3. EMPLOYMENT AND ETHICS IN ASIA-PACIFIC

> "Environment and Employment audit procedures should become an integral part of all development projects….We should remember that where unemployment and the resulting endemic hunger are widespread, peace and human security will become lost causes"
>
> *M.S. Swaminathan (2003) "Public Policies for Job-led Economic Growth," Second Ambirajan Memorial Lecture, June*

3.1 Introduction

Chapter two examined the experience of economic growth in the Asia-Pacific region and discussed the growth versus development debate. This chapter focuses on employment and the need for job-led growth and development. Amartya Sen defines development as a process of expanding the real freedoms that people enjoy. According to Sen, "The success of a society is to be primarily evaluated by the substantive freedoms…members of that society enjoy.[1]" By analyzing development from the perspective of freedom, Sen has brought an ethical dimension to the development process. Freedom, governance, opportunities, and respect for environmental considerations, are some of the important aspects which need to be considered while defining the path of development. In societies encompassed with poverty, gender discrimination and environmental degradation, the ethical dimensions of development can be perceived from the 'pro-poor, pro-woman and pro-nature' oriented development policies and implementation processes which can enhance the opportunities of freedom to the marginalized segments of the society. In such a context, employment should be seen as a fundamental human right and ethical obligation of the society to provide, and not just as a mere consequence of an economic activity.

When the perspectives of ethics and development are viewed in terms of employment, the following three issues emerge as important ethical aspects: Job-led Development, Environmental Ethics and Social Ethics. 'Job-led Development' stresses that economic policies and interventions should aim at generating employment. The employment generation should be within the purview of environmental ethics whereby environmentally sustainable economic activities should lead to sustainable employment generation. The "Social Ethics" of employment focuses on gender, child labour and social protection policies. The pro-poor approach will be visible only if employment generation takes place among the poor and marginalized sections of society. However, as ILO argues,[2] employment creation should be blended with social protection policies in order to address the issues of poor people and poverty. As stated, this chapter focuses on the various dimensions of economic development vis-à-vis employment in Asia-Pacific and looks at them from the ethical perspective of being pro-poor, pro-woman and pro-nature.

3.2 Economic Ethics: Job-led Development

As highlighted in Chapter two, globalization and structural adjustment programmes have dominated Asia-Pacific since the 1990s, creating an impact on GDP, national incomes, balance of trade etc. The revolution in information technology, and increased trans-national business outsourcing, etc., have also had a major impact in the employment scenario. However, an ILO analysis regarding unemployment shows that unemployment rate has been steadily increasing since 1993 and growth in employment has not shown a consistent improvement in the newly industrialized Asian economies, like the Republic of Korea, Taiwan, Hong Kong and Singapore. (Table 3.1)

Table 3.1. Unemployment in the newly Industrialized Asian Economies

Year	*Unemployment Rate*	*Growth in Employment*
1993	2.4	1.5
1994	2.2	2.8
1995	2.1	2.5
1996	2.2	2.1
1997	2.4	1.7
1998	5.4	-2.7
1999	5.2	1.5
2000	3.9	1.3
2001	4.0	1.7

Source: ILO, Yearbook of Labour Statistics, various years-quoted in *Sustainable Social Development in a Period of Rapid Globalization: Challenges, Opportunities and Policy Options*, UNESCAP, 2002.

According to the Asian Development Bank,[3] economic trends in 2002 showed growth compared to 2001. Acceleration of exports, strong domestic demand and a general reduction in inflationary tendencies, (except in Pacific), characterized the Asian economy. However, unemployment also rose in many countries. (See Table 3.2)

Out of the 15 Asian countries which have comparative data on employment and GDP, 9 countries, which have shown improvement in GDP, have also reported an increase in their unemployment rates. Most of the Pacific Islands, for which comparative data are not available, also reported high levels of unemployment for 1998. Islands like Cook Islands (12.7%), Fiji Islands (7.9%), Micronesia (16.2%) and Papua New Guinea (11.9%) have all recorded a very high unemployment rate.

