

Unemployment and Misery

The recession has wreaked havoc on the working people all over the world. With millions of jobs already lost, unemployment is set to rise inexorably as the recession bites deeper still. In 2008, the figure of global unemployment stood at 190 million. According to the ILO (International Labour Organisation), more than 50 million would join the ranks of these Lazarus layers.

In the EU, 17.5 million people are presently unemployed - 1.6 million more than a year ago. On 30 March, Angel Gurría, the head of the Organisation for Economic Cooperation and Development (OECD), stated that one in ten workers in the advanced economies will be without a job next year (2010). This forecast is far worse than the IMF's most recent (January 2009) estimate.

In the US more than 4 million people have lost their jobs in the past 12 months, nearly half of these in the last 3 months. In February, the US private sector shed 697,000 jobs. This was the third consecutive month in which more than 600,000 jobs have been slashed - a sequence last recorded in 1939. The construction industry has cut more than 1 million jobs since January 2007, as construction work shrank at an accelerated pace following the collapse in the housing market. During this recession, the rate of unemployment has nearly doubled from 4.4 percent to 8.5 percent in February this year, the highest since 1992. The manufacturing sector has experienced three years of consecutive monthly decline in employment. The numbers of workers out of work now officially stand at 13.2 million.

In India, more than half a million jobs were lost in the Indian export sectors in the final quarter of 2008, with many more job losses expected this year. In China, a huge 20 million of the 130 million rural migrant workers have lost their jobs and returned to their home towns and villages—representing a 15.3 percent unemployment rate among migrant workers. This is in addition to the 8.86 million officially unemployed, accounting for 4.2 percent of the urban workforce—the highest unemployment rate for at least a decade.

A gigantic recession cannot end before a big banking failure. The present crisis is remarkable for the fact that it is accompanied by the near collapse of the entire banking system in the US, Britain, and a number of other countries.

Meanwhile a UN Commission of Experts headed by Prof Joseph Stiglitz has recommended wide-ranging changes to the global financial system ranging from greater financial market regulation to reforms of the World Bank and IMF.

A key recommendation is for a globally representative forum—in the form of a Global Economic Council—to be created as an alternative to the G20 to address areas of concern in the functioning of the global economic system in a comprehensive way. At a level equivalent with the General Assembly and the Security Council, such a Global Economic Council should meet annually at the Heads of State and Government level to assess developments and provide leadership in economic, social and ecological issues.

The Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System is chaired by Nobel

Laureate Prof Joseph Stiglitz and is comprised of notable economists, policymakers, academics and central bank officials drawn from Japan, Western Europe, Africa, Latin America, South and East Asia. The Commission was established by Assembly President Father Miguel D'Escoto Brockmann of Nicaragua.

Without a truly inclusive response, recognising the importance of all countries in the reform process, global economic stability cannot be restored and economic growth as well as unemployment scenario will worsen further. This response must be truly global, it should encompass more than G-7 or G-8 or G-20, but representatives from the G-192. □□□