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"India's Poor Law." *The Economist*, January 17 2005
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This article discusses an effort by India's ruling party, the United Progressive Alliance (UPA), to provide minimum wage jobs to all those in rural areas who want them. The idea has been tried in one province previously, Maharashtra, and the UPA has promised to enact a similar policy in the whole country. The program is intended to provide a safety net for rural inhabitants whose livelihoods are in constant danger from natural disasters and other hazards of agriculture. In theory, the jobs will be offered to anyone unconditionally, but the wages will be low enough and the work hard enough so as to discourage people from relying on them if they have other options. When the program was tried in Maharashtra, the jobs were guaranteed at minimum wage; when this was doubled suddenly, however, the system was forced to ration jobs out, reportedly meeting only 43% of the demand in 1988.

While this program, if implemented, may be effective for some time, it is unlikely to be successful in the long run. This is because of the different ways unemployment occurs. Natural disasters are similar to business cycles in that they will cause unemployment for a period of time, after which most workers can get their jobs back. In this way, the program deals well with cyclical-type unemployment. However, if advances in technology and the organization of farms make many of the workers permanently obsolete, the program would likely be unsustainable. The concept, then, is a very poor way to adapt to structural employment. The Indian government may assume that such structural changes are unlikely to occur in the near future, in which case the guaranteed jobs, if properly managed, could work well in providing a safety net to workers temporarily unemployed. However, modern history has already shown a move from agriculture to industry in industrialized countries, a process India is very well on its way into. It may not be very long, then, before a program like this became terribly overburdened for too long a time, and failed.

Word Count: 339