

# Misleading Unemployment Numbers And The Neoliberal Ruse Of “Labor Flexibility”



Prof.dr. Robert Pollin

Poverty is deepening and the standard of living is declining in the US, even as the national unemployment rate has hit historically low levels. Meanwhile, wages remain stagnant and inequality is worsening with every passing year. What explains this anomalous state of the US economy, and what can be done about it? In this exclusive interview with Truthout, economist *Robert Pollin*, co-director of the Political Economy Research Institute at the University of Massachusetts at Amherst, analyzes the perverse and extreme nature of the neoliberal economic landscape in the US.

*C.J. Polychroniou: Bob, the official US unemployment rate was at [3.8 percent in May 2018](#), which is the lowest rate since 2000. Is this an indication of the underlying strength of the economy under the policies of the Trump administration, as some pundits seem to be suggesting?*

*Robert Pollin: After the bursting of the Wall Street speculative bubble at the end of 2007, the US and global economy collapsed into the Great Recession, with national income (GDP) falling by 4 percent by the end of 2009. The US economy has been in a “recovery” since the end of 2009 — meaning that national income has been rising steadily for nine years. But the recovery has been extremely weak by historical standards. The US economy has grown at an average of 2.1 percent between 2009 and the present. This compares with a 3.4 percent average growth*

rate from the end of World War II until just before the Wall Street collapse. There is no evidence that the overall growth of the US economy has improved since Trump took office in January 2017.

The official unemployment rate peaked amid the Great Recession at nearly 10 percent. It has been falling fairly steadily ever since, through most of the Obama years as well as the 18 months that Trump has held office. So again, there is no evidence that anything Trump has done per se has brought the official unemployment rate to its current low level.

We also need to be clear, though, as to what employment conditions really look like even when the official rate is historically low, at 3.8 percent. The US Labor Department itself has more than one measure of conditions in the labor market. The rate we are quoting — 3.8 percent — refers to everyone who had any kind of job as “employed,” including people who wanted to work 40 hours a week but could only find a job at, say, 10 hours a week. We call the people who aren’t getting as many hours as they would like as “underemployed,” but they are still counted as employed in the official measure of unemployment.

The Labor Department also has categories of people that it calls “marginally attached” and “discouraged.” These are people who are not counted as part of the unemployed in the official measure, because they haven’t looked for a job within the last month, but have looked within the past year. But if we count the underemployed, marginally attached and discouraged workers as among the unemployed, the US Labor Department’s own figure for this measure of unemployment rises to 7.6 percent for last month. That is 12.3 million people overall — roughly equal to the entire population of New York City and Los Angeles.

But even that isn’t the end of the story by any means. Since the 2007 financial collapse, the percentage of the adult population that has been either working or looking for work has fallen significantly. If the same percentage of people were in the labor force today as were in it as of 2007, that would add up to another 5.3 million people. If we include these people as among the unemployed, underemployed or marginally attached, the unemployment rate by this measure would reach 10.9 percent, a total of 17.6 million people — so we can now add in the entire populations of Chicago and Houston in our pool of unemployed or underemployed. Let’s also just note that even this figure doesn’t account for the

2.2 million people in the US who are incarcerated, with our incarceration rate roughly triple that of other advanced economies. This is all within what is touted as the strongest labor market in nearly 20 years.

*There seems to be yet another anomaly in the current US economic landscape, which is that growing employment should be driving up wages, but that is not happening. Why is that?*

Starting with Karl Marx himself, economists have long argued that low unemployment rates will drive up wages. This is because, at low unemployment rates, workers should have more bargaining power relative to business owners. At low unemployment, workers should be able to demand higher pay, and if their bosses refuse, the workers should be able to get another job easily. Correspondingly, when unemployment is high — i.e. when what Marx called the “reserve army of labor” is large, workers lose bargaining power. Businesses tell workers that they can easily be replaced. Workers have little to no leverage in bargaining with their bosses. That is at least the first cut at a theory.

