



**TOGETHER**  
*for a sustainable future*

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*Congratulations*

Praxy Fernandes je  
31 January 1995

*Developing Eff. in Copenhagen*

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

For

**THE WORLD SUMMIT  
FOR  
SOCIAL DEVELOPMENT**

Copenhagen, Denmark, 6 - 12 March 1995

**SOCIAL PROGRESS  
THROUGH  
INDUSTRIAL DEVELOPMENT**

**POSITION PAPER**

presented by

the

**DIRECTOR-GENERAL**

of **UNIDO**

## TABLE OF CONTENTS

### **I. THE COPENHAGEN VISION**

### **II. INDUSTRY AND SOCIAL DEVELOPMENT**

- A. Industry and social change - the historical dimension
- B. The globalization dimension
- C. Industrialization - the linkage dimension
- D. Industry as a generator of resources
- E. Industry and employment generation
- F. Industry and poverty alleviation
- G. Industry and social integration
- H. Industry and human resource development

### **III. UNIDO'S COMMITMENT TO SOCIAL DEVELOPMENT**

### **IV. UNIDO'S PLEDGES FOR THE FUTURE**

## I. THE COPENHAGEN VISION

Is it pure coincidence or is it a stroke of inspirational genius that the World Summit for Social Development is programmed to be held in the city of Copenhagen? For this was the city of Hans Christian Andersen. The great Danish story-teller was a man of sensitivity, gentleness and compassion. He wrote of the poor, the down-trodden and the disadvantaged. And he had a dream - that the ugly ducklings would be transformed into a beautiful swan! Surely the spirit of Hans Christian Andersen will be present when the powerful Heads of State and Government assemble at Copenhagen to speak of the poor, the oppressed and the dispossessed of the World.

It is half a century since the United Nations was established, half a century after the Charter of the UN was adopted, a Charter which committed itself to the well-being of all the people of the world and which recognized, in unmistakable terms, that social development and social justice are crucial pre-conditions for the achievement and maintenance of peace and security on the globe. The Charter specifically aimed "to promote social progress and better standards of life in larger freedom" and "to employ international machinery from the promotion of social advancement of all people".

In fairness, it must be recognized that substantial progress has been made towards the attainment of the goals set out in the UN Charter. On the political front, the end of the Cold War has greatly reduced the horrifying prospect of a nuclear holocaust. Serious attempts have been made towards the reduction of arms. There has been significant, though not complete, progress towards the elimination of authoritarian regimes and the extension of participative and democratic processes. On the economic front, global prosperity has shown an upward trend with the world's GDP rising by almost 700%. It is also heartening to note that the economic growth of the developing countries has been faster than that of industrialized countries, not, however, forgetting the much lower base over which the growth has occurred. On the social front, there have been major improvements in life expectancy, infant mortality and education. In the 1960s, almost three quarters of the world's population lived below the poverty line. This startling percentage has now come down to one third, although it needs

to be remembered that the world's population has more than doubled during the period. But perhaps the most important gain has been the creation of a global awareness that the world's political, economic and social problems need to be viewed as matters of global concern and dealt with accordingly.

It is not as if issues relating to poverty and social development are being examined for the first time. Indeed, the nine commitments proposed in the Draft Declaration have been on the agenda time and time again over the past five decades. The fact remains that despite the awareness of the problem and despite proclamations made over and over again and despite the progress which has been undoubtedly made, the goals of social development have not been fully achieved and still remain a distant dream.

The facts speak for themselves:

- The UNDP Human Development Report 1994 records that the richest 20 per cent of the world's population control 84.7 per cent of the gross national product, 84.2 per cent of the world trade and has an income 60 times higher than the poorest 20 per cent which control only 1.4 per cent of the gross national product and 0.4 per cent of the world trade
- One billion people, close to one third of the world's population, lives in abject poverty and as the UN document "Why a Social Summit" says: "...without jobs, without basic necessities, without hope ..."
- Even in highly developed countries, there are disadvantaged people virtually below the poverty line
- High unemployment is turning into a feature of industrial economies, swelling the ranks of the poor and undermining social stability.

- Growing inequalities internationally between countries and domestically between sections of society have given rise to borders, social tensions, mass migration from rural to urban areas and across national, increased crime, terrorism, drug and arms trafficking
  
- The end of the cold war and the consequent disappearance of the threat of a nuclear holocaust has been replaced by a whole new set of tensions - civil wars, ethnic and tribal conflicts, intolerance, racism and the increase of terrorism.

It is clear that Copenhagen will continue the thought process initiated at Rio de Janeiro. The 1992 Conference on Environment and Development had declared that "human beings are at the centre of concerns for sustainable development". The preservation of the planet, the Earth Summit concluded, demand the eradication of poverty, appropriate population policies, elimination of wasteful consumption, a supportive and open international economic system and the participation of all people, especially the weaker sections of society, women, the young, the disabled and communities which live on the fringe. Ordinary people throughout the world should feel less insecure, less threatened and more dignified and should be directly involved in development.

