

Unemployment crisis forces its way onto G-7 agenda

by Chris White

On March 14-15, in Detroit, Michigan, the Group of Seven nations is going to meet to take up the question of unemployment, and how to deal with it.

This meeting, at the ministerial level, is the first of its kind. Which is to say that over the 20 years the Group of Seven have been holding its regular meetings, the subject of unemployment has never before been considered worthy of taking up on its own. The meeting was proposed by U.S. President Bill Clinton at the annual gathering of heads of state in Tokyo last year, and after nine months' gestation in the womb of officialdom, is finally seeing the light of day.

It makes a welcome change to see this august body actually take up a matter which has some reality to it, instead of their usual meanderings around finance ministry- and central bank-dictated subjects such as exchange and interest rates, balance of payments problems, and budget deficits. This is not, therefore, to imply that solutions might be expected to emerge from such a gathering. They won't. White House economist Alan Blinder told the press not to expect what he called "grand solutions" out of the gathering.

Of course, there are those who object, the government of the United Kingdom being among them. Her Majesty's Government is of the view that its own "hands off" policy—"leave it to the private sector"—is the one all ought to pursue. And, reportedly, it is most displeased that from the United States now comes the proposal, unheard in more than a decade, that government ought to have a leading part to play in working out solutions. Official unemployment in Britain is over 10% of the work force, and has been, since approximately 1982, thanks to the "hands off" policy of Margaret Thatcher and her successor, Prime Minister John Major.

Within the United States, the Clinton administration's "re-employment" proposals were designed, in part, to set the public relations backdrop to the hosting of the Group of

Seven meeting in Detroit.

Little reported in the United States, nor picked up by the commentators and analysts, has been the annual report of the International Labor Organization (ILO), a stepchild, like its sister organization, the Rome-based Food and Agriculture Organization (FAO), of the League of Nations, created by the Versailles Treaty.

ILO report: One in three is underemployed

There are, no doubt, some obscure political reasons why the ILO should publish such a report at this juncture. But publish it did. The report just produced does serve to set a useful focus on the Detroit meeting, by providing something of a broader context than would otherwise be supplied by the Group of Seven nations themselves (the United States, Great Britain, France, Canada, Germany, Italy, and Japan). Contrary to the representatives of the governments which will be meeting in Detroit, the ILO insists that the world is in its worst crisis since the Great Depression of the 1930s.

The ILO considers that one out of every three workers worldwide is either out of work, or earning too little to be able to live decently. Such estimates mirror those of the FAO, from which it can be concluded that two out of three of the world's people are at, or below, subsistence, where their food supply is concerned.

Statistics cooked

According to the ILO, worldwide, 120 million workers are registered as unemployed. More than 25% of these are in western Europe, whose 35 million registered unemployed are to be among the top agenda items of the Detroit ministerial meeting. A further 700 million workers are included among those considered to be either underemployed or unable to live "decently" on the proceeds of their so-called employment.

The ILO considers the world's labor force to include about 2.5 billion people. The agency's qualitative assessment is that the world is in its "worst crisis since the Great Depression of the 1930s."

Of course, the methodology of counting registered unemployed as the actual unemployed has obvious drawbacks. Take the United States, for example, where the unemployed who are registered are kicked off the rolls after their 26 or 33 weeks of unemployment benefits run out. The absurdity of this methodology is even greater in the many, many countries where a bureaucratic apparatus for administering unemployment does not even exist.

Yet, the ILO's estimates do serve to highlight the uninformed conceit of those who claim, for example, that an annual rate of job creation in the United States running at an official 2 million per year, is anything to boast about, or anything that will help to put any dent at all in the worldwide economic catastrophe. In fact, the ILO's world profile, however flawed it might be, serves to remind us how cruel, in its worldwide effects, is the continued U.S. toleration for the absurd products of the federal government's statistical offices.

So-called growth in the fourth quarter of 1993, revised to an annual 7.5% rate, unemployment falling to 6.2%, inflation running at about 2.5%—it is fortunate perhaps that the laws of physics do not permit the hot air transmitted with the issuance of such figures to cause each one of the nation's television tubes to explode.

If the U.S. unemployment numbers are simply corrected on the basis of the government's own estimates of the discouraged, and the part-timers who want full-time work, then around 20 million remain unemployed, slightly under 17% of the work force.

If these 20 million are added to the 35 million registered unemployed in western Europe, then we are dealing with a total which represents half of the International Labor Organization's worldwide class of registered unemployed. Obviously, the numbers are not comparable. But they do make the point.

Idle resources

How can there be any kind of world economic recovery so long as so much of the work force of the "developed" world remains on the unemployment lines, or just plain out of work? Fifty-five million unemployed workers, between Europe and the United States, are the rough equivalent of a manufacturing base four and one-half times the shrunken vestige of what the United States used to deploy, a manufacturing base which now employs a mere 12 million people. If there isn't any world recovery, how can there be any U.S. recovery, or any other particular recovery? It can't happen.

Where else is there to be found the idled capacity, whether in terms of human, or in terms of physical capacity, which could be dragooned into service to restart the world economy? Only in Europe and the United States. The fewer than

30 countries of the Organization of Economic Cooperation and Development (OECD)—which include western Europe's nations and the United States, along with the wreckage that the International Monetary Fund's shock therapists have made of eastern Europe and the Soviet Union—have to be the core.

Fully half of the 2.5 billion the ILO considers to be the world's workers are employed in agriculture, a ratio which is comparable to the United States 120 years ago, before machine power was completely assimilated into the economy. Most of those 1.25 billion are subsistence producers, deprived of the means, in the form of inputs, or the infrastructure—transportation, power, and water—to increase the productivity of the labor they deploy. Fertilizers, farm machinery, agricultural chemicals, irrigation and pumping equipment, road-building machinery, railroad-building machinery, engines, and pumps are just some of what the 120 million registered unemployed could be producing, and what the world needs.

The ILO's registered unemployed, and underemployed, exceed the employed in the non-agricultural portion of the world's work force by almost 1.5 to 1. Only a small minority of the world's non-agriculturally employed, are so employed in goods producing, or in construction and transportation, or in the health and educational services essential to the functioning of an economy and population.

The British defend their "hands off" unemployment policy, with the usual argument that unemployment is a "cyclical" affair, which will be corrected as the "cycle" progresses. In the United States can be found "structuralists" who insist that the changing nature of employment requires government intervention, and that for example, the unemployed can no longer look forward to returning in the future to the job just lost, because increasingly, such jobs no longer exist. What is needed instead, say the structuralists, are programs to re-train and re-educate workers for the jobs that will exist.

This is the self-same insanity we have heard for the last generation and more. It is the lunacy of the "post-industrial society." What are the jobs that disappear never to come back again? They are the productive jobs in steel, in capital goods production, in aerospace. And those that take their place? Primarily, administrative or sales-type functions which require some familiarity with computers.

What about those around the world without food or sufficient food, without supplies of clean water, without access to transportation or modern power supplies? What are they supposed to do? Buy Bill Gates's software, plug into the information highway, and watch the coming multi-media version of what employment used to be like, in the good old days?

The ILO's report is a reminder, if such be needed, of the world which exists outside the borders of the northern nations of the Group of Seven, and of the global consequences of the monstrous waste that is the unemployment of the so-called developed world's workers.