On top of this has been the impact of globalization — which has effectively expanded the “reserve army of labor” into a global pool available to be hired by businesses. Because of globalization, workers face this kind of situation: With low unemployment, they may go to their bosses asking for a raise. But the boss can just say: “You want a raise? Fine. I will just move the plant to Mexico, where wages are 1/5 of what I pay you. Or will import from China, when I can pay workers 1/20 of what I pay you.” Yet, if this theory is correct, then why aren’t US workers getting wage increases now, when the official unemployment rate is historically low? One factor is, as mentioned above, even with the low unemployment rate, a broader measure of unemployment still leaves something like 11-12 percent of all adults among the “reserve army of unemployed.” But there is also another critical factor at play. That is, under neoliberalism, workers have lost bargaining power relative to their bosses even when unemployment is relatively low. It has been a fundamental tenet of neoliberalism to attack the laws, norms and institutions that have been built to support workers’ well-being. These include, first and foremost, unions. It also includes measures such as the minimum wage. If unions, for example, are weak, then workers don’t have the institutional strength to bargain up their wages.

This dynamic is very real and has been going on now for over 40 years in the US.

Indeed, the former Chair of the Federal Reserve, Alan Greenspan himself acknowledged that this was the major explanation as to why workers weren't getting pay increases even at low unemployment. Greenspan himself described the situation as workers becoming "traumatized" by the effects of neoliberalism and globalization.

The bottom line is that the average non-supervisory worker in the US today is earning (after controlling for inflation) a wage that is about 4 percent less than in 1972 — 46 years ago. This is while average worker productivity — the amount the average worker produces in a day — has more than doubled since 1972. We have here also the single most important explanation for the rise of inequality. If productivity doubles over time, while workers' wages remain stagnant, that means that there is a huge pile of increased income resulting from the productivity rise that has to go somewhere. That increased income goes to the top — to the supervisory workers, to business owners and to Wall Street.

*Neoliberal economists contend that the cure for economies with relatively high unemployment rates is increased labor market flexibility. What's the relationship, if any, between labor market flexibility and unemployment rates?*

Let's first of all be clear on what we mean by "labor market flexibility." It is a pleasant-sounding euphemism. We like things that seem flexible, as opposed to rigid. But another way to describe "rigid" labor markets are ones that have built-in protections for workers. These would include effective union representation, a decent "living wage" minimum pay level, reasonable compensation for workers who have lost their jobs, and active policies to get unemployed people back into good job situations. By contrast, a "flexible" labor market is one that doesn't bother with these forms of support for working people. Thus, under "labor market flexibility," business owners are free to do with their workers as they wish.

The theory is that, when labor markets are free of protections for workers (i.e. "flexible"), then businesses will be more willing to hire workers and the unemployment rate will go down. There is some validity to this position. If you make people desperate enough, they will take any job or go out into the street and do anything to bring in some income. They will also then be counted as employed, since, for example, they are out there, say, selling cigarettes or lottery tickets. Businesses can then hire workers for a pittance. But this obviously does not correspond to anything like what we may consider as a decent society.

At the same time, even capitalist economies are capable of delivering low unemployment rates with strong social protections — i.e., relatively low unemployment rates, along with strong union support, and decent wage levels. The best example of this is the Nordic economies, such as Sweden. The Nordic economies have operated at unemployment rates at roughly the same level or lower than countries with far fewer social protections for workers. These economies have also benefitted from workers having decent incomes, because when workers have money in their pockets, they then will spend more to support businesses.

Finally, when we are talking about huge rates of *official* mass unemployment — such as Greece at 21 percent or Spain at 16.5 percent today — the fundamental problem is not that businesses are tied into knots by rigid labor markets. The problem is overall lack of spending in the economy, and the solution is for the government to advance large-scale public investment programs that will increase overall demand in the economy and improve life for people at the same time. The most important example of this for the present are [Green New Deal programs](#). My co-workers and I have developed programs that combine expanding job opportunities and advancing climate stabilization for many countries, including Spain, Puerto Rico and India, as well as the US overall and various states within the US. The Green New Deal is an effective way to expand job opportunities and lower unemployment, and it is also the only way to seriously fight climate change.

