

Beat: Business

UN: Global unemployment to reach 207 million next year

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USPA News - The United Nations (UN) International Labor Organization (ILO) has called on the world's major economies to act on their pledges to take urgent action against unemployment, as global unemployment is now expected to rise to more than 207 million by next year. ILO Director-General Guy Ryder, who spoke on the margins of the annual meeting of the International Monetary Fund (IMF) and the World Bank Group in Tokyo, underlined that it "is now abundantly clear that such deterioration (to 207 million) is under way, and additional measures are urgently needed." "The countries that indicated their willingness to join such a coordinated effort account for half of global output and so could have a pronounced effect on global conditions," he added, citing Argentina, Australia, Brazil, Canada, China, Germany, the South Korea, Russia and the United States as having pledged in June to coordinate and implement additional measures to support demand if the global economic situation deteriorated.

The commitment was made earlier in the year at a summit of the Group of 20 (G20) leading economies in Los Cabos, Mexico. Coordinated action by the world's leading economies, Ryder stressed, can and must prevent a slide into what he described as a political, economic and social quagmire. New ILO figures, based on the IMF's downward revision of global economic growth earlier this week, predict that unemployment will rise by seven million in 2013, adding to the current 200 million people out of work worldwide, which would represent three million more than the four million previously estimated. Ryder said the latest IMF World Economic Outlook recognizes that many governments which embarked on austerity measures underestimated the negative impact of these measures. "This means that these austerity measures caused a larger damage to the economy than previously thought," he said. Global unemployment is still 30 million higher than before the crisis started in 2008 and nearly 40 million more people have dropped out of the labor market since then. At the same time, the IMF estimates that the benefits of earlier stimulus measures taken since the crisis began have been two to three times higher than previously thought. Nonetheless, Ryder emphasized that a more gradual reduction of debt, combined with low interest rates, would have substantial multiplier effects. "And if countries embark on this approach simultaneously, we could put the global economy onto a sustainable recovery and growth track," he added. ILO has also noted that new initiatives should focus on four main areas: supporting infrastructure investment, improving access to bank funding for small and medium enterprises, extending the coverage of social protection and investing in jobs for young people.

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