

*A lack of decent work and productive jobs for young people has emerged as a drag on Asia's economic potential and may also threaten social stability*



ILO Director General Juan Somavia giving his speech at the opening ceremony of the ILO's 15th Asia and the Pacific Regional Meeting at Kyoto in Japan yesterday.

# ILO sees return of dark clouds over Asia

ARUN DEVNATH from Kyoto, Japan

**T**HE International Labour Organisation yesterday warned of a double-dip recession in the global economy, which will leave Asia in enormous pain and push millions of people into deep trouble. Asia will see the return of "dark clouds" over its economy, the ILO predicted, as it gathered in the Japanese city of Kyoto to discuss the fallout from global economic turbulence that has already eliminated millions of jobs and sapped demand around the world.

In a grim picture painted by ILO Director General Juan Somavia, it appears that the global

outlook is far from certain as the recovery is faltering.

"Many of Asia's trading partners in Europe are now facing enormous difficulties in addressing the sovereign debt crisis," Somavia said in his speech to the ILO's 15th Asia and the Pacific Regional Meeting that drew 500 representatives from 46 countries. Among them were about 30 labour and employment ministers from Asia, the Pacific and Arab states.

Somavia sounded the dire warning as consensus building, investor and consumer confidence, as well as labour markets in the advanced countries remain fragile.

"It would be a serious mistake to misread the critical moments we are living through," he said.

There is a growing feeling in many quarters that the world's multilateral governance frameworks and even many national political systems are not coping well with the power of global financial operators, he said.

Somavia urged world leaders to regain the trust of people in the ability of governments to make public policies for the benefit of working families and their communities.

Creating jobs is a way out of the financial pain.

In a statement, the ILO said policymakers from around the world must redesign their strategies to create jobs in an effort to reinvigorate economic growth in their own countries.

"The region must not lose the economic and social gains it has achieved so far," the ILO said. The organisation that promotes labour rights,

decent work and quality of jobs around the world predicted that there will be further economic slowdown in 2012 for much of Asia. It will slow job creation and worsen job quality.

Phu-Huynh, a labour economist at the ILO, put the young population at the centre of attention. "These young people are disproportionately affected by the global crisis."

"They require particular attention and renewed growth will depend on their skills, talents and innovation."

More than 1.5 billion people -- half the global working population -- are in vulnerable or insecure jobs, according to an ILO estimate.

The financial crisis increased inequality in parts of the world, and the ILO called for sincere efforts to reverse the trend.

Job creation was robust in Hong Kong, Macau, Malaysia and Sri Lanka, with year-on-year growth of 4 percent or higher.

On the other hand, employment levels improved less notably -- 1.4 percent in Indonesia and 2.4 percent in the Philippines, which reflect a marked slowdown in job creation compared to the previous period. Data on Bangladesh was not immediately available.

The ILO said the pace of job creation in Asia could slow towards the end of 2011.

A lack of decent work and productive jobs for young people has emerged as a drag on Asia's economic potential and may also threaten social stability, the ILO said.

"The youth population is facing the most difficult times," said Kee Beom Kim, an employment specialist at the ILO office in Bangkok.

By one estimate, young people account for around 20 percent of the population in Asia and the Pacific, but make up half of the region's jobless.

"Millions more are trapped in vulnerable employment with little hope of upward progression. This is a huge waste of human potential and a critical constraint to regional prosperity," Somavia said.

Compared to adults, young people are at least three times more likely to be unemployed in the region as a whole and nearly five times more likely in Southeast Asia and the Pacific.

Unemployment figures tell only part of the story.

In low-income economies, there are far more young women and men stuck in circumstances of working poverty than those without work, Somavia said.

Many other countries face problems tied to skills deficits, graduate unemployment and lack of support for school.

Global policymakers need to reconnect themselves to the needs of working families and tackle the global jobs crisis at its roots, Somavia said.

He called for "decent work" vision for the world and referred to a Japanese saying that vision without action is a daydream; action without vision is a nightmare.

"I believe that an economy without a moral compass produces a nightmarish existence for too many."

[arun.devnath@gmail.com](mailto:arun.devnath@gmail.com)



Extreme left, Phu Huynh, an economist at the International Labour Organisation, takes questions from reporters at Kyoto International Conference Centre in Japan yesterday.

## Growth driven by the middle class: Japan's PM

ARUN DEVNATH from Kyoto, Japan

**I**N an age when world leaders are in search of a solution to the global financial crisis, Japan's Prime Minister Yoshihiko Noda yesterday put forward an idea of reviving a large middle class, the driver of real growth.

Noda has identified the present global crisis as the crisis of the middle class spreading in parts of the world.

He linked individual affluence to the burgeoning national economy in Japan, an example of growth driven by the middle-class.

Noda spoke at the 15th Asia and Pacific Regional Meeting of the International Labour Organisation in the Japanese city of Kyoto.

The factor that kept the middle class going in the past era was the reliable system of social security. "The fruits of high-level growth were by no means the sole domain of the limited wealthy class, but were spread evenly among the middle class that accounted for the majority," Noda said.

"This created a positive cycle whereby

the middle class became more affluent and their increased purchasing power led to further economic growth."

Finding a solution to the global crisis will by no means be simple because "we need to solve an extremely complex situation in which social justice and economic rationality are intertwined".

Noda said he was aware of the widening gap between the rich and the poor. The trend stemmed from the ongoing polarisation of society.

The Occupy Wall Street movement, for example, symbolises the widening gap between the wealthiest (1 percent) and the rest of the population (99 percent), Noda said.

"If the gap were to become established over generations, faith in the entire social system could be lost and the very stability of society itself could be undermined," he said.

The world has experienced a global crisis never seen before. It has ruined millions of jobs around the world and dampened investor confidence in markets.

"Japan has also been badly affected, with many young people and non-regular work-



Yoshihiko Noda

ers losing their jobs, their homes and the basis of their subsistence," he said.

"This has become a major social problem."

Noda sees the problems as part of the globalised world, as he says any crisis can

just as easily cross borders and proliferate; and the problems of one country also exert negative influences on others -- mainly through two major routes -- finance and supply chains.

"Once a crisis rears its head, its adverse

impact affects workers' lives ... and has a disastrous effect on people," he said.

Today, there are many risks presented by the global economy; the European debt crisis is spreading ominously. On top of that, frequent natural disasters and inflation loom large.

At the same time, Noda urges people not to forget that globalisation led to the conspicuous rise of the Asia-Pacific region.

"It has provided new opportunities for people living in this region."

As seen in Japan, the new middle-class is now rapidly rising in emerging economies. It is expected to become a driving force that will create huge markets and propel the global economy as a whole, he said.

A downside of globalisation is that it may widen disparity among people, but it does not justify turning back the hands of clock and disconnecting a connected world, Noda said.

"Rather than turning back on globalisation, we should seek to maximise its benefits."

[arun.devnath@gmail.com](mailto:arun.devnath@gmail.com)