Even though India has not been referred to in the above table, India also faces a more or less similar situation to that of China in terms of unemployment. The rate of growth of employment has sharply declined between 1993-94 and 1999-2000. (See Table 3.3)

Table 3.2. GDP and Unemployment in Asia-Pacific

Country	*GDP 2001*	*Unemployment Rate 2001*	*GDP 2002*	*Unemployment Rate 2002*
China	7.3	3.6	8.0	4.0
Hong Kong, China	0.6	5.1	2.3	7.3
Rep. of Korea	3.1	3.7	6.3	3.0
Taipei, China	-2.2	5.2	3.5	5.2
Indonesia	3.3	8.1	3.7	9.1
Malaysia	0.4	2.4	4.2	3.5
Philippines	3.2	7.9	4.6	11.4
Thailand	1.9	1.5	5.2	2.4
Pakistan	2.5	6.1	3.6	9.0
Sri Lanka	-1.4	10.5	3.0	9.0
Azerbaijan	9.9	1.0	10.6	1.3
Kazakhstan	13.5	10.4	9.5	9.4
Kyrgyz Rep.	5.3	7.8	-0.5	N.A.
Tajikistan	10.2	2.3	9.1	2.7
Uzbekistan	4.5	0.5	4.2	0.4

Source: Asian Development Bank (2003).

Table 3.3. Rate of Growth of Population and Employment in India

Period	*Rate of Growth of Population (% per annum)*	*Rate of Growth of Labour Force (% per annum)*	*Rate of Growth of Employment (% per annum)*
1972-73 to 1977-78	2.27	2.94	2.73
1977-78 to 1983	2.19	2.04	2.17
1983 to 1988	2.14	1.74	1.54
1987-88 to 1994	2.10	2.29	2.43
1993-94 to 1999-2000	1.93	1.03	0.98

Source: Planning Commission, Government of India, 2002.

In terms of sector-wise employment growth rate, the primary sector shows a lower growth rate, whereas trade, construction, financial services, transportation, storage and communications have shown a faster growth rate. (See Table 3.4)

While the reports of the Planning Commission argues that the increase in the annual growth rate of employment in trade, construction and transport are due to structural changes in the product-market in the post-reform period, an intensive analysis shows that structural change does not necessarily lead to increase in employment. A comparison of employment elasticity of GDP in different sectors for 1987-93 and 1997-2002 shows a declining trend in spite of structural changes. (Table 3.5)

Table 3.4. Annual Sector-wise Growth Rates

Industry	*Annual Growth Rate % 1983-94*	*Annual Growth Rate % 1994-2000*
Agriculture	1.51	-0.34
Mining and Quarrying	4.16	-2.85
Manufacturing	2.14	2.05
Electricity	4.50	-0.88
Construction	5.32	7.09
Trade	3.57	5.04
Transport and Storage	3.24	6.04
Financial	7.18	6.20
Community, Social Services	2.90	0.55
Total Employment	2.04	0.98

Source: Planning Commission, Government of India (2002).

Table 3.5. Employment Elasticity of GDP in different Sectors of India

Sectors	*1987-93*	*1997-2002*
Agriculture	0.53	0.50
Mining	0.39	0.60
Manufacturing	0.42	0.25
Electricity	0.33	0.50
Construction	1.00	0.60
Trade	0.59	0.55
Transport	0.68	0.55
Financing	1.00	0.53
Social Services	0.92	0.50
All Sectors	0.43	0.38

Source: Planning Commission, Government of India, 2002.

Except in mining and electricity, employment, elasticity (the proportion of change in employment for every unit of change in the value of output) seems to have declined between these two periods, and a negative trend is clearly visible in all sectors. Such a process indicates job-less economic growth. *The Hindu*,[4] in an editorial, has opined that "the very nature of growth and development seems to be at variance with the traditional concept of employment generation." This poses a valid question: "When traditional employment-oriented sectors, such as agriculture, plantations and few areas of manufacturing, are looking at mechanization and reduction in the dependence of labour, how can modern industries create more jobs?"

Many agricultural economies believe that the transition to industrialization will help to absorb the 'surplus' labour from the agricultural sector. However, the low employment elasticity of manufacturing sector has not supported such beliefs. (Table 3.6)

Table 3.6. Employment Elasticity of Manufacturing Production in Asia

Country	*1980-1990*	*1990-1995*
India	-0.59	0.004
Indonesia	-0.005	0.001
Republic of Korea	0.003	-0.0001
Taiwan (China)	-0.003	0.004
Japan	0.003	-0.005

Source: Calculated from ILO, Key Indicators of the Labour Market, various years – quoted in *Sustainable Social Development in a Period of Rapid Globalization: Challenges, Opportunities and Policy Options*, UNESCAP, 2002.

