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PROCESSES OF GLOBALIZATION AND CHANGES OF THE CONTENT AND THE CHARACTER OF THE LABOR

***Abstract:** This work analyzes some of the circumstances that have had an impact or have in some way contributed for the high rate of unemployment, which in turn has caused a huge gap between the rich and the poor in the world and has become a primary threat for sustainable development. There is a real possibility that these huge differences will take wider dimensions. If we don't take the necessary action to change people's lives, the poor and the unemployed could lose their faith in the democratic system and will look upon the representatives of this system as mere "bigmouths". The economic activities that the entities use to express their initiatives and creativity and enrich the society are the fundamental basis for economic and social development. But the question remains: Can economic and social development be achieved only through the free interaction of market forces? Do we need to create public policies that will lead to success on the market, supplement market mechanisms, sustain social stability and create a society that will promote sustainable development? The primary objectives for achieving sustainable development are: improvement and increase of the quality of life of all people, bigger and equal opportunities and fundamental freedoms, the rule of law and respect of cultural diversity. The world today faces with two big challenges, namely decreasing of poverty and unemployment which could undoubtedly lead to sustainable development.*

***Key words:** globalization, global markets, poverty, transnational companies, employment sector, labour, neoliberal model, sustainable development*

PROCESI GLOBALIZACIJE I PROMENE SADRŽAJA I KARAKTERA RADA

***Sažetak:** Ovaj rad analizira neke od okolnosti koje su imale uticaj ili su na neki način doprinele visokoj stopi nezaposlenosti, koja je zauzvrat izazvala veliki jaz između bogatih i siromašnih u svetu i postala primarna opasnost za održivi razvoj. Postoji realna mogućnost da će ove ogromne razlike uzeti šire dimenzije. Ako se ne preduzmu neophodne mere da se promeni život ljudi, siromašni i nezaposleni mogu izgubiti svoju veru u demokratski sistem i gledaće na predstavnike ovog sistema kao na neozbiljne „glasnogovornike“. Ekonomske aktivnosti koje subjekti koriste da izraze svoje inicijative i kreativnost i obogaćuju društva su osnova za ekonomski i društveni razvoj. Ali ostaje pitanje: Može li se ekonomski i socijalni razvoj postići samo kroz interakciju slobodnih snaga na tržištu? Da li nam je potrebno da kreiramo javnu politiku koja će dovesti do uspeha na tržištu, dopuniti tržišne mehanizme, održati socijalnu stabilnost i stvoriti društvo*

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koje će promovisati održivi razvoj? Primarni ciljevi za postizanje održivog razvoja su: unapređenje i povećanje kvaliteta života svih ljudi, veće i jednake mogućnosti i fundamentalne slobode, vladavina prava i poštovanje kulturne raznolikosti. Svet se danas suočava sa dva velika izazova, smanjenjem siromaštva i nezaposlenosti što bi nesumnjivo dovelo do održivog razvoja.

Ključne reči: *globalizacija, globalna tržišta, siromaštvo, transnacionalne kompanije, sektor zapošljavanja, radna snaga, neoliberalni model, održivi razvoj*

1. GLOBALIZATION AND INEQUALITY

Globalization trends have divided the world into two zones: stagnation zone and development zone, which have had a profound influence on the position of certain countries. Countries that fail to articulate their development resources into the development of contemporary technologies remain inevitably in the stagnation zone, unable to join in the trend of the developed world. Several years ago, the instable global financial market drove millions of people into poverty accompanied by the inappropriate interventions of the International Monetary Fund. This is why reforms that are on the national level and not within the colonial or supranational institutions such as the International Monetary Fund or the World Bank are the ones that stand the best chance. The best example for this would be China, whose economy has experienced a considerable rise in the last few years and which has gone unscathed from the global financial crisis with the help of their macroeconomic policy. Its financial system is state-owned and controlled by the state itself. There are more and more countries that have started taking preventative measures against the global financial market, such as Malaysia, Hong Kong, Chile, Colombia etc. Although moderate, these reforms are an indication that the small countries do not necessarily have to fall under the whim of the international financial market and that they can become nationally and economically sovereign, which is one of the most important preconditions for attaining economic and social sovereignty. The degrees of success or progress of the activities vary significantly depending on different regions in the world. There are considerable differences among countries, but also in each of the countries from within. Namely, poverty is higher in rural areas, even though it has increased considerably in urban areas. And as the number of the rich is continuing to grow (the number of billionaires in the USA has increased from 13 in 1982 to 149 in 1996 compared to the Global Club of Billionaires which has a total of 450 members), social differences are widening (Chossudovsky, 1999).

