

EMPLOYMENT AND MDGs

Draft of a Chapter for the UNDP Report on the International Assessment of the MDGs

Introduction

In the original formulation of the MDGs, employment did not feature explicitly as either a goal or a target by itself. In the 2007 revision of the MDGs, employment-related targets and a variety of indicators to monitor the progress of their attainment were introduced. Rather than including employment as a separate goal, the achievement of "full and productive employment and decent work for all, including women and young people" was introduced as an explicit target under the first MDG, the eradication of extreme poverty and hunger.¹

The exclusion of employment as an explicit MDG target before 2007 did not mean that policy makers failed to recognize the critical role that employment had in the attainment of the MDGs. Rather its exclusion was probably due to the view that an instrument for the attainment of the goals and targets, however critically important, need not have been listed as an independent goal. Its inclusion in the 2007 revision could be justified by the recognition that, apart from its important role as an instrument for the attainment of the MDGs, it also has the important function of endowing members of the labor force with self esteem and dignity.

The Effect of Employment on MDGs

How does employment facilitate the attainment of MDGs? Employment expansion in this context means the expansion of productive and remunerative ("decent") employment. In other words, we are asking about the consequence of rapid employment-intensive growth on the MDGs. High employment intensity of growth ensures substantial accrual of benefits of growth to the poor who, more than any other income group, have a greater share of labor in their total endowment of resources. Growth, when characterized by rapid increase in employment and its productivity, results in a rapid growth in income of the poor. This leads to quick progress of the first MDG, the eradication of extreme poverty and hunger. The most effective instrument of

¹ Four indicators for monitoring progress in achieving this target were also included: growth rate of GDP per person employed; the ratio of employment to population; the proportion of employed people living below the PPP\$1 poverty line; and the proportion of own-account and contributing family workers in total employment. Prior to 2007 there was a sole employment-related indicator to measure the progress in the promotion of gender equality and empowerment of women: the share of women in wage employment in the nonagricultural sector. It was retained in the 2007 revision.

achieving the first MDG is the successful implementation of the second of its three targets, namely the achievement of full and productive employment.² The employment elasticity of MDG – the magnitude of change in an MDG induced by a given change in employment – should be greater for the first MDG than for any of the others.

The augmentation of the personal income of the population, including the poor, is however a limited instrument for the acquisition of the MDGs. Increasing personal income is an effective method of ensuring the adequate absorption of private goods and services, those components of consumption that embody none or limited externality. Of the seven MDGs that are subject to domestic and national policymaking, the first one is closest to a private good.³ The remaining six consist of indicators that are characterized by substantial externalities. The second, the fourth and the fifth MDGs - education of children and the reduction of child and maternal mortality – provide benefits not only to their direct recipients but also to others thereby embodying significant externality. The employment elasticity of all three of these MDGs should be significant though smaller than for the first MDG.

The other three MDGs - empowering women; combating epidemic diseases; and protecting the environment – are (or are close to) public goods in entailing non-rivalry and non-excludability in their consumption: once they are available, their use by a member of the society does not diminish the benefit available from them to the other members; nor can a member of the society be excluded from their benefit. Employment elasticity of these MDGs is low or even insignificant.⁴ Equitable expansion in private income, made possible by employment-intensive growth, cannot serve as an adequate tool for the attainment of the appropriate levels of their production and consumption. There must be public action to supplement private expenditure on these elements.

² As will soon be shown, the employment target of the first MDG actually has a broader scope than rapid employment-intensive growth.

³ The eighth MDG, “a global partnership for development” is by and large subject to the actions of the international community, with a disproportionately large role for the advanced countries.

⁴ One however needs to recognize that individual elements – partial indicators - of each of these public goods can be defined in such a way that they strongly resemble the externality-embodying MDGs identified above. Thus the elimination of “gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015” is identified as the only target for gender equality and empowerment of women (the third MDG). The goal of environmental sustainability includes such targets as halving, “by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation” and achieving, by 2020, “a significant improvement in the lives of at least 100 million slum-dwellers”. Each of these targets represents a narrow aspect of the MDGs that they set out to contribute to. Employment growth would have somewhat stronger effect on them than on the respective MDGs broadly defined. Even so private income generation, via employment growth, would perhaps make lesser contributions to their achievement than to the three externality-embodying MDGs.