To sum-up, while the goals of poverty alleviation, employment and social integration have been often proclaimed, the Social Summit will place them at the centre of development, thereby providing an opportunity to give them a focused attention and directing international and national activities to this ultimate goal. The Declarations and Commitments, which will no doubt create the necessary awareness, are proposed to be accompanied by an agreed Programme of Action

## II. SOCIAL DEVELOPMENT THROUGH INDUSTRIALIZATION

Given the determination of the world to redress the current situation of social injustice, and in the light of the proposed commitments contained in the draft Declaration, the issue which arises, and this is of direct concern to UNIDO, is what can industry do to help achieve the stated goals of social development and what specific contributions can it make towards the generation of employment, the alleviation of poverty and the achievement of social integration.

### A Industry and social change - the historical dimension

The story of industrialization, in the modern sense of the term, covers a period of over two hundred years. What impact did the process have on social change? It is significant that the early stages of industrialization in Europe in the 18th century were described as the "Industrial Revolution". Revolutionary, indeed it was, for it brought about fundamental changes in the structure and pattern of society. Organized industry created a new category of workers - industrial labour. There was a massive movement of workers from their traditional occupations in agriculture to industry, with a consequential migration from rural to urban areas. Economic and political power shifted from land owners to industrial entrepreneurs. The new production processes of manufacturing poured out a stream of new and lower-priced consumer goods. The face of industrialized societies underwent a tremendous change. A new industrial society emerged.

There is little doubt that the Industrial Revolution was the starting point of the prosperity of industrialized societies, their high standards of living and the dominance they achieved and still hold over the world.

But history also relates another tale. The early stages of industrialization gave rise to traumatic social tensions - the exploitation of workers, the so-called "iron law of wages", squalor and poverty among the poorer sections, a widening of the gulf between rich and poor, insanitation, low living standards, illiteracy and the evil face of environment degradation.

Three major developments took place to meet this dichotomous scenario of increased prosperity and increased poverty.

First, the state became interventionist and was compelled to enter the field as the protector of the weak. Thus a whole series of regulations and laws were progressively introduced to protect workers, consumers and the environment. Labour legislation covering minimum wages, working conditions and hours and industrial disputes were introduced culminating in the internationally accepted ILO conventions. Laws relating to weights and measures, quality control, prevention of adulteration were aimed at protecting the consumer. In more recent times, the State has stepped in as a protector of the environment with stringent pollution control regulations. The concept of "affirmative" action" was born.

The second development was the self-protection movement where the affected segments organized to fight their own battles. Thus, we had the growth of the trade union movement and the emergence of powerful labour unions. In more recent times consumers are also beginning to organize themselves to put pressure on the state and on industry. The latest example of countervailing power is the case of the environmentalists, who are fighting to protect a green world

The wheel has turned full circle and the third and most positive development has been the acceptance by industry itself of the need to recognize its social responsibilities. Thus, industries are being compelled by national and international competitive forces to become model employers and to improve the work environment. They are more conscious of the voice of the consumers and have in-built systems of quality control. They are beginning to recognize their environmental responsibility and have accepted the need for anti-pollution measures as an integral element in investment and production.



This brief look at the evolutionary impact of industrialization on social change in the industrialized world holds significant lessons for the developing countries who commenced their journey towards industrial development after World War II, coinciding with the 50 years of the United Nations' history. If industrialization resulted in a momentous social transformation in the Industrialized World and provided the engine of growth for economic and social development, what doubt is there that a similar transformation will take place as industrialization advances in the poorer sections of the globe. History has taught us that the transformation of agrarian societies into industrial economies is the swiftest and most powerful mechanism for generating productive employment, combating poverty and meeting other pressing social needs. The process of economic growth and industrialization and the modernizing culture which accompanies it, have multiplier effects and far reaching consequences on all sections of society.

There are, however, some crucial differences between the past history of industrial growth in the developed countries and that which is currently taking place in the developing world. Developing countries commence their transformation to industrial societies in a new social environment with accepted norms for treating workers, consumers and the environment. Thus, they do not have some of the historic "advantages", if that word may be used, which older industrial societies had enjoyed. At the same time, developing countries can deploy, at the early stages of their industrial growth, the accumulated stock of technology and know-how, generated primarily during the historic process of industrialization. Indeed, it is heartening to note that the newly industrialized countries (NICs) are already generating technology and know-how which will be useful to countries less developed than they are.

#### B The globalization dimension

The historical progress of industrialization has culminated in what has come to be described as "globalization". This development has accelerated only in the last few years and will have a major impact on global economic and social development.

The new scenario has been created by the breaking down of former barriers to world trade, the conversion of the centrally planned economies of Russia and other constituent units of the former USSR as well as other Eastern European Countries into market economies; the abandonment by the majority of developing countries of state control, state directed industrial and pricing policies and overprotected markets in favour of open economies with a lead role given to the private sector and the encouragement of foreign investment; the establishment of large, common markets like the European Union, Nafta and Asean, the successful completion of the Uruguay Round and the establishment of the World Trade Organization.

