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THESIS ON UNEMPLOYMENT FROM THE POINT OF VIEW OF THE THIRD WORLD

In the countries of the Third World the unemployment and its possible solutions have a qualitatively different character from the world of the industrialized capitalist countries. Now, in quantitative terms, the difference is enormous. In the industrialized centers the unemployment ranges between 6% and 12%, and in the countries of the Third World it reaches figures between 20% and 60% and even higher. On the other side, the unemployment of the Third World is linked to the existence of a large informal sector consisting of a simple economy of subsistence or survival.

But the main qualitative difference results from the fact that, in the Third World, to the labor force not employed it does not correspond a structure of production and capabilities of production not utilized of a size congruent with the unemployed labor force. For that reason, any policy of full employment is combined with solutions which involucre all of a style of development of these countries and introduces a change of their own social relations of production.

We will deal with several points relating to this central thesis:

1. Concept of full employment.

At least in the short term, the developing countries are not able to introduce the full employment as an excelling of the informal sector. What can be expected is only to attain a certain security of the informal sector in terms of health, education, social security, that allows in the long term to transform this infoimal sector into a part of the structure of production with regular employment and with modern means of production.

For this period of transformation -which is at the same time the period of development- it can be expected such a relation between the formal sector and the informal sector that the income of the informal sector reach the size of the lower income of the formal sector, in order to allow a regular subsistence to everyone.

2. Social relations of production.

Any serious measure to confront the unemployment implies in the developing countries a change in the social relations of production. Only in the middle countries there could be hopes that the employment problems can be solved by fiscal or budgetary policies. Here we understand as production social relations the terms of access to production and distribution of goods. They imply a system of ownership and refer to capacity of utilization of modern technology. In the developing countries the problem of unemployment -and the consequent income distribution- questions by itself the production capitalist relations, which consolidation seems incompatible with the solution of unemployment and income distribution problems.

3. Reasons for unemployment.

The indiscriminate concentration of production factors in the lines of production that apply a high technology makes that the structure of production by reasons of balance o payments cannot expand at the same rhythm that an employment of the whole labor force would require.

Given that the high technology and the corresponding production equipment are imported, the import capacity restricts the capacity to employ labor force. The result is the margination of large sectors of population which have to look for their survival by humbling themselves.

to the conditions of the informal sector, including the agriculture of subsistence and the condition of precarious wage earner.

4. Intensity capital-labor.

Behind what is usually called intensity of capital-labor, there appear two basic relations:

a. the relation between internal production and import of equipment and technologies from abroad. The more is the dependency on import of foreign equipment and technology, the more it appears a relative stagnation of internal production in relation to available labor force. The internal production can continue growing without any absolute or relative growth of employment (dynamic stagnation).

b. The relation between internal production with high technology equipment and low technology internal production. The low technology production is normally concentrated in the informal sector and has a merely accessory character.

However, on the grade in which the dynamic stagnation of the high technology production takes place, only the organization and integration of low technology production can secure the full employment.

5. Unemployment trends.

In the developing countries the unemployment is the main cause of pauperization. That is due to the fact that unemployment via competition among workers brings the average wage level to the subsistence level. as a consequence, it cannot be any system of unemployment subsidy that cover the subsistence of the unemployed. Any subsidy of this type would destroy the work incentives, since the subsidy should have a level similar to :

level of the paid salary. Then, it would be irrelevant to work or not to work.

This unemployment is structural, not conjunctural. Though the crisis of the world system rebound in the unemployment size, there is not an oscillation between periods of full employment and periods of unemployment in this sense, as they exist in the middle countries. The full employment is never attained.

Since there are not unemployment subsidies, this unemployment does compel to move to the informal sector as the only way of survival. But as the production structure is essentially static in relation to employment, this leads in its turn to a strong social pressure towards the Government as the only feasible alternative to secure a stable employment. The Government has therefore a tendency to hypertrophy. But this hypertrophy does not reveal any incapacity of the Government, but an incapacity of the productive system to integrate the unemployed labor force.

6. Policy of full employment.

Job-sharing, lowering retirement age, increasing educational periods, part-time jobs, etc., do not offer solutions in an environment where the salary is a subsistence one, where there are not retirement pensions, where the formal education period is totally irregular. But owing to the structural stagnation of the whole productive basis and of the formal employment -the dynamic stagnation- fiscal policies cannot be either the answer.

A policy of full employment cannot be but a policy of development of the developing country in the line to overpass the employment structural impasses. It raises therefore the problem of an adequate

and global economic planning, in order to counteract the big disequilibriums of the economic structure. It refers to development planning of the economy sectors and their access to technology, to ordain the relation between high technology internal production and low technology internal production in regard to capacity to import high technology goods from abroad.

This implies a change in the production relations in order to condition the country's insertion into the world labor division for the full employment and an adequate income distribution in its interior.

7. Economic growth.

The economic growth not necessarily affects employment. An increase in economic growth not necessarily bears an increase in employment. Therefore, an impulse to economic growth cannot substitute the economy global planning in function of full employment and income distribution. A serious full employment policy has to submit the economic growth to the global economic planning, in order to secure full employment. Something similar is valid for the policy in charge of the environment, which cannot be saved except by a global economic planning, that submits the economic growth to the stability conditions of the environment.

8. Financial system.

The financial system strengthens the unemployment crisis until non-feasibility, but it is not the origin of this crisis. The problems of financing and of external debt appear as a consequence of the structural crisis, that strengthen the effects of this crisis.

Like usury, the financial system through its consequences makes miserable a situation that is by itself critical and miserable due to preexistent structural reasons.