The Effect of MDGs on Employment

The success of the strategy of rapid employment-intensive growth is best illustrated by the experience of the East Asian pioneers. It represents a combination of policies and institutions that promote rapid economic growth and a system of incentives that makes growth highly employment intensive.⁵ These policies incorporate some, but not all, of the MDGs. For example gender equity and empowerment of women; and all aspects of environmental sustainability were not integral parts of the most successful of the East Asian cases. While no single MDG is a necessary condition nor all MDGs together are a sufficient condition of employment-intensive growth, the MDGs have a favorable effect on employment. The MDG elasticity of employment – the change in employment induced by a given change in an MDG – would differ for different MDGs. Furthermore, the ranking of MDGs according to *employment elasticity of MDG* is very different from – even inverse of – their ranking according to *MDG elasticity of employment*.

Consider the first MDG. Does a more poverty-alleviating growth lead to a higher rate of employment growth? It is possible for labor supply from the households that overcome poverty to change; but this effect may conceivably be negative. Another possibility is that the spending of the poor, on basic consumption and small-scale investment, is likely to be more concentrated among labor-intensive goods and services than is the spending by the non-poor; which would make poverty-alleviating growth more employment intensive. Even so, it is hard to imagine that the elasticity of employment with respect to this particular MDG would be high. Of the two-way relationship, the employment elasticity of MDG will dominate the MDG elasticity of employment.

Consider next the three externality-embodiment MDGs: universal primary education, reduction in child mortality and the reduction in maternal mortality. Access to education improves the productivity of employment (though with a time lag in the case of primary education) and thus increases the (derived) demand for labor. In this case the MDG elasticity of employment is often likely to dominate the employment elasticity of MDG. An autonomous decline in child mortality would reduce birth rate which would contribute both to reduced dependency ratio and a reduction in the excess supply of labor, factors contributing to an improvement in the ratio of employment to labor force. A priori, it is hard to say which of these two elasticities, respectively representing the two-way relationship, would dominate. The causal

⁵ A very brief account of these policies, too numerous to be adequately discussed in a short section of this report, is provided later. See Mazumdar and Basu, 1997 for an analysis of the East Asian experience in employment and World Bank, 1993 for an overview of the strategy. The East Asian pioneers are: The Republic of Korea, Taiwan Province of China, Hong Kong and Singapore and, in a little earlier period, Japan. Egalitarian growth with high employment intensity is a characteristic that is not present in later East Asian cases of rapid growth in China, Thailand and most others.

link between a fall in maternal mortality and employment growth appears more tenuous although one is tempted to argue that the effect must be positive in so far as maternal mortality causes disruption in family life which is likely to create difficulty for the members of the household in their pursuit of employment. Reduced maternal mortality can also have externalities in the form of improved health and education status of children thereby strengthening its effect on employment.

The reverse linkage between each of the three public-good MDGs and employment is likely to be much stronger. For these, the MDG elasticity of employment is likely to be far greater than the employment elasticity of MDG. Enhanced gender equality is favorable for employment growth. Empowerment of women leads to a reduction in birth rate and should promote better health and education for children, thereby reducing the excess supply of labor, reducing the dependency ratio and improving labor productivity. All these are conducive to an improved intensity of employment. The reverse linkage between combating HIV/AIDS and other diseases on the one hand and employment growth on the other is likely to be strong: a reduction in the incidence of AIDS (and other diseases) should have a strongly positive effect on employment and productivity growth since AIDS strikes workers in their prime and disease adversely affects productivity. Better environment, especially when encompassing improved access to sanitation, drinking water and slum improvement, should make strong contribution to employment productivity.

Finally, the linkage between greater global partnership (the eighth MDG) and employment growth would appear to consist largely of a unidirectional effect. The specific targets for this MDG - larger aid inflow; a non-discriminatory trading and financial system; comprehensively dealing with developing countries' debt; making essential drugs affordable; and improving technological access for the developing countries - should be of much help for employment growth in the developing countries. The effect of a better employment performance in a developing country by itself is unlikely to have much effect on any of these elements which are essentially beyond the scope of country development policy and are matters for international negotiation on development cooperation. This latter attribute rules this MDG out of the realm of policy making by individual developing countries.

