Draft Programme Of Work
Fourth Session Of The General Assembly Open Working Group On Sustainable Development Goals
17-19 June 2013

Employment and decent work for all,
social protection, youth, education and culture

Haroon Bhorat

School of Economics,
University of Cape Town

Development Policy Research Unit, University of Cape Town, School of Economics. email: haroon.bhorat@uct.ac.za

Overview

- The Global Labour Market at A Glance
- Labour Markets at Stages of Economic Development
- The Global Working Poor
- The Working Poor and the Unemployed
- Empirical Contradictions in a Global Jobs Indicator
- A Low Earnings Line as a Global Goal

The Global Labour Market at a Glance

Region	Employ. Wage	SEmpl Agric	SE Non-Agric	SEmpl Total	Total Empl	Unempl.	Labour Force
EAP	401 (0.38)	363 (0.34)	241 (0.23)	604 (0.57)	1 005 (0.95)	48 (0.05)	1 053 (1.00)
ECA	278 (0.82)	13 (0.04)	21 (0.06)	34 (0.10)	312 (0.92)	29 (0.08)	341 (1.00)
LAC	134 (0.55)	28 (0.12)	60 (0.25)	88 (0.36)	223 (0.92)	20 (0.08)	243 (1.00)
MENA	52 (0.35)	25 (0.17)	56 (0.37)	80 (0.54)	133 (0.89)	17 (0.11)	150 (1.00)
SAR	253 (0.47)	155 (0.29)	106 (0.20)	261 (0.49)	514 (0.96)	20 (0.04)	534 (1.00)
SSA	61 (0.19)	181 (0.56)	55 (0.17)	236 (0.74)	297 (0.93)	23 (0.07)	320 (1.00)
non-OECD	1 179 (0.45)	765 (0.29)	539 (0.20)	1 304 (0.49)	2 483 (0.94)	157 (0.06)	2 640 (1.00)
OECD	333 (0.80)	7 (0.02)	43 (0.10)	50 (0.12)	383 (0.92)	32 (0.08)	415 (1.00)
Total	**1 512 (0.50)**	**772 (0.25)**	**581 (0.19)**	**1 354 (0.44)**	**2 866 (0.94)**	**189 (0.06)**	**3 055 (1.00)**

Source: World Bank (2012) and own calculations

Notes: 1. Data based on the World Bank's International Income Distribution Database (I2D2) dataset (a harmonised set of household and labour force surveys, drawn from a multitude of countries. See Montenegro & Hirn (2009)

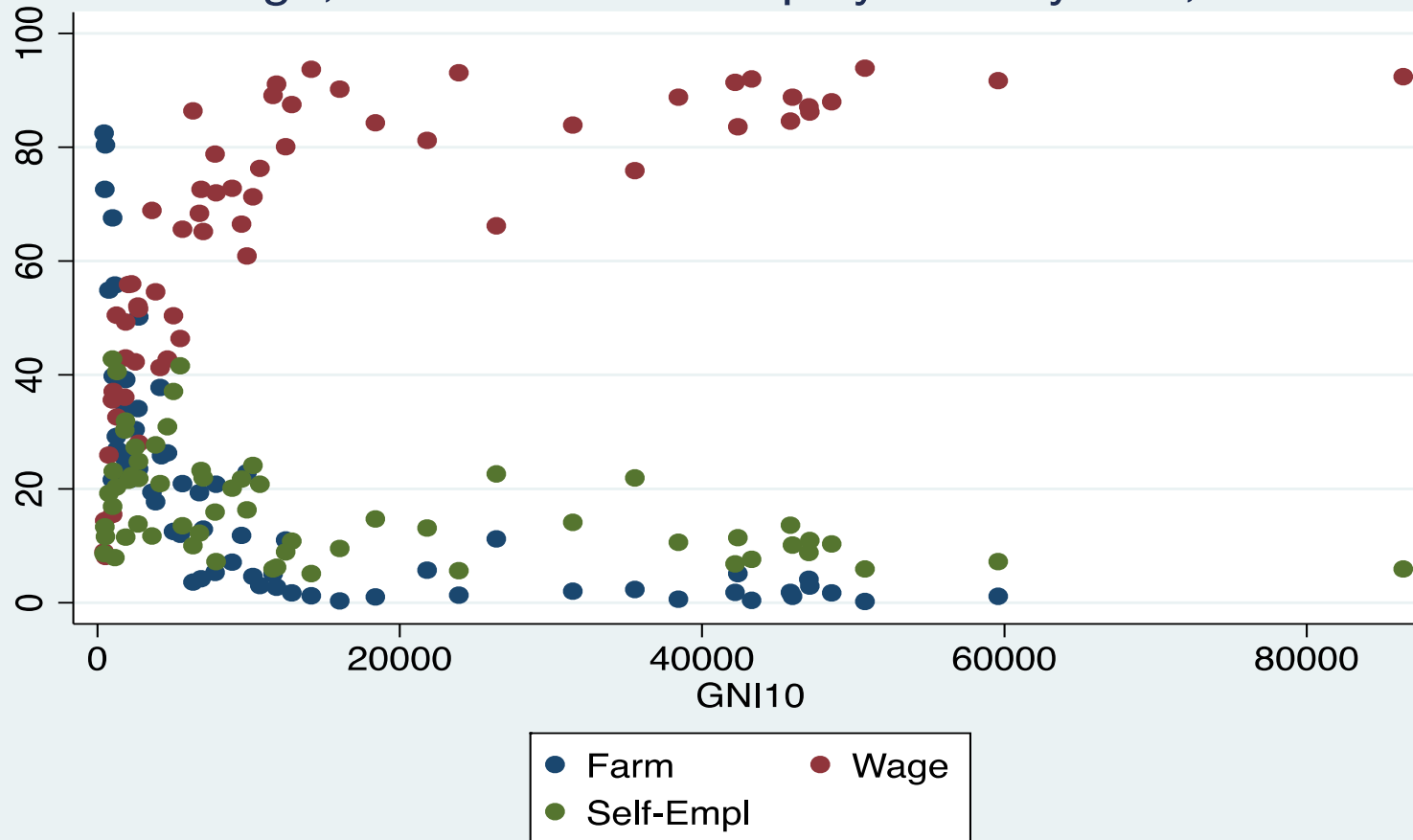2. Shares of Regional Labour Force Estimates in parenthesis

