



Jobless growth and economic productivity in Asia and the Pacific

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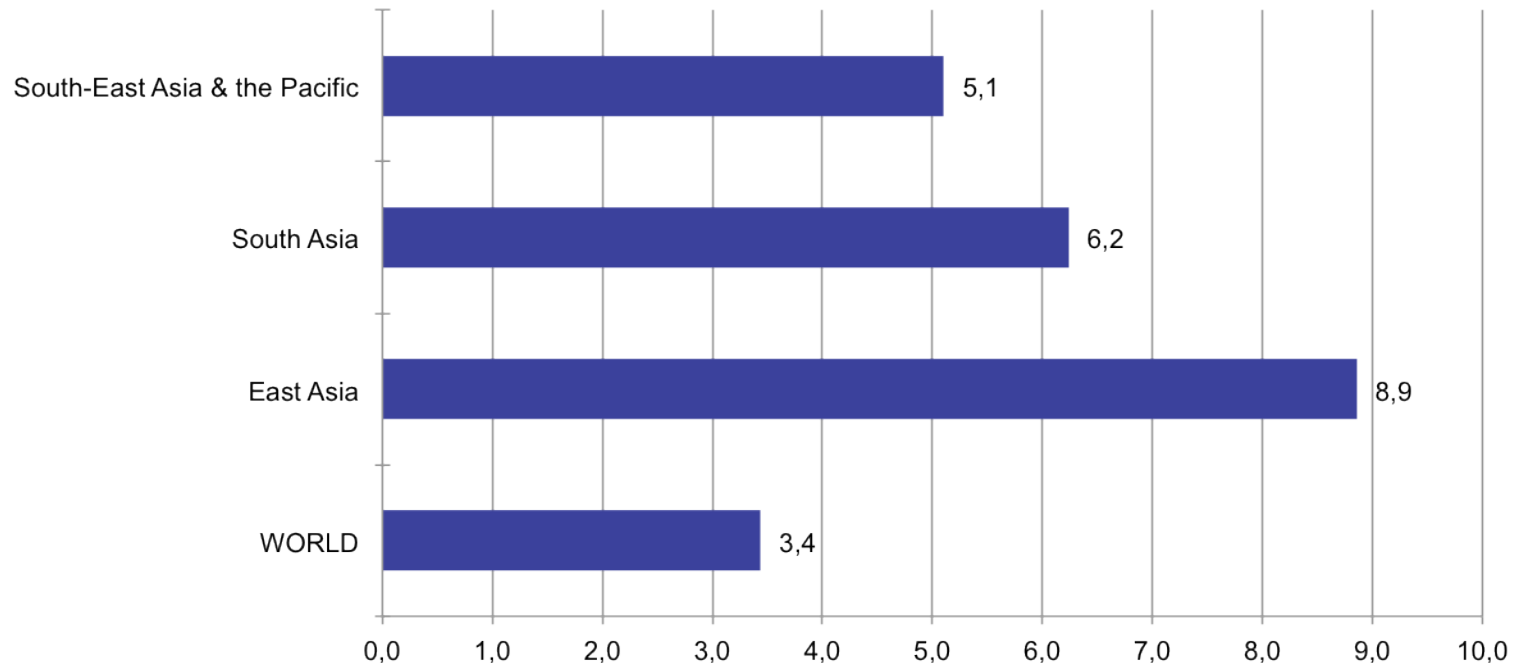
Overview

- **Growth, but in the desired direction? Asia's economic growth and rising inequality**
- **Challenges to Decent Work: Job Quality , Exclusion, Vulnerability...**
- **Green Jobs: Economic, Social and Environmental Sustainability**
- **Looking Forward: Rebalancing in Asia**

Diverse region but with remarkable economic growth...

Real gross domestic product, annual average change, 1990-2011 (%)

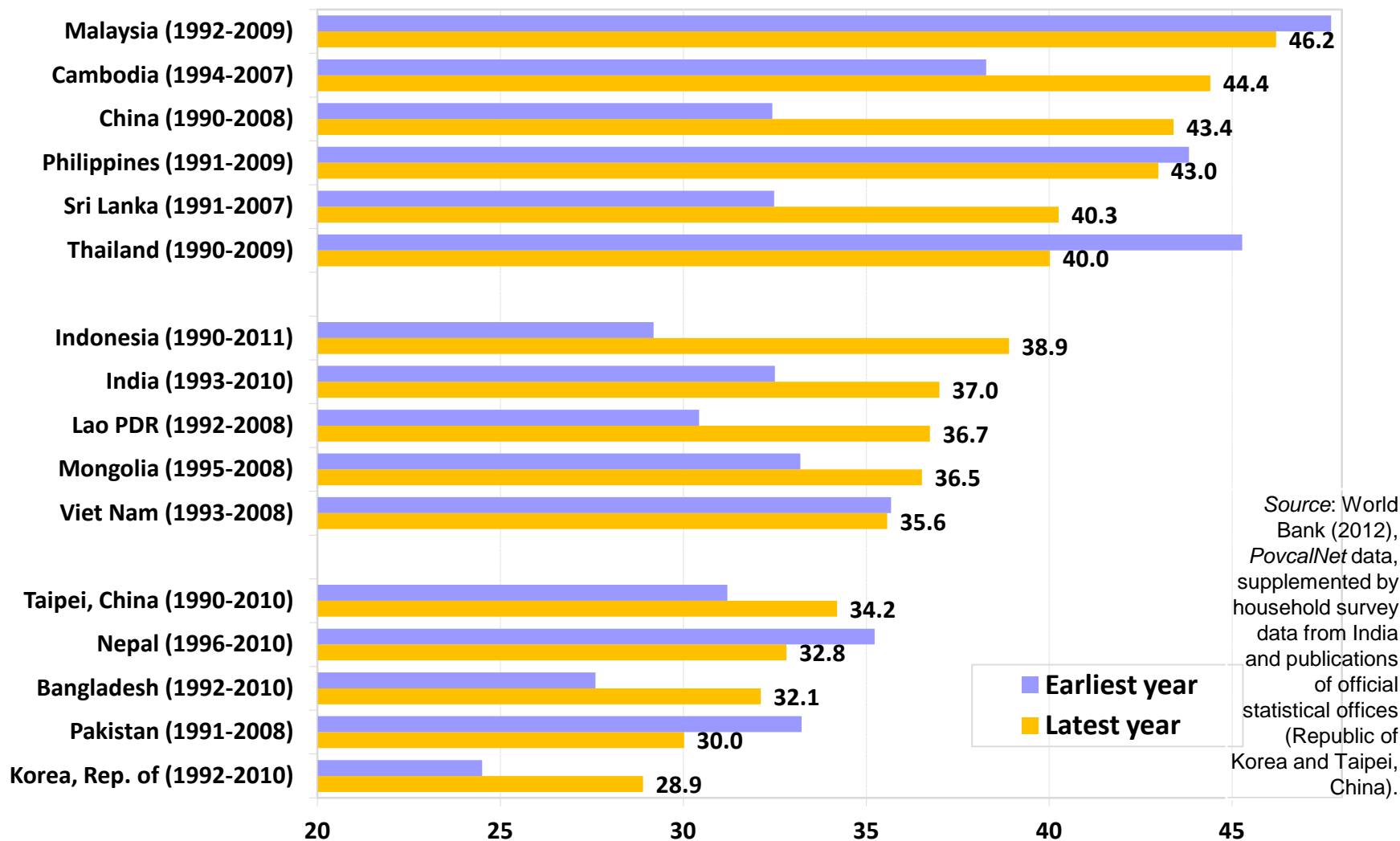
Source: IMF: World Economic Outlook Database, April 2012.



