



AP PHOTO/ELIZABETH DAZIEL

Institutions Matter

Exploring the differences in labor and welfare institutions
for decent work in developed and developing countries

Sabina Dewan June 2009



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Introduction: Institutions matter

Institutions matter. They are the means by which—or through which—national governments administer policies that seek to improve their citizens' lives. Amid the current global economic crisis, which is exacerbating economic imbalances and inequalities within countries and across them, country-level labor and welfare institutions matter even more. Governments face tremendous pressure to protect workers and their families against the negative repercussions of the world economic downturn and to stabilize their economies.

There is considerable variation, of course, between the labor and welfare institutions in place in different countries around the world. These differences are significantly pronounced between developed and developing economies. Yet today's economic crisis highlights the need for all nations to help stabilize and fundamentally rebalance the global economy.

The chain of economic shocks transmitted across the globe by the financial crisis last year and the resulting global credit squeeze led to declining trade and investment among developed and developing nations alike, alongside falling remittances and uncertain aid flows to developing countries. These shocks are exacerbating inequalities and fueling insecurity in the developing world while in the developed world worries about perceived unfair trade practices and declining domestic economic growth is fueling protectionist pressures.

The return to sustained economic growth is contingent upon collectively restoring consumer confidence, restoring regulated free trade and avoiding protectionism, as well as countering the negative labor market effects of the crisis in developed and developing countries alike. To this end, it is vital that countries not only take responsibility to strengthen their own national labor and welfare institutions, but that developed countries support their establishment in developing countries to stabilize and structurally rebalance the global economy.

The Decent Work Agenda proposed by the International Labor Organization provides a strong framework for institutions that can help all countries deal with the political, social and economic fallout from the current crisis to help bring their economies back on track. To this end, governments should place priority on strengthening institutions to do the following:

The ILO's Decent Work Agenda

*Decent work means productive work in which rights are protected, which generates an adequate income and social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising worker's rights and social standards.**

The four pillars of the Decent Work Agenda are:

- Social protection.
- Employment.
- Fundamental rights at work and standards.
- Social dialogue.

* International Labor Organization (1999) Decent Work: Report of the Director General. Geneva: ILO.

- Protect workers.
- Invest in the creation of decent employment opportunities.
- Leverage social dialogue in doing so.

This paper will briefly survey the conduits through which the global financial and economic crisis is transmitting itself and how this is affecting labor markets around the world. It then highlights the differences between existing national labor and welfare institutions in developed and developing countries. Based on the identifiable gaps, this paper will provide broad guidelines for what more can be done to improve upon decent work structures, modeled after the ILO framework, to protect workers, families and societies from the negative repercussions of this crisis, and in the future.

The labor market consequences of the economic crisis

The outlook for workers in today's global economy appears to be bleak. The International Labor Organization estimates that 6.0 percent of the world's workers were out of work and looking for employment in 2008, up from 5.7 percent in 2007.¹ Its most recent forecast suggests that in 2009 between 210 million and 239 million people will be unemployed. This corresponds to global unemployment rates of 6.5 and 7.4 percent, respectively.² The gender impact of the crisis has been variable across developed and developing countries, although women frequently continue to find themselves in a disadvantaged position as compared to their male counterparts in labor markets around the world.³ The youth unemployment rate rose by 0.4 percentage points in 2008, bringing the number of total unemployed youth around the world to 76 million.⁴ And this rate of unemployment for youth is projected to increase from 12.2 percent in 2008 to between 13.0 and 15.1 percent in 2009.⁵

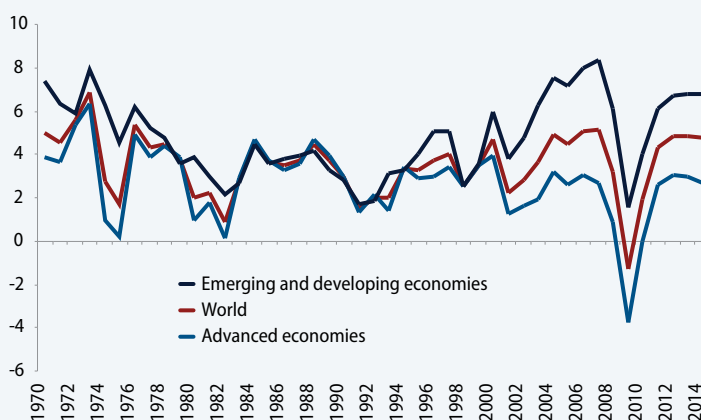
The credit squeeze in developed countries, coupled with slowing growth rates, is fueling a rise in unemployment. Massive credit growth and high-risk lending over the past eight years in the United States and Europe fueled an unsustainable rise in asset prices. The swift adjustment and re-pricing of risk for assets related to U.S. subprime mortgages over the past year created a liquidity crunch in the U.S. and European banking systems, exemplified by the freeze in interbank lending in the fall of last year.⁶ In developed countries, these intense financial strains and corrections in the housing markets are making credit harder to obtain for businesses and