The Global Labour Market at a Glance

- Currently, just over 3 billion individuals in global labour force
- One half of these in wage employment
- Self-employment: 1.35 billion workers, of whom 60% in Agriculture
- Heterogeneity in Self-Employment
- Global Unemployment Level: Close to 200 million, Global Unemployment Rate, 6%

Labour Markets at
Stages of Economic Development
Wage, Farm and Self-Employment By GNI,2010
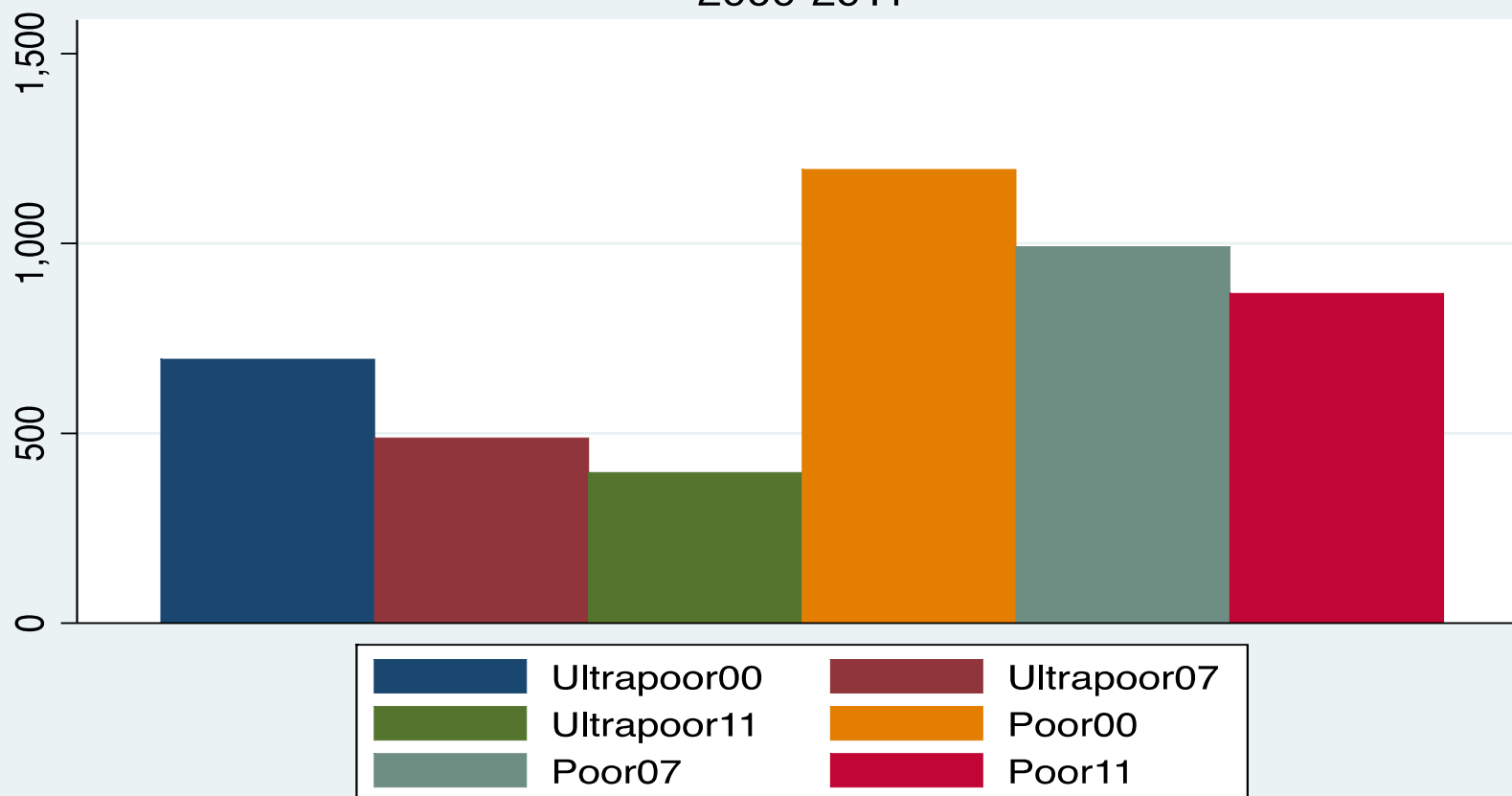

