

ECOSOC Annual Ministerial Review Global Preparatory Meeting

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Promoting the implementation of the Global Jobs Pact

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Chairperson,

Distinguished Delegates,

Dear Colleagues,

This year, at the Annual Ministerial Review in July, we have an incredible opportunity for a genuine policy

equitable growth.

I will concentrate my remarks on three issues: (i) a quick outlook of the global employment situation, (ii) a set of suggestions for international and national policies to address the protracted jobs crisis, and (iii) some review of the role that could be played by the UN system.

A prolonged jobs deficit

Let me start with the employment outlook. Recent ILO estimates set the global number of unemployed people at a peak of some 200 million in 2012, projected to grow up to 206 million by 2016.

A large portion – about 75 million – are young women and men. The financial and economic crisis has hit the youth particularly hard. Youth unemployment rates are alarmingly high: almost 50% in Spain and Greece, around 30% in Slovakia, Ireland, Portugal and Italy, 16% in the United States.

In the developing world, underemployment, casual work and vulnerable employment remain widespread. One out of three workers in the world are still living with their families below the US\$2 a day poverty line.

As a matter of fact, in spite of

jobs in modern sectors are rare and severely rationed. Precarious and informal employment remains the norm, preventing most people from taking advantage of market opportunities to develop their skills and enhance their productivity, their purchasing power and their savings. The convergence between the industrial and the developing world, of which some are talking about, has its peculiar translation in the labour market: it is a convergence down towards more precarious work in both worlds.

This concern for the jobs recession is made more alarming by a number of trends.

The perspective of economic stagnation in the Eurozone and declining rates of growth in the emerging economies. Demographic pressures, with a growing divide between countries experiencing rapid ageing of the population and those where fertility rates are unsustainably high. New pockets of poverty as a result of climate change. And, most important, a structural drift towards widening inequality, growing urban rural imbalances and income polarization, which make the economic and political fabric of our societies more fragile. The protests that have unfolded in some 1,000 cities and 82 countries in recent months are a clear pointer to the demand for policy.

A jobs centred policy agenda

If unemployment and underemployment are urgent global challenges, what can be done? Are there solutions?

The country responses to the lingering global economic crisis offer a wealth of experiences and lessons. Countries did act with success to manage aggregate demand, to facilitate job creation and to sustain the incomes of workers and their families. The global jobs pact offered a framework to encourage coherent packaging of those responses.

Let me share with you four policy actions the ILO considers of paramount importance in the current situation.

The policy initiative number one is global coordination for raising global aggregate demand. The call is coming from many quarters and most recently from the head of the IMF, Mrs. Christine Lagarde, who in a recent speech called about QUOTE: "*... avoiding a 1930s moment, in which inaction, insularity, and rigid ideology combine to cause a collapse in global demand.*" *combine*

generate multiplier effects to help restore confidence and thus sustain global consumption and investment drivers.

The Economic and Social Council because it has a global vision and because it has central position within the ~~investment~~ **has** investment

Labour market interventions, of course, have to be adapted to the local realities. The ILO is piloting projects to upgrade informal apprenticeship, which is the largest provider of skills for poor countries in Africa and South Asia. We are also working with international donors to introduce innovative public employment schemes in countries such as Kenya, Ethiopia, Ghana and Tunisia.

As I mentioned labour market policies, let me go to the third policy action. The social dimension should not be an afterthought. Attention to the quality of jobs is fundamental for growth that is more inclusive and more sustainable. We have to consider labour market policies and institutions in new ways.

It is now a given that well designed social protection mechanisms worked as economic stabilizers of the impact of the great recession of 2008–09 and provided in built support to the incomes of weaker population groups. But countries also managed their minimum wage policies, in some cases decreasing the minimum wage, as in Indonesia, in other cases increasing it significantly in real terms as in Australia, Brazil and Canada. In other words, the issues surrounding the functional distribution of income cannot be any longer neglected.

The recent growth pattern of Brazil and its resilience to the crisis can be attributed in part to a reduction of informality, inequality and poverty. Increase in minimum wage and vast programme of social transfers supported domestic demand and created opportunities for SMEs which were aided by simplified business registration and lower taxation. Labour inspection was also instrumental in raising labour standards and supporting a gradual transition of small enterprises out of informality.

The UN commitment to implementation

Coherence is as important as it is difficult to achieve. The UN system could play a supportive role in this regard but we need to do more.

Important steps ahead have been made in the wake of the crisis. We will hear about FAO and UNDP in this panel. I should mention other agencies

design; for policy assessment and impact; and for better accountability, transparency and participation in policy making through social dialogue and outreach to private sector and civil society.

Thank you.