CONTENTS

Editorial

We are told that the market-friendly policies of New Labour have delivered economic success whilst welfare state dominated European economies are basket cases. For proof of this we are offered unemployment rates which have been consistently higher in France and Germany than they are in the UK.

This picture is now taken for granted by the government, by the Economist magazine leading the rest of the print media in its wake and even by broadcast journalists in news bulletins on the BBC. Usually the argument does not merit a defence, it is simply assumed that there is no alternative description of current circumstances, and referred to as a given in passing. Europeans

are simply foolish not to see the globalisation writing on the wall. That foolishness is seen in the German electorate's failure to give a workable majority to Angela Merkel. That foolishness is one of the factors that leads to riots across France.

Can we challenge this? Have the dwindling band of social democrats, socialists and others who insist that the market must be contained, regulated and steered (perhaps by something more than tax credits and a low minimum wage) in order to ensure a stable and prosperous society simply got it wrong?

It is very reasonable to accept some measure of employment status as an indicator for economic success given that the fundamental mechanism of a capitalist society is that the vast majority must sell their labour to secure an income. The trade union movement was rightly concerned over the rise of unemployment in the 1970s and took to the streets.

But are unemployment rates the best measure to use now? Radical Statistics has published a number of articles over the years looking at the methods used to measure unemployment in the UK and drawing attention to their drawbacks. We return to this subject here to show that alternative explanations and policies are possible and realistic.

James Paterson demonstrates how the "Eurosclerosis hypothesis" of a gap between welfare state economies (with high taxes and generous welfare payments) and laissez-faire economies is a fallacy. One observation he makes is that the neo-liberal success stories – the US, UK, Australia, Japan and the Netherlands are the very countries where periodic redefining of unemployment statistics has taken place.

By this means and others, hidden unemployment has grown in those countries. In Japan only those actively seeking work during the previous week are counted as unemployed. In the Netherlands large numbers of over 57 year-olds and all disabled people do not figure in the count as unemployed. The UK has the highest rate of sickness benefit (incapacity benefit) take-up in Europe. The US has large than average numbers of military personnel and prison inmates – neither of whom figure in unemployment statistics.

Monica Threlfall points to the way in which simple comparisons of unemployment rates hide other factors which have a bearing on economic success and income distribution, for example the numbers of trainees, students, part-time workers and temporary workers. She gives a dramatic example where a youth

unemployment rate of 28% in France and 15% in the UK disguises the fact that France had almost twice as many 15-24 year-olds in education. This reduces the pool of economically active young people in France thus inflating the unemployment rate.

Monica's article shows that in contemporary economies where men and women, young and old workers, and different "ethnic" groups often experience parallel labour markets, simple headline statistics are not adequate to capture the situation and inform decision making. A range of indicators are required and a careful approach is called for. This does not suit an era of sound-bite political rhetoric and sound-bite social and economic policy. But it does suit the rich and the powerful because, as always, a simple free market/social Darwinist model can be simply presented.

Ray Thomas asks if there is in fact an overt conspiracy at work. He points to the desperate need for local area statistics on economic status to inform regeneration policies. Our society has become dramatically unequal and the inequalities nestle together closely in towns and cities. The "North-South divide" is present in virtually every constituency in the country and yet current unemployment rates (based on the Labour Force Survey) cannot provide us with information below the level of the constituency. Unemployment benefit rates are available at ward and postcode sector level but as the Index of Multiple Deprivation has shown even these geographies hide huge differentials in prosperity. Ray points to the need to use benefit statistics as the best we have and the Job Centre Plus service is talking about making more of the data collected from benefit claimants available soon. But at the moment we have more data for citizens-as-consumers (some meaningful such as house-prices, some highly questionable such as school league tables) than we do for citizens as workers (employment, income and wealth data).

My apologies to the authors and to all RadStats members for the delay in preparing this issue of Radical Statistics for publication.

Mike Quiggin, guest editor.