"The preponderance of low elasticity of employment with respect to output points to the fact that the structure of growth under globalization and liberalization has not been adequately conducive to employment expansion."[5] However, characterizing modern industry, globalization and liberalization as "*not friendly to employment"* may not be correct since modern industry is about employing new skills, knowledge and technology, and any such transition requires focus on human resource development and social protection measures. While discussing the situation in Southeast Asia, particularly after 1997 crisis, the Asian Development Bank[6] notes that appropriate labour market policies are required for a smooth transition from the traditional system to a modern economy. It stresses the need for a "…set of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks and enhancing their capacity to protect themselves against hazards and interruptions/loss of income." The report argues that most of the member countries of ADB have "…some form of institutionalized social protection system, but often these programmes are ineffective due to (i) limited coverage, serving only a portion of formal sector (often the wealthiest segments of society); (ii) insufficient funds, incorrectly distributed among programmes; (iii) inadequate instruments, often copies from developed countries, but not appropriate to serve specific in-country needs; and (iv) factors restricting access to statutory social protection schemes, such as legal restrictions, administrative bottlenecks, and problems with compliance." The report further points out that, except for the Philippines, Thailand, Mongolia and Japan, none of the countries in Asia and the Pacific have active labour exchange services. Similarly, measures like unemployment insurance are not provided in most countries in East Asia, South Asia and the Pacific Islands. Countries like Cambodia, Azerbaijan and most of the Pacific Islands do not have active labour market programmes.

Agriculture, Employment and Development

In one of its reports, ILO[7] points out that there will be 1.2 billion new entrants to the world labour market by the year 2025. It argues, "Most of the new jobs will

have to be created in cities. The share of non-agricultural employment grew by 93% in the last four decades and now accounts for 40% of all employment in developing countries."

While the arguments of ILO cannot be doubted, two important factors have to be kept in mind while accepting the above argument:

(i) Non-agricultural employment in developing countries grew mainly due to the push factors, and not merely due to the pull factors, of urbanized industrialized sector. As many studies have shown, high rural unemployment rates, poverty, low incomes, high population growth, unequal distribution of land, and dissatisfaction with housing are some of the determinants of rural out-migration.[8] The predominance of the informal sector has to be taken into account while discussing the growth of non-agricultural employment.

(ii) Even though the non-agricultural sector accounts for 40% of the total labour market, the agricultural sector, with 60% of the labour market, is still a major sector to reckon with. Asia has 80% of the world's economically active population in agriculture. China and India alone have 61% of the agricultural workforce of the world. (Table 3.7)

Table 3.7. Agriculture and Growth Rate in Asia

Regions	*% of economically active population in agriculture to the total workforce*			*Annual Growth Rate in %*	
	1990	*2000*	*2010*	*1990-2000*	*2000-2010*
East Asia	63.3	55.4	47.2	0.1	-0.5
South Asia	64.7	60.7	56.5	1.5	1.4
World	46.6	42.1	37.8	0.6	0.4

Source: Agriculture: Towards 2010, FAO, 1993.

The primary sector in many Asian countries is characterized by declining contribution to GDP, while a major portion of their populations depend on this sector for employment. In India, the share of agriculture in the total GDP declined from 34.7% in 1980-81 to 24.7% in 1998-99,[9] whereas more than 60% of the workforce continues to be in the agricultural sector. In India and in many other Asian countries, the majority of the population is into the low-productivity, low-income agricultural sector. The rural non-farm sector also contributes substantially to employment and income in rural areas. In Asia, 44% of the rural employment is generated from rural non-farm sector (See Table 3.8). Countries like China have taken strategic initiatives in promoting the rural non-farm sector by encouraging to rural industrialization process.

Table 3.8. Share of Non-Farm Income and Employment

Region	*% of non-farm income share to the total rural income*	*% of non-farm employment to the total rural employment*
Asia	32	44
East Asia	35	44
South Asia	29	43

Source: *The State of Food and Agriculture*, FAO, 1998.

