

No recovery in sight for labour markets, warns ILO

International Labour Office

According to the ILO's "[World of Work Report 2012: Better Jobs for a Better Economy](#)", despite signs that economic growth has resumed in some regions, the global employment situation is alarming and shows no sign of recovery in the near future.

Despite signs that economic growth has resumed in some regions, the global employment situation is alarming and shows no sign of recovery in the near future, says the International Labour Organization (ILO).

The ILO's "[World of Work Report 2012: Better Jobs for a Better Economy](#)" says that around 50 million jobs are still missing compared to the situation that existed before the crisis. It also warns that a new and more problematic phase of the global jobs crisis is emerging.

First, this is due to the fact that many governments, especially in advanced economies, have shifted their priority to a combination of fiscal austerity and tough labour market reforms. The report says such measures are having devastating consequences on labour markets in general and job creation in particular. They have also mostly failed to reduce fiscal deficits.

The narrow focus of many Eurozone countries on fiscal austerity is deepening the jobs crisis and could even lead to another recession in Europe", said Mr. Raymond Torres, Director of the [ILO Institute for International Labour Studies](#) and lead author of the report.

Countries that have chosen job-centred macroeconomic policies have achieved better economic and social outcomes", added Mr. Torres. "Many of them have also become more competitive and have weathered the crisis better than those that followed the austerity path. We can look carefully at the experience of those countries and draw lessons."

Second, in advanced economies, many jobseekers are demoralized and are losing skills, something which is affecting their chances of finding a new job. Also, small companies have limited access to credit, which in turn is depressing investment and preventing employment creation. In these countries, especially in Europe, job recovery is not expected before the end of 2016 – unless there is a dramatic shift in policy direction.

Third, in most advanced economies, many of the new jobs are precarious. Non-standard forms of employment are on the rise in 26 out of the 50 economies with available information.

25 April 2012

There are, however, a few countries that managed to generate jobs while improving the quality of employment, or at least one aspect of it. For example, in Brazil, Indonesia and Uruguay employment rates have increased while the incidence of informal employment has declined. This was mainly due to the introduction of well-designed employment and social policies.

Employment rates and incidence of non-standard employment, changes between 2007 and 2010

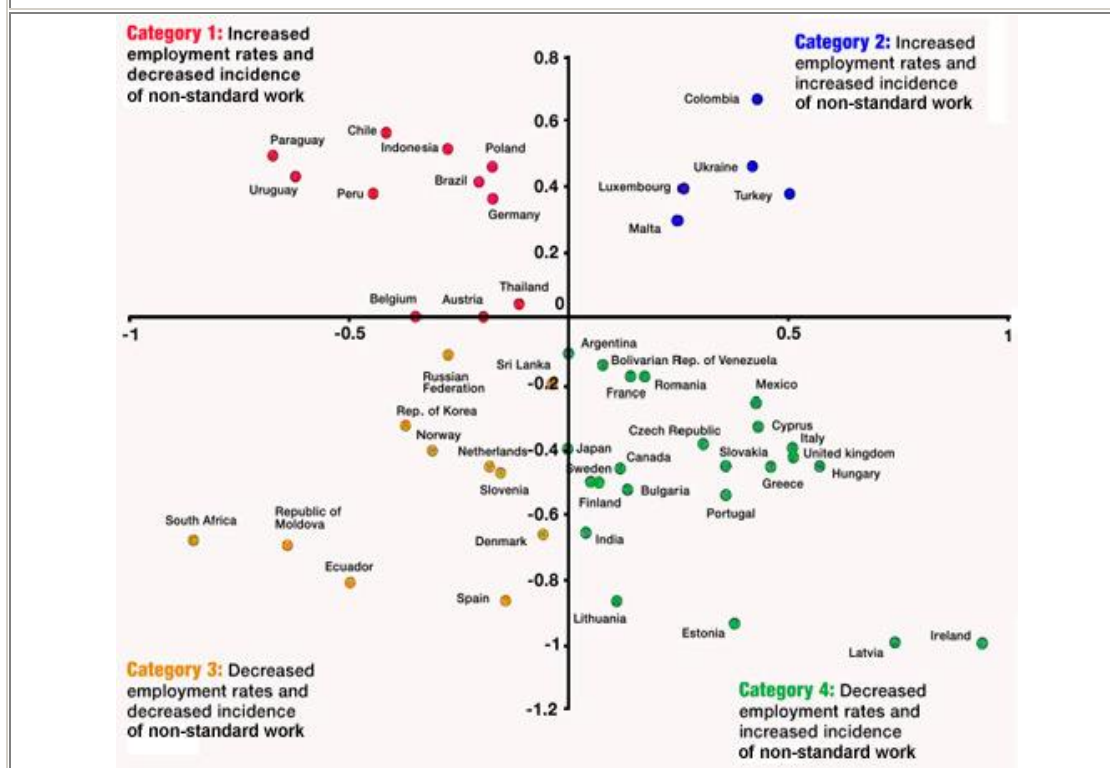


Fig 1.7 - Nonstandard employment includes temporary employment or precarious workers (involuntary part-time and temporary employment) for advanced countries and informal employment for developing countries.