The net result has been the enhanced globalization of markets for goods, services, technologies, finance, production locations and skilled workers, an increase in international trade, and increase in international capital flows, an international division of labour based on specialization and comparative advantage, the spread of transnational networks and world-wide communications and information systems.

This new global scenario should result in a more efficient use of global resources, an overall rise in global productivity and prosperity, with overall gains in per capita incomes. The poor must receive a fair share of increased global income, which should result in poverty alleviation.

On the other hand, the globalization of modern technologies might adversely affect global employment. Industrial economies are now managing to increase their GNP without additional labour, by productivity increases, made possible by new technologies. "Jobless growth" is becoming a world-wide phenomenon.

Globalization presents a challenge to developing countries, to survive and grow in a highly competitive world. This will be possible if developing countries build on their own strengths and advantages and employ the most advantageous technologies adapted to their needs. The blind acceptance of labour-saving technologies might unfortunately replicate the problem of "jobless growth" in developing countries.

With increasing foreign direct investment in developing countries, it is necessary to ensure that such investment is built on domestic productive capacities, making possible the concept of "supporting industries".

Equally there is a need to upgrade skills and devise programmes of human resource development to meet the new situation.

Globalization will undoubtedly bring about industrial adjustment and social change. The challenge to the world community is to manage this change wisely to ensure stable and sustainable growth. This cannot be left entirely to market forces. Poorer countries and disadvantaged groups may find themselves bypassed. This would provoke tensions in the globalization process, creating unstable conditions, social stress and migration.

Hence, the case for safety nets for weaker groups and special initiatives to ensure their participation in global prosperity. In other words, development with a human face.

### C. Industrialization - the linkage dimension

In purist terms, the word "industry" traditionally connotes the manufacturing sector. Statistically, industrial production is so computed. The term "industrialization", however, tends to have a broader connotation and embraces a wider spectrum of productive activities linked to and indeed sparked off by the manufacturing sector. These backward and forward interlinkages are of crucial importance in understanding the total impact of industrialization on social change.

Of special interest in the process of industrial transformation is the dynamic relationship between agriculture and industry. In the early years of civilized life, agriculture was a means of producing food. Food production still retains its primacy in the world of agriculture. Added to this is a whole range of agro-processing in the foodstuffs and dairy industries. Organized agriculture is being viewed increasingly as an industry. Thus the large plantations producing tea, coffee, cocoa are commonly described as the plantation industry.

In addition, agriculture provides critical inputs for industry - cotton and flax for the textiles industry, rubber for tyres and a host of other industrial products, oil seeds for the edible oil industry. Agriculture and industry have a two-way relationship. While the outputs of agriculture become inputs of industry, there is a reverse flow with the outputs of industry serving as inputs of agriculture - fertilizers, pesticides, agricultural machinery, tractors and so on.

A further case in point is the relationship between the manufacturing and mining sectors. The iron and steel industry could not exist without organized mining of coal and iron ore. Indeed, coal and iron-ore mining were perceived to be intrinsic elements of the industrial revolution. This applies in equal measure to other minerals and metals such as bauxite, copper, tin and even gold and silver. Of particular relevance in modern times is the drilling of oil and natural gas, the basis of the petroleum, petro-chemicals and fertilizer industries.

At the other end of the spectrum, manufacturing industry generates and depends upon a large number of service industries - road and rail transportation, airlines, shipping, hotels, engineering, architectural and legal services, warehousing and storage, wholesale and retail marketing, communications and telecommunications, accountancy and legal services. Some of these activities, which industry gives rise to, take on the character of industry itself.

This brief review of the historic and linkage dimensions of industrial development results in two major conclusions:

- a) In evaluating the impact of industry on social transformation and specifically its contributions to employment generation, poverty alleviation and social integration, it is necessary to analyze the entire spectrum of productive activities directly and indirectly linked to and catalysed by the manufacturing sector.

- b) The process of industrialization gives birth to the concept of an "industrial culture". This essentially means the optimum deployment of resources - capital, technology, entrepreneurship and time - to attain the maximum productivity. It involves the search for better input-output ratios. It promotes and fully utilizes technological innovations. It seeks effectiveness, efficacy and efficiency. In this sense, the concept is as valid to agriculture and to the services sector as it is to industry.

#### D. Industry as a generator of resources

The propositions contained in the Declaration and Plan of Action, expected to be adopted at Copenhagen are not only a matter of humanitarianism and compassion for the dispossessed. They are a matter of human survival.

But the question to be courageously posed is: "How can these goals be attained? How can they be converted into practical reality". Three conditions are necessary:

- (i) that the entire world is alerted to the dangers of the present situation and that a sharp awareness is created about the need for action;
- (ii) that there should be the political will, both in industrialized and in developing countries, in the minds of national leaders and policy-makers;
- (iii) that the necessary resources are raised and deployed for the purpose, nationally and internationally.