Results from a more extensive study revealed that 48 states from a total of 73, which met the criteria of states with a decent living standard, saw a rise in the inequality of incomes during the 80s and 90s of the 20th century (Corrnia, 2004). According to this criterion, in two-thirds of the states there was registered a more prominent class difference during the rise of the neoliberal globalization. For instance, in the USA, differences in household incomes reduced between one fifth of the highest and one fifth of the lowest ranked population in the period from 1947 and 1973, but then increased for more than

50% in the period from 1973 and 1996 (Burtless and others, 1998:3). By the middle of the 90s, the property value of 358 billionaires surpassed the combined annual income of the poorest 2.3 billion people, i.e. 45% of the world population (HDR, 1996:2, Speth, 1996:33). The richest 5 to 10% of the population is separating more and more quickly from the rest. One of the most important ways in which globalization has managed to increase class differences in contemporary history is related to access.

Supra-national capital doesn't show much mercy towards social policy and equal care for different social groups of people, especially for those who are not in the condition of generating profit and are depended from the help of the country. The masses show their ever-increasing dissatisfaction and anger towards their own governments. That said, there has to be some kind of new international legal order created as soon as possible, which would regulate these relations, authorizations and privileges or else the common people could be heavily terrorized and mercilessly exploited.

With the massive movement of capital to the more recently underdeveloped countries, global competition has created new economic phenomena that are becoming the basis for the "new economy." Consequences can well be felt even in some developed countries that are characterized by old developed economies. The movement of capital to underdeveloped countries has created new competitors and competitions of unforeseen proportions. Open markets allow for easier export from developed countries. Today this so-called *export offensive* is referred to as an *attack* on the markets and economies of the developed countries. Domestic production is threatened and as a result prevention activities are undertaken. Free global markets are simply not open to everyone. The ownership circles, professionals and some highly-qualified workers have much better chances of getting a hold of resources such as plane trips and financial advisors for an active participation in global capitalism. Class division has also drastically changed the access to Internet (Laoder, 1998). If we take all of this information into consideration, it's no surprise that the growth of global relations has upset many young people and has started the resistance that appeared in a certain number of subordinate circles.

There is a need of responsible attitude towards the global economic movements as well as to the challenges concerning the global finances, world trade, energy, protection of the environment etc. (Dukic 2010).

Liberalization that is constantly being advertized is falling more and more into crisis. These multinational companies generate huge profits by taking advantage of the cheap workforce and by exploiting the population of the underdeveloped countries. For example, should the manufacture of athletic shoes *Nike* be moved to the States, the production costs would be incomparably higher than if the production process took place in any of the underdeveloped countries, such as: India, Pakistan, Bangladesh etc., where the local population is heavily exploited as cheap workforce. Even more disturbing

is the increasing use of children in the production process in the plants of multinational corporations for less than a dollar a day.

Globalization affects the labor market, the demographic distribution of labor, changes the course of the supply and demand of labor. The majority of people of working age from the developing countries or the underdeveloped countries head mostly for the western, capitalist countries in search of better conditions for life, higher incomes and better social welfare. Also many young people decide to leave their home country and most commonly head for developed countries in search of a better life (better conditions for studying, higher education, postgraduate studies or doctoral studies etc.).

However, if they choose to go abroad without having finished their education, i.e. if they turn out to be unqualified for a certain type of work, they are faced with a serious problem, not only they themselves, but the country they're emigrating to also, unable to make full use of the potentials of that society and having a very hard time integrating into the new social structure. This problem can be easily solved by raising the awareness of people for the need of education, investments in education, standardizing education and following new trends for the modernization of the education process, training, additional training, retraining of workers and life-long learning.

