

Report on the World Social Situation*

New nations and old, all over the world, are showing a determination to improve social conditions for their people. These efforts are reviewed by the United Nations in the recently released Report on the World Social Situation. The report is the first in a new series, to be issued biennially, that covers "in alternate editions, social conditions and social programs, on the one hand, and urgent comprehensive social problems, on the other. The present report has as its main task the summing up of trends in social conditions and social programs since 1950." The first chapter is reproduced in the following pages.

SOME of the more important indicators of the world social situation show a solid upward trend since 1950 but, in general, social advance has been uneven in the different components of development, as well as in the different countries and the different social groups within countries. In the economically less developed regions, progress was particularly outstanding in some of the indicators of health and education. It was less satisfactory with regard to food consumption, which showed but a slow upward trend. It was unsatisfactory with regard to housing, employment, personal income and consumption, which—in particular among the poorer classes in the poorer countries—showed little evident improvement at all. The “revolution of rising expectations” in these countries advanced faster than the levels of living.

The drop in death rates—perhaps the most spectacular achievement statistically recorded in the 1950–1960 decade—has had greater meaning for the quantity than for the quality of living. At the end of the decade, there were still an estimated 150 million persons in the economically less

developed countries suffering from bilharziasis, 500 million from trachoma and over 250 million from filariasis—debilitating diseases whose very names are hardly known in the industrially advanced countries; where heart disease, cancer, mental illness and accidents (particularly from motor vehicles) have been the object of growing concern.

The quantity of education has increased everywhere and literacy rates have risen significantly. The expansion of education has been accompanied by shortages of teachers, equipment and buildings, often by a lowering of the quality of instruction, and by much discussion of the purposes and content of education in an age of rapid social and technological change. The coexistence in some countries of an increasing number of educated unemployed with a serious shortage of personnel in various technical fields has shown the need for a better adaptation of educational systems to economic requirements.

While, according to census data, the percentage of literates increased in the 1950–1960 decade, in a number of countries the absolute number of illiterates also increased substantially—owing to rapid population growth—and with present trends will continue to increase during the next two or three decades. This contrast between progress in terms of averages or percentages and regression in terms of absolute numbers appears in other social indicators for these countries. In fact, as far as it is possible to judge from the scanty evidence on hand, there has been a substantial increase since 1950 in many parts of the world in the numbers of those in conditions of special need—the homeless, the unemployed, the blind and crippled, children without families, youthful delinquents and aged derelicts—whether or not national rates in percentage terms would, if known, show an improvement for these categories.

In some aspects of development, such as health, the gap between the less developed countries and the economically advanced countries narrowed; in others, such as educational enrollment, it remained about the same; in still others, such as consumption of material goods, it widened. In per capita national income—which has limited value as an

* Introductory chapter of *Report on the World Social Situation*, prepared by the Bureau of Social Affairs of the United Nations in cooperation with the Food and Agriculture Organization, the International Labor Office, the United Nations Educational, Scientific and Cultural Organization, and the World Health Organization. The report will be printed by the United Nations later this year. (Copies will then be available for purchase.)

The summary chapter of the 1955 survey by the Bureau of Social Affairs (*International Survey of Programmes of Social Development*) was reprinted in the December 1955 issue of the *Bulletin*.