While perhaps the first two parameters can be taken as given, the most critical question is where the resources are going to come from and how they are proposed to be raised and allocated. The Copenhagen Summit needs to be clear on this. If the resources are not continuously forthcoming, the dreams of sustainable social development, employment generation, poverty alleviation and of social integration will remain unfulfilled.

There is a danger in over dependence on the flow of resources from industrialized countries to developing countries: bilateral and multilateral assistance is, of course, welcome and hopefully the Social Summit will reiterate the appeal to developed countries to earmark 0.7 per cent of their gross domestic product for this purpose. But even if this level of assistance is forthcoming, it is quite insufficient and is nowhere near the levels of funding needed for the advancement of the developing countries. There is no option but that developing countries generate their own resources and surpluses. Indeed, by very definition, the idea of a country "developing" means that it is generating resources and providing opportunities for investment. (We would argue that the dignity and self-confidence of developing countries would be better served by increasing self-reliance in resource mobilization than of surviving at the receiving end of hand-outs from the rich. This is the only basis on which bold initiatives towards social development can be conceived and realized.)

This is where the productive sectors of the economy have a major role to play. Certainly, agriculture assisted by industrial inputs, must be so organized as to produce optimum output, create food security, generate surpluses for export, feed inputs into industry and raise the level of farm incomes. But the main thrust of economic growth must come from industrial development. It is industry which provides the opportunity and means of generating the level of resources required for investment in social development. It is hoped that the Social Summit will recognize that healthy industrial development is essential to sustainable social development, and is of particular relevance to the LDC's.

In recent years, there has been some disenchantment with the actual results produced by industrial development in developing countries in terms of resource generation and impact on social development. This scepticism has arisen not because there is any basic flaw in the logical nexus between increased industrial activity and increased prosperity. It has arisen because of ill-conceived and uneconomic investments, low productivity, bad management and large-scale state investments which in many cases became white elephants. The ability of industries in developing countries to generate resources depends, without doubt, on how effective the investment projects are and how productively the industries are run. The strategy of industrial development would need to be tailor-made to the circumstances of each country, related to comparative advantage, interlinking industry with agriculture and services, widening the entrepreneurial base by encouraging the small and medium sectors, strengthening the informal sector and bringing women within the mainstream of industrial effort. Industrial policies need to direct, induce and promote an industrial development pattern which will stimulate growth and technological innovation capacity.

It is not argued that industrial development, even if successful, would automatically resolve all social issues. It is entirely possible that the fruits of industry may not be fairly distributed and perhaps the poorest segments of society could be by-passed by the cycle of growth in incomes and employment. The case for "affirmative action" by the state may still remain; however, the point which needs to be stressed and needs to be globally recognized is that improved living standards, social justice, poverty eradication, employment and social integration will just not be possible without sustained growth of incomes and employment in the productive sectors of the economy.

#### E. Industry and employment generation

The provision of gainful employment to the evergrowing population of the world presents a tough challenge to the world community and lies at the very heart of social development. In highly developed countries, unemployment is persistent and has become a matter of grave social concern, creating enormous strains on welfare budgets. The position in developing countries is even more alarming. Employment opportunities have not kept pace

with exponentially growing populations. Unemployment and underemployment, while being an affront to human dignity, generate vicious side-effects such as increase in crime, drug-trafficking, social tensions, racism and violence.

The traditional source of employment in the developing countries was agricultural and pastoral. The progressive application of modern methods to agricultural practices, improved strains of seeds, application of fertilizers and pesticides and use of mechanized equipment has undoubtedly pushed up the level of farm output, thus providing food security and higher agricultural incomes. But, in the processes, the requirement for agricultural workers has tended to decrease. This was a pattern of development which occurred in the industrialized countries and is now beginning to emerge in the developing world. Herein lies the opportunity and challenge of industry.

A starting point of new employment generation arises out of the agro-industrial linkages. The demands for inputs for modern agriculture has created productive and employment generating activity in industry with the growth of the fertilizer, pesticide and mechanized farm equipment industries. A further development, and one which will help to absorb surplus farm labour, is the growth of food-processing industries which provide value added and employment generation. The other face of the agro-industrial linkages is supply by agriculture of critical inputs to industry e.g. cotton, tobacco, oilseeds, which are the base of substantive employment generating industries. The impact of industry on agriculture has intensified with the development of bio-technologies, new materials and information technologies.

The strategy of industrial development and the choice of investments would naturally be related to resource endowments and comparative advantage. Where the generation of employment is of paramount importance, the choice of labour-intensive methods would be logical. Indeed, it could, in many cases, be more cost effective.



Other elements in the strategy that will assist the development of employment opportunities are the adoption of appropriate technologies, the facilitation of regional industrial development, the promotion of the small- and medium-scale sectors and bringing the informal sector within the mainstream of industrial development. These developments will not only create jobs but will widen the entrepreneurial base and create greater involvement and participation of target groups particularly women, as it has a multiplier effect at the level of the family and the community as a whole.