Nevertheless, poorer countries also have to face negative consequences due to the brain and work force drain, i.e. there appears a gap between the rich and the poor countries – the rich countries attracting the educated and qualified while the poorer ones failing to hold on to the highly educated workers, whose professional status the country has also invested in.

According to the new reports of the International Labor Organization (ILO), the global economic growth is becoming less and less successful in finding new and better employments that will lead to poverty reduction. At the moment, half of the world's workers don't earn enough and they or their families cannot rise over the poverty line for more than two dollars a day. In some parts of Asia, there are improved conditions for life as a result of the economic expansion, but in other areas such as the most part of Africa and Latin America, the number of people living in unfavorable conditions is increasing, especially in the agricultural sector. North Africa finds itself in the most dramatic position, falling into a downward spiral by having less food per person, worse accommodation conditions and negative environmental conditions. Extreme poverty can be defined as poverty that kills, stripping away the individual of their means for survival, having them face hunger, diseases and dangers from the environment. In households facing extreme poverty, life expectancy is most commonly the half of that in countries with high incomes – 40 instead of 80 years. It is a well known fact that more than a hundred children die in every 1000 before they turn five compared to less than 10 in the developed countries. A child born in Sub-Saharan Africa stands only a third chance to reach the age of 65. It's becoming more and more evident that poorer

countries, i.e. the Third World countries are facing a hard time keeping up with the richer countries – they simply do not have a chance in participating in that unfair competition in which the rich countries have the upper hand. That which was felt in the Second World War, which is this general global insecurity, the more prominent role of the so-called welfare country, the care for the common people etc. is more and more neglected in the place of more turbulent times, full of insecurity, instability with more frequent fluctuations in politics. As one union worker in France said: ‘Globalization has put all people on Earth into one boat, with some of them traveling in third class, and some in first’ (Trogrtic, 2001). Whatever the exact effect of globalization, it cannot be denied that the several decades of rapid globalization haven’t managed to change the morally unacceptable global inefficiency of the world, nor have the political strategies that have been supporting globalization given any advantage to solving the problem of inequality.

One poses the question: Can globalization, such as it is, survive all the turbulences that it carries? In a few words, globalization is not and has never been global. Here we will refer to Ulrich Beck who has said that we should not be speaking of globalization, but internalization. Most part of the world (a third of the total world population) has never participated nor has been a part of the positive effects of globalization and we should be expecting an even wider marginalization of the underdeveloped countries.

There are two global factors that have had an impact on the rise of unemployment in developed countries (the EU, USA and Japan) and that have also affected the economic systems of the countries in transition.

The first factor consists of acceleration of the technological innovations in the last three decades in the industrial developed countries, which has resulted in:

- More frequent and massive closing of jobs related to physical labor (minimization of manual workers);
- More jobs for technicians and engineers as a result of electronization, robotization and informatization of the technical systems.

The second factor is the functional division within industrial systems that comes out as a result of the dynamization of technological innovations. More precisely, what happens is that the technological, commercial and financial activities get separated into independent enterprises, which at the same time are a part of autonomous transnational technological chains or networks. In that case, in many enterprises functional divisions cease to exist and their sole responsibility becomes carrying out the technical operations from the manufacturing process, which means rationalizing work force, making innovations more dynamic and maximizing competitiveness. This brings forth a change in the social and economic position of the participants in the industrial system and announces the start of a new era of financial and market chains taking over the manufacturing-technological system. In such conditions, unemployment increases as

a result of the rationalization of the economic system, the peripherality of production and the concentration of capital in the commercial and financial sphere, where there are considerably less new jobs being opened than there are industrial enterprises closed.

Even though globalization is selective, its consequences are not. By globalizing the manufacture methods, the technological innovations, the cultural matrixes of living, ecologic consequences etc., the entropic processes are reinforced (Rifkin, 1986) – political, cultural and ecological entropy – which standardize the matrixes of manufacture, the lifestyle and include them into a new dimension of sociality – the global society. In principle, the globalization of the market, technologies and information enables all communities with an equal access to that communication level of society. However, if we take into account the existing asymmetrical development of the world and the asymmetrical information (Stiglitz, 2001) which by itself implies inequality, then this opens up a new opportunity for the total expansion of a new model or one pole of that asymmetry, which would only further emphasize that asymmetry and bring about a new world division.

