

Desenvolvimento

UNU/WIDER Conference
on

The Politics and Economics of Global Employment

Helsinki, 17-18 June 1994

by

Fundação Cuidar o Futuro

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UNEMPLOYMENT, A THREAT TO A HUMANE SOCIETY

1. The Human Development Report 1994 is based on the concept of human security.

Lack of jobs and increase of unemployment are serious determinants of insecurity. There is a growing insecurity which now moves from individuals to large strata of society, from businessmen in small and medium enterprises to concerned politicians.

As the number of unemployed reaches a threshold of tolerance (approx. 10 per cent in most societies), insecurity ceases to be an individual condition of the unemployed and becomes a collective insecurity. Many social disturbances have in such a feeling their deepest root. The diversified phenomenon we call "unemployment" jeopardizes the very equilibrium of each and every society, thus creating the threat of social unrest, followed soon by political instability. In this context the reassessment of public priorities imposes itself to the decision-makers.

2. Legitimate, however, as these concerns are, they should not obscure the intense human individual dramas that unemployment covers.

Indeed, it is not enough to see unemployment only as a dangerous factor in the picture of macro-economics. When considered in the cool perspective of science it appears as almost nothing more than another economic indicator alongside the inflation rate and the stability of currency. The important fact - to be always called to mind - is that behind the indicators there are real people. It is their situation that constitutes the most appalling trait of this end of the century.

It is true that in most of the industrialized countries (or, rather, those having inherited the social tradition of Europe) the situation of unemployment is accompanied by legal social measures incorporated since several decades in the legal terms of the social

contract. But in most countries such tradition is alien and is unlikely, for economic reasons, to become possible. Moreover, important though as social welfare measures are, they are not the solution in the long-term. Indeed, "it is against our understanding of a humane society that growing numbers of people are reduced to the status of welfare recipients"¹. We cannot accept that social/economic citizenship will be undermined by creating a structural dependence from the national State or from another State through "development aid" or "humanitarian relief".

In a time when freedom is the guiding principle of all relationships in society this situation has to be denounced as a clear violation of personal freedom and dignity.

3. Moreover, we know now that high rates of unemployment "speak" about massive poverty. Together with housing shortage, unemployment constitutes a decisive ingredient of exclusion in society. And, again, exclusion is not just an abstract word but a social and psychological mechanism experienced by individual human beings.

Unemployment shakes personal security at its very core: it undermines self-esteem. It leads to a situation that is not only experienced as suffering and deprivation but is also the triggering element of an almost irreversible process of social disqualification. The unemployed - like the poor - start, after a time, to see themselves as "not worthy". They become more and more ashamed of the condition they find themselves in as if they were responsible by the dejection in which they find themselves. The more so when society had previously given them value only in so far as they were able to define themselves in function of the work produced, of the job-status and -rank. In the end, even "de-literacy" ("illettrisme" in the French language) expresses the de-learning process that undermines the self-image of the unemployed.

¹ InterAction Council of Former Heads of Government, Final Statement, 12th Session, Dresden, 7-10 June 1994

4. The terminology used to describe the most optimistic scenario (in the industrialized, newly industrialized or rapidly industrializing countries) for the conditions of macro-economy - namely "jobless growth" - is a striking sign of the maladjustment of economy itself.

If "growth" is not accompanied by the dignification of individuals through their work, through the fulfilment of their rights, particularly the right to earn the income needed to sustain personal life and the lives of dependents - if growth doesn't lead to that legitimate aspiration, what is its destiny? A boost to the overconsumption?

Let us not fool ourselves. Time has come to face squarely the economic function in society: if it is not geared to the harmony of the economic rights and duties of all individuals, what is it for?

Is "scarcity" the guiding factor? If so, isn't the fight against scarcity of jobs a task for the economy?

