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Paper for Session on Macroeconomic Frameworks and Employment Creation
"A Macroeconomic Framework for Employment Creation"
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Abstract: A macroeconomic framework for employment creation in this paper *inter alia* draws on the socio-cultural experiences and challenges since the 1997 Asian financial crisis and 2011 Arab Spring in the globalisation process. The conclusion is whatever triggers a crisis to generate into a full-blown total crisis of all dimensions, hues and colours is often when the basic economics for survival and prosperity are side-stepped and allowed to snowball. It is as much of an omission and commission by leaders and policy-makers in failing to recognise basic macroeconomics in both cyclical and structural realms. As in most economic crises, this time is no different.

1 Statement of the problem

The aim of this paper is to tease out any economics gone awry or missing in action to appeal for a robust macroeconomic framework for employment creation. No policy operates in standalone silos. Checks-and balances are noted by Karl Polanyi's (1957)[2] double movement of state-social relations with society bearing on politics following his thesis of great transformation (1944). When a state turns roguish preserving embedded autonomy, a countermovement rises to protect the society. Continuous market expansion and greed as a fundamental ill of market capitalism is complicated by globalisation.[3]

A more evidence-based *tour de force* of 800 years of financial crises[4] shows familiar causes, debilitating effects and the good, bad and ugly of globalisation. The seismic dissatisfaction expressed in the Arab Spring in First Quarter 2011 toppled regimes as did the Asian financial crisis (AFC) 1997/98. Both are secular and agnostic movements with youths desperate for jobs and a future, disappointed with evolutionary pathways going nowhere. The revolutions shook rethinking in human resources development (HRD) and human capital invested in education cities in Qatar, the United Arab Emirates (UAE) and Saudi Arabia.[5] Are they doing enough?

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[1] Head, Strategic Planning, Department of Economic Development, Government of Abu Dhabi, the UAE in her own professional capacity; paper dated 31 May 2011.

[2] Polanyi, Karl, 1957, The Great Transformation: The Political and Economic Origins of Our Time. Boston: Beacon Press.

[3] See for instance, Birchfield, Vicki, (1999), "Contesting the Hegemony of Market Ideology: Gramsci's 'Good Sense' and Polanyi's 'Double Movement'", Review of International Political Economy, 1466-4526, Volume 6, Issue 1, pp 27 – 54.

[4] Reinhart, Carmen and Kenneth Rogoff, (2009), This Time is Different: Eight Centuries of Financial Folly. Princeton: Princeton University Press.

[5] Qatar Foundation for Education, Science and Community Development has Qatar Education City with six branches US universities. The UAE has Dubai Knowledge and Human Development Authority to Abu

Attitude, skills and knowledge (ASK) mismatching labour market conditions reflects a relative lack of realistic economism. Effective policy implementation is more than throwing money at the problem. Asia in various stages of economic development still has employment issues. Job creation is as universally in mature industrialised states in the Organisation for Economic Cooperation and Development (OECD), Brazil, Russia, India, China, South Africa (BRICS) and other emerging, frontier economies.

Employment creation is hard in a context of competitive globalisation induced by information communication technology (ICT), deregulation plus the multipolarity of geoeconomics and geopolitics. If it is any comfort after the global financial crisis (GFC), a World Bank study of different types of workers in 17 middle-income countries found variations by country and only weakly related to severity of the shock.[6]

In constructing a macroeconomic framework for jobs, one policy lesson is jobs are easily decimated in crises beyond any state's control. Two, prevention in boom times is better than cure before crises hit, so any comfort zone honed by a crisis-mentality keeps reforms going. Reforms during a crisis add to the chaos, more so when leadership is compromised. Three is those thus economically prepared fare better to recover post-GFC. In the final analysis, national idiosyncracies and crisis management matter.

2 Macroeconomic framework for employment creation

A macroeconomic policy framework comprising three elements may be oversimplifying, but serves as a non-definitive eclectic economics toolkit connecting the dots in a chaos of priorities. The Phillips curve, population-demography-labour symbiosis and economics of a welfare state are a triple-play framing the issues in job creation. Understanding each will show more characteristics as cyclical, structural, youth or elderly employment and their synergy in value-adding or tradeoffs. The dynamics can be market *laissez-faire* or *dirigiste* induced by economic policies to create sustainable jobs as nations transform.

