

# GLOBAL EMPLOYMENT

AN INTERNATIONAL INVESTIGATION INTO

# THE FUTURE OF WORK

VOLUME ONE

EDITED BY

Mihály Simai

*with VALENTINE MOGHADAM*

*and ARVO KUDDO*

# Global Employment

*An International Investigation  
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- VOLUME 1 -

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WITH THE ASSISTANCE OF  
**Valentine M. Moghadam and Arvo Kuddo**

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### **About UNU/WIDER**

The World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre, and started work in Helsinki, Finland, in 1985. The principal purpose of the Institute is policy-oriented research on the main strategic issues of development and international cooperation, as well as on the interaction between domestic and global changes.

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## Preface and Acknowledgements

The need for a new global commitment to enable all people to earn livelihoods through freely chosen productive employment, self-employment and other forms of work has become during the final stages of the twentieth century a crucial political and economic issue for all countries on our globe. The 28 chapters in these two volumes were selected from over 40 contributions to a conference organized by UNU/WIDER in June 1994 on the political and economic aspects of global employment. The conference was a contribution to the intellectual preparations for the World Summit for Social Development. It was organized in cooperation with the UN Secretariat of the Preparatory Committee for the World Summit for Social Development, the UN Economic Commission for Europe, the ILO's International Institute of Labour Studies, the European Association of Development Research and Training Institutes (EADI), and the World Federation of United Nations Associations (WFUNA). As part of the pre-Summit dialogue between academics, government experts and officials of international organizations, the conference sought to find the correct diagnoses of the new problems created by unemployment, to seek ways of generating productive employment, and to find policy responses relevant to the 1990s and beyond.

I have divided the two volumes into five parts. In the first volume, Part I (Unemployment and the Changing Labour Markets: General Issues) deals with some of the more general aspects of the economic, political and social dimensions of unemployment; factors that have been influencing employment globally and in Europe; labour market processes; differences in employment policies; and how present trends may affect the future of work. Part II (Women in the Labour Markets) analyses the gender dimension of unemployment, trends in women's employment patterns, and women's informal economic activities, from global and regional perspectives. Part III (Internationalization and Global Responses) offers perspectives on the growing internationalization and flexibilization of labour markets, the links between trade and employment, and some of the national and international policy responses to the challenge of employment creation.



In the second volume, Part I consists of Regional Studies, with a focus on sub-Saharan Africa, Eastern Europe and the former Soviet Union, the Middle East and North Africa, and Latin America. Part II (Labour Market Policies: Country Case Studies, Successes and Failures) focuses on the policies of selected countries that have been directed towards employment generation or that have tried to target growing unemployment.

This book is the product of a collective effort involving the contributors and UNU/WIDER staff. I would like to express my gratitude to the Finnish International Development Agency (FINNIDA) and the Swedish International Development Authority (SIDA) for their assistance in facilitating the conference. For their part in helping to organize the conference and edit the papers, I am grateful to my colleagues Valentine M. Moghadam and Arvo Kuddo. UNU/WIDER Senior Secretary Liisa Roponen was especially helpful in putting together the final manuscript and perfecting the tables and figures.

Mihály Simai  
Director, UNU/WIDER

*November 1994*  
*Helsinki*

## Foreword

### *Unemployment: A Threat to a Humane Society*

- MARIA DE LOURDES PINTASILGO -

#### **Unemployment in a plurality of contexts**

As different countries have followed different stages (even cycles) of development, unemployment and job creation cover very diverse social situations and need very different cultural means to cope with them. Unemployment and job creation have different meanings and require diversified solutions which can only be found from within each society by taking into account all the dimensions of the problems.

The overwhelming lack of job opportunities in the Southern hemisphere, coupled with a very high percentage of young people (55 per cent of the population in Africa is under 25), can be analysed in a traditional way as 'unemployment'. However, it can as well raise questions about the suitability of the concept of employment in situations where the industrialization process has not taken place in a massive way and where the contract implicit in the term 'employment' is non-existent.

Nevertheless, a small group of newly industrializing and rapidly industrializing countries (NICs) in the Southern hemisphere are thriving through industrial activity and have had several years of high economic growth. Like the northern countries at the beginning of industrialization, they have succeeded in international competition by mobilizing a labour force which does not exercise pressure for better working conditions. Unemployment, as it is known in the industrialized countries, is thus non-existent. However, as soon as industrialization dispenses with manual skill and dedication to work as the main ingredients in competition, it is likely that the pattern we see now in the Northern hemisphere will appear in the Southern hemisphere as well.

Worldwide competition, which has created new possibilities for the newly industrializing countries (NICs), has contributed to unemployment in the highly industrialized countries, while most of

the so-called developing world has remained marginal to this new redistribution of job opportunities.