In the process of industrial development, there are different stylised stages depending on resource availability, size of the country and policy orientation:

- (a) natural resources and/or labour-intensive industrialization, specializing in agro-processing and light manufacturing;
- (b) physical-capital-intensive industrialization, producing a wide range of basic industrial goods;
- (c) technology and human-capital-intensive industrialization focusing on skill-intensive high-technology production with rapidly changing knowledge content.

The economies of industrializing countries undergoing structural change are continuously confronted by the growth of technology and it is possible that the processes create redundancy and thus might in effect slow down direct industrial employment growth with, however, rapidly increasing employment in industry-related services. This is an inevitable historic fall-out of the process of industrialization and economic growth with significant implications for the process of education and training.

Through resisting structural change, several highly industrialized countries are seeking through protective measures to retain jobs that could not be justifiably retained on economic grounds. Further, if employment in these areas were subject to a free-trade environment, the process would generate a substantially higher level of employment creation in the developing countries. Indeed, because of the differences in wage levels the ratio of job-creation in developing as compared to the developed world could be as high as forty to one.

## F Industry and poverty alleviation

Based on the World Bank's definition of the term, it is estimated that over a billion people in the developing countries live in abject poverty, deprived of even the bare level of sustenance. A shocking indictment on the management of the global economy!

Whatever definition is adopted, poverty arises because segments of the population do not have incomes or are earning pitifully low incomes insufficient to maintain minimum standards of living compatible with the maintenance of physical well-being. This being the case, there is a direct causal relationship between the level of poverty and the level of employment. To the extent that industrial development directly or indirectly creates employment opportunities, it creates incomes and consequently reduces poverty levels. Employment generation and poverty alleviation are two faces of the same coin.

As earlier argued, income creation, in addition to being a direct outcome of employment creation in organized industry, can also be promoted through regional balance of industry, encouragement to small and medium enterprises and the informal sector. Self-employment will play a major role in developing societies, not only because incomes are so generated, but because the entrepreneurial base is widened and there is a broader participation in development.

It would be simplistic to assume that the problem of poverty would be automatically resolved by economic growth and by the expansion of the productive sectors. While they must play the lead role, all developing societies have recognized the need for affirmative action to bring the poor and disadvantaged within the ambit of development. These measures may include provision of land to the landless, minimum needs satisfaction programmes for the rural poor, schemes to assist socially disadvantaged groups, programmes to fully integrate and invest in women, socio-economic programmes for minorities, programmes to develop drought prone and desert areas, health and education programmes for the poor, infrastructural improvement in urban slums - to cite a few cases.

The role of industry thus clearly emerges. First, the healthy development of the productive sectors, in particular industry, will generate economic growth, and directly create incomes and jobs. Secondly, a prosperous industry will generate resources which will contribute to overall investible resources and thus support measures of affirmative action. Third, the trend towards the acceptance by private sector industry of its social responsibilities will enable industrial firms to finance and undertake many of the measures aimed at poverty alleviation. Thus in addition to creating jobs, industries are increasingly moving towards establishing better working conditions, developing education and human resource development programmes; providing health care to workers and their families, providing schooling facilities to workers's children; recognizing the needs of both men and women and establishing economic and social welfare schemes required for their full participation.

These contributions toward social development are only possible if industries are prosperous and profitable. Hence, the necessity of creating the necessary enabling environment for viable, sustainable industrial growth.

#### G Industry and social integration

This is the third plank of the Social Summit. The starting point is the sad recognition that in actual practice, there is widespread social disintegration and social tension all over the globe. In its extreme forms, there are cases of ethnic, religious and linguistic conflicts leading to violence, terrorism and even civil war. In more "normal" circumstances, it is accepted that in most societies, including democratic societies, there are weaker sections of society and marginalized groups who are not sharing the benefits of development. Not participating in decision-making, they experience a sense of exclusion.

The weaker groups targetted for special attention and special support encompass women, children, ethnic, linguistic and religious minorities, rural and urban poor, the disabled and physically handicapped.

It is clear that the solution of this problem has political overtones. It calls for political will, legislative measures, social reform, education, information, the spread of participative processes and decentralization. It may call for positive discrimination in favour of the disadvantaged.

What, in this scenario, can industry do?

Industrialization is not an end in itself but a dynamic instrument of growth essential to rapid and effective economic and social development. The relationships among industrial development, income distribution, poverty incidence, fulfilment of basic needs and social integration varies significantly depending on the type of industrialization strategies adopted.

The capacity of the productive sectors, i.e. agriculture, industry and services to generate economic growth is fundamental to social development and social integration. Only through the creation of productive employment opportunities can long-term solutions be found in which target groups are provided stakes in the system by their participation, empowerment and command over resources. Members of changing societies are more likely to behave in ways that increase social integration the more they perceive themselves to be participants in the socio-political-economic system with a stake in the improvement of that system.

