

The global jobs crisis: the G-20 must act now to avoid a lost decade – Op-Ed by ILO Director-General Juan Somavia

The world employment outlook is dire. Unemployment stands at more than 200 million, and is rising. The current rate of global jobs growth, at 1 per cent or less per year, will not replace the 30 million jobs lost since the crisis began in 2008.

Yet unemployment numbers are only part of the story. They mask the fact that millions of workers have part-time jobs for lack of a better alternative, are postponing entry into the labour market, or have given up looking for work altogether. Even before the crisis, half of total employment outside agriculture was in the informal economy and two workers in five worldwide lived below the poverty threshold of \$2 per person per day. Young people are particularly hard hit: youth unemployment hovers just below 80 million, at two to three times the adult rate.

The continuing protests in different parts of the world share a common denominator: unemployment and income inequality. What is more, millions have jobs but lack the basic elements of dignity: rights, social protection and voice. Jobs-related protests have taken place in 25 countries.

The situation could get worse. With the slow-down in the global economy since mid-2011, we are on the edge of a global jobs recession that could last a whole decade. And if we ignore the widespread aspiration for a fair chance at a decent job, the social and political consequences could be catastrophic.

When G-20 leaders meet in Cannes this week, their biggest challenge will be connecting with their citizens and addressing the growing global discontent. They will seek to calm financial markets and give them confidence that first the Eurozone, then the US and ultimately Japan will manage their sovereign debt crisis well.

Dousing financial fires with emergency measures and regulations is urgent. Yet, to retain political legitimacy the G-20 must tackle with equal vigour the tragedy of the millions of unemployed and insecure workers who are paying the price for a crisis they had no responsibility in bringing about. As the G20 Labour and Employment Ministers proposed at their Paris meeting, measures to directly stimulate quality employment growth are essential. The G20 Business and Labour Summits are likely to support this.

G-20 Leaders can put global economic recovery efforts on the path to decent work based on strong public/private partnerships. This translates into four concrete measures that have proven their worth.

- First, investment in infrastructure for jobs needs to be raised from the current 5-6 per cent of GDP, to 8-10 per cent during the coming five years. China and Indonesia have shown that such investments play a key role in sustaining employment during a slowdown.
- Secondly, ensure small and medium-sized enterprises, the main source of job creation, have access to bank financing and management support systems with SME credit outlays growing at least at the same rate as total outlays. Brazil and Russia have done that.
- Thirdly, focus on jobs for young people, through effective apprenticeships, orientation services and entrepreneurship training, to facilitate the school to job transition. Countries that follow this route, such as Australia, Germany and Singapore, enjoy lower youth unemployment rates.
- Lastly, we must build universal social protection floors in countries with low coverage. This could be done at a cost of between 1 to 2 per cent of GDP, depending on each country. Publicly financed social protection schemes in Argentina, Brazil, India, Mexico, and South Africa are lifting millions out of poverty.

If countries concentrate on these areas while laying out credible and socially responsible plans to finance sovereign debt and consolidate fiscal balances, the recovery will be stronger. These measures, integrating macroeconomic, employment and inclusive labour market policies, if adopted widely, would push the global employment growth rate to 1.3 per cent, thereby recovering by 2015 the pre-crisis rate of employment to working age population.

Respecting fundamental rights at work and heeding the voice of people through social dialogue will build consensus around policies that respond to demands for income, justice and dignity.

The world is facing a serious equity challenge. The perception that while some banks are too big to fail, some people are too small to matter and that financial interests override social cohesion, undermines people's confidence in the possibility of having a fair chance at a decent job.

The ILO urges the G-20 leaders in Cannes to put the real economy back in the driver's seat of the global economy; steer the financial sector towards longer term productive investments in sustainable enterprises; ratify and apply all 8 ILO fundamental labour standards; and pursue employment, social protection and basic rights at work with the same diligence as low inflation and balanced public finances. This provides the foundation for a new era of social justice and is the way to rebuild the trust of people.