Of biggest relevance for this newly created economic globalization is the fact that in the new system of the global world, the different peoples and countries came in not equally prepared and with varying economic, military-strategic and information potential (Mazur, I.I. Cumakov, A. N., 2003:183).

Globalization, the way it is enforced by institutions such as the World Bank and the International Monetary Fund is in practice only a momentary economic integration of the rich and the poor countries, both in terms of the market and investments (Reipert, S.R., 2006:57). Having this in mind as well as the fact that in the history of human society higher living standard has always been proportional to market growth, we need to see if globalization would increase living standard in proportion to market growth, too. If living standard does increase, is that increase equally distributed throughout the whole world, globally for all countries, and is that also the case within one country for all citizens as a result of the increased wealth of the globalized world society or not. The answer to this question lies in the theory of globalization. There are two different theories on globalization and therefore on the globalization of economy, too. The first one focuses on trade and exchange while the other on manufacture.

Economic globalization processes and scientific–technological development have also had an impact on the changes of the contents and the character of labor, which is much different from the characteristics of developed societies. The impact of high technology (information technology and communication technology) and the global economy have led to a change in the contents and the character of human labor, to the rise of new postmodern megatrends in the area of labor as well as changes in the qualification and professional structure of the workforce.

The changes in the contents and character of human labor refer to the following groups of changes:

- Changes in the relationship between physical and mental labor;
- Changes in the relationship between the production and non-production labor;
- Changes in the relationship between qualification and education structure.

In a time when automatic and cybernetic systems of production are being used increasingly, there's a tendency to move workers from production tasks to production preparation tasks, supervision, maintenance, design and programming. The scientific–technological revolution has an impact on lowering the hard and exhausting labor from the total fund of social labor, on reducing the differences between mental and physical labor, on replacing highly-qualified manual labor with automatic production. Therefore, scientific–technological revolution has humanized physical labor, but has not made it obsolete. The tendency to reduce the differences between physical and mental labor consists of reducing cultural differences and training people in the latest technologies and is a result of their new social-economic situation. The essence of this change consists in the increased role of mental labor and the transformation of physical labor.

The process of intellectualization of labor has also influenced the way people perceive production and non-production labor, in terms of expanding the term production labor and to a part of that production labor that does not result in an immediate production of material goods. Thus, labor outside of material production is considered more and more as production labor since it allows for such a production process to be carried out (work such as designing, preparation, maintenance, labor in science and technology etc.) Global social changes have also had an impact on the changes in the area of the workforce:

- There are changes in sectors which go from extractive (agriculture, mining) to transformative sectors (industrial production, construction), i.e. from distributive services to production and social services;
- There's a new type of work established, such as half-vocation, partial employment, work on demand;
- Another correlation of the work place with the place of residence (different types of work from home);
- Increased role of education for all types of work (especially for the executive and management labor);
- Feminization of labor;
- Internationalization of labor;
- Downsizing large companies as a result of new kinds of work connections (groups, networks).

Research shows that Japan, which puts the strongest emphasis on information technologies and in which high technology plays the most significant role in productivity and competitiveness, also appears to have the lowest level of information-processing employment. The expansion of information employment and the development of an “information society” (a Japanese concept) seem to be different, although interrelated, processes. Information processing is believed to be most productive when it is embedded in material production or in the handling of goods, instead of being disjointed in a stepped-up technical division of labor.

Production services are considered strategic services (such as banking, insurance, engineering, bookkeeping, legal services), services of the new economy, the providers of information, the support for the increase of productivity and efficiency of firms. Thus, their expansion should go hand in hand with the increasing sophistication and productivity of the economy. It is significant that Japan increased dramatically its producer services employment between 1921 (0.8 percent) and 1970 (5.1 percent) and reached a whole of 9.6% in 1990. Nevertheless, compared to other developed countries, Japan still has a low level of producer services employment. This could suggest that a significant proportion of producer services are internalized in Japan in manufacturing companies, which could appear to be a more efficient formula, if we consider the competitiveness and productivity of the Japanese economy. Germany also has a low level of producer services employment (7.3% in 1987); however, it has a high degree of internalization of service activities in its firms.

