

Employment as an objective of economic policy

ABMS ZAHUR

LIKE many other developing countries manpower is the most important economic resource of Bangladesh. Thus employment creation should be carefully considered in formulating all its projects. Apart from the consideration of production most of the countries consider large scale unemployment as disaster. Lawlessness, vagrancy, crime and social disorder are closely associated with widespread unemployment. Thus employment is valuable itself apart from the contribution it makes to output creation. The distress of unemployed families is well known. As such problems of poverty, under-nourishment, disease and chaos for families without work cannot be ignored in selection of a project.

It is difficult to distinguish between social problems associated with unemployment as such and those that arise from the loss of income to the employed families. It may be relevant in this context to distinguish between "open unemployment" and "disguised unemployment." It is the latter kind which is more important for a developing country like Bangladesh where agricultural sector is characterised by pre-capitalist modes of production. In case of disguised unemployment the psychological impact on matters like self-respect, self-confidence is less acute than open unemployment. Much larger social problems such as lawlessness and chaos may be seen where there is open unemployment.

Having work is a good way of learning, and being out of work is forgetting productive skills. Unemployment makes labour rusty. Thus one impact of additional employment is an improvement in the quality of the labour force. However some employment expansion may conflict with efficiency and some expansion may be undesirable on the ground that the social costs of employment may be greater than the social benefits. Even in economies with plentiful labour, labour-intensive techniques may not be desirable. Much depends on the precise facts of the various projects.

Employment is valued because of its impact on income distribution. In most developing countries such as Bangladesh a dole for the unemployed is not provided. With a large volume of surplus labour a poor country can ill afford a dole system, and a productive employment even with low output is preferable. Whether employment should be valued separately in project selection in the light of its impact on income distribution should be given a specific value and employment treated as a means to it is worth consideration. The planners' evaluation need not be concerned with the precise calculation of the impact of employment on consumption of the poor classes; this would be left to the project evaluator.

A more fundamental issue is why employment should be regarded as a vehicle of income distribution and why income cannot be redistributed more directly through taxation and fiscal policy. In principle there is no difficulty in paying a person a certain amount of money even without employing him in a project. The objection that paying someone without employing him will be unethical need not detain us. Our real concern is getting income to the poor person, whether or not he is employed. Payment without work may have important political and social repercussions. Questions may arise as to why a number of people rather than others are given income without work. When unemployment is widespread (as in Bangladesh) charges of favouritism in giving job are not uncommon. In some situations income may be redistributed better through a direct payment than through giving employment. However, often employment will be an important vehicle of income redistribution and its political feasibility is somewhat greater than pure distribution of money. The possibility of corruption is perhaps also less when income is redistributed through employment rather than

through subsidies. It has been observed that the system of paying wages to labour in specially devised work programmes is less open to misuse than the system of a direct dole in a country with inefficient administrative system. Thus we may not recommend the system of direct dole in Bangladesh.

Sometimes when a whole region is known to be economically depressed, income generating in that region may be given a special weight which will include the impact of employment because in estimating the income generated in that region, note must be taken of employment and wages paid out. Sometimes we may like to attach a special importance to income accruing

cannot be dismissed. The conditions of living in some of the urban areas of developing countries (such as Bangladesh) are often miserable. In such a situation, the worker prefers job because he is paid a certain wage. In calculating the benefits from employment in terms of output creation as well as of income redistribution and other objectives one must also take into account the social costs, if any, of additional employment, especially when it involves migration.

The impact of employment on the distribution of the current income between consumption and investment is complicated one. If an additional person is employed and he is paid wages, some additional purchasing

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to depressed groups within a specific region, and we may then wish to attach a special weight to the wages paid to that group. Regions very often are internally unhomogenous and it may be important to distinguish between the "depressed" and "not-so-depressed" classes in a certain region.