*As yet another indication of the highly perverse nature of US capitalism, a study released just a couple of weeks ago by the United Way ALICE Project reveals that almost half of US families cannot afford basics like rent, food and health care. What sort of progressive economic policies can be implemented that would unleash the potential for creating an equitable economy and a decent society in the sense that there is broader prosperity and that the poor are not left to the whims of a Darwinian socioeconomic order?*

Where to start? Let's begin with the Green New Deal — investing heavily in renewable energy and energy efficiency to supplant our existing fossil-fuel dominant energy system. That will produce jobs. By itself, investing in green energy will not generate enough good jobs to maintain the economy at something like true full employment, and we need a serious commitment to maintain true full employment. So, we also need to expand public investments in education, research, infrastructure and social services like home care. These will need to be

financed by increasing taxes on the affluent. To make sure the newly created jobs are good jobs, we then need to restore some semblance of decent labor market protections, like a \$15 minimum wage and strong rights for workers to organize themselves into effective unions. We also certainly need universal decent health care — Medicare for All. Then we also need to heavily regulate Wall Street, so that the economy's financial resources are channeled into productive activities, including small business investments that produce lots of jobs. Effective financial regulations are also our only safeguard against a replay of the 2007-09 financial collapse. Finally, we need a truly generous safety net, including food security.

These are all things that are eminently workable and affordable. All of these things are under attack now under Trump. But let's face it: they have also been under attack throughout the neoliberal era, starting roughly in 1980 under Reagan, and continuing through to the present, including under Democratic Party administrations, Clinton in particular. I think it is fair to say that the program advanced in Bernie Sanders's 2016 presidential campaign provides us with a fairly decent blueprint for moving forward in creating some semblance of a decent US society.

Copyright © Truthout. May not be reprinted without [permission](#).

---

# Depraved Cowards And The Collapse Of U.S. Civic Culture



C J  
*Polychroniou*

There is a clear pattern among entertainment and public figures in general in the United States, which is to make racist statements (ala Roseanne Barr) or employ vulgar and filthy language (ala Samantha Bee) and then apologize the day after when they feel the heat, professionally, and sense that their contemptible

behavior may lead to a loss of job opportunities, income, and professional marginalization in general. Another very common pattern among people from all walks of life who have committed horrible acts is to try to excuse their behavior by attributing it to factors beyond their own control (drugs, alcohol, sexual disappointments (unfuckability), “the devil made me do it”, and so on).

Depraved is the only word to describe the behavior of people who do not think twice before insulting other human beings with the use of vulgar language. However, the reaction of these people to either real or perceived “corrections” that their depraved behavior may elicit by their employers also indicates that they lack a backbone. In other words, their depraved behavior is also accompanied by political cowardice.

Depraved cowardice among entertainment and public figures in the US (and a similar case can be made about many of the women in Hollywood who are coming out years later, when all is safe and secure, to declare their victimhood and demand justice for having experienced sexual assaults by men who had the power to promote or kill their acting careers) is a symptom of a capitalist culture in which the only things that really matter are money and professional advancement. But the sharp decline of civic culture in the US is also symptomatic of a society that lacks institutions and political leaders that seek to advance a vision of a common good based on the principles of reason, human dignity, justice, equality, and democratic ethos.

The entertainment industry has played of course a significant role all of its own in the deterioration of civic values and civilized behavior in U.S. society through its constant glorification of violence, with its pathological tendency to delink the individual from the social whole, and the use of incessant cursing and bad language in movie dialogues and music lyrics. Rap music, in particular, seems to thrive on the use of profane and vulgar language, and thereby leading the way towards blurring, if not wiping out, the lines between human decency and depravity.

Under this type of cultural environment, it is of little surprise that a racist, misogynist, and megalomaniac leader can emerge and capture the hearts and minds of a significant segment of the citizenry in “the land of the free and the brave.” In fact, such a culture is probably ripe for the emergence of an authentic authoritarian leader from the extreme Right. Apolitical citizens immune to

depravity will follow like sheep such political figures because of their socially cultivated incapacity to distinguish good from evil on the political stage. In other words, they are prone to fall prey to extremist political rhetoric due to the paralysis of their intellectual, moral and political nerves brought about by the exerted and systematic pressure of a cultural setting where possessive individualism, crude materialism, and ignorance have become central aspects of the dominant culture and dictate the very meaning of human existence.

