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Longterm Trends in the World Economy: the Gender Dimension

This paper is concerned with exploring some of the gender implications of certain long term trends which have dominated the world economy in the post World War II period. It analyzes how these trends affect men and women, and to what extent if any, they are in turn affected by gender. The paper concentrates on the following trends:

- unprecedented growth of the world economy between 1950 and 1973 (the Golden Age);

- a sharp trend decline in world economic growth since 1973;

- deindustrialization of the older industrial countries;

- "the new technological paradigm," that is, the information and communications technology revolution;

- the industrial revolution of the third world and its interruption in the 1980s in the Latin American and African countries and its continuation in Asia.

These long term trends are clearly not independent variables. They interact with one another (for example, the industrial revolution of the third world and deindustrialization of the industrial countries) as well as with other variables, but it is still useful to consider them individually, and note their interactions where appropriate. Specifically, the paper will focus on the implications of these long term developments for the relative employment, unemployment and participation rates of men and women in industrial countries. We are precluded from studying the same issues in relation to the developing countries because of the lack of availability of good quality data. Nevertheless, the paper will examine, with respect to the South, the important question of the `feminization' of the labor force raised by Standing (1987).

An important contribution, UN (1994), has argued that in the industrial countries, the mass unemployment in the 1980s and into the 1990s has essentially been caused by the rise of the supply of labor rather than by a slowdown in the creation of new jobs, and that the increased supply of labor is almost entirely due to the increase in the participation rates of women. Thus it would seem that women have been gaining jobs while men have been losing them. We shall, however, argue that given a persistent gender division of labor, mass unemployment in the North is due to separate forces operating on men and women: on the one hand, the rate of growth of men's jobs has fallen, while men have not withdrawn from the labor force at a comparable rate; women, on the other hand, have been entering the labor force at very high rates, but demand for female labor has failed to keep up. Thus, in our analysis, the high aggregate rates of unemployment in the North are attributed both to high rates of labor force entry by women, and, importantly, also to "deindustrialization." Differences in rates of unemployment between countries and between men and women are largely due to differences in the rates of these two processes.

The paper will propose that an optimal, if not the only, solution to the mass unemployment problem in the north, the competition between jobs in the North and the South, as well as the "apparent" trade off between employment for men and for women, lies in achieving a trend increase in the rate of growth of OECD and world aggregate demand and output. However such a trend rise in the long term rate of growth of demand would only be possible if there were new cooperative institutional arrangements both within and between countries. In such arrangements women need to have an important, independent role.[1]

2 The Golden Age of World Development

A quarter century or so following the end of World War II is rightly called the Golden Age of world development. In the advanced economies during this period, there was a historically

unprecedented expansion of production and consumption at a rate of nearly 5 per cent a year, which was nearly twice the long term historical trend rate of growth of achieved by these economies in the past. This was accompanied by a huge increase in world trade, particularly in the export of manufactured products. Most developing countries also participated in and benefitted from this world wide prosperity. Many Asian and Latin American countries embarked on a veritable industrial revolution in these post-war decades.

The current high rates of unemployment in the industrial countries stands in striking contrast to the employment situation in the Golden Age in these countries. During the 1950s and the 1960s, leading industrial countries not only enjoyed full employment but had over-full employment. In addition to being able to employ all their own people, these countries also provided jobs for additional labor from abroad. In countries like France and West Germany nearly 10 per cent of the labor force came from abroad. With respect to gender, the relatively small rise in the participation rates of women which occurred during this period in rich countries was easily absorbed.

The Golden Age of roughly full employment for men and women in the north as well as the simultaneous prosperity for the North and the South evidently came to an end with the first oil shock in 1973. Since then, the rate of growth of the OECD and the world GDP has nearly halved. As Singh and Zammit (1994) suggest, a central global economic policy issue is whether such a dynamic period can be re-created. This hinges on understanding how this Golden Age of plentiful jobs and fast economic growth for an extended period of nearly a quarter of a century occurred and why it ended.

3 What Made the Golden Age Possible, and What Led to its Decline?

The detailed study of the Golden Age economic boom by Glyn, Hughes, Lipietz, and Singh (1990) suggests that the high growth rates and employment levels experienced during this quarter century could not be accounted for by an accidental combination of favorable economic circumstances. Rather, they argue that the extraordinary economic performance of the industrial countries was brought about and sustained by a specific "economic regime."[2] This regime, which differed in very important respects from the inter-war pattern of development, made full employment of labor force a primary objective inter alia for the governments to pursue.[3]

At a macroeconomic level, the Golden Age was characterized by two significant relations: a) rapid and parallel growth of productivity and capital stock per worker; b) parallel growth of real wages and productivity. These relations insured a roughly constant profit rate and roughly equal growth of consumption and production, thus ratifying and maintaining the initial rate of accumulation. However, such a macro-economic growth path could only be perpetuated if it were compatible with the behavior of individual economic agents -- firms, workers, and consumers. This compatibility in the Golden Age was brought about by a social consensus around institutional arrangements in respect to the setting of wages and prices, the distribution between wages and profits, and the state fiscal, credit and welfare policies which guaranteed minimum living standards and maintained aggregate demand. In the sphere of wage setting, for example, productivity wage bargaining which flourished during this period played a key role both in keeping a rough constancy of the share of wages and profits in the national product and also in helping to provide an adequate rate of growth in consumer demand. Similarly, at the international level, under the leadership of the U.S. as the single hegemonic power for much of this period, the global economic system functioned under stable monetary and trading arrangements.

Disaggregating the excellent employment record of the Golden Age by gender, we find, during this period, a <u>significant voluntary reduction</u> in male labor force participation as more and more young

men pursued higher education before entering the labor force and as older workers retired at an earlier age. Similarly, there was a voluntary rise in female participation rates due to the greater availability of service jobs. In aggregate, for the OECD countries, the rise in female labor force participation rates essentially offset the fall in male labor force participation rates.

Glyn, et al. (1990) argue that the process of the erosion of the Golden Age began well before the oil price shock of 1973. Serious difficulties arose at the levels of both the national and the international regulatory regimes; these began to interact with each other in a cumulatively adverse way to the detriment of the system as a whole. The Bretton Woods monetary system broke down in the late 1960s, partly as a consequence of the success of the Golden Age itself -- the rise of Japan, West Germany and other European countries in the international market place led to serious balance of payments problems for the US, hitherto the lynch pin of the international system. There is also evidence of a productivity slow-down by the late 1960s in several leading industrial countries,[4] which was not matched by a deceleration in the rate of growth of real wages, thus leading to a profit squeeze.

