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

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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

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

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

Source: World Bank (2012) and own calculations
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

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)

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


Notes: Country classification based on the World Bank member economies classification, with populations of more than 30,000. 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 10\textsuperscript{th} 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 20\textsuperscript{th} percentile line, *ceteris parabus*, share of the workforce below the 10\textsuperscript{th} 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