

We must act now to stop a global unemployment crisis persisting long after the recession, writes Juan Somavia

Much work needed



The financial crisis has evolved into an economic, social and employment crisis. Although there is evidence that the global recession may be bottoming out, at least in some countries, new jobs data released last week shows that unemployment is increasing relentlessly.

The message is clear – though there may be “green shoots” for the global economy, there will be no immediate green shoots for the labour market for some time to come. Despite some positive economic indicators, the jobs crisis continues to deepen. We are well within the International Labour Organisation’s (ILO) estimate of a potential increase in unemployment of some 50 million in 2009 and an increase of some 200 million working poor by the end of 2009 over 2007. Unemployment and informal employment are rising. Gains in poverty reduction are slipping. Wage earnings and household incomes are declining. The middle classes are suffering. And with 45 million new, mostly young, entrants to the

global job market annually, some 300 million new jobs will be needed between now and 2015, just to keep up with labour-market growth.

These are the ingredients of a social recession and an increased risk of political instability. We know from past crises that jobs recovery always lags behind economic recovery. If we do not act decisively now, we are looking at a jobs crisis of six to eight years.

We cannot let this happen. Many countries have taken important action to stimulate their economies. It is now time to stimulate their labour markets.

We must work together to shape policies and decisions that can accelerate the recovery in employment and shorten the lag between economic and labour market recovery as much as possible.

World leaders representing governments, labour and business from developed and developing countries came together at an ILO summit on the jobs crisis last month to agree on a co-ordinated international and national response.

This was expressed in the Global Jobs Pact, an internationally agreed policy instrument negotiated by governments, business and trade unions to guide policy options in countries and multilateral

institutions to generate employment, restore enterprise growth and expand social protection.

The Group of Eight meeting this week is a chance to relay this effort. The pact identifies key follow-up areas where a system-wide response is needed. These include:

- Retain women and men in employment, as far as possible;
- Sustain enterprises, especially small and medium-sized ones;
- Protect women, men and families from income losses;
- Strengthen coverage of basic social protection;
- Train and retrain working women and men and guide them towards available jobs;
- Support labour demand through future oriented public investment; and,
- Prepare the workforce for the jobs of tomorrow.

These measures represent economic and social policies that have worked in the past. And they have been crafted with the support of heads of state and government, labour ministers and other economic leaders working with the participants of the “real economy” – the governments, workers and employers who are

represented at the ILO. The Global Jobs Pact gives us the tools, backed by research and analysis, to chart a productive path to broad-based economic and social development providing hope and opportunities to all working families. The pact contains options for all countries. In those countries with little fiscal capacity, national solutions can be supplemented by strong international co-operation.

The global economy should look different after the crisis, with broader social justice, principles of fairness in globalisation, and coherent and greener economic policies. We must be creative. The nature of the crisis means solutions cannot be “business as usual”. We can decide to address the global jobs crisis head-on, act in a co-ordinated manner and achieve greater co-operation across multilateral bodies. This will accelerate recovery and shorten the length and depth of the jobs crisis.

In doing this, we can build a world that is economically, socially, environmentally and politically more sustainable and that works for all.

Juan Somavia is director general of the International Labour Organisation, based in Geneva

Peter Kammerer

peter.kamm@scmp.com



Return to morality

The complications of many of the financial instruments that have landed the world in the mess it is struggling to rise above are still beyond me. I can get my head around economics, though, and what is blatantly clear is the manner in which financial institutions have been allowed to function above and beyond the capitalist system. Free markets are about sinking and swimming companies that fail must go under and those that succeed should be left to grow and flourish. The bailing out of banks, insurance firms and financial houses by governments is therefore wrong and unfair.

Authorities have all but acknowledged this. They have explained their actions by saying that to do otherwise would have brought economies crashing down even further. What they have not addressed is the clear message being sent out: that the financial sector is the most important element of society.

Correct me if I am wrong, but since when were bankers and brokers more important than teachers, nurses and police officers? How are the services of people who manage money above those of citizens who educate and save lives? Why do we pay those who have caused so much mayhem and misery so handsomely yet offer relative crumbs to the essential mainstays of our community? But my most searching question is this: how is it that we expect the highest morals and standards from the staff in our schools, hospitals, police stations and elsewhere, but disregard what is happening on Money Row?

The hoodwinking, conniving and cheating that has taken place, and continues to, is not grounded in what we have been taught or our laws dictate. Greed, pure and simply, is the driver. Being greedy and uncaring is nothing to be proud of or something to aspire to. Yet this is exactly what we have done, and have pushed our children to graduate towards.

Life was not always like this, of course. Pensions have not always been tied to stock markets. Nor do we have to look back too many years to when banks were places that helped us save for the future, rather than try at every opportunity to drain away what we have put in their care. People used to invest in companies with their retirement in mind; now it is more often than not with an eye only on making a quick buck.

