

The Basic Needs Development Strategy

Louis Emmerij

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The basic needs development strategy grew out of the work of the ILO World Employment Program (WEP) of the 1970s. It brought employment – and people and human needs – back to the center of development strategy. This was directly in line with the centrality of employment in the early days of the UN and of the IMF as well. But ILO work in the 1970s enriched and elaborated the earlier concept of employment and policies to deal with it by relating both directly to the situation and needs of developing countries.

1- Origins

By the middle of the 1970s, when the ILO was in the midst of preparing for the World Employment Conference – with the assistance from other UN Organizations and the World Bank – the idea of a basic needs development strategy was born. The idea of basic needs originated in the psychology literature of the 1940s and more specifically in an article by Albert Maslow in the *Psychological Review* of March 1942 in which he distinguished a hierarchy of five needs starting with physiological and ending with self-actualization needs.ⁱⁱ Later in India during the 1950s, the concept of “minimum needs” was developed by Pitambar Pant of the Indian Planning Commission. But basic needs had not become a mainstream approach in development, even if the attractiveness of the concept was clear.

But in the 1970s, “suddenly” the translation of the concept into actual applications took place in three different places, practically simultaneously: in the Latin American Bariloche projectⁱⁱⁱ; in the Dag Hammarskjold Foundation publication *What Now?*^v; and in the ILO World Employment Program. It became clear that employment creation was not an end in itself but serves to fulfill the basic needs of individual human beings – more or less equivalent to Maslow’s first of five rungs. Many people were already on the second, third, fourth and even fifth rungs, but an important proportion were not even in sight of the ladder. And so the idea arose of designing a development strategy that had as its main objective meeting basic needs, including those of the poorest 20 percent of the population.

2- Practicality

The ILO report for the 1976 World Employment Conference^v defined basic needs in terms of food, clothing, housing, education, and public transportation. Employment was both a means and an end, and participation in decision making was also included. The first task was to quantify basic needs for a target year – in this case twenty-five years into the future (1975-2000). In other words, what must GDP in t+25 be if even the poorest 20 percent of the population would have enough to eat, decent housing, high quality education? Without going into the details of all the numbers and calculations, this quantification was feasible. Having quantified GDP for the target year, one could calculate the annual rate of economic growth required between the base and the target years. This approach reversed conventional practice, which was to project a desirable annual rate of per capita economic growth into the future. The latter was a forward rolling approach while the basic needs approach achieved more precision by setting specific production targets and deriving the desirable rate of economic growth implied. In this sense, the basic needs development strategy was also more practical than conventional strategies.

Not surprisingly, in most cases the required rate of economic growth to fully meet basic needs targets was unrealistically high by historical standards – well over 8 percent per annum over twenty-five years. East Asia, and later China and India, have subsequently achieved such rates, but in the mid-1970s the East Asian and Chinese miracles lay ahead. And so the only alternative to achieve the targets of basic needs was to work at two levels: the rate of economic growth *and* income distribution. Indeed, if income distribution improves (becomes less unequal), the overall rate of economic growth need not be so high. It was shown that with “redistribution from growth” – that is marginal redistribution of future increase of income rather than redistribution of existing wealth – basic needs targets could be reached with an annual rate of economic growth of 6 percent.

When this package was presented to the 1976 ILO World Employment Conference, it was greeted with enthusiasm. The two exceptions were the tripartite American delegation and some employer delegates from other industrial countries. Opposition may have reflected ideological suspicions rather than well founded fears. And with the election of President Jimmy Carter a few months later, Washington's official views changed so much that the US Agency for International Development (USAID) started preaching aggressively the gospel of "basic human needs." The president of the World Bank, Robert McNamara, adopted the basic needs approach wholesale, asked Mahbub-ul-Haq and his team to work further on it, and tried hard to steer his operational departments in this direction.^{vi}

By the middle of the 1970s it looked as though a more appropriate development strategy had been designed that effectively combined economic growth, productive employment creation, and basic needs. At the core of the strategy was a shift to a pattern of economic growth that is more employment-intensive, more equitable, and more effective in the battle against poverty.