Industry needs to go further and develop strategies which promote social integration, as part of the new perception of the social responsibilities of business. A case in point is child labour. There is substantial evidence to show that some industries in developing countries are resorting to the practice of child labour on the grounds that it is traditional and is cost-effective. A firm commitment to abandon the practice is needed.

Sustainable development is about providing people with more options and thus one of the prerequisites is equal access by men and women to resources, employment, services, information, education and training programme, decision-making power, etc. Social development and the commitment of industry therein encompasses a wide range of issues which have important implications for the role and contribution of women in and to industry.

Empirical evidences show that the increased participation of women in industry could pave the way to their improved social and educational position, decreased fertility rates, expanded life span and reduced overall poverty levels.

To act as full contributors to the development of industry, and amply demonstrated by their presence in the food, textile, garments, electronics, watch-making industry, the major thrust of services required by women, now, is to enable them to meet the challenges of industrial restructuring, technological changes and economic reforms which most of the countries, both developed and developing, are presently undergoing. Women should play a role as actors and equal partners with men, be technicians, workers, managers or entrepreneurs. Any policy measures addressing the development of industry must take into account the crucial role that the female industrial workforce at all levels assumes both for economic and industrial progress and for the achievement of social development objectives.

The absorption of minority communities and marginalized groups has mainly been followed in the public services. There has been some reluctance to pressurize or compel industry to employ such disadvantaged groups on efficiency grounds. The perception that members of such disadvantaged groups are less competent needs to be changed through education and information. Indeed, their own self-respect will be strengthened if they are perceived as being recruited on their own merits.

In pursuance of the policy of regional dispersal, industries are sometimes located at grass-roots sites and tribal areas, often causing dislocation and disturbance to traditional patterns of life of poor local communities. The responsibility of industry to absorb the rural poor in such cases is very high. In the long run, it is good business for industry to be perceived by local communities as a positive and friendly intervenor.

In dealing with the social integration and absorption of weaker groups into the national mainstream, high emphasis is placed on their employment in the public services or in industry. This is too limited a view. Their empowerment, full development and participation may be better achieved by stimulating self-employment and by opening up entrepreneurial opportunities to them. Programmes of training and assisting women entrepreneurs and micro-

industries in currently marginalized groups would pay high dividends not only in terms of income generation but also in terms of self-respect, dignity and social integration.

#### H. Industry and human resource development

It is significant that many highly developed countries, enjoying high standards of living and affluence, are countries with little or no natural resources. Countries like Japan and Singapore are prime examples. Clearly, their success is due to a high level of human resource development, the full use of modern technology and efficient organization. There is little doubt that the underlying key to social development and specifically to employment generation, poverty alleviation and social integration lies in human resource development.

Human resource development is a major nation-building task. It involves efforts towards eradication of illiteracy, strengthening of primary and secondary education, developing universities as centres of excellence, creating a network of professional schools and technical education. The main burden of this effort would normally fall on the shoulders of the State.

Industry, however, is increasingly assuming a partnership role, by associating with the educational infrastructure in respect of job opportunities and job specifications; by funding special training programmes to meet industry's direct needs; by granting fellowships and scholarships to deserving students and of particular importance, by undertaking continuing education and the upgrading of capabilities and skills in-house. Industrialized countries have, over the years, built up such activities in the industrial sector.

The new global economic environment, free trade blocks, strategic alliances, environmental concerns, new technologies, information super-highways and other conditions currently affecting markets everywhere make industry's growth, competitiveness and survival dependent upon its ability to put into effective use each unit of human resources at its disposal.

An industry's competitiveness in the medium and long run is based on its ability to learn continuously and to build - more rapidly and efficiently than its competitors - the core knowledge and skills which enable it to effectively manage innovations - new products and services, new alliances and many other value adding dynamic competitive advantages in the eyes of clients that competitors cannot easily imitate or even foresee.

Human resources development - effective and continuous learning and use of skill such as communication, creativity, fostering motivation, risk-taking, commitment, empowerment, teamwork, etc., all linked to consciousness development, must therefore be at the heart of a industry's competitive strategy.

### III. UNIDO - ACTION-ORIENTED COMMITMENTS

UNIDO comes to Copenhagen with the firm conviction that the Social Summit marks a landmark in the history of the United Nations. World leaders meeting here are addressing themselves to problems of vast magnitude affecting the very survival of the globe. The issue of social development is of common concern to all mankind, a view concisely expressed by the well-known Danish poet, Piet Hein, famous for his shorty, pithy verses, the so-called Grook - one of which was "That is the question: Co-existence or No-existence". UNIDO warmly endorses the Copenhagen Declaration and its Commitments.

UNIDO, the lead agency for industrial development within the United Nations System, is mandated to support industrial development in the developing countries and cooperation on global, regional and national, as well as on sectoral levels. The goal of overall social development is reflected in the Preamble to its Constitution: *"Industrialization is a dynamic instrument of growth essential to rapid economic and social development, in particular of developing countries, to the improvement of living standards and the quality of life of the people in all countries, and to the introduction of an equitable economic and social order"*.

