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The Satisfaction of Basic Needs – Old Demands, New Strategies

by Renate Heierli-Hogaust, St. Gall*

The basic-needs strategy is a response to the shortcomings of one-sidedly growth-oriented development concepts. Instead of focusing on growth or employment, as hitherto, the new development strategy now focuses on elimination of mass poverty in the Third World countries. The basic-needs concept of the International Labour Office, presented in this article, claims to offer a new programme of action to supersede conventional development strategies. Is this claim justified, and what hope of success is there for the new concept?

In 1976 the International Labour Office (ILO) developed an outline concept designed to meet the basic needs of the poorest 50 % of mankind. These guidelines attracted considerable international attention. The starting point for the world-wide discussion of the subject was a report made by the ILO Director General to the World Employment Conference of 1976¹, outlining the need for new strategies as well as possible measures; on this basis the Conference passed a Declaration of Principles and a Programme of Action².

The definition of basic needs contained in the Programme can already be regarded as "classic": "First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, as well as certain household equipment and furniture. Second, they include essential services, provided by and for the community at large, such as safe drinking water, sanitation, public transport and health, educational and cultural facilities."³ Two further detailed formulations provide information on the means to be used for the attainment of this goal: "A basic-needs-oriented policy implies the participation of the people in making the decisions which affect them through organisations of their own choice" and "In all countries freely chosen employment enters into a basic-needs policy both as a means and as an end."⁴

Such a comprehensive global concept requires that the measures for its implementation are set in motion simultaneously in many fields. The macro-economic

measures, the measures concerning employment policy and those concerning the rural sector, as well as the social policy measures, as proposed in the ILO Programme of Action, are set out here briefly.

The *macro-economic measures* comprise⁵:

- ☐ an increase in the volume and productivity of work in order to increase the incomes of the lowest income groups;
- ☐ strengthening the production and distribution system of essential goods and services to correspond with the new pattern of demand;
- ☐ an increase in resource mobilisation for investment; the introduction of progressive income and wealth taxation policies; the adoption of credit policies to ensure employment creation and increased production of basic goods and services;
- ☐ the control of the utilisation and processing of natural resources as well as the establishment of basic industries that would generate self-reliant and harmonious economic development;
- ☐ developing inter-regional trade, especially among the developing countries, in order to promote collective self-reliance and to ensure the satisfaction of basic import needs without depending permanently on external aid;

¹ Cf. International Labour Office: Employment, growth and basic needs: A one-world problem, Report of the Director-General of the International Labour Office, Geneva 1976.

² Cf. ILO: Declaration of Principles and Programme of Action adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour, Geneva, June 4-17, 1976.

³ ILO: Programme of Action, op. cit., Art. 2.

⁴ Ibid., Arts. 3 and 4.

⁵ Ibid., Art. 7.

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- ☐ a planned increase in investments in order to achieve diversification of employment and technological progress and to overcome other regional and sectoral inequalities;
- ☐ reform of the price mechanism in order to achieve greater equity and efficiency in resource allocation and to ensure sufficient income to small producers;
- ☐ reform of the fiscal system to provide employment-linked incentives and more socially just patterns of income distribution;
- ☐ safeguarding ecological and environmental balances;
- ☐ provision by the government of the policy framework to guide the private and public sectors towards meeting basic needs, and making its own industrial enterprises model employers; in many cases this can only be done in a national planning framework;
- ☐ the development of human resources through education and vocational training.

On *employment policy* the Programme states:

"Member States should place prime emphasis on the generation of employment, in particular to meet the challenge of creating sufficient jobs in developing countries by the year 2000 and thereby achieve full employment. Specific targets should be set to reduce progressively unemployment and underemployment."⁶

Among the measures proposed for job creation the following are of particular importance:

- ☐ Project choice: in choosing and evaluating projects international financing institutions should take appropriate account, in their development planning and credit policy, of the criteria of employment and income distribution.
- ☐ Wages policy, guarantee of subsistence minimum, protection and improvement of the wages of workers and small producers, adjustment of the wage level to social productivity.
- ☐ There should moreover be equal treatment for women at their place of work and a general improvement of working conditions.