By the early 1970s, the Golden Age system was so fragile, that it disintegrated under the impact of the two oil shocks, thus pushing the world economy into a period of prolonged slow growth which began in 1973. The social consensus of the Golden years which was crucial to the functioning of the economic system as a whole broke down. For a while, after the first oil shock, the governments of the OECD countries tried to restore the Golden Age institutional consensus, by following expansionary economic policies. But, since inflation could not be controlled, this attempt was finally abandoned in 1979.

This abandonment was symbolized by the so-called 'Volcker shock.' This resulted in the implementation of deeply contractionary monetary policies in the U.S. which were subsequently widely followed in other leading industrial countries by a process of 'competitive deflation', as

suggested by Glyn, et al. (1990). These policies led to a more than ten fold jump in real interest rates compared with the preceding period and gave rise to a prolonged recession in the industrial countries.

The effects on the Third World countries of these measures was devastating. They were disadvantaged through the following main channels: a) a reduction in the demand for the South's products in the North; b) as a consequence, a big fall in commodity prices and adverse terms of trade; c) a big rise in debt service payments; d) a sudden and a large fall in normal capital flows to the South, particularly to the African and Latin American economies. The net result has been a long economic crisis and the 'lost decade' of the 1980s for large parts of the South.

In the 1980s and into the 1990s, the leading OECD governments have been attempting to create a new economic system based much more on free market principles but this does not yet command a broad social consensus in these countries. In pursuit of this objective, there has been a widespread movement towards "privatization," "deregulation," and the erosion of Golden Age arrangements with respect for example to wage bargaining and to the provisions of the welfare state (with the professed aim of increasing labor market flexibility). The detailed analysis of this post Golden Age and particularly the post-1980 development model, and its implications for the employment experience of both men and women, will be taken up below.[5]

4 Deindustrialization in Industrial Countries and the Rise of the Service Economy

A very important feature of the world economy in the post-war period is the deindustrialization of industrial countries - specifically in the sense of falling share of manufacturing employment in total employment. Deindustrialization in this sense started in the mid-1960s in older industrial countries like Sweden, the U.K. and Belgium. It has become much more pervasive and widespread in the period since 1973.[6]

Some argue that deindustrialization of the rich countries is in part related to the industrialization of the third world, most economists agree that it is also due to long term structural forces at work in these economies which are relatively much more important (Singh, 1987b; Beenstock, 1984; Rowthorn and Wells, 1987; Norton, 1986; Brown & Deane, 1993). These long term structural forces can be summarized in the following relationships encompassing income elasticities of demand (η_a, η_m, η_s) and rates of productivity growth $\left(\dot{p}_a, \dot{p}_m, \dot{p}_s\right)$1in agricultural, manufacturing and service sectors of the economy:

Equ 1: $\eta_m = \eta_s > \eta_a$2

Equ 2: $\dot{p}_a = \dot{p}_m > \dot{p}_s$3

The first inequality states that the income elasticity of demand in agriculture tends to be much less than that in services or manufacturing. The second inequality suggests that the productivity growth rate in manufacturing or agriculture is usually much greater than in services which makes it the main factor responsible for the contraction of manufacturing employment with economic development in industrial countries.

If these relationships hold in the future as they have done in the past, it can be shown that regardless of any third world competition, the northern economies will inevitably undergo deindustrialization over time in the same way as they experienced deruralization during the course

of their development. In the limit, under equations 1 and 2, only one person will be employed in manufacturing and agriculture (with perhaps millions of robots) with the rest of the labor force all finding jobs in the service sector (Singh, 1989; Baumol, 1986).[7]

How will this inevitable servicization of the advanced countries economies affect the employment and earnings of men and women? On the face of it, this should favor women on two counts. First, the changing technology which, as we have seen above, is the underlying cause of deindustrialization, should make it easier for women to do traditional male jobs. Secondly, the changing structure of employment in and of itself means that employment in sectors in which women have greater representation is expanding faster than in those in which men are more predominant.

However, there is nothing to prevent changes in male attitudes toward service sector employment, especially if high rates of unemployment among men persist over long periods and there is at the same time erosion in state unemployment or welfare benefits. In those circumstances, it could well be the case that we may find men reentering traditional female occupations such as clerical jobs, nursing, teaching and even domestic service. Under these circumstances, the unemployment experiences of men and women would increasingly have similar roots. As we shall see however, in the next section, the persistent gender division of labor has meant that men's unemployment due to deindustrialization has not been mitigated by growth in the service sector, nor is the narrowing of male female inequality ratios due to women's entry into men's jobs.

5 Mass Unemployment in the North: The Gender Dimension

One important trend in the world economy has been the growth of mass unemployment in industrial countries in the period since 1973. As Table 1 shows, the average unemployment rates during the last decade in the G-7 countries are several times higher than they were in the last

decade of the Golden Age. Here we examine two important issues: (a) how exactly have women fared relative to men in this process; and (b) has women's relatively better position during this period been achieved at the expense of men. Available evidence, some of which is outlined in table 2-8 below, leads to the following conclusions.

(Table 1 here)

1. Consider first the striking generalization in UN (1994), that the essential reason for the massive rise in unemployment in the post Golden Age economy is not that less jobs have been created than before, but that the supply of labor has increased. Aggregate data in Table 2 seem to support that conclusion. These data show that although GDP growth in all OECD countries declined after 1973, productivity growth fell even further. Consequently, the net rate of aggregate employment creation in OECD countries is in general no different in the post-1973 period, from that during the Golden Age. (The apparent increase in the rate of employment growth in Europe is entirely due to the high rate of employment growth in Turkey; if Turkey is excluded, the European rate of employment growth does not rise after 1973.)[8]

(Table 2)

However, the aggregate data in Table 2 hide the important fact that in most leading industrial countries, the rate of job creation in both manufacturing and services has decreased compared with the Golden Age (Table 2a). During the Golden Age, the faster growth of manufacturing and service jobs was able to absorb the large reduction in agricultural employment which occurred. The reduced decline in agricultural employment in the post-1973 period may itself be in part due to the slower growth of manufacturing and service jobs.

2. Available evidence does support he second significant generalization of UN economists that the post-1973 rise in unemployment in the industrial countries cannot be ascribed to technology.

Freeman (1989) has argued that the current revolution in information and communications technology is similar in its pervasive all around effects on the economy to the previous three major technological revolutions of the last two centuries. However, so far, this technical change is not reflected in the increase in productivity growth which one would expect. (See Table 2) Disaggregated data for individual countries and regions also indicates an almost universal trend fall in productivity growth in the period 1973-87, compared with 1960-73 (Singh 1994a). All this suggests either that the pace of technical progress is no faster than before or that the full benefits of these technological achievements have not been realized. In either case, technology cannot be blamed for the increase in aggregate unemployment.

