



## Fact Sheet No. 10: Labour market insecurity lost in global statistics

Labour market security is conventionally assessed in terms of the level of open unemployment. In a new report, the ILO shows that this is an increasingly poor measure, and that various forms of hidden unemployment are pervasive, particularly in China and other 'transition' countries, where extensive unpaid administrative leave and unreal extended 'maternity leave' disguise the true extent of labour underutilization.

Among the findings are:

- The true extent of China's labour surplus is almost certainly twice as large as implied by its unemployment rate, and may account for one in ten of all labour force participants.
- The Russian Federation, Ukraine and other countries of eastern Europe continue to operate with enormous numbers of workers on unpaid or partially-paid 'leave', with very little prospect of recall to paid employment. One in four workers in Ukrainian industry is on unpaid leave at any one time, or effectively in disguised unemployment.
- There has been a steady process of global de-industrialization, meaning that manufacturing jobs are disappearing, even in many developing countries. Industrialized countries shed 9% of manufacturing employment in a decade. But among developing countries both China and Mexico lost manufacturing jobs in net terms.
- A person losing a job in a recession is less likely to return to that job or a similar job than used to be the case, and more than in the past is more likely to suffer a permanent lowering of job opportunity, income and status.
- Presenting a new measure of labour slack, which takes account of involuntary part-time working, lay-offs and short-time work, the report shows that western Europe's labour market insecurity is worse than implied by official rates of unemployment.
- The US unemployment rate is an underestimate of labour market insecurity in both absolute and comparative terms because so many more of those likely to be unemployed are incarcerated, thereby excluded from the labour force. The incarceration rate is much higher in the USA than in any other industrialized country.
- In many developing countries there are barriers to entry which threaten women's labour market security. The majority of the women feel that it would not be easy to find "socially acceptable" type of work if they were to stop what they were doing.

Women's prospect of finding socially acceptable work if losing current main work (percentage distribution of women's responses)

Country	Easy	Mixed	Difficult
Bangladesh	21.6	22.6	56.0
South Africa	20.5	22.9	56.6
United Republic of Tanzania	19.6	29.0	51.4

Source: Bangladesh PSS, 2001; South Africa PSS, 2001; United Republic of Tanzania PSS, 2001.

- In many developing countries, labour force growth is continuing to outstrip employment growth making labour absorption a challenging proposition in the foreseeable future.
- In a new composite Labour Market Security Index, western European countries score highest. But 35 of the 94 countries for which data were available are in the "Much-to-be-Done" cluster, that is, having policies and institutions that are undeveloped and poor outcomes in terms of labour market security.
- In comparing countries based on relative unemployment rates and relative scores on labour market security, it is clear that Norway, Sweden, Ireland, Canada and the UK all do better in terms of labour market security than is suggested by their unemployment rates alone.