Employment in social services (medical, health care services, hospital services, education, social welfare, non-profitable organizations, government etc.) should be typical of the new society. In developed countries, employment in social services ranges from a fifth to a fourth of the total employment. The expansion rate of social services employment in all developed countries depends on the relationship between the authorities and the citizens, instead on the development rate of the economy. Namely, the expansion of social services employment is characterized more by the industrialization period (1950–1970) than the post-industrial period of 1970–1990.

Employment in the distributive services (transport, communications, retails and wholesales) remains low and ranges from a fourth to a fifth of the total employment. Employment in the distributive services is far higher than that in producer services, considered typical of advanced economies.

This brings us to the conclusion that the development path of employment in the period from 1970–1990 in developed countries showed a general transition from producer activities. It's rapidly straying away from production, which is combined with a strong expansion of employment in producer services (such as banking, insurance, engineering, and bookkeeping) and social services (health, education, non-profitable organizations, government) whereas the rest of the services are kept as a source of employment.

2. ECONOMIC GLOBALIZATION IN THE REPUBLIC OF MACEDONIA

The Republic of Macedonia is in a process of changes of its socio-economic structure, i.e. is striving to become a modern society with market economy and of democratic political relations. In terms of that strategic development goal and its realization, there's also the knowledge of the possible and actual behavior of the social actors in the life of society (individuals and social groups) from whose motivation, capability and activity depends a great deal the result of all global processes. In that sense, from the different opportunities and the practice of the world historic movements of the global society, the biggest potential in these conditions is brought by innovations and development components. Should the regressive model be the predominant one, then it would reproduce a dependent society (peripheral or semi-peripheral), oriented towards regressive forms of traditionalism and anti-modernist processes.

The fall of socialism has to a great deal contributed to the lower pace of economic and technological development, which is the basis for the overall social development of the contemporary world of today. The slow adjustment to the expansive approach of the market model of economic management that relies on the maximum evaluation of the effects of technological development, is one of the key factors which have made the development up to now anachronistic and dated. In this also the policy of the so-called *new world order* imposes itself as the dominant ideology of the world capital that the unprepared and inflexible society and its institutions could not cope with.

The global problems of the Republic of Macedonia, not only in politics, but also in the economy, are under a great influence of the Neoliberal model of social changes. The Neoliberal concept of the socio-economic development (the American version) minimizes the social function of the country (in the area of social welfare and employment policy) in order to achieve maximum affirmation of the private initiative and economic efficiency; in international relations it takes on an aggressive strategy, making the small and weak economies and societies dependent in many forms and not just economically. By defining Neoliberal strategy as a product of the liberal-democratic traditions of the new capitalism, Polish economist Jozef Pajeska states that this strategy appears for the first time in the 1980s in the USA and England in the so-called Raeganomics and Thatcherism and as a reaction of the socialization process of contemporary capitalism. Jozef Pajeska based his theory and practice of Neoliberalism on the following dogmas: minimal role of the country and maximal role of the *invisible hands* of the market; monetary doctrine priority; anti-inflation policy in relation to the policy with encouragement and development of employment; glorification of the market as the sole condition for achieving efficiency and socio-economic development; the reduction of the complex processes of transition, which is based exclusively on the change of the system of ownership by privatization and which paralyzes the process of deep structural modernization and efficient social transformation; and on dogmas for a liberal representative democracy as a field for competition of the elite and of de-ideologization.

The Republic of Macedonia, which strives towards establishing a market economy, can make use of the experiences from the European Neoliberal concept (Eurocapitalism) based on the achievements in conditions of the country's prosperity and social democracy. This development concept consists of a considerable degree of social welfare for the citizens as well as a tendency to establish social stability and tolerance between the interest and the demand of capital (economic efficiency and profit) and a certain level of social giving (the principle of social attraction). The role of the country in the period of transition is unquestionable, not just because it is of vital importance for the reduction of deviations and the grey economy, but also for the creation of a quality market infrastructure for a successful economic activity (market institutions, market parameters and legislative regulations). Empirical and theoretical research show that there is a deep interrelatedness between the economic, political and socio-cultural factors in every society. Disregarding these factors as well as the lack of a clear strategy for socio-economic development brings about considerable setbacks and regressive tendencies in the societies in transition. The practice of the so-called *shock therapy* is based on the neoclassical model (Neoliberal model) of fast transition towards market economy. The concept is based on: free formation of prices, withdrawal of state subsidies, currency convertibility, decreased role of the state in the economic life, rule of law. In a vast number of countries in transition this kind of model brought about an increase of prices, unemployment, hyperinflation, foreign debt. The Republic of Macedonia also had a high price to pay by deciding to apply this model.

