved, its application in different health conditions is also consistent with different priorities in the programming of health sectors. In developing countries, it implies the attachment of greater priority to the training of paramedical health personnel and the use of functional teams of Frontline primary health workers in rural communities.⁴³

The experiences of a number of developing countries—notably China, the United Republic of Tanzania and Venezuela—have validated the efficacy of using middle-level and specially trained health workers to provide community and personal primary health service.⁴⁴ In the United Republic of Cameroon the University Centre for Health Science departs from the classical training of physicians and emphasizes the systemic nature of health problems as well as the importance of operational research into local health conditions as the basis of training and the identification and local production of medicine. The neighbouring countries

³⁹ Nikoli Shesternya, *USSR, Yesterday, Today, Tomorrow: Health Protection* (Moscow, Novosti, 1976), p. 50.

⁴⁰ *Ibid.*, p. 17.

⁴¹ Jan Rosner, *Cross-national Studies of Social Service Systems: Polish Reports* (New York, Colombia University School of Social Work, 1976), pp. 29-36.

⁴² "National experience in achieving far-reaching social and economic development for the purpose of social progress: report of the Secretary-General" (E/1978/79).

⁴³ D. Flahault, "An integrated and functional team of primary health care", *WHO Chronicle*, vol. 30, No. 11 (1976), pp. 442-446.

⁴⁴ V. Djukanovic and E. P. March, eds., *Alternative Approaches to Meeting Basic Health Needs in Developing Countries: A Joint UNICEF/WHO Study* (Geneva, World Health Organization, 1975).

of Benin, Chad, the Ivory Coast and the Niger are now seeking to send students to the Centre. The success of a number of countries in South East Asia with smallpox and malaria eradication and family health programmes initiated momentum towards the horizontal integration of community health services. Those countries are now experimenting with the use of multi-purpose health workers and the training and utilization of practitioners of traditional medicine as ways of providing primary health care in rural communities.⁴⁵ In Mongolia, the training and deployment of mobile *feldshers* proved an effective instrument for the delivery of health care in rural low-density and often pastoral communities. In addition, some members of the local community are given courses to assist the staff of rural health clinics in health education which emphasizes the care, feeding and vaccination of children.⁴⁶

The majority of developing countries attempt to extend primary health care by upgrading and expanding rural health clinics and increasing the production of health workers. Social and cultural factors, however, often reduce the effectiveness of community and personal health services. In Ghana, maternity facilities were found to be underutilized because women apparently preferred delivery at home.⁴⁷ A study of rural Thailand also found the health service underutilized because people apparently preferred traditional health personnel. In rural Punjab, India, researchers found that for every 100 of the population, there were 89 yearly contacts with health personnel in the public sector, against 221 with registered indigenous medicine practitioners. In Egypt, one study showed that only 20-25 per cent of families made use of National Child Health Centres and up to 80 per cent of mothers were dependent on traditional midwives for delivery.⁴⁸

In order to increase the availability of primary health care, the need for judicious use of the limited available resources has now made the planning and co-ordination of health services essential. In the Americas, several countries have established concrete health goals to be attained by 1980, while some countries have begun to implement their programmes. In other regions, country health programming as a comprehensive approach to national health planning has been undertaken or is being studied by a number of countries. The African Institute of Health Planning to serve countries of the region opened at Dakar early in 1975.⁴⁹

A comparative study of health planning in various European countries using different systems of health care has been undertaken.⁵⁰ The WHO Regional Office for Europe is studying the standardization of diagnostic procedures and reviewing the technical features of prevention, treatment and rehabilitation measures. It is

hoped that this will help in assessing the qualifications of primary health workers.⁵¹

The momentum of health planning activities in all regions has not only contributed to the definition of priorities and the sharpening of national health goals but has also increased international and regional co-ordination of health research in tropical diseases and cancer and technical co-operation in immunization and environmental health programmes and national drug policies.⁵²

In the same vein, faced with financial and manpower constraints, some developing countries are looking for alternative approaches to the provision of basic education and training, particularly to the rural population. The concept of basic education has been suggested as a practical approach of defining the learning arrangements and needs of the poor. It has various characteristics, but in general three main factors can be identified.⁵³ First, basic education provides a "package" of minimum learning needs. Secondly, the target groups are children of school age as well as adolescents and adults who did not attend school or were not able to complete their education. Thirdly, the programmes are carried out not only by the traditional educational channels, but also by many institutions outside the formal structure. The package of minimum learning needs is defined by the Government or local authorities in charge of the programmes and according to the needs and characteristics of each group. Most of the programmes include literacy and arithmetic, relevant knowledge about food, nutrition and the environment, working skills for farming or craftsmanship, child care and family life, and civic education. Many experts believe that basic education, in addition to satisfying minimum learning needs, could provide a strategy through which formal and non-formal schemes could join and co-operate to fulfil a country's educational goals. Some Governments have adopted such a strategy as the foundation of their educational system. In Peru, for example, the educational reform implemented in the past six years has defined two educational levels: a basic and a higher level. The basic level should reach all regions and social sectors and, in addition, demands a higher participation and involvement from parents.⁵⁴ Panama introduced its integrated Educational Development Programme in 1975 with the goal of changing primary education to basic education. The new reform extends compulsory education to 10 years and incorporates production work in the curriculum. Production work is selected on the basis of local conditions while the curriculum stresses greater understanding of local environment and improvements in nutritional conditions. The Programme is being introduced in rural counties and is partly financed from the national

⁴⁵ World Health Organization, Regional Office for South East Asia, *Report of the Regional Director, 1975-1976* (New Delhi), para. 1.1.

⁴⁶ "Focus on health education", *World Health* (April 1977), pp. 15-24.

⁴⁷ M. J. Sharpston, "Wealth and development", *Journal of Development Studies*, vol. 9, No. 3 (April 1973), pp. 455-456.

⁴⁸ World Bank, *The Assault on Poverty* (Washington, D.C., 1975).

⁴⁹ The Government of the Netherlands, Social and Cultural Planning Office, *Social and Cultural Report* (The Hague, Government Publishing House, 1976), p. 13.

⁵⁰ *The Work of WHO, 1975...*, p. 12.

⁵¹ World Health Organization, Regional Office for Europe, *Report of the Regional Director* (Copenhagen, 1977), p. 43.

⁵² World Health Organization, *Report of the Director-General on the Work of WHO in 1976* (Geneva, 1977).

⁵³ A summary of the characteristics of basic education can be found in World Bank, *Education Sector Working Paper* (Washington, D.C., 1974).

⁵⁴ On the Peruvian educational reform, see Stacy Churchill, *The Peruvian Model of Innovation: The Reform of Basic Education* and Judith Bizot, *Educational Reform in Peru*, both published by United Nations Educational, Scientific and Cultural Organization in the series *Experiments and Innovations in Education*.

Education Insurance Fund.⁵⁵ In Somalia, the educational reforms implemented since 1972 are also illustrative of a choice for basic education. For instance, the development of an orthography for the national language and its introduction as a medium of instruction in non-formal and formal education programmes greatly improved literacy rates and accelerated the growth of primary education.

The organization of rural-oriented formal education along with basic education—unless part of a comprehensive national reform—may lead to the institutionalization of dual and unequal schools. Therefore, many countries prefer to incorporate basic education in non-formal channels. It is still generally considered that formal systems, despite their limitations, have a better chance of teaching primary school children in more efficient ways than non-formal systems.