Legend:
- Farm
- Wage
- Self-Empl

The Global Working Poor

- Definition of the working poor is a household poverty definition, *not* a labour market definition
- Working poor (less than $2 a day) versus the working ultra-poor (less than $1.25 a day)
- Working poor constitute 868 million workers, representing 28.4% of the labour force
- Significant progress made in reducing the number of individuals working in poor or ultra-poor households
- Ultra-poor in employment were a quarter of all employed in 2000. By 2011, they accounted for 13% of all employed

The Global Working Poor

Number of Working Ultra-Poor & Poor
2000-2011

Legend:
- Ultrapoor00
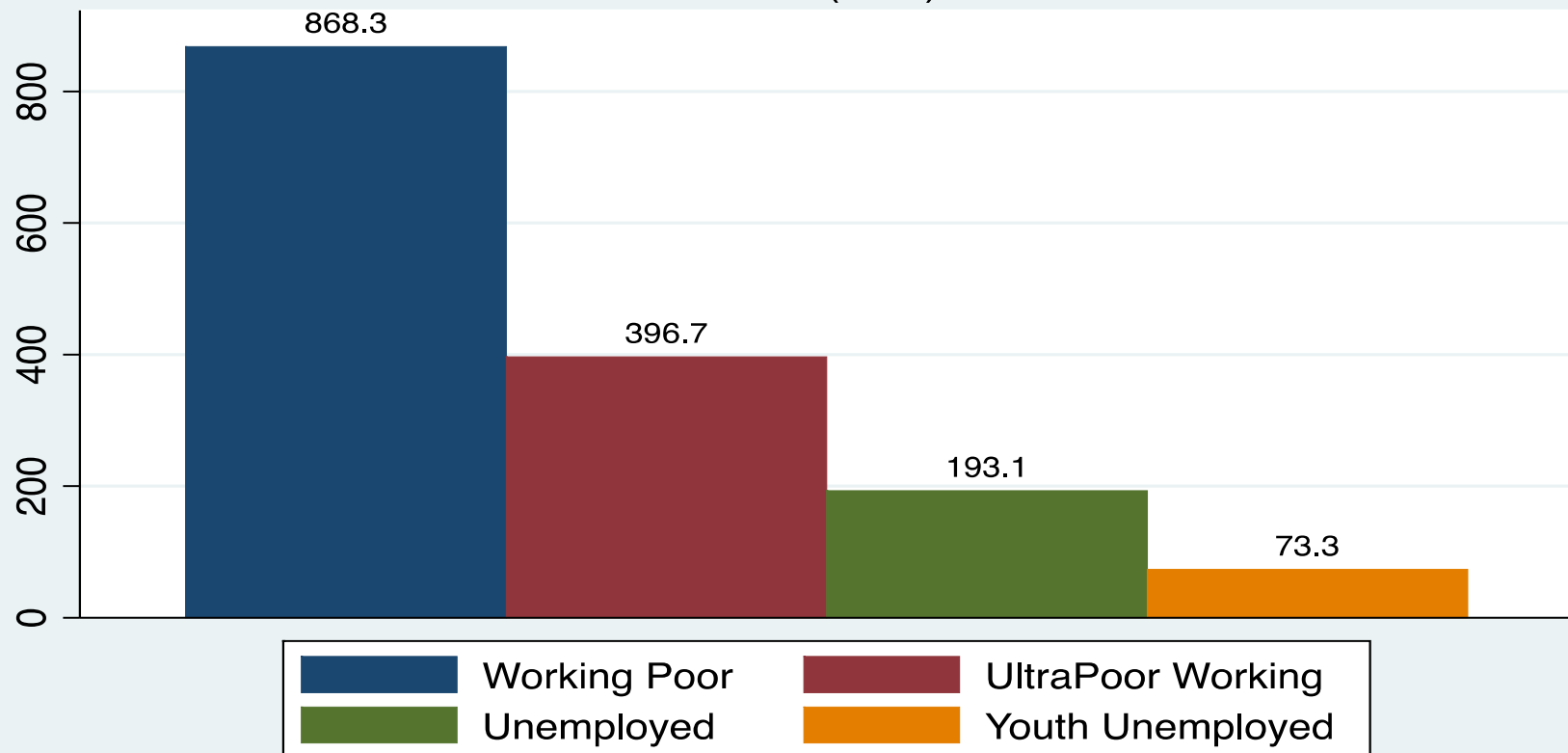- Ultrapoor07
- Ultrapoor11
- Poor00
- Poor07
- Poor11

