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More Unemployment and Less Security

By Pete Dolack
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The bad news is that the world's number of unemployed workers and those with precarious employment is expected to rise during 2016 and 2017. The worse news is that the true number of those in these categories are probably significantly undercounted.

The International Labour Organization, a United Nations agency that just issued its “World Employment Social Outlook,” predicts that 200 million people will be unemployed in 2016, three million more than last year. This will be most acute in middle-income and poor countries, where unemployment is forecast by the ILO to increase by 2.4 million with a slight decrease in

unemployment in the most developed countries. Brazil and China alone are expected to add 1.5 million to the unemployment rolls in the next two years.

Not that having employment is necessarily a marker of stability. The ILO report says that nearly half of the world's workers — 1.5 billion people — hold “vulnerable employment.” This total includes subsistence and informal workers, and unpaid family workers. This vast cohort (the “reserve army of labor” although the ILO never uses such direct terminology) will not be getting smaller in the foreseeable future. All these factors add up to more inequality. Nor is it limited to any one part of the world, the ILO report says:

“The improvement in the labour market situation in developed economies is limited and uneven, and in some countries the middle class has been shrinking, according to various measures. Income inequality, as measured by the Gini index, has risen significantly in most advanced G20 countries. Since the start of the global crisis, top incomes have continued to increase while the poorest 40 per cent of households have tended to fall behind.” [page 4]

In one-third of the world's countries, the “precariat” constitutes at least two-thirds of the total workforce. The percentages of those with precarious employment is much higher in developing countries than in the advanced capitalist countries, but in all parts of the world the labor force participation rate — that is, the percentage of those of working age who are employed — is slowly shrinking and is forecast by the ILO to continue to do so through the rest of the decade. Here it is the developed countries that have the lowest participation rate (60.5 percent in 2015), more than two percentage points lower than the global average.

The massive size of the precariat

A gloomy picture, indeed. A picture, however, that does not fully capture the bleakness of stagnation. The number of precarious workers is likely higher than what the ILO calculates. In their book *The Endless Crisis*, John Bellamy Foster and Robert W. McChesney estimate that the true size of the precariat is actually significantly larger than those with regular employment. They write:

“If we take the categories of the unemployed, the vulnerably employed, and the economically inactive population in prime working ages (25-54) and add them together, we come up with what might be called the maximum size of the global reserve army in 2011: some 2.4 billion people, compared to 1.4 billion in the active labor army. It is the existence of a reserve army that in its maximum extent is more than 70 percent larger than the active labor army that serves to restrain wages globally, and particularly in the poorer countries.” [page 143]

Capitalism is unable to create sufficient employment, and thus considers such people to be “excess population.” Mass migrations from Latin America to the United States, or from Africa and the Middle East to Europe, are consequences. In the 19th century, industrializing European countries had a safety valve in massive emigration (not so good for Indigenous peoples in the target countries of course), but there are no longer large areas into which capitalism can expand. Professors Foster and McChesney put this in stark terms:

“While such mass emigration was a possibility for the early capitalist powers, which moved out to seize large parts of the planet, it is not possible for countries of the global South today. Consequently, the kind of reduction in peasant population currently pushed by the system points, if it were effected fully, to mass genocide. An unimaginable 7 percent annual rate of growth for fifty years across the entire global South, [economist Samir] Amin points out, could not absorb even a third of this vast surplus agricultural population. ...

“Aside from the direct benefits of enormously high rates of exploitation, which feed the economic surplus flowing into the advanced capitalist countries, the introduction of low-cost imports from ‘feeder economies’ in Asia and other parts of the global South by multinational corporations has a deflationary effect. This protects the value of money, particularly the dollar as the hegemonic currency, and thus the financial assets of the capitalist class. The existence of an enormous global reserve army of labor thus forces income deflation on the world’s workers, beginning in the global South, but also affecting the workers of the global North, who are increasingly subject to neoliberal ‘labour market flexibility.’ ” [pages 147, 149]

These trends become more acute as high unemployment persists. The true level of unemployment is approximately double official numbers across North America, Europe and Australia. The reason for this is that all those countries do not include discouraged workers, those employed part time but not able to secure full-time work nor all persons marginally attached to the labor force (those who wish to work but have given up).

Less pay to go with less security

With all these factors working against them, wages for working people are stagnant while productivity continues to increase — the one percent is grabbing all the wealth created. This is a global phenomenon. Employees in the United States, Canada, Germany, France, Britain and Japan have seen their pay lag behind productivity gains and income inequality widen.

Thus it comes as no surprise that labor rights are under attack everywhere. How bad? In a 2014 study, the International Trade Union Confederation determined the degree to which five basic rights — fundamental civil liberties; the right to establish or join unions; trade union activities; the right to collective bargaining; and the right to strike — are upheld, and then assigned a numerical grade. Every country in the world had a ranking of below 50 percent. In other words, every country flunked when graded on respect for labor rights.

What to do about all this? The ILO offers these conclusions as part of its call for a “shift in economic and employment policies”:

“It is particularly important to strengthen labour market institutions and ensure that social protection systems are well designed, in order to prevent further increases in long-term unemployment, underemployment and working poverty. A rebalancing in reform efforts is also needed. In particular, financial reforms need to ensure that banks perform their role of channelling resources into the real economy and into investment for sustainable enterprise expansion and job creation.” [page 5]

We should be long past the time when it was possible to believe we could wag our fingers at bad policy-makers and expect they will see the light of day. The unceasing competition of capitalism, its relentless drive to enclose ever more human activity within its logic of profit at any cost, mandates the world we now live in. Drastic imbalances in power are inherent in capitalism; these can't be legislated away. Thus the ILO's prescriptions are meaningless. Reforms are possible with enough movement organization, but reforms are eventually taken back, as the past four decades has amply demonstrated.

Desires by industrialists and financiers to press their offensive against working people are behind "free trade" agreements that eliminate barriers to the movement of capital, encourage shifting of production to places with ever lower wages, and impose restrictions on the ability of governments to implement, or even maintain, laws safeguarding health, safety, labor rights and the environment. These are simply the expected outcomes under the logic of capitalism. No regulation can change that. Only a change of economic system can achieve that.