For assuming the impact of employment and sectional income, the precise pattern of disbursement between different categories of expenditures would have to be examined. Usually expenditures on wages are not separated nor it is specified where the additional people to be employed would be found in the project data provided. It would be important to obtain breakdown of the data and to check what part of the disbursement reflects the additional wage bill and to whom these wages are to be paid.

The opportunity cost of labour will be positive when there is full employment. If there is unemployed labour the cost will be zero. Although labour may be unemployed, it does not follow that there is no unpleasantness of work. The unpleasantness of work for those who have otherwise been idle

power is generated and this will reflect itself in an increase in consumption. Though consumption is desirable under most circumstances, an increase in immediate consumption is achieved through a reduction in investment. In an economy where overall rate of investment is deficient, a reduction in investment for the sake of an expansion of immediate consumption may be regarded as loss. Thus additional employment may lead to better distribution of income but it also results in shift from investment to consumption.

The social importance of employment creation is one of the more intricate aspects of project evaluation. The complexity arises partly because the subject of employment is charged with emotion. Employment is taken as an objective in itself in the evaluation of projects. Greater employment, especially from depressed classes or regions will increase a component of aggregate consumption to which additional weight is to be attached for the sake of redistribution. Thus employment will have its impact on the benefit figure of the project.

SAGAR CHAUDHURY

HISTORY, as we know, has the proclivity to repeat itself, but more often than not its lessons are by and large overlooked or ignored until it is too late. And that appears to be happening with the American occupation forces in Iraq now. Sometime in the later half of last year -- about three months after the US President's triumphant announcement that "major combat operations (in Iraq) were over" and the euphoria among the US and British coalition forces was beginning to degenerate into grave discomfiture -- I began a London Letter with the question: Is Iraq turning out to be America's "New Vietnam"? At that time this question could perhaps be regarded as an academic speculation, leading from the observation of a volatile situation that was showing signs of exploding into widespread chaos and carnage but was still containable and preventable. But today, just over a year after Saddam Hussein's fall from power, only days after the anniversary of the symbolic toppling of Saddam's statue in Baghdad -- which the US-led coalition had imagined would be marked by celebrations -- Iraq's fragile security seems to have fallen completely apart.

As the battle between the coalition forces and the insurgents continue, the death toll among American, British and other coalition troops also continue to rise. The television is on at the other end of the room as I sit before my computer and I can hear the newscaster on BBC 24 reading out a list of casualties: Unites States 648 killed so far, 540 since the war ended, Britain 58 killed, 25 in the post-war period, others 44 killed. This is of course without counting the several hundred civilians --

Iraqis as well as non-Iraqis -- killed in suicide bombings and guerrilla attacks which have become almost daily routine in Baghdad and elsewhere. By the time this London Letter is printed, the toll is certain to have risen even higher.

The Vietnam war, specifically the phase in which America was

LONDON LETTER

The latest Guardian/ICM opinion poll reveals that in the bloodiest month since the invasion of Iraq public opinion in Britain has swung sharply against the British Prime Minister's stand on Iraq and at least two-thirds of British voters have little or no confidence in the Americans' handling of the situation there. Nearly 80 per cent of them feels that it is too dangerous for civilians working for British companies to be in the country.

message to our troops and the wrong message to the enemy," he said, adding: "We have an historic opportunity to change the world and make it more secure." The US President pledged to meet the June 30 deadline for a handover of power (to an Iraqi Government) and said: "The enemies of the civilised world are testing the will of the civilised world and we must not waver. Any concession or retreat on our part will only embolden the enemy and invite more bloodshed." However, even as Mr Bush insisted that the British Prime Minister was with him "all the way", claiming: "Tony Blair thinks the same way. He understands, as I understand, that we must remain steadfast and strong," the evidence of a rift between Britain and America over Iraq also emerged. A senior US official who has recently resigned from the Pentagon after returning from the Coalition Provisional Authority (CPA) in Baghdad accused British officials of ignoring Mr Bush's plan to foster a new democracy in Iraq in favour of their own agenda and being too 'soft' in confronting dissent.