2a Philips curve

All policy-makers make choices. The Phillips curve shows an inverse relationship between the rates of inflation and unemployment as a potential policy tradeoff and an equilibrating non-accelerating inflation rate of unemployment (NAIRU). [7] It adds rigour to Keynesian mobilisation of idle resources including unemployed labour where falling wages and general price level as deflationary in a recession turn inflationary in full

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Dhabi-based New York University and Sorbonne University and Saudi Arabia tripling the number of state universities to 24 featuring King Abdulaziz City for Science and Technology and Saud University. See also Balakrishnan, Melodena S, Payyazhi Jayashree and Ian Michael, eds, 2010, Actions and Insights: Business Cases from the UAE, Dubai: Academy of International Business, Middle East and North Africa, AIB-MENA and University of Wollongong. It sheds light on the real business management problems faced by UAE-based organizations both from the private and public sectors, including JAFZA- Economic Zones World (EZW), UAE Exchange, Jumeirah Group, Etihad Airways, Production Services Network (Dubai), Aqua Chemie, Promo Seven Sports Marketing, Al Ain Dairy, Hay Group and TMH Dubai

[6] Cho, Yoonyoung and David Newhouse, 2011, "How Did the Great Recession Affect Different Types of Workers? Evidence from 17 Middle-Income Countries", World Bank, WPS5636, April.

[7] Phillips, AWH, 1988, "The Relation between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861-1957." Economica NS 25, No. 2, pp 283-99.

employment just as business cycles do. Predictably, fully employed mature economies only expand non-inflationary output by imported labour, higher productivity or both.

The tradeoff was challenged as stagflation from the first oil crisis in the 1970s as cost-pushed inflation arrested output. Instead of a movement as tradeoff along a short-run Phillips curve, a long-run shift upward allows both higher rates of inflation and jobless. Policies include inflation-targeting and managing structural unemployment.[8] Technology and ageing labour need continuous education and training to rewire, rehire or retire[9] as labour-intensive, obsolete jobs go and knowledge-based economy (KBE) jobs grow.

Globalisation and crossborder outsourcing are predictable, but proved sudden and painful in job loss if global competitiveness is not maintained. Similarly, inflation is imported as cost-push energy prices. More low-cost supply of Chinese products can lower inflation or deflate price levels, but cost displaced jobs. Trade as a classical vent-for-surplus to earn foreign exchange is an equaliser of sorts balancing the Phillip curve tradeoff and NAIRU at appropriate exchange rate policies. It is an art more than a science to juggle risks and uncertainty in open economies amidst speculative commodity bubbles, food security, real estate-stock market bubbles in contagion with banking liquidity crises.

Adding turbo-charged China's quest for energy and raw materials to sustain gross domestic product (GDP) and jobs has globalised the Phillip curve. Its relevancy in China is stark with rising wages and inflation. Post-GFC, the triad of the US, European Union (EU) and Japan as the world's economic locomotive is as mired with chronic global imbalances in balance of payments (BOP). China now switching its export-led global factory to domestic-fueled is a global marketplace for imports, direct foreign investment (DFI), transnational or multinational corporations (TNCs, MNCs).

As the most aggressive globaliser, China's prowess in leapfrogging is more than Japan in knowledge and technology transfer from DFI. It induces, digests and imposes local content requirements to upgrade such transfers by TNCs and MNC. Achievements of rising China needs little amplifications, having overtaken Japan in more ways than one as the second largest economy in 2010, but with as much problems of success in 21st-century globalisation as shown in its Phillips curve.

In contrast, there seems no Phillip curve in the Middle East and North Africa (MENA) including the Gulf Cooperation Council (GCC). The UAE's rent control as a price floor for inflation blamed housing shortage. More helpful was parallel imports for basic foodstuff given its sole agency law. Inflation is imported too by the GCC fixed dollar-pegged exchange rate. Monetary policy mimics recessionary US diametrically opposite to GCC boom. There is no fiscal policy without taxation. Government spending crowds out private sector and adds to inflationary pressure.

