

Policy Determination on Labor-Manpower
(Administrator's Transmittal Message)

1. I have approved the attached Policy Determination on Labor-Manpower. The central responsibility for alleviating problems of skill shortages, low worker productivity and inadequate employment opportunities, and for enhancing the quality of life for working men and women falls to the LCDs themselves, but in a manner consistent with its collaborative style, USAID should try to be helpful in seeking solutions to these developmental problems.

2. Although USAID has a significant interest in the labor-manpower institutions and policy development, this does not necessarily mean that Missions are expected to mount such bilateral projects. This and several other points were brought out during the clearance process. Some Bureaus asked that particular attention should be called to the following: (It is intended to spell these points out in greater detail in the two labor-manpower handbooks now being written.)

A. The office of Labor Affairs with limited central funds will continue high priority selective programs in the labor-manpower area.

B. USAID field Missions in mounting their development assistance programs -- e.g., in agriculture, nutrition, education, health, family planning -- should address the goals and objectives outlined in the Policy Determination. Paragraph II.E.7. provides, however, that the primary responsibility for incorporating labor-manpower considerations into USAID activities rests with the Missions and Regional Bureaus.

C. Paragraphs II.E.2. and II.E.3. state that USAID labor-manpower development assistance should give priority attention to the USAID sectors of major concern and to support of the Policy Determination on Employment and Income Distribution. In terms of such sectors as agriculture, health, and education, II.E.1. calls for due consideration of labor-manpower inputs and outputs in the development of the pertinent sector analyses and strategies. For example, where skill shortages are holding back the attainment of output goals, a skills training input should be considered. As another example, in some cases a family planning goal can be advanced by means of a labor union-sponsored education program or with the involvement of a women's bureau.

D. The policy itself and II.E.5. and 6. point out that USAID should be supportive of the international -- e.g., International Labor Organization (ILO) -- and regional -- e.g., Organization of American States (OAS) -- efforts in the labor-manpower area. Many of the activities can be carried out beneficially by the relevant multilateral institutions.

E. However, in the case of Section 601 of the FM stating that "it is declared to be the policy of the United States...to strengthen free labor unions," the Regional Bureaus and Missions, through ongoing substantial contracts with the American Institute for Free Labor Development (AIFLD), the African-American Labor Center (AALC), and the Asian-American Free Labor Institute (AAFLI), will continue to be supportive of the goals and policies contained in the Policy Determination.

F. With respect to free labor unions and increased participation by workers in the economic and social development process, the following provisions of the Policy Determination are especially relevant:

- I., Policy, states, "It is USAID policy to assist, bilaterally and multilaterally, less developed countries in their self-help efforts to strengthen the capabilities of labor unions...for enhancing the... freedom and welfare of working men and women."

- II.C., Welfare and Freedom of Workers, states, "In providing development assistance, USAID should encourage...the development of strong, independent, responsible and democratic organizations of workers...(and) the involvement of working men and women in the development process...such as...consultation (by relevant governmental institutions) with the representatives of the men and women affected by the measures to be taken, and in particular representatives of free employers' and workers' organizations."

- II.D., Labor-Manpower Institutions, provides that USAID's development assistance should assist the people of the LCDs in their efforts to build the institutions, such as free and responsible labor unions, which will meet the aspirations of workers and their families for a better life, with freedom.

- II.E.4., covering U.S. Labor-Manpower Development Assistance, stresses that USAID personnel should recognize that the preferred mode of labor-manpower development assistance is joint problem-solving with the recipient country and that "in this connection, shall also seek the views of employers' and workers' organizations in the country or area of the assignment."

G. It should be noted that the Policy Determination is concerned with the problems and aspirations of the rural labor force as well as those in urban areas. For example, in some developing countries, there are viable labor unions of plantation workers, campesinos, and employees of ministries of agriculture or rural development. Other LCDs have established a farm placement service within the overall national employment service. As two final examples, LDC labor and price statistics institutions often collect and disseminate employment, wage, and unemployment data for rural workers and, often standard minimum wage legislation has to be adjusted to take into consideration special factors associated with farm labor.

INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY
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Attachment:

Policy Determination on Labor-Manpower

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USAID List B-6, Position 24
USAID List B-4, Position 5
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INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT

Policy Determination on Labor-Manpower

I. Policy

It is USAID policy to assist, bilaterally and multilaterally, less developed countries in their self-help efforts to strengthen the capabilities of labor unions, labor ministries, and other labor-manpower institutions for enhancing the skills and utilization, employment opportunities, productivity, freedom, and welfare of working men and women.

II. Principles

The following basic principles apply to this Policy. For pertinent operating principles and procedures, reference should be made to handbooks on (a) strengthening free labor unions, and (b) labor-manpower programs and institutions. These fundamental principles are interrelated and, when properly applied, can be mutually reinforcing and often synergetic.

A. General

1. The ultimate objective of development assistance under this policy is sustained improvement in the well-being of the individual worker and his family.

2. The basic principles should take due account of the stage and level of economic and social development of the country concerned, and should be pursued by methods that are appropriate to national conditions and practices.

a. This proviso is particularly important in view of the critical problem of un-employment and under-employment in developing countries. Policies and programs designed primarily to promote the welfare of wage and salary workers may, if pursued too vigorously, be inimical to the promotion of job creation for the entire labor force. In many developing countries wage earners constitute a relatively small proportion of the entire working-age population.

b. Important complementary approaches to expand productive employment for the entire working-age population include policies, programs, and institutions on the labor-demand side to create new employment opportunities and on the labor-supply side to enhance the employability of the labor force through manpower and human resource development programs.

B. Manpower Development and Utilization

Enhancement of the occupational skills of members of the labor force and their productive employment in industry, agriculture, and commerce are essential to economic growth and a reduction of the incidence of poverty. In providing development assistance, USAID should encourage:

1. On-the-job and employing establishment-related training, re-training, and skills upgrading in public and private services and undertakings, including understanding and observance of labor legislation, the background and reasons for free labor unions and their role in economic and social development, and the methods of consultation and cooperation between management and workers, particularly in regard to the introduction of technological change, productivity measures, and redundancy.

2. Workers, management, and their associations to make a positive contribution at the work place, public and private, to industrial relations, with stress on means for resolving worker grievances, the idea and practice of negotiations, consultation and collaboration in labor relations, the opening of communications between workers, management and government, and improving working conditions.

3. The recipient nation to declare and pursue, as a major goal, an active policy designed to promote full, productive, and freely chosen employment, with a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements, and overcoming un-employment and under-employment.

4. The best possible organization of the labor (employment) market, including recruitment and placement, employment counseling, labor market information, and job development, as an integral part of the national program for the achievement and maintenance of full employment.

5. The appraisal and modification of policies and programs relating to human resources development, fiscal and trade policies, and those policies affecting the cost and supply of capital in the light of their effect on the productive employment and welfare of working men and women.

C. Welfare and Freedom of Workers

Economic growth is not the end purpose of development, but rather is one of the means for attaining development objectives. A major such objective is to meet the aspirations of workers and their families for a better life, with dignity and freedom, and to help spread the benefits of economic progress among the wage and salary components of the labor force. In providing development assistance, USAID should encourage:

1. The development of strong, independent, responsible, and democratic organizations of workers, which can engage in collective bargaining and perform other useful functions in the improvement of the economic and social life of their members.

2. Conformity with the basic aims of the ILO Conventions on the use of forced or compulsory labor and freedom of association and collective bargaining.

3. Freedom of choice of manpower training and employment and the fullest possible opportunity for each worker to qualify for and to use his skills and endowments in a job for which he is well suited.

4. The point of view that wage policies fulfill several purposes: (a) they often provide opportunities to use the incentive effect of increased income to support increased productivity; (b) they can facilitate the transfer of skilled labor from the less efficient to the more efficient industries; (c) they influence the advancement of skill improvement; (d) they may improve the quality of life for workers and their families; (e) they affect the internal market for goods and services; (f) they should seek to be consistent with the promotion of better income distribution and employment opportunities for the total population; and (g) they

are part of overall development policies and hence subject to such constraints as guidelines on productivity, growth, and cost of living.