In this context, the problems and challenges facing progressive people and movements in the US are multidimensional and thus quite daunting. Challenging capitalism requires not merely sharp critique of U.S. economy and grassroots political activism, but also total rejection of most aspects of U.S. mainstream culture. The '60s experience, where all kinds of weird and in the end counterproductive ways of life surfaced, should be a good starting point for the Left of today to draw lessons about what needs to be done in the struggle of remaking the US political, socioeconomic, and cultural setting. Anti-capitalism is not a sufficient sentiment or standpoint of view on its own for guiding us towards an alternative future. What is needed is a new political discourse and the articulation of a vision as to how different life will be under a new, non-capitalist system. The modalities of multicultural politics and postmodernist discourses, for example, are quite congruent with the logic and the needs of globalized capitalism and should, therefore, be subjected to severe scrutiny by those forces of the Left that continue to find socialism an attractive and even necessary alternative for the actual survival of our species, which is being directly threatened by the logic of capitalist power relations and the process of unlimited accumulation. Socialism may be the only way of rescuing the natural world and thus avoiding an ecological catastrophe of unprecedented and irreversible levels.

By extension, the issues of growth, job creation, and immigration, which are now dominated by the Right and populists of the like of Donald Trump in the US, the all-populist government of the Five Star Movement and the Northern League in Italy, must become essential foci of discussion and analyses in the politico-ideological repertoire of an anti-capitalist Left that still believes in the ideas of the Enlightenment and in the constancy of the principles of universal values, so frivolously discarded by the multicultural and postmodernist crowd.

The idea that a halt to growth should be part of a socialist Left vision of the future requires serious reassessment as it smacks of the sort of utopianism that defined



socialism in the late 18<sup>th</sup> and early 19<sup>th</sup> century and made Marx feel obliged to set to scrutiny and critique. The world is not a static entity and technological and scientific advances will continue to take place in modern societies. The only question is over the use of the new tools of technology and forms of knowledge that will continue to develop and emerge. That is, whether they will be used to improve the human condition or to produce further accumulation of wealth for the corporations and the rich.

Likewise, the issue of immigration can no longer be left unchallenged and thus continue to belong exclusively to the political terrain of the extreme Right. The rise of populist leaders and movements in Europe and the U.S. alike cannot be rejected as being simply an irrational and inexplicable phenomenon. Immigration, economic insecurity, and loss of societal cohesion are directly related issues in the age of globalized capitalism and, as such, it does not help the cause of the anti-capitalist Left to ignore the very connections that are clearly behind the resurgence of the extreme Right in the western world.

Finally, an anti-capitalist Left must indeed come to terms with the cultural setting of “late capitalism” as it cannot hope to have its cake and eat it at the same time. Certain types of cultural reproduction, such as a specific type of rap music by black artists, cannot be left unchallenged because they represent a mode of expression by a historically oppressed group in US society. The anti-capitalist Left must rediscover the forms of cultural expression that elevate the human spirit and celebrate universal values. In other words, it must not accept everything under the sun in the name of cultural relativism. If anything, an argument can be made that it is precisely the widespread emergence of such settings that have led to the collapse of civic culture in the U.S. and to the acceptance of depraved behavior and political cowardice as actual symbols of resistance.

#### *About the author*

*C J Polychroniou* is a political scientist/political economist who has has taught and worked in universities and research centers in Europe and the United States. He is the author of the recently published book *Optimism Over Despair: Noam Chomsky on Capitalism, Empire, and Social Change* (Haymarket Books, USA; Penguin Books, UK).

---

# De piramide van geluk ~ De financiële crisis in breder perspectief - Inhoudsopgave



*Aan de vooravond van een nieuwe economische en financiële crisis is het goed om te weten hoe dat nu allemaal zit. Waardoor belanden we iedere keer weer in de penarie?*

Dit boek probeert de basisprincipes uit te leggen van hoe economie werkt. Aan de hand van de geschiedenis van het bankieren - de ontwikkeling van simpele bewaarplaats tot moderne bad banker - komen we bij de eenvoudige wetten die samen de wetenschap Economie vormen.

