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Dealing with the Global Jobs Crisis

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The world is sliding into an unprecedented global jobs crisis. This is something that will affect us all, whether we have work or are unemployed. The global jobs crisis is not just an economic and moral issue; it is one of the biggest security risks of our time. If we choose to continue along the present path, the world risks becoming more fragmented, protectionist and confrontational.

What are the main dimensions of this crisis?

- Half of all the workers in the world—some 1.4 billion people – are the working poor, living in families that survive on less than US \$2 a day per person. They work in the vast informal sector—from farms to fishing, from agriculture to alleyways—without benefits, social security or health care.
- Unemployment in terms of people with no work at all is at its highest point ever and continues to rise. In the last ten years, official unemployment has grown by more than 25 per cent and now stands at nearly 192 million worldwide, or about 6 per cent of the global workforce.
- Of these unemployed, the ILO estimates that 86 million, or about half the global total, are young people aged 15 to 24.
- When people cannot find work at home in their communities and societies they look elsewhere. In the present environment, labour migration easily becomes a source of tension, not to speak of human trafficking and other similar activities.

Isn't global economic growth robust, one might add, and isn't this offsetting the jobs crisis? The answer is no. Despite robust economic growth of 4.3 per cent in 2005 that increased world output by some US\$ 2.5 trillion, the global economy is failing to deliver enough new jobs for those entering the job markets. We will need to create some 40 million jobs each year over the next decade just to keep up with the numbers of workers who are seeking work.

So, as things stand, growth is simply not delivering enough jobs. And this growth is insufficient in and of itself to reverse the deficit in decent work and reduce poverty. Unfortunately, the policies we have now to create jobs and reduce poverty aren't working in many countries. The global jobs crisis is also creating a deficit of decent work.

This crisis isn't going unnoticed on the streets of rich and poor countries alike. Increasingly, political leaders are hearing the voices of people demanding a fair chance at a decent job and new opportunities to find and keep work. It's a world-wide democratic demand expressed in every election. Yet far too often those opportunities aren't there. This opportunity gap takes a heavy toll on the lives of women and men and their families because a decent job is about more than just earning a living. A decent job respects and confers the dignity of work, promotes a sense of self worth and is key to family stability. Decent work is a fundamental aspiration of people everywhere and goes to the heart of their economic and social concerns.

The global jobs crisis is having profound political effects:

- In democratic countries where unemployment or informal employment is high, people are disappointed that democracy has not delivered economic benefits, and this threatens to undermine democratic institutions.
- The momentum for reasonable economic reforms has weakened and many people, companies and countries feel that the rules of globalization are not fair for them.
- A creeping growth of protectionist tendencies is appearing.
- Demands for greater migration control with xenophobic undertones are growing.
- Elections are won and lost on "more and better jobs" issues, but the credibility of political parties to deliver on promises made is going down, with the dangers of populist, authoritarian or purely ideological responses.
- Different forms of passive and active violence are on the upswing, reducing the spaces for dialogue, conflict resolution and consensus building.
- The job-related uncertainties associated with globalization have expanded, affecting even the normal sense of stability of middle classes. The new competition from China, India and others has created new dynamism but also new insecurities exacerbated by the labour market trends.

Business also pays a heavy price for the decent work deficit, both in profits and in public acceptance and perception. Normal business operations like outsourcing, delocalisation, and foreign investments are increasingly criticized for creating jobs "abroad". In some public opinion surveys the perception of big corporations and of the market economy among the most disadvantaged sectors of society is turning negative.

Many people are increasingly asking whether governments, the private sector, indeed democracy, can deliver on decent work.

But we can address this crisis. Here are five concrete steps:

First, we need a paradigm shift in economic and social policies that puts decent work objectives at the centre of national and international development efforts and a new balance of economic and social policies that stresses macroeconomic stability as well as policies aimed at formalizing markets, improving competitiveness, expanding social protection and channelling the abundant entrepreneurial energies of people working in the informal economy. All of this can be done in the context of open, competitive economies.

Second, economic growth continues to be a necessary objective as a means for achieving economic development and job creation. However, the weakening of the link between growth and jobs needs to be addressed head on. We need to promote not just any growth but employment-rich, sustainable growth. We must focus not just on global, but also on local economic development. This requires the right mix of macro, micro and sectoral policies. Growth cannot be pro-poor unless it is sustainable and employment intensive. Work is the missing link in the efforts to reduce poverty.

However, one size does not fit all. The best policy combination can only be determined through social dialogue to adapt the ‘what’s’ and the ‘how’s’ to different national realities, cultures and development levels. This requires solid national consensus and coalition-building, in short, dialogue and good governance at the national level.

Third, competitiveness and enterprise development should become a major national objective in every country. Small enterprise is key to job creation. No decent work strategy can be successful without encouraging entrepreneurship, innovation and productivity. This requires the right policy and regulatory environment, a good investment climate, investment in human capital, as well as sectorial policies for value chain upgrading.

Fourth, in a global and increasingly integrated economy people’s skills determine not only individual employability but also how a country does business with the rest of the world. We need a big push in training, lifelong learning and upgrading human capacities. This is a shared responsibility. Firstly it demands the commitment of governments to invest and create conditions to enhance education and training at all levels; secondly the commitment of enterprises to train their employees on an ongoing basis; and thirdly, the commitment of individuals to develop their competencies and their careers.. And it requires a particular focus on young people. If we can reduce the youth unemployment rate by just half we will add at least US\$ 2.2 trillion to the global economy.

Fifth, it is clear that none of the global actors can solve this problem alone. To meet the challenges of the global jobs crisis governments, business and trade union leadership and relevant international organizations, (in close cooperation with other stakeholders of global society such as local authorities, citizens’ organizations) have to join forces.. We need better international governance.

Many people interpret the lack of decent work opportunities as the absence of an ethical compass in policy-making. It is time to revisit the commitments made by the global community to promote social inclusion and jobs as the basis of poverty reduction, and respect for fundamental principles and rights at work. This is the foundation of decent work. It is time to come together and deliver on these commitments. Tackling the global jobs crisis will require nothing less.

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