The search for an integrated approach to social policies

Some of the innovations in educational policies and most of the curriculum reforms introduced or implemented in developing countries seek to relate the process of education to the skills and attitudes necessary for productive work in society. Most countries have approached this issue by adding or expanding specialized schools so that different levels of managerial, professional and technical skills can be produced. The cost of those institutions and the scarcity of qualified trainers has often restricted their adoption on a significant scale. Low-income countries have generally succeeded in developing prototype institutions, but the tendency to organize some of them within governmental agencies outside the ministries of education has reduced their availability for multisectoral purposes. In other cases, distortions in public and private wage differentials have encouraged patterns of recruitment and utilization which do not conform to optimal deployment of manpower.

The development of vocational training programmes is viewed in some countries as a way of correcting weaknesses in the system of formal education and preparing students for realistic employment. The village polytechnics in Kenya and the Barrio High School in the Philippines have received public and private support and have expanded in order to increase the accessibility of the rural population to post-primary education and training opportunities. These programmes further illustrate the importance attached to adapting the delivery of education and training programmes to productive employment and rural development. In the United Republic of Cameroon an experiment in the "ruralization" of education is being taken as a model for a reform of the whole educational system. The Institute of Rurally Oriented Applied Education has brought together research, the production of materials and education in a process of continuous innovation for the preparation of teachers. The trainee-teacher must be prepared for a threefold task: as a specialist in ruralized education, as a certified teacher who will be a permanent adviser to less quali-

fied colleagues and, lastly, as a permanent intermediary in the organization of local community activities.⁵⁶ Another innovative example is provided by Sri Lanka where Agrarian Youth Settlements have been developed in recent years. They provide training in cultivation techniques, marketing and farming administration.⁵⁷ In the Cuban system of basic education, the secondary schools in the countryside combine study and farm work. The pupils work half-time in the school plantations, reserving the rest of the time for their lessons in the classroom.⁵⁸

Another trend in rural education is the increasing co-operation among many public and private agencies with different characteristics and purposes which are operating in small-range training projects. The essence of the projects is vocational and on-the-job training directed to adults and adolescents. International credit and assistance agencies are increasingly giving priority to projects that integrate those rural development activities in which education and vocational training, either formal or non-formal, are important elements.⁵⁹

During the period under review (1974-1978), policies in non-formal education also underwent change, in the light of experiences gained with literacy campaigns, and began to emphasize an integrated approach. Recently, the Experimental World Literacy Programme, on which a number of Governments had embarked, was evaluated. The main working hypothesis of the Programme was that at the national level literacy would speed the development process and also provide immediate returns to individuals in the form of higher wages or better crops. The evaluation reviewed the objectives of the Programme, the participation of national and international organizations in its implementation, its technical and institutional characteristics as well as its influence on the population and, finally, an analysis of its results.⁶⁰ The main conclusions of the evaluation were that literacy should be functional not only for economic growth but also for the political, environmental, social and cultural dimensions of life, and that literacy programmes—to be successful—must be tackled by Governments in an integrated manner.

More generally, it appears that in developed market economies and those developing countries that have attained near universal primary education, the volume and pattern of youth unemployment are increasingly linked to the structure and selectivity of schools and to the inequities in income distribution. Evidence of the relation of trends in educational development with patterns of income distribution suggests that the wage

⁵⁶ See Raymond Lallez, *An Experiment in the Ruralization of Education: IPAR and the Cameroonian Reform*, Experiments and Innovations in Education, No. 8 (Paris, United Nations Educational, Scientific and Cultural Organization, 1974).

⁵⁷ Manzoor Ahmed and Philip M. Coombs, eds., *Education for Rural Development: Case Studies for Planners*, Praeger Special Studies in International Economics and Development (New York, International Council for Educational Development, 1975).

⁵⁸ Charles Hummel, *Education Today for the World of Tomorrow* (Paris, United Nations Educational, Scientific and Cultural Organization, 1957), pp. 163-164.

⁵⁹ World Bank, *Education Sector Working Paper* (Washington, D.C., 1974).

⁶⁰ United Nations Educational, Scientific and Cultural Organization and the United Nations Development Programme, *The Experimental World Literacy Programme: A Critical Assessment* (Paris, 1976), pp. 9-13.

⁵⁵ Ramin Isos, "Production schools in Panama", *Prospects: Quarterly Review of Education*, vol. VII, No. 3 (1977), pp. 395-400.

differentials of workers with different levels of education have increased over time in certain of the developing countries in which educational facilities at all levels of education have expanded significantly.⁶¹ This trend implies that increased democratization of access to educational opportunities, unless accompanied by increased employment opportunities and reductions in the wage gap between those with no or little education and those with some or more education, is not likely to change the degree of inequality.

Evidence of linkages to be recognized when designing and implementing social policies has also been found in other sectors. Health programmes have given increasing priority to proper nutrition, safe drinking water and a healthy environment. Moreover, while the need for increased agricultural and food production is recognized in most developing countries, the effect on health impact of large-scale irrigation and settlement schemes is being assessed and appropriate measures are often incorporated into those programmes.

In developing countries, the patterns of morbidity and mortality and rural/urban differentials demonstrate the intrinsic relation of poverty to conditions of ill health. In Latin America, nutritional deficiency was reported to be the principal cause of infant mortality and, coupled with premature births partly due to dietary deficiency during pregnancy, was the underlying cause

⁶¹ Martin Carnoy, "Can educational policy equalize income distribution?", *Prospects: Quarterly Review of Education*, vol. VIII, No. 1 (1978), pp. 3-18.

accounting for 57 per cent of deaths occurring by age 5.⁶² Severe malnutrition is an important reason for hospital admission in many food-deficient areas. In Africa, recently, approximately 50 per cent of the pediatric problems were found to be due to protein and calorie deficiencies.⁶³

Urban housing and rural development programmes are increasingly linked to the provision of community and social services. In housing, a number of countries have adopted site and service schemes as an alternative to public housing programmes. This is not only less costly but facilitates the access of the poor to water and sanitation services and educational facilities.

As already noted, the importance of making education relevant to living conditions and the need for the reorientation of education and training programmes have been recognized for some time. Additional emphasis is now placed on nutrition and health education in the curricula of schools and in non-formal education programmes.

Thus, it would seem that during the 1970s the search for an integrated approach to socio-economic policies has had some success. The specific programmes that countries are adopting based on such an approach attest to this emerging trend.

⁶² R. R. Puffer and C. V. Serrano, "Patterns of mortality in childhood", *Scientific Publication No. 262* (Washington, D.C., Pan-American Health Organization, 1973).

⁶³ K. V. Bailey, "Malnutrition in the African region", *WHO Chronicle*, No. 29 (1975), pp. 354-364.

Chapter IV

CHANGING SOCIAL CONCERNS

The foregoing discussion suggests that the world social situation is characterized by strong rigidities. For example, demographic trends indicate that, even at a decelerated rate, the world population will continue to grow substantially for decades. The production and consumption gap between developed and developing countries has not been reduced. Poverty is a persistent problem. Inequalities among social groups in the distribution of income and benefits from development have persisted. A new and more equitable economic, social and political order remains an elusive goal. At the same time, however, a transformation of societies is taking place. As noted in the preceding chapters, prominent among the contributory factors are the marked demographic changes in the industrialized countries, the rapid pace of urbanization in the developing world and new perceptions of the health and educational needs of people everywhere.