...has led to **poverty** reduction and improved **living standards, in general**; though the shadow of the Eurozone crisis appears to be having a sobering effect on growth since 2011 (especially in China and India).

BUT, growth has also led to high and rising income inequality...

Gini Coefficient, earliest year in 1990s and latest year



Is current growth heading in the right direction?

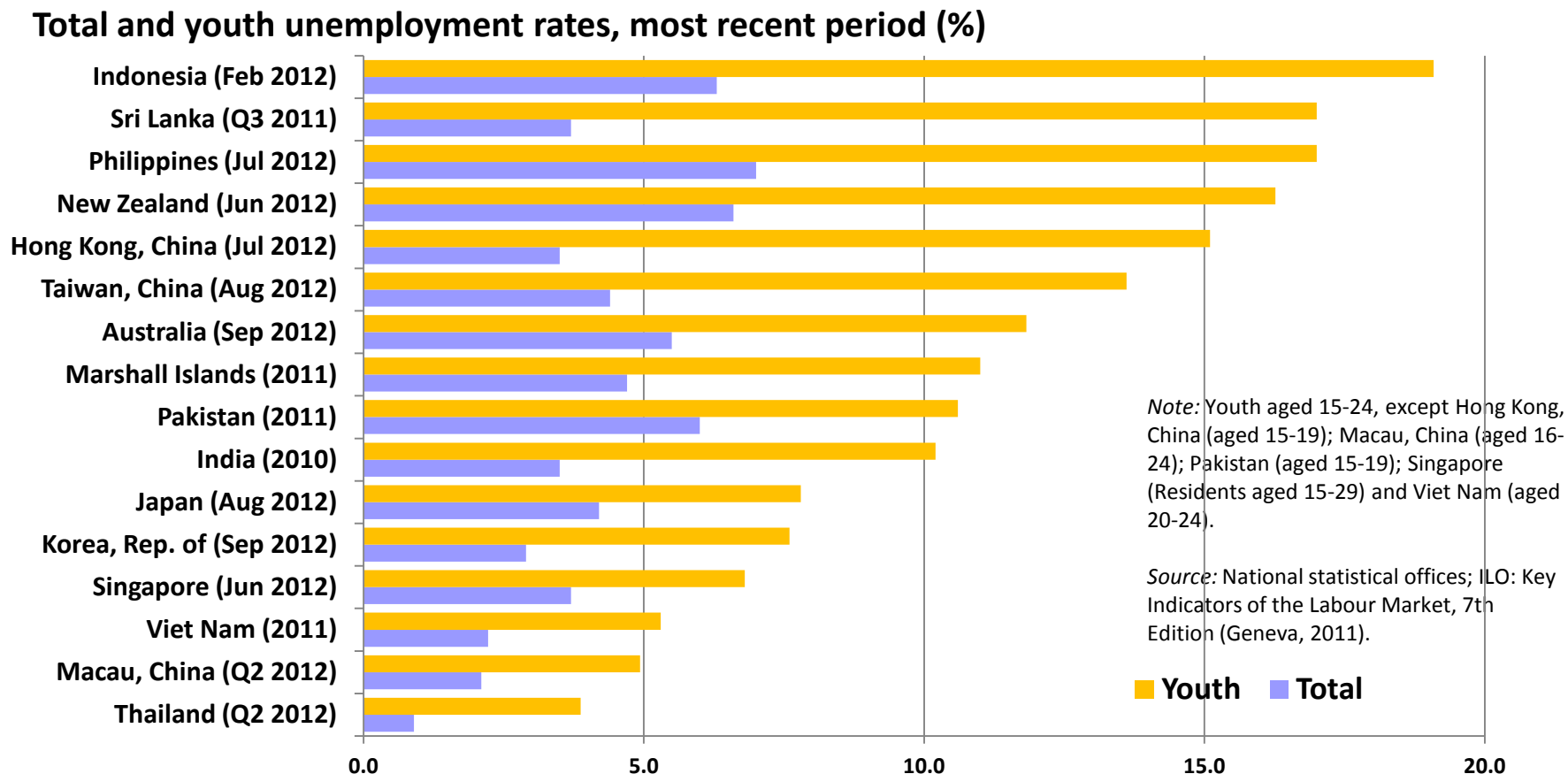
- Growth has not led to **sufficient Decent Work opportunities** across Asia, despite some strong achievements...
- Economic growth has not been translated into desired social progress...

(1) Employment growth has been low in recent years...

