

Global Employment Trends 2012

World faces a 600 million jobs challenge, warns ILO

GENEVA (ILO News) – The world faces the “urgent challenge” of creating 600 million productive jobs over the next decade in order to generate sustainable growth and maintain social cohesion, according to the annual report on global employment by the International Labour Organization (ILO).

“After three years of continuous crisis conditions in global labour markets and against the prospect of a further deterioration of economic activity, there is a backlog of global unemployment of 200 million,” says the ILO in its annual report titled “Global Employment Trends 2012: Preventing a deeper jobs crisis”. Moreover, the report says more than 400 million new jobs will be needed over the next decade to absorb the estimated 40 million growth of the labour force each year.

The Global Employment Trends Report also said the world faces the additional challenge of creating decent jobs for the estimated 900 million workers living with their families below the US\$ 2 a day poverty line, mostly in developing countries.

“Despite strenuous government efforts, the jobs crisis continues unabated, with one in three workers worldwide – or an estimated 1.1 billion people – either unemployed or living in poverty”, said ILO Director-General Juan Somavia. “What is needed is that job creation in the real economy must become our number one priority”.

The report says the recovery that started in 2009 has been short-lived and that there are still 27 million more unemployed workers than at the start of the crisis. The fact that economies are not generating enough employment is reflected in the employment-to-population ratio (the proportion of the working-age population in employment), which suffered the largest decline on record between 2007 (61.2 per cent) and 2010 (60.2 per cent).

At the same time, there are nearly 29 million fewer people in the labour force now than would be expected based on pre-crisis trends. If these discouraged workers¹ were counted as unemployed, then global unemployment would swell from the current 197 million to 225 million, and the unemployment rate would rise from 6 per cent to 6.9 per cent.

The report paints three scenarios for the employment situation in the future. The baseline projection shows an additional 3 million unemployed for 2012, rising to 206 million by 2016. If global growth rates fall below 2 per cent, then unemployment would rise to 204 million in 2012. In a more benign scenario, assuming a quick resolution of the euro debt crisis, global unemployment would be around 1 million lower in 2012.

¹A person who has decided to stop looking for work because they feel they have no chance at finding a job is considered economically inactive (i.e. outside the labour force) and is therefore not counted among the unemployed. This also applies to young people who choose to remain in schooling longer than they had hoped and wait to seek employment because of the perceived lack of job opportunities.

Young people continue to be among the hardest hit by the jobs crisis. Judging by the present course, the report says, there is little hope for a substantial improvement in their near-term employment prospects.

Global Employment Trends 2012 says 74.8 million youth aged 15-24 were unemployed in 2011, an increase of more than 4 million since 2007. It adds that globally, young people are nearly three times as likely as adults to be unemployed. The global youth unemployment rate, at 12.7 per cent, remains a full percentage point above the pre-crisis level.

The report's main findings also include:

- There has been a marked slowdown in the rate of progress in reducing the number of working poor. Nearly 30 per cent of all workers in the world – more than 900 million – were living with their families below the US\$2 poverty line in 2011, or about 55 million more than expected on the basis of pre-crisis trends. Of these 900 million working poor, about half were living below the US\$1.25 extreme poverty line.
- The number of workers in vulnerable employment² globally in 2011 is estimated at 1.52 billion, an increase of 136 million since 2000 and of nearly 23 million since 2009.
- Among women, 50.5 per cent are in vulnerable employment, a rate that exceeds the corresponding share for men (48.2).
- Favourable economic conditions pushed job creation rates above labour force growth, thereby supporting domestic demand, in particular in larger emerging economies in Latin America and East Asia.
- **High unemployment rates in Central and South-Eastern Europe (non-EU) and CIS:** Despite a decrease of 0.9 percentage points, the unemployment rate in Central and South-Eastern Europe (non-EU) and CIS remained high at 8.6 per cent, which is 2.6 percentage points higher than the estimated global average of 6.0 per cent in 2011. During much of the past decade, the adult unemployment rate in Central and South-Eastern Europe (non-EU) and CIS has been the highest in the world. In 2011, it stood at 7.2 per cent, on par with the adult unemployment rate in developed economies, despite the more limited availability of social protection in countries in the region. The youth unemployment rate decreased by 1.7 percentage points, but remained high at 17.7 per cent in 2011. Such high levels of unemployment among young women and men in particular are likely to have adverse impacts, which might lead to lower levels of human capital, reduced wage rates and a weakened labour force participation in the years to come.
- The labour productivity gap between the developed and the developing world – an important indicator measuring the convergence of income levels across countries – has narrowed over the past two decades, but remains substantial: Output per worker in the Developed Economies and European Union region was US\$ 72,900 in 2011 versus an average of US\$ 13,600 in developing regions.

² Vulnerable employment is defined as the sum of own-account workers and unpaid family workers.

“These latest figures reflect the increasing inequality and continuous exclusion that millions of workers and their families are facing”, said Mr. Somavia. “Whether we recover or not from this crisis will depend on how effective government policies ultimately are. And policies will only be effective as long as they have a positive impact on peoples’ lives”.

The report calls for targeted measures to support job growth in the real economy, and warns that additional public support measures alone will not be enough to foster a sustainable recovery.

“Policy-makers must act decisively and in a coordinated fashion to reduce the fear and uncertainty that is hindering private investment so that the private sector can restart the main engine of global job creation”, says the report.

It also warns that in times of faltering demand further stimulus is important and this can be done in a way that does not put the sustainability of public finances at risk. The report calls for fiscal consolidation efforts to be carried out in a socially responsible manner, with growth and employment prospects as guiding principles.

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