Also at work are a number of other forces that have a critical bearing on social change. The role of women, the situation of the aged and the search for participation in decision-making, particularly in working life, are major concerns of many contemporary societies. These three facets of social change represent a quest for individual dignity in an improving socio-economic milieu. In some societies, they are only the first stirrings of a new search. But the ideas stemming from new concerns are catching on rapidly and will undoubtedly have a profound influence on social change everywhere in the years ahead. These concerns, as they are evolving in different parts of the world, are examined briefly in the following sections.

THE ROLE OF WOMEN AND CHANGES IN FAMILY LIFE-STYLES

In many countries, the condition of women, their status, and even their perception of their own role in family and society have not changed significantly during recent decades. This is particularly so in countries whose economies have remained agrarian in character. For the vast majority of women in the world, the daily struggle against poverty remains so demanding that a transformation of their role and status is merely an abstract concept. In industrialized societies, where basic changes in working-class conditions took place some time ago, the number of hours women spend working in factories and at home has not changed significantly in the past 10 years. In those societies, the greater participation of women in the labour force has drawn attention to the growing difficulty of reconciling paid employment with family life.

There is little doubt, however, that the 1970s have marked the beginning of a new awareness of women's

rights, status and role which is already deeply affecting most societies. As is true of any societal change, the greater independence and greater participation of women in all aspects of economic, political and social life is both a result of underlying forces shaping contemporary cultures and a factor contributing to the transformation of those cultures. In affluent societies, industrialization and urbanization led to the disappearance of the extended family and created social structures in which the call for individual freedom and equality of the sexes became possible. The success already achieved in this respect has deeply influenced family life-styles and has prompted a number of policies related to employment, social benefits and other areas of public intervention. During this process of change, imbalances have appeared; policies and social reality have not always been in tune; and the consequences of current actions are often difficult to assess. Thus, as regards the condition and role of women, the 1970s are characterized, on the one hand, by a new consciousness already concretized by changes in laws and social practice, and, on the other hand, by the emergence of socio-economic issues related to the future of the family.

Governments have given significant attention to the question of the legal rights of women. The constitutions, basic laws and other legislation of many countries now guarantee the principle of equality of the sexes and women's civil and political rights. Some countries stress the goal of absolute equality for men and women. For example, the Constitution adopted by the Soviet Union in 1977 stipulates such equality in all respects, while in the United States of America the proposed Equal Rights Amendment would prohibit the enactment of any law or the adoption of any official practice that makes distinctions based on sex. At the same time, countries have increasingly become aware that such *de jure* actions do not necessarily create *de facto* equality between men and women. In order to introduce real changes in the integration of women into society, commissions or similar permanent bodies have been established. In Sweden, for instance, the Advisory Council on Equality Between Men and Women already exists, and the establishment of local councils for promoting equality between men and women has been recommended.¹

In the crucial area of economic participation, discriminatory conditions continue to exist. Although the principle of equal work opportunities and emoluments has now been universally accepted, and although legis-

¹ "Activities undertaken during International Women's Year and evaluation of their impact: report of the Secretary-General" (E/CN.6/593).

lation regarding a minimum wage has been adopted in most developing countries, there are many instances in which women still receive less than the fixed minimum wage.² The coverage provided by collective agreements varies among developing countries, but it usually excludes domestic servants and agricultural workers and, hence, the majority of women in the labour force.

In many developing countries, women constitute the bulk of the labour force in agriculture. They are the food providers. Yet, efforts to modernize agriculture appear to have ambiguous effects on their role. Community development, for example, has traditionally emphasized the organization of women's groups as a way of strengthening their role in society. More often than not, community development has actually reinforced the traditional role of women. In a review of co-operatives in all regions, it was noted that subsistence crops, which are in the main women's responsibility were rarely included in the development of co-operatives, and when women held decision-making positions in the co-operatives, their participation was often contingent upon their marital status.³ More generally, there is evidence that women suffer a loss in economic authority and general status during the process of rural development.⁴ In Africa, for example, the traditional involvement of rural women in physical production and its final allocation is significant and extensive. A large number of households are effectively headed by women, since the men are the first to leave the villages for employment in towns.⁵ Yet the control of all innovations introduced for the purpose of increasing productivity has passed to men. Credit, seeds, irrigation facilities and marketing outlets are offered to men only, and labour-saving methods of cultivation are appropriated by the men while labour-intensive tasks are left to the women, making them even more overemployed.⁶ New methods of production have failed to accommodate rural women's traditional responsibilities of home-making, child care, growing food for the family (up to six hours a day of unremunerated labour) or their labour in the fields.

Urbanization has a positive effect on the participation of women in the economic life of developing countries, particularly through a wider access to education. Equality of opportunities is, however, far from being achieved, because women tend to be employed in less skilled jobs, such as domestic service, construction work and petty trading. The services sector does absorb some educated women into teaching, nursing, social and clerical work, hotel catering and tourism.

But few women attain high levels in their professions.⁷ Thus, while education is becoming more accessible to women, the fields of study and jobs open to them continue to reinforce traditional sex roles. In developed countries, women employed in the industrial sector are concentrated in the textile, clothing and food industries. As indicated in chapter I, women are particularly affected by the growing unemployment problem in developed market economies. The "last in, first out" practice may have operated to their disadvantage.⁸ On the other hand, the majority of women actively employed in the service sector were relatively insulated from the first impact of the economic recession. As the slow-down became more widespread and severe, however, they became very vulnerable to job loss and, because of the narrow range of jobs they were seeking, had more difficulties than men finding new employment.⁹ In the United States of America, data for 1975 and 1977 show that women had higher rates of unemployment, both as a group and in individual industries. Also, while the number of working women was increasing more rapidly than that of men, their distribution in the labour force did not change significantly. Obviously, in developed as in developing countries, changes in legislation and attitudes regarding female employment will not be effective in a context of slow economic growth and increased unemployment. In the developing countries in particular, industrialization appears to be a prerequisite for a more active participation of women in economic and social development.

Women's employment is also influenced by the prevailing protective legislation and welfare arrangements. Most of the legislation passed by developing countries pertaining to women's conditions of work applies to the public and modern sectors. Restrictions on night work and provisions for maternity leave and allowances cannot be implemented in family-based agricultural work. Tunisia, however, has provided a lead in legislating against the employment of women in agricultural work involving certain risks presumably related to the spraying of chemicals whose noxious gases could have drastic effects on unborn children.¹⁰ As noted in chapter II, social security legislation in the developing countries, for reasons related to their economic and social structures, has not covered the whole of the working population and, even in the absence of discrimination based on sex, a considerable number of women are excluded from its application.¹¹ In the developed world, although maternity protection is becoming very extensive, women workers are frequently at a disadvantage under other social security schemes, such as those involving pension and unemployment benefits. At the same time, various countries are meeting problems involving the optimum use of

² See International Labour Office, *General Survey of the Reports Relating to the Equal Remuneration Convention (No. 100) and Recommendation (No. 90) of 1951* (Geneva, 1975), International Labour Conference, sixtieth session, report III.

³ June Nash, "Women in development: dependency and exploitation", *Development and Change*, No. 8 (1977), pp. 176-177.

⁴ Ingrid Palmer, "Rural women and the basic-needs approach to development", *International Labour Review*, vol. 115, No. 1 (January-February 1977), p. 98.