5. The understanding that the regulation of minimum wages is an essential element of social and economic policy, since it insures a fairer wage for underpaid workers and for those who are unable to negotiate equitable remuneration, realizing that standard minimum wage legislation cannot be universally effective in the traditional sector and that modern sector minimum wages should bear some reasonable relationship to rural family incomes, to the effect on rural-urban migration and urban unemployment, and to the need for job creation in the industrial sector.

6. Social security as an instrument of genuine social policy and a more just distribution of the national income, since the wage earner and his family are almost wholly dependent on the income from his employment and income maintenance programs are main instruments for dealing with problems of work-related injury, involuntary unemployment, sickness, invalidity, old age, and death of the breadwinner, realizing that social security and other instruments for enhancing worker welfare should also take due account of the health of the economy, methods of financing social security, and such other national goals as employment and income-earning opportunities among other groups in the labor force.

7. The development and enforcement of the country's legal provisions relating to conditions of work, such as provisions relating to hours, wages, safety, health and welfare, the employment of children and young persons, and other connected matters consistent with local circumstances.

8. Inclusion in overall development programs of the basic aims and standards of the ILO Convention on child labor and on social policy.

9. The involvement of working men and women in the development process through their participation in relevant private and governmental activities and institutions, such as the formulation and implementation of manpower, employment, social security, labor standards, industrial relations, and skills training policies and programs in consultation, at all stages, with the representatives of the men and women affected by the measures to be taken, and in particular representatives of free employers' and workers' organizations and the accessibility of the machinery for implementing these policies and programs to those whom they are intended to serve.

D. Labor-Manpower Institutions

In providing development assistance, USAID should assist the people of the less developed countries in their efforts to build the economic, political, and social institutions which will meet the aspirations of workers and their families for a better life, with freedom. These institutions include:

1. Free Labor Unions

Free and responsible labor unions, enjoying the right to engage in collective bargaining, can have an important role in the process of modernization and the social and economic development of the less developed countries. For example, by acting as forums for the exchange of information and instruments for attitudinal change on vital development issues, such as bringing to the fore difficult questions of social welfare and equitable distribution of income, seeking to improve the conditions under which the commitment of labor

to industry takes place, and helping advance population and family planning goals, labor unions may strengthen the forces in a society which are impelling it to modernize.

2. Ministries of Labor

Ministries of labor are a part of the social conscience of the government; they are the public agencies that can mobilize, prepare, and promote the well-being of working men and women. It is essential that the ministers of labor play an active role at the national and international level in order to achieve more rapidly and effectively social and economic development objectives. There can be no effective development unless the legitimate rights of working men and women are recognized and their aspirations are expressed in terms of concrete achievements involving such factors as wages, employment, working conditions, and social security. In all these tasks, the ministries of labor have a vital role to play. They bear particular responsibility for seeking those solutions to problems of social and economic development which will not place the greater burden on the weakest and most disadvantaged members of society.

3. Labor Statistics and Research Institutions

The planning, implementation, and evaluation of sound labor-manpower policies and programs have been hampered in most developing countries by the absence of an institutional capability to produce reliable, current labor-manpower statistics and to engage in efforts to improve their labor force, wage, price, hours, and productivity research and statistics in order to, among other objectives, formulate realistic quantitative targets for employment, to measure the trend in real earnings and productivity, and to provide needed insights directed at the amelioration of work-related problems of the labor force.

4. Industrial Relations

Institutions able to contribute to constructive industrial relations need to be strengthened. The creation of permanent machinery to establish regular relations between employers' and workers' organizations and to give them the character of fruitful cooperation consistent with their respective contributions to national development should be encouraged. In particular, an effective system of cooperation and consultation should be established between the State and employers' and workers' organizations with regard to questions of social policy and labor legislation.

5. Labor Standards

Institutions able to contribute to constructive labor standards also need to be strengthened. Labor legislation should be accompanied by an effective system of inspection that would guarantee compliance and enable the workers to share in the benefits of economic development.

6. Employment Services

Effective employment services are required to assist workers in finding suitable employment, and employers in finding the best qualified workers, and to disseminate information on labor needs and employment opportunities.