Viewed from the distance of 35 years, the strategy was weak on gender and the environment. However, a historical context is important, because they had only just started to get attention through the 1972 Stockholm and the 1975 Mexico City Conferences. But the strategy was strong in that it had a quantified macro economic framework, quantified sector frameworks, and was put in an international context.

3- The Use of Overarching Concepts

Employment, basic needs, and much else was pushed to the sidelines with the debt crisis. The succeeding "lost decade" (the 1980s) in terms of growth was enforced by mean and lean policies that made it a tragic loss for millions. The return of *laissez-faire* in the early 1980s constituted a strong political and academic offensive against the "predatory state." Development strategies, including basic need that implied an activist state had no more *raison d'etre* because the magic of the market would bring back national growth and prosperity. The overarching development concept shifted to development without the state at the country level and globalization without countervailing power at the international level. That approach was labeled the "Washington Consensus."

The idea of basic needs lived on, but without the strategy and the macro-economic framework. What remained were specific items that should be attained, for example, achieving universal primary education by year X or eradicating a certain illness by year Y. This approach has been generalized by the UN in the Millennium Development Goals (MDGs).^{vii} These are of course important goals but this approach without a quantified macro- and sector framework has little to do with the idea as originally conceived.

The idea of basic needs returned on the world scene in the 1990s in the disguise of the Human Development reports and approach.^{viii} This concept was presented in a more sophisticated way than the basic needs strategy of the 1970s but alas it also lacked a quantified macro- and sector framework. Nevertheless it was progress compared to the 1980s.

Now in 2010 and several national and regional financial crises and a Great Recession later, where do we stand? We are obviously moving toward a better balance between the role of the market and the role of the state, at least at the national level. This is not the case at the global level because there is no effective equivalent of the state globally.

The new priorities now are the creation of a new financial architecture at the national and global levels, climate change, and the realization of the MDGs. The remarkable fact is that, while for the realization of these priorities overarching development concepts are obviously necessary, one observes a return to micro-economics with its focus on specific problems at the local level. Obviously, all politics are local and in the end all problems have to be solved locally. But consistency between priorities and between policies to reach these priorities is of the essence. And that is why we need a macro economic and a global framework. Such frameworks must still take into account the "old" objectives of better global and national income distributions in order to meet the basic needs of the world population. This could be stimulated at the macro level by turning development policies greener and at the micro level by focusing on creating a new financial structure.

ⁱ Former President of the OECD Development Centre, Paris, special advisor to the President of the Inter-American Development Bank, Washington DC, Rector of the Institute of Social Studies, The Hague, and Director of the ILO World Employment Program during the 1970s. At present co-director of the United Nations Intellectual History Project (UNIHP).

ⁱⁱ Albert H. Maslow, "A Theory of Human Motivation", *Psychological Review* 50, no. 3 (March 1942), 370-396.

ⁱⁱⁱ Amilcar Herera et al., *Catastrofe o Nueva Sociedad? Modelo Mundial Latinoamericano*, (Buenos Aires 1976)

^{iv} Dag Hammarskjold Foundation, *What Now? Another Development*, (Uppsala, Sweden, 1975).

^v ILO, *Employment, Growth and Basic Needs: a One World Problem* (Geneva 1976), also published commercially as *Employment, Growth and Basic Needs: a One World Problem – the International "Basic Needs Strategy" against Chronic Poverty* (New York, Praeger, 1977).

^{vi} See the discussion by Devesh Kapur, John P. Lewis, and Richard Webb, *The World Bank: Its First Half Century*, vol. 1: *History*, (Washington DC, Brookings Institution, 1997), 215-330.

^{vii} See for example, United Nations, *The Millennium Development Goals Report 2007* (New York, 2007)

^{viii} UNDP, *Human Development Report* (New York, Oxford University Press, annually since 1990).