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**The Regional Impact and Responses to
the Global Financial, Economic and
Social Crisis**

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Outline

- **Impact**
 - So far
 - Likely future impact
- **Responses**
 - So far
 - Criteria for selecting policies to:
 - Mitigate the effects of the crisis
 - Create a “new normal” situation

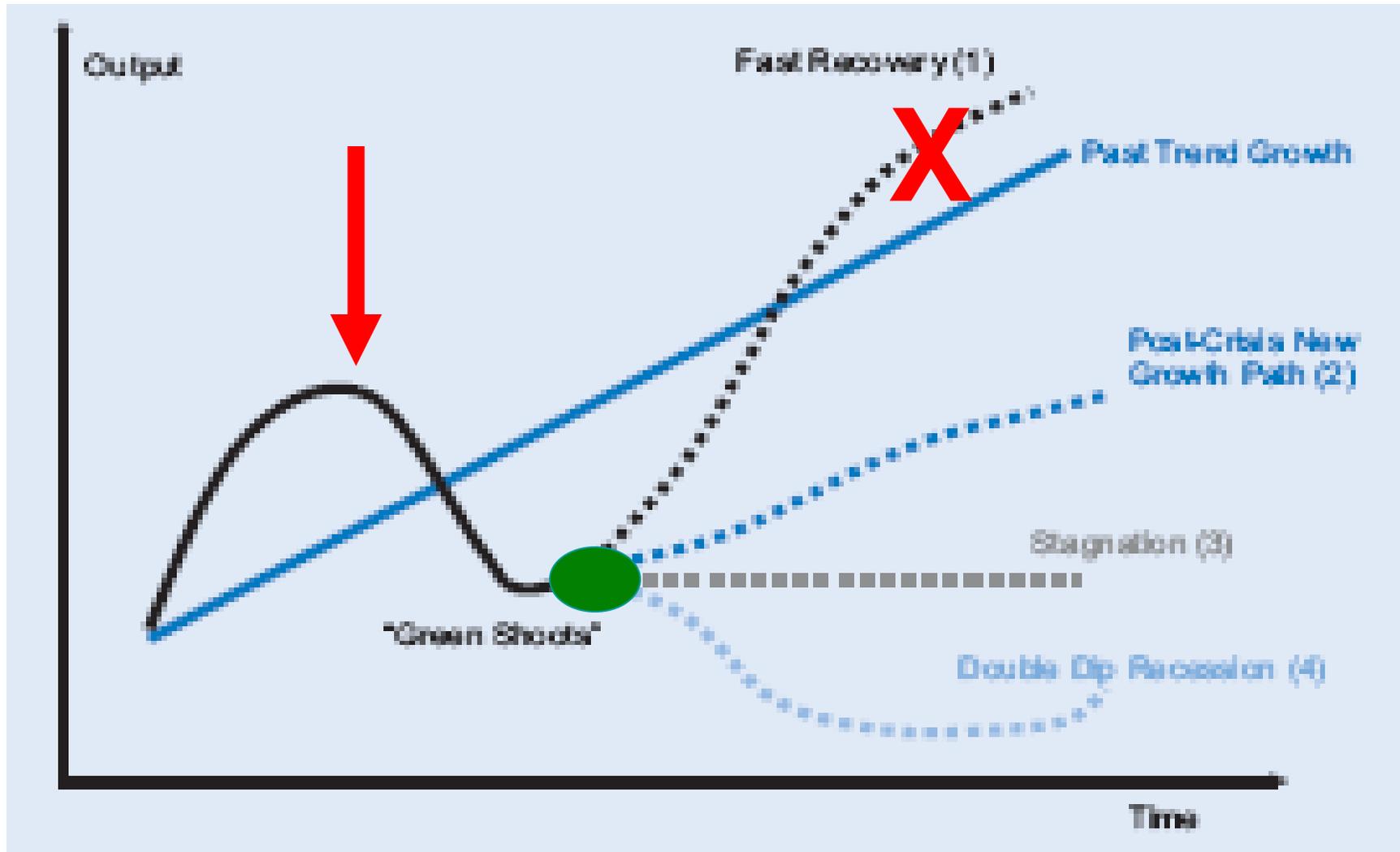
Impact So Far

- **The crisis came on top of pre-existing challenges**
 - **The impact of the crisis on the regional economies has been diverse**
 - **It has so far been “mild” from a broad regional perspective**
 - But regional weak statistics/ monitoring systems are weak ...
 - **But the effects are clearly visible in most cases and operating through many channels**
 - The worse may still to come
- =>The crisis is systemic and requires systemic responses, and answers are not to be found only in the labor market**
- Greater role of Ministries of Labor and social partners in operationalizing the Global Jobs Pact

Likely Future Impact

- **Green shoots for “recovery” are spotted everywhere but recovery is often taken to mean reduction in the speed of falling**
 - This is not really the same as stop falling
 - And certainly *NOT* getting back to “normal”
 - **In fact, the situation was not normal before, and the challenge is to find a “new normal” i.e.**
 - The financial sector serves the economy
 - The economy serves the society at large
- ⇒ **In the meantime the likely course of unemployment, inequality and poverty is bleak for many years ahead**
- If things at global level do not improve fast, then the effects of the crisis on the Arab region are forecast to be more severe than on other regions

Stylized Scenarios for Recovery



Labor/Social Policies So Far

- Employment Creation/Protection
- Wages
- Social Insurance
- Social Assistance, Subsidies
- Migrant workers
- Employment Services, Micro Credit/ SMEs
- Child Labor

=> However, the budgets allocated to them are small, and some policies have been uncoordinated, reactive and without a clear long-term perspective

Criteria for Future Policies

	System wide	Counter cyclical	Sustainable	Income protection	Developmental
Specific Policies					
Institutional					

Criteria for Future Policies

	System wide	Counter cyclical	Sustainable	Income protection	Developmental
Specific Policies					
Institutional					
Expand MoLabour role	yes	yes	yes	yes	yes
Social Dialogue and New Paradigm	yes	yes	yes	yes	yes
Strengthen Administration and Statistics	yes	yes	yes	yes	yes

Epilogue

- **Crises create opportunities**
 - They create space for socially-minded reforms as they increase insecurity for most citizens and therefore raise the effectiveness of social dialogue by rallying consensus for sustainable and equitable development
 - Long Depression and German Social Security - 1880s
 - The Great Crash and the US New Deal - 1930s
 - The Asian Financial Crisis and the Korean Response - Late 1990s
- **The crisis came after a decade of Arab economic and employment “renaissance” from which many lessons can be drawn**
 - The region had the fastest employment growth and unemployment reduction, moved toward a more balanced public/private role, engaged in modernizing economic reforms and started expanding social protection ...
- **The Arab countries can draw from and further utilize their labor market strengths**
 - Young and more educated population are an asset, population growth passed its peak, increasing labor force participation of women, expanding social security base ...

**The challenge for the Arab
countries therefore is:**

**Let's Finish
What We Started!**

Thank you