While it is possible to perceive some Malthusian aspects to the mismatch between the workforce and output, it is also important to note that the policy and the financial support of government to the agriculture sector are steadily declining. The Indian Government's policies and institutional mechanisms still have not responded at the scale that the agricultural sector requires. In fact, there is negative response with declining public investments and unfavourable credit policies. Referring to the declining investments in agriculture and rural development, FAO warns, "This will not only constrain future growth in agricultural productivity and food supplies, but will also contribute to worsening rural poverty and degradation of natural resources. At the same time, trade liberalization and globalization is increasing competitiveness in rural areas, and many farmers in the region are increasingly penalized by poor rural infrastructure and public services. Since significant increases in public rural investment seem unlikely, governments in the region will have to give greater emphasis to using public investment resources more efficiently. This will require more efficient targeting of investment resources to achieve growth, poverty and environmental goals, and improved efficiency within the agencies that provide public goods and services."[10]

A look at the pattern of sectoral allocations for the Tenth Five-Year Plan in India (Table 3.9) shows the level of importance given to the agriculture sector – it has received less than 4% of the total outlay.

The downtrend in agriculture's share in total public investment in India is alarming. From 15% during 1980-81, it came down to 6% during 1992-93 and 4% during the tenth five-year plan (2002-2007). There also has been a decline in the investment in agriculture as a percent of GDP, from 1.6% during 1994-95 to 1.3% during 2000-01. While national agricultural policies talk about structural, institutional, agronomic and tax reforms, credit and finance also have become difficult. The share of priority sector advances (in which agriculture constitutes roughly 35%) in total credit of scheduled commercial banks is also steadily declining. (See Table 3.10)

Table 3.9. Sectoral Allocation for Tenth Five-Year Plan (2002-2007) in India

Sector	*% to the Total Outlay*
Agriculture and Allied Activities	3.9
Rural Development	8.0
Special Area Programme	1.3
Irrigation and Flood Control	6.8
Energy	26.5
Industry and Minerals	3.9
Transport	14.8
Communications	6.5
Science, Technology and Environment	2.0
General Economic Services	2.5
Social Services	22.7
General Services	1.1
	100.0

Source: Central Statistical Organization, Government of India.

Table 3.10. Priority Sector Advances and Investment in Agriculture in India

Year	*% of Priority Sector Advances to Total Credit*	*Investment in Agriculture as % of GDP*
1994-95	33.7	1.6
1995-96	32.8	1.6
1996-97	34.8	1.5
1997-98	34.6	1.4
1998-99	35.3	1.3
1999-2000	35.4	1.4
2000-01	31.0	1.3

Source: Reserve Bank of India, 2003 and Central Statistical Organization, Government of India.

According to the guidelines of the Reserve Bank of India, domestic commercial banks should lend 40% of the total credit to the priority sector. As the above table indicates the priority sector credit has been lower than the norms of Reserve Bank of India. Lack of institutional mechanisms, fear of Non-Performing Assets (NPA), higher rate of interest (12-14% to agricultural sector compared to 8.5% to construction sector), high transaction costs are some of the often-cited reasons for the lower credit performance in the agriculture sector.

Another important issue, which needs immediate attention, is the impact of globalization and free trade on agricultural employment. Most of the farmers in developing Asian countries have been producing for their local and regional markets. The opening of borders and inflow and outflow of agricultural commodities across borders is bound to affect demand, supply and price. The

farming community has yet to be prepared for such a change, and in this process agricultural employment may also be affected. Thus, a sector, which employs the highest number of economically active workers, has been receiving less attention in terms of investment, institutional mechanism and consistent policy support.

It is not merely a misplaced priority when a sector in which more than 60% of the country's households depend for a living receives inadequate policy and instrumental support. This is a serious ethical issue affecting the livelihoods of millions of people. Economists have been suggesting that investment should be enhanced to solve the unemployment problem. Rangarajan[11] argues that given an increase of labour force at 1.5% per annum, unemployment can be eliminated in the next fifteen years if India has a 7% growth rate with an employment elasticity of 0.22. For such a process, Rangarajan feels that the investment rate of the economy has to move to 28% of the GDP from the current rate of 23% of GDP, but cautions that a comprehensive agricultural policy encompassing a higher level of public investment is a very important aspect of such a process to reduce poverty, expand employment and result in broad-based growth.

Another important issue in agricultural sector is wages (Table 3.11). A study of agricultural wages in the Asia-Pacific region by ILO[12] shows a declining trend over a period of ten years. "In the Asia-Pacific region, Bangladesh, Indonesia and Philippines, they (real wages) show an upward trend. The increase in Philippines however is only for male wages. In Bangladesh, a decline of up to 26% is observed between 1986-89, followed by a strong increase in 1991…and a subsequent decline. Fiji, India, Myanmar and Papua New Guinea show a steady decline over different periods."

