

Background

The International Labor Organization (ILO) Bureau of Statistics collects and disseminates national statistics related to all areas of labor, including employment, social protection, and rights at work. In addition to country level data, the ILO recently published a report on Global Trends in Employment and Unemployment in order to estimate the impact of the financial crisis on labor markets in developed and developing countries. This EADS snapshot highlights the ILO analysis on global labor trends as well as related ILO reports including the 2009 Global Wage Report and the Global Jobs Pact.

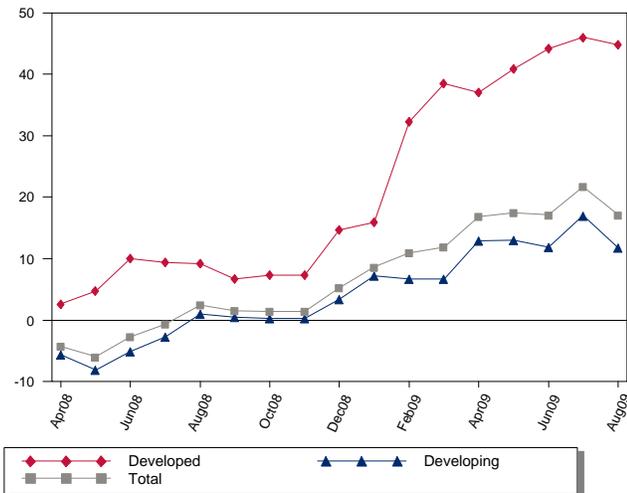
The Global Job Crisis

Based on ILO data, global unemployment will have increased by over 50 million from 2007 to 2009 mainly due to the negative impacts of the financial crisis. While the financial crisis originated in developed countries, developing country labor markets, particularly in formal, export-oriented industries, have suffered major losses. The ILO estimates that unemployment in August 2009 increased by nearly 45 percent in developed countries and 12 percent in developing countries compared to the same period of the previous year.

Based on analysis of employment trends following previous financial crises, the ILO predicts that even after economic growth returns the global job crisis could linger for six to eight years. The expected growth of the global labor force by about 45 million new entrants per year will make the struggle to battle unemployment even more difficult. It is estimated that the global economy will have to create over 300 million new jobs over the next five years just to return to pre-crisis levels of unemployment.

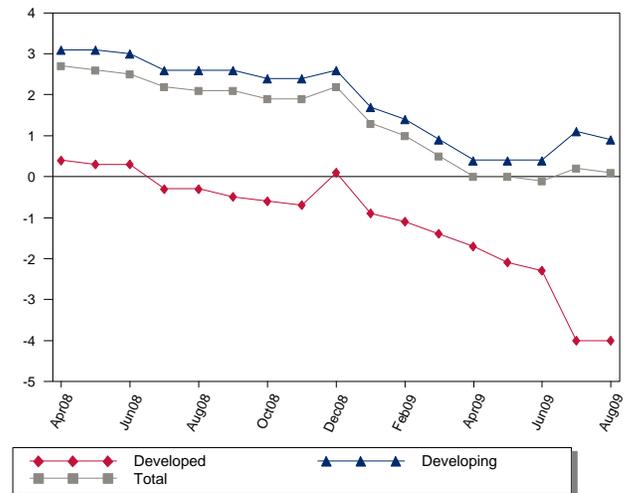
Unemployment Change

% change over the same period of previous year



Total Employment Change

% change over the same period of previous year



Impact on Living Standards and Wages

The lack of work opportunities, especially for youth, will have negative long-term consequences on living standards and productivity. The impact of unemployment on living standards is more severe in developing countries where unemployment benefits and social protections are limited or non-existent. Only one fifth of the world's population has access to support through social security programs. Existing social and political tensions may be aggravated by diminished job opportunities and increased poverty rates if action is not taken.



Beyond rising unemployment, the ILO 2009 update of the Global Wage Report reveals declines in real wage growth in 2008 that are expected to deteriorate further in 2009. According to the Global Wage Database, global growth in average wages declined from 4.3% in 2007 to 1.4% in 2008. The decline in wage growth leads to concerns about the extent to which consumption by workers and their families will be able to pick up slack in aggregate demand when government stimulus packages are scaled down.

The Global Jobs Pact

On June 19, 2009, ILO member states (183 countries including the U.S.) adopted the Global Jobs Pact, a policy portfolio of options to place employment and social protection at the center of global strategies for recovery from the financial crisis. Due to the global nature of the downturn, the ILO emphasizes that it will be impossible to achieve short term recovery based mainly on export led strategies. Thus the ILO argues for greater coordination to stimulate domestic activity primarily by enhancing employment generation and social protection. In a statement urging countries to implement policies agreed on in the Global Jobs Pact the ILO Director-General Juan Somavia stated, 'it is time to apply the same efforts and policy creativity to create jobs and support enterprises that was deployed in saving banks and rescuing the financial system.'

What is the Global Jobs Pact?

The Global Jobs Pact was adopted by government, employer and worker delegates at the 98th session of the International Labour Conference in June 2009. The Global Jobs Pact is a joint commitment to coordinate and implement recovery policies aimed at stimulating economic recovery, generating jobs and providing protection to working people and their families. The Global Jobs Pact is not an international legal obligation nor is it a 'one-size-fits-all' solution to the crisis. The Pact is a comprehensive and integrated policy portfolio that must be adapted and implemented according to diverse national situations, needs and resources.

Some specific policy recommendations include:

1. Accelerating employment creation, jobs recovery and sustaining enterprises by:
 - investing in workers' skills development
 - supporting enterprises in retaining their workforces through schemes such as work-sharing
 - increasing investment in infrastructure, research and development, public services and 'green' production
2. Building social protection systems and protecting people by:
 - introducing cash transfer schemes for the poor to meet their immediate needs and to alleviate poverty
 - extending the duration and coverage of unemployment benefits
 - regularly reviewing and adjusting minimum wages
3. Strengthening respect for international labor standards by:
 - increasing vigilance to achieve the elimination and prevention of forced labor, child labor and discrimination at work
 - increasing respect for freedom of association, the right to organize and the right to collective bargaining
4. Shaping a fair and sustainable globalization by:
 - cooperating to build a stronger, more globally consistent, supervisory and regulatory framework for the financial sector
 - avoiding trade protectionism by countries
 - shifting to a low-carbon, environment-friendly economy

How can I get more ILO data?

To access ILO country level labor statistics, visit the Economic and Social Database (ESDB) at <http://esdb.eads.usaidallnet.gov/>. The ESDB website also offers related datasets from the World Bank, UNICEF and other sources. Through the ESDB website you can also access standard country profiles, such as the Labor Market Profile, generate customized tables and graphs and utilize analytic tools.