Capitalism, commerce and the free market are not to blame. The founders of economic theory took great pains to underpin their arguments with moral thinking. Adam Smith, David Hume and their ilk believed capitalism would make us more moral and civilised. They admitted that greed could be fatal, but generally upheld the case that honesty and transparency would dominate. Of course, they did not bank on governments that embraced free markets giving an unfair advantage to financial institutions.

Financial-sector bosses are not evil; they have merely become greedy gamblers. This must change. I don’t advocate a return to the early 18th century when, after a financial crisis known as the South Sea Bubble, England’s Parliament considered a resolution that bankers be tied up in sacks filled with snakes and thrown into the River Thames. Rather, such people should be brought down off their pedestals and others more deserving put in their place.

A shift in government thinking has to take place. Banks are no different from trading companies. Stock and insurance brokers are not more important to our well-being than those who educate our children or take care of us when we fall ill. Quite the opposite is the case.

Creating this mindset is not difficult. The first step is to treat the financial sector as we do other companies. Firms, no matter what their business, are all equal. They must rise and fall as the market wishes. Bad managers must not be rewarded by being bailed out and protected for making poor decisions.

In tandem with this process, we must turn back the clock. Teachers, nurses and police officers are the backbone of communities. They still are. It is time that their position in society, and the salaries and respect we give them, reflected this.

Peter Kammerer is a senior writer at the Post

Other Voices

A flawed genius blind to his own tragedy

Jim Hoagland

The Robert McNamara who helped lead the United States into defeat and shame in Vietnam would never have anticipated or trusted what I am about to recount. None of the computers he depended on to chart that war could quantify serendipity or instinct.

I’m not sure what the other McNamara – the remorseful and melancholy ex-president of the World Bank I came to know long after Vietnam had ended – would have made of this circumstance: word of his death at 93 reached me as I was talking about the history and future of counterinsurgency in Asia with a 23-year-old army lieutenant looking ahead to a tour of duty in Afghanistan within a year.

McNamara would have been agnostic about the coincidence, I suspect. He was often described as a tragic figure deep into expiation at that stage of his life. Tragic he was – he refused to the end to understand or accept how he had helped create the tragedy that destroyed his reputation.

So I put the cruelest of questions to Alex Frank, now in an infantry officer training course, after hearing him argue that counterinsurgency could work in Afghanistan. McNamara thought that about Indochina, I said. Why should it be different in Central Asia?

“McNamara seemed to have underestimated the importance of shaping the environment before you act,” responded Lieutenant Frank. “You build up enough energy and, at decisive turning points, that energy gets unleashed to determine the outcome.”

He quickly adds: “In

McNamara’s day, everybody in the administration went along with the same line. There was no arguing out of positions. It was all just get the stuff and the soldiers over there and the conflict will sort itself out. That is not true today.”

Let’s hope he is right on Afghanistan. I am not yet convinced. On McNamara and Vietnam, Lieutenant Frank’s views mesh with those of premier war correspondent Ward Just.

“McNamara was not a bad man, but he was a flawed one,” Just told me. “Everything had to be justified and explained by numbers and computers. That led him to misunderstand the fundamental reality of the war; they wanted it more than we did.”

Yet McNamara was considered to be the brightest of John F. Kennedy’s New Frontiersmen when he came from Ford Motors to run the Pentagon. As the US waded deeper into Indochina, he armed himself with data and an aura of arrogant invincibility that shut out arguments of history, and national character, that foretold a disaster.

Fortunately for young officers like Lieutenant Frank, and the rest of us, Washington today is a very different, more open, place. George W. Bush finally changed course in Iraq and rescued US involvement there from a Vietnam-like collapse. And President Barack Obama has acted more thoughtfully on Iraq, and Afghanistan, than his campaign promises indicated would be the case. He is working to give the people of both nations a chance to live securely and decently.

Jim Hoagland is a Washington Post columnist

Unity an illusion without real respect for diversity

Stephen Vines

It is hard to think of a taboo subject more sensitive than one which challenges the unique character of the Chinese state. Yet recent events in Xinjiang (新疆) suggest the need for a discussion of whether a policy of rigid centralism and an insistence on the imposition of Han culture throughout China is viable in the long term.

Although China officially recognises 55 minority communities and has established five so-called “autonomous regions”, there is scarce evidence the Communist Party favours any form of genuine autonomy for these areas. Beijing pursues a determined policy of imposing Han culture, particularly language, across the nation and has made herculean efforts to ensure that ethnic minority regions are resettled by Han Chinese so that they cease to be the majority population in their own areas.

Indeed, in Xinjiang (乌鲁木齐), the capital of the Xinjiang autonomous region, this objective has been accomplished and the Uygur people are now in a minority. There is also a determined effort to increase the Han population of Tibet (西藏), which has also recently seen rioting with a distinct ethnic edge.