3. The supply of labor has increased more rapidly than employment, beginning in the late 1960s. Overall, the labor force in OECD countries has grown at a slightly higher rate since 1973, than for the decade or so before 1973, especially in Europe (Table 2). The labor force growth rate in the U.S. has increased 0.1 percentage point, for Japan it has declined by 0.1 point, and in Europe it has doubled. (If the contribution of Turkey is excluded, the growth rate of the European labor force still rose by 65 percent.) A close examination of this growth in the supply of labor in G-7 countries shows that it cannot be accounted for by either an increase in the rate of growth of population or by immigration. Population growth rates have fallen slightly for the OECD overall since 1973, and they have fallen significantly for the U.S. and Japan. (If the effect of Turkey's population growth, which has accounted for 53 percent of OECD population growth since 1973, is excluded from the growth figures, population growth declined in Europe after 1973.)

A main reason for the aggregate increase in labor supply is the huge rise in the participation rates of women. The following stylized facts about male and female participation rates are relevant. Before 1973, average labor force participation rates declined (Table 3), largely because, as noted earlier, there was throughout the post-war period a decline in the male participation rates (Table

4). In those countries where overall participation rates declined - Germany, France, Italy, and Japan - female participation rates either fell or stayed constant. Only where female labor force participation rose significantly - Canada, the U.S., and the U.K. - did overall participation rates rise, but only slightly.

However, after 1973, the situation changes dramatically. Although the male participation rate has continued to fall, especially in Europe, there has been a huge increase in the female participation rate in all countries. This has led to an overall rise in the U.S., Canada and Japan. While there have been significant increases in overall participation rates in some European countries - including Denmark, Finland, Norway, Sweden, the Netherlands and Portugal -overall, labor force participation has not risen in OECD Europe, nor has it risen to any significant degree in Germany, France, Italy or the U.K. Therefore, contrary to UN (1994), aggregate increases in labor force participation are not a sufficiently universal explanation for rising unemployment in industrial countries. It is necessary to look to differences in the rates of growth of employment and participation for women and men separately.

5. Table 5 reports the evolution of labor force participation, employment, unemployment and inactivity rates separately for male and female prime age workers - 25 to 54 years old - for some selected countries.[9] Two notable points emerge from this table. First, there has been a large increase in female participation in each country. The largest increases of 20 percentage points or so over a twenty year period have been recorded in France, Italy, the U.S., Canada, and in Sweden. The Swedish figures are more impressive inasmuch as they start from an already high level. By 1992, the participation rates of men and women in the prime age group in Sweden have become roughly equal --85.2 percent for women, 87.4 percent for men. In other countries a sizeable gap remains between male and female participation ratios, the largest being in Italy where the prime age male participation ratio in 1992 was 90.2 percent and female only 50.8 percent,

though Germany and Japan also show low rates of female participation relative to men. However, while participation rates have risen, the employment rate has generally not kept up, leaving a substantial gap between the growth of women's participation and of employment, especially in Germany, France, Italy and Canada.

(Table 5)

6. Two factors on the demand side account for the change in relative labor force participation and employment rates for men and women: (1) a significant change in the distribution between manual and non-manual employment due to; (2) the growth of the service economy. The reasons for (i) and (ii) are connected with the phenomenon of deindustrialization and were discussed in the preceding section; empirical evidence is outlined in UN (1994).

On the supply side, women's entry into the labor force also reflects changes in the sphere of reproduction, the rise of female earnings, equal opportunity legislation and increased availability of flexible employment, e.g., part time and temporary jobs. As Table 6 illustrates the rate of growth of both the labor force and employment for women has far exceeded that of men in all OECD countries since 1973. It is also true that while the rate of growth of employment has consistently lagged labor force growth for men in OECD countries, it has also lagged labor force growth for women in some countries, most notably, in Europe.

(Table 6 here)

7. The fact that women are entering the labor force in newly created non-manual jobs in the service sector, while the manual jobs performed by men are being eliminated is common to all advanced industrial countries. Whether this trend translates into high rates of unemployment, and whether the brunt of the unemployment falls on men or women or both depends on several other institutional factors. In France, Germany and Italy, the unemployment rate among women

of prime age is quite high, relative to the male unemployment rate, and relative to the unemployment rate among women in the U.S., Canada and the U.K. (Table 7) In the U.S. and the U.K., on the other hand, the burden of high unemployment falls more on men. It seems that women's unemployment is higher in countries where turnover is low due to restrictive legislation which limits the extent of part time and temporary employment, and where unemployment benefits are generous. The U.S. is the exception. Here turnover is high, not due to extensive opportunities for part time and temporary employment, but due to high rates of turnover in full time jobs. Despite the lack of part time opportunities, women's labor force attachment is very high, no doubt due to necessity, as real earnings have fallen and women have had to work to maintain family incomes. Men, on the other hand, experience higher rates of unemployment in countries where turnover is high and restrictive legislation is limited - the U.S. and U.K. However, differing rates of unemployment across countries is in part due to measurement differences resulting from differing requirements for search commitment as a condition of receiving unemployment benefits. Therefore, a more accurate measure of male unemployment is the rate of non-employment (unemployed plus inactive). In 1990, non-employment rates among prime age (25-54) males for the US, Canada, the UK, France, Germany and Italy all fell within the range of 10 - 14 percent. Sweden and Japan both had much lower rates. For the UK, France, Germany and Italy, these non-employment rates are double the rates in 1973. For the U.S. and Canada, the increase is 35 and 72 percent.

(Table 7 here)

8. To sum up, the above evidence suggests the following generalizations about unemployment in the OECD countries. There is an underlying source of long term structural unemployment, the burden of which falls primarily on men, is reflected in high rates of non-employment among prime age men, and is due largely to deindustrialization. Men's unemployment due to

deindustrialization should continue to rise. Women's unemployment is due to institutional constraints on turnover which make it difficult to find employment after an absence. That is why women's unemployment is so much lower in countries with high turnover, and a high incidence of part time and temporary employment.

9. The rise in participation rates of women has proceeded hand in hand with a reduction in earnings differentials between men and women in most industrial countries. Between 1960 and mid 1980s, the gap between female and male earnings narrowed substantially as female earnings grew faster than male earnings almost everywhere, with the exception of the Netherlands and Japan (Table 8).