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UNEMPLOYMENT IN A PLURALITY OF CONTEXTS

5. As different countries have followed different stages (even cycles) of development, unemployment and job creation cover very diverse social situations and very different cultural means to cope with them. They have different meanings and require diversified solutions in a mix which can only be found from within each society and taking into account all the dimensions of the problem.

6. The overwhelming lack of job opportunities in the Southern hemisphere, coupled with a very high percentage of young people (55 percent under 25 in Africa) can be analysed in a traditional way as "unemployment". But it can as well raise the question about the suitability of the concept of employment in situations where the industrialisation process has not taken place in a massive way and where the contract implicit in the term employment is non-existent.

In these countries, most people work in agriculture (58% against 15% in industry and 27% in services)². It is clear then that there are some aspects of agricultural development which are known to be decisive in creating employment or even in preventing unemployment. Such are the repeated "solutions" enumerated at international level: reinforcement of agricultural productivity, widening and diversification of agricultural activities, determination of prices of basic commodities, improvement of agricultural techniques, rural activities besides agricultural ones, programs of environment safeguard, development of rural infrastructures³.

And yet these solutions don't emerge as national clear-cut policies. Why is there not an implementation of this "simple" agenda? And, if developed countries subscribe as they have done in international organizations to these concrete goals, why is it that

² Human Development Report 1994, UNDP, 1994, pg.

³ Report of Secretary General, UN

their protectionist measures oppose commercial barriers to the entry of agricultural products from developing countries?

7. Unlike the countries just referred to, a small group of countries (the NICs and the Rapidly Industrialising countries) in the Southern hemisphere are boosting with industrial activity and pursuing for several years a high economic growth. They are following the same pattern as the industrialised countries (alongside the policy often described as "from imitation to innovation"). Like in Northern countries at the beginning of industrialisation they succeed in the international competition by a mobilisation of all available labour force who doesn't exercise pressure for better work conditions. Unemployment - as it is known in the industrialized countries is thus non-existent. But as soon as the industrialization will dispense manual skill and dedication to work as main ingredients in the level of competitiveness, it is likely that the pattern we see now in the Northern hemisphere will appear there as well.

8. The worldwide competition which created new possibilities for the NICs contributed to unemployment in the highly industrialized countries (while, at the same time, most of the so-called developing world remained marginal to this new redistribution of job opportunities).

In the Northern hemisphere, unemployment, besides its obvious link with the general economic situation of every society, is at the crossroads of other social and economic factors, namely, demographic changes (which upset traditional equilibrium between active and non-active people), increase of poverty (spread out in the fabrics of society), urban life-style everywhere, as well as a general trend of morosity preventing risks to be taken by the economic agents.

At the root of unemployment in industrialized countries (or in countries rapidly reaching the same situation) we have to admit the responsibility of the totally deregulated market economy itself.

STRUCTURAL UNEMPLOYMENT - THE INDUSTRIAL EQUATION AT THE CROSSFIRE

9. The present crisis clearly shows the structural foundation of unemployment. Many causes are at stake. It is therefore important to analyse those causes in order to fight each one with adequate policies and institutions.

But, at the same time - and paradoxically - it has become clear that the problem of unemployment has no solution - at least in the framework created by the industrial revolution. Indeed, the equation at the basis of the industrial organization has seen all its components changed. The preservation of rate of employment, in a given society, while all other components of the industrial equation have changed, appears to be totally unrealistic.

Thus we have to analyse the different functions present in the industrial process.

10. In the input, four types of "resources" are decisive: raw materials, knowledge, capital, labour.

As to "raw materials", well known changes take place: a greater variety of "raw material" is available, many of the natural "raw materials" having been already replaced by man-made materials. We can speak of hyper-choice of materials. As barriers between different types of industries are falling down, many new "raw materials" which had been devised for a specific industrial goal (for instance, space industry) are then often utilized in the most common types of industries. When they come to these traditional sectors of industry, they convey, in their prices, the costs of the sophisticated research behind their very existence. This tendency is not likely to change. On the contrary, there will be a strong demand for replacement materials whenever the producers of traditional raw materials (mostly in the South) will be the decision-makers in the determination of the prices of their products.