In some areas with a distinctive ethnic minority community, notably Inner Mongolia (内蒙古), China has also recently seen rioting with a distinct ethnic edge. In the tolerated world of Chinese politics, all that remains are regular displays of minorities appearing in national costume at meetings of bodies such as the National People’s Congress, where they add colour but no substance to the proceedings.

Unity an illusion without real respect for diversity

Only in Xinjiang and Tibet has there been continued and violent resistance to Han rule, although other minorities communities, such as the Kazakhs, also have a history of challenging domination from the centre. Beijing inevitably explains these challenges as being provoked by external agitation. The eruption in Xinjiang is blamed on incitement by the exiled Uygur leader Rebiya Kadeer, and the exiled Dalai Lama is squarely blamed for any unrest in Tibet. It

The burning fire of resentment is far from extinguished and cannot be quelled by force alone

would be naive to argue that these leaders play no role, but what most objective observers find is that the street violence is both spontaneous and unorganised; taking both the Chinese authorities and the leadership of the ethnic groups by surprise. It shows that simmering resentment can surface at any time despite the existence of one of the most powerful and determined police states in history. These disruptions also demonstrate that the burning fire of resentment is far from extinguished and cannot be quelled by force alone.

Beijing assumes that time, economic progress and the iron hand of the state will eventually prevail and that the nation will happily emerge as a united people. These thoughts were shared by the leaders of the now frag-

mented Soviet Union and Yugoslavia, not to mention the divided Indian subcontinent and many former European empires.

So the question to be asked is: how different is China? Sun Yat-sen, the father of modern China, clearly appreciated that China was not that different and envisaged a reasonable degree of self-determination for the major minority groups. But Sun’s views were quickly set aside by the Nationalist leader Chiang Kai-shek and, of course, by the leaders of the People’s Republic.

China has since become more intolerant of regional autonomy and often looks very much like an occupying power in both Tibet and Xinjiang. The people of these regions are largely regarded in Beijing as both backward and ungrateful for the enormous level of economic assistance they have received. This mindset encourages a view that any resistance must be a product of external provocations because the people themselves are gullible and cannot think for themselves.

China stresses the unity of the nation above all else but will not tolerate a proper discussion of how unity can be achieved among its many nationalities. Today, this is what makes China truly different.

Stephen Vines is a Hong Kong-based journalist and entrepreneur

Contact us Agree or disagree with the opinions on this page? Write to us at letters@scmp.com If you have an idea for an opinion article, e-mail it to oped@scmp.com

‘Staying the course’ prolongs Afghan war

Malou Innocent

Many prominent opinion leaders, including Henry Kissinger, argue that America should not withdraw from Afghanistan because doing so would boost jihadism globally and make America look weak. They conclude that the war in Central Asia will be long, expensive and risky, but nevertheless claim it is ultimately worth waging. But these arguments and countless others rarely withstand close scrutiny.

From a strategic and economic perspective, no tangible gains could be seen from the US and its allies maintaining an indefinite presence in Afghanistan. Indeed, such a course would be counterproductive, as US military presence in the region strengthens the very jihadist forces it seeks to defeat and erodes America’s already tattered reputation abroad.

Take, for example, current operations against the Taliban, Gulbuddin Hekmatyar, the Jalaluddin Haqqani network and other jihadist groups in Afghanistan. Although the US military makes every effort to avoid civilian deaths, its air strikes kill innocent bystanders who are often used by insurgents as human shields.

As long as militants can exploit such collateral damage for their propaganda, they will draw more recruits to their cause and erode the legitimacy of President Hamid Karzai’s regime. Remaining in Afghanistan to protect America’s reputation demonstrates flawed reasoning: prolonging combat operations will kill even more civilians and reinforce the narrative that militants are fighting against the injustice of foreign occupation.

Many analysts in Washington also underestimate the importance of including the Afghan population.

The Pashtunwali code of honour, the pre-Islamic tribal code to which Pashtun tribes straddling the Afghan-Pakistan border adhere, highly values honour and revenge. Collateral damage from US drone attacks in northwest Pakistan ripples disastrously across such a society, where personal and collective vendettas can last generations.

People in Washington posit the threat from extremists as the justification for America’s presence. But the cost to those same people overlook how detrimental unwelcome American interference can be.

In the case of Afghanistan and Pakistan, policymakers have neglected the extent to which the US-Nato mission bolsters support for jihadis in the region.

The fear of America losing the world’s respect after withdrawing from Afghanistan has been instrumental in being a bad foreign policy to the American public. It also perpetuates former president George W. Bush’s myopic vision that war enhances America’s authority.

The coalition should cease military escalation and instead prepare an exit strategy. Because, as in Vietnam, the longer America stays and the more money it spends, the more it will feel it must remain in the country to validate the investment. That’s not a winning strategy.

Malou Innocent is a foreign policy analyst at the Cato Institute in Washington. She recently travelled to Pakistan through the Ford Foundation