Country	GDP Growth (2001-2008 average)	Employment Growth (2001-2008 average)
China	10.5	0.9
India	7.0	2.4
Indonesia	5.4	1.7
Japan	1.4	-0.1
Korea, Rep. of	4.4	1.4
Malaysia	5.7	1.8
Mongolia	8.2	3.2
Pakistan	5.3	3.7
Philippines	5.3	2.8
Sri Lanka	6	1.7
Thailand	5.2	1.7
Viet Nam	7.6	2.0

**...while the demographic profile in many Asian countries indicate
growing working age population and rising youth population.**

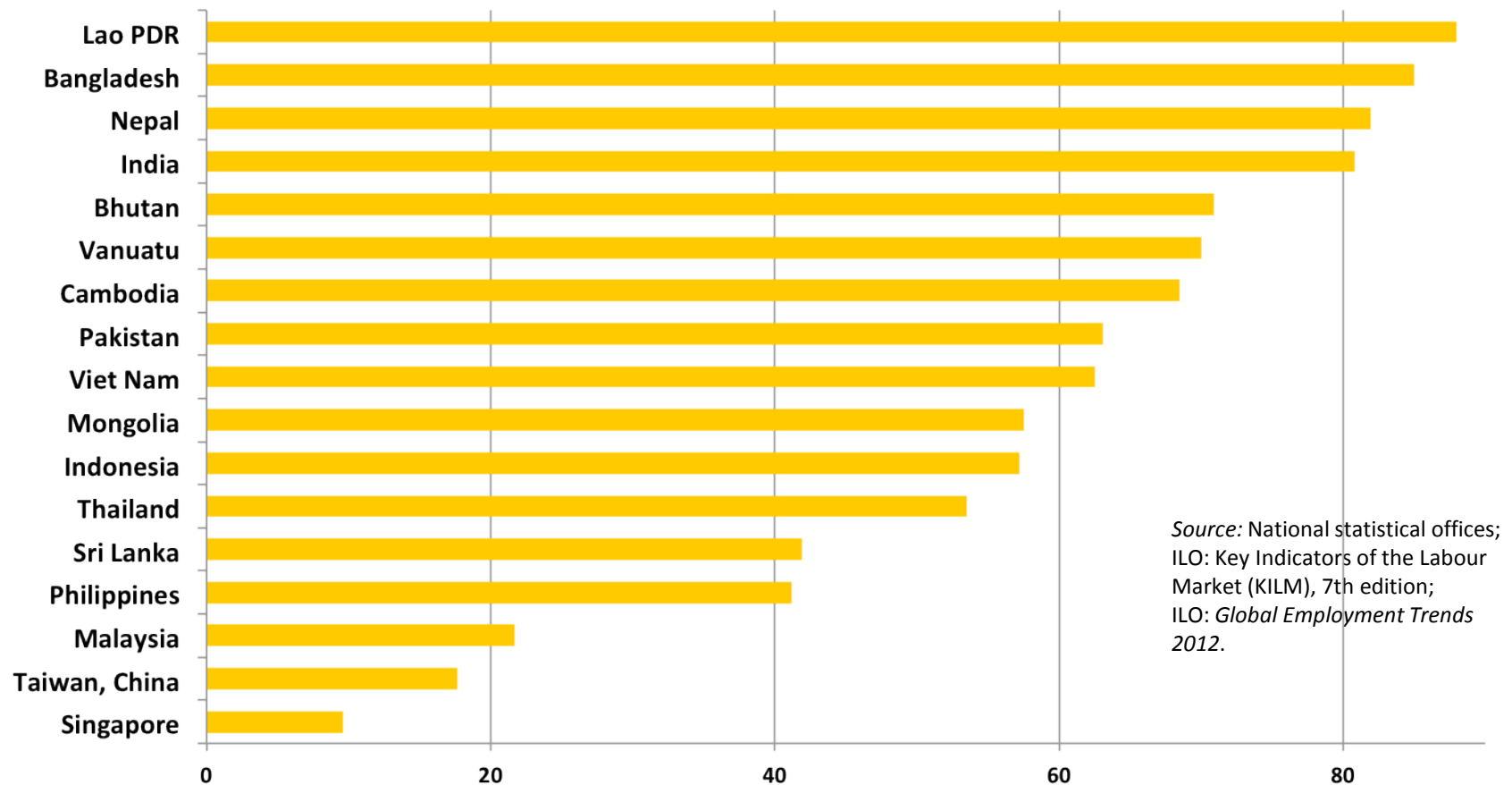
(2) Unemployment rates are low in general but Youth Unemployment rates are much higher...



...young people still **3-5 times** more likely to be unemployed than adults. Also, the rate of those **not in employment, education nor training (NEET)** is as high as 30% in Bangladesh and the Philippines.

(3) Need to go beyond unemployment statistics as vulnerability remains high, reflecting poor job quality...

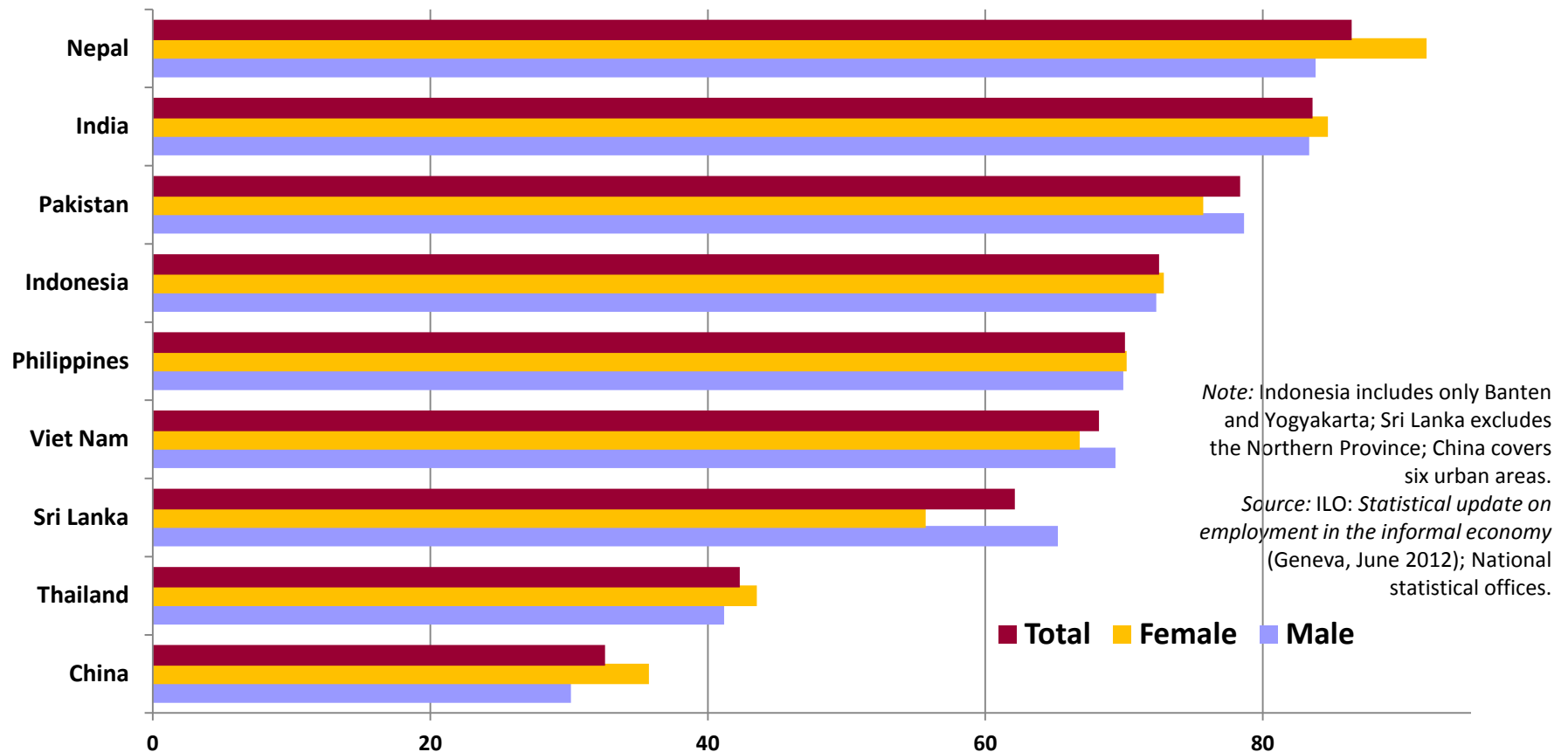
Share of own-account and contributing family workers in total employment (%)



