

FOREIGN NEWS REVIEW

UNEMPLOYMENT— The International Structure

The recent recession in the Western economies has brought into focus the perennial problem in the Western world, namely, chronic unemployment. The previous low in unemployment was reached in the great depression of the 1930's and since the 1950's a general feeling among government planners and politicians was that very high unemployment was a thing of the past. Keynesian economics and "fine tuning" was to keep the unemployment problem at a reasonable level and so give an answer to those detractors who pointed to the socialist countries as islands of no unemployment.

However, the recent recession has dented the Keynesian facade and unemployment has again emerged as an important factor in Western economies. Unemployment levels in almost all the Western nations have reached the highest levels since the Second World War and it is interesting to relate the structural dimensions to the unemployment patterns in those countries and to those peripheral economies tied to them.

The persistent pattern that has emerged is that unemployment is highest in the Western countries among worker populations derived from outside West European stock. This means that either those workers whose ethnic origins are African, Asian or Latin American are those that are the worst off in the Western economies. These categories of most affected by unemployment are either those who emigrated centuries ago such as the African slaves in America (now its black population constituting 10% of its work force) or, as in the case of Europe, the new immigrants from the ex-colonies of the metropolitan countries. In the case of Western Europe, apart from permanent immigrants (from say the new Commonwealth or Francophone African countries who are more or less permanently domiciled in Europe) there is also a new category of a temporary migrant worker. The menial jobs in the metropolitan coun-

tries are done by these persons from the three other continents and they have consequently formed a new 'wretched of the earth' within the metropolitan countries themselves. In some countries like West Germany and Switzerland, foreign workers (the so-called guest workers—*gastarbeiter*) are recruited on a contract basis and they are the first to be sacked during high unemployment periods.

The metropolitan countries are tied to the Third World countries in the periphery and the latter's unemployment problem is strongly conditioned by these ties (the old adage that when America sneezes Europe has a cold and the colonies pneumonia). Thus unemployment itself being structurally related is magnified in the dependent economies. Most dependent economies have very high rates of unemployment running upto 20% or more of the workforce in some countries.

With relationships of unequal exchange with the metropolitan countries, the Third World has seen their share of the world's revenue constantly dropping and also a consequent drop in their means of obtaining capital to buy equipment which could provide new jobs. For example, between 1957 and 1962 the trade balance between the Third World and the Western world showed a deficit of \$8,350 million against the former or to take another illustration in the 1960's Latin American countries lost \$1,500 million annually in their trade with the United States. Further with the increasing debt burdens of the Third World countries, the ties to the

metropolitan centre have grown more acute and also more desperate.

Viewing therefore the structural distribution of unemployment, we see a high degree of unemployment in the metropolitan countries with blacks and migrant workers the worst affected. Further, in the countries in the periphery, unemployment is more acute and much higher than those in the metropolitan countries. The new reserve army of the unemployed are those of the three continents of Asia, Africa and Latin America whether they be emigrants or in their home countries.

At the end of last year, the International Labour Organisation published figures on the scale and rate of unemployment, which have increased as a result of the protracted crisis, in the Western world. (See table below).

Commenting on these figures, the ILO noted that in twelve months of the crisis unemployment had risen by 6 million, the biggest increase both in absolute figures and in terms of growth rate for the last forty years. The ILO also included in its reckoning the 23.3 million dependents of the unemployed.

The following picture emerges from a brief review of the situation in some of the countries in these areas.

USA

In the United States of America unemployment stood at 9.2 per cent in May of 1975; since then the employment situation has improved and the rate went down to 8.3 per cent in September. The total labour force has shown little growth recently, indicating that many are discouraged from even looking for a job by the unfavourable prospects.

UNEMPLOYMENT IN CAPITALIST COUNTRIES
(September 1974 - September 1975)

Regions	Number of unemployed (000,000)	Average unemployment rate (per cent)
Asia and Oceania (Japan, Australia and New Zealand)	1.3	2.0
Northern Europe (Britain, Denmark, Ireland, Norway, Sweden, Finland) ...	2.1	5.7
Western Europe (Austria, Belgium, F.R.G., France, Holland, Switzerland) ...	2.9	4.4
Southern Europe (Italy, Spain, Portugal, Greece and other countries) ...	2.7	4.0
North America (U.S. and Canada) ...	8.0	8.1
Total ...	17.1	5.2

A bad sign is the significant share of unemployed under 20 years old, as well as the large numbers of experienced workers. The figure totalled 8 million workers. Counting the under-employed and others who have given up hopes of finding a job would increase that number by another 7 or 8 million. Among the black Americans the unemployment rate is as high as 25%. The rate of unemployment among the black people in the United States is estimated at three times as high as among the whites.

