



World of Work 2009

Snapshot of the United States

What has happened in the world of work?

- *Mounting job losses:* Since the start of the recession in December 2007, the number of unemployed persons has risen by 8.2 million.
- *Increased unemployment rate:* the unemployment rate now stands at 10.2 per cent, up by 5.3 percentage points since the onset of the recession in Dec. 2007.
- *Part-time employment:* part-time employment as a share of total employment increased from 17.3 per cent in Q2 2008 to 21 per cent in Q2 2009 (figure 1).
- *Discouraged workers:* the unemployment figure does not include the over 800 thousand workers who are discouraged and have stopped looking for work.
- *Reduced participation rates:* for youth, it has declined from 59 per cent in Dec. 2007 to 55.1 per cent in October 2009.

What are the near-term implications for employment?

- *Sluggish labour market recovery:* among advanced economies, employment levels are not expected to recover to pre-crisis levels until the middle of 2013; while employment rates are not expected to recover until 2014.
- *Long-term unemployment:* going forward, there are real risks of long-term unemployment (those jobless for 27 weeks and over). For example, in October, 2009, 35.6 per cent of unemployed persons were jobless for 27 weeks or more, up from 23.6 per cent in October 2008.

Employment-oriented measures could mitigate the impacts of the global jobs crisis and support a broader recovery

- *Global Jobs Pact for a sustainable recovery:* elements of the Global Jobs Pact could prove beneficial in aiding a quicker and more sustainable recovery process – through such avenues as public infrastructure development, social protection, support for vulnerable groups and labour market skills and training programmes.
- *Continued support through stimulus spending:* if stimulus efforts are scaled back prematurely, there is a risk of joblessness, inactivity and more precarious forms of work. Moreover, severe negative employment effects could depress recovery efforts (with wage depression or deflation and adverse consequences for disposable income and private consumption).

Going forward, what structural issues need to be addressed?

1. Adverse impacts of the financialization of the economy

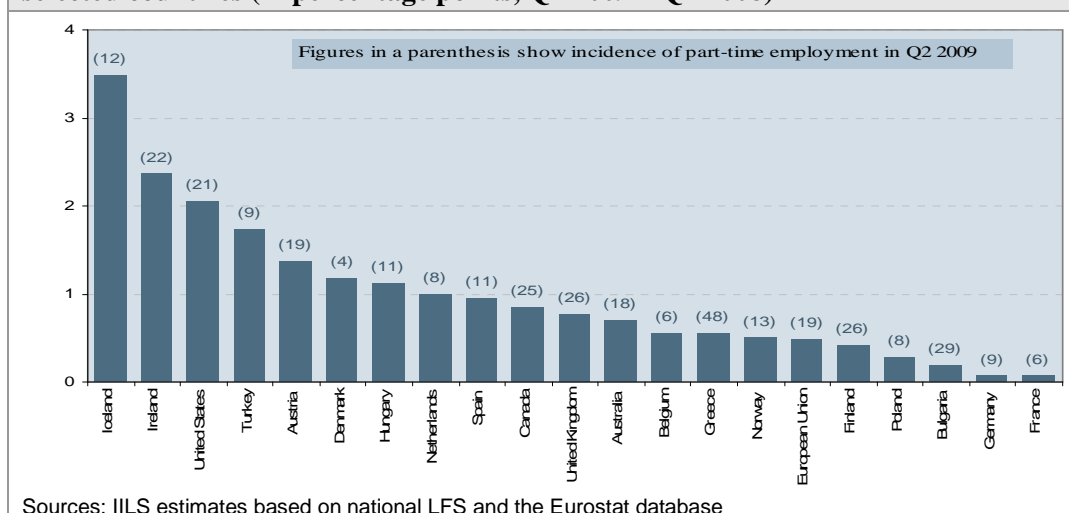
- The crisis has highlighted the perverse effects of “financialization”:
 - *Growing share of profits:* the financial sector’s share of GDP increased from 13 per cent in 1970 to 20 per cent in 2007 in the US; but, the financial sector’s share of total corporate profits is a lot higher – currently it is around 40 per cent.

- *The wage gap between financial and non-financial workers has widened:* the real wage gap between financial and non-financial firms in the United States widened from US\$11,000 in 1987 to US\$40,000 in 2007 (per annum per employee). Such trends in compensation in the financial sector have continued throughout 2008 and 2009.
- *Adverse impact on non-financial firms:* an important indicator of finance's growing influence over the real economy is the evolution of dividend payouts, which as a percentage of total profits doubled from 22.8 per cent in 1946–1979 to 46.3 per cent in 1980–2008. The share of investment as a percentage of operating surplus declined from 46 per cent in the 1970s to 39 per cent in the 2000s.
- *Making finance work for the real economy:* finance's growing size and influence over the real economy comes with benefits and costs, but the crisis of 2008–09 shows that the costs are enormous. So far, governments have done little to tackle the growing dominance of finance and the pace of reform has been excruciatingly slow. Going forward, it is imperative to align the incentives of the financial sector with that of the real economy.

2. *Green policies, not only for a sustainable future, but also for jobs.*

- The move to a low-carbon economy presents an opportunity for substantial job creation, by opening new markets and stimulating eco-innovation and investment in more efficient production techniques.
 - The *World of Work 2009* report shows that if a price on CO₂ emissions was imposed, and if the resulting revenues were used to cut labour taxes, then employment would rise by 0.5 per cent world wide by 2014.

Figure 1. Change in the incidence of part-time employment in total employment, selected countries (in percentage points, Q2 2009 – Q2 2008)



World of Work 2009: Global Jobs Crisis and Beyond is available at (www.ilo.org/INST). For further comment, journalists are invited to contact Sameer Khatiwada (tel +41 22 799 6308; email: khatiwada@ilo.org) or Raymond Torres (tel: +41 22 799 7908; email: torresr@ilo.org), Director of the ILO's International Institute for Labour Studies.