Measures for rural areas are given special emphasis in the Programme:

"Governments should give high priority to rural development, and increase the effectiveness of their policies, including those to reorganise the agrarian

structure. Rural development involves the modernisation of agriculture, the development of agro-based industries, and the provision of both physical and social infrastructure."⁷ This includes educational and training facilities, road construction, establishment of credit institutions and technical aid, especially for small farmers and agricultural labourers. Co-operatives are to be set up, not only for the utilisation of the land, of implements and of machinery but also for the provision of credits; likewise for transport, storage, marketing and distribution, processing and generally in the service sector. A programme along these lines should be aimed also at enabling participation of the masses and granting them the right of co-determination – both in the provision of the above-listed services and in job creation, as well as in agricultural reform and land allocation.

Social policy should address itself both generally to all gainfully employed persons and especially to women, handicapped people, the young and the elderly⁸.

- ☐ Since in many developing countries women occupy the bottom rung of the social ladder, special measures should be taken to improve both their living and working conditions and to ensure for them equality in social status, in education, training and wages.
- ☐ Equitable wages as well as appropriate protective measures are demanded for juveniles, the elderly and the handicapped.

Growth and Equitable Distribution?

At first glance the measures proposed do not convey the impression of representing a fundamentally new, clearly structured programme with well-defined priorities in the sense of a hierarchy of implementation. Indeed one is bound to ask oneself how such a maximal catalogue can be taken seriously and wherein the improvements over existing concepts lie. As individual ideas many important elements of the concept – such as attainment of a certain standard of living for everyone, public services, participation of the population and employment – have long been part of development plans and models for development co-operation. Thus, when "basic needs" are referred to one does not always immediately think of the ILO concept which, after all,

⁷ Ibid., Art. 10.

⁸ Ibid., Arts. 14-17.

⁹ Cf. ILO: *Employment, growth and basic needs*, op. cit., p. 31. This claim consists very largely of a rejection of past strategies: a basic-needs strategy is not to be "more of the same". Cf. E. L. H. Lee: *Some Normative Aspects of a Basic-Needs Strategy*, in: D. P. Ghai et al.: *The Basic-Needs Approach to Development*, ILO, Geneva 1977, p. 68.

⁶ Ibid., Art. 8.

claims to set up a new programme to take the place of the "conventional development strategies"⁹.

The special attraction of the basic-needs strategy consists in its intention to improve the position of the impoverished masses in the shortest possible time¹⁰. It cannot be denied that previous development concepts had similarly aimed at better living conditions for broad strata of the population, but in practice this aim has all too often been lost sight of or unreasonably protracted; this occurred invariably whenever social progress was to be ushered in indirectly by way of certain mechanisms instead of being seen as an independent objective. The ILO Programme of Action, on the other hand, maintains that the satisfaction of basic needs in developing countries is possible only through an acceleration of economic growth *plus* structural changes in favour of the poorest strata. No doubt this double demand must strike traditional development theoreticians as an attempt to square the circle – considering that it was long held as an unquestioned dogma that (at least temporary) injustices in distribution were the price of a rapid growth of the gross national product. Economic growth, it used to be argued, needed concentrated investment of capital, and this could only be supplied following sufficient savings over a sufficiently long period.

The champions of the newer approaches to development, on the other hand, are largely agreed that these arguments must be opposed from a pragmatic point of view. For the sake of the poorest of this world it is no longer possible to wait until a growth strategy produces positive redistribution effects. Moreover, the correctness of the theory that, in spite of temporary inequalities, growth has positive long-term effects is also being questioned¹¹.

Rising profits, it is argued, do not by any means invariably result in increased reinvestment since, for one thing, they would not necessarily be saved and, for another, would be withdrawn from the developing countries concerned on a large scale¹². In addition, the attempt is being made by various sides to prove that economic growth and a more equitable distribution of incomes – or more generally: social progress – are by no means mutually exclusive¹³. The point is that the

savings of the rich have so far only to a small extent been invested in the production of goods of importance to the sustenance of the poor; instead the trend is towards the emergence of a dualist economic structure in which the modern sector creates the demand for its own supply and vice versa, while the informal urban and rural sector exists largely in isolation from the former¹⁴. The savings activity of the poor, on the other hand, which has probably been underrated in the past, leads much more directly and reliably to investments apt to meet basic needs¹⁵.

Reassessment of the Concept of Growth

While the champions of the newer approach do not deny that growth is necessary so long as general poverty persists, they are concerned not with pure growth-orientation but with the method of how growth can be achieved along a road of development which takes sufficient account of the poor¹⁶.