In the Northern hemisphere, unemployment, beside its obvious link with the general economic situation of every society, is at the crossroads of other social and economic factors, namely:

- 1 Demographic changes – which upset the traditional equilibrium between active and non-active people;
- 2 Increase of poverty – spread throughout the fabric of society;
- 3 Urban life style – growing everywhere;
- 4 General trend of pessimism – which discourages risk-taking by economic agents.

### **Structural unemployment: the industrial equation in the crossfire**

The present crisis clearly shows the structural foundation of unemployment. Many causes are responsible. It is therefore important to analyse those causes in order to fight each one with adequate policies and institutions. Paradoxically, it has become clear that the problem of unemployment has no solution, at least within the framework created by the industrial revolution. Indeed, all the components of the equation that forms the basis of industrial organization have been changed. The preservation of the rate of employment in a given society, when all the other components of the industrial equation have changed, appears to be totally unrealistic. Thus, we have to analyse the different functions present in the industrial process.

### **The need for new economic perspectives**

At the outset of any concrete policy, one guiding principle must be emphasized, namely the need to move towards a people-centred economy. For such an option statistics are not enough – an understanding of the problem at the individual level is fundamental. Nor will well-known economic recipes do – such a policy requires new economic perspectives.

One idea seems to impose itself: it is urgent to give priority to sources of growth that are able both to act as multipliers of other activities and to provide jobs. In order to do this, 'deregulation' has to be overcome. Indeed, as the examples of Central and Eastern Europe are so clearly showing, it is unthinkable to provide jobs in a

totally deregulated economy. A precondition to tackling unemployment is, thus, the regulation of the deregulated economy.

Nevertheless, we must warn ourselves, the problem of combating unemployment cannot be equated with creating jobs. What is also at stake is, in the words of Jacques Delors:

'systems of employment' encompassing education and training, the functioning of the labour market, the management of enterprises. Therefore, true employment policy tackles at the same time the economic system and the systems of employment.<sup>1</sup>

Systems of employment do not speak only of universal economic conditions. They necessarily make room for the specific economic realities of different regions, for the way in which the organization of society can lead to productive work for all, and for the fundamental basis of general and specific education and training. What is needed is, then, another orientation of the package of economic/social policy, one which 'raises the possibility of employment, reinforces the qualification of people and improves competitiveness'.<sup>2</sup>

It is most important that unemployment be dealt with as a decisive economic problem. If it is looked upon only as a social disease, a 'social welfare' approach to unemployment is unavoidable. Compulsory as it was to look at conjunctural unemployment in periods of economic growth as part of the concerns of social policy, those times are over. Earlier the rules of economy could go on unchallenged. Today, it becomes clear that social welfare in a situation of unemployment is not going to solve the problems at stake. We are then obliged to question some of the rules of the economy itself.

Two helpful ideas come from extreme situations in the diversified spectrum of development: the concept of an 'active society' in the highly industrialized countries; and the concept of the 'informal sector' in the developing countries. As all the terms of the industrial equation modify themselves in the post-industrial world, there is the need to redefine the social contract. Hence, the move in the industrialized world towards a concept that is all-embracing: the concept of an 'active society'.<sup>3</sup> Elaborated by the OECD, the concept of an active society provides a renewed intellectual frame for the problems at stake.

Enhancing 'activity' goes beyond attempts to achieve full employment or increased labour participation. It means taking bold steps to encourage economic and social participation by recognising the multiple areas of activity — market and non-market — the individuals are engaged in, and acknowledging the growing interdependence between those areas of activity.<sup>4</sup>

At the same time, in the Southern hemisphere, we encounter what has been called the informal sector. It covers a wide range of activities, focusing on the most basic needs of people, and it provides people with the elementary goods they need. It is labour-intensive, feeds on traditional knowledge, serves the immediate market area with occasional exports to neighbouring countries, is initiated by people themselves, does not figure in the national accounts, and is equally 'invisible' in the administrative scene of the country where it develops. In its most striking examples, the informal sector is one element pertaining to the 'strategy of survival' of individuals or societies living in utter destitution.

If we want to speak about global employment, it is necessary to see where these two trends meet and where they diverge. It is a challenging task for scientists and activists alike to discover the possibilities opened by these concepts. They have the most interesting feature of being born not from the outside, but out of the functioning, or rather disfunctioning, of the economy itself.

#### NOTES

- 1 Jacques Delors, intervention at the European Parliament, December 1993.
- 2 *Ibid.*
- 3 *Shaping Structural Change: The Role of Women* (1991). Report by a high-level group of experts to the UN Secretary-General, Paris, OECD.
- 4 *Ibid.*

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– PART I –

Unemployment and the  
Changing Labour Markets:  
General Issues



