

ILO report: Global unemployment to hit record high in 2013

Kate Randall
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World unemployment could hit record levels this year and continue rising until 2017, a United Nations agency reported Monday. In its annual Global Employment Trends report, the International Labour Organization (ILO) forecasts that jobless numbers around the world will rise by 5.1 million in 2013 to 202 million people, topping 2009's record of 198 million.

Five years after the outbreak of the global financial crisis, world economic growth has decelerated and unemployment has begun to increase again. The ranks of the working poor are also on the rise, while large numbers of "discouraged workers" are dropping out of the labor market altogether.

The trends examined in the ILO report expose the fraudulent claim in Barack Obama's inaugural address Monday that "an economic recovery has begun"—in the United States or elsewhere. On the contrary, a systemic crisis of the world capitalist economy is destroying jobs, particularly for the world's youth, and plunging greater numbers of people into poverty. The austerity measures of governments around the world are further exacerbating this process.

Despite predictions of a moderate pick-up in the growth of economic output in 2013-2014, global jobless numbers are expected to rise to record highs in 2013 and hit 205 million in 2014. The ILO report projects the jobless rate to continue to rise until at least 2017. These figures undoubtedly underestimate the real level of unemployment, as they rely on official government figures that do not count those who have run out of jobless benefits or stopped looking for work.

Of the 4 million rise in global unemployment in 2012, a quarter of the increase came in the advanced economies, while three-quarters was in other regions, with East Asia, South Asia and Sub-Saharan Africa particularly hard hit. The report attributes this to the "spillover effect of the weak growth in advanced economies in 2012, in

particular, recession conditions in Europe."

Growth decelerated by 1.4 percent in East Asia in 2012, largely influenced by activity in China, where growth slowed to 7.8 percent, the slowest rate since 1999. Growth in India slowed sharply to 4.9 percent, the slowest rate of growth in a decade, contributing to a South Asian regional GDP growth rate deceleration of 1.6 percent. Latin America, the Middle East and the Caribbean also saw a substantial deceleration.

Labor force participation has fallen dramatically, particularly in the developed countries and the European Union region, where the rate declined by close to one percentage point. While official unemployment stands at 7.8 percent in the United States and 11.8 percent in the euro zone, even these high figures are misleading since they do not take into account the millions of workers who have stopped looking for work, discouraged by long-term unemployment and bleak job prospects.

The jobs crisis affecting young people is dire. There are currently some 73.8 million young people unemployed worldwide and the ILO predicts that the slowdown in economic activity will likely make another half million youth jobless by 2014. Global youth unemployment stood at 12.6 percent in 2012 and is expected to rise to 12.9 percent by 2017. The youth jobless rate is particularly acute in Europe, where it has surpassed 50 percent in Greece and Spain.

Long-term youth unemployment has also increased dramatically in the wake of the global financial crisis. Some 35 percent of all young people without a job in the advanced countries have been out of work for six months or longer, up from 28.5 percent in 2007. As job prospects dim, increasing numbers of youth are being driven out of the labor market altogether.

In the European countries, 12.7 percent of all young people are neither employed nor in education or training, a rate 2 percentage points higher than before the crisis.

The ILO report notes: “The crisis has dramatically diminished the labor market prospects for young people, as many experience long-term unemployment right from the start of their labor market entry, a situation that was never observed during earlier cyclical downturns.”

The global ranks of the working poor are decreasing at a slower pace than before the downturn and remain at staggering levels. According to the ILO, there are currently some 397 million workers living in extreme poverty and an additional 472 million who cannot meet their basic needs on a regular basis. This means that 12 percent of the world’s population lives in families where at least one member is working, but they still struggle to gain access to decent housing, food and other necessities.

Another recent report showed that 47.5 million people in the US live in such low-income working families. (See: “Ranks of US working poor grow dramatically ”)

Many regions of the world that have not seen a sizeable spike in unemployment have experienced a worsening in the quality of the jobs available, pushing more workers into vulnerable employment and the informal job sector. There are often what the report describes as “mismatches” between the jobs available and the skills required to attain them. In particular, occupations concentrated in exporting industries have been hard hit, and new jobs that become available often require skills that unemployed workers do not possess.

The ruling classes all over the world are seizing on the economic crisis to carry out massive attacks on the living standards of the working class. The ILO report notes that with the drying up of the limited stimulus funds injected into the economy in the immediate aftermath of the financial crash, the austerity measures being imposed by governments—particularly in the US and the euro zone—are deepening the slump. This has “reinforced corporate tendencies to increase cash holdings or pay dividends rather than expand capacity and hire new workers.”



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