

## **Informal Summary**

### **2012 Economic and Social Council High-Level Segment**

**Monday, 09 July 2012  
Afternoon Session  
3:30 p.m. – 5:00 p.m.**

#### **Thematic roundtable discussion: *“Implementing effective macroeconomic policies for employment creation”***

Chair: **H.E. Ambassador Miloš Koterec**, President of ECOSOC

Moderator: **Mr. Rico Hizon**, Anchor, BBC Newsday and Asia Business Report

Panellists:

**H.E. Dr. Syed A. Samad**, Executive Chairman (Minister), Board of Investment,  
Government of Bangladesh

**Mr. Ivan Šimonović**, Assistant Secretary-General for Human Rights, UNHCHR

**Mr. Martin Rama**, Lead Economist, Development Research Group, World Bank

**Mr. Stephen Pursey**, Director, Department of Policy Integration, ILO

Following remarks by the Secretary-General and other officials on accountability and transparency, the Council held a thematic round table on “Implementing effective macroeconomic policies for employment creation”, which was also moderated by **Mr. Rico Hizon**. Opening the free-form discussion, Mr. Hizon directed his first question to Mr. Samad: How would he characterize Bangladesh’s approach to employment creation?

**Mr. Samad** responded that in Bangladesh the growth of the labour force had historically outpaced the number of jobs available in his country. Four countries, including India and Bangladesh, made up 80 per cent of the labour surplus throughout the world. While labour was plentiful, capital and land were scarce. In that respect, the garment sector, which employed 3.5 million people, was extremely labour-intensive and therefore an attractive industry for providing employment. He stated that open unemployment in Bangladesh was very rare, yet most people were underemployed. Work-sharing and wage-sharing were traditional ways of sustaining the economy. Because of Bangladesh’s employment situation, one regulation that was in place for foreign direct investment was that an employer must hire five Bengali labourers for every foreign labourer.

**Mr. Hizon** then asked Mr. Rama to speak about unemployment in the context of least developed countries.

In response, **Mr. Rama** said that the 2012 edition of the World Bank’s World Development Report, to be launched in September, would focus on jobs. The report’s framework started from the premise that jobs were multidimensional. He informed

that employment had three elements: living standards, a productivity dimension, and a social dimension. He stated that a growth strategy was enough for a country when all three of these dimensions were being incorporated and addressed. However, in many development strategies, the three dimensions did not go together; he cited, by example, the case of resource-rich countries. When there were tensions between the dimensions, moreover, there might be a case for a “jobs strategy”, instead of just a growth strategy. The quality, and not just quantity, of jobs was another important consideration, as well as their impact. There were also social implications: employment for women, for example, empowers women. Social cohesion also means that a society would not desire to have too many idle young men.

**Mr. Pursey** voiced his agreement, saying that in many least developing countries people work long and hard but not productively. With the open global economy, there had not been a significant expansion in the manufacturing sector of developing countries. Rather, in many such countries there had been a shift from agricultural work to low-productivity urban service employment. At the same time, the sector producing exports needed to be close to global standards for quality, which meant high productivity jobs. Therefore, well-paid, highly productive workers co-existed with low-paid, unproductive workers. Asked by the moderator whether there was something policy could do to bridge that gap, he stated that the ILO recommended a social protection floor, employment guarantee schemes, education, infrastructure investment in an employment-intensive way and support for small enterprises and skills building. He added that it would also be necessary to broaden the tax base in order to be able to transfer resources towards improving the productivity of the less productive sectors.

**Mr. Šimonović** said that a rights-based approach to unemployment was the right one and that it had perhaps been underestimated. He stated that we were living in “odd times”: there was too much forgetting about people and their needs and too much orientation towards classical economic indicators. There are risks associated with budget deficits and inflation, but unemployment was also a major social risk and carried social costs. There have been recent movements, coming from many different countries, protesting economic injustices and the lack of employment opportunities. He believed that people should be placed more centrally in development than they were at the moment; youth unemployment, in that context, was particularly disturbing. But there were other groups of special needs, as well – women, persons with disabilities, indigenous peoples and minorities. He concluded that it was necessary to strike a balance between classical economic rationality and social consequences.

