

# The Challenge of Unemployment



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Two articles on the "global crisis of unemployment" in the Advertiser, 3/20/94, made me realize that experts have yet to understand the causes of persisting unemployment in the global economy. Jeremy Brecher in the Advertiser likens the problem to the Great Depression of the 1930's and proposes a "Global New Deal" to solve the problem. Unemployment in the US, however, encompassing one fourth of all workers at its height in the 1930's, diminished to only 17 percent during the New Deal. It remained for World War II to bring it to an all time low of 3 percent.

There is no reason to suppose that the measures Brecher proposes for the world would work any better today than the social welfare and economic stimulus of the New Deal did in the US. As Gaffikin and Morrissey (4) point out, after the oil shocks of the 1970s "the normal Keynesian remedy to unemployment, higher public expenditure," was "discredited in the face of the simultaneous growth of prices and unemployment."

Jonathan Schell in the same issue of the Advertiser noted the plight of those "who seem simply to be left out of the global economy." Such people are to be found not only in the Third World and Eastern Europe, but also increasingly in the US. The book by Gaffikin and Morrissey (Frank Gaffikin and Mike Morrissey, The New Unemployed: Joblessness and Poverty in the Market Economy, London: Zed Books, 1992) is the most comprehensive study of unemployment in the developed part of the world that I have seen. They confirm the growing scope of the problem. Thus:

Unemployment continued to be large-scale even during periods of economic growth and, in most market economies, the unemployed became the biggest single group among the poor. (p4)

Between 1980 and 1982, [in the US] nearly 3 million [manufacturing jobs] were lost and...in the rest of the decade only half were regained. Though manufacturing retained approximately the same share of real gross national product over the period 1982-90, the improvements in productivity -- averaging annually 4.5 percent -- contributed to the need for less labour in this sector. (p57)

With the exception of the US all [the market economies surveyed] suffered higher unemployment in the 1980s than in the previous decade. Yet the 1980s was also a period of substantial economic growth. (p182)

They conclude (p47) that "there is little prospect of a substantial change in this situation. ...The recomposition of employment [since the oil shocks] created a demand for skills and forms of working which the registered unemployed could not supply." While "outside of the developed world, around one billion people are without any formal employment and, at best, are living at barely subsistence levels."

The causes of increasing unemployment in the developed world are not understood. Some refer to "structural