This only confirms the specifics of the socio-economic development in certain countries and the lack of a universal model of development. The Neoliberal (Anglo-Saxon) model is especially difficult to be applied in the Macedonian society. The reasons for this lie in the divergence of the scale of values, the unsuitable owners' structure and the different role of the state. The Anglo-Saxon model is individualistic capitalism, which is based on the wide differences in income, frequent firings, easy acceptance of resignations, domination of shareholders' capital, the enterprise being considered merchandise as any other merchandise. Overcoming a social crisis by introducing the desired social changes in the Republic of Macedonia asks for creating a complete strategy of the transitional changes and obtaining general social agreement from the biggest and most important social groups and strata, who are in fact the leading actors in these changes. This has also been confirmed in the socio-economic practice up till now: "People in modern societies feel that social conflicts are unavoidable part of social life, which is also the case with the very basis for these social conflicts – opposing interests of the social actors. In that case, the people that are rational as well as the rational social communities would not put the primary blame on the actors in these conflicts, but would try to control these events by setting some social rules, establishing institutions whose function is to make conflicts stay within socially acceptable limits and to solve these conflicts either temporarily or permanently.

Minimum social trust and the agreement of the dominant groups within the structure of the society is an important determinant in the transition process. Oftentimes the

social conflicts in this process stem from the uneven distribution of the burden of transition, where certain social strata have to deal with the negative social consequences of the changes (especially workers, the low social strata). The possible directions of globalization are inevitably related to the acceptable postulates of the liberal values of the economic and social life (development, market economy, the rule of law, full economic and political freedom of the individual), but by taking into consideration the cultural and historical characteristics of society – a crucial function of the state in this context – which can help decrease the social tensions and combine market principles with social principles, solidarity, democratic rights and the freedom of all people.

Republic of Macedonia has managed to sustain a highly stable level of prices since 1995 (low inflation level) and a low budget deficit; however, it's poorly integrated into the global economy (the global supply chains). This is due to the low rates of its GDP growth, the fall of the industrial production, technological setback as a result of the de-investment process and the slow growth of the export of merchandise and services. Aside from the fall of the gross domestic product, in the transition so far there has also been a decline in the efficiency of the economic management, drastic decrease of investments, the entire scope of capital and the employment of new work force.

Table 1. A Few Economic Indicators

Year	Average inflation	Unemployment rate	Real GDP rate	Index and industrial production 1990=100
2000	5.8	32.2	4.5	53
2001	5.5	32.3	-4.5	51
2002	1.8	30.5	0.9	49
2003	1.2	31.9	2.8	51
2004	-0.2	37.2	4.1	45
2005	0.5	37.3	4.0	-

Source: Statistical yearbook of the Republic for Macedonia, issued by the State Statistical Office, 2007

Several processes can be distinguished in the structure of economy seen through the structure of the gross domestic product by sectors. In 2007, in Republic of Macedonia the extractive sector (agriculture, mining) and the transformative industry (processing industry, construction) made up 37% of the gross domestic product. This means that Republic of Macedonia still lacks in sufficiently developed production structure of the economy where the extractive industry – agriculture would take considerable participation.

Table 2. Employee and GDP structure

Industries	GDP participation		Employees	
	1995	2007	1996	2009
Industry and mining	19.9	19.1	28.9	20.8
Agriculture, hunting and fishing	10.5	9.3	17.7	18.5
Construction	5.2	5.9	6.6	6.5
Traffic and communications	6.0	8.3	5.0	6.1
Commerce	10.6	13.5	11.6	15.4

Source: Statistical yearbook of the Republic of Macedonia, 2009, p. 323 and Statistical Overview: Population and social statistics – Survey of the working force in 1996, p. 38 and 2009, p. 37

The structure of the Macedonian economy became more static in this period. This lack of dynamism was most probably a reflection of the slow increase of productivity, but is very important for sustaining economic growth and the increase of salaries. The unsynchronized growth rates of many industries meant that the employees who were let go after their posts had been closed in the falling industries such as the processing industry, mining and construction had small chances of getting a job in some other industry except agriculture.