indicator of social progress—the gap widened considerably in absolute terms but, in relative terms (percentage gains or rates of growth), the picture was obscured by the fact that the fastest growth generally took place in middle-income countries, most of which, like Bulgaria, Greece, Israel, Japan, and Yugoslavia, could be classified, depending on the criteria or frame of reference used, as either economically “less developed” or economically “more developed”. Thus: (a) countries with per capita income levels from \$700 to \$2,000 or more with one or two exceptions showed moderate (1.5 percent per annum to 3.5 percent) or low (0.5 percent to 1.5 percent) rates of growth of per capita national income, with a median around 3 percent; (b) countries in the middle range of \$200 to \$700, while showing considerable variability, had a median rate of growth of between 4 and 5 percent per annum and included nearly all countries with a very high rate of growth; (c) countries with per capita incomes below \$200, as far as can be determined from the limited data available, had a median of about 2 percent, ranging from zero or below to around 3 percent, with a few exceptions that exceeded these rates. The poorest countries thus grew at the slowest rate. The middle-income countries with rapid growth of per capita national income were in a number of cases countries that had been going through a considerable demographic and social transition within the last few decades, with fertility rates and dependency rates substantially lower than in 1930 (for example, countries of southern and southeastern Europe, Israel and Japan). It is perhaps significant that the very fastest-growing countries were nearly all ones that had been defeated in the Second World War or had been severely devastated, and that appeared to grow rapidly in the 1950's as if in a kind of compensatory movement for the setbacks of the 1940's. Finally, countries with centrally planned economies—in eastern Europe and elsewhere—generally grew faster than countries with market economies or mixed economies, but some of the fastest-growing countries had no general development plans at all (e.g., Austria, Federal Republic of Germany, Greece, Israel, Japan). In the economically less developed countries, an important factor in rapid growth of per capita national income appeared to be the good fortune of having a resource like oil that was in high demand on the international market during

the period; and an important factor in disappointing growth rates was the misfortune of having a principal export commodity or group of commodities that failed to maintain their relative prices in the international market.

While trends in income distribution are difficult to detect, it would seem safe to say that, with certain exceptions, there has not been notable improvement, either in rich countries or in poor countries, in the correction of maldistributions that were evident in 1950. In many less developed countries, growth in national income appears to have been shared disproportionately by the minority of those already well-to-do, while in richer countries certain disadvantaged minorities have continued to lag behind the majorities in growth of income. In general, inequality of income distribution has been highest in countries where there has been considerable imbalance between economic and social indicators, and where diffusion of income (as well as expansion of income) has been hindered by rigidities in the social-economic system. The chief improvements in income distribution have occurred in the relatively small number of developing countries that have carried out really effective land reforms or tax reforms, and in those European countries that during the last decade or so have absorbed their unemployed.

It is hardly necessary in the present context to call attention again to the unprecedented rate of population growth in recent years in the economically less developed areas, a rate that has had important implications for growth of per capita national income and of other aspects of economic and social development. This acceleration of growth, which is still gaining momentum as a result of continuing decline in death rates without change in birth rates, as noted in previous Reports in this series, has now become the object of world-wide discussion. On the basis of 1960 census data that have become available thus far, it would appear that the world population increased by an estimated 485 million people, or by 19 percent between 1950 and 1960—about the same increase in absolute numbers as in the 100 years between 1750 and 1850, and the same percentage increase as between 1930 and 1950. In the regions the increase was as follows: Middle America, 29 percent; Oceania, 26.5 percent (affected by immigration); South America, 26 percent; Africa, 23 percent; Asia, 21 percent; Northern America, 19

percent; the USSR, 18 percent; and Europe, 8 percent. Population growth during 1950-1960 exceeded the highest estimates that had been made, and projections into the future are now being revised, including the projection of a world population of 6 billion people by the year 2000.

With few exceptions, the estimated or recorded birth rates in Africa, Asia and Middle and South America remained in excess of 35 per 1,000 and the gross reproduction rates over 2.0, the majority lying within the range of 2.7 to 3.2. By contrast, no major country in Europe, Northern America and Oceania has a birth rate as high as 30 per 1,000 or a reproduction rate of 2.0. It should be noted, however, that there are wide variations in birth rates in the economically less developed areas (ranging from 35 to 55 or 60 per 1,000, compared with a range of 15 to 25 in the industrialized countries); these variations imply the existence of fairly extensive fertility controls and argue against the common belief that the populations reproduce themselves at the biological limits. In fact, fertility controls or population controls, often related to economic circumstances have long been exercised in one form or another in pre-industrial societies. The problem that is creating controversy today is not whether families in densely populated, less developed areas should control fertility at all, but whether the State should intervene in certain circumstances to promote greatly increased fertility control, through the use of modern contraceptive methods currently employed in the economically developed countries, or by other effective means.

