

## **Weak employment recovery with persistent high unemployment and decent work deficits**

*International Labour Office, 08 November 2010*

*This feature article presents the key findings in the report [Weak employment recovery with persistent high unemployment and decent work deficits - An update on employment and labour market trends in G20 countries \(pdf 1.59 MB\)](#), published on the occasion of the G20 Summit in Seoul, on the 11th and 12th November 2010.*

### **Introduction**

Amid a “fragile labour market” marked by persistent high unemployment and “slack” jobs growth, the International Labour Office (ILO) has released a statistical update which shows that unemployment increased in 10 countries of the G20 in 2010, and declined in eight, and that employment rose in most emerging economies ([Note 1](#)).

Although there was positive employment growth in all countries in 2010, growth has not been strong enough to reverse the slack that accumulated in the labour market during the economic crisis. Despite the clear signs of output recovery, half of the G20 countries still experienced an increase in unemployment rates in 2010. Today, unemployment hovers at an all-time high of 210 million, some 30 million more than on the eve of the crisis in 2007.

G20 countries will need to create some 21 million jobs each year over the next decade, approximately half of the 44 million required globally, just to keep pace with the increase in the working age population.

Unemployment is not the only issue: rising income inequality and low or no wage growth for a large majority of salaried workers, ultimately translates into deficient aggregate demand and current account imbalances. Furthermore, declining hours of work and labour force participation rates in high income economies and a significant increase in the number of discouraged workers, which are not included in unemployment figures, have a clear impact on social cohesion.

### **The key findings presented in the report:**

1. Globally, the ILO estimates that unemployment reached 210 million mid 2010, or 30 million above the 2007 level.
2. Data available up to the second and third quarter of 2010 point to an overall fragile labour market situation across G20 countries with signs of a weak recovery, stronger

in emerging countries than in high income countries. The number of persons available for work, whether actively engaged in job search or not, remains far in excess of available vacancies in most countries. Hours of work and labour force participation rates have declined, whereas time-related underemployment and discouraged workers have increased, pointing to considerable slack in the labour market beyond that reflected in the unemployment rate.

3. Mid 2010, unemployment rates across G20 countries ranged between 25 and 5 per cent with a median of 7.8 per cent. In 2010, compared to the same period in 2009, unemployment has continued to increase in ten of the G20 countries, and declined in another eight. All emerging economies, except South Africa, have experienced an increase in employment and a reduction in unemployment during 2010. However, unemployment in mid 2010 is 70 per cent above its pre-crisis level in high income countries (excluding Europe), and 30 per cent higher in Europe. Across all countries, unemployment for men has risen more than unemployment for women. For the 18 countries with data in the first half of 2010, 70 million persons are registered as unemployed (15.5 in Europe, 22 in other high income economies and 32.5 in emerging economies).



4. Youth unemployment is on average twice the rate of total unemployment, around 16-20 per cent across G20 countries. The rate of increase in unemployment, total and youth, has moderated in the first half of 2010.

5. Positive employment growth is observed in most of the countries in the second quarter of 2010 when compared to the first quarter 2010, once adjusting for seasonality. Employment has regained its level of 2006 in high income countries and is some 8 per cent above that level in emerging countries. Significant declines are registered in manufacturing and construction employment across most countries.

6. Real wages are on average 4 per cent below their pre-crisis level.

7. Unemployment is accompanied by other variables reflecting the number of persons available for work, which amplifies the gap between vacancies and persons wanting to work. The economically active population has stagnated in high income countries whereas it has grown significantly in emerging economies. Labour force participation rates have declined in high income economies, remained flat in Europe, and risen marginally in emerging economies. In several countries with available data the number of persons discouraged from active employment search, and therefore not counted as unemployed, has risen significantly. Time related underemployment has stabilized in 2010 but remains high in several countries.



8. The highly differentiated but overall weak economic growth, volatile capital flows and tensions on currencies observed today, can be traced to the employment and

labour market trends prevailing in G20 countries. These trends include rising income inequality and low or no wage growth for a large majority of wage employed, ultimately reflected in macroeconomic imbalances of deficient aggregate demand and current account surpluses and deficits.

9. Under an income-led approach, policies for productive employment and job-intensive growth include higher investments and access to credit, greater attention to small enterprises, gradual expansion of basic social protection in all countries, real wages rising in line with productivity increases and better protection of low-wage earners through minimum wages. Such policies also contribute directly to reducing global imbalances and foster strong, sustainable and balanced growth.

