

Active Employment Policies for all and Formation:

Accomplishments, Set-backs and Challenges experienced in Asia

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Introduction

Concern for the poor and the marginalized, especially the unemployed, is a legacy that the Church has inherited from none other than Jesus himself. The first and ‘magnificent social encyclical *Rerum Novarum* revealed the Church’s concern over the constant spectre of unemployment that prevailed in the last decades of the 19th century.

In *Quadragesimo Anno*, the Supreme Pontiff Pius XI confirmed ‘the right and duty of the Catholic Church to work for an equitable solution of the many pressing problems weighing upon human society and calling for a joint effort by all the people’ (*MM*, 28).

In his encyclical *Mater et Magistra*, Pope John XXIII underpins the State’s ‘**obligation of working actively for the betterment of the condition of the workingman**’ (*MM* 20).

Pope Benedict XVI has demonstrated his **serious concern over the condition of the working class** in his recent and popular encyclical *Caritas in Veritate*, in which he says: ‘In comparison with the casualties of industrial society in the past, **unemployment today provokes new forms of economic marginalization**, and the current crisis can only make this situation worse. **Being out of work or dependent on public or private assistance for a prolonged period undermines the freedom and creativity of the person and his family and social relationships, causing great psychological and spiritual suffering.**’ (*Caritas in Veritate*, 25)

Hence, it is no surprise that the Church, which makes ‘the joys and the hopes, the griefs and the anxieties of the men of this age, especially those who are poor or in any way afflicted’ her own, has chosen to deliberate on *Active Employment Policies for all* during this International Congress, on the Occasion of the 50th Anniversary of *Mater Et Magistra*.

The Pontifical Council for Justice and Peace merits all commendations for carrying forward the legacy of the Church – the legacy of evincing great concern over matters and issues that affect humanity – by inviting all of us to deliberate on the topic: *Active Employment Policies for all and Formation: Accomplishments, Set-backs and Challenges experienced in Asia*.

1. Work/Employment is a Human Right

On the subject of work, **Pope Pius XII** repeated the teaching of *Rerum Novarum*, maintaining that **a man's work is at once his duty and his right** (*MM*, 44).

Pope **John XXIII** highlighted the **sublimity of human work**, when he suggested that **work be regarded ‘not merely as a commodity, but as a specifically human activity’** (*MM* 18). He added: **‘It can never be right for the State to shirk its obligation of working actively for the betterment of the condition of the workingman’** (*MM*, 20). By saying so, he rightly recapitulated the spirit of the Universal Declaration of Human Rights that said: **‘Everyone has the right to work, (and) to free choice of employment...’** (*UDHR*, 23)

The International Covenant on Economic, Social and Cultural Rights urged the States Parties not only to recognize the right to work, but also to **evolve suitable ‘policies and techniques to achieve... full and productive employment** (*ESCR, Article 6*)

Going a little further, **the International Labour Organisation (ILO)**, during its Employment Policy Convention, in 1964, detailed the reasons for evolving active policies and articulated a few key components of such policies when it said:

With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, **each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.**

Later, **Pope John Paul II** reiterated the right to work and the importance of active employment policies, when he stated: **‘The obligation to earn**

one's bread by the sweat of one's brow also presumes the right to do so. A society in which this right is systematically denied, in which economic policies do not allow workers to reach satisfactory levels of employment, cannot be justified from an ethical point of view, nor can that society attain social peace' (*Centesimus Annus*, 43)

The present Pope Benedict XVI continues '*to prioritize the goal of access to steady employment for everyone'* (*Caritas in Veritate*, 32)

2. Some Key Components and Features of Active Employment Policies

Active employment policies attract and retain more people in employment by increasing employment and reducing unemployment, by conserving the quantitative size of the workforce and increasing its working skills, and by strengthening mechanisms for matching of labor supply and demand. In contrast, passive/traditional employment policies provide cash benefits for the unemployed.

In Europe, the **Amsterdam Treaty** (1997) stipulated the following objectives for active economic policies:

1. **Employability:** in view of combating long-term unemployment and youth unemployment
2. **Entrepreneurship:** in view of establishing clear, stable and predictable rules concerning the start-up and running of businesses and the simplification of administrative burdens on small and medium size enterprises (SMEs)
3. **Adaptability:** in view of modernizing work organization and flexibility of working arrangements and putting in place a framework for more adaptable forms of contracts
4. **Equal opportunities:** in view of combating the gender gap and supporting the increased employment of women

3. Active Employment Policies in Asia

Current factors – like globalisation, technology, demography and the changed supply behaviour of the workforce – have not only effected changes in the economic and employment policies but also prompted the development of new policies in Asia as in many other parts of the world. **Asia is a region that includes a mix of low, middle and high income**

countries. Indeed, a small group of these countries have already acquired the developed country status and these countries have put in place the types of employment policies common to more mature economies.