⁵ For example, one third of the farm households in Kenya and Lesotho have female heads. See International Labour Office, *Women at Work*, No. 3 (Geneva, 1977), p. 8.

⁶ International Labour Office, *A Basic Needs Strategy for Africa: Report of the Director-General* (Geneva, 1977).

⁷ See "Measures undertaken under the International Development Strategy for the Second United Nations Development Decade and in implementation of the World Plan of Action: report of the Secretary-General" (E/CN.6/598).

⁸ Organization for Economic Co-operation and Development, *The 1974-1975 Recession and Employment of Women* (Paris, 1976), p. 31.

⁹ Diane Werneke, "The economic slowdown and women's employment opportunities", *International Labour Review*, vol. 117, No. 1 (January-February 1978), p. 51.

¹⁰ *A Basic Needs Strategy for Africa*... p. 41.

¹¹ "Report of the International Labour Organisation on its activities of special interest to women" (E/CN.6/603), para. 6.

women's labour by adopting programmes to help women combine family and work responsibilities. The USSR and the centrally planned countries of Eastern Europe have been able, in a context of full employment, to maintain a high participation rate for women through combined measures such as part-time schedules and time-saving services.¹²

The over-all picture of women's involvement in economic development at the world's level is, therefore, mixed and seemingly disappointing. The available literature emphasizes the problems that are yet to be solved, especially in countries where a strong feminist militancy is fed by the remarkable progress achieved in a few decades. For example, in a report recently prepared by the United States Commission on Civil Rights, 21 measures of equality in the areas of education, income, employment, occupation, poverty and housing were used to assess the situation of women during the period 1960-1976.¹³ The report suggests that much remains to be done in the realization of equal opportunities in education and working life and equal earnings for men and women. It particularly emphasizes the difficult economic and social situation of female-headed households. The data provided show, however, that absolute improvement occurred in many aspects of the women's involvement in economic life. In the United States, as in other industrialized countries, the material living conditions of the majority of employed women improved notably in the past decade or two.

A number of countries have enacted laws to improve the rights of women within the family. Divorce is still difficult or impossible in many societies, but the trend towards a liberalization of procedures and greater consideration for the rights of women gained momentum during the 1970s. France and the Federal Republic of Germany, for instance, have adopted new divorce laws providing for greater equality between men and women. The National Congress of Venezuela approved a new draft revision of the civil code which includes extensive reforms in family laws concerning divorce, legal separation, guardianship and the administration of common property. Egypt has introduced reforms that enable women to demand divorce when their husbands enter into polygamous marriages.¹⁴

This liberalization reflects and facilitates the growing demand for legal termination of marriage. Table 20 shows an increase in divorce rates between 1960 and 1975 in all developed countries and in a number of developing countries. In 1975 there were 4.80 divorces per 1,000 inhabitants in the United States, 3.33 in Sweden and 3.08 in the Soviet Union, as compared with 2.18, 1.20 and 1.27, respectively, in 1960. A relative stabilization of divorce rates observed recently in a few industrialized societies may be partly due to a decline in nuptiality. In Denmark, for instance, the frequency of divorce in Copenhagen was slightly lower in 1974 than in 1971, but a survey indicated that in 1974 5.3 per cent of the adult Danish popula-

TABLE 20. DIVORCE RATES IN SELECTED COUNTRIES, 1960, 1970 AND 1975^a

Countries	1960	1970	1975
Africa			
Egypt	2.50	2.06	2.02
Libyan Arab Jamahiriya	—	2.00	1.98
Mauritius	0.18	0.20	0.18
North America			
Canada	0.39	1.37	2.00
Costa Rica	0.15	0.13	0.17
Cuba	0.49	2.90	2.45
Dominican Republic	0.29	0.92	2.06
El Salvador	0.18	0.24	0.32
Honduras	0.13	0.18	0.22
Jamaica	0.31	0.30	0.34
Mexico	0.43	0.57	0.27
Panama	0.35	0.40	0.57
Puerto Rico	2.21	3.57	—
Trinidad and Tobago	0.23	0.39	0.36
United States of America ...	2.18	3.46	4.80
South America			
Ecuador	—	0.21	0.22
Uruguay	0.68	1.01	1.37
Venezuela	0.25	0.24	0.35
Asia			
Iran	1.17	0.58	0.64
Iraq	0.32	0.38	0.55
Israel	1.05	0.80	0.90
Japan	0.74	0.93	1.07
Jordan	1.08	0.91	1.22
Kuwait	—	1.46	1.42
Syrian Arab Republic	0.80	0.57	0.64
Turkey	0.40	0.27	—
Europe			
Albania	0.53	0.76	—
Austria	1.14	1.40	1.43
Belgium	0.50	0.66	1.12
Bulgaria	0.90	1.16	1.27
Czechoslovakia	1.12	1.74	2.18
Denmark	1.46	1.93	2.60
Finland	0.82	1.31	2.04
France	0.66	0.79	0.95
German Democratic Republic	1.42	1.61	2.47
Germany, Federal Republic of	0.88	1.26	1.73
Greece	0.30	0.40	0.41
Hungary	1.66	2.21	2.46
Iceland	0.71	1.21	1.82
Luxembourg	0.49	0.64	0.75
Netherlands	0.49	0.79	1.47
Norway	0.66	0.88	1.29
Poland	0.50	1.06	1.18
Portugal	0.08	0.06	0.09
Romania	2.01	0.39	0.85
Sweden	1.20	1.61	3.33
Switzerland	0.87	1.04	1.27
United Kingdom	0.51	1.18	—
Yugoslavia	1.20	1.01	1.18
Oceania			
Australia	0.65	0.98	1.32
Fiji	0.41	0.50	—
New Zealand	0.69	1.12	1.54
USSR	1.27	2.62	3.08

SOURCE: *Demographic Yearbook, 1976* (United Nations Publication, Sales No. E/F.77.XIII.1), table 34.

^a Expressed as the number of final divorce decrees granted under civil law per 1,000 population. Annulments and legal separations are excluded.

¹² Economic Commission for Europe, "Employment structure in centrally planned economies" (EC.AD/SEM.5/4), p. 8.

¹³ United States Commission on Civil Rights, *Social Indicators of Equality for Minorities and Women* (Washington, D.C., 1978).

¹⁴ "Popular participation: women, youth and children" (E/CN.5/549), para. 46.

tion were living in consensual union.¹⁵ Children born from these unions have by now the same rights as "legitimate" children. This permissive attitude towards non-legalized unions, at present limited to a few affluent societies having fully developed legislation based on the recognition of individual rights, does not necessarily conflict with the family institution. There is no evidence that consensual unions are less stable than marriages. Actually, they are often a prelude to legalization. In any case, this social practice illustrates the growing autonomy of women in modern societies.

There is still a majority of countries which either prohibit abortion or permit it only in order to avert a serious threat to the life or health of a pregnant woman. As noted in chapter I, some Eastern European countries which had had very permissive abortion laws took some steps recently in the opposite direction. Full legalization, however, has occurred in a number of industrialized countries. In addition to the increased frequency of divorce and the easier availability of contraceptives, the relaxation of abortion laws has contributed to the trend towards women's freedom of choice.