Source: ILO (2012) and own calculations.

Notes: The Working Poor are defined, as per the ILO's working definitions, as those individuals working for less than $2 per day in PPP terms. The Ultra-Poor Working population are those individuals working for less than $1.25 per day.

The Working Poor and the Unemployed

Vulnerable Workers in the Global Labour Force
2011 ('000)

Source: ILO (2013).
Notes: The Ultra-Poor Working (working poor): employed indiv. in households consuming less than $1.25 ($2) per day.

The Working Poor and the Unemployed

- The most significant challenge facing the global labour market, is that of the working poor
- These individuals number 868 million – representing over a quarter of the world's labour force
- Individuals without employment number approximately 200 million. Young people (15-24) without jobs, stood at close to 75 million
- There are over four times the number of working poor, relative to the unemployed in the world today
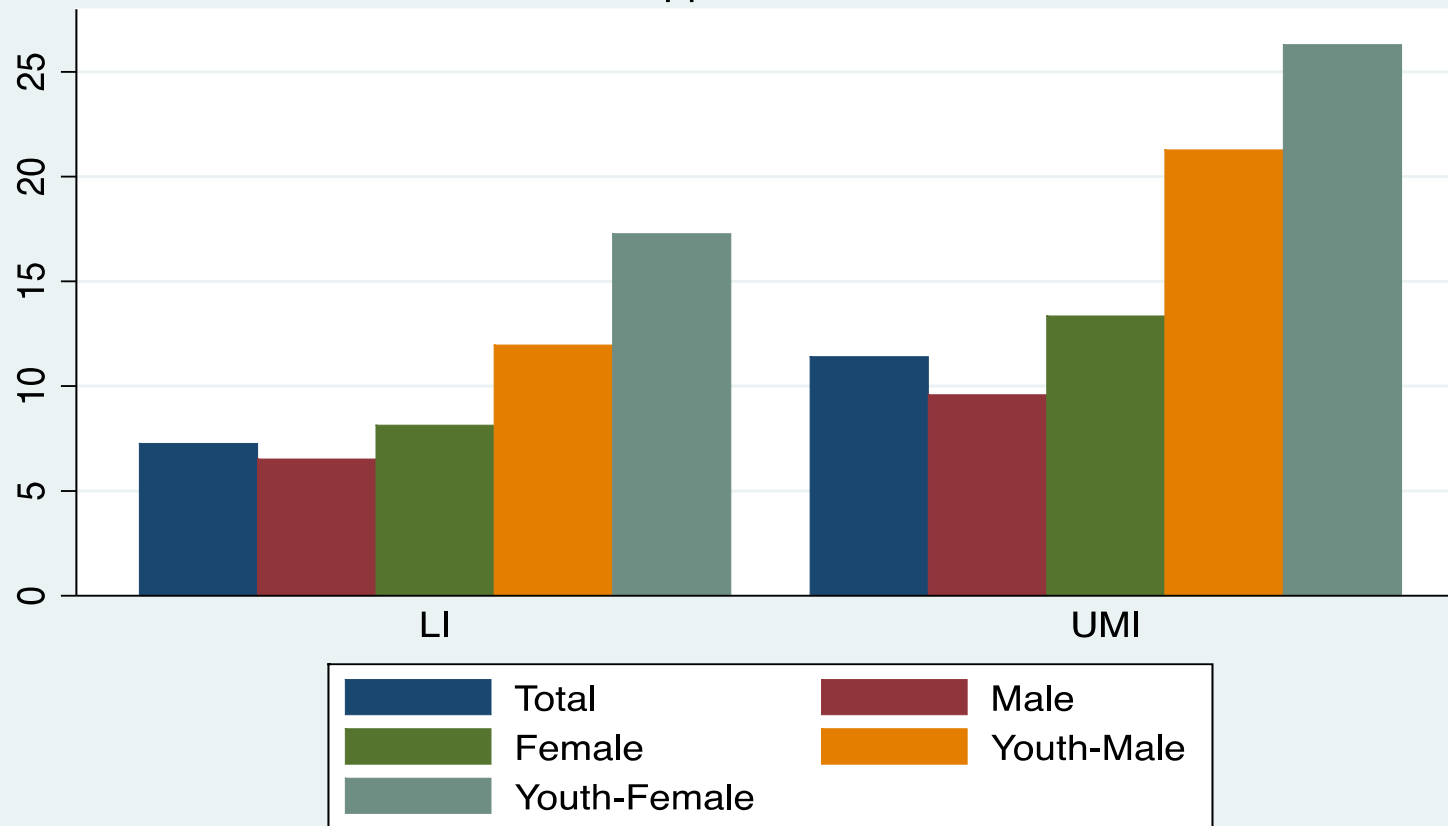
Empirical Contradictions in a Global Jobs Indicator

