

NEWS WRAP

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The likelihood of severe unemployment in USA, expanding into the 2010 US midterm elections and thereafter, poses a huge political hurdle to the US President and Congressional Democrats. President Obama has defended his \$ 787 billion economic stimulus plan and record investments in health care, alternative energy, education and job training as necessary economic approaches to stabilize the weak economy and lead job growth.

But the rate of unemployment is projected to continue to rise for another year reaching double digits, despite signs that the recession gripping the US economy may be easing. This threatens to slow growth, increase poverty and complicate the economic outlook. Forecasters are projecting US unemployment to hover above 10% in 2010, and not return to pre-recession levels of about 5%, for years subsequently.

The high levels of joblessness is expected to be accompanied by steep rise in child poverty, strained government budgets, and black and Latino unemployment rates hitting 20%. President Obama has allowed a costly series of financial and automobile industries bail out. Current efforts to widen health-care coverage to the uninsured is estimated to cost at least \$ 1 trillion over the next decade. The present US unemployment rate is 9.4%, which is the highest in a quarter century. Even as the US federal government grapples with a huge budget deficit, the internal stimulus measures would be needed further. The US economy lost 5.7 million jobs, since recession arrived in Dec 2007. While USA's growing working-age population requires the job market to expand by 125,000 to 150,000 a month, merely to maintain the unemployment rate stable, employers are reducing about 345,000 jobs every month. The job market could have been in much worse shape, had the stimulus package not been enacted. Combined with a rising stock market and increases in consumer spending, there are expectations that the velocity of job losses would slow down. Many of the job losses are in manufacturing and construction, which affect less educated workers and immigrants.

The current US recession has been characterized by the crash of the housing market, and the near collapse of the financial sector and automobile industry. Consumer spending accounts for about 70% of the US economy. High unemployment dampens consumer spending, which leads to further pressure on the job market.

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In order to provide workers better formal recourse for their individual and collective grievances, during 2008 China has introduced a series of labour laws, aimed to improve mediation and setting up an arbitration process. Instead of resorting to strikes, workers have been using the process increasingly. Between 2006 to 2009, total cases accepted by China's Labour Arbitration Committees have increased three-fold. The collective cases have doubled during the period. Even then, while disputes keep multiplying, only a small share of disputes keep multiplying, only a small share of disputes are heard before the committees. Workplace conditions and workers' safety in China's factories, mines and