Cracks are also appearing in the coalition as following the kidnapping of four Italian civilians and the subsequent killing of one by Iraqi insurgents and the threat to burn alive Japanese hostages, demands are growing in several

member countries for their troops to be pulled out. The coalition have confirmed that no less than 40 civilians are being held hostage by kidnappers. France, Germany and Portugal have told all their citizens to get out of Iraq, Spain is preparing to withdraw its troops and several international aid agencies are considering pulling their staff out. Reacting to Mr Bush's plan to send more troops to Iraq if the situation demanded it, Prince Hasan of Jordan warned that sending more troops would not necessarily end "the spiral of violence" and remarked that the occupation was "the root cause of the problem". In Britain, the former Foreign Secretary Robin Cook, who quit the Cabinet in protest against the war, told Radio 4's Today programme that a fundamental change of tactics by the coalition forces was essential to end the violence. "The US forces have got to stop acting like warriors and start acting like peacekeepers," he said: "Whenever they fly over townships and fire missiles into those townships, they are convincing everybody in them that they are the enemy."

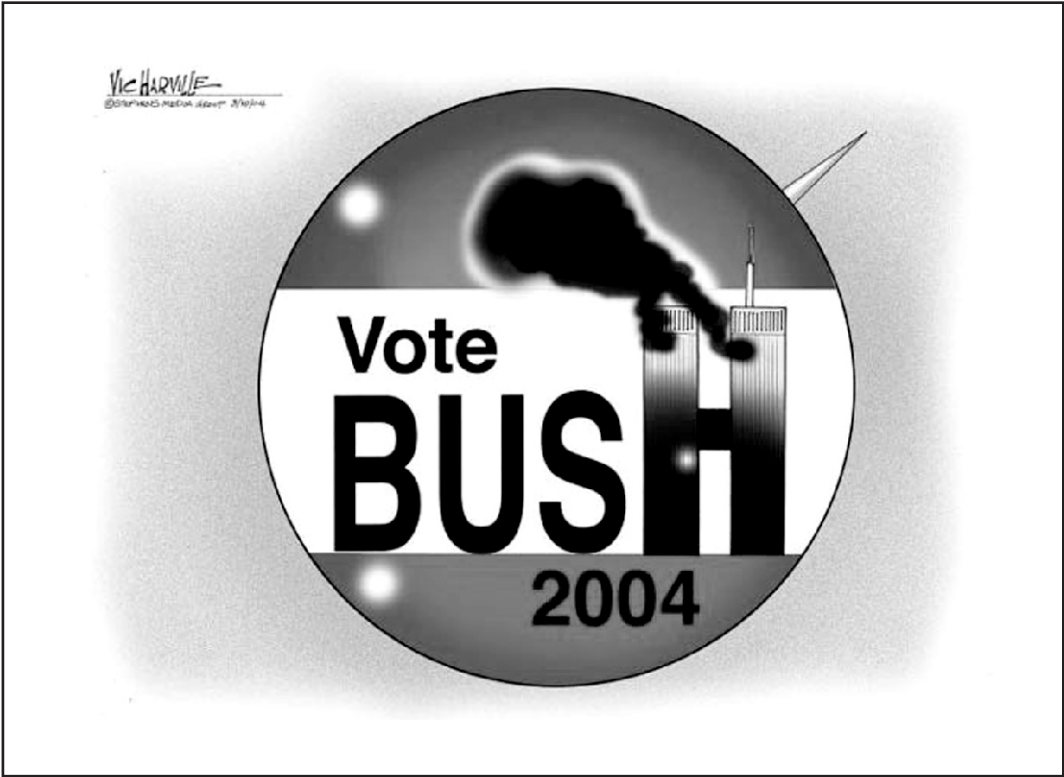
Tony Blair spent the Easter holidays in Bermuda with his family and from there flew to a summit with George Bush at Washington with a stop-over en route at New York where he had a meeting with the UN Secretary

