

## **Employment in the Keynesian and neoliberal universe: theoretical transformations and political correlations**

**Yiorgos Ioannidis – PhD candidate, Department of Economics, University of Crete**

This paper focuses on the theoretical transformations of the notion of *employment*, due to the change of the economic paradigm in the 70's, arguing that these theoretical transformations created a set of political and ideological propensities regarding labour demands.

I argue that within the general framework of the Keynesian analysis, labour cost is not a part of the set of core variables that produce the volume of employment, which allowed employment relations and wage levels to become a subject of political negotiation.

On the contrary, in the neoclassical, neoliberal doctrines, the labour cost is elevated into the most important factor determining the volume of employment, in this theoretical architecture suppressing labour costs arises not only as a political demand but also as an economic necessity generating internally from the theory itself. This theoretical transformation produces another set of political inclinations with wider social implications.

On the other hand, the above theoretical development does not mean that economic theory is a “militant” political actor (thought it can be). However, the use of economic theory in political statements signifies the transformation of the theory into a discourse in the foucaudian sense. In this sense, the exact relation between economic theory and political practice is to an extent open, allowing different sets of policy to emerge even within the same political paradigm.

The first part of the paper constitutes a critical presentation of the theoretical status of employment within the Keynesian analysis and its political outcomes. The second part focuses on the status of employment within the neoliberal doctrines and its outcomes. In the third part the main argument is presented, supported by empirical evidence drawn from the European Union's discourse on employment and unemployment.

Finally, there will also be some observations concerning the way we can understand the relation between economic theory and political discourses, in a way that establishes a close connection between the two, while securing their relevant autonomy.

Yiorgos Ioannidis: tel: 0030 69777 05 145

Email: [geoion@otenet.gr](mailto:geoion@otenet.gr)