Bleak forecast for global growth*

The global recession has brought the robust growth of the previous decades to an abrupt halt. According to the International Monetary Fund's most recent forecast, world output will decrease by 1.3 percent in 2009 before gradually recovering in 2010 by a moderate 1.9 percent. In the fourth quarter of 2008, advanced economies saw an unprecedented 7.5 percent decline in real GDP. This downward trend is estimated to have continued through the first quarter of 2009. Speculations that emerging and developing economies would escape the brunt of the crisis, and about their decoupling from the advanced economies, have proved to be wrong. The greater integration of emerging and developing countries into the global economy has exposed them to the negative effects of the contagion. Aggregately, emerging economies contracted 4 percent in the final quarter of 2008.

Real GDP growth

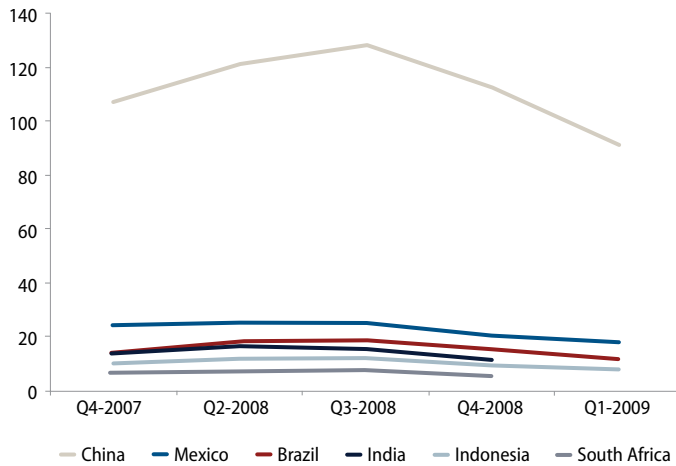
Annual percentage change



Exports in goods (value)

Select economies

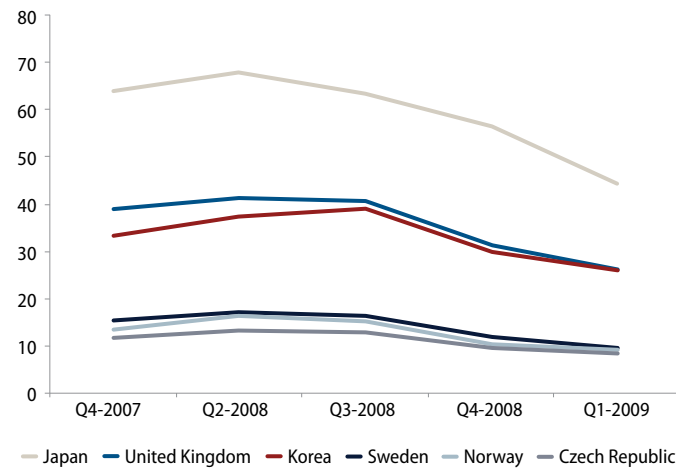
Billions of U.S. dollars



Exports in goods (value)

Select OECD economies

Billions of U.S. dollars



consumers. The ensuing fall in demand is dramatically damaging to the automotive sector in a number of countries, for example, in the United States, Germany, Sweden, and Japan.

The ILO projects that developed economies and the European Union will likely account for 35 percent to 40 percent of the total global increase in unemployment in 2009, although this region makes up less than 16 percent of the global labor force.⁷ Developed economies, including the European Union and parts of East Asia—where the gender gaps in employment opportunities before the onset of the crisis were smaller—male and female unemployment rates may converge because of a greater impact of the crisis on male unemployment rates.⁸ Youth employment is projected to increase between 2.9 and 5.6 percentage points in developed economies and the European Union.⁹

In many developing countries that rely on investment and trade for growth, a decline in trade flows and investment flows comes with negative repercussions. Calculations suggest that about one third of growth in emerging countries is derived from investment; therefore, the precipitous decline in capital flows and investment has serious consequences for development.¹⁰ Projections suggest that private capital flows to emerging countries are likely to fall to \$165 billion in 2009 from \$929 billion in 2007.¹¹

Falling trade is a major conduit that is adversely affecting the labor market, particularly the labor-intensive manufacturing sectors in developing countries. Lower demand, slowed production and restricted access to trade financing have contributed to a major recent contraction in global trade. The volume of world trade is forecast to decline by approximately 9 percent in 2009, the biggest contraction

since World War II.¹² And as leaders face pressure to explain mounting job losses, some are inching towards protectionism. Falling exports are severely effecting economies around the world, especially some Asian and Latin American economies that rely on export-led growth.

