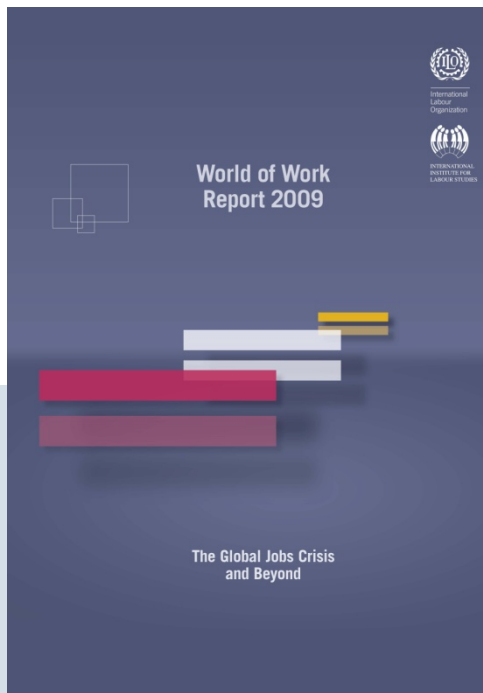


World of Work Report 2009: The Global Jobs Crisis and Beyond



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There are signs of an economic rebound...

- The IMF now predicts over 3 per cent economic growth for 2010

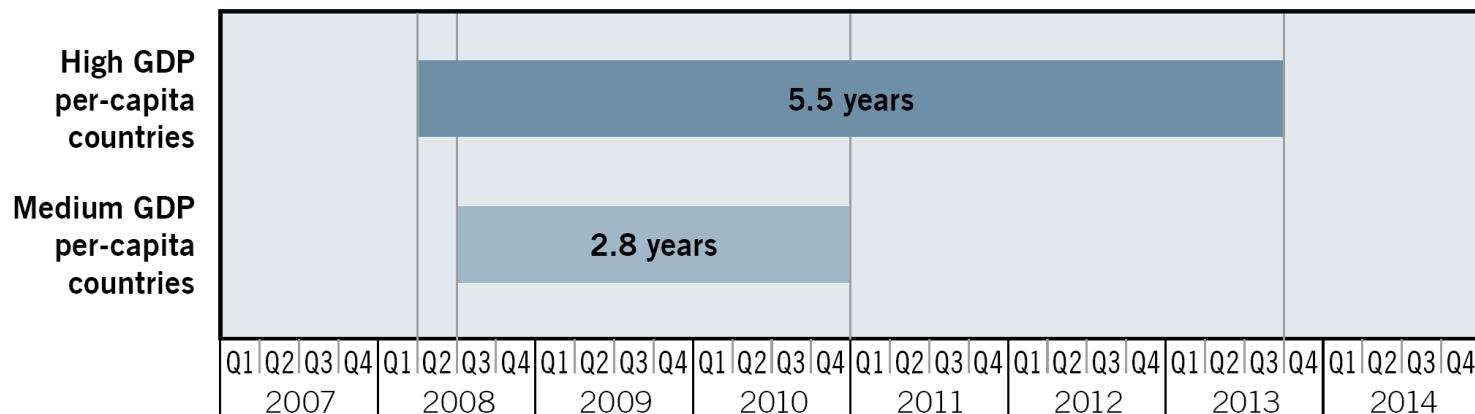
	2009*	2010*
Bangladesh	5.4	5.4
Bhutan	8.5	5.3
Cambodia	-2.7	4.3
China	8.5	9.0
Hong Kong, China	-3.6	3.5
India	5.4	6.4
Indonesia	4.0	4.8
Japan	-5.4	1.7
Korea, Republic of	-1.0	3.6
Lao People's Democratic Rep.	4.6	5.4
Malaysia	-3.6	2.5
Mongolia	0.5	3.0
Myanmar	4.3	5.0
Nepal	4.0	4.1
Singapore	-3.3	4.1
Sri Lanka	3.0	5.0
Taiwan, China	-4.1	3.7
Thailand	-3.5	3.7
Vietnam	4.6	5.3



...but jobs crisis is not over: 1) millions of jobs lost

- Nearly 10 million jobs have been lost in Asia since the onset of the crisis
- Employment might not return to pre-crisis levels before 2011

