

Defining unemployment...

Constructing Unemployment: The Politics of Joblessness in East and West. By Phineas Baxandall, Hoboken, NJ, John Wiley & Sons, Inc., 2004, 270 pp., \$120.00/hardback.

Phineas Baxandall (professor at Harvard University in 2004 and now an analyst at U.S. PIRG—the federation of state Public Interest Research Groups) argues that since its construction more than one hundred years ago, unemployment has been continuously re-conceptualized and redefined by governments—socialist and capitalist alike—to further their own interests. Although Baxandall concedes that “the basic definition of unemployment is almost universally accepted and standardized,” it nevertheless obfuscates an understanding of the evolving nature of unemployment and prevents devising efficacious solutions...hence, the need for this book.

The book is divided into four parts. After a brief introduction, the first part discusses the changing conception of unemployment in Hungary. While some readers might hesitate to jump into five chapters of Hungarian history, Baxandall’s skilled writing hooks the reader immediately, perhaps because Hungary (and the rest of Eastern Europe for that matter) offer the “world’s richest history of change in the politics of unemployment.” Indeed, given the metamorphosis from Stalinization...to political revolts...to de-Stalinization...to the lethargy of the 1970s...to the fall of communism...to post-communism, Baxandall could not have chosen a better case study.

In the second part of the book, Baxandall uses archival data and original interviews to illustrate his thesis that “the meaning of unemployment is politically constructed precisely because it is a product of changes in the prototype of unemployment rather than purely secular trends in the labor market.” During the interwar period (1919 to 1939), for example, unemployment was viewed as temporary and incidental to the main objective of marshalling sufficient labor into the large state-owned firms. Since unemployment would “disappear” as workers were guided into the core firms, unemployment statistics were not necessary. The taboo against acknowledging unemployment (typically associated with socialist governments) occurred as a result of de-Stalinization after 1956 (when political stability was exchanged for economic security and rising economic living standards), with the latter to be achieved through employment in large, state-owned industrial enterprises.

Workers in these core firms were considered “prototypical socialist workers,” so the state eliminated any indication that unemployment (by any definition) existed in this group. For other workers such as gypsies, young unskilled women, and non-state sector workers, “their joblessness was not unexpected and did not therefore constitute a problem, shortcoming or broken promise and thus did . . . not constitute unemployment.” Gradually, however, the importance of employment in the core sector was eroded, as the state realized that such firms had to be restructured while employment in other sectors could “fulfill unmet needs for consumer goods and services as well as housing [and] absorb

workers displaced by restructuring.”

Thus, the commitment against unemployment in the core sector for prototypical workers only changed with redefinitions of what constituted acceptable and legitimate types of employment. As real wages fell due to higher prices in post-communist Hungary, more workers were forced to look for additional work in the informal and secondary sectors to make up the difference. This reduced the threat and pain of job loss in the primary sector, which paradoxically allowed the state to embrace unemployment in order to achieve a more “healthy” economy.

In the third part of the book, Baxandall applies the lessons learned in Hungary to other countries (including the USSR, the United Kingdom, and the United States) to demonstrate that “the definition and redefinition of unemployment as a problem followed from the government’s embrace of particular kinds of employment solutions and a particular prototype of unemployment.” The United States was a relative latecomer in conceptualizing unemployment, with “no institutionalized national measure of unemployment until after the Great Depression.” The initial construction of unemployment focused on the gainful employment concept: “an unemployed person may be defined as one of working age who is able and willing to work and who normally would be employed, but is not currently engaged in a gainful occupation.” This conceptualization was necessary in order to gauge those directly in need of relief. As the U.S. government gained confidence in its ability to reduce unemployment during the Second World War, culminating in the Employment Act of

1946, it formally committed itself to reducing unemployment. A new conceptualization of unemployment was necessary to ascertain if a person was actively seeking work, so as to “to balance the nation’s supply of labor with sufficient macro demand [rather than] meeting some inventory of the impoverished population through public works.”

In an interesting chapter comparing the political importance of unemployment across the European Union, Baxandal argues “that national differences in the political importance of unemployment are better traced to differences in national patterns of employment and the form of state commitments to providing employment.” In addition to comporting with Baxandall’s overall thesis, this explains differences in unemployment much better than traditional explanations such as the length of unemployment and the strength and weakness of compensating social protections.

The fourth part of the book suggests future conceptualizations of unemployment. Despite the ostensible triumph of the “new and universal” method of defining unemployment, Baxandall predicts “it will soon become obsolete and

irrelevant.” The conceptualization of unemployment will change, he feels, because the world of work is changing, with future prototypes of work determining any new conceptualization of unemployment. Baxandall discusses several possible prototypes, including e-employment, work-sharing, guaranteed minimum income, and community participation of employment. Each scenario will impugn the current definition of unemployment and force its re-conceptualization; in addition, it would force us to rethink the distinction between unemployment and employment. A guaranteed minimum income policy, for example, “would collapse all practical distinctions between unemployment and being out of the labor force. It would not distinguish between what kinds of work count as unemployment because individuals would be left to pursue whatever kinds of work they could find in pursuit of their creative and consumer aspirations. [It] would not so much eliminate unemployment as make it meaningless.” Given the lessons of the past, “government leaders will not commit themselves to new ways of defining and measuring success over joblessness until they discover new ways

where they anticipate achieving that success.”

Baxandall concludes that additional understanding of unemployment will be greatly enhanced by studying how unions, bureaucracies, employers, political entrepreneurs and others conceptualize it. This however, is a task for a future book.

Constructing Unemployment: The Politics of Joblessness in East and West was published in 2004, but its keen and fresh insights are especially relevant today. It should be required reading for policy analysts, government officials and anyone else interested in how the problem of unemployment is continuously defined and reconstructed. As Baxandall notes, “the very fact that economic categories like unemployment are not normally regarded as constructed makes it all the more important to study them as they are crafted, in the hands of authorities.”

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