UNIDO urges the Social Summit to recognize the critical role which industrial development can play in achieving the goals of the Summit. UNIDO views industrial development, not as an end itself, but a means to achieve in all sectors of the economy, increases which will provide the basis of raising income levels, employment and standards of living and will bring about equity with environmental responsibility.

The conceptual linkage between industrialization and social development has been recognized in the recent restructuring of UNIDO. For its new orientation, five specific and inter-linked development objectives have been identified:

- (i) Industrial and technological growth and competitiveness;
- (ii) Development of human resources for industry;
- (iii) Equitable development through industrial development.



- (iv) Environmentally sustainable industrial development; and
- (v) International cooperation in industrial investment and technology.

These five objectives constitute the basic conceptual rationale for designing future UNIDO services and serve to establish a link between the delivery of those services and the measurement of their developmental impact. In this context, some relevant activities of UNIDO may be cited.

(i) Small and medium enterprise programme

UNIDO is of the view that the most efficient way of achieving employment generation, poverty alleviation and social integration in the developing countries is through the promotion and sustainment of small and medium industries including the strengthening of the informal sector of micro-industries. Activities under this programme are aimed at promoting financially and technologically viable growth-oriented SMEs and integrating them into the modern industrial sector of the economy. Particular emphasis is on rural development, given the increasing gap between rural and urban development and the problem of migration from rural to urban areas. In addition to helping SMEs to realize their potential in market niches where they enjoy comparative advantage, the programmes focus on specific target groups such as rural entrepreneurs, women, redundant civil servants, school leavers and refugees.

(ii) Integration of women in industrial development

UNIDO warmly applauds the Declaration's Commitment of "*achieving full equity and quality between men and women and recognizing and enhancing the participation of women in social progress and development*".

Current empirical evidence based on UNIDO research demonstrates the significant extent to which the industrialization process has relied on the participation of women in manufacturing. It is striking to note that the share of women in the labour force has been highest (50 per cent or more) in those developing countries where industrialization has been most rapid and most successful. The demand for female workers has been particularly high in export-oriented industries. It is equally remarkable that the participation of women in industry has resulted in the attainment of important social objectives, in terms of reducing fertility and illiteracy rates and improving life expectancy. This is corroborated by the high ranking on the Human Development Index enjoyed by countries with larger number of women participating in the industrial sector.

Unfortunately, women's participation in industrial development cannot be claimed to be on equal terms. Women have been generally confined to a narrow range of manufacturing branches and appear to be concentrated at the lower end of the occupation hierarchy often as a result of lower education. UNIDO programmes in support of integrating women into industry comprise, inter alia:

a) **Human resource and entrepreneurship development including:**

- training/developing existing or potential entrepreneurs both in the formal and informal sector.
- ensuring women's participation in industrial modernization;
- developing production units of groups of women;
- developing managerial and technical skills for women in different industrial sub-sectors

b) **Development and transfer of appropriate technologies:**

Many technical cooperation activities of UNIDO are devoted to training women, particularly in rural areas, and training of trainers on matters related to appropriate technology. Projects especially focused on women include drying fruits and vegetables using solar energy, developing cereal processing

equipment for rural women; upgrading salt production through solar evaporation techniques; introducing appropriate cooking stoves for rural women; giving women access to bio-technologies in areas such as seaweed processing and shrimp waste recycling

c) **Policy advisory services:**

to governments and industry - specifically relating to removal of policy, legal and institutional barriers, integration of women's issues in sectoral and national policies, encouraging industry to pay more attention to the potential development and advice on improvement of employment opportunities.

(iii) Protection of human health

While this is an area within the mandate of the World Health Organization, the contribution of UNIDO to preserving human health has been through its support to the development of the health care industry - pharmaceutical, medical and hospital equipment, health care products based on indigenous natural substances, preventive medicinal products such as vaccines, rehydration salts and disposable syringes, the treatment and disposal of industrial and hospital wastes and products for the handicapped such as wheelchairs and artificial limbs. Particular emphasis is placed on developing capacities in the transfer of technology, on the capacity of governments to formulate codes and standards governing industry's inputs to the health care system and industrial quality standards and assurance systems.

Noteworthy is a special integrated programme recently been developed by UNIDO for the local production of health sector products in Africa.

(iv) Support to agro-based industries

UNIDO believes that the raising of rural productivity, employment and income can be brought about through the development of agro-based industries and the strengthening of agro-industrial linkages.

*1. Food-processing*

Some of the main fields for UNIDO programmes in this area are selection, adaptation and diffusion of processing technology; extension of services for cottage and small-scale industries; modernization and rehabilitation of existing food-processing plants; quality control and standards for food products; packaging for preserving quality and facilitating transport and storage.

*2. Textiles and garment industries*

The provision of clothing is a basic human need. Hence, the interest of developing countries in covering at least some of this need locally. Textiles have been one of the stepping stones in industrial development, because of its high labour intensity. Developing countries are seeking UNIDO assistance particularly in meeting the requirements of export markets with respect to design, quality and price-competitiveness.

