

Battling Society's Cancer: Unemployment

By Sam Vaknin, Ph.D.

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The official figures are staggering: 35% of the workforce - about 280,000 people - are unemployed and looking for a job. Each 1.43 employee support 1 unemployed person. In the USA the figure is 3.3 to 4 employees supporting all the unemployed AND all the pensioners!

The truth is less ominous. Many employed people in Macedonia go unreported. Their employers prefer not to report them as employed in order to avoid paying social benefits and retirement benefits to the state. This greatly distorts the official figures - yet, it would be safe to assume that the unemployment rate in Macedonia is close to 20%.

Unemployment has only bad aspects. A certain level of unemployment is considered to be healthy. People move between workplaces - this is called labour mobility. People desert old professions for new ones, training themselves to occupy higher paid, higher education positions. This kind of healthy unemployment is called "friction unemployment". A level of 3% to 6% is considered to be friction unemployment in the West (depending in which country).

But the kind of unemployment that is prevalent in Macedonia is not of this kind. It is permanent in the sense that the same people are unemployed continuously for more than a year. It is habit - forming: people lose their self dignity, they become dependent on outside assistance, they are afraid to face reality. Such unemployment has grave psychological consequences. People change under its influence to such an extent that they no longer qualify as workers. This affects the situation inside families. People who used to provide for their families are cast aside as no goods, losers with no prospects for the future. This deeply and adversely affects the very fabric of society's basic unit: the family.

But unemployment also has a great macroeconomic impact. The State doles out millions of DM each month to pay unemployment benefits. Multiply 60-100 DM per month per 283,000 job seekers - and you will face the frightening figures the Macedonian Minister of Finance is faced with every morning. Instead of putting this money to productive use - it is spent on keeping people idle at home on an allowance which is not even enough for bare subsistence. No one is happy: the Government - because its budget is unduly and unnecessarily inflated, the nation - because good money is thus spent instead of being invested and the unemployed - because they can hardly survive on what the State gives them.

Unemployment is not unique to economies in transition. Even much stronger economies - like France's and Spain's - suffer from it. Spain's real unemployment rate is similar to Macedonia's.

What are the long term, structural causes for unemployment?

There are more theories than there are unemployed people.

Some say that free trade encourages unemployment of unskilled and semi-skilled labour. Factories move overseas to places where labour is cheaper. Inexpensive imports of textiles and basic electronic wares compete with the local production and - usually - wound it badly.

Others blame labour market rigidities. If the psychology of employees and employers alike is that of "one big family" where no one is fired even in hard times and even if he is incompetent. If the laws and regulations of the state are in favour of a static workforce. If social benefits (annual vacation, sick pay, child support) increase the costs of employing - unemployment will be created. Employers will not hire additional staff in times of economic boom - because they will not be able to fire them in time of crisis. They will prefer to manufacture in places where labour costs are negotiable and low. Where trade unions have been abolished (Britain and the USA are the prime examples) - unemployment all but disappeared. Yet others emphasize the technological revolution (mainly in the fields of informatics). So many professions become obsolete at such a quick pace - and so many professions are revolutionized so often - that more jobs are lost than created.

But whatever the reasons are for unemployment - certain countries are battling this cancer of society in creative ways.

During the 1990's, Israel - a country with 4,500,000 million people and 20,700 square kilometres - absorbed an inflow of more than 600,000 immigrants (=15% of the population), mainly from the former USSR.

One could expect a dramatic increase in unemployment. If Macedonia were to absorb 300,000 additional immigrants (=15% of its population) tomorrow - its unemployment rate would have skyrocketed until the newcomers would have been absorbed by the marketplace.

Not only did Israel succeed in providing most of this deluge of immigrants with jobs - it also reduced the overall rate of unemployment among its old population! How did it succeed in doing the impossible?

Israel decided to give the unemployment benefits to the employer - not to the unemployed. Let us study an example:

The average unemployment benefit was 900 DM per person per month.

The average salary which an employer was supposed to pay this person if he were employed - would have been 1400 DM per month.