"Knowledge" is a key question in terms of its availability and of the access different countries have to it. As the discussions on intellectual property during the Uruguay Round have clearly shown, there is not at the moment a consensual concept of how knowledge has to be weighted in the production equation. A deeper understanding of the meaning of knowledge today is decisive. Such an understanding has to cover the practical consequences of the long-standing principle of the universality of science as well as the interconnectedness of science and technology in the edgy question of patents.

"Capital" is not anymore a one-man property but is divided among share-holders who are mobile and who are not all located in the same geographical area. Moreover, capital itself is mobile and can "emigrate" each time there is a need for better conditions. Contrarily to the Nation-State based capital of the 19th century, the capital is part of the financial flow of transactions which go on by hundreds of billions of dollars every day - it is a totally "free" resource. Though its role is fundamental for the process of production, it goes uncontrolled by the Nation-State or by the regional or world institutions dealing with financial stability.

"Labour", in this context, remains the most stable resource contributing to the input of the production equation. For each operation of the industrial process it is located in a given geographical place. It is part of a social fabrics, characteristic of its Nation or Region and has a behaviour of "education-training-reaction to market fluctuation" which is well known in each society. No wonder then that labour is the most vulnerable and easy target in any economic adjustment of the production process.

11. In the the transformation process itself three basic elements are encompassed: the technological process used, the energy needed, the degree of fragmentation of different individual operations.

Much has been said and written about the technological process. In fact, what is at stake is the way in which new technologies affect the relative importance of the four elements of the inputs. For instance, since a long time it was clear that automation would replace human labour. The robotisation level of some industries and some services brings this possibility of replacement of labour to an unforeseeable level of unemployment; the life expectancy of new technologies is also affected by the current acceleration of history, thus raising fundamental questions as to the advisability of continuous replacement of technologies by the last ones (the continuous presentation by the informatic market of always new generations of computers is a striking example of the obsolescence of technologies).

Equally important in the production process is the role of "energy". The degree of awareness brought by the ecological movement about the consequences of the fossil fuel has led to the continuous question about the replacement of coal and oil by renewable sources of energy. The evolution of the nuclear field since Chernobyl prevents also the replacement of the fossil fuel by nuclear-based power stations. Here is the research needed on the renewables as well as on the anticipation of the changes in technology in order to accommodate the changes that will be brought by these types of energy.

Finally, the "fragmentation of the individualized operations" in the industrial process and the economic openness and boom of the East-Asian and Southeast-Asian countries have led to what is called in industrialized countries "delocalisation" of enterprises. In fact what is at stake is a subcontracting scheme operating often thousands of miles away from headquarters, made possible through the globalisation of the economy.

12. In the output we get the final product as well as the wastes and the by-products.

The question of the waste and by-products has been dealt with in all the ecological analysis of the production system. It does remain, however, a challenge: the fact that in spite of evidence that waste and by-products are part of the production scheme, they are still considered as "externalities" to the production equation. Obviously, by-products and wastes as well as the possibility for their recycling or treatment have to be shifted into "internalities" and, therefore, incorporated in the cost/benefit evaluation.

The offer/demand balance concerning the final product is determined to a great extent by the different ingredients of the "marketing functions" and particularly by publicity.

This leads us to the need to give in the production equation a new role to the "consumption function" as this is so obviously affected by different forms of marketing. If within the same production process the human dimension of consumption and the human dimension of labour are put together the balance must be obtained through adequate instruments which guarantee a true social and economic citizenship for all people.

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13. It is obvious then that the labour function cannot be formulated in the traditional duality of labour/capital. There are new questions raised by each of the above changes which need to be answered before we can talk about "employment".

