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Unemployment and the People's Works Programme

by Dr Khushi M. Khan, Hamburg *

More than two decades of economic planning in Pakistan have not succeeded at least in containing unemployment within tolerable limits. Even the People's Works Programme introduced as a "crash" programme to get the situation under control has failed so far to achieve its major objective.

It is a logical consequence of confused thinking on development and planning problems in Pakistan that reliable and consistent statistical data on the most serious social and economic problem of the country, i.e. the employment situation, are not available. Even official documents of the country admit openly that any analytical conclusions based on the available information of a divergent nature regarding this key sector of the national economy must have a limited and questionable validity¹. Whereas the Pakistan Manpower Survey conducted in 1955 tried to give the misleading impression that full employment conditions prevailed in the predominantly agricultural economy of Pakistan, realistic assessments of the situation concluded that its economy was then most stagnant in that region and that even in 1965 a 50 p.c. ratio of un- and underemployed labour to the total working force could be taken as nearer to reality².

Unrealistic Planning Targets

Even the Second Five Year Plan (1960–65) tended to set manpower and employment targets which reflected actually the long-term objectives of an underdeveloped economy but not goals that were realisable within the framework of the given situation. Shortfalls of up to 60 p.c. in the implementation of certain important schemes in this sector were therefore not surprising. Even the basic issues of labour research concerning a factual assessment of labour statistics and consistent analysis of ongoing programmes received negligible attention.

The Third Five Year Plan (1965–70) was more specific and it quantified certain aspects of the manpower and employment problem. By creating 5.5 mn additional jobs the Plan was to bring the unemployment ratio from 20 p.c. in 1965 to 15 p.c. in 1970, assuming thereby a projected increase of 4.2 mn in the labour force during that period³. A subsequent evaluation of the Third Five Year Plan, however, admitted that the progress in the

sector of manpower and employment during 1965–70 had been insignificant. A heavy shortfall in the levels of saving and investment, accompanied by a sharp rise in expenditure on defence and administration, had hit this sector most severely and hardly 58 p.c. of the allocated expenditure targets had been realised.

The Fourth Five Year Plan (1970–75) which was totally abandoned, admitted more boldly that the objectives of full employment had proved to be more complex than was originally expected, and it was not realistic to assume that this problem could be solved within the plan-period. Although the process of industrial development was creating additional jobs, their number was inadequate for absorbing even the additional labour force resulting from population increase. Consequently a backlog of un- and underemployment was rapidly increasing. It was projected that during the Fourth Five Year Plan a yearly increase of 1–1.5 mn new jobs would be necessary to absorb an expected additional labour force of 7 mn in the same period⁴. The social, economic, and political implications of the backlog of un- and underemployment can well be imagined.

Wrong Development Priorities

Critical observers of economic thinking and development practice are unmistakably struck by the large extent to which the employment problem in Pakistan was relegated to the background. It is true that administrative inefficiency, continuing conflicts between the centre and provinces, defence burdens, etc., narrowed down options for

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¹ Government of Pakistan, Planning Commission, The Second Five Year Plan (1960–65), Karachi 1961, p. 370, and the Fourth Five Year Plan (1970–75), Islamabad 1970, p. 110.

² Gunnar Myrdal, Asian Drama, Vol. 2, 1968, p. 1082, and Government of Pakistan, Planning Commission, The Third Five Year Plan (1965–70), p. 167.

³ See Government of Pakistan, Planning Commission, The Third Five Year Plan (1965–70), p. 250–51.