In the transition period, the Republic of Macedonia was deindustrialized and turned into an agricultural country. A great number of people who worked in the industry and were left unemployed had no choice but to go back to agriculture.

There are also weaknesses in attracting business by outsourcing – export of services whose production in the more developed countries has not been profitable. The subject of outsourcing can be many activities, from telephone support of customers through call centers to business functions such as accounting and taxes. The competitiveness of companies lies in the knowledge, creativity and abilities of the sales team. There's a lack of qualified staff that could offer quality services on the world market. Unfortunately, this is the case with most Macedonian companies, which lack such a sales team, as they also lack in mechanisms for compensating these sales teams per service delivered.

2.1. LABOR MARKET – UNEMPLOYMENT

The expansion of unemployment remains a huge challenge for development efforts; it is not only an economic issue, but a serious social issue. The prevailing social problems of the unemployed have a serious impact on people's security. Namely, the unemployed typically have a "limited access to income, limited finances to start work, limited access to social, health-care, educational and cultural services, accompanied by poverty and

malnourishment.” (J, Jakimovski, 2000:41). Unemployment also causes depression in people. It has reached absolutely and relatively high proportions so we are right to say that it is the first-ranked economic and social issue in the Republic of Macedonia. However, unemployment is not evenly distributed in all classes of society. It most commonly affects the unqualified working force, women and the young population.

The high unemployment rate points to the fact that a big proportion of people have been denied access to the labor market.

Today, after 20 years into pluralistic democracy and market economy, the issue of labor market in the Republic of Macedonia is such a prevailing and serious one and the increase of unemployment is so dramatic that we rightly pose the question: Did this have to happen? We can hardly say that we had done everything that we could or had to, to solve this problem. How do we explain the fact that there were 298 873 unemployed in the Republic of Macedonia in 2009? Nevertheless, we have to admit that many problems, not only in the field of labor market, but in the whole society, have turned out to be more difficult to solve than initially expected. Namely, we didn't really understand the actual severity of the problem, nor did we understand that we had to invest a long-term effort if we wanted to solve it. Also, the policies and measures taken in different areas of social life had not been synchronized.

When it comes to workers, they're underprivileged in every way. Policy is such as to dictate low salaries, while foreign investors promise people that they will be happy with 200 Euro (in 2008, 49% of the employees earned 12,000 MKD and 27% of the employees were unpaid family workers and had not earned any income.) Many of our experts feel that here lies our chance for development.

The fact that many young and qualified people have been waiting for a long time to find a job has decreased the reputation of the social-economic order of the country and poses a great threat for social peace and stability of the country. Long-term unemployment leads to the discouragement of employees. The time needed for finding a job is closely related to the socio-demographic characteristics of the work force. Those that are less qualified tend to wait longer than those that are more qualified. This also explains the fact why there's more poverty in those that are less qualified. Those that have been unemployed for a longer period of time have less chances of getting reemployed because they have lost their skills and their morale is not at the same level as before.

Young adults live off the support of their family, i.e. from the solidarity of their own parents and closest relatives. Long-term unemployment, poverty and social exclusion makes young people frustrated and dissatisfied, which is why they postpone indefinitely some functions which are very important not only for the individual, but for the society as well, such as getting married, becoming a parent etc.

On the one hand, as a result of the longer wait for getting employed, people tend to get married at a later age in life, and on the other, in the already concluded marriages family functions deteriorate. In the period of transition the socio-economic situation of the Republic of Macedonia has also had an impact on lower birth rate and the increase of mortality, as a result of many factors such as high unemployment, low and irregular wages, low quality health-care services and poverty.