(Table 8 here)

The foregoing examination of trends in participation rates of women during the last twenty years raises the following questions. First, are the female participation rates likely to continue to increase in the future and converge to the kind of levels attained in Sweden? Given that the participation rates of women in non-Scandinavian European countries still lag as much as 20 points behind that of Sweden, convergence to the Swedish rates suggests further significant increase in the supply of labor. However, except in Britain and the U.S., the availability of temporary and part time work seems to be the sine qua non of high rates of female participation. The important normative question from a feminist perspective is whether the continued rise in female participation is socially desirable. Does it reflect a genuine choice on the part of women to participate in the labor force or is it to a larger or smaller degree an act of desperation? The fact that participation rates and income equality are very high in Scandinavian countries with both high degrees of turnover and flexibility, and with generous social welfare systems, suggests that this is the best of existing conditions for women. The situation of the U.S. and Britain, seems to reflect the worst of choices for women - forced entry into the labor force due to declining family incomes,

coupled with poor opportunities for flexible work and poor social services to absorb some of their household responsibilities.

Schor (1992) sheds some light on the experience of women in the U.S., suggesting that men and women are both working harder, but doing less non-market labor, including child-rearing. She shows that in 1987, the average employed person in the U.S. worked 163 more hours (or an additional month) than was the case in 1969 (Table 9). However, there is a gender gap with women working an additional 305 market hours, and men working an additional 98 market hours. For every additional hour that a woman works in the market, she has reduced her household work by only half an hour, or 145 hours per year. Working men have partially made up for women's reduced household hours, working an average of an additional 68 hours a year in the household. The overall effect on hours worked by labor force participants is to raise the total hours of men and women alike by just over 160 hours or an additional month of work. No overall change occurs in the average annual hours of housework done by working people, but since more people are working overall in the U.S., it means that less housework is being done, 70 hours less per person for the entire population. Schor shows that with men doing more domestic work and women less, men are now doing almost 60 percent as much as women, up from 40 percent two decades ago. But she adds that

"it is premature to conclude that we are on the fast track to gender equality with regard to household labor. Most of the increase in men's domestic labor has been caused by the fact that many men are out of the labor force. Quite naturally they do more at home (approaching twice as much) than their counterparts with paying jobs. For women with full time jobs and full time working husbands, there is still a tremendous inequality. (p. 36)"

(Table 9 here)

The answer may well be different if male social attitudes changed and men participated more equitably in the reproductive sphere.

In this context, it is also significant that in China there is evidence that following the end of the communes there has been a noticeable voluntary withdrawal from the labor force of female agricultural workers to home activities. Under the new household responsibility system, the men are able to effectively appropriate the wages of the women who withdraw as long as the output remains the same. The system of remuneration under the communes was rather different than that which prevails in most countries. In most countries, men are paid a family wage to support the household. Under the communes in China, men and women were each being paid half the family wage. To the extent that the male social attitude toward working in the reproductive sphere did not change, women were finding themselves obliged to work both in the field and at home. It is not therefore surprising to find them choosing to withdraw from the agricultural work to concentrate on the home. Under the commune system, female participation in the labor force was mandatory, but since there was excess labor, every one was underemployed in agricultural work force while the women were overemployed (or relatively less underemployed) in the combination of agricultural and household work. With the shift to the household responsibility system, a traditional division of labor appears to be resurfacing, in part because fewer workers are actually needed to do the agricultural work, given the size of the household plot.

6 Industrial Revolution of the Developing Countries

Prior to the economic crisis of the 1980s, the post-war era from 1950 to 1980 was also, in an important sense, a Golden Age of development for the poor countries of the world. During this period, developing countries on average made historically unprecedented economic and industrial progress. In the propitious circumstances following the end of the Second World War, many of these countries, particularly in Asia and Africa, began to carry out an industrial revolution - a revolution that they had been prevented from implementing fifty or a hundred years earlier, on account of the rather different world economic and political conditions which then prevailed. Even developing countries in Sub-Saharan Africa, which started with extremely unfavorable initial conditions when colonial rule ended, managed to increase their share of world manufacturing production during the 1960s and the 1970s. More significantly, a group of Asian and Latin American nations - the so called NICs - were especially successful in the post World War II period in establishing technical, scientific and industrial infrastructures, in training their labor forces, in creating managerial and organizational capacities and in developing broad based industrial structures. By the 1970s these countries were beginning to provide formidable competition to the rich industrial economies in a range of consumer and producer goods industries.

In statistical terms, the Third World's economic achievements of the three decades 1950-80 are a story without parallel in world development history. During this period, the South surpassed the 80-year record of the North's 19th century (1820-1900) advance. The South did this in half the time, at twice the growth rates and with five times the North's population in the 19th century (Patel, 1992). In addition to these economic gains, the third world countries during this period also made extraordinary advances in education, health and in other indicators of quality of life.

Life expectancy rose from around 40 years in 1950 to 60 years by the mid 1980s - in other words 20 years were added to the life of the average citizen of the South. Life expectancy for the females increased even more than for males almost everywhere in the South.

During the last 15 years, the industrial revolution of the south has been abruptly interrupted in Latin America and Sub-Saharan Africa, while it has continued apace in the Asian countries. Thus, in Latin America after a sustained rise in the previous three decades, per capita incomes fell by 10 percent in the 1980s. In Sub-Saharan Africa, per capita incomes fell on average by as much as 25 percent during the same period, which has rightly been called the 'lost decade' for these two developing continents. However, there has been a great continental divide: in contrast with the economic collapse in Latin America and Africa in the 1980s, the east as well as the South Asian countries either maintained or achieved a trend increase in their high previous momentum of economic growth. This has led to substantial creation of new jobs and higher real wages. Per capita incomes in the Asian economies rose by more than 50 percent during the 1980s.

There is a large literature reflecting differing views on why the Asian countries succeeded and the Latin Americans comprehensively failed in this period (Sachs, 1985; World Bank, 1991, 1993; Fishlow, 1991; Hughes and Singh, 1991; Singh, 1986, 1994; Singh (1993) provides a recent review of the literature; reasons for the economic failure in Sub-Saharan Africa are discussed in Singh, 1987a, 1994).

