

JOBS FOR ASIANS

Kanga Raja

[Asia's labour force will grow by another 200 million between now and 2015. The major challenge will be creating decent and productive jobs and ensuring a more equitable share of the continent's economic growth.]

Asia's vast labour force—already estimated at some 1.8 billion workers— is expected to grow by more than 200 million between now and the year 2015, posing new policy challenges to the region's rapidly growing economies, the International Labour Organisation (ILO) said.

In its report "Visions for Asia's Decent Work Decade : Sustainable Growth and Jobs to 2015", the ILO said that expanding output would not be enough to create the jobs needed to reduce poverty and the massive informal economy.

There remains "a great deal of serious work to be done" to improve the quality of the jobs that are created and to ensure that the benefits of Asia's future economic growth are more equitably distributed, the report stressed.

"One thing is clear: doing business as usual is not sustainable over the long term," said ILO Director-General Juan Somavia.

"Asia is experiencing unprecedented growth and development. At the same time, vulnerabilities arising from environmental pressures, economic insecurity, shortcomings in governance and unequal income distribution pose a threat to the region's future development."

The report highlights the implications of key drivers of change for policy choices in Asia that could help realize decent work and promote sustainable development, including Asia and the Pacific's growing share of global GDP, favourable demographic trends, growing consumption and increased worker productivity.

The report said that the service sector will be the main source of job creation and by 2015 will become the largest sector, representing about 40.7% of the region's total employment.

The share of industrial employment is expected to increase from 23.1% in 2006 to 29.4% in 2015, while the share of agricultural employment is projected to decline from 42.6% to 29.4% between 2006 and 2015.

Between 2006 and 2015, total employment in agriculture is projected to contract by nearly 160 million, with employment in industry and services expanding by 172 million and 198 million, respectively.

The report also identified some major challenges requiring significant attention in the coming years to ensure social and environmental sustainability.

Despite a decline by some 123 million since 1996 in the number of working poor living on less than \$2 per person per day, over 1 billion, or 61.9% of the region's workforce, were still working in the informal economy, with little or no social protection and often in low-productivity jobs.

While this share has dropped from 67.2% a decade earlier, it is not likely that there will be a major reduction in the relative size of the informal economy by 2015, said the report.

The report noted that between 2000 and 2006, real GDP growth in the Asia-Pacific region surged at an average annual rate of 6.3%, compared with growth of 3.1% in the rest of the world.

In terms of employment generation, economic growth in recent years has been generally less "employment-intensive" in many Asian countries as compared to the situation that existed in the 1990s.

For instance, in Asia-Pacific as a whole, employment grew at an average annual rate of less than 1.6% between 2001 and 2006, compared with slightly more than 1.7% between 1991 and 1996. This occurred despite more rapid GDP growth in the latter period (6.8% versus 6.4%)

Yet much of this change is due to declining population and labour force growth together with a shift away from labour-intensive agriculture to services and more export-oriented, capital-intensive manufacturing.

The report paints a very somber picture with regards to the question of whether the jobs being created in Asia are of sufficient quality and whether decent work is being realized in the region.

It said that an estimated 61.9% of the region's workforce still works in the informal economy, with little or no social protection, and often in low-productivity jobs which do not guarantee a decent income. While this share has dropped from 67.2% a decade earlier, more than a billion of the region's workers are still engaged in the informal economy.

In terms of poverty, approximately 908 million of the region's workers - 51.9% of the region's total workforce - live on less than \$2 per day, with 308 million of these living in extreme poverty on less than \$ 1 per day. But poverty has declined since 1996, with the number of working poor living on \$2 per day falling by 123 million and the \$1 per day number shrinking by 148 million.

Despite this progress, said the report, the still large number of working poor indicates that millions of workers have clearly been unable to obtain tangible benefits from the region's favourable economic performance.

The report also noted that there has in recent years been a clear recognition that achieving the goal of increased economic growth rates and higher per-capita GDP will not ensure sustainable development.

Equally, future prospects for successful and sustainable development are likely to be compromised if growth is achieved at the expense of environmental degradation, unsustainable energy use, increased inequalities and social instability, and poverty reduction efforts.

Setting aside, for the moment, the broader issue of social and environmental sustainability, the report said that Asia's potential for robust economic growth in the coming decade remains great.

As a whole, if Asia continues to grow at its historical rate of 4.5% to 4.7%, it is expected to account for a growing share of global GDP, up from 24.7% to around 30% to 31% in 2020.

The report however highlighted several challenges facing the region including an ageing labour force, increasing migration and rising income inequalities between extreme poor and other workers, as well as between rural and urban workers.

It said that Asia's immense population, which reached 3.74 billion in 2006 and accounts for approximately 57% of the world's total, is projected to slow down from an average annual rate of 1.4% registered between 1990 and 2006 to 1%

annually between 2006 and 2015. Yet, this will still result in an increase of 365 million people in the region between 2006 and 2015.

At the end of the decade, there will be a marked increase in the share of the population ages 65 and above in every region, with the largest increases taking place in the developed economies (from 20.4% to 26.4%), and East Asia where more than 1 in 10 people will be over 65 years old in 2015, up from 1 in 12.

Asia's labour force growth is projected to slow down from the average annual rate of 1.6% experienced between 1996 and 2006 to 1.3% annually between 2006 and 2015.

This rate of growth will add an estimated 221 million, or 12.1%, to the region's current labour force between 2006 and 2015. This projection implies that about 55% of the world's labour force growth during this period will come from the Asia-Pacific region.

The most rapid increases in the labour force will be in those countries with the highest numbers of working poor and the largest informal economies, for example, Afghanistan, Bhutan, Pakistan, Timor Leste, Laos, the Philippines and some Pacific Island countries.

These countries will face enormous labour supply pressure, and their greatest challenge will be to create sufficient numbers of decent and productive jobs. □□□

—Third World Network Features