*3. Leather and leather products*

A number of developing countries have large animal populations, whose hides and skins, if processed to the required quality, are in great demand in developed countries' market. Yet, this has remained a low value-added activity. UNIDO assistance is being provided to help developing countries advance to high value-added leather products like shoes, leather goods and leather garments. UNIDO has developed an integrated approach towards development of this sector. The social impact of UNIDO's leather industry programme in Africa has been considerable.

### Wood-processing industries

UNIDO assistance in this area covers low-cost housing, house components, bridges and piers as well as product design for furniture, maintenance of woodworking equipment, marketing and skill development. UNIDO has elaborated an integrated development programme for wood furniture industries, which has been launched in selected developing countries.

### (v) Regionally balanced industrial development

Programmes aimed at a more equitable regional distribution of industrial development are now being actively pursued by many developing countries to develop backward regions and to counteract the huge migration flows to urban centres, which in turn create problems of urban poverty, unmanageable cities, slums, insanitation and social tensions. The regional balance of industries is an essential element of any poverty alleviation programme.

UNIDO offers its expertise to the developing countries in areas such as: industrial regional development concepts including those for agro- and service-related industries; industrial zoning approaches and various forms of industrial estates; investment promotion and appraisal of investment projects; and environmental impact assessment.

### (vi) Africa and the least developed countries

UNIDO welcomes Commitment 6 aimed at promoting the economic, social and human resource development of Africa and the least developed countries. While many of the developing countries have made rapid strides in advancing the well-being of their people, the situation in sub-saharan Africa and the least developed countries continues to give great cause for concern.

In recognition of this, UNIDO's efforts, in all the areas earlier outlined, have largely been addressed to sub-saharan Africa and to the LDCs. This is corroborated by the fact that in 1993, Africa received US\$ 41 million in technical cooperation from UNIDO, equivalent to 45 per cent of UNIDO's total technical cooperation budget at the country and regional level.

UNIDO has an Industrial Action Programme for LDCs, which includes integration of women in industrial development. In addition to its normal assistance programmes, UNIDO in collaboration with the Economic Commission for Africa and the Organization of African Unity is monitoring a special effort - **The Second Industrial Development Decade of Africa (1991-2000)**

(vii) Industry and post-emergency programmes

Many countries have been subjected to severe stresses because of both man-made and natural disasters. In the case of widespread ethnic violence and civil war, economies have reached the verge of collapse. Humanitarian considerations give rise to relief programmes. But it is essential that the rehabilitation and recovery process is initiated as soon as possible. Indeed, Such disasters could open up opportunities for re-structuring and re-organization leading to greater productivity, more efficient organization of work and social integration.

Industrial rehabilitation and reconstruction is a vital element in post-emergency programmes. UNIDO has developed an integrated approach "from Post-emergency Relief through Industrial Restructuring to Sustained Socio-Economic Development". The programme which has recently been applied to Bosnia-Herzegovina is integrated and multi-disciplinary, rapid in terms of resource mobilization and start-up linked to long-term development and sustainability, relevant to employment and income generation, conducive to the integration of women and sensitive to opportunities for adoption of new technologies.

#### IV. UNIDO'S PLEDGES FOR THE FUTURE

Within the context of the vision of the Social Summit and in the light of the proposed Copenhagen Declaration with its Commitments and Action Plan, UNIDO's Position Paper has attempted to stress the direct relevance of industrial development to the attainment of social developmental goals, specifically employment generation, poverty alleviation and social integration. UNIDO believes that without economic growth and industrial transformation, it would be impossible for the desired social transformation to take place. It is hoped that the Social Summit will give specific recognition to this.

Within its mandate and constitution, UNIDO has developed projects and programmes to strengthen the industrial capability of the developing countries and to advance their progress towards industrial development. It is abundantly clear that these efforts have had direct and indirect impact on social development and have assisted employment generation, poverty alleviation and social integration.

UNIDO will continue these efforts, keeping more consciously in mind the need to ensure that the social goals proposed at Copenhagen are achieved.

UNIDO solemnly pledges to honour the commitments which world leaders will make at Copenhagen and will extend its whole-hearted support to the Programme of Action by

- 1 Intensifying existing UNIDO programmes related to the achievement of social development goals and extending their coverage
- 2 Specifying social development goals in the objectives of new UNIDO projects
- 3 Responding positively to demands made by developing countries for assistance in promoting industrial development relevant to the achievement of social goals

4. Developing new concepts and approaches aimed at strengthening the role of industrial development in promoting social development goals
5. Offering to developing countries a package of services covering areas such as infrastructural development to promote industrial and social growth, transfer and adaptation of technologies relevant both to industrial and social goals, promotion of micro-industries to broadbase entrepreneurship and increase participation, upgrading human skills in the light of globalization.
6. Strengthening activities relating to the integration of women
7. Paying special attention to Africa and the least developed countries
8. Allocating funds appropriately to meet these priorities.