

UNEMPLOYMENT is now endemic in the world. It is estimated that 120 million people are unemployed or under-employed. And over one billion people are living in poverty.

Policy-makers are at a loss to understand what to do about the crisis. They resort to talk about the need for more "de-regulation". This is their way of confessing that they have no plans for action. But by "de-regulating" the markets, they effectively cut people loose to fend for themselves in an economic system that is demonstrably incapable of liberating people to earn a decent living by their labour.

There are a variety of explanations for unemployment which, superficially, appear plausible.

One of these is that people are insufficiently trained to meet the challenge of the age. The evidence from Britain shows how improbable is this theory.

In 1993, tens of thousands of middle-aged men over the age of 35 dropped out of the labour market, according to a report by the Trades Union Congress. These are people whose skills remain valuable. This began to emerge in 1994, when it became clear that there was a growing army of downwardly mobile middle-class professionals: highly-qualified specialists having to resort to conveyor belt jobs to make financial ends meet.

This problem of redundant men - rather than redundant skills - is partly disguised by the increasing number of people who are having to resort to self-employment. One-fifth of men over 45 are now in this category.

According to a survey by the Economic and Social Research Council, job insecurity is the biggest worry among all classes. An analysis by *The Times* has revealed that professional people in the highest social class had suffered a 267% rise in joblessness between 1990 and 1994, seven times more than for skilled non-manual work-

D I G N I T Y

and the Labour Market

by Ian Barron

ers. Conservative ideologists are increasingly worried by these trends. Nonetheless, they seek to justify the "reforms" of the Thatcher years, even while they begin to confess that there is something fundamentally wrong with an economic system that prevents willing, able-bodied people from working.

One of them, David Willetts, the MP for Havant, plaintively asks: "Now that we have a more competitive labour market with lower costs than our continental competitors, where do we go from here?"

The answer comes in several forms that can be characterised as whimsical in character. The truth is, the Conservatives lack a political ideology. Having destroyed the welfare state basis to the economy, they do not know how to reconstitute the system in a way that is both economically efficient and socially fair.

ANOTHER explanation is that jobs are being captured by a cheaper workforce in Third World countries.

This, too, is an implausible theory. For the relative wages of production workers in developing countries has also fallen. There is no convincing evidence that jobs are being relocated in those countries, at the expense of workers in the so-called rich nations.

So where does this leave the policy-makers? Their strategies are calculated to deepen the global crisis of unemployment:

* They call for further cuts in wages and living standards in the

name of "increased competitiveness". This is a self-defeating strategy, for it would shrink the aggregate demand for goods and trigger a further round of bankruptcies and loss of jobs.

* The IMF continues to insist on "stabilisation programmes" that have the effect of shrinking public sectors and private welfare just when there is a need for more spending. Third World governments may appeal for help in financing their debts, but the IMF now insists that the debt crisis is over.

But according to Oxfam's policy adviser, Patricia Feeney: "Perhaps the fact that the IMF has received some \$2 billion more in repayments from Africa than it has provided in new loans since the 1980s explains why the fund does not want the spotlight turned on debt".

THE ROOTS of the jobs crisis are now camouflaged by defective ideologies and unworkable institutions.

The world needs a new strategy for employment, one that would liberate workers and restore their dignity. "The markets" are not working, but the explanation will not be discovered while policy-makers continue to examine the problem exclusively in terms of the labour and capital markets, while ignoring the imperfections in the land market.