⁴ Government of Pakistan, Planning Commission, Socio-economic Objectives of the Fourth Five Year Plan (1970–75), 1968, p. 11.

targets at the planning and implementation level. But the central explanation for rapidly increasing unemployment during fifteen years of institutionalized national planning is to be found in a wrong development strategy which, imitating the Western models, set up a maximizing of growth rates as overriding goal of the national development effort. The whole gamut of economic policies in the field of industry, commerce, taxation, credit, investment, foreign exchange, etc., were tailored to the requirements of the growth objective, assuming that the expansion of the industrial sector would, through its "spread-over effects", automatically create adequate job opportunities for absorbing the labour force in due course of time. Such a strategy carried in itself an implicit disregard of the employment effects of the development programmes with the result that an ever-increasing number of the working population was excluded from the production and consumption process. And as the Third Five Year Plan entered its last years, social discontent began to take tangible political manifestations that proved later so fatal for the country.

The Impact of Unfortunate Years

The unemployment situation worsened during the fiscal years 1970/71 and 1971/72 due to an unfortunate combination of natural and political factors. High floods and then cyclones hit very cruelly the Eastern Wing of the country (now Bangladesh), paralysing there almost the entire economic activity of 56 p.c. of the country's total population. That had strong negative impact on the production levels in the industry of West Pakistan which was already working below its capacity. According to quite optimistic estimates for 1969/70, for instance, — a good year for industrial production and with a protected market in the Eastern Wing — the cotton textile industry was working up to hardly 70 p.c. of its installed capacity, silk and synthetics up to 29 p.c., fertilizers up to 79 p.c., chemicals up to 18 p.c. and non-electrical machinery up to only 14 p.c.⁵

Then followed the political crisis of 1971 and the flight of capital abroad accompanied by a violent and prolonged social unrest whose negative impact on the employment situation in the country could only be deepening. Estimates show that the size of labour force in West Pakistan stood at that time at 17.6 mn, expected to reach 20.2 mn in 1975, rural labour constituting an overwhelming proportion of these figures⁶. The Manifesto of the ruling People's Party from 1970 put about half of the rural population as virtually unem-

ployed, and therefore superfluous. Consequently, migration to urban centres was on a rapid increase and the population growth rates in large cities were the double of those at national level. This influx of the rural unemployed into the big cities aggravated the already explosive unemployment situation of the urban centres. The social and political implications of this situation were reflected in strikes, lock-outs and violent political demonstrations threatening the remaining socio-economic and political fabric of the country. The ongoing usual process of development planning and implementation urgently required a supplementary effort on national scale, i.e. a programme of action which should involve the vast majority of people in the productive process of the country. It is against this background that the introduction and relevance of the People's Works Programme (PWP) should be judged.

Objectives of the Programme

The concept of the Programme was based on the belief that people at the "grass root" level had to be involved both in planning and execution of development programmes if the mounting threat of socio-economic crisis was to be faced realistically. A justification of the basic idea underlying the programme lay in its operational aspects⁷. The socio-economic goals set by the previous regimes, it was argued, did not reflect the real interests of the people at large. "Class interests of the more dominant groups and some negative aspects of bureaucracy such as the absence of accountability to the people and the delays resulting from red-tape have severely limited the impact of this concept on the economic and political situation⁸." The comprehensive reforms of the new Government in many spheres of national life, it was claimed, had created the basic atmosphere to launch the nation-wide plan, termed as the People's Works Programme. The Government would specially provide technical and administrative resources to mobilize the vast un- and underemployed labour force for the new development effort. Through its essential characteristic of being labour-intensive this Programme would also help indirectly in overcoming the shortage of capital.

Under the general but main aim of improving the quality of life the specific objectives of the Programme included the following:

- ☐ To eliminate un- and underemployment through the creation of numerous opportunities for gainful employment.

⁵ See Syed Najjullah, *Aftermath*, in: *Ceres*, Sept.-Oct. 1972, p. 53.

⁶ See *The Fourth Five Year Plan*, *ibid.*, p. 111.

⁷ The idea of involving the people in the development process existed already in the form of Rural and Urban Works Programme of the previous government.

⁸ See Government of Pakistan, Planning Commission, *People's Works Programme*, Islamabad 1972, p. 3.