*Inhoudsopgave*

[E.W.J. de Rijk Bakker - De piramide van geluk](#)

[Inleiding](#)



Ills. Jean Cameron

*Deel I - De totstandkoming van het bankwezen*

[Geld](#)

[Van geld naar bank](#)

[Van bewaarplaats naar instituut](#)

[Instituut en samenleving](#)

[De rol van de samenleving in de economie](#)

[De rol van de samenleving in de economie II](#)

*Deel II - Basisbegrippen van de economie*

[Arbeid, tijd en kapitaal](#)

*Deel III - De rol van alles*

[De rol van alles. Taal, cijfers en psychologie](#)

*Deel IV - De economie en de toekomst*

[De toekomst en de economie](#)

[Bibliografie](#)

Jarich Schaap - *De piramide van geluk. De financiële crisis in breder perspectief.*

Trottel Verlag, Berlijn 2009. ISBN 978 90 361 0127 1

Derde druk. De eerste en tweede druk zijn niet verschenen

Oorspronkelijke titel: *Die Glückspyramide - Die Finanzkrise aus erweiterte Sicht.*

Trottel Verlag, 2009, Berlin

Uit het Duits vertaald door drs. Helga Schmidt

Omslag: IB Producties, Amsterdam

Beren: Jean Cameron, Amsterdam

Naar het: [voorwoord](#)

---

# De piramide van geluk ~

## Voorwoord



Ills. Jean Cameron

In de afgelopen eeuwen, maar met name in de laatste vijftig jaar, zestig jaar hebben wij een economisch stelsel ontwikkeld dat het beste met ons voor heeft. Het gemiddelde inkomen is in die periode enorm gestegen, de welvaart is navenant toegenomen.

Voor de gemiddelde inwoner van Nederland geldt dat de primaire levensbehoeften - eten, drinken en onderdak - naar tevredenheid vervuld zijn.

Wij zijn zo rijk dat we geld overhouden. Dat beleggen we in aandelen waardoor we naast ons werk ook nog mede-eigenaar zijn van tientallen bedrijven. Waardoor we nog meer verdienen.

Als u desondanks niet genoeg geld heeft voor een nieuw huis, is daar de bank die

dat geld aan u leent.

Al is lenen een raar woord, want ook de bank heeft het beste met u voor. Het geleende geld wordt ook weer belegd, waardoor u van die winst uw huis kunt afbetalen.

Mocht het tijdelijk echt tegenzitten, dan hebben we nog meer mogelijkheden voor u om extra geld te krijgen. Van creditcard tot persoonlijke lening, het is er allemaal voor uw gemak. En wij varen er wel bij.

*De piramide van geluk* noemt de econoom Karl M. Hope dit stelsel. In zijn boek *Het voordeel van gemak* schetst hij de wereld waarin wij leven als zijnde dichtbij het ideaalbeeld dat utopisten vroeger hadden.

Met deze kanttekening dat Hope het nivelleringsdenken waar veel utopisten mee behept zijn, ten strengste afwijst.

Hope stelt dat het *Lustprinzip* de drijfveer is voor verandering en verbetering. Zonder die drang vervalt de mens tot nietsdoen. Hebzucht en graaidrang zijn essentiële eigenschappen om voortgang te boeken.

Het heeft onze samenleving gebracht waar zij is. We leven in een van de rijkste landen van de wereld.

In een crisisperiode vervalt de mens graag tot conservatieve gedachten. De roep om regulering en ingrijpen is groot. Met een beroep op de financiële crisis is de wens weer hoorbaar dat 'we hieruit lering moeten trekken'.

Laat ik duidelijk zijn. Onze piramide van geluk is niet gebouwd op dromen. Maar op hard werken en goed verdienen. De een wat meer dan de ander. Dat houdt de prikkel levend.

IJBB heeft de econometrist Schaap gevraagd om de geschiedenis van de economie en het bankieren in vogelvlucht in kaart te brengen. Enerzijds om de leemte in uw kennis te vullen, anderzijds om de mogelijke pijn die deze crisis meebrengt te verzachten. Want er is niets nieuws onder de zon. Rare fratsen zijn van alle tijden, tegenslagen horen erbij.