...pervasive **informality** and rising **casual jobs** indicate precarious working conditions with **limited social protection**.

(4) Earlier thinking that growth would shrink informality has failed to come about...

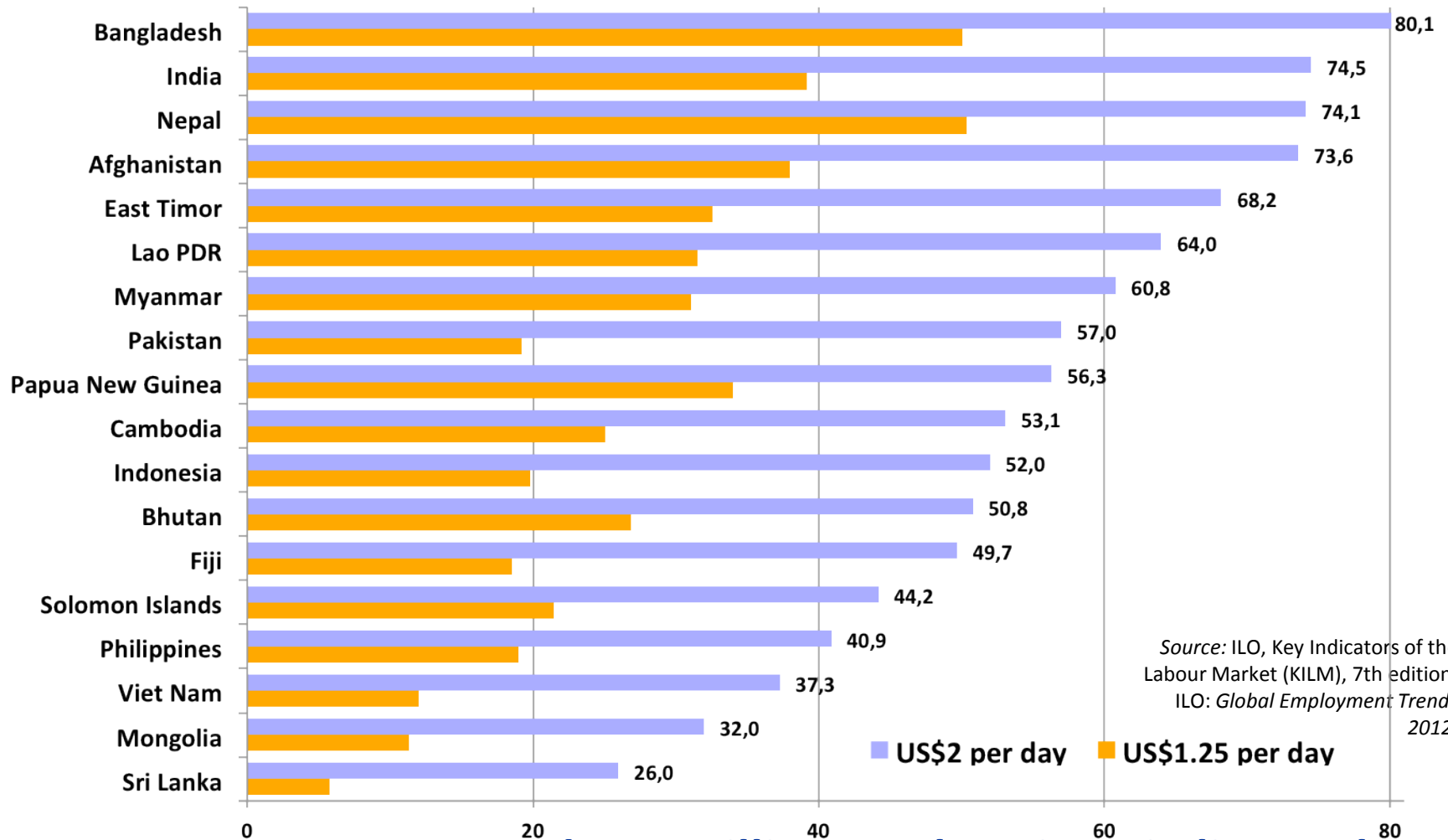
Informal employment as a share of non-agricultural employment, most recent year (%)



...Asia's growth has often been built on **low earnings, long working hours and unsafe working conditions** for its women and men.

(5) Earnings for many are still too low to escape poverty...