At various stages economic development from endowed Saudi Arabia and Qatar to Yemen or Zimbabwe,[10] double-digit unemployment among Emiratis in the UAE is peculiarly voluntary. Equally, self-inflicted inflation is by increasing wages for nationals with less to do with economics as in other restrictive laws and regulations or a fixed

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[8] Full employment is defined as structural plus frictional unemployment at 2-3% or 4-5% with ageing.

[9] Critchley,Robert K Rewired, 2002, Rehired, or Retired? A Global Guide for the Experienced Worker. revised with Jody Storey, 2006, Rewire or Rust, San Francisco: Jossey-Bass/Pfeiffer.

[10] Greg Mills,2011, "Politics and Economics in Zimbabwe –War by Other Means?" Brenthurst Foundation, Discussion Paper 2011/03 and ibid, "Could Uprisings Spread from Northern Africa to South of the Sahara?" The Guardian, 29 April 2011.

dollar peg. All seems vindicate with post-GFC deflation, but rising GCC oil revenue without unraveling cost-push, demand-pull or imported inflation, fixed or managed floating exchange regimes or tradeoffs.

Before long, as a global village, a macroeconomic framework for MENA job creation has to be congruent to other policymakers who have a fairly clear chain of tradeoff in the contemporary near zero-interest regimes.[11] A higher inflation target has additional macroeconomic costs in terms of rising inflation means greater uncertainty and information destroyed, but reducing the frequency of a liquidity trap where expansionary monetary policy is useless in zero-bound rates. Policy-makers choose priorities, tradeoffs and tools as jobs, inflation, liquidity trap or quantitative easing to suit.

Doubly blessed with leadership and the means, especially Qatar and Abu Dhabi's Economic Vision 2030, the GCC seems largely to have escaped the worst of the resource curse.[12] Yet, economically-minded technocrats seem in deficit. Strategic plans bought from legions of foreign consultants seem a KBE wish-list without any perils and risks. Simplistic industrial restructuring and diversification is without a holistic, integrated and systemic connection of all the dots for meaningful job creation. Population-deficiency as an excuse for a propensity and addiction to foreign labour, from skilled to manual needs deeper economic thought, including a population-immigration policy as noted shortly.

A free flow of foreign labour may lower costs and hence inflation, but GCC jobs created are less for nationals, more for the majority foreigners gratified by petrodollar-recycling in remittances. GCC inflation was alien in 2007, blamed on housing shortages, not any policy remiss in facilities. The Phillips curve is irrelevant with no unemployed foreign labour worry about as visas are cancelled within a month. The sponsorship scheme (scrapped by Bahrain and fine-tuned in the UAE) disallows labour mobility, no job-changing without leaving first, re-enter with another sponsor for another job.

The economics of voluntary unemployment of nationals in evidence-based studies[13] are beset with socioeconomic-cultural issues needing brave, strong policies. In the UAE, male Emiratis in the oil sector, armed forces and police gain skills or professional degrees at respective institutes. Females are well educated in universities, but remain unemployed or unemployable by choice or culture. Low female labour force participation rate is due to less mobility to go to where jobs are, without part-time options and flexibility of labour laws for pension and social security benefits to access to career and, training.

It is not just female Emiratis who shy away from the multicultural private sector and less traditional banking, insurance and hospitality sectors, be it cultural or religious.

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[11] Interestingly, The Economist, 5 May 2011 believes that a 2% inflation target is too low. There is no GCC inflation-targeting policy, equally no fiscal or monetary and exchange rate policy as inflation tools.

[12] The resource curse depicts countries with finite, natural resources may fail to develop in other sectors or squander wealth bringing financial problems to future generations.

[13] Forstenlechner, Ingo and Kamel, Mellahi, 2010, "Gaining Legitimacy through Hiring Local Workforce at a Premium: The case of MNEs in the United Arab Emirates", Journal of World Business, Elsevier Inc. doi:10.1016/j.jwb.2010.10.006, www.elsevier.com/locate/jwb; ibid and Rutledge, Emilie, 2010, "Unemployment in the Gulf: Time to Update the Social Contract" Middle East Policy, Vol. XVII, No. 2, Summer; and ibid, Madi, M, Selim, HM and Rutledge, Emile, 2011, forthcoming, "Emiratisation: Determining the Factors that Influence the Recruitment Decisions of Employers in the UAE, The International Journal of Human Resource Management, Vol 22, No 2.