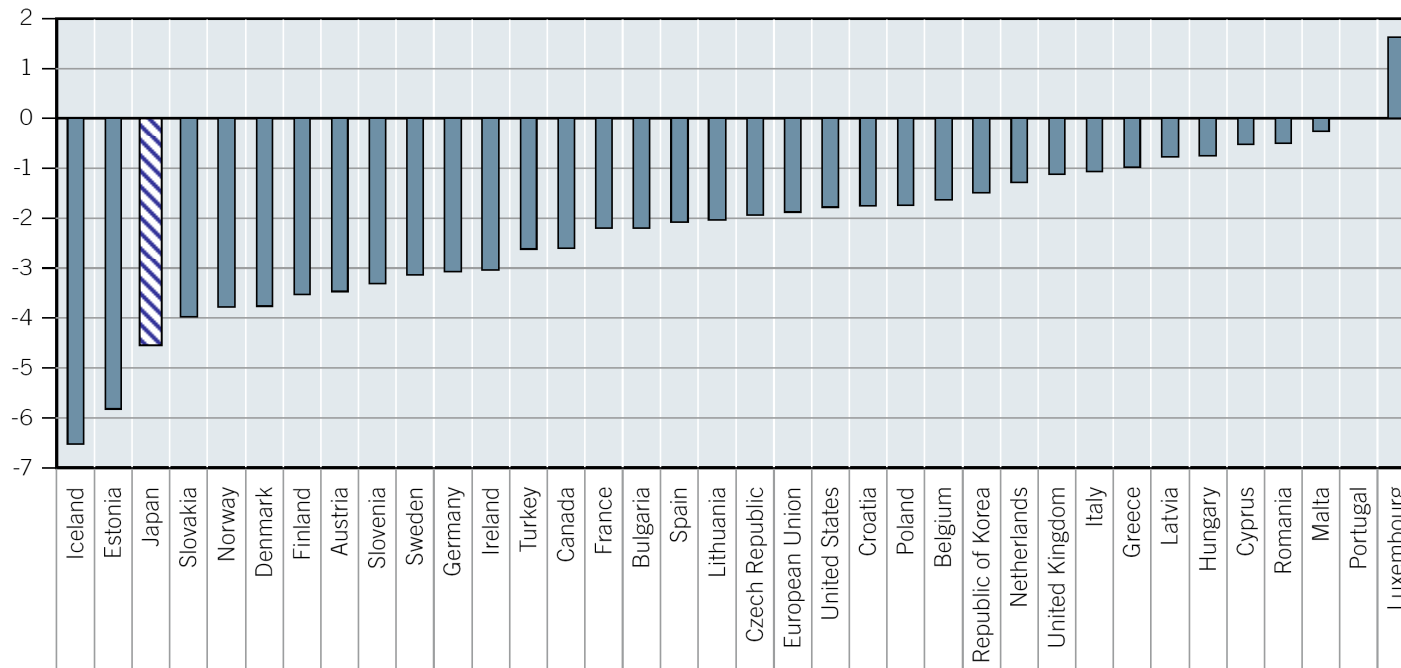
Time expected for employment to recover to pre-crisis levels



2) *many workers, retained thus far, are at-risk*

- Enterprises have kept millions of workers, often through the support of governments (e.g. shorter hours or partial unemployment)
- Average hours worked per employee has dropped in a number of countries (e.g. Japan and Korea)