Without any pretensions of a comprehensive study of the situation in Asia, **this presentation reviews employment policies in six Asian countries that exhibit distinct sub-regional patterns: India and Sri Lanka, in South Asia; China and Korea, in Northeast Asia; and, Singapore and Malaysia in Southeast Asia.**

Paul Vandenberg of International Management Institute, New Delhi, makes the following interesting observations, after a survey of employment policies in the above-mentioned six countries in Asia:

- **Most of the low-income countries have not enacted the full range of employment policies** that are common to developed countries.
- ... whereas **in the middle income countries the informal economy is relatively small and new policies have been enacted in recent years.**
- **The policies in India and Sri Lanka provide employment security** – not labour market security... However, compliance and enforcement of the laws are often weak. Hence, **protection may be strong *de jure* but weak *de facto*.**
- There is no unemployment insurance in Sri Lanka and the new unemployment allowance in India provides limited benefits for only 2% of the labour force. Active labour market policies are generally weak.
- In contrast, **Singapore and Malaysia provide labour market security through strong active policies.** Passive policies are weak, and employment protection is low... **The two economies exhibit strong labour market outcomes and currently operate at full employment.**
- **Over the past decade, China and Korea have transitioned from a system of employment security to one of labour market security.** Approval for retrenchment has been abolished but at the same time unemployment insurance has been introduced and new regulations to protect non-regular workers have been enacted.

- The informal and rural economies, which are large in India, China and Sri Lanka, are characterized by extreme flexibility and minimal security regarding the employer-employee relationship.
- **Most aspects of labour legislation, including social security, do not cover the workers in the informal sector in India, China and Sri Lanka.** Moreover, many ‘workers’, including farmers, are self-employed... Governments support the labour market by creating employment (e.g. public works), promoting self-employment (e.g. entrepreneurship programs) and increasing employability (e.g. skills training).ⁱ

These cases exhibit distinct sub-regional patterns. India and Sri Lanka, in South Asia, provide employer-based ‘employment security’ and have not transitioned to broader systems of ‘labour market security’ as envisioned by the flexicurity model. China and Korea, in Northeast Asia, have made that transition over the past decade by reducing restrictions on retrenchment while introducing unemployment insurance and active measures. In Southeast Asia, Singapore and Malaysia offer flexible systems with strong active policies but low security in terms of employment protection and passive measures.

4. Notable Accomplishments

All the six countries have a **national employment service** to support job search. Most countries complement physical offices (job centres) with interactive websites that allow jobseekers to register and employers to post vacancies.

Most countries promote **self-employment** and given their high level of rural and informal economies, this can be quite important.

China, in the past, and India, in the past and recently, have used **public workers programmes to promote job and income security in rural areas.** Korea and Sri Lanka have used public works in the face of crisis, the former in response to the Asian financial crisis and the latter as part of post-tsunami recovery efforts.

A key aspect of a person’s ability to secure and retain employment is their skills. As such, governments in all countries provide **skills training** to improve employability.

The prominent characteristic of the two South Asian countries, **India and Sri Lanka**, is their adherence to **policies regarding administrative authorization for retrenchment**. They have legislated gratuity benefits and in the case of Sri Lanka **high severance pay** and support through the Employees' Trust Fund. In India the law applies to firms with 100 workers or more, while in Sri Lanka it applies to those with 15 workers or more. In India, when a firm applies for permission, the government must communicate its decision within 60 days. So is it in Sri Lanka.

China and Korea, in Northeast Asia, have carried out **tremendous change in employment policies** over the past decade. They are strong reformers and have combined a decrease in the guarantee of employment with new passive policies and strong active policies including laws for non-regular workers. These two countries are characterised as providing **a balanced system of labour market security, with medium employment protection**.

Malaysia and Singapore, the two countries from Southeast Asia, have fairly effective government and have developed rapidly. **Labour markets are tight and unemployment is low**. They both administer a payroll levy that supports skills training and it is used, in part, to help the unemployed. These countries provide labour market security through strong active policies, while employment protection is low and passive policies are weak.

Employment service (job search)

As noted earlier, all countries have an employment service to assist jobseekers and to help employers recruit new staff. The service is publicly managed and funded, with the exception of Sri Lanka which is experimenting with a public-private partnership that is directed by representatives from government, employers and workers and is designed to be financially self-sustaining.

Job centres in all the countries combine job search assistance with some job and career counselling, including advice on training and education opportunities.

Formal employment accounts for a large majority of total employment in Korea, Singapore and Malaysia. These countries do

have many of the policies that are in practise in other parts of the developed world.

Promotion of Self Employment

In India, the Ministry of Labour and Employment has established Self-employment Promotion Cells in 23 of its more than 900 employment exchanges. One long-standing program is the Prime Minister's Rozgar Yojna which subsidizes small loans to unemployed people below the age of 40 to allow them to start up businesses.

National Rural Employment Guarantee Scheme (NREGS) in India was launched in early 2006. It guarantees, by law, each rural household 100 days of manual work annually at the minimum wage and not less than Rs 60 per day (\$1.46).

An interesting feature of the program is that if work cannot be offered in 15 days from the time of application, then the applicant is paid an unemployment allowance. NREGS, as an active policy, does provide an element of security for the rural economy.