Unemployment rate of Emiratis at 12%[14] reflect features of a nanny state. The traditional preference for public sector jobs is aided and abetted by better pay, working hours, public holidays, leave, total job security and stability. As a minority of 20% of population, it is comforting around other Emiratis sharing a work culture and an unconditional priority for family even above work. Private sector conditions are criticised, but not rejected by the more enlightened Emiratis open to a need to learn, adapt and accept other work cultures.

For full employment of nationals, first is reforming in the education system from primary, secondary to technical, vocational and tertiary to resolve the education-skill mismatch across the MENA. Only time will tell if the diversified non-oil KBE Vision 2030 for Qatar or the UAE is delivered as planned. Job creation by small, medium-sized enterprises (SMEs) still need ASK from less demanding franchises to creative innovative KBE sectors with research and development. Unlike BRICS and other emerging economies, the real hunger for employment, especially in better endowed GCC so reliant on foreign labour has to be translated and efficiently implemented economic policies.

In the interim, localisation, Saudisation or Emiratisation in private sector jobs by quotas by industries, professions, categorising firms with incentives and disincentives are not enough without a societal outreach to raise awareness of the ASK elements. An added push by minimum wages and other state-supplemented incentives for nationals choosing voluntarily extra hardship and sacrifice are self-selected with ideal traits, goals in career development and possibilities to contribute over and above their birthright. The Arab Spring in rejecting nanny states with a fish-a-day must realise it is not jobs-for-life, but continuous education and training for competitive labour markets in a globalised world.

2b Population is destiny

Population and demography by structure or composition imply a dividend of youth or older experienced for economic development. In extant literature, HRD is the weakest link. More than quantity, it is quality in ASK. Population-deficient countries turn to immigration with the US as the ultimate destination for the American dream. Hispanic and other immigrants have begun to be the majority in many states. Population-deficit GCC has yet to craft population- immigration policies to effectively and efficiently parallel the wish-list of Economic Vision 2030 in Abu Dhabi or Qatar. Neither step-by-step or procrastination serves as economic and non-economic are two sides of a coin.

China's one-child policy resulted in rapid ageing, birth rates plunging to 1.4, less than 2.1 replacement rate, female infanticide and an unbalanced 118 baby boys to 100 girls to imply in 20 or 25 years, there will be not enough brides for 20% of baby boys born.[15] Ironically, equally one-billion populous India suffers similar falling birth rates and female infanticide without any one-child policy. Both worry about a Malthusian trap in asymmetrical growth rates of population and food production. Technology helps all round from birth control, super rice breeds to food distribution.

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[14] "Unemployed Youth in the UAE: Personal Perceptions and Recommendations" see http://www.mercatorfund.net/ICOS_Unemployed_Youth_UAE Report.zip. As Emirati job-seekers wait until they get job in the public sector, the Minister of Labour called UAE unemployment as optional; The National, 16 May 2011.

[15] A new 2010 census raises questions about the future of China's one-child policy, The Economist, "The most surprising demographic crisis", 6 May 2011.

Multiethnic and multicultural Association of Southeast Asian Nations (ASEAN) is not as homogeneous in population as East Asia, Japan and Korea. Universal education and employment for women come with falling birth rate though traditional Malay and Indian have larger families. Singapore maintains its racial equation and talent pool by a merit-based immigration policy which coincidentally fits politics with economics nicely together for socio-political stability underpinning the economy. Belatedly, it could not revert its stop-at-two to have-more-if-affordable. Malaysia's demography is more natural than policy-induced. Indigenous Malays remain majority, but smaller over time.

Economically active (labour force) and inactive, young or old-age population dependency impinge on government expenditure, from schools to hospitals. Income distribution and inequality measured by the Gini coefficient are issues raised in Egypt, Tunisia, Bahrain, Libya, Syria and Yemen in the Arab Spring reminding all that social cohesion is not guaranteed by capitalistic growth. Income distribution based on the ability to earn drives incentives and productivity to fulfill wants in market economies over and above basic needs. It is more than any ideology to manage population sustainably.