Table 3.11. Agricultural Wages for Asia-Pacific Region

Year	*Bangladesh*	*Fiji*	*India*	*Indonesia*	*Myanmar*	*Papua New Guinea*	*Philippines*
	M&F	*M&F*	*M*	*M&F*	*M&F*	*M&F*	*M*
1983	–	–	–	–	–	100.0	–
1984	–	–	–	–	–	82.8	–
1985	–	–	100.0	–	100.0	–	100.0
1986	100.0	–	94.9	–	95.2	–	105.7
1987	–	100.0	88.5	–	76.0	–	130.6
1988	85.3	77.6	77.4	–	79.9	–	–
1989	78.3	–	71.6	–	126.8	–	–
1990	74.0	–	81.4	–	106.3	–	–
1991	125.6	–	68.1	100.0	81.6	–	–
1992	120.9	–	–	115.7	66.6	–	–
1993	–	–	–	–	68.6	–	–

Source: ILO (1996b).
M: Male M&F: Male and Female

When wages are converted into the working time for the purchase in the local market of one kilogram of the lowest priced staple, they provide a basis for comparison in which the longer the working time required, the lower the purchasing power of the wage. While, for a Swedish agricultural worker, it takes less than 5 minutes of work to buy one kilogram of the lowest priced staple, workers in Myanmar (6 hrs), Tajikistan (4 hrs), Indonesia and Bangladesh (2 hrs) have to struggle hard. In India, the Public Distribution System and food policies have enabled the worker to earn one kilogram of lowest priced staple in 30 minutes. However, most of the agricultural labour is seasonal and, hence, they get employed only for a limited period of the year. An Indian male labourer gets employment only for a period of 184 days, whereas a female labourer is employed only for 134 days in a year. Workers in Vietnam (175 days per year) and Bangladesh (185 days in a year) are more or less in a similar situation. With low wages and seasonal unemployment, the position of an agricultural wage labourer is precarious. Under-employment and Disguised Unemployment are some of the issues which pervade the agricultural economy of Asia and the Pacific.

The preceding discussions raise certain important ethical questions of development. The examples from India and other parts of Asia necessitate much stronger introspection regarding the path of development. Employment is the primary source of personal and family income, providing purchasing power and livelihood security. It is also an important determinant of social and cultural cohesion influencing the norms and values of a society. The right of individual's productive employment is mandated by the United Nations Charter. Policy interventions and social engineering processes of development need to pay more attention to the primary sector of the economy in order to address the issues of unemployment. The rural poor with low education and few resources will find it difficult to adapt to the changing scenarios in national and international economy.

3.3 Environmental Ethics of Employment and Development

The conflict between the expanding economy and the environment has received lot of attention. In most of the developing countries of Asia and the Pacific, there is a need to blend both ecological and economic development. Past protocol to address economic growth has generally resulted in discounting ecological factors. The major challenge in the future will be to minimize these conflicts and ideally strive for environmental enhancement as a natural ally of production. The degradation of natural resources in many parts of Asia and the fragile eco-system of the Pacific islands may further erode if interventions are not carefully planned. If the agriculture sector has to receive more attention for addressing food and livelihood security, the approach should focus on sustainable agricultural models, which would not only generate more employment and food, but also would sustain the natural resource base. Asia, especially, has to carefully plan its agricultural and natural resource management strategies in the face of declining freshwater resources.

Pro-active environmental policies should also take into consideration the sudden displacement of labour as happened in the controversies surrounding coastal aquaculture in India and in various other parts of Asia.

The ethical dimensions of environment management are dealt with in Chapter IV.

3.4 Social Ethics of Employment and Development

As highlighted in the discussion above, the major portion of the labour force of Asia is in agriculture. The ILO has been concerned with the situation of agricultural workers since 1919. Freedom of association, right to collective bargaining, non-discrimination, equal pay for men and women workers, the abolition of forced labour and the elimination of child labour are some of the important issues which ILO has addressed through various agricultural-specific conventions and ratifications. Freedom of association, social protection and employment promotion are the three aspects of the labour standards, which many countries in Asia-Pacific have attempted to bring in under their legal framework. Minimum Wage Acts are examples of translating the ILO charter into social protection action. However, as ILO admits, most of these initiatives have remained more as legal documents and have not been strictly enforced due to lack of adequate institutional support and organizational framework. Again, ILO argues that very few countries have adopted legislation specifically addressing agricultural workers. The report of National Commission on Rural Labour (1991) in India is still under consideration. As a consequence of this, most of the agricultural labour force in India has not been organized and, hence, they have not utilized even the minimal support system which the government offers.