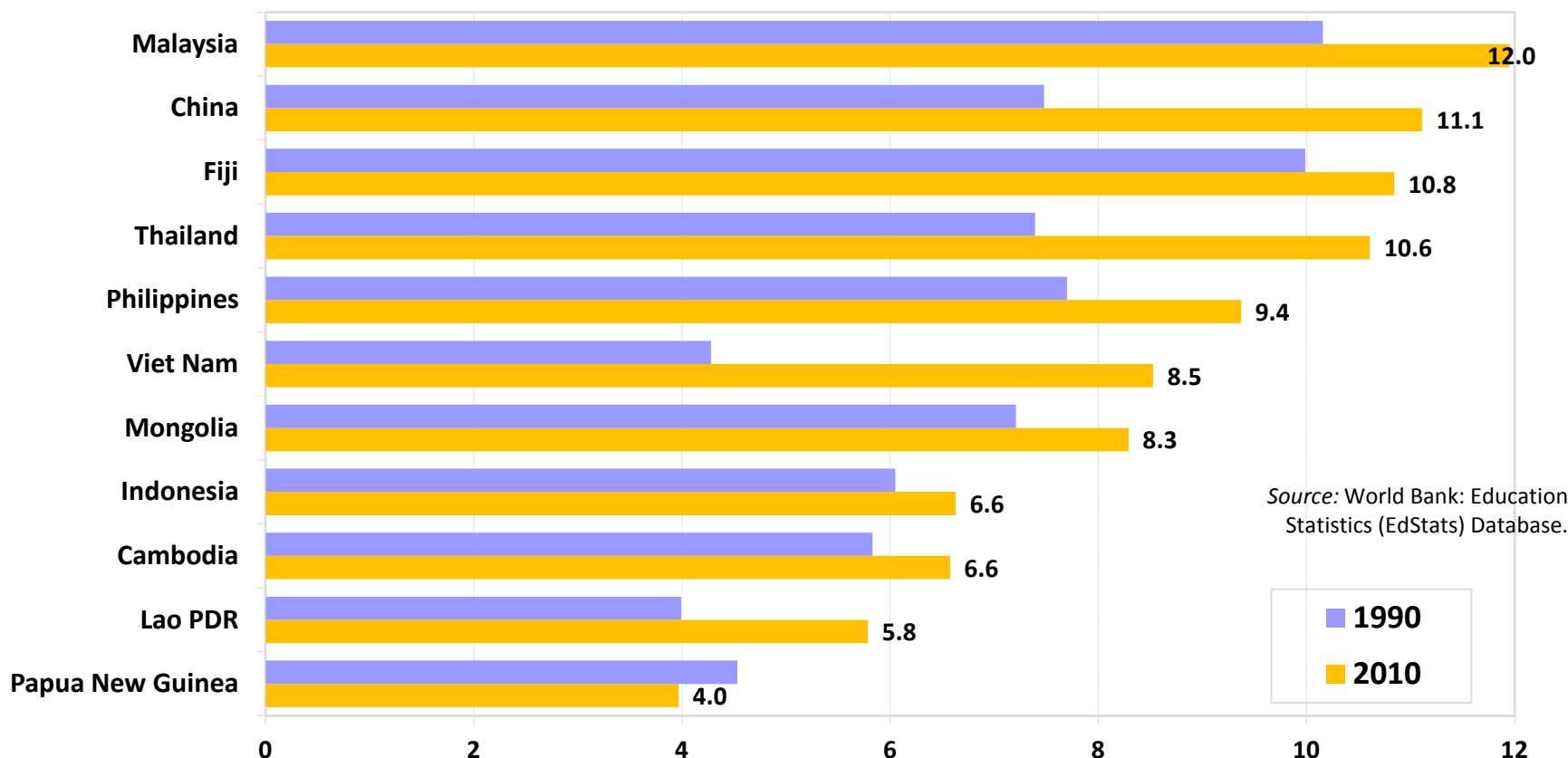
Share of workers living in poor households, most recent period (%)



...as around **670 million** workers in Asia live on less than US\$2 a day (**322 million** below US\$1.25).

(6) Access to education has improved but still remains low...

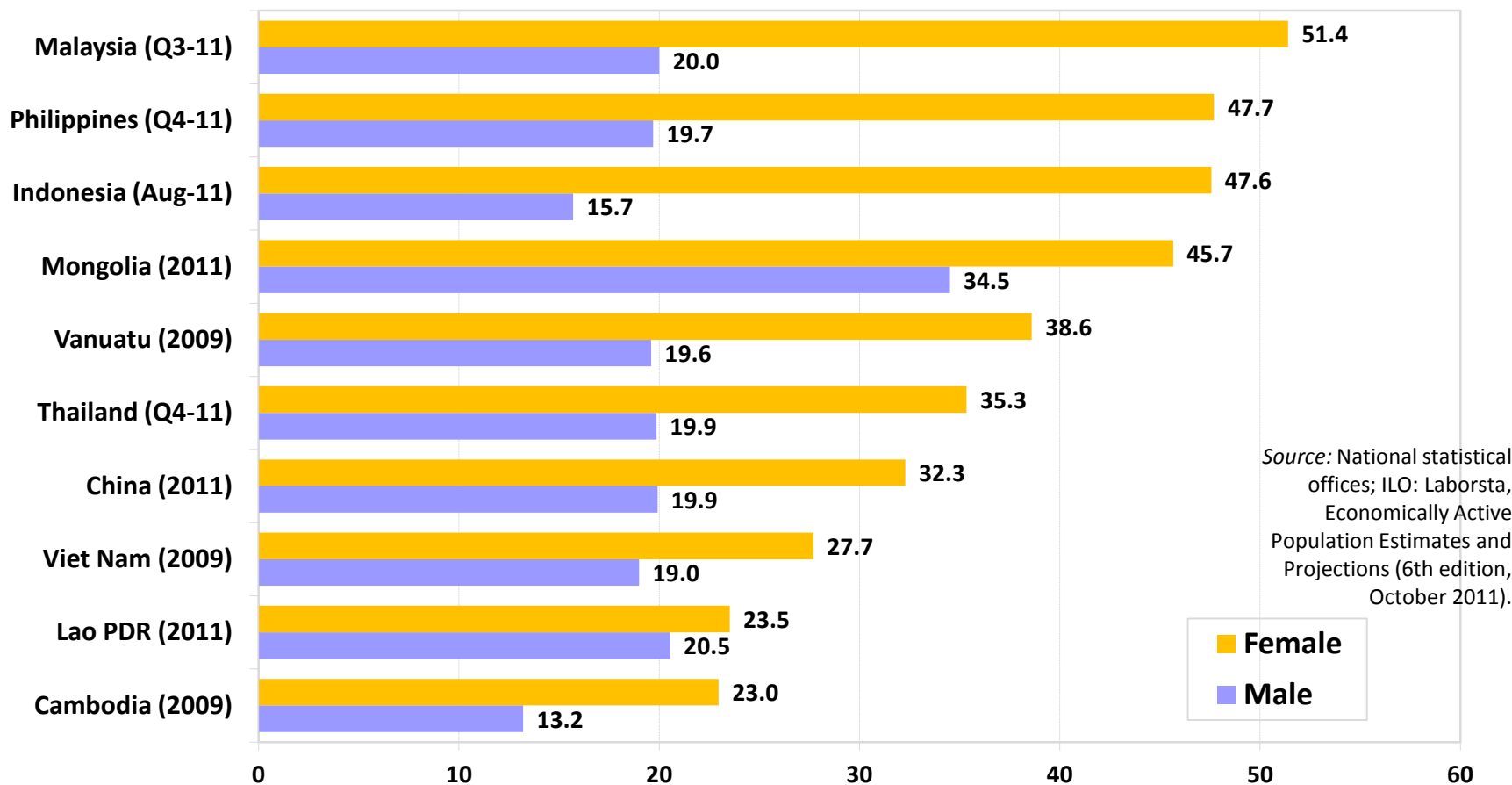
Average years of total schooling, aged 15-19, 1990 and 2010