Population and demography remain passive, evolutionary and long-term. China and Singapore have relatively proactive population policy to fit economic development as planned. Japan turns to technology to remain homogeneous Japanese with a shrinking base. If the Arab youth dividend remains unharnessed, it would be a missed generation. In contrast, postwar Irish youth turned entrepreneurs tapping EU markets, spawning high-technology industries. Whether as migrants to the US or elsewhere or catering to the EU marketplace with ageing populations, the Irish sees opportunities as the Arabs should in housing, health care, transportation, entertainment and new lifestyles in commensurate.

2c Rights as wrong when state-PAYG cannot pay?

As work-life tapers off, whether employment ends as full or partial retirement, a well designed welfare state is not contrarian to sustainable economic development. What is patently clear is the upside-down demographics welfare based on a chain-letter pay-as-you-go (PAYG) system in trouble across Europe and the US. Humanitarian cradle-to-grave welfare rights become wrong from the financial angle.[16] Fully-funded defined-benefit (DB) or contribution-based (CB) rights are considered not as any deviant in ideology, but simply when state cannot pay with post-GFC austerity measures. Even relatively young MENA demographics should heed post-GFC austerity coinciding with the population time-bombs in OECD states. It is all about demand and supply.

Asian and MENA family-based welfare by fully-funded DB or CB as in Singapore's Central Provident Fund (CPF)[17] with similar versions in Malaysia and Hong Kong seem to be teaching their colonial master some seriously rethinking. Self-determinism works for the ASK formulation too. Insurance pooling for health finance is still the accepted principle with minimising the adverse selection and moral hazard[18]

[16] See The Economist, 2 February 2011, "Special Report on Retirement Age" and Bloomberg, 29 March 2011, "Rights are Wrong if Cost Too Much".

[17] More than old-age saving, CPF saving for housing, health, education and approved investment have as much political economy hues; see Low, Linda and Aw, TC, (2004), Social Insecurity in the New Millennium: The Central Provident Fund in Singapore. Singapore: Marshall Cavendish International.

[18] Adverse selection in insurance pools has those who need insurance tending to be in the pool, so premiums increase with age, poorer health records and more frequent claims, Moral hazard behavior is by

issues. Pensions and all welfare entitlements as rights have to be earned, unless in non-tax regimes as part of oil-wealth distribution. Otherwise they produce the wrong values and attitudes, no matter how bountiful are the emerging BRICS, MENA or GCC.

3 This time is no different

Putting it altogether, the AFC, GFC or Arab Spring, this time is no different. Before gathering the suggestions and recommendations as lessons learnt, some economic highlights set the economic landscape for policy implementation. The focus is MENA purely as illustrative. The assumption is that the vintage economic models of BRICS and the rest of Asia have the requisite institutional capacity-building and HRD capability-building, which are still works-in-progress in MENA.

The International Monetary Fund's (IMF) latest 2011 regional outlook revised upwards GCC growth to 7.8%. This spills over as projected remittances grow 14% to $74.9 billion in 2011 versus $65.6 billion in 2010, current account surplus $304 billion in 2011 and a two-fold rise in FDI from $20.9 billion in 2010 to $42.7 billion in 2011. [19] A 1% point in GCC real GDP growth raises GDP growth of migrant workers' countries of origin by 1.3% point. High oil prices plus more GCC incentives for investors thus recycle oil revenue abroad to India, Pakistan, Bangladesh, Philippines and Europe accounting for the bulk GCC migrant workers. The multiplier effects extend to all.

Besides workers, GCC imports range from food to industrial and capital goods for massive infrastructure and other Vision 2030 projects. Projected 2011 GCC imports at18% growth will be $578.3 billion versus $491 billion in 2010. They may not be as significant as hydrocarbon exports, but finesses jobs. There is also overseas development assistance (ODA) mainly by Kuwait, Saudi Arabia and UAE averaging 1.5% of their combined gross national income for 1973-2008. MENA plus Pakistan (MENAP) absorbed 10-70% of total ODA from others in the region with jobs created

What is new and historic in MENA as already discovered elsewhere is a need for more inclusive growth agenda and more transparent governance. As in any region, prioritising uneven challenges to maintain macroeconomic stability and social cohesion are multiple-pronged. The Arab Spring was a perfect storm of demographic, political, governance, economic and inflationary vulnerabilities needing deep structural reforms across-the-board. There are potential jobs to create as developing economies starting from a low base and many greenfield projects to grow.