Fourth, the social climate has aggravated in many parts of the world and may entail further social unrest. According to the report's Social Unrest Index, 57 out of 106 countries with available information showed a risk of increased social unrest in 2011 compared to 2010. The two regions with the largest increases are Sub-Saharan Africa and the Middle East and North Africa.

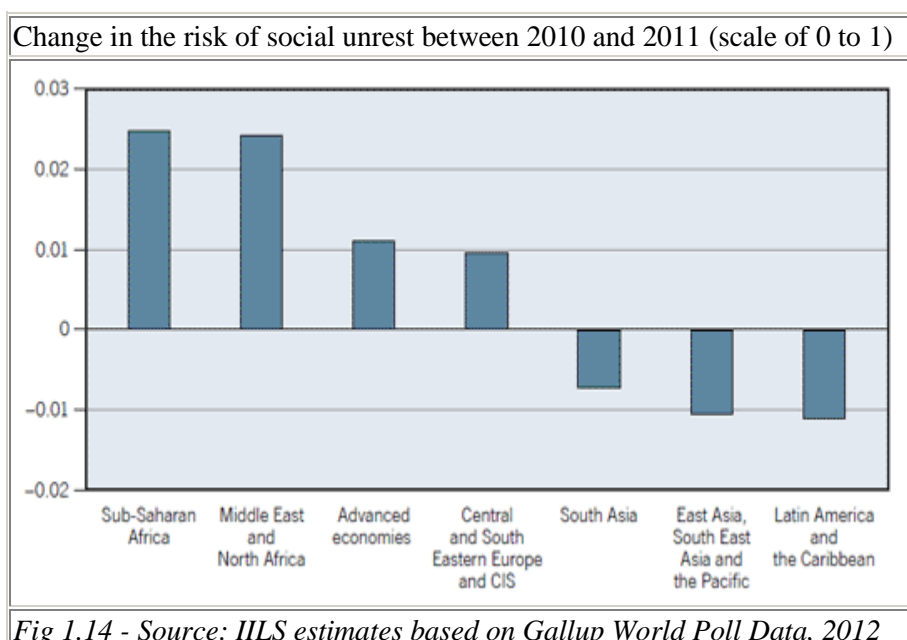


Fig 1.14 - Source: ILS estimates based on Gallup World Poll Data, 2012

The report says that fiscal austerity combined with labour market deregulation will not promote employment prospects in the short term. In general, there is no clear link between labour market reforms and higher employment levels. Moreover, some recent reforms – especially in Europe – have reduced job stability and exacerbated inequalities while failing to create jobs.

However, the report argues that if a job-friendly policy-mix of taxation and increased expenditure in public investment and social benefits is put in place, approximately 2 million jobs could be created over the next year in advanced economies.

Other main findings of the report include:

- Employment rates have increased in only 6 of 36 advanced economies (Austria, Germany, Israel, Luxembourg, Malta and Poland) since 2007.
- Youth unemployment rates have increased in about 80 per cent of advanced countries and in two-thirds of developing countries.
- Poverty rates have increased in half of developed economies and in one-third of developing economies, while inequality rose in half of developed countries and one-fourth of developing economies.
- On average, more than 40 per cent of jobseekers in advanced economies have been without work for more than a year. The majority of developing economies show a decline in both long-term unemployment and inactivity rates.
- Involuntary part-time employment has increased in two-thirds of advanced economies. Temporary employment has also risen in more than half of these economies.

25 April 2012

- The share of informal employment stands at more than 40 per cent in two-thirds of emerging and developing countries.
- In 26 out of the 40 countries for which information is available, the proportion of workers covered by a collective agreement declined between 2000 and 2009.
- 28 per cent of the selected group of emerging and developing countries implemented policies to reduce social benefits during the crisis compared to 65 per cent in advanced economies
- At 19.8 per cent of GDP in 2010, global investment remains 3.1 percentage points lower than the historical average, with a more pronounced downward trend in advanced economies. In all regions, investment in small firms has been impacted disproportionately by the global crisis.