Be that as it may, in an important contribution, Standing (1989) has argued that in the new pattern of economic development that has emerged in the 1980s in both the rich countries and the poor countries, the nature of employment is being rapidly altered. Women are being substituted for men and many forms of work are being converted into kinds of jobs traditionally geared to women. According to Standing,

"The types of work, labor relations, income and insecurity associated with "women's work" has been spreading, resulting in a notable rise in female labor force participation, but in a fall in men's employment, as well as a transformation -- or feminization -- of many jobs traditionally held by men. It is no coincidence that this shifting pattern has been closely related to an erosion of labor regulations. There has been explicit deregulation, whereby formal regulations have been eroded or abandoned by legislative means, an implicit deregulation, whereby remaining regulations have been made less effective through inadequate implementation or systematic by-passing." (p. 1077)

Standing argues that despite the serious problem with the concept and measurement of labor force participation, the international data, for both developed and developing countries, provide strong evidence that women's labor force participation rates have been rising while men's participation has been declining. He singles out outward-oriented development strategies based on export-oriented industrialization as being particularly associated with the rapid growth of low wage female employment. Young women, particularly in the NICs in Asia, he suggests, have been socially and economically oppressed for so long that they have low "aspiration wages" and low "efficiency wages." "They are prepared to work for low wages for long workweeks, normally without agitating to join unions, and when their productivity declines after a few years of youthful diligence, they are replaced by new cohorts." (p. 1080) Standing argues that the observed rise in participation rates in countries like Korea has not been due to growing labor force attachment of women, improvement in schooling or access to training or the beneficent effects of anti-discrimination legislation, but rather to the feminization of labor and the desire to have a more disposable flexible labor force at lower fixed costs. "As so often among developing countries, the Republic of Korea has been in the forefront of change in this respect; there, 24 of the 30 jobs formally barred to women have been recently opened to them." (p. 1086)

Standing has clearly made an important contribution in identifying a significant dimension of changing employment patterns in developing countries in the recent period. However, it seems to us that his is a static analysis and neglects the dynamics of economic growth in the East Asian NICs. Countries like Korea in the 1980s have grown at rates of 7 to 8 percent a year. Such high rates of growth, we would hypothesize, are likely to lead to labor shortages, to rising real wages, and to expansion of both male and female employment, rather than to the feminization of the labor force in the manner suggested by Standing. An important indirect piece of evidence in support of this hypothesis is the fact that many Korean companies faced with labor shortages and rising wages are investing in the second tier of NICs along the lines of the flying geese model of Asian development. If low aspiration level and low efficiency wage cohorts of young women were always available, it would not be necessary for Korean companies to move the production of their labor intensive products abroad. Nevertheless, this hypothesis needs to be directly tested. We would suggest that Standing's generalization about the feminization of the labor force is more likely to apply to the stagnating or slow-growing Latin American countries than to the fast growing Asian countries.[10]

7 Economic Policy and the Global Employment Challenge

As seen earlier, the second oil shock saw the final abandonment of what may be called the Golden Age "pattern of development" (encompassing both the internal and external rules of coordination of the economic system). It is being replaced by a more free market oriented pattern.

For vast numbers of people in the South and the North, the post-Golden Age economic era has been exceedingly bleak. In many countries in Africa and Latin America, real wages have fallen drastically to the order of 50 per cent or more, and there have been vast cut-backs in employment and, instead of a continuing industrial revolution, there has been deindustrialization.

Similarly in the North, there has been an enormous increase in the amount of unemployed, cuts in social provision and a much reduced quality of life for the bottom 30 per cent or so of the population. It is therefore not surprising that the new post-Golden Age economic regime has still not gained widespread acceptability in industrial countries. One success which can be claimed for these policies is much reduced inflation, but this achievement has been exceptionally costly in terms of social justice and economic efficiency. The extension of the role of free markets in the name of efficiency has, paradoxically, generated massive inefficiency characterized by a huge underutilization of resources worldwide, not least human resources.

Leading international economic organizations often argue that the increased European unemployment in the last fifteen years is due to rigid labor markets and real wages.[11] All countries are urged to institute wage and labor market flexibility as the best way to reduce unemployment. The recommendation in this form cannot withstand serious scrutiny. For example, in the 1980s, African and Latin American countries had massive real wage reductions. Yet, instead of an increase, most experienced a decrease in employment. In contrast, in Asian countries, real wages rose at a fast rate and so did employment. Similarly, industrial labor markets have been more flexible in the 1980s and 1990s than in the 1960s, yet the 1960s were characterized by full employment and the later period by huge unemployment. There is thus no reason to believe that further labor market flexibility in the North and in the South, as demanded under the current economic regime, will by itself give rise to adequate productive employment opportunities.

The creation of such productive employment opportunities is the central challenge facing the industrial countries. As seen earlier, the proximate cause of inadequate employment for men has been a decline in the growth of manual jobs associated with the manufacturing sector, relative to the supply of male workers; for women the problem has been that women have been entering the

labor force more rapidly than jobs have been created for them. The latter is mainly due to increased participation rates of women which in principle may be expected to reach the Swedish level of near equal participation of men and women in the labor force (about 85 percent).[12] Were this to happen in other countries, there would be a further increase in the supply of labor. Moreover, the current unemployment rates considerably understate the extent of real unemployment since mass unemployment has resulted in a large number of discouraged workers among both men and women.

Turning to the South, the present employment situation in Latin America and Sub-Saharan Africa is particularly serious. There are not only current high rates of urban, especially youth and 'educated' unemployment, but there is also a necessity to provide productive jobs for a labor force which is growing at approximately 3 per cent a year. On the basis of past relationships between economic variables, to create jobs at this rate in order to meet the employment needs of new entrants to the labour force, the economies of these countries need to grow at a rate of about 6 per cent per annum. [See further UN, 1993; Singh and Zammitt, forthcoming] If the current high levels of unemployed and underemployed in these two developing continents are also to be reduced, the growth rate will need to be higher still. Moreover, to the extent that the female participation rate has been rising, or is likely to rise further for reasons suggested by Standing or due to other causes (e.g., cultural influence of the North), the required economic growth will be even greater. Unfortunately, in the "lost decade" of the 1980s, the actual rate of growth of GDP has been considerably less than these requirements: it has been only of the order of 2.1 per cent per annum in Sub-Saharan Africa and 1.6 per cent per annum in Latin America. [See Table 10].[13]

(Table 10 here)

Similarly in the North, for reasons given above, the creation of sufficient jobs requires, not labor market flexibility, but rather a trend increase in the rate of growth of OECD GDP. In principle, the jobs could also be created by increasing the employment intensity of production without increasing the growth rate. However, as noted earlier, there has already been a reduction in productivity growth in the post golden age period compared with the Golden Age. Although new technologies are not responsible for the observed growth of unemployment, their availability as well as the greater intensity of international competition means that the employment coefficient is unlikely to rise further. It is important to observe that a faster growth of OECD output will not only help meet the employment needs of men and women in the North, it will also be beneficial to the South. Output and employment growth in the South will be enhanced by much the same channels by which reduced economic growth in the North in the post Golden Age period disadvantaged the developing countries. In other words, a trend increase in the North's economic growth will lead to an increase in demand for LDC products in northern markets, bring about a rise in commodity prices, and hopefully also lead to increased aid and capital flows from the North to the South. Thus increasing OECD and world GDP is a positive sum solution to the unemployment problem in the North and South as well as for men and women.