Two highlights are warranted in GCC job creation. One is productivity growth is natural in the profit-motivated private sector. The less competitive, non-commercialised public sector, especially the government, is focused on localisation, counting quantity of jobs created when quality ASK matters too. Government departments as are a bureaucracy for policy-making and regulation with skill sets nurtured accordingly.

Two is there is no clear line defining what is private and public sector in autonomous off-budget entities. Rulers and state are synonymous, as are state-owned enterprises (SOEs), government-related enterprises (GREs) or the next generations of affiliated firms. Jobs created by SOEs and GREs are distinct from government

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those insured taking more risks in lifestyles or health and also by doctors as a third-party(insurer) pays, as a buffet-syndrome, making cost-containment hard unless with some co-payment.

[19] See The National, 1 May 2011, projections by IMF.

departments. Also, SOEs and GREs have dual mandates for diversification as KBE, presumably globally competitive plus some national service for economy and society.

Finally, the landscape has potential of both deeper and now, widening GCC economic integration. It is EU-inspired even as EU widening and deepening stumble at every fresh crisis. The GCC customs union in 2003 after its FTA 1983 is still far from done as its single market followed in 2008. The monetary union by 2010 is now in abeyance without the UAE and Oman.

The GCC is at cross-roads as compared and contrasted with ASEAN.[20] The latter has a two-track ASEAN free trade area (AFTA), ASEAN community and ASEAN free trade agreements (FTAs) with Australia-New Zealand, Japan, Korea, China and India are beyond individual bilateral FTAs. Clearly, ASEAN is open and globally competitive-conscious.

With Morocco and Jordan starting negotiation procedures in 2011, the GCC blue-print is less, rather than more clear. With GCC nationals accorded the same rights as locals in a Schengen-like scheme allowing GCC nationals equal market access and national treatment to register and open business and seek employment, job creation is also beyond borders. But not all GCC states are in full compliance of obligations for GCC nationals. More economically competitive UAE is ahead and Saudi Arabia the laggard, but remains the *de facto* leader by GDP size and as Guardian of the Holy Cities.

While ASEAN10 can be supplementary, complementary or realistically cooperative and competitive with cross-border production industrial networks driven by DFI, TNCs and MNCs with some state support, there is no GCC industrial projects yet. Instead, each has industrial ambitions as similar as they are in industrial, population and related structures and the same set of consultants. It becomes a race of which mega industrial city or education wins in setting up and running as profitably as reported. Regional unemployment if not addressed regionally as each seeks the same formulaic vision, DFI, TNCs and MNCs for technology will continue as chronic crisis management.

As in parts of old and new ASEAN, revolutions and reforms thereafter struggle to build new institutions which are acceptable to impatient jobless citizens, with or without any industrial blueprint. Different forms of failed states with inconclusive wars affect risk and uncertainty as a region. Exemplary or not, Indonesia, the Philippines or Thailand may be all about democracy and good governance on different courses, but the anti-thesis is of a strong government as Singapore or China is to get projects up and create jobs. East Asia Incs have morphed, blending democratisation with waning authoritarianism to prioritise economism for job and wealth creation commensurate to standards of living.

Driven by profit or greed as the DNA of capitalism, paced by the double movement and universal green technology virtues, are financial and economic crises inevitable in the formula? As East or West economic models are grounded in values and culture, neither the Washington consensus nor any Asian consensus is a one-size-fit-all template. Only job creation, HRD and ASK are truly universal. The devil in the details. Generally, all follow international quality, standards, benchmarks, best practices and rule-

[20] Low, Linda and Lorraine Carlos Salazar, (2010, forthcoming), Gulf Cooperation Council: The Rising Power and Lessons for ASEAN. Singapore: Institute of Southeast Asian Studies, ASEAN Study Centre and Low, Linda, (2004), "Association of Southeast Asian Nations Economic Cooperation and Challenges. Saw, Swee Hock, ed, Southeast Asia Background Series, No 3, Singapore: Institute of Southeast Asian Studies.

setters as the World Trade Organisation (WTO) or IMF. In turn since the AFC, IMF has changed its sanction on capital controls to interprete all economic tools more flexibly.