**Mr. Pursey** agreed that extremes of social deprivation and wealth made it very difficult to strike the right balance and walk the “high wire” of economic development. He stated that people needed a voice to be involved in altering policy and that a more democratic process of development was needed. In particular, people wanted and expected respect, and well implemented rights at work go a long way toward this.

**Mr. Samad** added that the right to work was enshrined in Bangladesh’s Constitution and that the Government of Bangladesh was working to make this a reality. Over the past three years, 5.8 million new jobs had been created. However,

the urban informal employment sector – which included such non-productive jobs as rickshaw pullers and shoe shine boys – still accounted for a significant portion of that employment. He further emphasized the importance of equitable and inclusive economic growth.

**Mr. Rama** stated that jobs get better with development and that growth is good for jobs. However, development also happened through jobs and jobs also assist in development. There might, therefore, be an extra payoff by focusing on jobs, not only on development. He gave an example of this interaction from Bangladesh where the opening of a garment factory and the increased employment opportunities resulted in changed patterns of schooling, were boys and girls stayed in school longer. He emphasized that almost half of those who work in developing countries are not wage earners, but instead were self-employed, such as in the case of farmers and small business owners. It was therefore necessary to keep this in mind when discussing worker rights and a rights based approach.

When asked by the moderator about different model or path followed by East Asia versus South Asia and the suppression of rights in the creation of employment, **Mr. Šimonović** stated that human rights were a universal and individual entitlement. He said that the human rights were a set of guidelines on how the obligations of the State towards individuals should be met. Therefore full respect for human rights was attainable in poor countries. Regarding the issue of growth and jobs, there was no simple equation between economic and social development — a country could have a high level of economic development while its people lived miserably. From the Rio+20 conference, the message had emerged that a better balance was needed between the three pillars of sustainable development.

**Mr. Rama** stated that regarding East Asia, the story of economic growth versus a jobs strategy was more complicated. He recalled the case of Singapore, whose first development strategy had successfully put jobs at its centre. Meanwhile, the Republic of Korea's job strategy for 2010 was one of the most important documents in Korea. In Asia overall, job policies had successfully been at the centre of urban development. However, he also stated that one should not caricature the success of East Asian countries and that there had been much more thinking about jobs in that context than what was recognized by conventional wisdom.

**Mr. Samad** agreed that, though many South Asian countries aspired to replicate that model, what was really needed is an “eclectic” model in which rights, growth, employment and improved quality of life were all weighted equally.

## **Discussion**

The floor was opened for a wider discussion, and speakers directed questions and comments to the panellists, focusing largely on non-traditional conceptions of employment and growth.

In particular, the representative of **Bangladesh** asked whether the panellists felt that the traditional goal of high growth rates was “questionable” in light of the recent Arab Spring movement and whether the phenomenon of jobless growth was related to greed.

**Mr. Pursey** responded that the concept of decent work had forced policymakers to seriously consider whether they were making progress. One needed to consider, in that vein, whether rights were being observed, which was difficult to put into indicators. ILO was therefore working to create a “decent work profile” for several countries in order to help them assess the employment situation more broadly.

In response to a question from the **International Presentation Association** on employment in agriculture and how much, after Rio+20 would rural development be addressed in macroeconomic policies, **Mr. Rama** replied that employment policies must have a strong focus on agriculture, and not simply take the traditional track of attempting to move people out of agriculture.

**Mr. Samad** also addressed the question of entrepreneurship and self-employment, saying that some innovative policies of his country’s central bank encouraged people to set up their own businesses in a number of sectors. He stated that there had been an amazing transformation of Bangladesh brought about by entrepreneurs. He also said that there is some flexibility in the supply of entrepreneurs, and that therefore policies were needed to encourage entrepreneurship.

**Mr. Pursey** stated, on the question of entrepreneurship, that in addition to the supply side of entrepreneurs it was also necessary to look at the demand side of the economy. Presently there was not much demand for output and the global economy was at risk of a vicious downward spiral. Therefore it was necessary to stimulate and press for action on the demand side.