

Let's Remove Unemployment

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Unemployment exists in order for employers to be able to buy cheap labor. Through policy, employers maintain the unemployment rate at a level that suits them best. A higher unemployment rate produces a cheap labor force because the workers are pressured to accept poorly paid jobs in order to feed their families.

Consequently, underpaid workers are not able to buy enough goods produced by private companies. It seems that an unemployment rate of about 5 percent suits the employers best. Thus, economists accept this as a “normal” state. This “normal” state allows the exploitation of workers through low labor costs while the total workers’ purchasing power is still large enough for private companies to produce profit.

Today’s economists recognize the existence of cyclical, frictional, and structural unemployment. Cyclical unemployment is the result of oscillations in the process of expansion and recession of production which oscillates demand for work. The economists do not see that burden of crisis and benefits from profits should be more equally distributed.

Frictional unemployment is the result of people willing to move between jobs, careers and locations. The economists do not see that workers should do it in a day. Structural unemployment is the consequence of a change in technology which results in an absence of demand for the available workers.

The economists do not see that prequalification of workers should also be the responsibility of those who profit the most. The economists today are so indoctrinated with false teaching that they believe unemployment is the unavoidable price which must be paid for technological development. They even believe that 0% unemployment is not a positive thing¹. I want to stress here that 0% unemployment will solve most of the existing economic problems.

The current philosophy of economics is based on the preservation of capital as a requirement for the protection of the individual. This is wrong. As a result, we can see the deterioration of the individual and capital. The individual has to be more important than capital. The new economy will be based on the protection of the individual. From this point a much better economy will emerge.

The exploitation of workers cannot form a sane basis for the formation of a good society. A good society can only develop on equal human rights. A just society requires the availability of work to everyone. In order to achieve a proper balance between the supply and demand of labor, it will be necessary to create a balance between the number of jobs and workers. If job creation is not needed, full employment will be achieved by reducing the work hours proportionally to the unemployment rate. This is a political measure which needs to be

accepted by people and must be conducted in both the public and private enterprises.

The shortening of working hours will reduce employees' salaries proportionally to the shorter working hours. For example, an unemployment rate of 10% will shorten the working hours of all workers by 10% and the workers' wages would be 10% lower. The 10% saved will be deployed to the newly hired workers. With this point of view the employers would not be burdened with additional labor costs and all workers would be employed. Initially, the workers would perceive the lower wages as a disadvantage, but in the long run their salaries will significantly grow because the employers will be forced to increase workers' salaries in the reduced work market in order to hire workers.

The shortening of working hours will bring great benefits to society. Firstly I need to point out that a slightly lower salary for workers is not even close to the disadvantage the unemployed workers bear by receiving no salary. Such a measure would guarantee that unemployment and economic insecurity of workers can no longer exist.

People are accustomed to fluctuations in living standards depending on the performance of the economy. The purchasing power of wages fluctuates more than the unemployment rate due to changes in supply and demand, economic crisis, inflation and deflation. Workers silently accept such fluctuations in purchasing power. They accept that they live worse through the crisis. So, why would they not accept this measure in the name of solidarity among workers, which will help them establish a healthy long-term basis to achieve higher standards of living?

Shortening work hours proportionally to the rate of unemployment will not only eliminate unemployment but it will also solve the problem of exploitation. Here is a simple explanation: If there are a total of two workers who apply for a total of one work post, the competition among the workers will reduce the cost of labor; the worker who gets the job will be exploited. If there is a total of one worker and a total of two jobs, the competition among employers would increase the wage of the worker. Regarding this, the reduction of work hours proportionally to the rate of unemployment will put workers in a better position in the production process. A lower availability of workers will raise the value of the labour of workers and thus, employers would pay workers more than they do today.

Overtime work will continue to be allowed. In the Western world, overtime work is paid time and a half. Employers who intend to solve labour shortage with overtime work will not reduce unemployment. Then the policy that follows the will of the people will further shorten working hours of all employees, and employers will have to pay more overtime hours. Let the employers themselves realize whether it is more worth it to hire new workers or to pay more overtime hours per worker.

The task of a good policy is to simplify regulation as much as possible while achieving the greatest positive impact on society. Today's policy regulates minimum income which has a very limited impact on the overall distribution of incomes. In the developed world, a large number of workers earn minimum wage while inflation reduces the real value constantly. Workers of the American corporation Walmart generally receive minimal income due to the high unemployment in America. The salaries in Walmart cannot cover basic needs, and so the workers receive social assistance from the U.S. government. They live at the expense of U.S. tax payers while Walmart continues to be one of the most profitable companies in America.

A good policy will regulate the length of working hours and not the minimum income. When unemployment is removed by reducing work hours, employers who need more labor must take it from other employers by offering more money because available workers do not exist. They will have to compete by increasing workers' wages in order to attract workers from other companies. This will cause a chain reaction in which the workers' wages will rise. If employers do not increase wages they would simply not have workers. This is just a fair labor market. The regulation of a minimum income will not be required any longer. There will be no need for unions as intermediaries in protecting workers' rights.

The reduction of work hours is not a new idea. At the beginning of the nineteenth century, Robert Owen² realized the absurdity of daily work that lasted between 12 and 16 hours. In 1817 he proposed the reduction of work hours to 8 hours a day so people would have 8 hours a day for recreation and 8 hours for rest. Employers were strongly opposed to it and did not let the reduction occur. The workers were very dissatisfied. The first significant worker resistance occurred in Chicago, on May 1st, 1867, and the day was declared International Labor Day. The struggle between employers and workers has been difficult and often bloody. It took around 100 years of struggle for the idea of the eight-hour workday to be accepted worldwide.