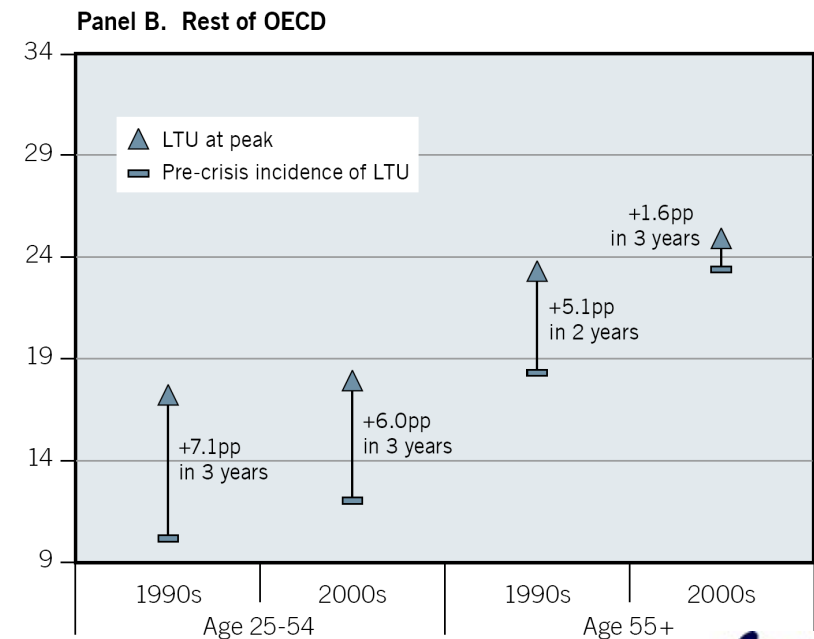
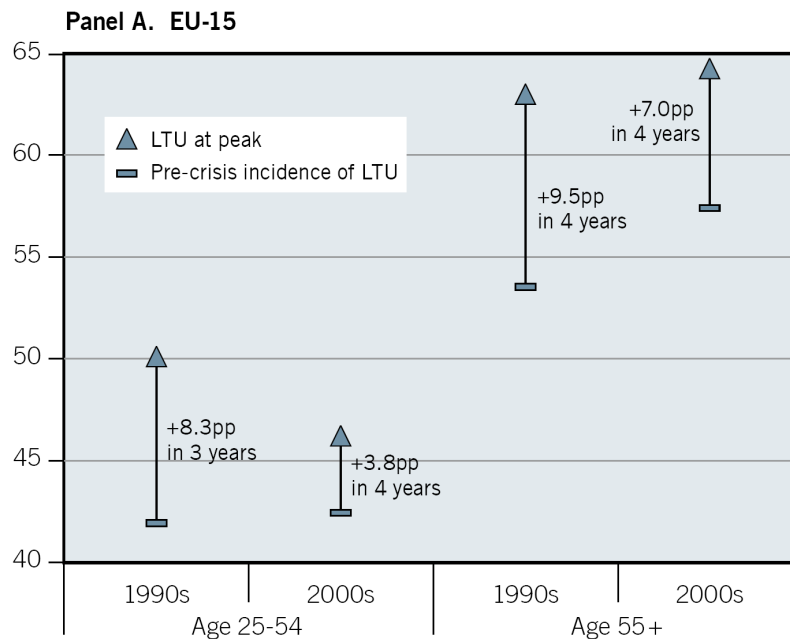
Change in average number of hours worked per employed person (in percentages, Q2 2009 – Q2 2008)



3) Potential big rise in long term under-employment

- Some individuals are already entering **long-term unemployment**:
 - Levels often persist well after unemployment rates decline
 - Skills erosion and mismatch, social stigma

Long-term unemployment in high GDP per-capita countries



- After lengthy job search, some individuals **pushed out of labour market**:
 - Since Oct. 2008, almost 500,000 Japanese men left the labour market.
 - Similar trends were observed in other Asian countries in previous crises

Labour force participation rates during Asian crisis

Country	Working age (15-64), males		
	LFP rate at the beginning of the crisis	Decrease from peak to trough (percentage points)	Years to recovery
Malaysia	83.4	0.7	Not yet
Republic of Korea	77.5	1.8	Not yet
Indonesia	85.0	2.2	2 years
Viet Nam	83.6	2.8	Not yet
Philippines	85.0	3.9	Not yet



- When jobs are scarce, workers pushed into **informal economy and non-regular employment**
 - Countries face increased informality even 5 years after the crisis
 - Trend-rise in non-regular jobs over past 15 years in Japan, Korea