10. Female labour force participation has risen in Europe and in emerging countries between 2007 and 2010, including relative to male participation rates, and have fallen less in high income countries (other than Europe) relative to men.

11. The crisis has accelerated structural change in all economies with a significant decline in manufacturing employment in all high income economies (by over 10 per cent relative to 2006) and in emerging economies (by some 3 per cent relative to 2006). As a result the share of manufacturing employment has declined in all countries between 1.5 and 3 percentage points.



12. Real wages in manufacturing have on average declined by 4 per cent in the first half of 2010 relative to the pre-crisis situation. Hours of work have declined in the first half of 2009, recovered somewhat in the second half and have fallen again in early 2010.

13. The crisis has set back countries' ability to address labour market imbalances that pre-date the crisis, including high shares of informal and casual employment, rising inequality, low or flat real wage growth and low social protection coverage. The continued growth in the working age population during the crisis years in most of the countries has amplified the challenge and urgency of addressing these imbalances in the future.

14. Employment in emerging economies is projected to grow such that in 2015, employment levels will be 8 per cent above pre-crisis levels; whereas in high income economies employment is unlikely to recover its 2008 level within the next five years. Over the next 10 years the world will need to generate 440 million jobs, just to absorb new entrants into the labour force of which 210 million are in G20 countries.

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**Note 1** The report's data are aggregated into three groups: Europe includes France, Germany, Italy, Netherlands, Spain, and United Kingdom. High Income Economies

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(except Europe) include Australia, Canada, Japan, Korea, and the United States. Emerging Economies include Argentina, Brazil, Indonesia, Mexico, Russia, South Africa, and Turkey. ([back to text](#))

## Further resources

### ILO Publications

Cazes, S.; Verick, S.; Heuer, C. 2009. [\*Labour market policies in times of crisis\* \(pdf 699 KB\)](#) (Geneva, ILO).

ILO. 2010. [\*Accelerating a job-rich recovery in G20 countries: Building on experience\* \(pdf 542 KB\)](#) (Geneva).

- [Français](#) (pdf 561 KB) • [Español](#) (pdf 597 KB)

ILO. 2010. [\*Recovery and growth with decent work\* \(pdf 542 KB\)](#), Report of the Director-General, Report I(C), International Labour Conference, 99th Session, Geneva, 2010 (Geneva).

- [Français](#) (pdf 923 KB) • [Español](#) (pdf 761 KB)

ILO. 2010. [\*World of Work Report 2010: From one crisis to the next?\* \(pdf 8 MB\)](#) (Geneva).

Executive Summary: • [Français](#) (pdf 75 KB) • [Español](#) (pdf 60 KB)

ILO. 2009. [\*Global Wage Report: Update 2009\* \(pdf 765 KB\)](#) (Geneva).

ILO. 2009. [\*Protecting People, Promoting Jobs: From crisis response to recovery and sustainable growth\* \(pdf 83 KB\)](#) (Geneva).

- [Français](#) (pdf 103 KB)

ILO, International Institute for Labour Studies (IILS). 2009. [\*The financial and economic crisis: a decent work response\* \(pdf 561 KB\)](#)

- [Français](#) (pdf 612 KB) • [Español](#) (pdf 621 KB) (Geneva).



ILO; IMF. 2010. [\*The Challenges of Growth, Employment and Social Cohesion\* \(pdf 1.99 MB\)](#), Discussion document, Joint ILO-IMF conference in cooperation with the office of the Prime Minister of Norway, Oslo, 13 Sep.

### ILO Events

- [Joint ILO-IMF Conference: The Challenges of Growth, Employment and Social Cohesion](#)

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## **ILO Videos**

- [ILO Director-General Juan Somavia presents his report to the ILO's 99th International Labour Conference](#) - 
- [The Global Jobs Pact and macroeconomic policy](#) - 

## **ILO Websites**

- [Global Job Crisis Observatory: Employment Promotion](#)
- [Global Jobs Pact](#)
- [Global Statistics on the Labour Market](#)
- [G20 Seoul, November 2010](#)
- [G20 Toronto, June 2010](#)
- [G20 Washington, April 2010](#)
- [Laborsta](#)