The combination of a growing participation of women, including mothers, in the labour force, shrinking family size, higher divorce rates, and a longer period of child dependency with longer years of schooling is bound to have far-reaching consequences on family lifestyle and the organization of modern societies. It has been pointed out that "a high participation rate in a society composed of multifamily or extended family households does not imply the same child-care problems as a high participation rate in a society composed of small nuclear families or single-parent families. Working parents must now look outside the home for child care. Not only that, but the care must fulfil socially expected standards, which are now higher than ever". The demand for day-care services for children is increasing, but these services still play a minor role even in industrialized countries, with the exception of developed centrally planned economies. In Canada, in 1976, 4.3 per cent of the children under three years of age and 18.4 per cent of the children aged three to five years with working mothers were enrolled in day-care centres. In Norway, at the beginning of the current decade, 3.2 per cent of the children under six years were attending such centres.¹⁶ In the USSR and the German Democratic Republic, 40 per cent and 76 per cent of the children of pre-school age were attending day care facilities in 1976, as compared with 32 per cent and 50 per cent, respectively, in 1970.¹⁷ In some developing countries also, as noted in chapter I, pre-school care and education facilities are being developed in urban areas.

As more and more child care is sought outside the family, the perception of the mother as sole nurturer of children is being questioned. The evolution of

thinking in this matter seems to be closely related to societal needs. In the period following the Second World War, the demographic needs of Western industrialized countries prompted the emergence and popularity of theories arguing for the presence of the mother at home as a guarantee of the psychological balance and future development of children. Recently, the demand for women's participation is economic life and for their freedom from traditional family constraints has led to the conclusion that the social adaptation of a child is enhanced by early exposure to an out-of-the-family environment. A perhaps too easy reconciliation of these views is offered by experts stating that "good" families or "good" outside care produce balanced and well adapted children. It is doubtful that a definitive answer will be given to such an issue, involving so many complex factors. Meanwhile, an increasing number of working mothers have no possibility of choice. They must combine their working life and their nurturing role—hence, the importance of public facilities for child care and also the emphasis on a new male/female sharing of household duties. Cuba, for example, passed a law in 1975 requiring men to share housework and child care when their wives work outside the home.¹⁸ In Sweden, a "special parental benefit" for a period of three months of full-time absence from work is granted either to the mother or the father in a family having a child under 8 years old. The idea is to give either parent the possibility of staying at home when they consider it necessary for the child.¹⁹ To promote the equality of women as well as protect the stability of the family, a number of countries have enacted legislative measures on the property rights of married women, including inheritance rights, taxation, and parental rights and duties.

Historians have noted many changes in the structure and life-style of the family. The authoritarian, paternalistic, permissive, extended, nuclear and single-parent types co-exist today in the world in various forms and combinations. The forces now at work in industrialized societies to create a new type of family and a new style of relationship between men and women and between parents and children seem to point in the direction of growing individual autonomy. At a time of increased integration of people as producers, consumers and citizens, in various forms of social organization and various structures of power, the loosening of traditional family ties may express a struggle for freedom that contemporary societies do not otherwise easily permit.

LIVING CONDITIONS AND ROLE OF THE AGED

The weakening of family ties and the disappearance of the extended family in industrialized countries coincide with a fast aging of the population. As already noted in chapter I, the combination of increased longevity and reduced fertility is changing the distribution by age of the population of North America,

¹⁵ Government of Denmark, *Living conditions in Denmark. Compendium of Statistics, 1976* (Copenhagen, 1976), pp. 58-61.

¹⁶ Government of Norway, Central Bureau of Statistics, *Social Survey, 1974* (Oslo, 1974), p. 169.

¹⁷ Council for Mutual Economic Assistance *Statisticheskii Ezhgodnik Stran-chlenov Sovieta Ekonomicheskoi Vzaïmopomoshki* (Moscow, 1977), p. 436.

¹⁸ "The participation of women in the development of Latin America", (ESA/SDHA/AC.10/4/Rev.1), p. 63.

¹⁹ Government of Sweden, Ministry of Health and Social Affairs, *Parental Insurance in Sweden, Some Data* (Stockholm, 1977), p. 9.

Europe and the USSR. In the mid 1970s, the proportion of people in those regions over 65 years of age was around 9-13 per cent. It is expected to reach 14 per cent by 1985 in Western Europe and other developed countries. For the developing world as a whole, this share is expected to rise only slightly from 3.7 to 4.0 per cent, but a much faster increase is expected in a number of countries, including Argentina, Barbados, Cyprus, Gabon and Uruguay.²⁰

The population over 65 years of age is increasingly a female population. In 1975 in the nine countries of the European Economic Community (EEC), there were 153.6 females for 100 males in this age-group, as compared with 149 in 1960. In fact, the life expectancy for men at age 60 declined in six of the nine countries between 1960 and 1970, remained stagnant in Italy and improved slightly only in France and the United Kingdom. By contrast, the life expectancy of women at the same age improved by 3 to 5 years in all the EEC countries during the same period. Around 1970 a 60-year-old woman living in Denmark, France, the Federal Republic of Germany or the Netherlands had a further life expectancy of 20-21 years—that is, from 3 to 5 years more than a man of the same age.²¹

In industrialized societies, aging people appear to be living more and more in isolation. In France, for example, only 24 per cent of the elderly live with their children, mostly in rural areas, and one out of every three aged women lives alone.²² A survey conducted in the poor areas of New York City revealed that 91 per cent of old people lived alone.²³ Similar situations have been noted in many cities of industrialized countries of Western and Eastern Europe. In Japan, however, 75 per cent of the elderly still live with an adult child, and the cost of the care for a dependent parent is deductible from the income tax if the parent's income does not exceed a certain level. Some Japanese local authorities provide allowances to families taking care of their old parents, and others are constructing "paired" housing for adults and older parents. In a similar attempt to strengthen family support to the aged, the Government of Czechoslovakia gives a tax deduction to families taking care of their elderly with pensions below a certain level.

Efforts to reintegrate the aged into family units are hampered by a number of factors. The housing condition in urban areas, the geographical mobility of active people, the psychological gap between generations, and the emphasis on youth and youth values have all created attitudes leading to the physical isolation of old people. Surveys indicate that the aged

themselves are seeking contact with their children, but not co-habitation.²⁴ A number of Governments of industrialized countries are, therefore, orienting their policies towards the provision of various forms of home help to the aged. In France, for instance, the current medium-term plan emphasizes such measures as the provision of mandatory services to old people, including housing allowances, the organization of leisure activities to protect them from isolation and the offer of home help. In the Netherlands, community services for the aged have been expanded considerably since 1970. At present, 50,000 part-time home helpers assist older people with domestic chores. Neighbourhood and cultural facilities are being further developed in accordance with the current five-year plan.²⁵ In Aus-

tralia, an advisory group known as the Commission on the Care of the Aged has recommended the adoption of such measures as more low-rent housing, the construction of vacation homes and the provision of telephone services to reduce the isolation of the elderly.²⁶ In the United Kingdom, emphasis since the 1960s has been placed on community care and personal services for the aged. In 20 years the public budget for such services delivered at home increased by 50 per cent. The present number of home helpers, 1 per 750 old people, is still considered insufficient. In the Soviet Union, surveys showed that 10 per cent of the people in the age-group 60-64 years and 50 per cent of the population over 80 years of age needed systematic home care. Recently special attention has been given in that country and the centrally planned economies of Eastern Europe to services designed to help the ageing to stay in their own homes as long as possible. Rent subsidies are provided, and social and medical home help as well as day centres and clubs for the aged is being developed.²⁷

This emphasis on home help does not obviate the need for specialized institutions for the aged. In Poland, for instance, the number of beds in such institutions increased from 40,000 in 1965 to nearly 50,000 in 1971 and is planned to reach 58,000 by 1985. In the Soviet Union in 1974 there were 300,000 elderly in State-run homes.²⁸ In industrialized countries on the whole a relatively small proportion of elderly people live in specialized institutions. The ratio varies from country to country and is in the range of 3-10 per cent. The deficiencies of these institutions have often been criticized, and they are generally considered to be a last resort. The following policy statement represents a dominant view in countries facing a rapid ageing of their population: "The older members of the population are no longer approached as a defenceless, handicapped category of society. The policy is aimed at enabling the elderly to participate in social life if they so wish and creating the conditions for them to retain an

²⁰ See *World Population Prospects as Assessed in 1973* (United Nations publication, Sales No. E.76.XIII.4), p. 24, and *Ageing International*, vol. III, No. 1 (1976), p. 3.