The Desirability of Broad Action

The employment target of the first MDG, in the 2007 revision, calls for "full and productive employment and decent work for all, including women and young people". This is a broader target than achieving high employment intensity of rapid growth. The latter can be achieved

without the full participation of women or youth, or, for that matter, that of any specific category of the labor force. Furthermore full employment of all must mean the same for women and youth necessitating an explanation of the significance of their specific mention. The only possible explanation is to interpret the target as one of exploiting the full potential for labor force participation rather than being limited to the actual participation which can be constrained by social, institutional and legal circumstances. Female participation in the labor force, especially in the market for wage labor, is severely constrained in many countries, especially in South Asia and the Middle East, by social norms. Absence of educational and training facilities can limit the entry of the youth in the labor market and/or unnecessarily prolong the period of apprenticeship. A reverse example is the undesirably high participation of children in employment due to distress, absence of social protection and lack of entry into schools.

Progress in the externality-inducing and public-good MDGs is the way to overcome the obstacles to utilizing the real potential of the labor force: improving female participation, easing the transition of the youth into fully productive members of the labor force and protecting children from premature and destructive burden of work, by promoting gender equality and empowerment of women (MDG 3); improved maternal health (MDG 4); reduction of child mortality (MDG4); universal primary education (MDG 2); combating HIV, malaria and other diseases (MDG 6); and improving living condition in slums and providing access to drinking water and sanitation (MDG 7). These measures also facilitate progress in the attainment of employment-intensity of growth in its narrow sense as well. As noted above, economic growth by itself does not lead to (adequate) progress along these lines. Public action on a broad front is needed. Indeed the domestic capacity to embark on broad enough a program of action is beyond the resources of the least-developed and most other poor countries, which underlines the importance of global partnership in development (MDG 8).

To summarize: traditional strategy of high employment intensity of rapid growth can be a nearly sufficient condition of attaining the first MDG and contributes significantly to the attainment of several other MDGs. By itself it falls far short of enabling the attainment of all the MDGs. While traditional strategy of employment-intensive growth can work best if it is combined with progress in externality-embodying and public-good MDGs, it nevertheless remains true that even without some of these MDGs – e.g., gender equality and empowerment of women – an otherwise well-implemented strategy of rapid employment-intensive growth can quickly reduce poverty (measured by PPP\$ or other income/consumption threshold). But such a strategy can neither ensure the attainment of all the MDGs nor the employment target of the first MDG.

Simultaneous implementation of all MDGs is desirable not just for the broad success of the MDG strategy but also the attainment of the employment goal incorporated in the first MDG.

Too Few Contemporary Cases of Employment-Intensive Growth

It has been shown above that employment-intensive growth is not only an integral part of the first MDG; it is also the nearly-sufficient condition of its attainment and a facilitator of several other MDGs. The success of employment-intensive growth depends, first, on the achievement of a high rate of growth and, secondly, on a high elasticity of employment with respect to GDP, the percent growth of employment made possible by a percent growth in GDP. The broad orders of magnitude of the relevant elements in the East Asian case were: a 7 percent GDP growth associated with a 10 to 12 percent growth of "industries" (modern manufacturing, services and related activities) and an output elasticity of employment of about 0.7 in this sector. With an initial share of labor force of these sectors of about a half, this meant an annual growth of employment in these sectors alone amounted to 3.5 percent of the labor force or more, which allowed a net transfer of labor from agriculture and other traditional, low-productivity, activities to the high-productivity activities.

The primary problem standing in the way of such a transformation in the contemporary developing countries is too slow an overall rate of growth. None of the developing regions outside East Asia attained such a growth rate since the 1980s. Of these regions, only South Asia had a significant rate of growth in per capita income during the last two decades of the 20th Century when the per capita income of all the non-Asian developing regions either fell or increased at pitifully low rates. During the first seven years of the 21st Century growth performance in all the developing regions improved, but only Asia averaged a more than 7 percent rate. For South Asia this too was only true for one country, India. Since 2007, in the wake of the Great Recession, growth rate in the non-Asian developing regions fell significantly. [Insert Table 1]

