

THE ECONOMY & YOU

Productivity Wages, Employment and Income

Today we'll look at productivity wages, employment and income. Let's say you and your friend work at a basket-making factory. Each of you gets ten pounds of raw material every day, and you work side by side, under the same conditions with the same instructions. At the end of the day your friend has made eight baskets and you've made six. Your friend is more productive than you are. Productivity then, is the volume of output for a given level of inputs.

In normal times, most people's earnings are related to their level of productivity. Whatever the amount, most of us wish we made more. It may not be measured in dollars and cents, but in terms of what we are able to produce to keep us alive – say a ton of yams, some beans and some chickens. This is called “subsistence income”. But however expressed, it is someone's income, and it counted as part of the income of the whole country, or the “national income”.

Employment refers to the situation where an individual engages in economic activity for monetary or non-monetary wage income. The rate of employment records that proportion of the labour force holding jobs. The labour force comprises people between ages 15 and 65 who are willing and able to work. For most of us, employment is the main source of income. So the total amount of wages and salaries earned in a country is closely linked to the level of employment. When large numbers of people are unemployed, earnings fall, and the level of income goes down.

Income can come from several sources:

Wages and salaries

Subsistence income
Income from self-employment
Income from investment (dividends)
Rental income from owning property and so on

These are all sources of income from one kind of activity or occupation or another. Of course, income from illegal activities is also income to some people.

Workers remittances are also an important source of income in the ECCU. For many people this is the only source of income; for others it is a vital supplement to their local earnings. But it is an area about which little data are available.

Does anybody know how much comes into the country in this way? It is not enough to say “a lot”. It is \$20 million? \$30 million? Is it \$60 million? Does it matter? It certainly matters to the individual person who receives it, and it matters to the country as a whole. For example, we as a country, should know the answer to the following questions:

Are these private remittances perhaps half as large as official grants received by the country?

Are they increasing or decreasing?

What is the gap to be filled should they cease coming from the UK, for instance?

There are several other questions for which there are no answers yet.

In the 1991 Population Census, one of the questions you were asked was this: “Approximately how much money did you receive last year from family or friends abroad?” Some of you most likely objected to being asked this, and said: “What business is it of the government?” Well, it’s not that government wants to know your personal business, but it does want to know and needs to know what makes up the income of the country as a whole. What proportion is earnings from

employment, or wages and salaries; what proportion is made up of all those other aspects mentioned earlier, and finally, what part comes from sources outside the country. The most direct way to find this out is to ask the thousands of people that make up the country as a whole.

If you answered the question, and answered it truthfully, then you have played your part, an important part, in that vital task of increasing our knowledge of ourselves as country.