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Economy

# How the people pay for the crisis

- IV Online magazine - 2012 - IV451 - August 2012 -

Publication date: Friday 17 August 2012

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**The economic crisis has lasted more than three years. During this time, the regulation of finance has barely advanced, while multiple measures affecting the living conditions of the masses have been taken.**

The International Labour Organisation (ILO) published its “World of Work Report” in April 2012<sup>1</sup> [1]. This report depicts the multiple aspects of the impact of the crisis on wage earners and peoples.

A comparison between 2008 and 2011 shows that around 50 million people have lost their jobs since the crisis started. A certain number of poor or emergent counties have continued to create a significant number of jobs but it is not the case for all of them, while in the developed countries economic growth rates remain limited, notably in the European Union (EU). Germany is the only big developed country where employment has been maintained, notably thanks to partial unemployment.

The situation for youth is especially critical: they did not benefit from the limited reduction of unemployment in 2011. The Middle East and North Africa recorded an unemployment rate among youth four times higher than that among adults. The youth unemployment rate exceeds 45% in Greece and in Spain (in Spain, it has gone from 18% in 2007 in 45.8% today).

Long term unemployment (more than twelve months) has increased in the developed countries, notably in Denmark, Ireland, Spain, the United Kingdom and in the USA. In some of these countries (like Finland, Portugal, or Holland), there has however been a fall in long term unemployment, but this is because the long term unemployed have given up hope and are no longer seeking employment (and are thus classed as inactive). In some developing countries, the fall in long term employment in the statistics corresponds to the fact that the people affected have resorted to informal employment. Not only has the impact of the crisis not been overcome, but, in the countries for which recent data is available, the employment trend is sluggish (except in Argentina, Mexico and Brazil as well as in Turkey and Indonesia).

## The quality of jobs has deteriorated

The proportion of part time and temporary jobs of various types increased between 2007 and 2011. Temporary jobs were the first to be suppressed at the beginning of the crisis but subsequently the biggest proportion of recruitments has been in this form. A significant part of these part time jobs corresponds not to a voluntary choice but to the fact that there is no alternative for some trades. In the developing countries, informal employment remains significant. All these jobs are at lower incomes than those of persons in stable employment. The analysis of jobs created between 2007 and 2010 shows that the majority of hirings are made at lower levels of remuneration than the average and that these jobs are often more unstable. The proportion of workers living in poverty has gone up in many counties and notably in Germany.

## Less access to health and education

Access to health has deteriorated. It was already difficult in many poor countries because of the inadequacy of health

insurance systems. But the increase in the prices of food and energy products has further cut into household resources. International aid has stagnated or decreased in recent years. In Europe, it is the case of Greece which is the most dramatic with cuts of 40% in the budget for public hospitals. Many Greeks have turned to NGOs for health care. In the USA, households must now meet ruinous health costs if they lose their employment and the attached health insurance.

The same is true in relation to access to education. In some countries where it was already difficult, it has got worse. This is the case for example in Bangladesh where there has been a significant increase in pupils leaving school due to the cost of education and a growth in child labour to boost household incomes.

## Breaches in labour law

Numerous countries have undergone reforms in employment law. These reforms have increasingly concerned the rights of permanent workers, greater flexibility in the rules concerning dismissal (extension of trial periods, reduction of indemnities and notice periods). Nineteen of the twenty seven EU countries have introduced such reforms. The other axis of reform is that collective layoffs have been rendered easier. Finally, the proportion of employees covered by collective bargaining has fallen. The authors of the report stress that it is not established that employment protection is contradictory with a high level of employment. Inside the EU, Greece, Spain and Portugal constitute laboratories of deregulation with all kinds of reforms introduced in the context of the austerity plans. In these three countries laws introduced since 2010 allow derogation from branch agreements and reduction of individual and collective guarantees in case of dismissal. Rumania has also experienced a whole series of reforms of the same type. Similar but for now less global measures have been taken in Italy, Hungary, Slovakia and so on.

Faced with public deficits and the debt problem, the measures taken have primarily concerned public expenditure: wages, investment, social spending and benefits. In the EU, 22 countries out of 27 have blocked or reduced the wages of civil servants. The same number of countries have reduced social benefits: unemployment benefits and pensions (higher retirement age, reduction of pensions, more difficult access).

## The rise of discontent

With this increased social insecurity it is hardly astonishing that according to the ILO's indicators, the risk of "social unrest" has increased in various regions of the world: Africa and the Arab world in the first place, but also the advanced countries (Europe and North America) as well as the countries of central and Europe and Russia. In 54% of the 106 countries analysed, confidence in the government fell between 2010 and 2011.

The new IMF forecasts for July 2012 confirm the fragility of the world economic situation, noting that the global economy is showing new signs of weakness. The Libor scandal concerning manipulation by banks of the supposedly independent reference interest rate for lending is an illustration of the corruption which runs through finance. The dominant classes of numerous countries are mainly concerned with avoiding tax and placing their capital in safe tax havens. The governments, notably those in the EU, can only offer austerity. The traditional left forces have often rallied to the essence of neoliberal discourse and practice. In various regions of the world, and especially in the Arab world and Europe, an essential factor is knowing who in the coming years (radical Islamists, fascists, nationalists or anti-capitalist forces) will capture and organise the popular discontent.

[1] <http://www.ilo.org/wcmsp5/groups/pu...>