...and skills mismatch is still a big constraint, with a **shortage of qualified staff** ranked as the *biggest concern* in East and South-East Asia (*Economist*, Jan 2012) and a key cause of the **middle income trap**.

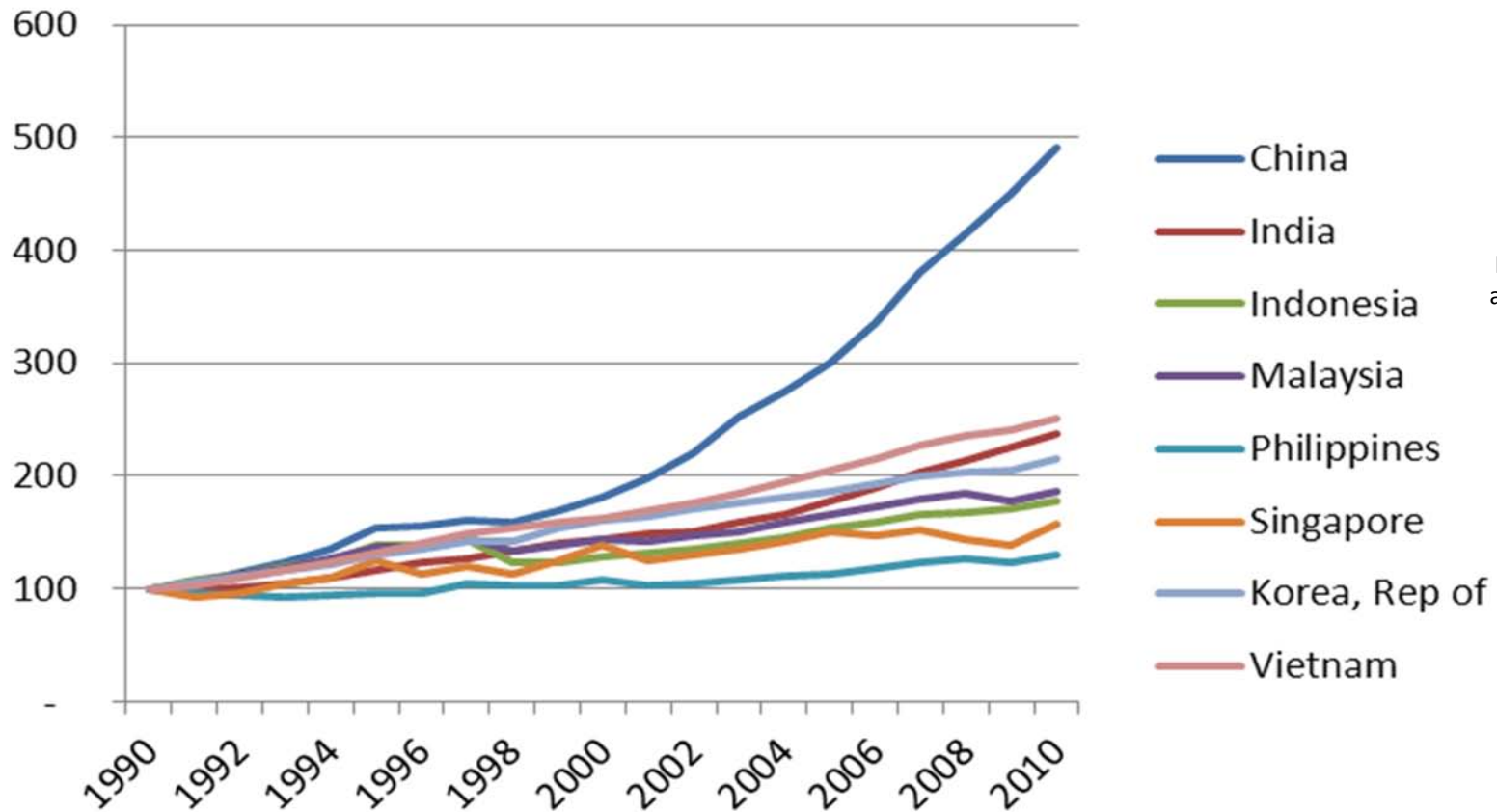
(7) Gender disparities remain widespread...

Labour force non-participation rate by sex, most recent period (%)



...regarding participation, equal pay and access to good quality employment, among other indicators.

(8) Labour productivity (**output per worker**) has grown fast, led by China...