However, raising the rate of growth of world output on a sustainable basis, requires a trend increase in the long term rate of growth of world demand. As the history of the last 15 years has so eloquently demonstrates, world output is unlikely to expand at a faster longterm rate simply by relying on supply-side economics and market forces and assuming that the modern industrial capitalist economies obey Say's law. So then the salient issue is what has constrained world demand during the post-golden age period? The essential point to note here is that the demand constraint on world production is not technical: rather, the constraint is deeply institutional. It cannot simply be relaxed by the leading Northern governments changing their fiscal and monetary policies. A sustainable increase in the rate of growth of world demand will only be possible if

rather different institutional arrangements (compared with the current ones) can be established in the key economic areas of wage setting and price formation. Specifically, this would necessitate the abandonment of the free market pattern of development of the 1980s, and its replacement by a more cooperative economic regime involving workers, employers and governments in the leading countries in the North as well as more co-operative relationships between the North and the South.

What would happen if such co-operative arrangements were not in place and the OECD governments followed expansionary policies in order to reduce unemployment and the world rate of economic growth rose on a sustained basis to anywhere near the Golden Age levels? Most likely it would lead to increased labor strength and militancy in the North in pursuit of higher wages and better employment conditions, as well as to a sharp rise in world commodity prices, including oil.[14] This in turn would rekindle inflation and thwart the expansionary process.

Thus growth rates approaching the Golden Age levels (the sort of level required to resolve unemployment problems), with low inflation, will only be feasible and sustainable if three basic conditions are fulfilled. First, a new institutional and behavioral framework is required internally within the North, based on "social corporatism", which would promote cooperation between employees, employers and government. Such corporatist, usually centralized, institutional arrangements are required to ensure fair distribution of income between capital and labor and different kinds of labor without the destabilizing effect of leapfrogging inflation which is associated with decentralized bargaining in a growing economy.[15]

Secondly, macroeconomic policy coordination between the G7 countries is necessary in order to overcome problems of coordination failure at the level of global economy as a whole. For, under the current arrangements of the international economy, uncoordinated expansion by a single country may be thwarted by a balance of payments deficit, or by being obliged to raise interest rates in order to finance the deficit or to avoid an unwelcome currency depreciation. Thirdly, as Singh

and Zammit note, on the world scale, a rather different system of economic arrangements between the North and the South is also necessary, involving, among other things, some scheme for orderly commodity price movements hitherto rejected by the leading OECD governments.

In the internal corporatist arrangements within the advanced industrial countries, outlined above, gender issues should be a part of the national macroeconomic agenda. For this purpose, women should seek an independent voice to represent their special interests and needs. To illustrate, in many countries (e.g Sweden) women would have a particular interest in preserving the government sector. This is for two reasons. First, when social services are reduced due either to direct cuts or privatization, women bear the greater burden. Second, women often tend to be disproportionately employed in the government sector. Therefore, in a national corporatist compact, women would be a powerful force in resisting public sector cuts.[16]

To sum up, if the argument of this paper is accepted, and social corporatist arrangements within industrial countries are regarded as being essential for achieving full employment, than women qua women (rather than as workers or employers) ought to be an integral part of the process. In these circumstances the organized power of women will have a direct bearing on macroeconomic outcomes regarding employment, inflation, etc., whether in the short or the medium term. Macroeconomic modelers will then be obliged to take full note of this gender dimension in their empirical work, just as they currently do with respect to the impact of organized labor on macroeconomic variables.

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Table 1. Unemployment in the G7, 1964-73 and 1983-92

(percent average annual rate)

	A.1964-73		B.1983-92		B/A
West Germany		0.79		6.03	7.63
France	2.23		9.70		4.35
Italy		5.48		10.13	1.85
UK		2.94		9.79	3.33
USA		4.46		6.69	1.50
Canada		4.23		9.64	2.28
Japan		1.22		2.71	2.22

Source: Eatwell (1994); original source OECD Main Economic Indicators

Table 2. Ratio of 1973-1990 to 1960-1973 Average Annual Rates of Growth of GDP, Productivity, Employment, Labor Force, and Population, and Ratio of 1990 to 1973 Labor Force Participation Rates

	GDP Growth	Labor Productivity Growth	Employment Growth	Labor Force Growth	Population Growth	Labor Force Part. 90/73
U.S.	2.3/4.0	0.5/2.2	1.8/1.9	2.0/1.9	1.0/1.7	76/68
Japan	3.9/9.6	2.8/8.3	1.1/1.3	1.1/1.2	0.8/1.6	75/72
OECD	2.7/4.9	1.6/4.4	1.1/1.1	1.3/1.1	1.1/1.2	71/68
OECD Eur.	2.4/4.7	2.2/5.1	0.5/0.3 (0.3/0.3)*	0.8/0.4 (0.65/0.4)*	1.0/0.7 (0.5/0.7)*	66/67 (68/67)*

Source: Column 1 from OECD (1994), Annex Table 1, p. A4; column 2 from OECD (1994), Annex Table 57, p. A63; Column 3 from OECD (1994), Annex Table 19, p. A22; OECD (1988a), Table 1.6, p. 26; Column 4 from OECD (1994), Annex Table 17, p. A20; OECD (1988a), Table 1.4, p. 25; Column 5 from OECD (1988a), Table 1.2, p. 24; OECD (1993a), Table E, p. 190; Column 6 from Table 3 and OECD (1993a), Table I, p. 192.

*Note: Between 1973 and 1990, Turkey accounted for 53 percent of OECD Europe population growth, 19 percent of labor force growth, and 25 percent of employment growth. Without Turkey, population, labor force, and employment growth would be 0.5, 0.65, and 0.37 percent per annum between 1973 and 1990, and the labor force participation rate would be 68 percent in 1990.

Table 3. Labor Force Participation Rates for G7 and OECD

(percentages of population age 15-64)

	1959	1973	1979	1992
Germany	70.3	68.8	66.8	69.8
France	70.1	67.8	68.4	65.7
Italy	65.4	58.7	60.2	62.7
UK	72.8	73.0	74.3	75.1
US	66.4	68.4	72.1	76.9
Canada	61.8	66.7	70.9	75.6
Japan	75.3	71.7	71.8	75.5
OECD Eur	--	67.3	66.4	66.6*
OECD	--	68.3	69.1	71.3*

* Figures for 1991. NB: The labor force includes part time and temporary workers and is not corrected for full time equivalence.

Source: OECD (1993a), Table I, p. 192; OECD (1993b; 1972).

