

Tuesday, 9 November 2010

AMID MIXED EMPLOYMENT DATA FOR 2010, ILO URGES G20 TO INTENSIFY FOCUS ON JOBS

Beirut (ILO News) – Amid a “fragile labour market” marked by persistent high unemployment, “slack” jobs growth and declining wages, the International Labour Office (ILO) today urged the Group of 20 to intensify its focus on “productive employment and job-intensive growth policies” at its upcoming summit in Seoul. ILO Director-General Juan Somavia is expected to attend the meeting.

In a new statistical update prepared for the 11-12 November G20 summit, the ILO says unemployment increased in 10 countries of the G20 in 2010 compared to 2009, but declined in eight.¹ It also says that most emerging economies have seen a rise in employment and a decrease in unemployment in 2010.

Although the report finds positive employment growth in all countries in 2010—stronger in emerging countries than in high income economies—it also says this employment growth has not been strong enough to reverse the slack that accumulated in the labour market during the economic crisis.

At the same time, the ILO analysis said unemployment hovers at an all-time high of 210 million, some 30 million more than on the eve of the crisis in 2007, while real wages have sunk an average of 4 percent below pre-crisis levels.

Today, rising income inequality and low or no wage growth for a large majority of salaried workers, ultimately translates into deficient aggregate demand and current account imbalances.

The ILO analysis says that G20 countries will need to create some 21 million jobs each year over the next decade – approximately half of the 44 million required globally – just to keep pace with the increase in the working age population.

“Unemployment is not the only issue”, says Rafael Diez de Medina, Director of the ILO Department of Statistics, noting that the ILO had found declining hours of work and labour force participation rates in high income economies and a significant increase in the number of discouraged workers.

”This is quite worrying”, he added, “since they are not part of the unemployment figures and have a clear impact on social cohesion. Time-related underemployment has stabilized in 2010, but remains high in several countries of the G20”.

¹ The report’s data are aggregated into three groups: Europe includes France, Germany, Italy, Netherlands, Spain, and United Kingdom. High Income Economies (except Europe) include Australia, Canada, Japan, Korea, and the United States. Emerging Economies include Argentina, Brazil, Indonesia, Mexico, Russia, South Africa, and Turkey.

The report's other major findings, include:

- For the 18 countries with data in the first half of 2010, 70 million persons are registered as unemployed (15.5 in Europe, 22 in other high income economies and 32.5 in emerging economies)
- Unemployment rates across the G20 ranged between 25 and 5 per cent with a median of 7.8 per cent. In Mid 2010, unemployment is 70 per cent above its pre-crisis level in high income countries (excluding Europe) and 30 per cent higher in Europe.
- Across all countries, unemployment for men has risen more than for women.
- Youth unemployment is on average twice the rate of total unemployment, at 19 per cent across G20 countries.
- The crisis has accelerated structural change in all economies, with a significant decline in manufacturing employment in all G20 economies (between 1.5 and 3 percentage points as a share of total employment). Construction employment declined across most countries.
- Reduction in male labour force participation is observed in all regions whereas female labour participation has increased in Europe and emerging economies.

Building on previous ILO contributions to other G20 meetings, the ILO paper argues for an income-led approach based on productive employment and job-intensive growth policies that would include higher investments and access to credit, greater attention to small enterprises, gradual expansion of basic social protection in all countries, real wages rising in line with productivity increases and better protection of low-wage earners through minimum wages. The report also says these policies would go a long way towards reducing global imbalances across all countries.