²¹ See European Coal and Steel Community, European Economic Community, European Atomic Energy Community, *Report on the Development of the Social Situation in the Community in 1976* (Brussels, 1977), pp. 218-219.

²² Jacqueline Ancelin, *Cross-National Study of Social Service Systems*, French Reports (New York, Colombia University School of Social Work, 1976), vol. II, pp. 431 and 438.

²³ Marjorie H. Cantor, "The elderly in the inner city", paper presented to the Institute on Gerontology and Graduate Education for Social Work, Fordham University, New York, 1973, p. 9.

²⁴ See, for instance, L. Rosenmayr, "The elderly in Austrian society", in *Ageing and Modernization*, D. O. Cowgill and L. D. Holmes, eds. (New York, Appleton-Century-Crofts, 1972), pp. 187-190.

²⁵ *Ageing International*, vol. III, No. 3 (1976).

²⁶ *Ibid.*, vol. III, No. 2 (1976), p. 1.

²⁷ Lev P. Yakushev, "Old people's rights in the USSR and other European socialist countries", *International Labour Review*, vol. 113, No. 2 (March-April 1976), pp. 244 and 251.

²⁸ *Ibid.*, p. 249.

independent mode of life in their own surroundings as long as possible."²⁹

Urbanization, industrialization and social mobility have yet to break the co-existence of generations in a single household in most developing countries. In most Asian and African countries, children continue to assume responsibility for the material and psychological well-being of their aged parents. In the Indian state of Tamilnadu, for instance, 75 per cent of the aged live with their children. However, another study conducted in the Indian state of Haryana suggests that industrialization is rapidly transforming the traditional family system.³⁰ In Colombia, Hong Kong and Jamaica, according to a recent report, around 25 per cent of the aged people living in urban slums were alone and without any assistance.³¹

For many people, abrupt retirement from active life at 60 and 65 years means a cut-off of social relationships. The demand for a flexible retirement age and part-time work is becoming increasingly prominent in developed countries. In Japan, for instance, where the work ethic is strong and the pensions relatively limited, the Government is encouraging private companies to postpone the age of retirement through subsidy programmes and the provision of special placement services and sheltered workshops. In most Western industrialized countries, however, the growing unemployment problem has prompted the adoption of measures to lower the retirement age. In Belgium, the minimum age for retirement was lowered in 1976 from 62 to 60 years for men and from 58 to 55 years for women. The number of workers taking advantage of this possibility for early retirement has increased rapidly. Early retirement has also been encouraged in France and the Federal Republic of Germany. The normal retirement age in 1960 and 1976 in the nine countries of the European Community as shown below:³² In the USSR and the centrally planned countries of Eastern Europe, the normal retirement age is 55 years for women and 60 years for men. In fact, in all developed countries—both market economies and centrally planned economies—the majority of industrial workers are struggling, through their trade unions, for a lowering of the retirement age. The new demand for flexibility in the matter emanates essentially from peo-

ple having managerial functions. Attitudes towards retirement reflect the existing inequalities in terms of job satisfaction and level of participation in economic life more than the level of anticipated pension.

Expenditure on old age and survivors' insurance schemes and benefits represents the most important part of expenditure for social security, which, as noted in chapter III, grew steadily in industrialized countries during the 1970s. In the developed market economies that have a national insurance system, social benefits for the aged accounted, on the average, in 1975, for about 10 per cent of the net national disposable income, as compared with 8 per cent in 1970. Expenditures on health and unemployment grew less rapidly than pensions and at mid decade were still taking a smaller portion of the social budgets. In order to maintain levels of living of the aged at a decent standard, several countries—for instance, Italy and the Netherlands—linked pensions with official wage indexes. Through various means, pensions are indexed with cost of living in most market economies. Other measures adopted during this decade include a guaranteed minimum income for old persons in Belgium and a "dynamic pension" model linking pensions with the growth of incomes in the Federal Republic of Germany. In the United States of America, Federal Old Age payments were received by 33 million persons in 1977, as compared with 26 million in 1970, and monthly benefits rose significantly. The countries of Eastern Europe and the USSR are also giving high priority to income maintenance and income security for the aged and have adopted measures to reinforce their comprehensive pension systems. A statutory minimum pension guarantees a decent level of living to all recipients. In Romania, pensions and previous wages are not totally proportional; low-wage earners receive proportionately greater pension benefits than high-wage earners. A few developing countries, including Bolivia and Jamaica, have recently initiated programmes for public assistance to the aged.

Whether financed through public budgets, contributions from the persons insured or contributions from the employers—generally by a varying combination of those three sources—pensions and benefits for the aged are closely dependent on the evolution of productivity and national income. In a number of countries confronted with economic difficulties, the concomitant rise in levels of living for the aged has meant a sacrifice of income by the wage earners. In some cases increased savings for retirement are being encouraged by linking pensions with changes in the cost of living.

	Belgium	Denmark	France	Germany, Federal Republic of	Ireland	Italy	Luxem- bourg	Nether- lands	United Kingdom
Women									
1960	60	62 ^a or 67	60-65	65	70	55	65	65	60
1976	60	62 ^a or 67	60-65	63-67	65-67	55	65	65	60
Men									
1960	65	67	60-65	65	70	60	65	65	65
1976	64-65	67	60-65	63-67	65-67	60	65	65	65

^a = Single, widowed or divorced women.

In many developed countries, while over-all living conditions of the aged have improved, older women continue to encounter specific difficulties. Since men generally have a longer working life, their pensions are often twice as large as those of women. Women's social security benefits tend to be low inasmuch as they have often worked in low-paid jobs or have had broken work records because of family responsibilities. Older women, therefore, often live in substandard housing and have few resources. In the United States, for example, more than two out of every three poor persons over 65 years of age are women. In 1976, the Commission of the European Economic Communities adopted a directive on the progressive implementation of the principle of equal treatment of men and women regarding social security.

These various trends characterizing the situation of the elderly in the industrialized countries—a larger share in population, an increased feminization, a growing social isolation, a continuing decline in their role as advisers to younger generations, and improved economic security—may lead to the emergence of a subculture. During the 1970s, associations of "senior citizens" and groups of "troisième âge" have appeared in many countries. In such cases, the elderly have organized themselves not only to fight for their rights and their income but also to share leisure activities and promote their own values.

