



Recommendation of the Council on Manpower Policy as a Means for the Promotion of Economic Growth

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Background Information

The Recommendation on Manpower Policy as a Means for the Promotion of Economic Growth was adopted by the OECD Council on 21 May 1964 on proposal of the Manpower and Social Affairs Committee (now called Employment, Labour and Social Affairs Committee). The Recommendation instructed Adherents to re-examine their manpower policies in the light of the Manpower Policy as a Means for the Promotion of Economic Growth report, with a view to increasing their ability to solve employment problems created by technical and economic change. The Recommendation also instructed Adherents to consult management and labour organisations when carrying out this re-examination. The Recommendation was abrogated on 12 July 2017.

THE COUNCIL,

HAVING REGARD to Articles 1, 2 and 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the attached Report of the Manpower and Social Affairs Committee of 19 March 1964 on Manpower Policy as a Means for the Promotion of Economic Growth (hereinafter called the "Report");

On the proposal of the Manpower and Social Affairs Committee;

I. APPROVES the Report.

II. RECOMMENDS that Member countries proceed – in the near future and as part of their development activities and their efforts to attain the growth target of the Organisation -- to a re-examination of their manpower policies in the light of the Report with a view to increasing their ability to solve employment problems created by technical and economic change.

III. RECOMMENDS that Member countries in carrying out this re-examination should undertake any appropriate consultations, particularly with management and labour organisations.

IV. REQUESTS Member countries to report to the Organisation on action taken by them to implement this Recommendation, not later than by 30 June 1965.

ANNEX

MANPOWER POLICY AS A MEANS FOR THE PROMOTION OF ECONOMIC GROWTH

1. Manpower policy should be given an important role in the pursuance of economic growth by contributing both to the increase of the productive capacity of the economy and to its utilisation. Along with the basic programme for education and training of youth there is need for training programmes for persons of all working ages to help meet demands for new skills and adaptation to changes in the industrial structure. Along with scientific and technical progress there is need for measures to promote acceptance of new techniques by all concerned. Along with fiscal and monetary policies designed to maintain high levels of employment and business activity in general terms, there is need for more specialised and selective measures, creating jobs in labour surplus areas and encouraging the flow of manpower from such areas to expanding and productive industries.
2. By promoting the mutual adjustment of manpower needs and resources, an active manpower policy has the special advantage of being expansionist with regard to employment and production but anti-inflationary with regard to costs and prices.
3. The diversification of production, the increasing volume of technical research and innovations, the efforts to liberalise and expand international trade, and the appearance of a number of new countries as producers in the world market for industrial products tend to increase the multiplicity of economic changes, perhaps also their severity. If the necessary adjustments do not take place rapidly there is a risk that they will give rise to economic contractions and unemployment. If the adjustments are not carried out in forms acceptable to those who are most immediately affected, protective and restrictive reactions can be expected. Since the benefits of such change accrue to the community as a whole, the community should bear a significant part of the costs of adjustment to economic and technical change and should also act to reduce the burden of such adjustment.
4. Countries sometimes accept the burden of large direct or indirect subsidies of measures of protection to maintain employment in declining and less productive sectors. Public money could often be better used to facilitate and stimulate workers' moving and retraining for better jobs or the establishment of industries with positive prospects in areas facing employment difficulties. Expenditure of the types envisaged here for the improvement of human resources and their readjustment should not be regarded as a cost to society, but rather as a sound "investment in adaptation". At the same time they promote important social values by increasing the individual's freedom in the choice of an occupation or workplace and his security against loss of income.
5. In view of the interdependence of national economies it is advantageous for an individual country if in all other countries high employment prevails, economic progress continues, and negative repercussions and restrictive reactions to technical and economic change are avoided. Consequently the OECD countries have a joint interest in exploring solutions to employment problems.
6. The Manpower and Social Affairs Committee therefore consider that Member countries should undertake a specific re-examination of their manpower policies in the near future. Some specific measures and programmes which should normally be part of an active manpower policy are indicated in the following paragraphs. It is understood that in devising such a manpower policy due regard must be given to the level of economic development and the institutional background, which may vary from country to country, and to the consequent differences in degrees of priority which have to be given to various elements. It is nevertheless desirable that all Member countries undertake parallel efforts to make progress in this field. Manpower policy should be made one of the main elements of economic policy in the pursuit of the OECD growth target; at the same time the social aspects of such a policy should always be borne in mind.
7. ***Policy-making and Administration.*** A central policy body, or adequate co-ordination between different existing agencies is essential to formulate overall policy, to determine general directives, to identify strategic activities in the light of changing needs, and to initiate and develop new programmes and services. The Manpower authorities should strive to ensure that the objectives of the national manpower programmes are fully recognised by all relevant sectors of government and that the employment objectives everywhere are given the high priority they deserve from the point of view of economic, political and human interests.

8. ***Participation of Employers' and Workers' Organisations.*** Employers and workers, through the development of manpower programmes on a plant, establishment, or industry basis, can make an important contribution to the promotion of economic growth. Such programmes, which will vary widely in both form and nature among industries and countries, can frequently be stimulated through appropriate labour-management- government consultation and co-operation. To be effective, such consultation must spring from an appreciation of the role employers and workers and their organisations can play in promoting economic growth and improvement in standards of all people.