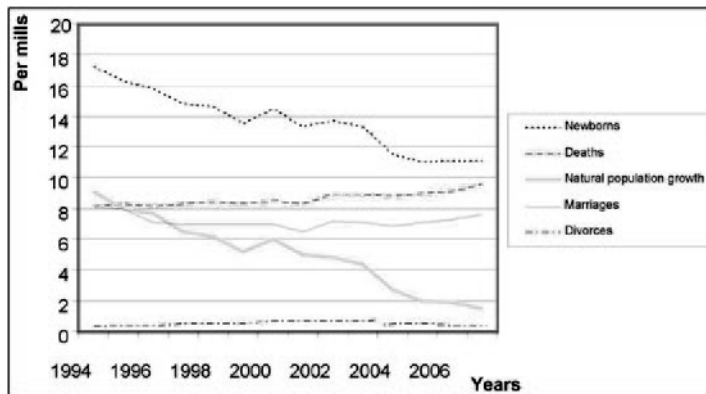


Chart 1. Dynamics of Demographic Movement

The structure of unemployment points to the fact that the lowest participation on the labor market is that of the relatively young and inadequately educated individuals. Unemployment is not equally present in all social groups; it most commonly affects the ones with inadequate education, the unqualified and young persons.

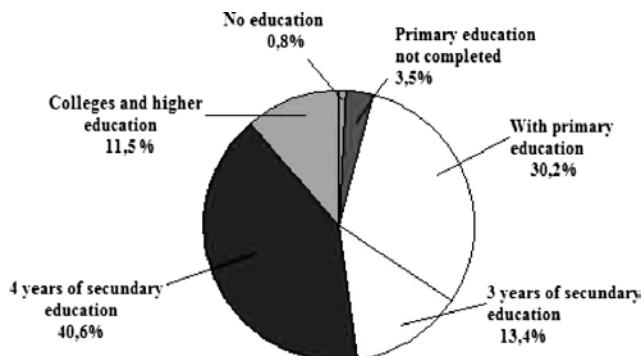


Chart 2. Structure of the unemployed according to their education degree in 2009

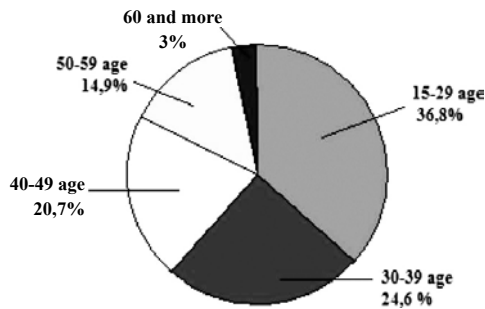


Chart 3. Structure of the unemployed by age in 2009

When it comes to the structure of employment in the Republic of Macedonia, the transformation sector takes up the biggest proportion (29%), the distributive sector takes second place (27.8%) and third and fourth place go to social services (22.5%) and extraction sector (19.2%), while the participation of the producer services is insignificant (taken from the situation in 2009).

When it comes to the employment prospects, the Republic of Macedonia will strive to fit into an information society, or more precisely:

- Employment in the processing industry will continue to grow, but slowly since it's going to be reduced to crafts and engineering workforce;
- A larger proportion of employment in the industrial production will be transferred to production services;
- Employments in health and education will continue to grow;
- Jobs in the retail industry, agriculture and construction will accumulate low-qualified workforce in their economy.

Analyses show that the global market and the transnational companies do not operate based on the principle of mobility of the workforce, but on the mobility of capital which is looking for a location with the best offer in terms of the qualification structure and the price of the workforce. Companies that ask to hire a highly qualified and productive workforce have more chances of thriving in developed countries with all of their amenities than in countries of cheap workforce, because these countries have the most flexible workforce and low social utilities. In order for the Republic of Macedonia to offer better quality products/services, it needs to work on improving education and the qualification structure of its workforce.

The Republic of Macedonia must not take this problem lightly. We cannot ignore the issue of unemployment by thinking that at present there's not much we can do in this

area. Economic problems are the objective factor that impedes the opening of new jobs. Economy is always facing new difficulties and we shouldn't wait to address economy problems first and only then to address the issue of unemployment. The issues in this area, and especially the issue of unemployment ask for appropriate solutions since the social, economic and political conditions ask that these acute problems be addressed as soon as possible. Opening new jobs for the available work force is one of the most urgent tasks of the country. This is the safest and the best way of meeting the economic and social goals in the development of the society.

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