

ILO: Financial crisis has fuelled unemployment

By DASSU STEPHEN

THE International Labour Organization (ILO) has recently issued a report which shows how global financial crisis has affected socio-economic sectors globally.

It is estimated that the number of unemployed people at the global level reached nearly 212 million last year, which is an increase of 34 million people compared to 2007.

The report which is entitled, 'Global Employment Trends

report', indicates that global unemployment was becoming even more acute, and it is likely to remain high this year.

The global unemployment rate rose to 6.6 per cent in the year 2009, an increase of 0.9 percentage points over 2007, and the impact varied widely by regions, ranging from 4.4 per cent in East Asia.

The unemployment rate in the developed economies and European Union, for instance, jumped from 5.7 per cent in 2007 up to 8.4 per cent in 2009.

The number of unemployment in the region is estimated to have surged by more than 13.7 million between 2007 and 2009, with an increase of nearly 12 million unemployed in last year alone, said the report.

Part of the report read, "Preliminary estimates of growth in labour productivity, measured as output per worker, indicated that productivity levels fell in all regions except East Asia, South Asia and North Africa. The largest decline in output per worker occurred in Central and South-Eastern Europe, thus reversing part of the gains that were made in the first half of the decade."

The report says in the developed economies and European Union, unemployment is projected to increase by an additional 3 million people till the end of this year, while it will stabilize at present levels,

Overall, despite comprising less than 16 per cent of the global workforce, the developed economies and European Union region accounted for more than 40 per cent of the increase in global unemployment since 2007. Unemployment in the developed economies and European Union, however, is expected to remain elevated, with a projected increase in the regional unemployment rate to 8.9 per cent in 2010.

Between 2008 and 2009, the largest increase in unemployment rates by region occurred in the developed economies and the European Union, which saw an increase of 2.4 percentage points, in Central and South-Eastern Europe, 2.0 percentage points, and in Latin America and the Caribbean (1.2 points). Similarly, these three regions account for more than two-thirds of the increase in the global number of unemployed in 2009, despite only accounting for 30 per cent of the global labour force.

Thus in Latin America and the Caribbean, the unemployment rate had risen from 7 per cent in 2008 to 8.2 in 2009, amounting to 4 million additional jobless in the year 2009 alone, said the report.

The report also indicates that in Sub-Saharan Africa, the unemployment rate is estimated to have risen to

8.2 per cent in 2009, and experts say it is likely to show very little change between 2009 and 2010, and, "The limited increase is not reflective of the true impact of the crisis in the region, and it should be seen in conjunction with indicators such as vulnerable employment and working poverty."

The ILO says that the number of unemployed youth worldwide has increased by 10.2 million in 2009 as compared to the year 2007, the largest hike in other regions. The report shows wide variations in the employment impact of the crisis between regions and countries as well as in labour market recovery.

The ILO Director General Juan Somavia was quoted in a recent World Economic Forum held at Davos as saying, "It is clear that avoiding a jobless recovery is the political priority of today, and therefore we need the same policy decisiveness that saved banks now applied to save and create jobs and livelihoods of people.

This can be done through strong convergence of public policies and private investment."

The reports further elucidated that coordinated stimulus measures have averted a far greater social and economic catastrophe, yet millions of women and men around the world are still without a job, "With 45 million young women and men entering the global labour market every year, recovery measures must target job creation for our young people," added Mr Somavia

According to the ILO, the share of workers in vulnerable employment worldwide is estimated to reach over 1.5 billion, equivalent to over half (50.6 per cent) of the global labour force. The number of women and men in vulnerable employment is estimated to have increased in 2009, by as much as 110 million as compared to the year 2008.

It is also approximated that about 600 million workers and their families were living on less than 1.25 US dollars in 2008, with as many as 215 million additional workers living on the margin and at risk of falling into poverty in 2009.

The report has recommended among other things, the need for urgent measures to be taken to establish wide coverage of basic social protection schemes to cushion the poor against the devastating effects of sharp fluctuations in the economic activity.

To address these issues, the ILO constituents which represent the 'real economy' have agreed a Global jobs pact that contain a balanced set of tried and tested measures to promote a robust response to the employment challenge by focusing on accelerated employment generation, sustainable social protection systems, respect for labour standards, and strengthening social dialogue.