3 The Structural Defects of Periphery Economies

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I THE CAUSES OF LABOUR SURPLUS

Owing to their heavy ideological content and obvious political implications, explanations of the nature and causes of unemployment as well as of ‘underdevelopment’ have always induced heated debates among social scientists. Though history gives a rather clear answer to both questions, the influence of false appearance and the conscious or unconscious representation of vested economic or political interests have produced far more mystifying concepts, misleading ideas and sophisticated doctrines in these than in any other fields of economics.

Mass unemployment as a social phenomenon is the historical invention of capitalism. Pre-capitalistic societies had not been faced with this problem, despite the incomparably lower development level of their productive forces and of the supply of the means of production. And that mass unemployment does not follow from an endowment or an economically determined optimal proportion of factors, but rather from the capitalistic relations of social production, has also been proved by the historical fact that the elimination of these relations has made it possible to do away with mass unemployment in almost all socialist countries, despite their capital shortage, at the very beginning of socialist development and under the conditions of a still structurally underdeveloped economy.

Similarly, an historical investigation of the development, in the
last few centuries, of the so-called underdeveloped (or to use a perhaps more polite term, developing) countries clearly reveals that their present-day conditions, structural features and international position have nothing to do with an ‘aboriginal backwardness’—with the stagnation of ‘traditional societies’, with their lagging behind other societies moving along the same path of development, with a lower, but natural stage of growth—but are, on the contrary, the signs of a biased, distorted development under the influence and in the framework of international capitalism.

Since, however, capitalism has not only misused (both quantitatively and qualitatively) human resources but has also developed them, and has not only kept limited, but has also created employment facilities; and since in its history the phenomenon, size and character of unemployment have varied in space, from country to country, from region to region, particularly, since the so-called welfare states applying the Keynesian anti-cyclical policy have managed, for a while, almost to get rid of it and to reduce its burden by unemployment benefits, therefore no wonder that unemployment has invited many different theoretical explanations.¹

One variant of popular explanations regards capital shortage as the decisive limit of employment facilities. It relies on, or rather manipulates, the simple truth: those who seek wage-work need jobs, the number of which can be increased by new investment, and that requires capital. Actually, there is nothing wrong with this logic, once it is also explained where the wage-workers come from and how capital is created. But it is exactly these questions which can be answered again only in the context of the whole socio-economic structure.

The above explanation also leaves out of account the great differences in capital supply in developing countries, and forgets about the fact, witnessed so many times in the history of capitalism, especially during crises, that underutilised productive capacities and idle capital may actually go hand in hand with mass unemployment. Such an explanation can nevertheless create or reinforce the illusion that unemployment (just like ‘under-