Non-discrimination is the key for many labour policies. However, in terms of employment, as well as in terms of wages, women are still discriminated against in Asian countries. In most Asian countries, women occupy less than 40% of the total workforce; in India, women are less than 15% of the labour force. (See Table 3.12)

The discrimination is clearly evident from the table. Even countries like Korea and Malaysia, which have better growth rates and economic status than countries like Bangladesh, pay less to women. On the other hand, women workers in Sri Lanka and the Philippines get more than 80% of the wage that men get. Other considerations, like unpaid work of females, have not yet been fully understood at the policy level. Similarly, working conditions, particularly for women, is another serious issue.

The unemployment rate among women is much higher than for men in many Asian countries. Countries like Pakistan, Philippines and Sri Lanka have a higher unemployment rate among women.

Table 3.12. Employment and Wages for Women in Asia

Countries	*% of Women in the Total Work Force*	*Female Wages as percentage of Male Wages*
Bangladesh	38.7	71.7
Hong Kong, China	37.8	65.9
Malaysia	34.5	57.9
Philippines	34.8	84.0
Korea, Rep. of	40.5	52.3
India	14.8	50.0 to 70.0
Sri Lanka	31.6	87.8
Thailand	45.9	63.8

Source: ILO, Labour Statistics Division, 1998 – quoted in *Sustainable Social Development in a Period of Rapid Globalization: Challenges, Opportunities and Policy Options*, UNESCAP, 2002.

Table 3.3. Unemployment Rate by Gender

Economy	*Total*	*Male*	*Female*
Indonesia	4.0	3.3	5.1
Hong Kong, China	2.8	3.1	2.3
Pakistan	5.4	4.1	13.7
Philippines	7.4	7.0	8.2
Singapore	3.0	2.9	3.1
Sri Lanka	11.3	8.0	17.6
Thailand	1.1	1.0	1.1

Source: ILO, Labour Statistics Division, 1998 – quoted in *Sustainable Social Development in a Period of Rapid Globalization: Challenges, Opportunities and Policy Options*, UNESCAP, 2002.

However in recent times, UNESCAP[13] has observed a new trend in the feminization of employment in the export-oriented production in some Asian countries, and it has brought out the unethical dimensions of female employment. It is appropriate to quote its findings:

> *This trend towards the feminization of employment in Asian countries resulted from the needs of employers to hire a cheaper and more 'flexible' source of labour oriented to export promotion. It was also strongly associated with the moves towards casualization of labour, a shift to part-time work or piece-rate contracts and insistence on greater freedom for hiring and firing over the economic cycle and response to technological change. All these aspects of what is described as "labour-market flexibility" became necessary once external competitiveness became the significant goal of domestic policy makers and defined the contours within which domestic and foreign employers in these economies operated.*

> *Feminization of work was also encouraged by the widespread conviction among employers in Southeast Asia that female employees are more tractable and subservient to managerial authority, less prone to organize unions, more willing to accept lower wages because of their own lower reservation, and aspiration wages, and easier to dismiss using life cycle criteria such as marriage and childbirth.*

According to the Human Development Report of South Asia,[14] in most of the countries in South Asia, women agricultural workers, as a percentage of total employed women, exceed that of male agricultural workers as a percentage of total number of men employed. In spite of the fact that women are more efficient than men, in terms of productivity, they are paid lower wages. In addition, there is substantial amount of invisible unpaid labour performed by women and "despite the critical involvement and contribution of women in agriculture, their presence is officially largely invisible, with few statistics reflecting their actual contribution to output and rural employment and thereby to the Gross Domestic Product."

Another important trend, which is emerging in Asian countries, is home-based work, mostly done by women in urban areas. Home-based production accounts for half of all current employment in Sri Lanka. UNESCAP[15] quotes a study by UNDP, which points out that in the Republic of Korea, 33% of the working population is in home-based employment. While it offers flexibility of time and space, studies have shown "that home-based production by women, through a "putting-out" system in which such production is the base of a complex production system chain ultimately involving major multinational producers, produces the lowest level of remuneration, few or no benefits of social protection." An analysis of the manufacturing sector by Jayati Ghosh[16] shows that the unorganized manufacturing sector is increasing in terms of employment, while there is a decline in organized manufacturing sector. (See Table 3.14)

Table 3.14. Employment in Unorganized Manufacturing Sector in India

Sector	*Employment in millions 1993-94*	*Employment in millions in 1999-2000*	*Rate of Growth (% per annum)*
Organized Manufacturing	6.40 (18.3%)	6.74 (16.5%)	0.87
Unorganized Manufacturing	28.60 (81.7%)	34.05 (83.48%)	2.95
Total Manufacturing	35.00	40.79	

Source: NSS Surveys, 50th and 55th Rounds quoted in Ghosh (2002).