Individual countries in different regions have sometimes performed better than the regional average. Consider Sub-Saharan Africa (SSA), the region where the MDG indicators are lowest and in most urgent need for improvement. Even in the SSA, of the 42 countries with a minimum population of a million each, seven achieved an annual average growth rate of 7 percent or more during 2000-2007.⁶ But high growth in most of these cases was narrowly based on oil and mineral extraction; indicators of dynamism, such as a high elasticity of manufacturing

⁶ These are Angola, Chad, Ethiopia, Mozambique, Sierra Leone, Sudan and Uganda.

industries with respect to GDP, were rare.⁷ Direct quantification of the employment intensity of growth in the cases where growth was high over the recent past is not possible due to the lack of data on employment. In the few cases where data are available, the employment-intensity of manufacturing growth, perhaps the best indicator of overall employment-intensity, was found to be low.⁸

Low employment intensity has unfortunately been a very widespread feature of growth in contemporary developing countries, even encompassing the outstanding cases of hyper growth like China and India. The Chinese experience has shown that the effect of rapid growth of employment-intensive exports and industries can easily be offset, even outweighed, by employment loss due to the reform of state enterprises which in the past provided concealed unemployment insurance by enrolling workers in excess of the numbers dictated by efficiency. In India the high share of highly skill-intensive industries in incremental output and exports has meant a low overall employment-intensity of growth. Largely as a result of the low employment-intensity of growth, the poor in these countries have benefited less from growth than would be possible with faster employment growth. Compensatory action, notably public works for productive employment, transparent systems of protection for the unemployed and steps for the protection of the poor, was necessary to enable the poor to adequately benefit from growth. There are signs that both the countries have started embarking on some of these measures.

Assessment of Progress on the Employment Target of the MDGs

Measurement of progress of the employment targets of the first MDG is difficult to quantify because of the very limited, inadequate and often misleading data on the indicators: the definitions of employment and unemployment are neither accurate nor uniform; the coverage is neither complete nor comparable over time; and neither the extent of underemployment nor the incidence of "discouraged" workers is accounted for, thereby often making the estimates of unemployment ridiculously low as indicators of shortfall from full and productive employment. If one makes do with the ILO database and decides to ignore these problems, one arrives at the following findings. [Insert Table 2]

The most worrying phenomenon is the rise in unemployment over the last decade in the most rapidly-growing countries: China, India and Cambodia, each averaging well over 7 percent annual growth. The phenomenon also encompasses most of the other traditional

⁷ There are exceptions. For example, Mozambique's growth has been associated with the export of bulk electricity, aluminum and agricultural goods and the development of a broad group of industries. This and a few other cases represent possibilities that, under proper conditions, might develop into broad-based growth.

⁸ See Khan, 2009 for an analysis of these cases.

growth leaders of Asia: Malaysia, Thailand and Indonesia, who faltered from their peak performance but maintained decent growth while recovering from the crisis of the late 1990s.⁹

As discussed above, rising unemployment appears to have also encompassed SSA countries for which direct measurements are rare. But the phenomenon is not universal: developing countries of Europe and Central Asia appear to have registered some improvement because the benchmark period for them was close to the nadir following the demise of the system of central planning.¹⁰ A number of Latin American countries, including Mexico and Argentina, seem to have achieved improvement though Brazil and Chile experienced a worsening of unemployment.

For female unemployment there is no general pattern: in Bangladesh, Vietnam and most Latin American countries unemployment for them increased faster than unemployment for men. In many East and South-East Asian countries, notably Cambodia, Indonesia and Thailand, their unemployment increased at a slower rate. The level of the unemployment rate is generally higher for women although exceptions are also numerous.¹¹ The status of women as workers and the change in this status over time cannot be determined by these crude unemployment rates the low level of which may reflect low participation rate for women and the slower growth of which may reflect more widespread withdrawal from labor force due to discouragement. One needs data on the gender specific distribution of employment and wage rates, on which information is not published.

It is well known that youth unemployment rates are far higher than the overall unemployment rates.¹² Unfortunately, data are not available to determine the change in the rate of youth unemployment although anecdotal evidence suggests that it has increased disproportionately during the Great Recession.

