
How Much Will the Government Save at the expense of the Unemployed?

By Marine Martirosyan
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It was last winter.

Near the employment center in the Armenian town of Kapan, I bumped into an old friend.

She was embarrassed when I spotted her in the jobless line.

'I don't know, but at least we can buy a bit to eat. What kind of government is this that would make you feel so powerless over a piece of bread that I'm embarrassed to look into the eyes of my kids.'

While recent debate on a government sponsored bill to significantly raise the salaries of government employees (president, prime minister, ministers, MPs, police chief, top civil servants, etc) raged hot and heavy in the halls of parliament, a government sponsored bill on employment was discussed to a half empty parliament chamber.

Most of the MPs were feeding their faces at the parliament's cafeteria.

The bill seeks to do away with 18,000 AMD (\$44) in monthly unemployment payments to those registered as jobless in Armenia.

MPs of the ruling Republican Party unanimously argued that such 'largesse' was making citizens 'unproductive', their euphemism for 'lazy'. The government argues that their number one priority is to dissuade people from the notion that they can live off the public trough.

Republican Party MP Hakob Hakobyan, who heads the Parliament's Standing Committee on Social Affairs, stated that the unemployed shouldn't be given money, but rather jobs.

'We shouldn't give the unemployed assistance and say 'Good luck. We gave you your money'. But rather we must actually help them with education, direct financing, advice, in order to create jobs,' Hakobyan noted.

Hakobyan gave assurances that families meeting the criteria as needy would benefit from the social assistance program and that they would receive 36,000 AMD for a certain time period.

Republican Party MP Margarit Yesayan said the new law would remove the psychology of begging from the minds of people, so that they wouldn't stick out their hands and say 'my dear government, give me money'.

ARF MP Artzvik Minasyan argues that government policy must be directed towards solving the employment problem. 'This bill does is not aimed at taking specific measures regarding employment. It merely uses the term stable employment. Given the current conditions in Armenia, of the labor market and socio-economic realities, this is an empty expression and formulation,' Minasyan said.

He added that most of the bill was declarative in nature and that the text has nothing to propose in terms of real measures to foster employment.

`It's show boating from top to bottom. We won't make any progress in the employment sector with this bill,' declared Minasyan. He suggested that the bill's title be changed from dealing with `employment' to dealing with `the social protection system in the employment sector'.

Prosperous Armenia MP Nayira Zohrabyan noted that she got the impression that the bill was more about changing psychology than anything else. `It paints the picture that Armenian citizens are beggars at heart, conditioned to receive handouts. That's to say - they aren't prone to work and we are adopting a bill to change their psychology.'

MP Zohrabyan went on to label all promises made by the government as `hot air to extract populist brownie points.

`The logic of this bill is quite clear to me; there is no money. Only 20,000 citizens receive unemployment benefits. But the country has sunk to the point where it can't even pay 18,000 AMD per month to those 20,000 individuals,' Zohrabyan said.

Even though the bill passed after the first hearing, some MPs didn't even know what was in it. When I asked them questions about the bill, they told me they'd have to read it first.

According to the National Statistical Service (NSS), there were 245,500 unemployed in Armenia in 2012. In the first quarter of 2013, the figure was 230,200; in the second quarter, 228,100.

NSS put the number of average monthly registered unemployed in August of this year at 57,200. This is the latest NSS figure on those registered as unemployed. In August, 9,500 unemployed received benefits. The average monthly benefit amount was 16,475 AMD (\$41). Thus, in August, the government paid out 156,512,500 AMD in benefits.

Number of unemployed benefit recipients and average amount of benefit

Benefit Recipients (1,000s) ---Growth rate -----Average benefit (AMD)

1 The specified amount of unemployment benefits as set by Armenian law is 18,000. That the average benefit amount is lower is due to the in and outflow of beneficiaries from the unemployment registry.

<http://eng/news/30267/how-much-will-the-government-save-at-the-expense-of-the-unemployed?.html>