Amsterdam, mei 2009

Naar de Inleiding: [de-piramide-van-geluk-inleiding/](#)

---

# De piramide van geluk ~ Inleiding



U bevindt zich in een economische crisis. Lees de krant er maar op na. Hoe komt dat nu allemaal, hoe zit dat? Maar vooral: wie hebben de schuld van deze crisis? Dat is wat u en ik willen weten.

Het antwoord is niet welkom, maar u en ik zijn de schuldigen.

Dat is de onaangename verrassing van dit boek. Op zoek naar verzachtende omstandigheden - wnat ook dit boek moet verkocht - stellen we daarom de volgende vraag: waarom zijn wij medeplichtig?

Op zoek naar het antwoord op deze vraag komen we bij de economen terecht. Zij weten waar het over gaat. Zij weten waarom de een veel geld verliest, waarom de ander te veel auto's maakt. Waarom de een wel durft te vragen om miljarden en de ander niet, weten zij niet.

Maar ze weten wel waarom de een miljarden krijgt. En de ander niet. Daarom is economie een wetenschap.

Dit boek probeert de basisprincipes uit te leggen van hoe economie werkt. Dit wordt gedaan aan de hand van een praktisch voorbeeld: bankieren.

Een bank is namelijk het beste voorbeeld om aan u duidelijk te maken wat economie is. Omdat een bank alles doet met geld wat er met geld gedaan kan worden.

U bent namelijk maar beperkt in uw handelen: u koopt er iets mee, u leent soms, spaart zo nu en dan of verliest het.

Een bank doet veel meer met geld.

Aan de hand van de geschiedenis van het bankieren - de ontwikkeling van simpele bewaarplaats tot moderne bad banker - komen we bij de eenvoudige wetten die samen de wetenschap economie vormen.

Berlijn, 2009

Naar: [de-totstandkoming-van-het-bankwezen-geld/](http://de-totstandkoming-van-het-bankwezen-geld/)

---

# De piramide van geluk ~ De totstandkoming van het bankwezen - Geld

DE  
PIRAMIDE  
VAN GELUK

DE FINANCIËLE CRISIS IN BREDER PERSPECTIEF



Jarich Schaap

DERDE DRUK

De precieze dag is niet te achterhalen, maar op zekere dag werd het ruilen van kip tegen koe, van wortel tegen appel, verstoord.

De gangbare theorie is dat op die dag op de lokale markt de onderhandelingen agressiever waren dan wenselijk en dat een boer vijf kippen tekort kwam om een ruil tot stand te doen komen.

Het schrift was nog onbekend.

Rondkijkend pakte de boer vijf schelpen en meldde dat dit het bewijs was dat de ander nog vijf kippen van hem tegoed had.

Curieus gegeven: de ander accepteerde deze geste.

Voor het eerst in de geschiedenis werd een tussenartikel geaccepteerd als ruilmiddel.

Geld was geboren.

De vraag waarom de ander dit bewijs accepteerde, wordt beantwoord in het boek *Das Geld und die Ratio* van de Tsjechische econoom J. Svejek.

Svejek gaat ervan uit dat de twee actoren elkaar kenden en vertrouwden. En dat de handeling dus niet gebaseerd was op de formalisering van een afspraak, maar als grap.

Wereldwijd zijn alle afspraken inzake geld hierop gebaseerd.

Svejek vat zijn theorie samen in deze formule:

*Geld = afspraak (>vertrouwen{= emotie}= waarde*

En verbindt daaraan de conclusie:

*Waarde = emotie = afspraak*

In de tweede druk van zijn standaardwerk meldt Svejck overigens dat een systeem gebaseerd op vertrouwen en afspraken kwetsbaar is voor stemmingswisselingen.

Hij stelt voor dat de formule mogelijk aangepast moet worden:

*Geld = afspraak (vertrouwen > wantrouwen{- emotie} = waarde*

Hij belooft hierop terug te komen in een volgend boek. Door te overlijden op jonge leeftijd heeft Svejck deze nieuwe formulering niet verder uit kunnen werken.

Naar: [van-geld-naar-bank/](http://van-geld-naar-bank/)