- ☐ To provide adequate infrastructure and basic facilities by initiating suitable projects, possibly of small size.
- ☐ To institutionalize the development process through a large scale effort by mobilising the local resources and involving the masses in the national development effort.
- ☐ To provide a congenial atmosphere for the growth of local leadership.
- ☐ To create confidence and self-reliance among people through the educational impact of the development projects of a "grass root" nature.

Nature and Magnitude

The People's Works Programme, launched on October 1, 1972, envisaged initially 30 items of work which ranged widely from community facilities like workshops, buildings, roads, drainage and irrigation, afforestation, housing, etc., to cottage industries like poultry, sheep breeding, embroidery, and bee-keeping⁹. Items of work having a promotional and general nature like adult literacy drive, mass immunization and surveys, etc., were also included. The PWP merely outlined the areas of project formulation but did not lay down a specific plan of detailed projects with quantitative targets, estimated costs, and the time schedules of their completion. The only national targets in concrete physical terms, to be achieved by the end of October, 1973, were fixed in the sectors of housing, transport, education, and tree plantation¹⁰. The formulation of additional projects was left to the District Councils with a reference to the local conditions and requirements. Not even for the creation of job opportunities for which the Programme carried a cardinal responsibility quantitative targets were set. Regional aspects of the Programme remained equally unspecified.

Administrative Structure

The institutional set-up to materialise the PWP was to consist of the people's elected committees on village, halqa, tehsil, district and provincial level with a parallel governmental organisation in the form of People's Works Volunteers, People's Works Officers, People's Works Assistant Directorates and the People's Works Directorate General. The Village Committee was to be "the basic planning and executing unit", and entrusted with the task to "identify the requirements of the local economy and formulate projects under the PWP". In addition, Village Committees were also to "choose projects from the portfolio prepared by the Government's Central Organization". The People's Halqa and Tehsil Committees were to function as intermediaries for scrutinising the

projects proposed from below and forwarding them to the People's District Council which was the final authority for their approval. Technical, legislative, administrative and financial help was to be provided by the parallel tier of governmental organisation through its field workers. Similar administrative framework was also to be created for the urban centres. While the provincial governments were to be responsible for implementing the PWP, a PWP Cell in the Planning Commission was created to formulate project plans in consultation with relevant bodies, to prepare and distribute manuals of instruction for the implementation of projects, to guide the provincial governments on necessary matters, to suggest solutions of different problems and to evaluate on bi-annual and annual basis the progress of the ongoing projects. Mass motivation programmes were to be formulated and carefully implemented to impart to the people a sense of participation in the development effort and thus securing their entire cooperation.

The First Two Years

On the country level no detailed data are available on the nature and magnitude of the projects as they were eventually formulated, amended, implemented, or abandoned. According to the assessment of the Pakistan Planning Commission the actual progress of the Programme during its first year was negligible. The setting up of a minimum field organisation and other necessary institutional framework consumed the first three months of the year. Then came the floods of August, 1973, which not only had a negative impact on the implementation efforts for 1972/73 but also forced a revision in the provincial programmes of Punjab and Sind for the next year. The evaluation by the Planning Commission of the Programme's progress in physical terms during 1972/73 describes the number of road mileage constructed or under construction, hand-pumps installed, rural drainage schemes completed, civil dispensaries constructed or to be completed, new schools constructed and old ones extended, and projects in the sectors of housing, social welfare, agriculture and cottage industry¹¹. However, these physical achievements carry no meaning in the absence of data concerning the existing situation at the beginning of the Programme and, more so, without the target figures necessary for such comparative evaluations. Even physical achievements are not given in the two relatively underdeveloped regions of North West Frontier Province (NWFP) and Baluchistan.

⁹ See People's Works Programme, *ibid.*, p. 24.

¹⁰ Government of Pakistan, Planning Commission, Annual Plan 1973/47, Islamabad 1973, p. 141.

¹¹ See Annual Plan 1973/74, *ibid.*, p. 141-42.

