

IV. Addressing barriers to employment

263. Providing access to decent, safe and productive work to the very large number of the world's unemployed, underemployed and working poor is and remains one of the most daunting policy challenges. Recent estimates by the International Labour Organization put the number of unemployed worldwide at 180 million at the end of 2002 — an increase of 20 million since 2001 — and the number of working poor (workers living on one dollar or less a day) at 550 million. Against that bleak background, it is anticipated that about 400 million young people will be joining the world labour force by the end of 2010, of whom 60 per cent are in Asia and 15 per cent in sub-Saharan Africa. If the Millennium Development Goal of halving the proportion of people whose income is less than one dollar a day by 2015 is to be achieved, the number of jobs that will need to be created by the end of the present decade is on the order of one billion. Furthermore, protracted conditions of high unemployment and/or pervasive underemployment tend to undermine the social fabric of societies and challenge the very concept of social development.

264. Employment lies at the core of individuals' perception and experience of income security versus economic vulnerability; social participation versus social exclusion; human dignity versus exploitation. The centrality of employment in the fight against poverty and social exclusion was a central message of the World Summit for Social Development.

265. Nevertheless, macroeconomic policies, as exemplified by the Washington Consensus, emphasize the role of the market, inflation control and the minimal role of the State. In that policy scenario, full employment is not set as a primary macroeconomic objective, and employment outcomes are largely left to market forces. It is in this sense that employment issues have remained largely as an afterthought on the overall development agenda.

266. Particularly worrying is the fact that developing countries have not been successful in generating productive employment, not even some of the countries that have experienced strong economic growth. Employment creation in modern sectors has fallen short of compensating for the labour released by declining industries and has failed to absorb the large cohorts of new entrants into the labour force. As a result, many workers formerly employed in the formal

sector have resorted to informal activities, and access to productive employment by young people has been significantly reduced. In 2000, approximately half of total employment in Latin America and about three fourths of total employment in other developing regions was generated in the informal economy.

267. The slow growth of employment in the formal sector and the related expansion of the informal economy have resulted in unstable and often declining earnings, growing inequality in wages and social protection coverage between skilled and unskilled workers and between younger and older workers, and higher levels of working poor. A number of surveys have suggested that under such circumstances certain segments of the population, particularly the young, have developed feelings of economic vulnerability and fatalistic views of life as well as a loss of trust in the market economy, the value of education and even sometimes in democracy.

268. How the employment crisis is addressed will influence the future course of all economies, whether developed or developing, given their interdependence in a globalizing world. It is critical to make employment creation central to all economic and social policies. To do so requires an integrated approach to those policies. Two initiatives, the Global Employment Agenda and the Youth Employment Network, have recently been undertaken with the firm resolve to place employment creation at the centre of economic and social policies, nationally and globally.

269. The Global Employment Agenda, an initiative of the International Labour Organization, signals a significant change in policy approach. It intends to elaborate a comprehensive employment framework that will allow for policy coherence and coordination. That objective is based on the premise that, as a condition of success, it is vital to address employment generation explicitly rather than relying on the trickle-down effect of macroeconomic policies, as is currently the case. In the Millennium Declaration (resolution 55/2 of 8 September 2000), the General Assembly resolved to develop and implement strategies that give young people everywhere a real chance to find decent and productive work. The Youth Employment Network,

an initiative of the Secretary-General,⁷² aims at providing the momentum and general policy framework for translating that commitment into action.

270. It appears that the current high unemployment and wage inequality observed in many developed countries are the result of the slow pace at which demand, output and investment have been expanding over the past two decades. The answer lies in appropriate macroeconomic policies to increase productive investment and expand employment. Under such conditions, trade and technology can reinforce economic growth, job creation and productivity gains. It is only with such an approach, reducing unemployment by demand management and high growth rates, that the vulnerabilities of employment can be addressed directly in order to promote labour market security as the norm for working people.

271. Rapid and sustained growth in major industrial economies, combined with the provision of greater market access for the exports of developing countries, would enable developing countries to better address their development challenges and labour-market problems. In order to improve labour-market conditions in the present policy environment, it will be necessary to rethink development policies at the national and global levels. In particular, serious consideration needs to be given to the speed and pattern of integration of developing countries into the global economy. Rapid and premature liberalization, compounded by ineffective or misguided policy reforms and applied in the absence of appropriate institutions and productive capacity, has led to worsened labour market conditions in a number of developing countries. The crisis in Asia demonstrated that volatile capital flows and economic policy errors can upset the economic momentum of even the strongest developing countries, with serious consequences for wages, employment and social conditions.