9. ***Co-ordination of Manpower and Other Economic Policies.*** Different types of measures should be predominant depending on whether the period is one of inflationary pressures or one when a business recession or restrictive policies for maintaining the balance of payments' and price stability tend to reduce employment and hamper growth. The manpower authorities should constantly be prepared for rapid and timely action according to circumstances. This presupposes a high degree of information about economic trends in various parts of the economy, including contacts with employers to get advance notice about changes in the employment outlook. During slack periods, if timing and other factors support their effectiveness, public works and the provision of socially-needed public services should be used, possibly as part of a policy to increase the general level of demand. Such works, as well as local or general arrangements to influence employment in private enterprise must be prepared in advance, so that they can be utilised at the right moment. Seasonal employment variations might also be counteracted by administrative influence upon the starting of building and construction projects or financial incentives to stimulate employment during the slack season.

10. ***The Employment Service.*** This should be an institution promoting the effective functioning of the labour market as a whole in respect of all categories of workers. It must be given sufficient resources, including qualified personnel and attractive premises so as to gain the confidence of all sectors and classes of employees and employers. It should be capable of providing adequate description of jobs and of qualifications of applicants, vocational guidance and occupational counselling services, and inter-regional clearing of vacancies. It should also be able to administer special programmes designed to encourage geographical and occupational mobility and social adjustment. These programmes should apply to all categories of workers, whether employed, under-employed, or unemployed, so as to promote optimum utilisation of manpower.

11. ***Human Resource Development, Including Vocational Training and Retraining.*** One important element of an active manpower policy is to see to it that human resources are developed to such an extent that the achievement of desired rates of technological change will not be impeded through lack of workers with suitable skills. To a great extent, training opportunities are provided by employers, but public authorities must see to it that total training capacity is adequate for the economy as a whole. Probably an increasing part of the population will be required to change occupation during their life, as technology progresses. Adult training and retraining facilities should be provided on an increasing scale, both within private industries and in educational institutions, in order to promote the necessary shifts and adjustments. Everybody needing and wishing to acquire new skills should be given the opportunity to qualify for the new and better jobs. It should be realised that the best preparation for later occupational shifts is a good basic education and technical training for the young, which takes account of the needs of modern technology.

12. ***Geographical Mobility.*** Geographical mobility would be promoted by better information to workers about job openings outside the home area, but in many cases economic and other hindrances to desirable mobility are considerable. The employment services should be authorised to provide travel and resettlement allowances to offset these hindrances. Co-operation with housing authorities and special efforts for solving housing problems in expansive areas will often be appropriate to create better conditions for a rational reallocation of the labour force. Measures should be taken to facilitate the social adjustment and integration of people settling in a new area, in particular those coming from very different environments, such as international migrants and rural workers going to urban industries.

13. ***Regional Development.*** A well-rounded manpower programme requires adequate measures to bring jobs to workers. Programmes for encouraging employment in depressed and underdeveloped areas should be established, with due regard to sound principles of economic development. Such programmes may include fiscal advantages, loans for new investment, and other incentives to private enterprise, as well as public undertakings. The administrative agencies should be

equipped to aid local community organisations in their economic development programmes and to co-ordinate such programmes with national economic aims.

14. **Employment of Marginal Groups.** Many groups now intermittently or permanently outside the labour force can be helped to participate in useful employment through such aids as rehabilitation, retraining, special job arrangements and efforts to reduce prejudice against their employment. Such measures can be particularly efficient when shortages of labour exist or are impending.

15. **Financial Provisions for Readjustments.** Adequate unemployment benefits and compensation in case of redundancy as well as the special allowances for persons undertaking resettlement, retraining, rehabilitation, and other readjustments, are recommended as facilitating economic change with favourable results for the economic position, physical well-being, or the morale of workers. They would promote rational placement in new jobs and positive attitudes to progressive changes and should therefore be regarded as valuable not only for the individual but for the economy as a whole.

16. **Special Problems of Developing Countries.** It is understood that a solution of the employment problems of Member countries in process of development, which generally have to cope with extensive underemployment in rural areas, must depend to a great extent upon the possibilities of achieving the accumulation of capital necessary for the creation of new industries and adequate public investments. Any development plan, however, must contain an appreciation, based upon an analysis of demographic and other internal conditions and on the experiences of the already more industrialised countries, of the various manpower requirements which such a plan involves and the ways and means through which the population of underdeveloped regions can be adapted to modern life. Co-operation between manpower and education authorities - always necessary - is of particular importance in these cases.

17. **Summary.** The pursuance of a programme on these lines would mean action in the following directions:

- a) A more comprehensive employment service, which can be utilised by employees and employers of all categories;
- b) An increased degree of preparedness for preventive or remedial action against employment disturbances;
- c) Substantial enlargement of adult training facilities and reforms in the general education and training system to meet the rapidly changing needs of modern technology;
- d) Forecasting of future occupational requirements, to act as a guide for developing education and training programmes;
- e) The introduction or reinforcement of specific means for encouraging desirable geographical mobility;
- f) More systematic support of industrial expansion in backward or depressed areas with development possibilities;
- g) The intensification of measures to make it easier for marginal groups to take up and keep gainful occupation;
- h) The development of income security programmes, such as unemployment and redundancy compensation and special adjustment allowances.

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