A second remark needs to be made about the world demographic situation, in the present context: namely, that no universal generalization can be laid down regarding the favorable or unfavorable effect of population growth upon economic growth. The effect depends upon the rate of growth, the level of technology and availability of resources, as well as other factors. In some cases, where resources have been scarce and technological levels low, as in much of Asia, rapid population growth during the period under review has appeared to inhibit income growth; the scarce resources—particularly of land—have had to be subdivided among a rapidly growing population. It is especially in such areas that governmental concern about continuing high birth rates has become acute. In other cases, where there have been more plentiful resources to develop and

higher levels of skill and technology, population growth or growth of the labor force apparently has been favorably associated with growth of per capita national income. In western countries, for example, relatively high rates of increase of the labor force between 1949 and 1959 have been associated with relatively high rates of increase of labor productivity (output per worker).

In all regions, urban population has been growing much more rapidly than rural population, owing to extensive rural-urban migration. In Africa, Asia, and Latin America many metropolitan areas doubled in population within the last decade, and some projections envisage a doubling of the urban population in general in these regions between 1960 and 1975. Urban industries and services have not, as a rule, been expanding as rapidly as the urban population, and a number of countries have been concerned to slow down the rate of migration or even return some of the recent migrants to the countryside, where poverty and unemployment are less degrading to the individual, less costly to the State, and less conspicuous. It is now generally accepted that solutions to problems of excessive urban population cannot be found without a coordinated effort to improve economic and social conditions in rural areas through regional planning and rural development programs. The rural populations will remain the majority population in most of the less developed countries for some years to come, and any improvement in their production and welfare will be of double benefit by helping to ease the urban situation.

In the industrialized countries, urbanization has taken place at roughly the same rate as in the less developed countries, in the sense that about the same proportion of the population has shifted from rural to urban residence, but rates of urban growth have been less marked because the urban base was much larger at the beginning of the period and over-all population growth has been smaller. At the same time there has been a marked slowing-down or actual decline in rural population. As much as 15 percent of the total labor force shifted out of agriculture in the 1950-1960 decade in some of the middle and higher income countries, and several of the countries in the higher income category now have 10 percent or less of their populations engaged in agriculture (compared with 50 to 80 percent in less developed countries).

In fact, under the impact of rapid technological change, and particularly in recent years of automation, the "developed" countries are undergoing structural changes as rapidly or more rapidly than the "developing" countries. Needs for manual labor are fast declining and older skills becoming obsolescent. In some of the most highly industrialized countries, in sectors such as agriculture, coal mining and textile manufacturing, where increase of productivity has now far outstripped increase in demand, there is a serious problem of unemployment (or of under-employment disguised in various ways), in spite of extensive out-migration. Manpower surpluses in these sectors, and in unskilled labor in general, coexist, as in less developed countries, with a scarcity of skilled manpower for newer, expanding industries. This situation, which has both social and economic implications, has led to demands for a massive new approach to occupational training and re-training and the promotion of much greater mobility both of labor and of industry, in the circumstances of a swiftly changing modern technological society.

These problems apply particularly to the highly industrialized populations of North America, but are beginning to appear in Western Europe. In the latter region there has been a remarkable expansion of private consumption since 1950, particularly of automobiles, household appliances, television sets and other manufactured products, in response to previously pent-up demand, and, with expanding production, unemployment has been greatly reduced, in many cases wholly eliminated.

In both North America and Western Europe, social security since 1950 has significantly expanded, particularly to include the self-employed, and has now reached practically universal coverage in many of these countries. Working hours have become shorter, while at the same time the question of how the additional time should be spent has itself become a matter of some concern. Certain persistent or emerging social problems occupying public policy-makers in these regions, in addition to problems already noted, deserve to be mentioned:

(a) The persistence in some countries of minorities living in substandard conditions, often in urban or rural slums, composed largely of groups suffering some degree of ethnic discrimination or of geographic or cultural isola-

tion, and tending to be left behind with technological and structural change;

(b) The aimless, satisfaction-less lives of many of the aged, arising from their lack of role and status in modern society;

(c) Restlessness among youth; the failure of programs to prevent juvenile delinquency in these countries; the problem of young persons leaving school early who are confronted with the declining demand for unskilled labor;

(d) The psychological strains, loss of amenities, waste of time and energy and the health hazards, deriving from urban congestion, urban sprawl, and automotive traffic;

(e) The widespread concern deriving from world ideological conflicts and the threat of nuclear warfare.

