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Why the USA v France youth unemployment comparison is false

French lessons for neo-liberal America

Anarcho

May 8, 2006

One of the standard defences of capitalism is the argument that, in the long term, we are all better off in the long run if we let the market do its magic. In practice, of course, this means letting the bosses do what they want and so workers are encouraged not to fight, not to join unions and generally be “flexible” (i.e. do what they are told).

When young workers in France took to the streets protesting against new a (neo-liberal) employment laws, there was much shaking of heads. Did they not know that the market order cannot be changed? Did they not realise that neo-liberalism was the future? Did they not recognise their own self-interest? Did they not know that unemployment male unemployment for young people in France was a massive 20.8% compared to 11.8% in America?

Unluckily for the so-called experts, the French youth know their interests far better than those who pontificated about

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them. Yes, in 2004, the unemployment rate was 20.8% for young males in France. However, this value is so high because so many are in education (only 32.8% of 15–24 year old French males are employed, compared to 61.9% in America). Once you compare like to like, there is no real difference between France and neo-liberal America. The ratio of unemployed to population is 8.6% (France) to 8.3% (USA). The reason for apparently high youth unemployment is due to more French youth in education (only 41.4% of young males are working in France compared to 70.2% in America). Once that is taken into account, French youth unemployment becomes a case of market ideology ignoring the evidence to further its supporters agendas.

The French were right to reject neo-liberalism. Before being forced into an embarrassing U-turn by mass direct action, the French Prime Minister stated that “urgent” action was needed to “bring the French labour market into the modern era”. That would be the modern era of McJobs, casualisation, soaring inequality, autocratic management, job insecurity and decades of stagnating wages workers in neo-liberal America face? Little wonder French workers were unhappy. They, rightly, saw the new labour contract as a step along that road and the destruction of the loss of workers’ rights which they have fought long and hard to secure. More importantly, they took action to stop this latest neo-liberal assault – and won! They show what is possible when direct action and solidarity are your weapons.

And what of neo-liberalist ideology? Is America, that paradigm of neo-liberalism, worth following? According to opinion polls, most Americans are unhappy with how the economy is going. One of the reasons is that median incomes have been flat or declining while, over the same period, average incomes have grown (as has productivity growth). For example, since 1998, the US economy has expanded by more than a quarter. However, the median wage has fell by 3.8 per cent. Indeed, this wage stagnation goes back to 1973

(the only exception were a few years in the late 1990s). Given that the median wage represents the income of the middle fifth of Americans, this is obviously important.

The explanation is obvious: soaring inequality. This explains why you can have stagnating wages and rising the average income. It is a classic example of how to lie with statistics. This is particularly the case with averages. For example, if you put Bill Gates in a room with 9 homeless guys the average income is \$6 billion each (hell, put Gates in a room with tens of thousands and the average would still be in the millions!). On average, America is wealthier but this wealth is concentrating in fewer and fewer hands. The medium family is not seeing anything trickle down, as promised — rather they have been increasingly exploited.

Not only this, but this growing inequality is also marked by falling class mobility — the bottom 90% of the population have a decreasing chance of moving upwards. In fact, the chance of Americans remaining in the same income bracket as their parents is higher than in every other developed country (barring the UK, of course). This is unsurprising as climbing a hill is far easier than climbing a mountain.

Sadly, the facts of rising inequality and falling social mobility have not seeped into the popular consciousness yet. This is due, undoubtedly, to the role of right-wing propaganda and think-tanks. While fewer than 1% (i.e. the mega-rich) are likely ever to pay it, a sizable proportion of Americans support the abolition of the estate tax on inheritances. In other words, they support a policy which will consolidate inequality and reduce social mobility for future generations!

And in spite of falling social mobility over the last 30 years, most Americans have faith in the American dream. According to New York Times polls, 80 per cent agree with the proposition that “if you are poor and work hard you have a chance of becoming rich.” This is up from 60 per cent in 1980.

Faith is the right word. The elite must be laughing their heads off.