

Stemming the crisis: World leaders forge “Global Jobs Pact”

Faced with the prospect of a prolonged global increase in unemployment, poverty and inequality and continued duress for enterprises, in June 2009 the ILO adopted a historic Global Jobs Pact designed to guide national and international policies aimed at stimulating economic recovery, generating jobs and providing protection to working people and their families.

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The Global Jobs Pact was adopted following strong support voiced during a three-day ILO Global Jobs Summit by heads of State and government, vice-presidents and ministers of labour, worker and employer representatives and other leaders. The summit provided strong support for an enhanced involvement of the ILO in the G-20, in follow-up to its meeting in London last April which, with regard to employment and social protection, called on the ILO “working with other relevant organizations, to assess the actions taken and those required for the future”.

“It is you, the actors of the real economy, that are going to take us out of this crisis,” Mr. Somavia told some of the 4,000 delegates from the 183 ILO member States attending the annual International Labour Conference. “You represent workers and families, employers and enterprises, and governments. World leaders have told us that change is needed, combining broad opportunity, jobs, protection of working people with the type of investment and growth that will pave the way to a long-term solution to this crisis. This is our challenge for today, our mandate for the future.”

“Employers support the Global Jobs Pact, as a significant contribution to the policy responses necessary for recovery,” said Daniel Funes de Rioja, Employer Vice-Chairperson of the Committee of the Whole on Crisis Responses. “The joint global efforts of employers, trade unions and governments have identified realistic and practical approaches to addressing this crisis. Having agreed on the Global Jobs Pact the hard work now begins. The challenge to the ILO, trade unions and employers, and most particularly governments, is to now translate this commitment into measures at national level which generate real jobs, real incomes and contribute to economic recovery. Employers stand ready to play our part.”

The Global Jobs Pact amounts to the most wide-ranging world response to the economic crisis, adopted in a year in which the ILO marks its 90th anniversary. It calls on governments and organizations representing workers and employers to work together to collectively tackle the global jobs crisis through policies in line with the ILO’s Decent Work Agenda.

The Pact was adopted against a backdrop of a recent report by the ILO showing an unprecedented increase in unemployment globally and a persistence of very high levels of poverty. Mr. Somavia said the ILO estimated that even if an economic recovery began to take hold this year or the next, a global jobs crisis could linger for six to eight years. He also said that with 45 million new entrants to the global jobs market annually – most of them young women and men – the global economy would have to create some 300 million new jobs over the next five years just to go back to pre-crisis levels of unemployment.

The Conference also held an intense round of debates on the role of enterprise, employment policies, social protection, labour rights, social dialogue, development cooperation and regional and multilateral coordination in addressing the jobs crisis.

“We are sending a message of vision, change and realism to governments and to the woman and man in the street,” said Leroy Trotman, Worker Vice-Chairperson of the Committee of the Whole on Crisis Responses. “Today the Jobs Pact is only a piece of paper. We governments, workers and employers have to make it a reality. This includes a commitment of governments to social dialogue and strong labour market institutions. Recovery requires a wage-led increase in aggregate demand, social protection and social dialogue, and collective bargaining. But it also means no interference by

employers, when workers organize themselves and represent their interests collectively. If we fail societies will lose. If we succeed, I am convinced future historians will say: the ILO lived up to its mandate.”

The Global Jobs Pact proposes a range of crisis-response measures that countries can adapt to their specific needs and situation. It is not a one-size-fits-all solution, but a portfolio of options based on tried and tested measures. The Pact is also designed to inform and support action at the multilateral level.

The Pact urges measures to retain persons in employment, to sustain enterprises, to protect persons during the downturn and to accelerate employment creation and jobs recovery combined with social protection systems, in particular for the most vulnerable, integrating gender concerns on all measures.

The Pact also calls for the construction of a “stronger, more globally consistent supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work and better protects the savings and pensions of people”. It also urges cooperation to promote “efficient and well-regulated trade and markets that benefit all” and avoid protectionism. It further urges a shift to a low-carbon, environmentally friendly economy that will help accelerate a jobs recovery.

