

**Launch of World of Work Report 2008 &  
Roundtable on the Impacts of the Global Financial Crisis on  
the World of Work in Indonesia**

December 16, 2008, Jakarta, Gran Melia Hotel

**Background and objectives**

Income inequalities are pervasive and growing in virtually all countries. Between the early 1990s and the mid-2000s, in about two thirds of the countries for which data exist, the total income of high-income households expanded faster than was the case for their low-income counterparts. What is more, these trends occurred in a period of relatively rapid economic growth and strong job creation. In 2007, world employment was almost one third higher than in 1990. In short, the gains from the expansionary period which ended in 2007 benefited more high-income groups than their medium- and low-income counterparts.

The World of Work Report 2008 – the new annual flagship publication of the International Institute for Labour Studies at ILO – documents these trends and analyses the factors that have contributed to the global increase in income inequality. In particular, the report shows that financial globalization – caused by deregulation of international capital flows – has been a major driver of income inequality. It further documents how the rising incidence of non-standard employment observed over the past 15 years or so in the majority of countries has been another important factor behind the increase in income disparities. Finally, the World of Work Report 2008 analyses the role of labour market institutions and the welfare state in limiting an even more pronounced rise in income inequalities.

These trends are at the root of worrying and unsustainable economic and social developments such as resistance against pro-poor growth reforms, increasing social conflicts or worsening crime rates. Most important of all, the World of Work Report and the accompanying policy brief on “A global policy package to address the global crisis” point out that one of the main factors of the current global financial turmoil has been rising economic and social imbalances that built up over the past two decades. As a consequence, the report argues that by putting in place conditions for a more balanced distribution of the gains from economic growth, avoiding “deregulation-solves-it-all” solutions, the risk of major systemic crises like the present one would be attenuated.

However, even if these policies were to put in place immediately, the global financial crisis will cause severe economic and social damage in the short-run. Coming on the heels of a devastating global food crisis, the global financial turmoil is already having a severe impact on enterprises, workers and families around the world. The ILO projects that world unemployment could increase by 17.4 million by 2009, with the jobless figure reaching 8.4 million in the Asia-Pacific region alone.<sup>1</sup> In certain parts of the world, the number of the working poor living on less than two dollars a day could rise substantially as well. Further, it is expected that the quality of work will deteriorate and lead to higher incidences of informal and casual employment and non-compliance with labour standards. As prospects for economic growth continue to deteriorate sharply, the employment outlook today remains bleak.

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<sup>1</sup> ILO: Global Employment Trends Model, October 2008.

Indonesia will not escape the impact of the global financial and economic crisis, though it is expected to avoid the recession and turmoil that engulfed the country a decade ago during the Asian financial crisis. According to IMF forecast, Indonesia is expected to slow down from a GDP growth rate of 6.0 per cent in 2007 to 4.5 per cent in 2009.<sup>2</sup> The relative “closeness” of the economy (exports represent 31 per cent of the GDP – a low figure compared to many East and South-East Asian economies) tends to shelter the country from a volatile global environment. Yet the combination of softening external demand and stumbling commodity prices (commodities account for about 60 per cent of country’s exports) have already reduced export growth, and agricultural output has also slowed.

A roundtable on the Impacts of the Global Financial Crisis on the World of Work in Indonesia will seek to identify how and why the financial crisis has impacted Indonesia; how the crisis is affecting the labour market; what has been the policy response so far; and possible policy options in mitigating the impact of the crisis on the world of work in Indonesia.

### **Participants**

The event will gather 30-40 leading policymakers, representatives of employer and worker organizations; the ASEAN Secretariat; development and international community; academia; and civil society and the media.

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<sup>2</sup> IMF: *Regional Economic Outlook: Asia and Pacific* (Washington, D.C., November 2008).

## DRAFT AGENDA

### Launch of World of Work Report 2008 & Roundtable on the Impacts of the Global Financial Crisis on the World of Work in Indonesia

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|---------------|--|--|
| 14:00 ~ 14:15 | Welcoming remarks  | <b>Mr. Alan Boulton,</b><br>Director,<br>ILO Jakarta   |
| 14:15 ~ 14:30 | Keynote Speech   | <b>Mr. Besar Setyoko,</b><br>Secretary-Genral,<br>Ministry of Manpower and<br>Transmigration   |
| 14:30 ~ 15:00 | Presentation of report:<br><i>World of Work Report 2008: Income<br/>Inequalities in the Age of Financial<br/>Globalization</i> | <b>Dr. Ekkehard Ernst,</b><br>Lead Economist,<br>International Institute for Labour<br>Studies, ILO  |
| 15:00 ~ 15:30 | Panel discussion on income<br>inequalities in Indonesia and the<br>ASEAN region  | <b>Mr. Sofyan Wanandi,</b><br>Chairman, APINDO<br><br><b>Ms. Maria Emeninta,</b><br>President, KSBSI<br><br><b>Dr. Bambang Widiyanto,</b><br>Deputy Minister for the Evaluation<br>of Development Performance,<br>National Development Planning<br>Agency (BAPPENAS)<br><br><b>Dr. Anish Kumar Roy,</b><br>Director, Bureau of Resources<br>Development, ASEAN Secretariat |
| 15:30 ~ 16:00 | Question and Answer  | <b>Moderator:</b><br><b>Mr. Alan Boulton,</b><br>Director,<br>ILO Jakarta  |
| 16:00 ~ 16:15 | Coffee Break   |  |
| 16:15 ~ 16:30 | Setting the context: Rapid<br>Assessment on the labour market<br>impacts of the financial crisis in<br>Indonesia               | <b>Mr. Kee Beom Kim,</b><br>Economist,<br>ILO Jakarta  |
| 16:30 ~ 17:15 | Roundtable on the Impacts of the<br>Global Financial Crisis on the World<br>of Work in Indonesia                               | <b>Dr. Komara Djaja,</b><br>Expert Staff, Coordinating Ministry<br>for Economic Affairs  |

**Dr. Prasetijono Widjojo,**  
Deputy for Poverty, Labour and  
SMEs,  
National Development Planning  
Agency (BAPPENAS)

**Dr. Vivi Alatas,**  
Senior Economist,  
World Bank

**Dr. Ekkehard Ernst**  
Lead Economist  
International Labour Organization

17:15 ~ 17:45 **Discussion**

17:45 ~ 18:00 **Concluding Remarks**

**Mr. Alan Boulton,**  
Director,  
ILO Jakarta

**Mr. Besar Setyoko,**  
Secretary-Genral,  
Ministry of Manpower and  
Transmigration

18:00 ~ **Tea/Cocktail reception**