A twist about the change in the unemployment rate in China is worth noting: it peaked in 2003 at 4.3 percent, thereafter leveling off or even declining slightly. If true, this may indicate that transitional loss of vast amounts of employment in state enterprises due to reforms is coming

⁹ Vietnam's data in the Table end in 2004; by 2007 its unemployment rate had risen to 4.2 percent according to *The World Factbook* cited in *Wikipedia*. India's unemployment, for which the ILO data is limited to the period ending in 2000, is also shown to have risen very sharply to 9.5 percent in 2009 according to the latter source.

¹⁰ These and the SSA countries are not included in the Table.

¹¹ Exceptions are: Cambodia, Indonesia, Philippines, Thailand and, oddly, India among the countries reported in the Table.

¹² The *WDI 2009* shows, for example, that in the early years of the 21st century the youth (14-24 years) unemployment rate in India was twice as high as the overall unemployment rate, which indicates the rough orders of their relative magnitudes in the developing countries.

to an end. It is also likely that the massive stimulus that China instituted in the wake of the Great Recession, focused on public investment in infrastructure, will make its growth more employment-intensive in the immediate future than it was during much of the reform period. Such opportunities should be available to other countries as well.

An Explanation of Slow Growth and Low Employment Intensity

There are conflicting arguments about the causes of slow growth and low employment intensity of growth that have characterized contemporary developing countries. One view suggests that although there has been substantial market-friendly reform – encompassing movement towards freer trade; limitation of the role of the public sector; lifting of regulations and restrictions on the private sector; macroeconomic stabilization; reduction of price and distribution controls; and liberalization of the labor market – there has not been enough of them. The World Bank has strongly argued that the organization of SSA's labor market is an obstacle to both growth and high employment intensity of growth. The latter argument makes, among others, the points that wages in the formal sector are set too high by policies such as minimum wage regulations and the regulatory environment that prevents entry into the formal sector.¹³

An alternative view is that, while market reform including mobility in the labor market is important, the problem with the hitherto-implemented reform programs has been the absence of their integration with a public policy framework that encourages investment in socially-profitable activities by the provision of adequate infrastructure; incentives to overcome the “generalized infancy” that these economies suffer from; and offsetting the loss of “distorted incentives” that market reform rightly does away with by the institution of incentives for desirable activities. The proponents of this view point out that in East Asia public policies promoting socially-profitable activities were combined with critical rules of efficiency, for example: non-discrimination against exports relative to import substitutes and the avoidance of wildly variable effective protection rates, but not frowning at every bit of intervention with free trade; reasonable, but not immobilizing macroeconomic stabilization; getting prices to serve as indicators of social scarcity but not making a fetish of “getting prices right”; and free international access to technology but not premature freedom of international capital movement. This view also underlines that programs of labor market reform almost always leave out of focus the important issue, strongly supported by the East Asian experience, that labor mobility may be inhibited more by the absence of enabling factors – education, knowledge,

¹³ Important World Bank documents on the subject include: Alby et al., 2005 and World Bank, 2005. The World Bank has often advanced this critique to non-SSA countries as well.

information, transport infrastructure and access to working capital – than by regulations.¹⁴ This alternative view also emphasizes that appropriate institutions and systems of governance are essential for public policy to effectively lead development; and hence preconditions for reform.

One often encounters the argument that the East Asian experience – a handful of countries focusing on labor-intensive exports to the rich OECD markets - cannot be simultaneously replicated by the multitude of today's developing countries, especially the LDC-dominated SSA countries, who would be out-competed by the successfully emerging countries for a limited market. The argument is valid as a critique of the supposed "OECD-centrism" of the strategy. Today's developing countries, replicating the East Asian experience, need not however focus on the OECD market as the principal destination for their exports. Simultaneous development of many developing countries should expand markets for each other.¹⁵ Also, it is worth noting that during the years of the Great Recession, for the first time in recent history, the increment in total world production was exceeded by the increment in production in the developing countries, led by China and India. Trade of these rapidly-growing countries has been increasingly turning towards the developing countries, a trend that needs to be strengthened.

A further question about the feasibility of replicating the East Asian strategy by today's developing countries is whether the full implementation of the WTO regulations would make it impossible for the developing countries, especially the least developed ones, to adopt some of the most effective East Asian policies to promote labor-intensive exports.¹⁶ Future multilateral trade negotiations must address this issue.