In the countries of eastern Europe and the USSR, not all of these problems exist in the same form or degree. Full employment has been maintained, coverage of public services has continued to expand, and material production generally has risen very fast. Levels of personal consumption of goods, as contrasted with public consumption of services, however, have risen but slowly—more slowly than in other countries of Europe—particularly on the part of the still large agrarian populations.

Among the less developed regions, there are a number of obvious differences in the main problems. In Africa, the rapid emergence of new elites with the attainment of independence, the transformation of traditional social relationships and of the traditional nature of the labor force, and the organizational and training problems attending the creation of new nation-States, are likely to overshadow other preoccupations for some time. In Asia, problems of generalized poverty and heavy pressure of population upon resources are more prominent than elsewhere. At the same time, there is more comprehensiveness and continuity in development planning than in other less developed regions. National policies directed toward change of social structures and class relationships are more clearly defined and also more diverse than elsewhere, ranging from systematic adaptation of traditional forms to new needs (Japan) to the systematic uprooting of traditional forms and their replacement by new ones (Mainland China). Latin America and the Middle East show vigorous but unbalanced forms of development, wide urban-rural gaps, serious problems of rapid and concentrated urbanization, and acute social tensions. In both regions, political instability has been a factor inhibiting investment

and planning for development. Nevertheless, in both regions there is an emerging tendency toward development planning, and social objectives are given consideration in the planning context. In some countries of the Middle East, substantial progress has been made in the reduction of income inequalities through land tenure reform.

In all of these less developed regions, however, the following problems are present :

(a) Heavy dependency ratios and high investment requirements for social and economic development arising from rapid population increase ;

(b) Increasing uneasiness at the prospect that some of the gains in the quantitative indices of social development may not be contributing as effectively as expected to over-all development—badly planned and ineffective education, social security helping only a favored minority, and health achievements increasing population pressure faster than production ;

(c) A growing gap between the masses and the minorities within the “modern” economy ;

(d) Conspicuous consumption of wealth amid great poverty—wealth often based on quick profits, speculative forms of investment (as in real estate), or inherited property, which do not generally reflect much contribution to the economic and social development of the country ;

(e) The various social problems attending rapid urbanization ;

(f) Failure thus far of the strategies for rural development to revolutionize the situation of the rural masses on a scale matching the size of the problem ;

(g) The outflow of qualified professional personnel from the very countries where they are most needed.

In perspective, the 1950–1960 decade might be described not so much as a period of achievement as a period of promise. Some of the most important social programs, such as those in education and community development, will pay off only in the future. It is significant that, on an unprecedented scale, Governments have made deliberate and conscious national efforts to advance economic and social development during this period. At the same time, a new international ethic of mutual aid and a new system of international assistance took form; the international community played a central role in the initiation of the world-wide movement for development.

Perhaps the most striking aspect of change in the less developed countries has not been the change in material things, but the change in ethos and general attitude: the appearance of women in

occupations where previously they were completely excluded and the fact that, in the Middle East, for example, there are now more girls in school than there were boys in 1950; changes in attitudes towards natural and social science; acceptance of the very concept of economic and social development—a concept still somewhat of a novelty in the universities of some of the most highly advanced countries; the search for scientific principles of development.

Planned development is now one of the major themes of the United Nations Development Decade and will no doubt receive increasing emphasis. The need for balanced and integrated economic and social development has been widely recognized. It will be necessary to ensure that the formulation of economic and social development plans does not become an end in itself, while their execution is neglected. A plan drawn up in a national capital may have little reality at the level of the subsistence farmer. Problems of communication, motivation, and popular participation in development merit better understanding.