An important recent initiative to safeguard the interest of unorganised workers in India has been the enactment of the **Unorganised Workers' Social Security Act, 2008**. In compliance with the stipulation of the Act, a National Board was constituted in 2009. Subsequently, the Board recommended that the following **social security schemes** be executed: **Rashtriya Swasthya Bima Yojana (RSBY)** that provides health insurance, **Indira Gandhi National Old Age Pension Scheme (IGNOAPS)** that provides old age pension and **Janashree Bima Yojana (JBY)** also known as **Aam Admi Bima Yojana (AABY)** that provides death and disability insurance.

5. Set-backs

Inadequate and Ineffective Legislation

Most low-income countries have not enacted the full range of employment policies that are common to developed countries. Furthermore, the presence of a large informal economy means that **a substantial portion of the workforce is not affected by legislation.**

In China, India and Sri Lanka, labour legislation does not cover a large portion of the workforce in the informal economy or is not fully enforced in the formal economy. Furthermore, the presence of a large informal economy means that a substantial portion of the workforce is not affected by legislation.

Notwithstanding the good efforts of government, there are employers that engage in illegal and unscrupulous labour practises. The recent revelations of the use of forced labour in some Chinese brick factories and the on-going problem of child labour in India are matters of grave concern.

Weak Employment Protection

Lifetime employment is no longer guaranteed in China and Korea, though these two countries provide a balanced system of labour market security, with medium employment protection. Singapore has much weaker protection; workers with less than six months of service can be let go with only a single day's notice. A worker must have worked for five years before being granted a notice period of 28 days.

Both Singapore and Malaysia do not restrict employers from retrenching workers and do not even require employers to notify the government. And, there is a concern about graduate unemployment in Malaysia.

The Industrial Disputes Act in both Sri Lanka and India, which are over a half century old in both cases, grant notice periods only for those workers who have worked for one year or more. In Sri Lanka, 30 days is given, while in India the period is 30 days for enterprises with 10-99 workers and 90 days for larger firms. In both these cases the legislation was designed for industrial firms and does not cover smaller firms: those with less than 10 workers in India and less than 15 workers in Sri Lanka.

Non-regular employment (casual, part-time, temporary, fixed-term, labour contracting)

Businesses frequently hire workers on a casual, part-time or fixed-term basis. They also engage contractors that recruit, supply and pay workers, often in non-core activities (e.g. security guards, cleaners and so on). In these latter cases, the contractor is the employer and the company where the work is done is an indirect or final employer. While appropriate in many cases, these non-regular forms of employment are sometimes used

on an on-going basis and result in abuse (e.g. non-payment of social security contributions, avoidance of termination laws).

6. Challenges

‘Today’s overall world economic situation continues to present challenges to the objective of full employment and decent work for all,’ said *H.E. Msgr. Celestino Migliore* representing the Holy See at the 46th Session of the U.N. Commission for Social Development of the Economic and Social Council, *New York, Thursday, on 7 February 2008*. He suggested that the **link between poverty eradication and full employment**, including decent work for all, be taken into account in order to promote social integration. **Providing full and quality employment remains a huge challenge for the countries in Asia.**

Promotion of formal employment enhances employment opportunities for many and ensures the economic development of countries. **Promotion of formal employment is a challenge that has to be urgently met by countries like China, India and Sri Lanka where there is a presence of a large informal economy.**

Envisioning a Flexicurity model in which Governments support the labour market by creating employment (e.g. public works), promoting self-employment (e.g. entrepreneurship programs) and increasing employability (e.g. skills training) is yet another challenge to the Asian countries.

A policy of convergence between social and economic policies is ‘better suited to stimulate the creation of new employment opportunities and advance decent work, both of which still elude too many people’, said *H.E. Msgr. Silvano M. Tomasi* during his address at 96th Session of The International Labour Conference, *Geneva, on 13 June 2007*. **Ensuring a policy of convergence between social and economic policies is another major challenge for many Asian countries where caste-based as well as gender-based social discrimination is still a common practice.** Absence of this convergence results in exclusion of a sizable number of people belonging to particular communities from gainful employment. A case in point is the government of India’s denial of Scheduled Caste status to Christians and Muslims of Dalit origin – by the Presidential Order 1950

– preventing them from enjoying the benefits of affirmative action in the area of education and job reservation.

Conclusion

Having used the rights based approach, I have held the states accountable for the absence of appropriate, adequate and active employment policies for all. However, it must be pointed out that there is a lot that the Church can do to improve the situation of people. **Education that enhances employability is one of the areas where the church can contribute enormously**, given its array of educational institutions and its large bulk of priests and nuns who are involved in education ministry.

The Church, including its clergy and the laity, should actively involve in works of advocacy, persuading the governments to evolve and enforce suitable policies and Acts that will ensure active employment policies for all. I only believe that this International Congress is a step forward towards the realisation of the goal of full and gainful employment for all, which will also ensure social integration and social peace.

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Justice and Globalisation: From *Mater Et Magistra* To *Caritas In Veritate*

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