The Government came to the employer with the following suggestion:

Find employment for the unemployed person. Pay him a salary of 1400 DM. We will give you, the employer, 900 DM - instead of paying this amount directly to the unemployed person in the form of unemployment benefits.

So, everyone was happy:

The employer hired an experienced and well - educated worker for 500 DM (The difference between the 1400 DM that he paid him - and the 900 DM that he got back from the Government).

The unemployed person - because he finally found employment with a real chance to continue to be employed in the future if he really contributed to the business that he was employed in.

The Government was happy - because it did not increase its budgetary outlays and expenditures. Yet, at the same time it has increased the level of employment in the economy.

Another Israeli twist: the Government also paid part of the social benefits of the person who was previously unemployed in his first three years of employment. This saved the employer a lot of money and encouraged him to employ and to report the employed person to the authorities.

A whole different approach was experimented with in Great Britain.

All those unemployed in a specific geographic region were assembled into a "Community". The Community included a wide variety of professions:

carpenters and tailors, electricians and farm hands, gardeners and teachers. A computerized centre was set up. Each unemployed person registered with this centre, listing both his professional capabilities - and goods and services that he was interested in, but did not have the money to purchase.

A matching process then ensued: the tailor was looking for a teacher to give his children some private lessons (which he could not afford in his current financial straits). The teacher was looking for a tailor to saw a communion dress for her daughter. So, the computer matched them up:

The teacher tutored the tailor's children - in return for his services in sawing the dress for her daughter. Both of them were thus employed, recovering their sense of self-worth and dignity. Moreover, both of them were able to afford things which were badly needed by them but which they could afford under no other circumstances.

This is a return to primordial, pre-monetary, barter economy.

But who will determine how many private lessons provided by the teacher - are worth one dress sawed by the tailor?

A special tariff was published. It reflected the conditions which prevailed in the "real" marketplace in which real money changed hands.

To ease the "payment" process - special Community money was printed in lieu of the unemployment benefits which the government used to dole out to the members of the Community.

Now, each member of the Community received from the Government a monthly allowance in Community money (instead of real money) which he was able to use only with other members of the community, unemployed as he was.

This way, the purchasing power of the unemployed was used exclusively with the other unemployed, easing their overall situation. It also eased the Government's situation - because it did not have to print additional money to pay out unemployment benefits.

Admittedly, this was a fairly small and restricted experiment - but it was so successful that I believe that it warrants the attention of every nation facing high unemployment.

Sam Vaknin is the author of "Malignant Self Love - Narcissism Revisited" and "After the Rain - How the West Lost the East". He is a columnist in "Central Europe Review", United Press International (UPI) and ebookweb.org and the editor of mental health and Central East Europe categories in The Open Directory, Suite101 and searcheurope.com. Until recently, he served as the Economic Advisor to the Government of Macedonia.

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Cancer Survivor Turns Cancer Information Specialist

By News Canada

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by: **News Canada**

(NC)-When callers to the Canadian Cancer Society's information service connect with Isabelle Wilson, they're talking to someone who's been there herself.

The Christmas of 1997 was turned upside down for the Montreal mother of three. Days before the holiday she learned she had a rare tumour on her left lung. The lung was removed on Christmas Eve. Wilson was a 30-year-old non-smoker and had a six-month-old baby at home. Even her doctors were stunned.

"Everything went so fast," she says. "I didn't know what was happening to me."

Worse, Wilson had to recuperate during the infamous ice storm, which knocked out power and heat to her home for days. Eventually she turned to the Canadian Cancer Society's information service for support and help in understanding her condition. It was a life-changing call. Three years later, Wilson joined the service herself.

"Knowing there was a professional there who was with me and researching this disease too meant a lot. I felt a lot less isolated," says Wilson, a biologist and former health services worker. "One morning I woke up and said, 'I have to do this job.'"

The service is Canada's toll-free bilingual source of cancer information. Trained and caring specialists provide information about cancer and community resources. This helps newly diagnosed patients and their families understand their condition and act as informed members of their healthcare team.

When you want to know more about cancer, call the Canadian Cancer Society's information service at 1 888 939-3333 or e-mail info@cis.cancer.ca.

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