Table 4. Labor Force Participation Rates by sex for G7 and OECD

(percentages of population age 15-64)

	1959	1973	1979	1992	1959	1973	1979	1992
	Men				Women			
Germany	95.2	89.1	84.5	80.1	48.8	49.6	49.6	59.0
France	NA	85.2	82.6	74.5*	NA	50.1	54.2	56.8*
Italy	94.1	85.1	82.6	79.2	38.5	33.7	38.7	46.3
UK	99.3	93.0	90.5	85.6	47.4	53.2	58.0	64.5
US	91.7	86.2	85.7	85.0	41.6	51.1	58.9	68.9
Canada	92.2	86.1	86.3	83.4	30.6	47.2	55.5	67.9
Japan	91.6	90.1	89.2	89.3	59.8	54.0	54.7	61.7
OECD Eur	--	88.7	84.8	78.3*		44.7	48.6	54.0*
OECD	--	88.2	85.9	82.4*		48.3	53.1	60.5*

*Figures for 1991. NB: The labor force includes part time and temporary workers and is not corrected for full time equivalence.
Source: OECD (1993a), Table J, p. 192; OECD (1993b; 1972).

Table 5. Labor Force Participation, Employment, Unemployment and Inactivity Rates, 1973-1992

(as a percent of population age 25-54)

		1973	1979	1990	1992
Germany					
Men:	Participation	96.1	94.9	91.2	NA
	Employed	95.4	92.9	86.5	NA
	Unemployed	0.7	2.0	4.7	NA
	Inactive	3.9	5.1	8.8	NA
Women:	Participation	51.1	55.4	64.1	NA
	Employed	49.9	51.6	57.0	NA
	Unemployed	1.2	3.8	7.1	NA
	Inactive	49.9	44.6	35.9	NA
France					
Men:	Participation	96.8	96.4	95.4	95.0
	Employed	94.5	93.3	89.8	88.5
	Unemployed	2.3	3.1	5.6	6.5
	Inactive	3.2	3.7	4.6	5.0
Women:	Participation	54.1	63.0	72.9	74.9
	Employed	52.8	59.5	65.1	66.4
	Unemployed	1.3	3.5	7.8	8.5
	Inactive	45.9	37.0	27.1	25.1
Italy					
Men:	Participation	93.8	93.3	90.9	90.2
	Employed	92.3	91.4	85.4	85.3
	Unemployed	1.5	1.9	4.5	4.9
	Inactive	6.2	6.7	9.1	1.8
Women:	Participation	29.5	38.9	49.5	50.8
	Employed	27.5	31.8	37.3	38.3
	Unemployed	2.0	7.1	12.2	12.5
	Inactive	70.5	61.1	50.5	49.2

		1973	1979	1990	1992
U.K.					
Men:	Participation	95.6	95.6	92.6	92.8
	Employed	93.5	91.8	86.3	81.3
	Unemployed	2.1	3.8	6.3	11.5
	Inactive	4.4	4.4	6.3	7.2
Women:	Participation	58.6	63.3	73.0	73.4
	Employed	58.6	62.0	71.0	70.2
	Unemployed	0.3	1.3	2.0	3.2
	Inactive	41.7	36.7	27.0	26.6
Sweden					
Men:	Participation	94.3	95.3	95.1	92.8
	Employed	92.7	94.0	93.8	87.4
	Unemployed	1.6	1.3	1.3	5.4
	Inactive	5.7	4.7	4.9	7.2
Women:	Participation	68.9	81.1	90.4	88.7
	Employed	66.8	79.5	89.2	85.2
	Unemployed	2.1	1.6	1.2	3.5
	Inactive	31.1	18.9	9.6	11.3

		1973	1979	1990	1992
U.S.					
Men:	Participation	93.9	93.7	92.6	92.2
	Employed	91.6	90.6	88.5	86.2
	Unemployed	2.3	3.1	4.1	6.0
	Inactive	6.1	6.3	7.4	7.8
Women:	Participation	52.0	62.2	73.9	74.6
	Employed	49.7	59.0	70.6	70.2
	Unemployed	2.3	3.2	3.3	4.4
	Inactive	50.3	37.8	26.1	25.4
Canada					
Men:	Participation	96.2	95.1	93.3	91.6
	Employed	92.0	90.5	86.2	81.0
	Unemployed	4.2	4.6	7.1	10.6
	Inactive	3.8	4.9	6.7	9.4
Women:	Particiaption	44.0	57.9	75.6	75.3
	Employed	40.4	50.5	68.1	65.9
	Unemployed	3.6	7.4	7.5	9.4
	Inactive	56.0	42.1	24.4	24.7
Japan					
Men:	Participation	97.7	97.2	95.5	97.6
	Employed	96.7	95.6	96.1	96.2
	Unemployed	1.0	1.6	1.4	1.4
	Inactive	2.3	2.8	2.5	2.4
Women:	Participation	54.3	56.2	64.2	65.4
	Employed	53.4	55.1	62.9	64.1
	Unemployed	0.5	1.1	1.3	1.3
	Inactive	45.7	43.8	35.8	34.6

Source: OECD (1993b), Part III, pp. 478-509.

Table 6. Rates of Growth of Employment and Labor Force by Sex, 1973 - 90

	Employment Growth	Labor Force Growth	Employment Growth	Labor Force Growth
US	1.10	1.24	2.9	2.9
Canada	1.16	1.38	3.6	3.7
Japan	0.82	0.85	1.43	1.75
OECD Eur	-0.80	0.2	1.4	1.85
OECD	0.60	0.7	2.0	2.2

Source: OECD 1993, Table A, G, & H, p. 186, 191; OECD 1988a (Table 1.7, 1.8)

Table 7. For prime age men and women, unemployment rates, male non-employment, turnover rates & increases in women's labor force participation rates

	Unemployment		Male non-employment		Turnover*
	Male	Female	1973	1990	
Japan	1.4	1.3	3.3	3.9	8.5
US	4.1	3.3	8.5	11.5	3.0
Canada	7.1	7.5	8.0	13.8	4.1
UK	6.3	2.0	6.5	12.6	4.4
France	5.6	7.8	5.5	10.2	7.5
Germany	4.7	7.1	4.3	13.5	7.5
Italy	4.5	12.2	7.7	13.6	-
Sweden	1.3	1.2	7.3	6.2	-
Norway					6.5

Sources: Table 5; Note: * turnover is medium tenure with firm, around 1991 (years); from UN (1994), Table VI.6.

