

Global Jobless Rise Is Grim Sign of Depression

by Paul Gallagher

“The world employment situation is deteriorating dramatically,” announced the International Labor Organization’s general secretary, Juan Somavia, on Jan. 24; he released a new ILO report which made his somber judgment into an understatement. “A full-scale global recession,” said Somavia, “could have grave consequences for the social and political stability of large parts of the world.” Joblessness is growing so quickly worldwide that a depression is clearly under way and deepening. *Only* a planetary mobilization of great projects of new economic infrastructure—from continent-spanning land-bridges to sewage treatment facilities and hospitals—could bring the job-creation Mr. Somavia estimated was necessary over the next decade to reverse the employment collapse.

“While tens of millions of people are joining the ranks of the unemployment or working poor,” Somavia said, describing the period since early 2000, “uncertain prospects for a global economic recovery make a reversal of this trend unlikely in 2003. . . . Unemployment began to grow when the information and computer technology (ICT) bubble burst in early 2001.”

Global Unemployment Rate Incalculable

The trend which the ILO refers to has actually had the sudden characteristics of a collapse. Between measurement points in the second half of 2000 and the second half of 2002, the number of *officially* unemployed workers counted in the world jumped from 160 million to 180 million, increasing 6.5% each year; the official number could easily reach 200 million by the end of 2003. At the same time, the depression reversed a previous slight reduction of “working poverty”: the ILO’s count of workers earning less than \$1 per day, around the world, grew to 570 million—not including the 180 million officially unemployed—by 2002.

Official unemployment has risen the fastest, of all regions of the world, in Latin America and the Caribbean: the ILO’s estimated unemployment rate for that entire continent is now at 10%. Estimated unemployment rates for major regions of the world (**Table 1**) show that only in Asia are there groups of nations below 6% official unemployment—and the ILO

TABLE 1

Worldwide Official Unemployment Rates

Region	Unemployment Rate
Asia Pacific	3.8%
East Asia	3.2%
Southeast Asia	6.0%
South Asia	3.4%
Industrial Countries	6.1%
Latin America	9.7%
Mideast/North Africa	17.9%
Sub-Saharan Africa	13.7%
Transition Economies	13.5%
World	180 Million Unemployed

Source: International Labor Organization, *Global Employment Trends*, January 2003.

warns that for many Asian countries including China, these rates greatly understate real unemployment.

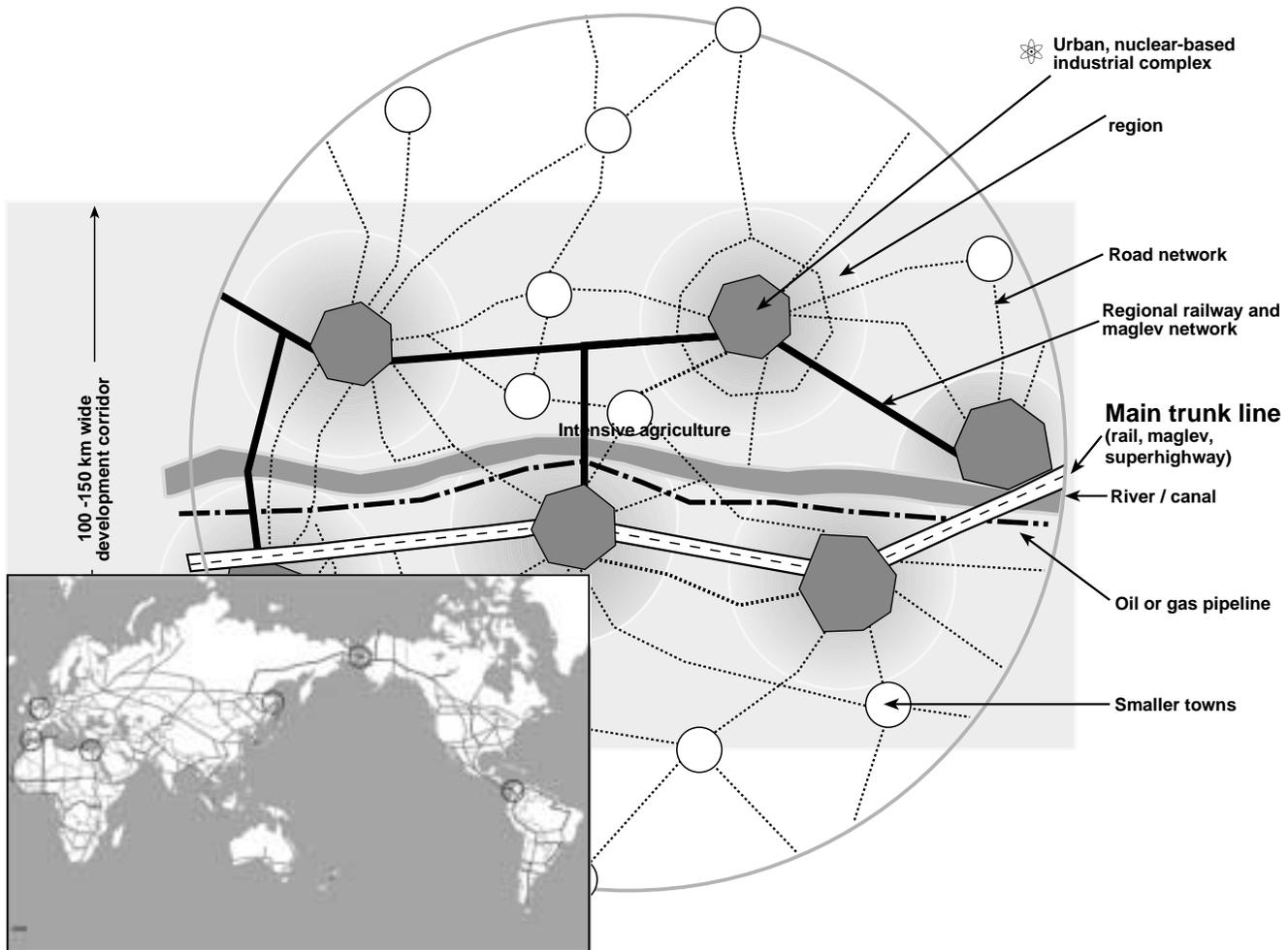
Such increases in unemployment and poverty in the world’s workforces completely give the lie to reports of economic “growth,” no matter how small, coming from the International Monetary Fund and other agencies. They show that the 1997-98 so-called “Asian Crises,” followed by the Russian GKO and Brazil crises, the Long Term Capital Management hedge-fund crisis and other supposed “episodes,” actually tracked the descent of the world economy into a deepening depression.