The Need to Complement Employment-Intensive Growth by Other Policies

It has been noted that the East Asian kind of employment-intensive growth is the near-sufficient condition for the attainment of the first MDG and a powerful contributor to progress of some of the other MDGs; but it cannot ensure the attainment of all the MDGs. It makes little direct contribution to the achievement of some of the MDGs, notably the broadly-defined public-good MDGs. For example, the East Asian case was characterized by high employment, including a high participation of women in employment. But it was not particularly successful in

¹⁴ For example, Pollin et al., 2007, Table 2.4 shows that in Kenya the urban/rural difference in wages and earnings is proportionately nearly as high in *informal* employment as the difference in wages and earnings between informal and formal sectors. What prevented the movement of labor between rural and urban informal sectors could not have been state regulations; it was the absence of enabling factors.

¹⁵ One is reminded of Ragnar Nurkse's classic argument that the way for a poor country to overcome the deficiency of domestic demand as a limiting factor on industrialization was to simultaneously develop many industries, workers in one providing market for the products of the others. See Nurkse, 1953.

¹⁶ An outstanding example is the Korean strategy of subsidized credit for export industries.

ensuring equality for women in wage, hierarchical distribution of employment and broader indicators like political representation.¹⁷ Similarly, the record of the East Asian countries in protecting the environment during the earlier phase of their employment-intensive growth does not seem to have been particularly good.¹⁸ It is also plausible to argue that the East Asians' success in MDGs related to education and health was largely due to independent action on their promotion; besides promoting these desirable goals, these actions helped employment growth by enhancing the productivity of labor.

Bypassing Employment-Intensive Growth?

Should the difficulty of attaining employment-intensive growth be a case for the pursuit of MDGs by other means? There are examples of relative success in one or more MDGs in the absence of employment-intensive growth. The centrally-planned economies of the 20th Century attained much better levels of primary education, child mortality and maternal mortality compared to countries at similar levels of development although their record in productive employment was not good. The record of South Asia over 1990 to 2007 shows that the rate of decline in child mortality was faster and its level in the terminal year was lower for Bangladesh and Nepal than for India with much higher level of income and faster income growth.¹⁹ These merely demonstrate the point made earlier that the levels of the MDGs, other than the first MDG, are at most partly dependent on the success of rapid employment-intensive growth.

This however does not constitute a case for bypassing employment-intensive growth in favor of direct public action to implement MDGs. Few countries have resources to fund such a program, especially the elimination of poverty and hunger, by public transfer and, in the ultimate analysis, such efforts, without successful employment-intensive growth, cannot provide the basis for sustained and broad-based progress in MDGs.

Summary

High employment-intensive growth is an indispensable instrument for the attainment of MDGs; it is almost sufficient for the elimination of poverty and hunger, the most important of the MDGs, and it contributes substantially to the attainment of some of the other MDGs.

¹⁷ The basic facts, not too easy to come by, can be found in the *Human Development Reports* of the 1990s.

¹⁸ Asian Development Bank, 1995 provides information.

¹⁹ The data are shown in the *World Development Indicators 2009*. The faster improvement in these indicators in Bangladesh and Nepal is probably explained by both a greater intensity of effort, including public fiscal allocation and NGO activism, and the lower incidence of exclusionary factors, such as the dominance of castes and lack of female autonomy in backward Indian states (e.g., Uttar Pradesh, Bihar, Orissa, Rajasthan, Madhya Pradesh and Assam).

Employment-intensive growth needs to be complemented by public action for the remaining MDGs which can at best be partially attained by employment-intensive growth. Such public action also strengthens employment-intensive growth itself. While it is necessary to supplement employment-intensive growth by direct public action to promote MDGs, it is self-defeating to try to bypass employment-intensive growth and try to implement MDGs by direct public action alone. This is highly inefficient and the magnitude of necessary public transfer is well beyond the ability of the countries to finance.

Replicating the East Asian kind of employment-intensive growth has proved difficult; the promise of success by market reform, dominating development policies during the last quarter century, has not borne out. The dominant development paradigm of the period has tilted its balance in favor of rules of efficient allocation of resources, leaving the rest to the market. Compared to the East Asian case, this development paradigm brushed aside the environment of generalized infancy that prevails in developing countries and failed to complement reforms by recognizing the role of public policy in directing resources to socially-profitable activities. Even the fast-growing countries of Asia and the handful of non-Asian countries joining their ranks in recent years have by and large failed to achieve high employment intensity of growth. While the general solution to this must lie in a combination of the reform of labor market regulations and the provision of the enabling factors to promote labor mobility, there are also country-specific special features of transition and growth that need to be dealt with by direct public action.