Very few countries have policy perspectives for a healthy formal-informal sector relationship. This sub-contracting relationship is seen more as a tool to avoid the various social and economic protection measures propounded by ILO and the national legislations of labour laws.

UNESCAP[17] points out that the largest child-labour population in the world is to be found in Asia: 120 million children between the ages of 5 and 14 who are fully employed, and more than twice that many, an estimated 250 million, for whom work is a secondary activity. It also warns about the growing significance of female child labour in Asia. Even the Pacific Islands, where child-labour was not prevalent, are showing signs of increasing numbers of children leaving school early and joining the informal sector.

The occupational hazards in most of the Asian countries, particularly in agriculture, are poorly documented. Though many Asian countries have ratified the Workmen's Compensation (Agriculture) Convention 1921, most of the agricultural workers are excluded from insurance and other general protection schemes. A comparison of social security expenditures, (as percentage of GDP in 1992), and coverage of old-age pension insurance, (as a percentage of the labour force), shows that most Asian countries, except Malaysia and Japan, give low priority in operationalizing social security and old-age pension plans. Countries like India and Thailand have very low levels of social security programmes. As the ILO report[18] points out, limited support is more operationalized in urban areas and most rural agricultural workers are excluded from such programmes. China has introduced innovative approaches in social security. One of its 'Regulations' concerning the 'Work to Provide for Household, the Five Guarantees in Rural Areas' (1994), offers five guarantees for peasants who are without any support when they are young, old or are invalids: they are guaranteed food, clothing, room, medicare and a funeral grant. Sri Lanka's Farmers' Pension and Social Security Benefit Scheme Act of 1987, and India's Beedi and Cigar (Conditions of Employment) Act of 1966, are two examples of providing social security and better employment conditions through legislation. But, as the following table shows, these laws seem to have limited impact on the overall labour conditions of Asia.

Table 3.15. Social Security Coverage in Asia

Country	*Social Security Expenditure (as % of GDP)*	*Coverage of Old-Age Insurance (as % of the labour force)*
China	5.7	21.1
India	0.3	0.9
Japan	11.5	46.6
Korea, Rep. of	2.3	25.9
Malaysia	2.3	95.6
Philippines	1.2	52.6
Sri Lanka	2.5	N.A.
Thailand	0.1	N.A.

Source: ILO (1996b).

In industrial relations are certain serious issues which are emerging in Asian countries. Ghosh[19] has observed, in Indian industries, a shift in the relative bargaining power in industrial relations, away from workers, to employers. She quotes the Second Labour Commission Report, which noted that industrial relation machinery has lost its potential to consolidate labour welfare (reproduced below):

> A review of industrial relations in the pre-reform decade (1981-90) reveals that as against 402.1 million man-days lost during the decade…in the pre-reform period, the number of man-days lost declined to 210 million during 1991-2000 i.e. in the post-reform period. But more man-days have been lost in lockouts than in strikes. …A large number of people have lost their jobs as a result of VRS (Voluntary Retirement Schemes), retrenchment and closure both in the organized and the unorganized sector...

Unemployment also leads to migration, both rural-urban migration and cross-border migration. Substantial numbers of cross-border migrants are illegal migrants who are unemployed or under-employed in their native land. Such unorganized migration processes leads to social and cultural displacement and conflicts.

3.5 Ethics of Development

Amartya Sen,[20] in one of his erudite speeches, has described the effect of women's empowerment through education and employment: *For example, there is now overwhelming evidence that women's empowerment through schooling, employment opportunities etc. have the most far reaching effects on the lives of all-men, women and children. It reduces child mortality; it cuts down health hazards of adults arising from low birth weight; it increases the range and effectiveness of public debate; and it is more influential than economic growth moderating fertility rates…*

He has also defined the linkages between equity, freedom and development. From such a perspective, employment is not merely a '*statistic,*' or as Sen would like to describe it, an *inanimate object of convenience.* "Employment can be a factor in self-esteem and indeed in esteem by others."[21] Given such a broad social and psychological base, employment has influence on equity, freedom and development. High levels of unemployment indicate high levels of inequality, less freedom and less development.