But this reduction of work hours is not enough today. French socialists³ in power adopted a new law in 1988 which shortened the work hours of all employees from 39 to 35 hours per week. They did this in order to reduce unemployment and enable more free time to workers. But the shorter work hours did not lead to an increase in employment because employers burdened employed workers more. That says to me that there is not even a need for a seven hour workday because the automation in the manufacturing process has reduced the need for manpower. Socialists should have been aware that the employers, who are accustomed to exploiting workers, would not easily give up. The socialists needed to implement a higher reduction of work hours, until employers are forced to hire unemployed workers. I would recommend decreasing the work week length to 30 hours per week. The struggle between the privileged and underprivileged people has never been easy. The French Socialists were not sufficiently committed, and ten years later the Conservatives abolished the limitation of 35 work hours per week. So the idea of social justice lost once again.

Privileged people always find a way to oppress the marginalized and that has always been the main source of problems in society. But in the 14th century, a huge natural tragedy helped the disenfranchised. The Black Death killed one-third of the European population, which produced a huge labor shortage. The shortage of servants, craftsmen, and workmen, and of agricultural workers and laborers, left a great many lords and people without service and attendance. The crops in the fields languished because there were not enough people harvest them. Suddenly, workers and their labor were in much higher demand, enabling those who survived the Black Death to be in a much better position to negotiate work conditions. They could hardly be persuaded to serve the eminent without tripled wages. Historian and economist Thorold Rogers⁴ recorded that the peasants were given virtually everything they asked for. Karl Marx displayed the time as "the golden age of European proletariat"

Now what? Shall we wait for a new tragedy of humanity, or will we, in the name of justice and solidarity among people, be smart enough to shorten working hours as long as

unemployment exists? Only that would force companies to hire unemployed workers. Only that would build justice and balance in the process of production and distribution. Such a regulation of the market will use the invisible hand to balance the demand for labor and income heights in the most acceptable way for workers and employers.

Increasing the wages of workers will be at the expense of employers. Employers would not like it, of course, but they must understand that they cannot earn more if there is not a large enough consumer purchasing power. They must understand that the purchasing power of the society cannot be increased without increasing the wages of workers. They should understand that there is not a better distribution neither for employers nor for workers than the one achieved through a fair labor market. Shortening work hours proportionally to the rate of unemployment would ensure a fair distribution to society. A fair distribution will provide greater purchasing power to the people, which will ensure a greater flow of goods, which would again bring greater profits to the owners of capital. This would eradicate the current economic crisis because the crisis is primarily based on the lack of trade in goods and services. Shorter work hours will form a better capitalism and bring prosperity to society.

I received a lot of criticism about the fact that more expensive work propels capital to where labor is cheaper. Is that not the situation that we have today anyway? Does capital not go to Asia? But this situation will come to an end, because if workers in developed countries do not earn enough they cannot buy enough of the goods that the large capitals produce. The less the capital invests in society the more it will lose. Capital must invest in order to survive. On the other hand, the departure of capital cannot bring workers into an existential threat any more. The eventual increase in unemployment caused by the departure of capital would result in a greater reduction of working hours of workers, thus economic security would still be guaranteed to all people. The shortening of working hours will reduce the incomes of workers but they would remain high enough to provide a decent life. Capitalism has spent a lot of energy in developing the consumer mentality, which is very unnecessary, and egotistical character trait of workers which is wrong. The solidarity in shortening working hours will fundamentally change it.

The question is why has such a simple idea never been suggested? The reason should be sought in the conspiracy of big businesses, which by their economic power prevent the advent of new ideas that can improve society. Big businesses supported the ideas that cannot improve society. Big businesses supported Marxism as the leading ideology of the Left because big businesses have always known that Marxism cannot create a good society, and as such it does not constitute a hazard to them. Otherwise, Marxism, as a vehicle of the violent revolutionary ideology, would have been outlawed. Marxism is useful to big businesses because it mistakenly directs the Left. This is proved by the practice of the socialist revolutions.

Thanks to the conspiracy of big business, my ideas do not have access to the media, universities, politics, and so, nor to the people. But one day the idea of reducing work hours proportionally to the unemployment rate will break through and society will necessitate its implementation. This will reduce the privileges of employers and increase workers' rights. It will also reduce the difference between the earnings of employers and workers. In such an environment, capital will lose its significance. A fair labor market will spontaneously initialize a new social and economic system that will replace capitalism and greatly meet the needs of society as a whole. I have presented this system in detail in my book *Humanism*⁵.

Humanism would be equally acceptable to all people and would further improve society.

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Notes:

1. Economics [Http://economics.about.com/od/helpforeconomicstudents/f/unemployment.htm](http://economics.about.com/od/helpforeconomicstudents/f/unemployment.htm)
2. Robert Owen – socialist enterprise at [New Lanark](http://en.wikipedia.org/wiki/New_Lanark) – http://en.wikipedia.org/wiki/Eight-hour_day
3. The 35-Hour Workweek in France – Marcello Estevão and Filipa Sá
http://dev3.cepr.org/meets/wkcn/9/973/papers/estevao_sa.pdf
4. *A History of Agriculture and Prices in England from 1259 to 1793* – James Edwin Thorold Rogers
5. *Humanism* – Aleksandar Šarović – http://www.sarovic.com/table_of_contents.htm

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