In this connection the definition of the concept of growth is the first problem. Following a widespread realisation that the gross national product is inadequate as an index for a country's state of development, a search has been going on for new indices of prosperity which would lend greater weight to a rise in the income of poorer social groups. So far no fundamentally new method of calculation of incomes and production in an economy has been able to gain general acceptance since it is by no means clear what proportions of growth should be assigned to the individual sectors, and how such a weighting should be performed. Some maintain that a redistribution to be derived from reassessment does not go far enough, while others fear that excessive

¹⁰ Cf. D. P. Ghai: What is a Basic-Needs Approach to Development all about?, in: D. P. Ghai et al., op. cit., p. 2.

¹¹ Cf. for example C. Bunge, R. Schlette: Soziale Auswirkungen von Entwicklungsprojekten (Social Effects of Development Projects), Report on the summer seminar organized by the Federal Ministry for Economic Co-operation and the German Foundation for Development from June 26 to July 7, 1977, in Berlin (West), Bad Honnef, n. d., p. 33.

¹² Cf. F. Stewart, P. Streeten: Conflicts Between Output and Employment: Objectives in Developing Countries, in: Oxford Economic Papers, July 1971, p. 161.

¹³ The ILO Report of 1975 on the assessment of goal attainment during the Second UN Development Decade, which was a forerunner in the discussion of the themes of the World Conference on Employment of 1976, contains the optimistic conclusion: "It is quite possible . . . that the choice of a growth path oriented towards the creation of employment and the elimination of poverty may in fact result in a higher rather than a lower rate of economic growth" (ILO: Time for Transition, A mid-term review of the Second United Nations Development Decade, Geneva 1975, p. 75). Integrated approaches to a simultaneous promotion of growth and of distribution equity are still encountering difficulties in finding acceptance. Cf. D. Kantowsky: Die Rationalität von entwicklungspolitischen Maßnahmen der deutschen Bundesregierung und deren Evaluierung (The rationality of the development policy measures of the West German government and their evaluation), in: D. Kantowsky (ed.): Evaluierungsforschung und -praxis in der Entwicklungshilfe, Zürich 1977, p. 18.

¹⁴ The "dualistic economic structure as a fundamental problem of development" is discussed extensively in, e. g., H. B. Peter: Sozialökonomische Grundprobleme der Entwicklungsländer (Socio-economic problems of the developing countries), Zürich 1972, p. 64 ff.

¹⁵ Cf. ILO: Employment, growth and basic needs, op. cit., p. 24 f.

¹⁶ Stewart and Streeten, in connection with the redefinition of development strategy, make the point that growth should be the result and not the aim of economic policy; cf. F. Stewart, P. Streeten: New Strategies for Development – Poverty, Income Distribution, and Growth, in: Oxford Economic Papers, November 1976, p. 382.

interference in the present unstable balance of resource distribution, investment and increases in output may lead to an impairment of overall economic growth and hence produce a negative effect also for the poor. Discussion of growth *and* basic needs is difficult also because most present-day development experts, while wishing to involve the poorest strata of the population in the production process to a greater extent, continue to proceed from the belief that a quantitative increase of total output can be achieved only via the modern sector¹⁷. Any alternative, such as the diversion of productive resources to all sectors, would have to prove that it can be equally efficient. There is no other explanation for the fact that a conflict of objectives continues to be implied between growth and basic-needs strategy, a conflict whose solution still requires investigation.

How then can the demand for growth with a simultaneous structural change in favour of the poorest be realistically formulated? It is true that, if one views certain individual questions in isolation, references may be found in the ILO Programme of Action to a great variety of measures and procedures. However, if one tries to derive a consistent package of measures from the existing proposals for the realisation of the basic-needs concept a number of operationally feasible focal points emerge. The structure of consumption, employment and the associated choice of technology are key areas from which endeavours to improve the standard of living of the impoverished masses must proceed.

Disputed Goals

Before one can approach the planning of measures to meet basic needs one must know precisely where a need exists and to what extent it is essential that the need be met. The definition of basic needs quoted at the beginning of this article is exceedingly vague in this respect and requires more precise formulation. Strategic planning is still in its beginnings as far as this is concerned. On the one hand importance is attached to the statement that the concept of basic-needs is a dynamic one and must not be confused with the rigid attainment of some arbitrarily fixed subsistence minimum; every country must be left to adjust its own concept of basic needs to the prevailing state of development. On the other hand the supporters of the basic-needs strategy proceed from the belief that in order to ensure and improve its effectiveness goals must be quantified. Numerous approaches worked out in connection with other development concepts can be of assistance here¹⁸. Particularly well-known are the definitions of an adequate food supply. Most recently

these standards, many of which used to be regarded as scientifically established, have again been the subject of discussion – more particularly the question of the quantitative and qualitative protein requirement. The FAO, the UN Food and Agriculture Organisation, is trying to attain realisable standards for the individual developing countries on the basis of local resources.