Employment and investment changes during 2007–2010, in per cent, selected economies

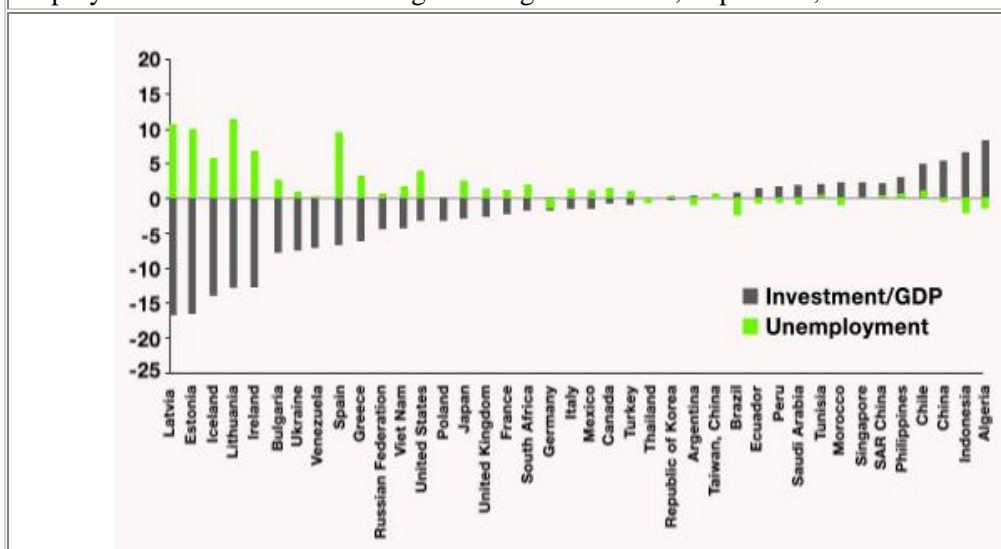


Fig 4.5 - Note: The Figure shows the per cent change in investment as a share of GDP and the unemployment rate over the period 2007 and 2010. Figures above the axis represent gains in investment and employment, while those below represent losses.

Further resources




ILO Publications

- ILO. 2012. [Breaking new ground: Partnerships for decent work for youth \(pdf 336.55 KB\)](#) (Geneva).
- ILO. 2012. [Global employment trends 2012: Preventing a deeper jobs crisis \(pdf 1.87 MB\)](#) (Geneva).
 - [Français \(pdf 3599 KB\)](#) • [Español \(pdf 3610 KB\)](#)
- ILO/World Bank. 2012. [Inventory of Policy Responses to the Financial and Economic Crisis \(pdf 4.68 MB\)](#) (Geneva).
- ILO. 2012. [The youth employment crisis: Time for action, , Report V, International Labour Conference, 101st Session, 2012 \(pdf 1225 KB\)](#) (Geneva).

25 April 2012

- ILO. 2012. [*World of Work Report 2012 'Better Jobs for a Better Economy'* \(pdf 5843 KB\)](#) (Geneva).
 - [Résumé analytique\(pdf 184 KB\)](#) • [Resumen ejecutivo \(pdf 402 KB\)](#)
- ILO. 2011. [*Global employment trends 2011: the challenge of a jobs recovery* \(pdf 2.27 MB\)](#) (Geneva).
- ILO. 2011. [*The global crisis: causes, responses and challenges* \(pdf 3.33 MB\)](#) (Geneva).
- ILO. 2010. [*Employment and social protection policies from crisis to recovery and beyond: a review of experience, an ILO report to the G20 Labour and Employment Ministers Meeting, Washington, DC, 20–21 April 2010* \(pdf 819 KB\)](#) (Geneva)
- ILO. 2010. [*Global employment trends for youth : August 2010* \(pdf 3.22 MB\)](#) (Geneva).
- ILO. 2010. [*Global employment trends : January 2010* \(pdf 11.33 MB\)](#) (Geneva).
- ILO. 2009. [*Labour market policies in times of crisis* \(pdf 699 KB\)](#) (Geneva).
- ILO. 2009. [*Recovering from the crisis : a global jobs pact* \(pdf 93.22 KB\)](#) (Geneva)
 - [Français \(pdf 105.47 KB\)](#) • [Español \(pdf 107.50 KB\)](#)
- ILO. 2009. [*Tackling the global jobs crisis : recovery through decent work policies : report of the Director-General* \(pdf 500 KB\)](#) (Geneva)
 - [Français \(pdf 557.17 KB\)](#) • [Español \(pdf 371.85 KB\)](#)

ILO Videos

- [Jobs recovery threatened by fiscal austerity](#) - 
- [World of Work Report 2012: Interview with the authors of the report](#) - 
- [World of Work Report 2012: video highlights of the press conference](#) - 

ILO Websites

- [Web Portal on the World of Work report 2012 "Better Jobs for a Better Economy"](#)
- [International Institute for Labour Studies \(IILS\)](#)
- [Employment promotion](#)
- [Global Job Crisis Observatory: Employment promotion](#)