General Kofi Annan. Next day, after a two-hour meeting at the White House, Mr Blair and Mr Bush emerged to face the world's media at a press conference in the famous Rose Garden. The British Prime Minister gave, it must be admitted, a superb performance, fending off the reporters' questions about the Iraqi crisis with consummate skill. His eloquent and impassioned defence of the two leaders' war in Iraq was unarguably superior to the US President's fumbling display earlier in the week on the live broadcast on American prime-time television. Mr Blair's message to the world was clear: America and Britain would stand firm against all odds, and terrorists would not win. He managed to provide the right tone and sense of a steady hand in a sea of troubles. "You just imagine an Iraq, stable and prosperous and democratic," said Mr Blair: "An Iraq run by Iraqis, its wealth owned by Iraqis, and a symbol of hope and democracy in the Middle East." An obviously relieved and grateful Mr Bush patted his closest ally's arm, muttering: "Good job, Prime Minister. Well done!"

However, even as the US President was welcoming the British prime Minister to the White House, an impressively sourced book written by journalist Bob Woodward -- yes, the very one who played such a crucial role in

the Watergate scandal which led to President Nixon's resignation -- was on the brink of making damaging revelations about their conduct in the run-up to the war. In his book, Plan of Attack, Mr Woodward claims that Mr Bush offered Mr Blair the choice between keeping British troops out of the war and sending them to Iraq because he was concerned at the scale of opposition within Britain to British military involvement and was afraid that Mr Blair's government might not be able to survive the backlash. Apparently by early January 2003 Mr Bush had already made up his mind to take military action against Iraq, but delayed taking the final step until March in order to give Mr Blair a chance to seek a second UN resolution. But Mr Blair opted to reject that offer. The book is being serialised in the Washington Post and its provocative disclosures will certainly mean that Mr Blair will have to face a barrage of questions back home and, if the book's claims are true -- which they are almost certain to be, its author being Mr Woodward -- will find it extremely hard to justify a decision to go to war with no political sanction and ignore the chance to avail of this "get-out clause" and keep British troops out of harm's way without offending the US.

Meanwhile, the latest Guardian/ICM opinion poll reveals that in the bloodiest month since the invasion of Iraq public opinion in Britain has swung sharply against the British Prime Minister's stand on Iraq and at least two-thirds of British voters have little or no confidence in the Americans' handling of the situation there. Nearly 80 per cent of them feels that it is too dangerous for civilians working for British companies to be in the country.



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directly involved, lasted for more than fifteen years until the American government felt enough was enough and in 1975 President Richard Nixon decided to pull out US troops. Compared to that the Iraq conflict is still in its infancy and it is early days yet to predict how protracted it is likely to be. But the signs are ominous, to say the least, and coalition forces are apparently making little headway in containing the situation, while the radical Shi'ite cleric Muqtada al-Sadr and his Mehdi Army militia are determined to fight to the last man in their bid to end foreign occupation of their country. From his stronghold in the holy city of Najaf, al-Sadr, the 'capture or kill' target of US military commanders in Iraq, has called upon his followers to continue to confront the "foreign invaders" if he is killed or captured: "I am ready to sacrifice (myself) and I call on the people not to allow my death to cause the collapse of the fight for freedom and an end to the occupation," he urged. The US commanders are also well aware that a "single shot in Najaf" by US soldiers could outrage Iraq's powerful Shi'ite majority triggering massive opposition to any bloodshed there. So it is a virtual impasse at the moment, with both sides just inches away from precipitating the bloodiest backlash yet in a city described as 'the Shi'ite Vatican'.

In a nationally televised prime-time press conference watched by millions last week, President George Bush strongly denied the suggestion that Iraq was becoming another Vietnam. "The analogy is false and it sends the wrong