CHANGES IN WORKING CONDITIONS AND PARTICIPATION IN DECISION-MAKING

The rise of unemployment and underemployment in many regions and the persistence and sometimes aggravation of poverty in large parts of the world have not interrupted the struggle for an improvement in working conditions and the quest for greater participation in the management of society. In this respect as in other aspects of economic and social conditions, inequalities at the world level are overwhelming. Workers in industrial countries are negotiating a fourth week of holidays with pay, whereas millions of peasants or unemployed in poor countries are still merely trying to subsist. Employees of certain large companies are gaining the right to participate in decisions affecting their daily life and future, whereas many people endure a tragic fate as refugees or languish in prisons for political reasons. Yet, in an increasingly interdependent and internationalized world, social change and progress for a few have consequences going far beyond national boundaries. Ideas and information circulate rapidly. The economic and social gains made by women in a few countries sooner or later affect women's conditions all over the world. Progress in "industrial democracy" for certain groups of workers has potential effects on all workers.

Employment security has continued to be actively pursued during the current decade in spite of the adverse labour market situation in many countries. Provisions against arbitrary dismissal have been legislated in about 50 countries since 1970.³³ Such legislation lays down procedures to be followed prior to

dismissal. As a minimum, the worker is entitled to hearings before the final decision is taken. In some countries, before dismissal, the employer has to notify, consult or get the consent of a workers' council, trade union or *ad hoc* committee. One or another of these procedures is applied in Algeria, Austria, Cuba, Czechoslovakia, Egypt, the Federal Republic of Germany, Romania, Sweden and the USSR. A decrease in the numbers of arbitrary dismissals has been recorded in those countries. Disputes concerning dismissal are also subject to conciliation procedures in many countries, notably, Benin, Egypt, Malaysia, Trinidad and Tobago, the United Republic of Cameroon and the United Kingdom. A high proportion of complaints for unjustified dismissal have been settled through such procedures. In most countries with legislation relating to employment security, the worker affected is allowed to appeal. In some cases, a workers' council or trade union may appeal on his behalf. The redress for unjustified dismissal is reinstatement of the dismissed worker or, more commonly, monetary compensation. Compensations, however, are usually small. Legislation has also been enacted in a number of developed countries to secure wages for workers in the event of the employer's bankruptcy.

During the 1970s, a number of industrialized countries have used the instrument of minimum wage legislation to narrow income differentials among wage earners.³⁴ The minimum wage has increased more rapidly than the average wage, and salaries that were close to the minimum wage have received more than proportional increases. In France, for example, the ratio of wages of the ninth and second deciles of wage earners was 2.7 in 1976, compared with 2.9 in 1970.³⁵ In 15 of the 29 developing countries for which data on wages are available, the minimum wage appears to have declined in real terms by more than 10 per cent during the period 1963-1974. It increased by less than 10 per cent in three other countries and by more than 10 per cent in the remaining 11.³⁶ The minimum wage increased more quickly than the average wage in the non-agricultural sector in Mexico, at the same pace in Algeria, Argentina, Peru and the Philippines, and more slowly in Brazil, Colombia, Ghana, Kenya, the United Republic of Tanzania and Zambia.³⁷ The East African countries had fixed a minimum wage in the early 1960s at a higher level than the wages prevailing in their industrial and service sectors. The inflation of the 1970s eroded the difference because minimum wages were usually not adjusted to price increases. Such adjustment has made more regularly in Argentina, Brazil and some Central American countries. Minimum wage legislation is less common in Asia. At any rate, in all developing countries the minimum wage applies chiefly to unionized labour in the non-agricultural sector. Even within that sector, however, workers in small enterprises are often not covered. As noted in chapter III, a number of Governments in developing

³⁴ Some other aspects of minimum wage policy are discussed in chapter II.

³⁵ See Institut national de la statistique et des études économiques, *Indicateurs du VII Plan* (Paris, 1977), p. 115.

³⁶ S. Watanabe, "Minimum wages in developing countries: myth and reality", *International Labour Review*, vol. 113, No. 3 (May-June 1976), p. 347.

³⁷ *Ibid.*, p. 353.

³³ Edward Yemin, "Job security: influence of ILO standards and recent trends", *International Labour Review*, vol. 113, No. 1 (January-February 1976), p. 20.

countries fear that a strict enforcement of their minimum wage legislation would increase unemployment.

A reduction in the number of hours of work to 40 per week was recommended by the International Labour Organisation in 1962, following the adoption of that standard by France, New Zealand and the United States before the Second World War and by Australia and Canada around 1950. A progressive implementation of the recommendation has continued during the 1970s in developed countries, in both market and centrally planned economies. In the Federal Republic of Germany, about 92 per cent of the employees had a 40-hour working week in 1976; a law enacted in the same year on youth employment limited working hours to 40 in a five-day week. In France, the average work week was 41.7 hours for manual workers in 1976, but the trend was towards an average reduction of 0.4 hours per year. In Italy, a 39-hour working week was established in the steel industry by a collective agreement.³⁸ In the Soviet Union, the average number of working hours per week in the non-agricultural sector was 39.4 in 1976.³⁹ In developed countries the reduction in the number of working hours has generally been accompanied by an increase in labour productivity. For example, in Austria, a reduction of two hours in the work week in 1970 was accompanied by an increase in labour productivity of 8 per cent per hour. In Japan, during the 1970s, for each 1 per cent reduction in working hours, there has been a corresponding 2.5 per cent increase in labour productivity.⁴⁰

Paid annual leave is also increasing in most developed countries. Four weeks of paid annual leave is now common in the European industrialized countries. In the European Community, "workers are now entitled to paid leave (i.e., annual leave and public holidays combined) amounting to five to six weeks as against three to four weeks when the Community was founded".⁴¹ In addition, four of the EEC countries grant additional holiday allowances to workers. In the Soviet Union, workers and employees benefited, on the average, from 21.2 working days of annual paid leave in 1976, as compared with 19.3 in 1964.⁴²

Data on working hours in the non-agricultural sector collected at mid decade for 11 developing countries of Africa (Algeria, Ghana, Mali, Sierra Leone), Latin America (Bolivia, Peru, Venezuela) and Asia (Cyprus, Philippines, Republic of Korea, Singapore) showed an average week of 45-48 hours. In Sierra Leone and the Republic of Korea the average was, however, 48-54 hours and 50-52 hours, respectively.⁴³ Laws provide for a working week of 40 to 48 hours in most develop-

ing countries, but the regulations are difficult to enforce and agreement between workers and employers for longer hours with increased remuneration are frequent. As in many developed countries, agricultural and seasonal workers are still much less protected from long working weeks than industrial workers. A limit of 10 hours of work per day for seasonal workers, with an annual average of eight hours, was recently legislated in Ghana.