In the health sector, too, numerous minimum requirements have been formulated. The WHO, the World Health Organisation, set itself as a first step the limited target of eradicating large-scale epidemics, and in this has achieved considerable success. Further goals, such as an increase of average life expectancy or an increase of doctor and hospital-bed density, are still questioned because of their abstract nature. They do not take sufficient account of existing differences in the patterns of public health provision. Analogous statements can be made for other sectors: thus training concepts may bypass the needs of the population if they are based too one-sidedly on mere length of training. This is a frequent type of risk since the input – in this case duration and cost of training – is more easily measured than is success consisting in the acquisition and application of new abilities.

Such an approach would be dangerous to a basic-needs-oriented development planning as basic needs in particular can vary considerably according to region and social grouping¹⁹. A search for genuinely appropriate solutions necessarily entails a highly differentiated strategy. Using the terminology of economic policy one might say that instead of direct guidance (of the satisfaction of the needs) one should search for a form of global guidance which would create the prerequisites of the fulfilment of specific basic needs while leaving sufficient latitude for local modifications. The question should now be examined of whether it is possible to tackle this range of problems by proceeding from employment planning and choice of technology.

Employment-oriented Forms of Production

The fact that the improvement of the employment situation is included in the basic-needs concept both as a means and as an end²⁰ reflects the interlinking of aims and measures with particular clarity. The approach is

¹⁷ Cf. D. Seers: *Prioritäten für eine Welt mit mehr Gleichheit* (Priorities for a world with more equality), *Neue Zürcher Zeitung*, August 24, 1978.

¹⁸ Mention should be made here above all of the social indicators frequently used nowadays.

¹⁹ For a more detailed discussion of these problems cf. R. Heierli-Hogaut: *Grundbedürfnisse und Projektarbeit* (Basic needs and project work), Diessenhofen 1980, p. 115 ff.

²⁰ ILO: *Programme of Action*, op. cit., Art. 4.

neither purely output-oriented nor oriented towards the production *process* as the only criterion, in the manner of earlier employment concepts which regard the substitution of capital by labour as the central variable. This means that it is not the structure of consumption that has to adjust to the requirements of employment but the other way round: the needs call for more jobs – in a double sense. For if one considers the intrinsic value of work, then productive employment may be described as one of the basic needs to be met. Furthermore, it is nowadays recognised that labour-intensive products often meet simple basic needs more effectively than capital-intensive ones since these are both too complex – i. e. they overlook the specific requirements – and also cost the developing countries too much. Labour-intensive production methods, it is argued, would also be conducive to a more equitable income distribution which likewise occupies a central position in the basic-needs concept as an indispensable condition for the attainment of the objectives: Whenever forms of production have to be chosen for the satisfaction of basic needs, preference should be given to an employment-oriented working method because this, more than any other, also lends support to further objectives, including non-material ones.

Appropriate Technologies

There is, admittedly, still disagreement on the optimal technology for autonomous development; the question as to what degree of labour intensity and/or capital intensity results most efficiently in the satisfaction of basic needs has so far not been definitively answered. The Programme of Action of the International Labour Office avoids any definite commitment by the formula: "... developing countries should arrive at a reasonable balance between labour-intensive and capital-intensive techniques". This does not, however, get us any nearer to a solution if, further on in the same paragraph, it is said that this balance should be conceived with a view to "achieving the fundamental aim of maximising growth and employment and satisfying basic needs"²¹. Although we have seen that employment and satisfaction of basic needs are closely connected, the implications of growth maximisation are as yet less clear.

Even so one can assume the existence of a measure of consensus concerning the choice of technology for small-scale agriculture and for the informal urban sector. Since extremely high unemployment, low purchasing power and inadequate supplies of goods all

coincide here, the obvious solution is one which takes account of the low price of the factor labour and which thus allows these groups to earn their own living by productive employment as envisaged in the basic-needs strategy.