Arguably, all national crises are as idiosyncratic as also contagious via ICT-induced globalisation breaking the tyranny of distance and time as global villages. Crises morph in all directions as more intense and risky depending on internal insulation and dynamics. Each crisis has unveiled new processes and products. The US subprime and GFC have surfaced an alphabet-soup of securitisation more than derivatives in the AFC. While such financial innovations *per se* are not to be blamed, without understanding the economics properly by both regulators and end-users, the opacity due to ignorance deepens to mega Ponzi schemes.

4 Lessons and role models

To conclude on lessons and role models, at the risk of oversimplification, assuming that developing economies may have more to learn post-GFC from post-AFC Asia, one short lesson each is drawn from a few relatively successful macroeconomic frameworks. Such key lessons are more to provoke deeper analysis and discussion than anything definitive or complete.

It is based on the belief that this time is no different as 800 years of crises have shown. What is different now is there is nowhere to hide now thanks to 21st century globalisation.[21] Global competition is unfortunately all about economics, profitability and rates of return. Rightly or wrongly, the economics toolkit is just that, a tool kit needing a policy craftsman and team to implement the full works.

Starting with China, China, everywhere like the Rime of the Ancient Mariner[22] but not a drop of water to drink is a rising China prospered by its aggressive globalisation and Beijing consensus. It is yet to take its role as a global locomotive like the US has been as the importer-of-last-resort, spending its saving and foreign exchange reserves to prosper the rest of the world in job creation beyond its own borders. As it invests in raw materials in Africa, Chinese workers get jobs in African mines, more jobs supported in China as exports are sold to Africa as a triple win-win. With rapid expansion of higher education, China has to cope with 6.3 million graduates entering the labour force in 2011.

Japan Inc is the pioneer developmental state.[23] From Toyota beating Detroit's cars, it has enriched economic management textbooks with terms as lean manufacturing, just-in-time inventory, continuous learning or *kaizen,* descent-from-heaven *amakudari* of bureaucrats in private firms or collusion flowing the other way too as *amaagari* or ascent to heaven.

More than a lost decade, its stagnation seems hit by the triple quake-tusnami-nuclear disaster since 11 March 2011 (311). Yet, has its economic miracle just turned to soft-power as manga comics, anime animation and cosplay role-playing of the young performing for one another wearing manga costumes be eccentric or frivolous symbols of *fin-de-siècle* culture or cool Japan exported to the rest of the world.

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21 Lim, Michael Mah Hui and Lim Chin, (2010), Nowhere to Hide: The Global Financial Crisis and Challenges for Asia. Singapore: Institute of Southeast Asian Studies.

22 It is the longest major poem by the English poet Samuel Taylor Coleridge.

23 Low, Linda, ed, (2004), Developmental States: Relevancy, Redundancy or Reconfiguration? New York: Nova Science.

Singapore seems as eclectic and pragmatic opting for its twin casinos run by Malaysia's Genting and Las Vegas Sands rebranded as integrated resorts as double insurance. Up to a point, its extreme economism has allowed casino jobs as a tradeoff for its prudish social values. A Monster Employment Index[24] tracking for positions in finance and accounting advertised online, Singapore leads the world in creating financial jobs the next 12 months, overtaking even London.

Economics and technology allowed it to be more comfortable with its water and land scarcity issues. Imported Malaysian water, rain water, desalinated sea water and recycled NeWater are the four sources. Sky-high construction is supplemented by subterranean rock caverns for hydrocarbon storage as in Norway under Jurong island. With jobs and prosperity, other ways for social mores exist.