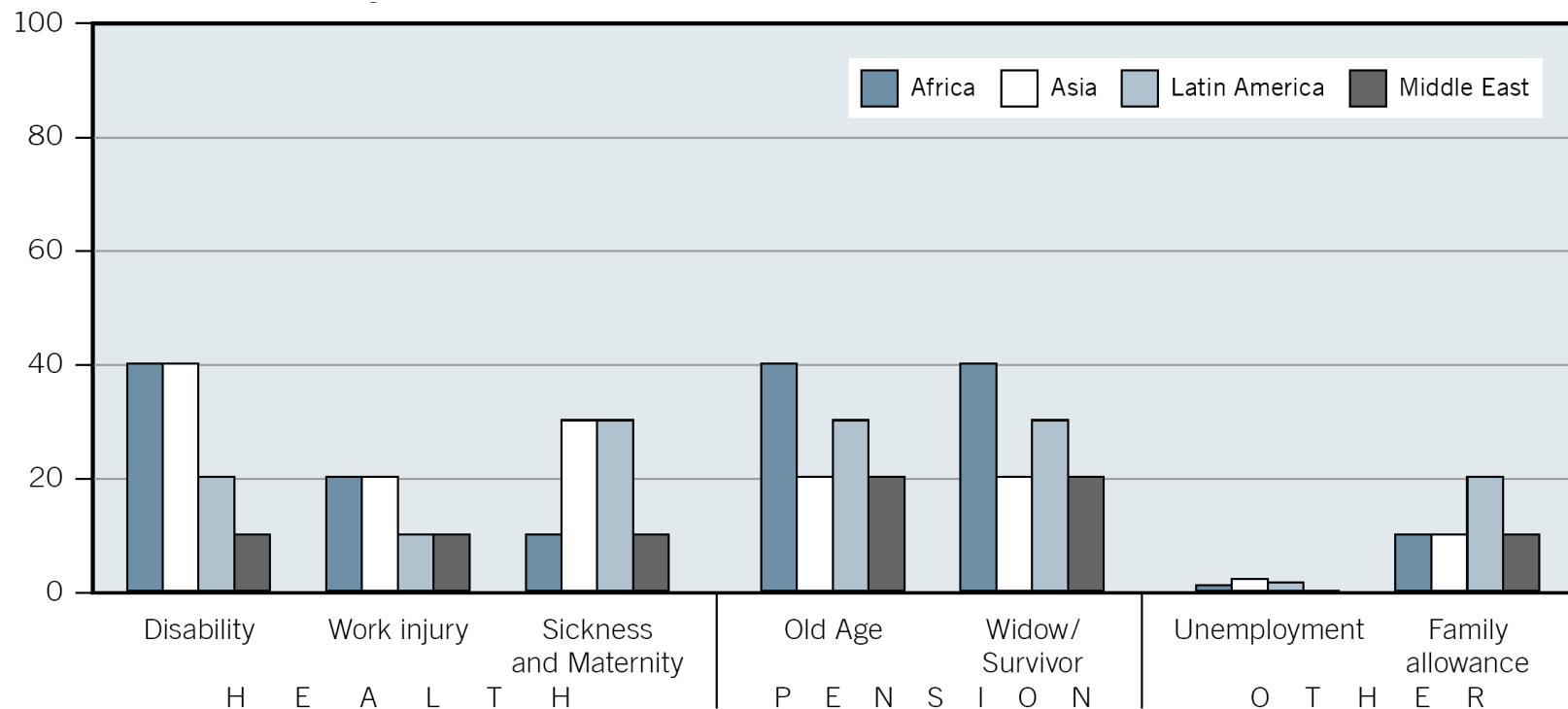
Rising informality during times of crises

Country and crisis year	Informality during crisis	Increase to peak (percentage points)	Time needed to recover pre-crisis levels	Sample used
Ecuador, 1998	57.6	0.3	2 years	Urban
Uruguay, 2002	40.8	0.6	2 years	National
Venezuela, 2002	56.3	1.9	2 years	National
Paraguay, 2002	75.1	1.2	3 years	National
Argentina, 2001	38.6	4.8	not yet at 5 years (2006)	Buenos Aires
Colombia, 1998	55.4	5.6	not yet at 6 years (2004)	7 main cities
Indonesia, 1997	62.8	8.0	not yet at 6 years (2003)	Urban



- **Higher under-employment entails huge social costs:**
 - Most informal workers do not have adequate support social security
 - Less than 5% of Asian countries have unemployment benefits systems for informal workers (less than 20% as regards pension)

Share of countries with social security provisions for informal wage workers



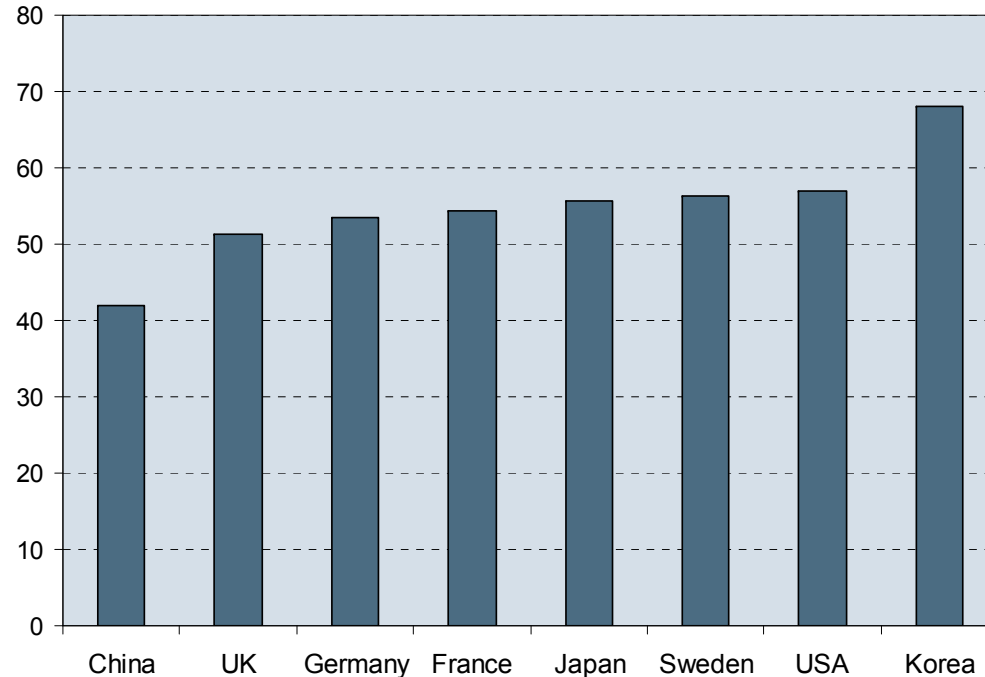
- **Higher under-employment weakens economic growth and is bad for public finances:**
 - Less people available for production...
 - ... lower productivity among informal and non-regular workers...
 - ... and more people who rely on social benefits
 - Risk of social unrest as well