272. Addressing the employment vulnerability of young people requires a two-pronged approach. One is to improve their employability by enhancing their job skills so they become more attractive to employers and are thus better able to compete in the job market. A second is to remove barriers, whether they be legislative or perceptible, which can lead to discriminatory employment practices against youth.

273. Faced with the limited success of youth measures, as explained in chapter I of the present report, much hope has been put in a new approach that will be promoted within the framework of the Youth Employment Network: removing barriers leading to practices that discriminate against youth employment in general, the employment of young women or youth entrepreneurship. The Youth Employment Network places great value on the involvement of young people as partners in policy formulation and development. It also emphasizes the contribution of employment policies to social cohesion and inclusion, echoing similar claims made by other social groups, such as older persons or persons with disabilities.

274. Older persons wishing to begin their own small businesses often confront difficulties similar to those encountered by youth in gaining access to credit. In some cases, explicit age barriers prevent older persons from qualifying for microcredit schemes or low-interest loans. Changes in credit policy can help older persons who are motivated to do so become entrepreneurs, making use of the experience and skills they have gained over their lifetime to build successful microenterprises.

275. Enacting effective employment policies for older persons requires a flexible approach. Those older persons who are willing and able to work should have the opportunity to do so and should avail themselves of flexible working conditions. Programmes to retrain them and upgrade their skills should be available so that they can keep pace with technological and other changes in the workplace.

276. As stated previously, in developing countries, opportunities for the integration of persons with disabilities through employment largely rest on self-employment. Lessons from existing pilot projects indicate the critical importance of identifying productive activities for which there is a potential demand and with low start-up costs but which involve tasks that are within the reach of persons with disabilities. The provision of training on all aspects of small business operations is also critical, including production, processing, marketing and business management. In order for those initiatives to work, however, local banks and other lending institutions have to be encouraged to include persons with disabilities in their credit schemes, which involves breaking down stereotypes about the creditworthiness and potential productivity of those individuals.

⁷² See General Assembly resolution 56/117 of 19 December 2001.

Recommendations

277. Experiences in the last two decades of the twentieth century clearly show that a reorientation of macroeconomic policy to explicitly target employment creation is needed in both industrialized and developing countries in order to reduce poverty and vulnerability in a permanent fashion. The shift in policy focus would be a concrete, practical example of the integration of social and economic policies; it is an approach that is widely embraced. The implementation of employment creation policy is complex: it must meet the challenges presented by various economic sectors and attend to the concerns of diverse social groups, as well as address gender-based discrimination.

278. The appropriate macroeconomic policies are those that result in an increase in productive investment and employment-intensive growth, and they should be advanced. Trade and diffusion of technology can reinforce economic growth, job creation and productivity gains when macroeconomic policy that promotes job-creating growth is in place.

279. Industrialized economies should be encouraged to provide greater market access for the goods exported from developing countries as a means of supporting development and improving existing labour-market conditions in those countries through export growth. A number of international agreements (including World Trade Organization agreements) call for the phasing out of all forms of export subsidies, for substantial reductions in trade-distorting domestic support and for the improvement of market access for the developing countries. In that context, market access for exports of developing countries is not a matter of charity.

280. Development policies should be refashioned so as to guard against premature liberalization and misguided policy reforms that, in the absence of appropriate institutions and productive capacity, can worsen labour-market conditions in developing countries.

281. The youth unemployment problem should be addressed through a combination of efforts to improve young people's employability by enhancing their job skills and by removing legislative and other barriers that can lead to discriminatory practices adversely affecting youth employment.

282. Credit policies should be modified so as to enable older persons, women and young people who wish to start their own businesses to have greater access to microcredit and other loan schemes.

283. Older persons should have the opportunity to continue working and contributing to the economy for as long as they wish. To that end, older men and women should be able to avail themselves of retraining and skills-upgrading programmes to help them keep up with technological and other work-based changes.

284. Persons with disabilities in developing countries should be supported in their efforts to better integrate into the mainstream economy through wider participation in the labour market. Opportunities for self-employment should be encouraged, including improved access to credit schemes, along with the provision of training on all aspects of small business operations.

285. In developed countries, it is important to mainstream disabled men and women into open employment rather than direct them into sheltered or supported work environments.