It is a choice whether economics is the means and politics the end or politics is the means to economics as the end; in a nutshell political economy. Singapore Inc chose a disciplined authoritarian top-down economic model over democracy, loosening as electoral results go in successive elections, but reminding all of certain hard truths.[25]

Until post-general elections 2011, it had three prime ministers in the cabinet. A joint exit by Lee Kuan Yew (mentor minister) and Goh Chok Tong (senior minister) means the new generation of leaders is ready, but the test remains in the market for a sustainable small open economy, nation, society and masterly-run government-made city-state.[26]

Malaysia *boleh* or can do remains vivid, the latest as a Western Educity in Johor, Nusajaya, reversing its *bahasa* only regime in the 1970s with Islamic MENA in mind. Indonesia is a pioneer of post-AFC, street-based democracy before Facebook-mediated Arab Spring. Thailand made a conscious choice of political priorities of red versus yellow shirts as an affordable price for Bangkok's self-inflicted tourism crisis.

For the GCC, Qatar and Abu Dhabi emirate already have the highest per capita worldwide. The rough and mixed neighbourhood enables the Dubai emirate in the UAE to be like Singapore or Hong Kong in *entrepôt* trade or top port and airport with attendant logistics. Two interesting ideas in job creation are noted in oil-deficit Dubai.

More than a real estate play with high-rise housing and close to 30 free zones, a better twist than a real estate is shown in two propositions. One is for Dubai with world-class infrastructure, but mired by its pricked real estate bubble, to see it as a blessing in disguise. Its next move with the price correction is to offer more affordable premises in its free zones for business incubators to attract talents and create jobs. It had priced itself out by its pre-crisis exponential growth. Now, it can revive to become competitive again.

The other is Dubai's Emaar Properties as part of its outreach to build housing quickly and cheaply for war-ravaged Angola in exchange for a mining concession in

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[24] A poll of 297 bankers and hedge-fund staff in London by Astbury Marsden, a recruitment firm, as not surprising as anecdotally, s technocrats in the Monetary Authority of Singapore read all gargantuan Dodd-Frank financial-regulation act, as they mulls opportunities to be created; see The Economist, 20 April 2011 on Singapore's rising financial sector.

[25] Han Fook Kwang, Zuraidah Ibrahim, Chua Mui Hoong, Lydia Lim, Ignatius Low, Rachel Lin and Robin Chan , 2011, Lee Kuan Yew: Hard Truths To Keep Singapore Going, Singapore: Straits Times Press.

[26] Low, Linda, 2006, The Political Economy in a City-state Revisited. Singapore: Marshall Cavendish International.

Angola's northwest area where diamonds, iron ore and rare minerals are abundant. Emaar will create Angolan jobs and bring business opportunities for many others in it free zones as part of the supply chain for procurement of supplies and services. It is beyond real estate play as Dubai's next lap which also allows its revenue from fees and user charges to continue in the most entrepreneurial way.

Its economism is clearer in contrast to resource-endowed Abu Dhabi or Saudi Arabia wanting the same with less or slower-paced modernisation given deep traditions and culture. From these cases, can a macroeconomic framework for job creation happen as much as Deng Xiaoping craved socialism with Chinese characteristics?

Post-GFC job creation takes priority from the West to BRICS and MENA. How will future work feature as a livelihood or a social status with ICT-mediated workplaces and opportunities? Will SMEs and self-employment be the salvation to create jobs in the new KBE in contrast to the previous centuries of mega corporate and industrial assembly-type masses of workers as big or small as beautiful? Will the women entrepreneurs with Grameen microfinance and Grameen-like schemes or Arab FLFPR all increase? Will the Abu Dhabi-based Khalifa Fund for Enterprise Development similar to Dubai's Sheikh Maktoum Foundation for SMEs truly deliver jobs?

A final reality check is Europe and the US rethink their immigration policies or the American dream. Would new immigrants be less welcomed as sparking creative innovation? Would a macroeconomic framework for job creation need a social touch in crisis conditions as the double movement? But if growth by creative innovative foreign talents magically whips up a bigger economic pie, will comfort all sides for as long as business cycles go? There is much debate about a perceived demise of business cycles as greater productivity is produced by ICT and globalisation as the same forces for NAIRU.

A strong caveat remains for a simple three-dimensional macroeconomic framework for job creation as only a mini-tutorial. No one idea is enough to shine on the long, deep and convoluted employment tunnel across so many national idiosyncracies. Multi-tasking governments may know best, but with economics, they may know more with a human face.