Economics has to think anew its functions. If scarcity is still leading the economic function, we can ask in a simplistic way:

- Can people be disposable?
- Do you tax "labour" or do you tax "wastes"?
- Do you tax "knowledge" or do you tax "delocalisation"?
- Do you tax "energy" or do you tax the "final product"?
- How can people be the subject - neither the object nor the victim - of the economic equation?



NEED FOR NEW ECONOMIC PERSPECTIVES

14. At the outset of any concrete policy one guiding principle must be emphasized, namely the need to move towards a people-centered economy. Such option does not satisfy itself with aggregates - the understanding of the problem at the individual level is fundamental. It does not rest either on well-know economic recipes - it needs to open new economic perspectives.

15. One idea seems to impose itself: it is urgent to give priority to the sources of growth that are able, at the same time, to act as multipliers of other activities and to provide jobs. In order to do this, the state of "deregulation" has to be overcome. Indeed, as the examples of Central and Eastern Europe are so clearly showing, it is unthinkable to provide jobs in a totally deregulated economy. A pre-condition to face unemployment is thus the **regulation of the deregulated** economy.

But - we must warn ourselves - the question of combating unemployment cannot be equated only with creating jobs. What is also at stake is, in the words of Jacques Delors⁴, "systems of employment" encompassing education and training, the functioning of the labour market, the management of enterprises. Therefore, true employment/policy tackles at the same time the economic system and the "systems of employment".

"Systems of employment" don't speak only of universal economic conditions. They necessarily make room for the specific economic realities of different regions, for the way in which the organization of society can lead to productive work for all, for the fundamental basis of general and specific education and training. What is at stake is then another outlook to the package economy/so-

⁴ Jacques Delors' intervention at the European Parliament, December 1993

cial policy. This outlook can be seen as another economic policy which "raises the possibility of employment, reinforces the qualifications of people and improves competitiveness"⁵.

16. It is most important that employment will be dealt with as a decisive economic question. If it is looked upon only as a social disease, a "social welfare" approach to unemployment is unavoidable. Compulsory as it was to look at conjunctural unemployment in periods of economic growth as part of the concerns of social policy, those times are over. Then the rules of economy could go on unchallenged. Today it becomes clear that social welfare in a situation of unemployment is not going to solve the problem at stake. We are then obliged to question some of the rules of economy itself.

17. Two contributions come from the two extreme situations in the diversified spectrum of development: the concept of active society in the highly industrialized countries; the concept of informal sector in the developing countries.

As all the terms of the industrial equation modify themselves in this post-industrial shaped world, there is the need to redefine anew the social contract. Hence, the move in the industrialized world towards a concept that is all-embracing: the concept of "active society"⁶. Elaborated by the OECD, the concept of active society provides a renewed intellectual frame for the questions at stake:

"Enhancing "activity" goes beyond attempts to achieve full employment or increased labour participation. It means taking

⁵ Delors, ib.

⁶ "Shaping Structural Change: the Role of Women", Report by a high-level group of experts to the Secretary-General, OECD, Paris, 1991.

*bold steps to encourage economic and social participation by recognising the multiple areas of activity - market and non-market - that individuals are engaged in, and acknowledging the growing interdependence between those areas of activity.*⁷

At the same time, in the Southern Hemisphere, we encounter what has been called "informal sector". It covers a wide range of activities, focussing on the most basic needs of people and providing them with the elementary goods they need. It is labour intensive, feeds itself on traditional knowledge, serves the immediate market area with sometimes a possibility for export to neighbouring countries, is initiated by people themselves, does not figure in the national accounts, is equally "invisible" in the administrative scene of the country where it develops. In its most striking examples, the informal sector is one element pertaining to the strategy of survival of individuals or societies living in utter destitution.

If we want to speak about global employment it is necessary to see where these two trends meet and where are they diverging. It is a challenging task for scientists and activists alike to discover the possibilities open by these concepts. They have the most interesting feature of being born not from the outside but out of the functioning or rather dis-functioning of the economy itself.

⁷ "Shaping Structural Change - the Role of Women", ib.

