

Global labour figures point to rising tide of joblessness

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5 May 2010

New figures released by the International Labour Office (ILO) and the Organisation of Economic Co-operation and Development (OECD) underscore the scale of joblessness throughout the G20 countries and the limited impact of various government stimulus measures.

The global economic crisis has thrown tens of millions of workers—especially those in the youngest and oldest cohorts—into permanent unemployment, the reports indicate. Labor and employment ministers, meeting last month for a G20 summit in Washington, responded to the OECD and ILO reports with vague recommendations for their governments to pursue “inclusive active labour market policies” and aim for a “higher equilibrium of progress” on employment issues.

According to ILO estimates, if governments in the 20 largest economies had not increased their spending in the period 2009-2010, employment would be only 1 percent lower than it is now. It means that without government action, the rise in official unemployment in the G20 would have been 55 million, rather than 34 million. But the ILO concedes that its calculations take into account not only “extraordinary” stimulus spending (crisis measures) but also both unemployment insurance (to which workers contribute) and increased demand for normal social security payments. In other words, the positive employment impact of the trillions the G20 has spent on stimulus—not to mention the far greater amounts governments have spent on bank bailouts—is likely to be *considerably less* than 1 percent of total employment. Regardless of the effectiveness of stimulus programs—measures in fact dominated by infrastructure spending for big

business—the working class will foot the bill for those programs via severe cutbacks to social spending.

The OECD’s youth unemployment figures underscore the fact that, particularly for young people, comparisons with the Great Depression of the 1930s are entirely apt. Official youth unemployment rates in the G20 have increased nearly 20 percent across 2009-2010, with the OECD predicting rates of 24 percent in the European Union by the end of 2010. Youth unemployment throughout the G20 is predicted to reach 20.5 percent. Forty percent of young Spanish workers are unemployed. Critically, none of these statistics include young people who have already given up looking for work or who have chosen to stay in education because of the lack of jobs.

As the OECD grimly observes, these figures point to the creation of a “lost generation”. Even if employment prospects for workers were to generally improve, the current cohort of jobless youth would be permanently “scarred” by their experience, not only psychologically, but in terms of their ability to find jobs in the longer term. According to the OECD, scarring in this sense “means that the mere experience of unemployment will increase future unemployment risks and/or reduce future earnings, mainly through effects associated with human capital (i.e., deterioration of skills and foregone work experience) or signalling effects (i.e., periods of unemployment convey a signal of low productivity to potential employers).” Putting it bluntly, under modern capitalism unemployed workers are permanently “tainted”.

Intractable high jobless rates and unprecedented levels of permanent unemployment are also implicit in

the ILO's figures on what it calls the "jobs gap", that is, the total number of full-time jobs that would be required for an immediate return to pre-crisis job levels. In the United States the job gap is 8 percent of current total full-time jobs. However, the situation is far worse than those figures suggest because the calculations do not factor in new workforce entrants. The size of the US working-age population will grow by 6 million between 2009 and 2011. Other OECD countries are witnessing similar increases, with working-age populations in both France and the UK swelling by over 700,000. As the ILO puts it in its report, "growth in these populations will pose challenges to job creation in many G20 countries in 2010 and 2011, as new arrivals to the labour market will find themselves competing for scarce job opportunities with large masses of unemployed workers".

Permanent unemployment among US manufacturing workers is an especially dramatic component of the global picture. The number of manufacturing jobs lost in the US between 2008 and 2009 (1.1 million) is double the numbers lost in Russia—the second worst-hit G20 economy in terms of manufacturing employment. Similarly, the number of US construction jobs lost across the same period (again 1.1 million) is double that of Spain—the next worst country for construction industry losses.

The technocratic bulk of the OECD report asserts that mass unemployment can be staunched by "innovative" and "strategic" jobs programs, but the remarks of the OECD's secretary general Angelo Gurría to the Washington G20 meeting suggest that the dominant perspective in the international bureaucracy is in fact pessimism. "The recovery is underway," Gurría told the G20 meeting on 21 April "but it will not be strong enough to bring the millions of unemployed back to work... A recent study by our Economics Department suggests that, even in countries with employment-friendly policies and institutions, it can take about five years for unemployment to revert back from its recessionary peak to the pre-crisis levels. In other countries, high unemployment may persist for much longer."

The G20's response to the global unemployment

picture indicates that capitalist politicians realise that any frank and honest assessment—rather than platitudes and promises—would risk bringing their governments into open confrontation with millions. After meeting with US President Barack Obama and international union heads, the Washington summit delivered five "recommendations" to be "considered" by G20 leaders: (1) accelerate job creation (2) strengthen social protection systems and promote inclusive active labour market policies (3) place employment and poverty alleviation at the centre of national and global economic strategies (4) improve the quality of jobs for our people (5) prepare our workforces for future challenges and opportunities.

This Alice in Wonderland-style response in the midst of a worsening global economic crisis articulates nothing but politicians' deep contempt for working people. Australian Employment Minister Mark Arbib told the G20 summit that young people suffered unemployment because of their poor work ethic, communication and lack of foundational skills in literacy and numeracy. Comments of this type—normal fare at such international meetings—simply underscore the fact that as mass joblessness grows, governments blame the victims—millions of workers and youth—for the failings of their own policies and more fundamentally of the capitalist system itself.



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