Efforts to improve working conditions and particularly to upgrade the situation and status of manual workers have continued in a number of countries. In May-June 1976, the governing body of the International Labour Organisation adopted the International Programme for the Improvement of Working Conditions and Environment, calling for a comprehensive approach to the organization of work and the working environment. It invited Member States to set up specific objectives, particularly with regard to the most unpleasant and tedious jobs. Also in 1976, the members of the Organisation for Economic Co-operation and Development committed themselves to the objective of developing "new ways to meet the needs of workers for increased satisfaction from work and a working environment in which they are more fully to develop and use their talents and, in a manner consistent with the tradition of each country, influence decisions which affect their working life".⁴⁴ In 1976, following legislation of 1973 on the improvement of working conditions, a Deputy Minister for Manual Workers was appointed in France, and funds were allocated to projects of an innovative character at the enterprise level. A research programme on job satisfaction, subject to a tripartite steering committee, was also launched by the Department of Employment in the United Kingdom. Since 1975, the Government of the Netherlands has been subsidizing firms undertaking projects for the improvement of working conditions. The subsidy granted covers half of the total cost, up to a ceiling of 10,000 guilders. In Sweden, employers are required to finance such projects from their own resources. New approaches have been taken for restructuring work in industry, through the creation of independent production teams, and experiments are being conducted in large factories, particularly in the industrialized countries. In a Norwegian factory which makes electric radiators, such tasks as planning, supervision, manufacture, maintenance and handling, which were previously separated and assigned to specialized workers, have been gradually regrouped and entrusted to teams of workers. Through the group leader, the team co-ordinates with other teams and management, and makes decisions concerning production planning, financial management and other aspects of the undertaking. Such experiments based on production groups are bringing innovative approaches to industrial work. In Sweden, a number of new plants are using new techniques to organize group work, giving greater independence to the workers. In a few other Western European countries—for instance, France, the Federal Republic of Germany and Italy—there have been a number of management experiments with job rotation,

³⁸ See European Coal and Steel Community, *et. al.*, *op. cit.*, pp. 185-186.

³⁹ Council for Mutual Economic Assistance, *op. cit.*, p. 476.

⁴⁰ A. A. Evans, *Hours of Work in Industrialized Countries* (Geneva, International Labour Office, 1975), pp. 75-76.

⁴¹ European Coal and Steel Community, *et. al.*, *op. cit.*, p. 186.

⁴² Council for Mutual Economic Assistance, *op. cit.*, p. 477.

⁴³ International Labour Office, *Summary of Reports on Ratified Conventions (Articles 22 and 35 of the Constitution (Geneva, 1975))*, International Labour Conference, sixtieth session, report III (1), pp. 5-6; and International Labour Office, *Yearbook of Labour Statistics*, Thirty-fifth issue (Geneva, 1975), table 12, p. 489.

⁴⁴ Quoted in European Coal and Steel Community, *et. al.*, *op. cit.*, p. 88.

job enrichment and the introduction of autonomous and semi-autonomous group work.⁴⁵

Such interest in a more flexible and less fragmented organization of work has been paralleled by the adoption of laws and policy measures to enhance the participation of workers in the benefits and management of industrial and other units of production. Elaborated forms of workers' participation and industrial democracy are being developed in Northern Europe. In Denmark, workers' representation on company boards is generalized, and 1,000 co-operation committees have been established. In Sweden, workers' participation in management is regulated by the Joint Regulation Act of 1976 and the Public Employment Bill of 1977. The Joint Regulation Act, based on the principles of freedom of association and collective bargaining, enables workers, by means of negotiations and agreements, to influence the organization of work and the management of the company. They have access to information as well as the right to be represented on the boards of joint stock companies and other corporations. The Public Employment Bill contains some special provisions for the public sector, to ensure that the fulfillment of workers' rights does not prejudice the autonomy of public authorities; a preliminary special agreement laying down rules for the peaceful solution of disputes in the public sector has been concluded. In the Federal Republic of Germany, a new law on co-management came into force in 1976. In companies with more than 2,000 employees, the board is composed of shareholders and employees' representatives in equal number. Similar participation on a parity basis exists in mining, iron and steel. In smaller companies, a third of the members of the supervisory board are employee representatives. Participation rights have thus improved and have been extended to cover new aspects of industrial life, such as planning and the organization of work. Trade unions have been given a stronger status in these activities. Work councils exist in 34,000 establishments. The individual employee has the right to be informed, to be heard, and to be consulted on matters directly concerning his job, as well as an extensive right of complain. In France, a law of 1976 provides for the participation of workers in profit-sharing schemes, and a number of firms are experimenting with innovative formulas for such sharing. The attitudes of trade unions towards these various innovations vary with national conditions and the doctrinal orientation of the organization concerned. In recent years, however, particularly in Western Europe, these attitudes have become more favourable, since experimentation appears to have been motivated more by the search for industrial democracy than for the mere improvement of productivity.

Policy measures for increased worker participation in the management of industrial and agricultural enterprises have also been taken in Eastern Europe. During 1976-1978, Romania adopted new policy measures to

improve the management and planning of economic and social activity. New national forums have been institutionalized to ensure the participation of workers, on a national scale, in debating the most important decisions concerning their field of activity.⁴⁶ In 1978, new measures were taken for increased labour self-management, through workers' general assemblies and workers' councils. In Poland, the workers' organizations chart the basic programme of the enterprise's development and adopt annual plans on the basis of the indices set in the national economic plans. They also adopt regulations defining the rights and duties of employees and work out the rules and procedures for awarding bonuses from the plant's fund.⁴⁷ In Hungary a draft law concerning the participation of workers in the internal management of the enterprises is under consideration. According to the draft law, the managers must co-operate with the trade unions and other social organizations, and must involve the workers in the preparation and implementation of decisions, including annual and medium-term planning. The role of trade unions is to be increased. For example, the trade union concerned must be consulted before the dissolution of an enterprise.⁴⁸ In the USSR along with newly introduced measures for the improvement and perfection of management at all levels and branches of the national economy, there has been increased emphasis on the need for greater participation of trade unions, workers' assemblies and other workers' organizations in all aspects of production. Also, a new emphasis is being placed on the social determinants of productivity.⁴⁹

Reforms to enhance the participation of workers in decision-making have also been undertaken in a few developing countries. Regulations have been adopted in Pakistan, for instance, to improve the workers' position in collective bargaining and their participation in the management of industrial units employing 50 or more workers. Employees have a 50 per cent membership in management committees. In Iran, legislation provides for the distribution among workers of up to 20 per cent of the net profit of industrial companies.

The search for industrial democracy stems partly from the demands made by a better educated and better informed labour force. Workers, particularly those of the younger generation, no longer accept increased fragmentation of tasks and over-all bureaucratization of society as a corollary of technological progress. Individual and group responsibility is intended to give meaning to working life. Participation has no practical meaning if it does not involve a share of power in various forms of social organization. A true and long-lasting mobilization of people for development tasks implies such sharing of power. A number of policies and programmes initiated during the 1970s seem to be based on such a conception of participation in decision-making. Many of the countries that have formulated rural development programmes have a long tradition of farmers' participation in local projects

⁴⁵ Ursula Engelen-Kefer, "Humanisation of work in the Federal Republic of Germany", *International Labour Review*, vol. 113, No. 2, 1976, pp. 238-239; Yves Delamotte, "Working conditions and government policy: some Western Europeans approaches", *International Labour Review*, vol. 114, No. 2 (September-October 1976).

⁴⁶ Romania: Documents-Events, report prepared for the National Conference of the Romanian Communist Party, December 1977 (Bucharest, Agerpress, 1977).

⁴⁷ *Facts about Poland* (Warsaw, Interpress, 1977).

⁴⁸ *Hungarian Trade Union News* (December 1977).

⁴⁹ *Trud* (Moscow), 30 March 1976.

requiring collective efforts and bringing collective benefits. During the 1970s, a number of initiatives have been taken in various parts of the world to supplement

participation in grassroots organizations with participation in decisions affecting the whole national community.