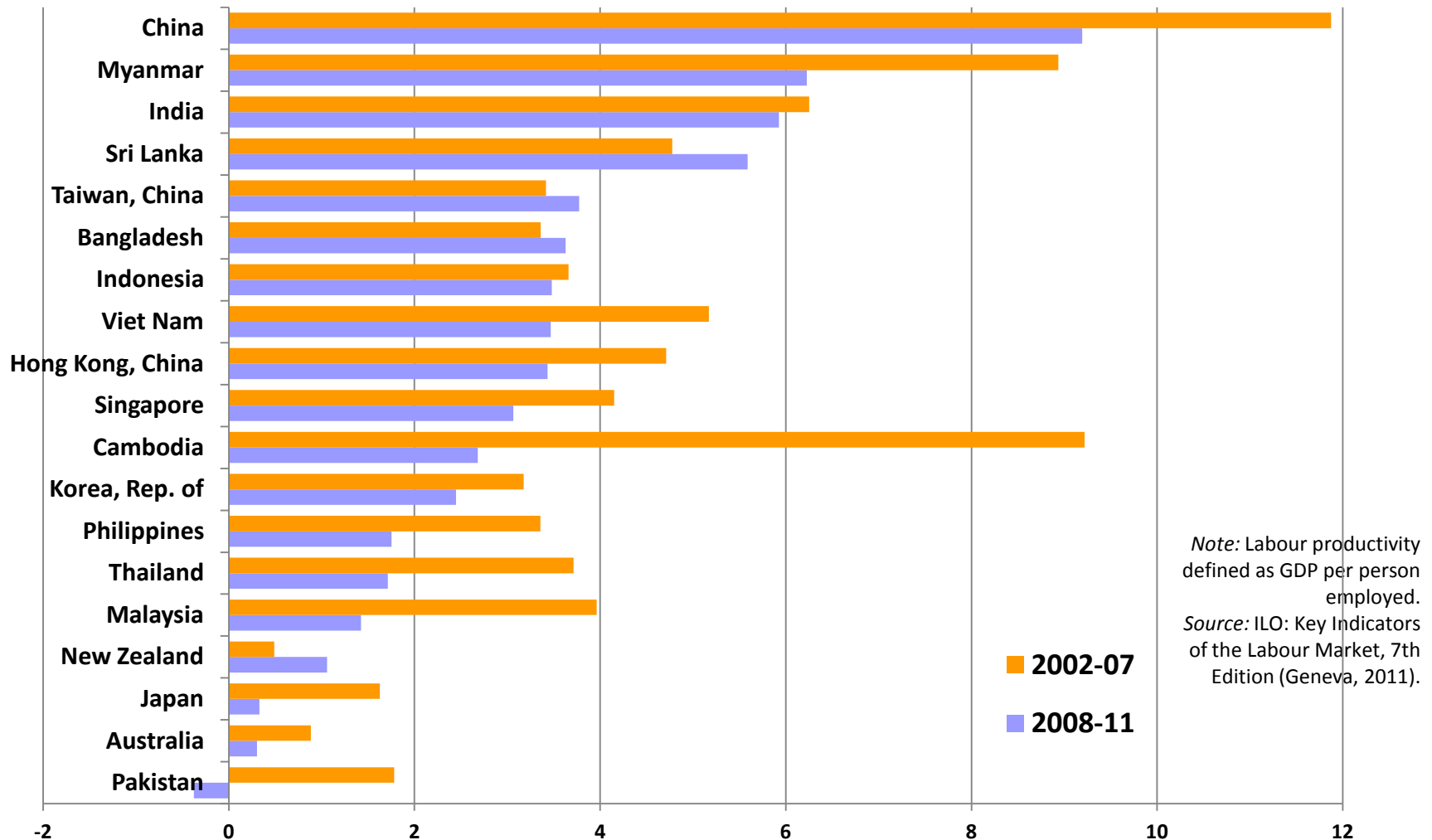


Source: Based on The Conference Board Total Economy Database, January 2011, <http://www.conference-board.org/data/economydatabase>

....but level still low compared to USA/EU; and as the **share of employment in manufacturing falls / stagnates** throughout Asia, productivity growth is likely to decline.

(9) There are calls for a renewed focus on labour productivity...

Annual average change in labour productivity (%)



...which can lead to wage increases and better working conditions.

(10) Although productivity growth has not yet kept pace with wages in many Asian countries...

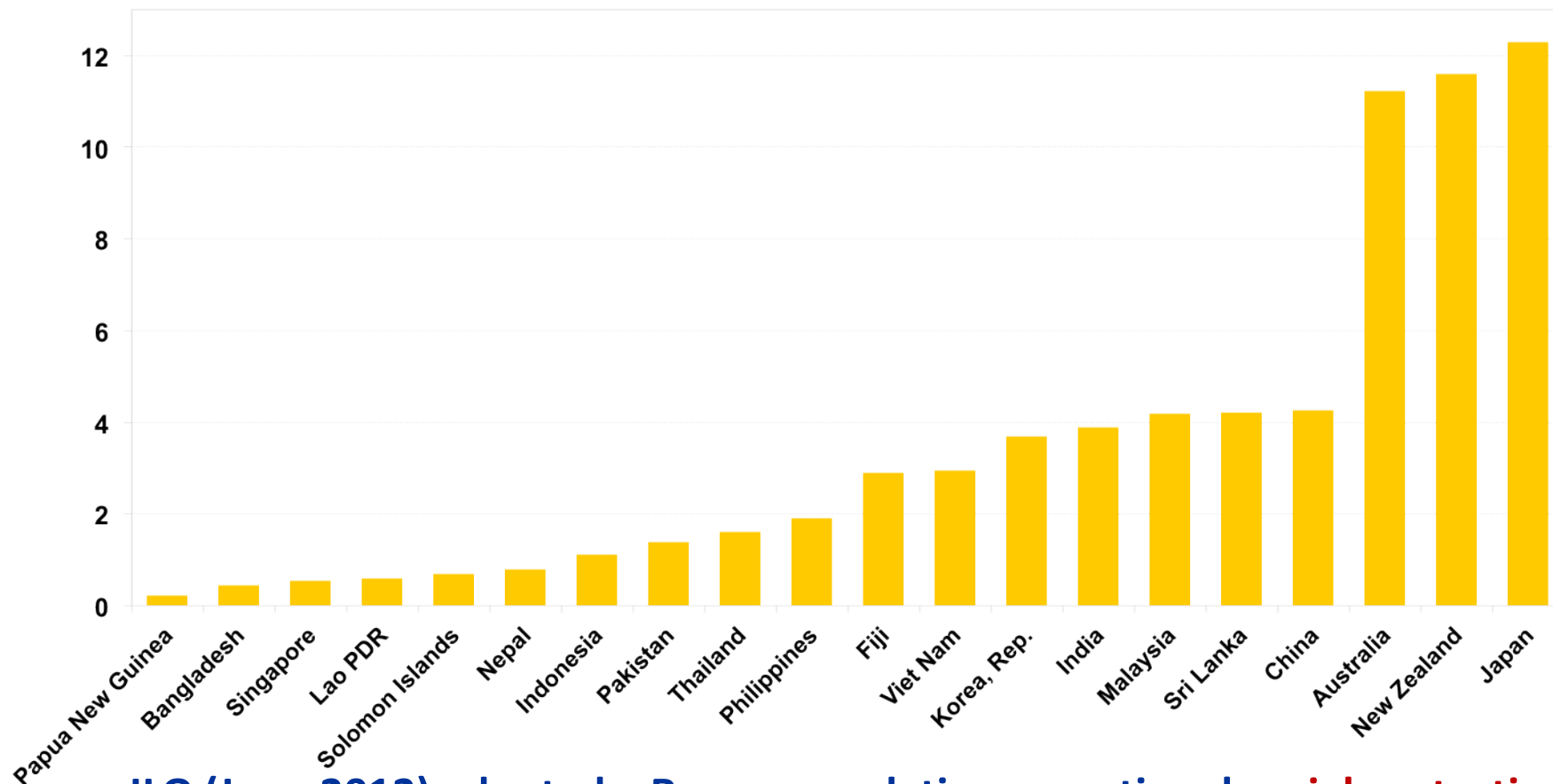
Annual average change in real wages and labour productivity, 2000s (%)