West Germany

The recession has caused a decrease in the dependent labour force (to a large extent due to repatriation of foreign workers) and even in the total number of economically active people. The unemployment rate remains high: 4.4 per cent in September of 1975 and 5.5 per cent for immigrant workers with roughly 3 per cent of the labour force on short-time work. The number of vacancies is still dropping.

Throughout the other countries of Europe the problem of unemployment rages and Belgium, Spain, Portugal, Norway, Switzerland and Luxemburg have the same problems. Even those far away creations of Europe, Australia and New Zealand seem to suffer the same fate.

Britain

Unemployment in Britain rose to over 1½ million or more than 4 per cent of her labour force in 1975. It continues to go up, reaching 1.4 million by January this year.

Japan

In Japan the population of working age and participation rates both declined in 1974 and 1975 resulting in an absolute decrease in the number of economically active people. The average number of hours worked each month has fallen significantly.

The number of full unemployment in Japan reached 1.24 million in January this year, 250,000 more than that of last year and an increase of 190,000 as compared with December last year, according to figures issued

by the Statistics Bureau of the Prime Minister.

According to French Press reports, unemployment has mounted markedly in nearly all OECD countries. The number of registered unemployed and their percentage in the labour force in each of these countries on January 1, 1976, read as follows: the United States, 7,195,000 (8.3 per cent); West Germany, 1,223,000 (4.4 per cent); Italy, 1,201,000 (6.1 per cent); Britain, 1,166,000 (3.2 per cent); Japan, 1,050,000 (1.9 per cent); France, 10,110,000 (4.1 per cent); Canada, 697,000 (7 per cent); Australia, 329,000 (4.2 per cent); the Netherlands, 230,000 (4.3 per cent); Belgium, 229,000 (4.4 per cent); Denmark, 138,000 (5.3 per cent); and Finland, 74,000 (2.5 per cent).

The OECD forecasts that unemployment in some of its member countries will continue to mount in 1976.

FIVE-FOLD RISE IN OPEC AID COMMITMENT

The new aid-givers from among the nations of the Organisation of Petroleum Exporting Countries (OPEC) have done far better than the traditional aid-giving countries of the West by exceeding the internationally accepted target of one per cent of their Gross National Product (GNP) as aid according to an evaluation carried out by the UNCTAD Secretariat.

The total development aid commitment of the OPEC multiplied more than five-fold between 1973 and 1974, amounting to £15,000 millions. This was evenly divided between concessional and non-concessional aid. The actual disbursements during this period exceeded £3,400 millions which is thrice the disbursements of the earlier years.

During the first half of 1975, the disbursements were maintained at this level. The development assistance committed by the OPEC in 1974 amounted to 3.4 per cent of their

1974 GNP and compared favourably with the assistance from the member-countries of the Organisation for Economic Co-operation and Development (OECD).

Generous Donors

Taking individual members of the OPEC, seven out of the 10 countries surpassed the 0.7 per cent assistance that came from the OECD countries. The most generous donors, according to the UNCTAD evaluation, were Saudi Arabia and Kuwait. The former gave more official development aid in 1974 than the U.K. and Kuwait gave more than Canada. However, the total OPEC financial contributions covered less than 30 per cent of the additional required by the oil importing countries in 1974.

The OPEC aid-givers also seemed to follow the same pattern set by the OECD countries by giving a large part of their assistance through bilateral channels which accounted for 73 per cent of their total assistance in 1974. In 1974 and the first half of 1975, 78.6 per cent of their bilateral concessional assistance went to Arab countries, while disbursements to non-Arab countries were less than £650 millions in 1974 and less than £300 millions in the first half of 1975.

Disproportion in Distribution

There is at present no multilateral forum through which all the new donors co-ordinate their national efforts with each other and with the new multilateral financial agencies which they themselves have established. There are neither common guidelines for OPEC aid, nor are there any geographical or sectoral distribution or any exchange of information on the borrowers' debt positions. For many years, the Development Assistance Committee (DAC) of the OECD countries has performed this function for OECD members. The UNCTAD study says that it could lead to better co-ordination if the OPEC were to choose an existing agency to fulfil similar functions for them.