Table 8. Female Employment Rates and Female/Male Earnings Ratios in Manufacturing, Mining and Construction, 1973-1985

	Female employment rate (percent of female population age 15-64)		Female/Male Earnings[a]	
	1985	Change from 1973[b]	1985	Change from 1973[b]
Norway	66.3	17.0	81.6	7.8
Sweden	75.9	15.0	87.2	7.6
Denmark	68.4	3.6	84.7	5.3
Finland	70.3	8.0	75.8	8.2
Germany	45.6	-3.3	73.1	1.4
Netherlands	36.2	7.5	76.7	-0.8
Belgium	42.1	1.0	77.0	11.2
France	47.9	0.3	81.5	3.2
UK	54.7	2.1	73.0	10.1
Italy	34.2	4.2	85.6	11.8
Austria	48.8	-2.3	70.5	2.7
Switzerland	52.7	-1.4	70.3	3.1
Japan	55.7	2.2	48.9	-3.9
US	58.9	10.9	68.0	6.6
Canada	55.6	11.5	63.7	6.3

[a] F/M ratio = ratio of average female to average male hourly earnings.
[b] Figures are for absolute changes in magnitudes.
Source: Rowthorn (1992), Table 4.A4, 4.A5, p. 128-9.

Table 9. Total Annual Hours per Labor Force Participant, U.S.

	1969	1987	Change 1969-87
Market Hours			
All participants	1786	1949	163
Men	2054	2152	98
Women	1406	1711	305
Household Hours			
All participants	889	888	-1
Men	621	689	68
Women	1268	1123	-145
Total Hours			
All participants	2675	2837	162
Men	2675	2841	166
Women	2674	2834	160

Source: Schor (1992), Table 2.3, p. 35.

Table 10. Trends in GDP Growth for Developing Countries

	GDP (average annual rate of growth)	
Country Group	1965 - 80	1980 - 90
Latin America	6.0	1.6
Sub-Saharan Africa	4.2	2.1
South Asia (incl. India)	3.6	5.2
East Asia (incl. China)	7.3	7.8

Endnotes

1. This paper both draws on and expands the analysis of Singh and Zammit (1994).

2. For reasons of space, what follows is necessarily a highly schematic and condensed account of the analysis of a large question: why did the Golden Age arise and why did it come to an end? This summary follows Singh (1990), and is based on Glyn, Hughes, Lipietz and Singh (1990) to which the reader is referred for a full discussion of these issues. For a broadly similar interpretation, see Kindleberger (1992); for other interpretations, see Maddison (1982); Bruno and Sachs (1985); Matthews and Bowen (1988).

3. The generalizations about the Golden Age apply much more to western Europe and Japan than to the United States.

4. Matthews and Bowen (1988) also support this contention.

5. See further Dreze & Malinvaud (1993).

6. In the U.S., manufacturing employment as a percentage of civilian employment has fallen from 24.2 percent in 1974 to 18 percent in 1990; in the UK the corresponding figures are 34.6 and 22.5 percent; in Japan 27.2 and 24.1 percent, and in Germany 35.8 and 31.5 percent respectively (OECD, 1992).

7. Income elasticity of demand in services is somewhat higher than in manufacturing. However, since productivity growth in manufacturing is faster than in services, the price of service products will rise relative to those of manufacturing. Consequently, if both income effects and price effects are taken into account, the long term rate of growth of demand for manufacturing and services will tend to be more or less the same. This has the important implication that although share of manufacturing in total employment may fall continuously, that in output should remain more or less the same.

8. Employment growth does indeed slow down after 1990 in the EEC countries but that is entirely a cyclical phenomenon caused by recession. A similar reduction in employment occurred

in the recessions of 1974-75 and 1981-83, to be followed by periods of very rapid employment growth in the cyclical upswing (United Nations, 1994).

9. The international comparison in terms of prime age workers is more appropriate since its less affected by intercountry and temporal differences in variations in education and retirement ages.

10. Çagatay & Berik's (1990) careful analysis of Standing's hypothesis for Turkey for the 1980s provides no support for this.

11. See for example IMF (1994).

12. It is important to bear in mind that the 85 per cent figure for the female participation rate in Sweden includes a considerable degree of part time employment. The full time equivalent figure for female participation in the labor force would be about 20 per centage points lower. [See estimates in Rowthorn, (1992)]. However, even in terms of full time equivalent workers, the Swedish female participation figure is higher than that of all other countries except Finland. It is also important to note in this context that, to the extent that part time employment by women is a matter of deliberate choice rather than due to the non-availability of full time jobs for women, it should not be regarded as a qualification to the Swedish female employment record. On the other side, there are indications that many women in the US work full time not because they want to, but because their employers/labor market do not permit such flexibility in employment.

13. As noted in Section 6, one outstanding success story for the South during the recent period has been the extremely good economic performance of the Asian countries, particularly those in East Asia, including China. These countries have grown fast enough to have been able to substantially raise real wages, create sufficient job opportunities not only to absorb new entrants to the labor force, but also to make a significant dent in the existing pool of unemployed or the underemployed. Countries like Malaysia and Korea have been experiencing labor shortages in the 1990s. Nevertheless, even among some of the fast growing Asian economies, there is still a serious

potential employment problem. Thus, in countries like China and India, while agriculture accounts for a decreasing proportion of national output as they industrialize, the bulk of their population and labour force is still engaged in agriculture. The challenge in these countries is to provide adequate employment opportunities in industry and services as people leave the rural sector. Given the size of the rural population, this is an enormous task.

14. The sharp fall in real commodity prices in the 1980s has been a primary factor in reducing the rate of inflation in industrial countries to a low level. See Beckerman and Jenkinson (1986).

15. For a comprehensive discussion of the different varieties of the social corporatist model in Scandinavia and in other European countries, see Pekkarinen et. al (1992). His cross-national analysis suggests that in the 1980s, countries with highly centralized wage bargaining structures and a commitment to wage equality, such as Sweden, managed to achieve high levels of employment creation without the inequalities and wage dispersion - especially among men and women - seen in North America and Japan (Rowthorn, 1992). Whether the rise in unemployment in Sweden during the last two years suggests a failure of social corporatism in that country or whether it is due to other factors is a moot question on which opinions differ.

16. As seen earlier, an important Swedish achievement in the gender area has been that of very low differential between men and women's wages. In relation to the discussion in the text, this is subject to two qualifications. First, it is not being suggested here that this has come about as a result of women having an independent separate voice in the social corporatist compact. Rather, male-female wage equality is due to the "solidaristic" wage bargaining strategy of the Swedish trade unions. Secondly, it is important to appreciate, that the movements towards near equality of male/female wages occurs at the aggregate national level. However, within individual industries there is little evidence of reduction in male/female wage differentials.