Global employment impact of the crisis

In its Global Employment Trends (GET) Update published in May 2009 the ILO revised upwards its unemployment projections to levels ranging from 210 million to 239 million unemployed worldwide in 2009, corresponding to global unemployment rates of 6.5 and 7.4 per cent respectively.

The GET Update projects an increase of between 39 and 59 million unemployed people since 2007 as the most likely range. Actual outcomes will depend on the effectiveness of fiscal expenditures decided by governments and on a functioning financial sector.

Updated projections of working poverty across the world indicate that 200 million workers are at risk of joining the ranks of people living on less than US\$2 per day between 2007 and 2009.

The crisis is hitting youth hard. The number of unemployed youth is expected to increase by between 11 and 17 million from 2008 to 2009. The youth unemployment rate is projected to increase from around 12 per cent in 2008 to a range of 14 to 15 per cent in 2009.

The GET said 2009 will represent the worst global performance on record in terms of employment creation. The report underlined that the global labour force is expanding at an average rate of 1.6 per cent, equivalent to around 45 million new entrants annually, while global employment growth decreased to 1.4 per cent in 2008 and is expected to drop further to between 0 and 1 per cent in 2009.

ILO experts also estimated that in the 2009–2015 period, around 300 million new jobs will have to be created just to absorb the growth in labour force.

The Pact urges governments to consider options such as public infrastructure investment, special employment programmes, broadening of social protection and minimum wages. Particularly in developing countries, such measures can reduce poverty, increase demand and contribute to economic stability. Donor countries and multilateral agencies are called on to consider providing funding, including existing crisis resources for the implementation of the Pact’s recommendations and policy options.

Mr. Somavia said the ILO would immediately begin to provide assistance to constituents wanting to implement measures under the Pact as well as work with other multilateral agencies. He also stressed that the Pact is not about how much more governments can spend, but how they spend it.

"We need to give life to this commitment," said Mr. Somavia. "We all have a collective responsibility to the future. Together we can make good on our common aspirations. We have a mandate to act now, and working together we will certainly succeed."

Employment impact of the crisis: Regional trends

- In the Developed Economies & European Union, total employment is projected to shrink this year by between 1.3 per cent and 2.7 per cent. The region is likely to account for 35 to 40 per cent of the total global increase in unemployment, despite accounting for less than 16 per cent of the global labour force.
- In Central and South Eastern Europe (non-EU) & CIS the number of unemployed could increase by as much as 35 per cent in 2009. Total employment is projected to shrink by between 1 and 2.8 per cent.
- In East Asia, it is estimated that 267 million people, representing more than one-third of the total employed, were living on less than US\$2 per day at the onset of the crisis. There were around 12 times as many people in vulnerable employment as in unemployment.
- A fairly moderate increase in unemployment is projected for South-East Asia and the Pacific, though workers and firms in export-oriented industries in the region are being hit hard.
- In South Asia, approximately 5 per cent of the labour force is unemployed while nearly 15 times as many workers are employed, but in vulnerable employment. The number of workers living on less than US\$2 per day is projected to grow by up to 58 million between 2007 and 2009.
- In Latin America, the unemployment rate is projected to rise from 7.1 per cent in 2007 to between 8.4 and 9.2 per cent in 2009.
- In the Middle East, the ILO projects an increase in unemployment of up to 25 per cent, and in North Africa by up to 13 per cent in 2009 compared to 2007. Vulnerable employment is also expected to increase in both regions. Around one in three workers in each region are in vulnerable employment and this ratio could rise to as much as four in ten.
- In sub-Saharan Africa, an estimated 73 per cent of the region's workers are in vulnerable employment, and this could rise to more than 77 per cent this year. The crisis poses a serious threat to investment in infrastructure and capital goods that are crucial for the region's continued development. The potential harm of global trade protectionism in response to the crisis should not be understated.