...stronger labour market institutions – **collective bargaining and social dialogue** – are needed to produce this link in many countries.

(10) Spending on social protection typically small in many Asian developing countries...

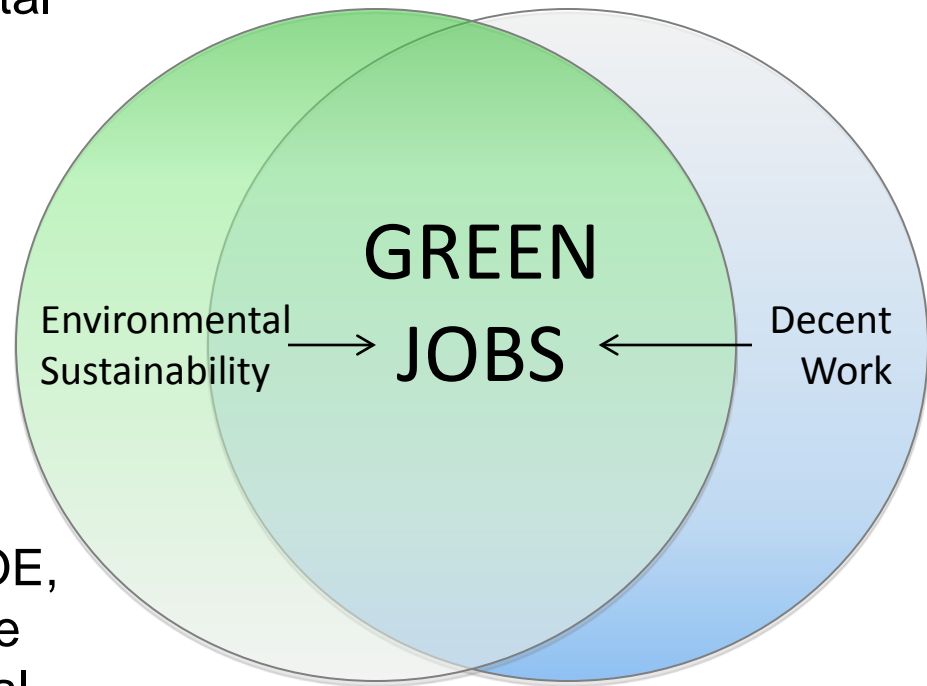
Public social security benefit expenditure, excluding health care, most recent year (% of GDP)



...ILO (June 2012) adopted a Recommendation on national **social protection floors** – also many Asian governments focusing more on social protection in recent years – compelled by economic social and demographic factors.

But social progress must also be related to environmental sustainability...

- **Green jobs** are designed to respond to the major challenges of climate change, environmental degradation and unsustainable growth...
- **Green Jobs** are critical for promoting the transition to low carbon, climate resilient and environmentally friendly economies (Rio+20)...
- *Working towards sustainable development* by UNEP, ILO, IOE, ITUC (June 2012) assesses the scope of decent work and social inclusion in the move towards a **Green Economy**.



Green Jobs = Environmentally friendly jobs + Decent Work

- Studies indicate that climate-focused / green smart policies bring net employment impacts, though there is still a need to identify those that are both *green* and *decent* as well as the net impact of decent work on green jobs...
- Some green sectors that depend heavily on natural resource management also display deficits in decent work (for example in shipbreaking, scavenging, recycling, etc.)...
- Need to identify and negotiate between the tradeoffs...
- There are several examples of 'green' stimulus packages in Asia - from both before and after the financial and economic crisis - from China, Korea, the Philippines, Japan, Singapore and others... though the impact on employment remains unclear...
- Anticipating what 'green skills' are necessary will be an important factor for transition...

Shifting to a **Green Economy** requires a set of **socio-economic and environmental measures**

- ILO has been working on a *Dynamic SAM (DySAM)* model to evaluate the impact of dynamics within economic structure over time...
- The methodology has been used in Indonesia to evaluate the employment impact of green technologies for public works programmes (Hartono 2010)...
- The methodology is currently being improved at HQ...

Looking Forward...

... rebalancing Asian growth to promote economic, social and environmental sustainability will require a greater emphasis on:

1. Domestic consumption and investment, with a focus on green technologies that promote decent work (especially for young people)
2. Revisiting macroeconomic policies to improve employment growth in the future
3. Tailoring education to skills in order to raise productivity, increase earnings and promote green growth
4. Developing stronger institutions focused on improving job quality (such as wage setting mechanisms and evaluating job safety and security...)
5. Promoting strong institutions for income redistribution and expanding access to basic social protection for all



Thank you

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