4) *The jobs crisis has structural dimensions*

- In most cases, over half of the workforce is concentrated in high-carbon intensive sectors

The green employment challenge, 2005

Share of workers in relative high-carbon intensive industries



Finance should work to the service of the real economy

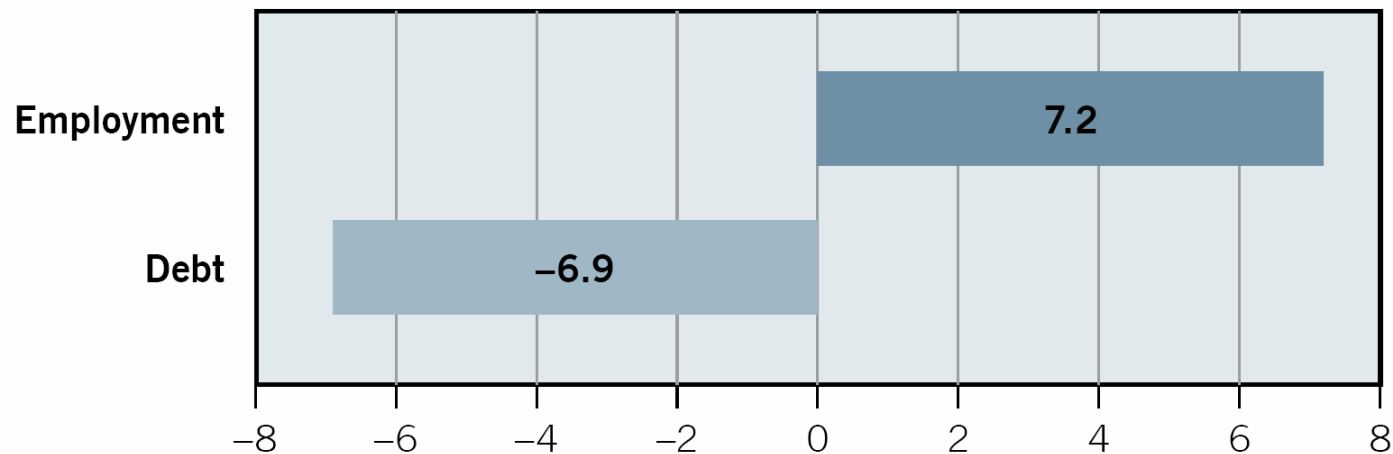
- A large share of the increase in profits has accrued to the financial sector.
- Ever growing pressures for more and better financial returns have adversely affected wages and job stability in the real economy.
- Global decline of wages as a percent of GDP more pronounced in countries where risky financial practices were more pervasive.
- Regrettably, financial reforms have been slow to materialize.



In sum: Job-centered stimulus still needed ...

- Economic recovery will remain fragile and incomplete as long as the jobs crisis continues
- Public debt is mounting, but badly-shaped spending cuts would hit many existing jobs
- Premature exit from stimulus measures would be counterproductive and more expensive for budgets in the long run

Employment impact of public spending scenarios (percent)



... and it is key to avoid return to business as usual!

- Reforming the financial system is of paramount importance
- Reducing incidence of informality and non-standard employment
- Implementing green policies hand-in-hand with decent work policies
 - A CO2 tax combined with a cut in labour taxes would boost employment by 0.5% by 2014
 - Provide skills training and facilitate sectoral transition

=> The crisis offers a major opportunity to make the economy sustainable, socially and environmentally



Thank you for your attention

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