The inadequacy of financial resources has been a principal obstacle to social advancement in most countries. It has been widely observed that reduction of expenditure on armaments would make available vast resources for economic and social development. Not only in developed but also some of the less developed countries, military expenditures represent a large part of national budgets, and it has been estimated that the world is spending approximately \$120 billion annually on military account. The talents of a large proportion of the world's scientists are expended on research into the development and use of armaments. All who comment upon the subject point to the great advantages that would accrue to human welfare if such resources, backed by modern science and technology, could be diverted to economic and social development, but there has been little apparent progress since 1950 in this essentially political problem.

The chapters that follow in this 1963 *Report on the World Social Situation* take up, first, the developments since 1950 in the several social sectors. Following the sectoral chapters, the Report enters into the question of social problems and trends in the economically less developed regions of Latin America, the Middle East, Asia and Africa. In these regional chapters, while the focus is upon social questions, the attempt has been

made to understand these questions in their total context. It has been a major thesis of United Nations work in the last decade that the problems in one particular field or area cannot be understood merely in terms of the variables operating within that field; in particular, it has been emphasized in various resolutions of the Economic and Social Council and of the General Assembly, and

in various reports by the Secretary-General, that economic and social factors are so inextricably interwoven that no proper explanation of developments in the one field can be made without reference to trends in the other. For this reason, in the regional chapters consideration has also been given to economic forces that have direct bearing upon social trends.

Notes and Brief Reports

Social Security Taxes and Total Payrolls*

The social insurance programs inaugurated by the Social Security Act—old-age, survivors, and disability insurance and unemployment insurance—have now been in operation for more than a quarter of a century and are an accepted part of American economic and social life. The benefit provisions have undoubtedly played a significant role in preventing or lessening the economic losses and difficulties arising from the three major causes of the termination of a family breadwinner's work activity—death, old age, and permanent and total disability—and from short-term unemployment. This is one side of the coin. The other side is the charge necessarily imposed on employers and workers to finance the program on a sound basis. The impact of this charge on employers as it has varied from the system's beginning through 1962 is considered in the following pages.

One way to consider the cost impact of the social security program is in terms of the contribution (or tax) provisions of the old-age, survivors, and disability insurance system. During 1937-49 the amount paid by employer and by employee was at most \$30 a year. Currently each of them pays a maximum of \$174—almost six times as much. Even if only the contribution rate itself is considered, the rise is still substantial—slightly more than three and one-half times the initial rate of 1 percent.

Another way of looking at the financial impact is to compare the total contributions collected currently with the corresponding amounts collected in the early years of operation. The following tabulation shows contributions for the calendar

years 1962 and 1940 for both old-age, survivors, and disability insurance and, under Federal and State taxes, unemployment insurance.

Program	Contributions (in millions)	
	1940	1962
Total.....	\$1,600	\$16,500
Old-age, survivors, and disability insurance.....	640	13,100
Unemployment insurance.....	960	3,400

The contributions for old-age, survivors, and disability insurance in 1962 were more than 20 times the amount in 1940. Those for unemployment insurance were more than three and one-half times what they had been in the earlier year.

It would thus appear that the social security taxes have a much greater impact on employers today than they did 23 years ago, and it is true that the absolute monetary amounts are considerably larger. Meaningful analysis, however, calls for consideration of the charge in relation to total wages or total payroll rather than in terms of dollars. Among the reasons are (1) the changing value of the dollar and changing levels of earnings, both of which have raised the amount contributed in terms of dollars but not necessarily in relation to total payroll, and (2) the expansion of the program to cover more categories of workers.

Another important item must be taken into account: The upper limits on individual earnings on which contributions are collected have not moved upward as rapidly as the general earnings level. Accordingly, consideration of the tax impact cannot be limited solely to rates but must include measurement of the effect on total payroll. For a \$6,000-a-year worker, for example, a 4-percent tax on wages up to \$3,000 has exactly the same impact as a 2-percent tax on total earnings.

* Prepared by Robert J. Myers, Chief Actuary.