A comparison of the financial allocations and achievements of the Programme exhibits the insignificant nature of results. Out of an allocated amount of Pak.Rs. 140 mn in Punjab, only Pak.Rs. 56 mn had been utilized by the end of May, 1973. In Sind, NWFP and Baluchistan provinces the actual utilization at the end of March, 1973 stood at Pak.Rs. 5.6, 0.2 and 1.6 mn against the specified allocations of Pak.Rs. 70, 11 and 3.2 mn, respectively. The final figures indicating the actual allocation could not be appreciably higher because due to the floods of August 1973, many projects in Punjab and Sind were stopped or deferred to the next year and the funds so released were transferred to the flood relief measures.

The Pakistan Planning Commission also released meagre figures concerning the impact of the Programme on the employment opportunities during the first year of its operation. Out of a total number of 48,800 newly created jobs the share of Punjab, Sind, NWFP, and Baluchistan stood at 35,000, 12,000, 500, and 1,300, respectively. Compared to the 1 mn yearly requirement of new jobs to absorb the simple addition to the existing labour force the achievement of the Programme is totally insignificant.

Considering that the newly created jobs also include casual ones, the obvious conclusion is that the Programme failed in its chief objective of creating large employment opportunities in Pakistan. For the second year (1973/74) of the Programme the revised financial allocations stood at Pak.Rs. 143.2 mn showing a decrease of 38 p.c. vis-à-vis the previous year. The shares of the four major provinces, Punjab, Sind, NWFP and Baluchistan, stood at Pak.Rs. 65, 35, 14 and 11 mn, respectively. Adequate evaluation data for this year are not available but considering the increasing economic difficulties of the year it can be safely concluded that the Programme has not brought the major economic and social problem of the country any step nearer to its solution.

Concluding Remarks

It is difficult to evaluate the People's Works Programme in terms of its quantitative contribution to the infrastructure of the country, formation of capital, and creation of additional jobs. One explanation is that the Programme merely outlined the direction and areas of project formulation without specific quantitative targets and implementation time-schedules. Detailed project evaluations are not available and the figures released by the Planning Commission for the first two years of its functioning have no point of reference, past or future.

There are certain sharp contradictions between the objectives of the Programme and the criteria laid down for the selection of projects under this Programme. One of the major objectives, for instance, to provide "basic capacities and amenities" through suitable projects is difficult to reconcile with the criterion of giving preference to projects that are economically remunerative. Similarly, the heavy priority given to projects with short gestation periods may carry psychological value for the people in terms of some visible benefits, but the mid- and long-term requirements of the economic and social reality are not necessarily identical with such short-term considerations.

The Programme laid chief emphasis on involving the masses into the national development effort through various motivations. Theoretically, the identification, formulation and execution of the projects were entrusted to the local bodies. Even the maintenance of funds, arrangement of work and payments, purchasing functions and general decision-making were to be in local hands. In practice, however, a Cell was attached to the Planning Commission to chalk out a detailed programme of specific projects out of which the local committees were to choose the relative ones for local implementation. The Cell was also entrusted with the responsibility of preparing comprehensive manuals of instruction for the implementation of projects. This amounted to an indirect admission of the fact that the illiterate masses could not manage and run their own villages and towns under the given social, political and bureaucratic structure of the country. This exclusion of the people from an active participation in the development process is equally evident through the interim arrangements which postponed a setting-up of the people's elected bodies envisaged as a fundamental institutional set-up for implementation of the Programme. There was equally no basis to assume that the newly introduced economic, social, and administrative reforms had suddenly created a new environment conducive to the implementation of the Programme.

Despite its relevance of content to the basic national problem the People's Works Programme is devoid of operational realism. It emulates the Chinese model of Communes without caring for the corresponding social and political conditions which are essential for the success of such "crash" programmes. The People's Works Programme may be regarded as a statement of the fundamental national problem, and at the most as a statement of intent. But with no stretch of imagination it can be termed as an adequate programme of action.