There is a need for a fresh look towards the agricultural sector, which still is the major workforce of Asia. Characterized by low wages and low productivity, this sector receives limited policy support and investment from Governments. Our data also shows that a substantial number of sectors are not covered by social protection measures. Rights chartered by United Nations, ILO and UNICEF are yet to reach the majority of the workforce. Gender bias and exploitation of children are still widely prevalent. While it is important that labour is productive and accountable,

the ethical dimensions of development necessitate the provision of rights and protection to labour. UNESCAP[22] has stressed the need to focus on patterns of employment which are not prone to sudden "boom-and-bust" cycles, but are sustainable over a period of time. In the context of transitions in the Asian economy, UNESCAP has raised certain questions:

(1) How can societies ensure the minimum provisions of basic rights and privileges to women workers and improve their working conditions without simultaneously eroding the advantages to employers and reducing the extent of female wage employment?

(2) How can such rights and basic labour standards be ensured in the coming phase, in which heightened export competition is likely to be combined with a phase of aggregate employment contraction, as the full force of the current adjustment measures is felt in the real economies?

The above questions, when extended to the concept of employment, reflect the need for ethical dimensions in economic development. Equity and freedom cannot be achieved in a system which treats labour as mere commodity. There is a need to give more focus to human resource development, labour market policies and social protection measures in Asia-Pacific in order to facilitate smooth economic transitions.

However, many countries have started taking effective steps towards fulfilling the ethical dimensions of development. The Finance Ministers of Asia-Pacific Economic Cooperation have recommended social safety nets for a globalizing Asian and Pacific region (See Box 1). Examples, such as 'The Maharashtra Employment Guarantee Scheme' (See Box 2), show the viability of effective public works scheme in rural areas creating large-scale employment. The Grameen Bank model of rural credit in Bangladesh, Self-Help Group movements and Joint Forest Management programmes in various parts of Asia are able to blend employment, environment and empowerment.

In the context of ethics of economic development, there is a need to redefine the concept of full employment. From a mere economic condition when everyone who wishes to work at the prevailing-wage rate for their type of labour is employed, full employment should include rights and protections which facilitate freedom and development.

Box 1. APEC Finance Ministers Recommendations on Social Safety Nets for a Globalizing Asian and Pacific Region

The main recommendations include: (1) social safety nets should be in place before a crisis occurs since they can address the needs of the poor in good economic times, and should be adaptable to combat the effects of crisis; (2) pre-crisis planning is essential to effectively address the social effects of crises and includes the availability of reliable and timely information on the poor and frequent evaluation of safety net programmes; and (3) countries can select from a wide range of available instruments depending on their administrative capacity and target populations. In selecting the appropriate instruments, governments should ensure that the measures: (i) provide adequate protection to the poor; (ii) promote efficient targeting; (iii) avoid creating a culture of dependency among recipients by limiting size and duration of benefits; (iv) are consistent with economic incentives and overall targets of fiscal and macroeconomic poly; and (v) encourage transparency and accountability in the design and implementation of programmes and in the use of resources.

Source: From Social safety Nets in Response to Crisis: Lessons and Guidelines from Asia and Latin America, approved by the Asia-Pacific Economic Cooperation (APEC) Finance Ministers, May 2001.

Box 2. The Maharashtra Employment Guarantee Scheme

The scheme in India is perhaps the most renowned public works programme in Asia. The programme had an impressive record in terms of numbers with 875 million person-days of work created in 1991 alone. An evaluation of the programme showed that the targeting was good with more than 70 percent of the beneficiaries below the poverty line and that it effectively contributed to contain the adverse consequences of droughts. One of the key elements of the success has been attributed to the fact that the wage rate had been set at a level below the minimum wage and that this, in turn, allowed for proper self-selection. The scheme also had a visible effect on Indian infrastructure, particularly the irrigation system that has been an important factor for the consequent expansion of agricultural output. The scheme has more recently come under criticism as its records have been declining but it historically remains a major example of an effective public works scheme.

Source: Labour Market Policies: Theoretical background by A. Abrahart and P. Verme in Social Protection in Asia and the Pacific 2001 Asian Development Bank.

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