The replication of the East Asian experience of directing labor-intensive exports exclusively or even principally to the OECD market is no longer feasible when the growth in the latter has slowed and the entire developing world is poised to join the rank of exporters. Solution should be sought by increased trade and investment among developing countries, given the vastly expanded share of these countries in world trade and investment. Future multilateral trade negotiations must also provide for and preserve the freedom necessary for the least-developed and poor countries to support their promising infants.

REFERENCES

- Alby et al., 2005. Alby, Philippe, Jean-Paul Azam and Sandrine Rospabe, "Labor Institutions, Labor-Management Relations, and Social Dialogue in Africa", World Bank, Washington, D.C.
- The Asian Development Bank, 1995. *Emerging Asia: Changes and Challenges*, Oxford University Press.
- Khan, 2009. Khan, A. R., "Employment in Sub-Saharan Africa: Lessons to be Learnt from the East Asian Experience", Working Paper for the Africa Task Force of the Initiative for Policy Dialogue, Columbia University.
- Khan and Muqtada, 1997. Khan, A. R. and M. Muqtada, *Employment Expansion and Macroeconomic Stability Under Increasing Globalization*, Macmillan, London.
- Nurkse, 1953. Nurkse, Ragnar, *Problems of Capital Formation in Underdeveloped Countries*, New York: Oxford University Press.
- Pollin et al., 2007. Pollin, Robert, Mwangi wa Githinji and James Heintz, *An Employment-Targeted Economic Program for Kenya*, UNDP, New York.
- Mazumdar and Basu, 1997. Mazumdar, Dipak and Priya Basu, "Macroeconomic Policies, Growth and Employment: The East and South-East Asian Experience" in Khan and Muqtada, 1997.
- United Nations Development Programme (UNDP), *Human Development Report*, relevant years.
- World Bank, 2005. World Bank, "Jobs in Kenya: Concept Note", draft manuscript, Washington DC.
- World Bank, *World Development Indicators (WDI)*, relevant years.

Table 1: Annual Average Growth Rates

Region	1980-90	1990-2000	2000-2007
East Asia & Pacific	7.6	8.5	9.0
Europe & Central Asia	2.3	-0.8	6.1
Latin America & Caribbean	1.7	3.2	3.6
Middle East & North Africa	0.2	3.8	4.5
South Asia	5.7	5.5	7.3
Sub-Saharan Africa	1.7	2.5	5.1

Source: World Bank, *World Development Indicators, 1997 and 2007*.

Table 2: Unemployment Rates in Selected Countries

	Country	Years	Earlier Year	Later Year
Bangladesh:	Total	2000 & 2005	3.3	4.3
	Female	“	3.3	7.0
Cambodia:	Total	2000 & 2004	2.5	7.1
	Female	“	2.8	6.7
China Urban:	Total	1997 & 2008	3.1	4.2
India:	Total	1997 & 2000	2.6	4.3
	Female	“	2.4	4.3
Indonesia:	Total	1997 & 2008	4.7	8.4
	Female	1998 & 2008	6.1	7.6
Malaysia:	Total	1997 & 2008	2.5	3.3
	Female	“	2.8	3.7
Philippines:	Total	1997 & 2008	7.9	7.4
	Female	“	8.5	7.1
Thailand:	Total	1997 & 2008	0.9	1.2
	Female	“	0.9	1.0
Vietnam:	Total	1997 & 2004	2.9	2.1
	Female	“	2.6	2.4
Argentina:	Total	1997 & 2006	14.9	9.5
	Female	“	17.9	11.7
Brazil:	Total	1997 & 2007	7.8	8.2
	Female	“	10.0	10.8
Chile:	Total	1997 & 2008	5.3	7.5
	Female	“	6.6	8.7
Mexico:	Total	1997 & 2008	4.1	3.5
	Female	“	6.1	3.9

Source: ILO Database.