What percentage of the world’s workforce is now unemployed? The ILO did not attempt a global estimate for obvious reasons, since the *rate of increase* was the key. Obviously the *absolute number* of the unemployed is actually much larger than 180 million. In the United States, for example, real unemployment is likely double the official rate because workers who have dropped out of the workforce, or are working part-time, are not counted; worldwide, and especially in the Third World, much larger portions of working-age populations are outside the officially counted workforces, trying to survive in this depression. Under those grim conditions, the size of the human workforce, internationally, is not known. As Somavia put it, “Our measures of unemployment largely address the jobless who have some form of social protection. . . . Even more disturbing is the evidence of worsening conditions in the informal economy of the developing world, where the struggle to survive on poverty wages is getting even tougher.” Certainly the real global unemployment rate, as a percentage of the economically active population, must be approaching 10%; and when the workers earning \$1 per day or less are added, the “working poverty” rate near 40%.

Great Projects of Job Creation

Most important was the estimate given by the ILO for the rate of job *creation* which is needed in order to turn around

A Land-Bridge Corridor Of Development



50-100 million new jobs a year needed? “Development corridors” along new continental land-bridges, are the only economic-infrastructure context in which this could take place. Agreements among nations for large-scale credit creation for job creation—a New Bretton Woods system—are the way to launch such projects.

this collapse, over the decade beginning now. Simply in order to reverse the recent sharp rise in global unemployment and absorb new workers into employment over the next ten years, 500 million new jobs will be necessary—50 million per year. But to tackle the vast problem of “extreme working poverty,” as the ILO terms it—the 570 million working for \$1 per day or worse—requires much more. The Organization forecasts that to reduce world unemployment and “get on track for the UN goal of halving extreme poverty by 2015,” the creation of 1 billion jobs in a decade will be required.

There is only one possible path to creation of 100 million new jobs per year which increase labor skills and reduce poverty. That path is a “New Bretton Woods” agreement among nations to issue large-scale, low-interest and long-term credits for great projects of infrastructure development. The many state rail and water projects initiated, almost si-

multaneously, by China in the past few years, may be taken as an exemplar: The new magnetic-levitation railroads it is putting on the map are mobilizing new workers and require new skills.

Scale those efforts up to the development of the required new Land-Bridges for the entire world (**Figure 1**). Each can be a development corridor, not merely a new railroad, and be combined with the urgent development of new water resources worldwide with the most modern water management and reclamation methods. New cities will grow in the corridors.

The Chinese projects have been done, to now, by mobilizing the country’s national savings—the global mobilization requires job creation through credit-creation by treaty and trade agreement, in Presidential candidate Lyndon LaRouche’s widely-circulated policy.