7. Skills Training

The skills training, particularly on-the-job, capabilities of government, employers, labor unions, and professional societies should be strengthened, so that increased training and job opportunities are available to all workers, organized and un-organized, in both rural and urban areas, and especially to the un-employed, under-employed, and inadequately trained employed workers.

8. Social Security

The success of social security programs requires efficient administration. Steps should be taken to insure that the workers and their families covered by social security legislation are really covered in practice.

9. U.S. Employers

The labor-manpower policies and practices of U.S. firms with overseas operations can have an important effect on U.S. and recipient-country development interests. Steps should be encouraged for these firms to establish good industrial relations, manpower training, and fair labor standards policies and practices in conformity with international standards and local legislation.

10. Universities

Institutions of higher education should be encouraged to add to their curricula courses on labor-manpower economics, labor and price statistics, labor-management relations and collective bargaining, social security, manpower and employment development, utilization and welfare, and other subjects within the framework of social and economic development.

11. Advisory Committees

Worker participation in development efforts should be advanced by the establishment of committees, on which labor along with other interested groups are represented, as advisory bodies to national and local public agencies concerned with policy and programs in such areas as manpower and employment development, labor legislation, social security, and overall development policies affecting the welfare of working men and women.

12. Women's Bureaus

Developing countries should be encouraged to advance the status of working women by establishing viable women's bureaus and to strengthen them where they exist.

E. U.S. Labor-Manpower Development Assistance

Within the frame of reference of USAID Policy Determinations on overall development assistance, USAID direct-hire, PASA, and contract personnel, in carrying out the above policy and basic principles, as appropriate, should:

1. In sector analyses and strategies, give due consideration to the role of labor-manpower policies, programs, institutions, and attitudes related to the formation, allocation, utilization, incentives, statistics, and welfare of working men and women required to achieve sector objectives.

2. Encourage, as appropriate, the identified country labor-manpower institutions to give priority attention to members of the labor force affecting the following sectors: health and family planning, agriculture and food production, and education.

3. Give special attention to relating labor-manpower development assistance programs to the Policy Determination on Employment and Income Distribution (PD-48).

4. Recognize that the preferred mode of labor-manpower development assistance is joint problem-solving with the recipient country; in this connection, shall also seek the views of employers' and workers' organizations in the country or area of their assignment and communicate to these organizations copies of available reports.

5. Seek to implement the relevant provisions of the International Development Strategy for the Second United Nations' Development Decade, the resolutions establishing the ILO's World Employment Program and its regional manpower-employment components, the OAS's resolutions, particularly those passed by the Inter-American Conferences of Ministers of Labor on the Alliance for Progress, and officially U.S.-supported resolutions adopted by other multilateral organizations such as the World Bank Group and the Organization for Economic Cooperation and Development.

6. Collaborate with the above international and regional organizations toward the end of participating actively in joint programming, consultative groups and consortia, and of making available to them American experience and expertise in the solution of developing country problems in the fields of labor, manpower, employment, and worker welfare.

7. The primary responsibility for incorporating labor-manpower considerations into USAID activities must rest with the Missions because of their greater familiarity with the specifics of country situations, their continuing dialogues with host governments, and their role in conceiving and developing programs and projects in collaboration with local institutions. The Regional Bureaus also have a major role to play as they review the proposals submitted by Missions. Missions and Bureaus will make their own arrangements to assure that the functions are adequately performed. The Office of Labor Affairs will be responsible for overall technical guidance, and, in collaboration with the Bureau for Program and Policy Coordination and the Bureau for Technical Assistance, will be responsible for developing the Economic and Social Guidance and relevant evaluation and centrally funded research in the labor-manpower area; will, in collaboration with other Bureaus and independent Offices, play a major role in developing sector/program/ project guidance; and will assist other Bureaus and Offices, where appropriate, to implement their respective responsibilities under this Determination.

8. USAID, in its recruitment, in-service training, details, and assignments, should include labor-manpower professionals, such as labor economists and labor-manpower officers.

III. Legal or Administrative Antecedents

FAA Sections 102, 201, 207, 211, 251,281, 291, and 601;
M.O. 204.7 and M.O. 1612.40; State Department Policies.

Approved:

JOHN A. HANNAH
Administrator

Date:

4-30-73 _____