The choice of technology becomes more problematical where the more advanced sectors of an economy are concerned. That high technology does not exactly favour the provision of basic commodities was ascertained by the ILO even before the introduction of the basic-needs concept proper. Nevertheless the Programme of Action expressly calls for the adoption of the most modern technology: "This strategy of equilibrium between the various types of technologies should also take account of the desire to adopt advanced techniques, with a view to reducing the existing technological gap between countries."²²

Singer, on the other hand, tries to show that the developing countries cannot reduce their technological lag simply by taking over methods and products from the industrialised countries²³. According to Singer present-day high technology does not fit into the existing structures of the developing countries. The less developed countries, he argues, should be brought up to the level of the industrialised countries by intermediate steps, for the belief that modern technology makes a country rich is a fallacy. On the contrary, the wealth that would allow the application of the most modern methods must first be created. The "technology gap" therefore is the result of an economic gap, not vice versa.

What does this mean for the choice of technology in a basic-needs concept? The present situation in the developing countries calls for a concentration on the elimination of poverty, and that, in the sense of the basic-needs concept, primarily by influencing the pattern of consumption and, hence, supply. The dynamic trend of needs, as defined in the ILO Programme of Action, should confine itself in the first phase of the application of the concept to such basic goods and services as are necessary for a subsistence minimum. Further development can only take place once these supplies are available to everyone. It is hoped in this connection that not only negative but also positive effects can be self-enhancing: thus increased demand for basic products due to a more even distribution of incomes would strengthen the incentives to search for adequate products and adequate

²² Ibid.

²³ Cf. H. Singer: *Technologies for Basic Needs*, A WEP Study, Geneva 1977.

²¹ ILO: *Programme of Action*, op. cit., Art. 49.

technology. Appropriate technology would in turn help to equalise the distribution of incomes.

The promotion of labour-intensive technology therefore is an indispensable part of a basic-needs concept – especially in its initial phase of realisation; exactly what the choice of technology will have to look like once the satisfaction of everyone's basic needs has been achieved must remain an open question for the moment.

Practical Application of the Concept

The Programme of the ILO contains a number of further proposals beyond the essentially economic aspects discussed here, however, some of them with little bearing on the main points mentioned above, but which nevertheless must also be considered as part of the framework. The wide scope of the Programme in itself represents a considerable problem: it seems as if this programme, worked out on the international plane, aims at satisfying the demands of so many nations and power groups that complete implementation within a reasonable period is unrealistic. In other words, the danger of a dilution of the basic-needs strategy lies not so much in – economically or politically conditioned – deletions, as in too many additions. A typical example is

the attitude of the ILO towards the New International Economic Order: it is assumed, without discussion, that the two concepts are harmoniously complementary, even though the NIEO will have to be very carefully adapted to the requirements of the basic-needs strategy if contradictions are to be avoided, as the NIEO continues to be based largely on traditional yardsticks of development²⁴.

Naturally no one will expect an overall plan of action to provide detailed directions on how to act. The basic-needs concept must keep numerous options open if only because many of the relationships involved have not yet been investigated at all. Nobody knows how an economy reacts under such massive interference and manipulation as is envisaged in the ILO Programme. The scope of action of individual governments is therefore inevitably kept wide. The Programme of Action repeatedly emphasises that national sovereignty and freedom of decision have precedence over international doctrines. It therefore remains to be seen what concepts will be developed by the different countries for the satisfaction of basic needs and what actions they will decide on.

²⁴ Cf. the more detailed discussion in R. Heierli-Hogaut, op. cit., p. 14 ff. and p. 52 ff.

SHIPPING

Prospects for International Maritime Shipping

by Peter M. Nomikos, London/Piraeus*

The world's energy supplies are dependent not only on the producer countries' production capacities and policies but also on adequate transport facilities. In fact, a shortage of vessels able to carry coal is widely expected to be a major bottleneck for the substitution of oil by coal on a large scale. Shipowner Peter M. Nomikos holds a different view.

Carrying goods by sea is inherently the cheapest form of transport and very sensitive to economies of scale. Furthermore, maritime shipping, which is primarily international, has always been dynamic, independent, flexible and adaptable. It is capital intensive and likely to become more so, and its development has often followed unpredictable courses. It is certainly not for the faint-hearted. Therefore, it has attracted and will continue to attract skilful entrepreneurs and risk-takers. It has been claimed by

some to be the only industry left where pure competition, in the classical sense, prevails and this seems to "contaminate" even Eastern Bloc shipping when involved in international trade. These basic characteristics will not change significantly in the future and, as long as they do not, international shipping in its many specialized forms will continue to serve the growth of world trade most effectively and efficiently.

Adaptation to New Markets

The post-war period has been marked by an adaptation of ships to new markets, thus giving rise to all

* Slightly modified version of a paper presented to the Athens Seminar on Growth and Trade on July 25, 1981.