- Most obvious starting point for a good jobs indicator, would be to reduce joblessness to zero

- Problem with this indicator: Applicable mainly to high unemployment middle income countries, and since financial crisis, to many high-income economies as well

- Working Poor as an Indicator? Key Measurement Problem, which could lead to perverse policy outcomes

Empirical Contradictions in a Global Jobs Indicator

Mean Unemployment Rates by Gender and Age,2010
Low Income and Upper Middle Income Countries

Legend:
- Total
- Male
- Female
- Youth-Male
- Youth-Female

Source: World Development Report, Statistical Annexure and own calculations

Notes: Country classification based on the World Bank member economies classification, with populations of more than 30000. The groups are: low income, lower middle income, $1,026–4,035; upper middle income, $4,036–12,475; and high income, $12,476 or more. Based on a sample of 61 low income and middle income countries.

Empirical Contradictions in a Global Jobs Indicator

- One jobs indicator: An extremely difficult task
- Following good job indicators which would be plausible and measurable:
  - ➢ Share of workers employed in subsistence agriculture – *lower share is an improvement*
  - ➢ Share of unpaid family workers in the labour force agriculture – *lower share is an improvement*
  - ➢ Share of workforce in urban informal employment – *both movements can be an improvement, hence it is a poor indicator*
  - ➢ Unemployment Rate – *lower rate is an improvement*
  - ➢ Share in private sector wage employment – *increase is an improvement*
  - ➢ Share of public sector employment – *lower share is an improvement*

Empirical Contradictions in a Global Jobs Indicator

- Each indicator: Relevance to a sub-sample of developing economies
- Some countries: Not immediately obvious what the most optimal good jobs target would be
- Other economies: A combination of targets would be more optimal than one single indicator
- In other cases, sub-national targets and indicators would be more relevant as jobs targets
- Reinforce notion that building a single jobs indicator is difficult, inexact exercise, prone to multiple interpretations and erroneous outcomes

A Low Earnings Line as a Global Goal

- Target: **Zero Workers Below Country Low-Earnings Line**

- Reduce share of workers earning below a pre-defined low earnings line. Low earnings line set at 10th percentile of the earnings distribution of an economy
- Jobs target: Reduce to zero the share of workers earning below this low earnings line by 2030
- In order to reach target, need to reduce unemployment to zero
- Individuals in low quality employment, or in 'bad jobs', low earnings line quantifies this number

- Advantage of such an indicator:
  ➤ Firstly, rely on labour force survey for individual economies
  ➤ Secondly, capture unemployed in that if unemployment is reduced through employment above the 20th percentile line, *ceteris parabus,* share of the workforce below the 10th percentile low earnings line, will also decline
  ➤ Thirdly, effectively targeting the single largest problem facing the global labour market, namely the share of individuals who are working in poverty

- Data Constraints Remain an Issue