In developing countries, shuttered factories and companies, especially in labor-intensive manufacturing, have caused many to lose their jobs. This decline in wage employment in the formal economy is likely to fuel the growth of the informal economy and informal employment, with precarious contracts and the potential for labor exploitation including child labor.¹³

In addition, there will likely be some reverse migration from urban areas back to rural areas. Agriculture continues to be the predominant sector in rural areas. Low-productivity work in agriculture is common, which means the sector is already saturated and may not be able to provide productive work for those returning from urban areas. Underemployment could be the result.

Women in developing countries, who comprise a significant share of employment in labor-intensive manufacturing industries, are facing significant negative repercussions in the face of the current crisis. Even prior to the crisis, women faced significant barriers to accessing decent employment opportunities in several developing countries; they tended to be disproportionately represented in temporary employment, and other forms of precarious work, and this will only be exacerbated amid the economic crisis. A similar story applies to youth in developing countries: As companies and factories lay off employees, the less experienced young workers are more likely to be let go, even as new cohorts enter the labor market.

As firms and factories shed jobs laying off migrant workers, remittances too are seeing a decline at the same time that the uncertainty in aid flows is growing. For a number of developing economies, remittances are an important source of external financing and income. In some countries, remittances can constitute as much as 24 percent of gross domestic product; in more than 20 countries, they constitute over 10 percent of GDP.¹⁴ As such, falling remittances carry major implications for several developing countries and the households within them that have come to rely on remittances as a source of income. This fall in remittances also comes at a time when unstable economic conditions are fueling uncertainty in the flows of development aid.

The transmission of the crisis through these channels has therefore led to severe labor market effects that are causing real pain to workers and their families in developed and developing countries. These negative pressures on the global economy and labor markets continue to dominate despite the upward pull of monetary and fiscal policy measures that many governments have instituted since the beginning of the crisis.¹⁵ This reinforces the case for strong and stable labor and welfare institutions that can improve the resilience of economies through this crisis, but that are also firmly in place to restrain the impact of future crises.

Deriving guidance from the pillars of decent work

As the economic crisis takes its toll, workers and their families in different parts of the world are struggling to stay afloat and are increasingly looking to their governments to provide the necessary support and to bring their economies on the path of growth. In light of these challenges, governments should focus their efforts on protecting workers and their rights, investing in the creation of decent work, and leveraging social dialogue. Let's consider each in turn.

Protect workers

Individuals have the right to be free of economic vulnerability and deprivation so that they can pursue a decent life. On the basis of this rights-based approach alone, national governments have an obligation to institute social protection to ensure the well-being and security of their citizens.

Amid this time of great distress, government spending on unemployment insurance and on social protection programs such as health care, social security, and pensions, and other forms of national government welfare assistance assumes an even greater importance in helping workers weather the storm. In addition to the rights-based approach and the political argument for government support for social protection, there is a strong economic argument as well. Social protection mechanisms can function as instruments for facilitating adjustment by raising productivity and by acting as automatic stabilizers to counter the effects of the business cycle. They can also function as an instrument for redistribution to smooth consumption. After exploring the rationale for social protection and why it plays a key role especially in times of crises such as the current one, this section explores the differences between developed and developing economies in the extent of their social protection institutions.

In a joint publication, the International Labor Office and the International Social Security Association describe social protection as consisting of “all income transfers (or benefits) in kind and in cash that a society affords to its individual members in order to: avoid or alleviate poverty; or assist them in coping with a series of life contingencies or risks which, if they occurred might otherwise lead to a loss of income ... or reduce or correct inequalities created through the primary (pre-transfer) income distribution.”¹⁶ (Also see Appendix I on page 14).

The discussion on social protection as a regulatory instrument for facilitating adjustment and redistribution has gained renewed recognition and serious attention in recent months.¹⁷ There is a pressing need to protect workers and their families. But in addition to containing the short-term fallout, there is an opportunity to use the current crisis as a reason to develop and strengthen institutions that would facilitate a recovery and also would improve the resilience of workers, their families, and the economy at large in the face of future crises.

Social protection can play a critical role as a mechanism for income redistribution as employment levels and worker incomes fall. Redistribution that is “productivity raising” can contribute to growth.¹⁸ For example, few would argue against the notion that the provision of health care and occupational safety could help create greater efficiency and production. While sickness insurance can help remove unproductive labor from the labor force and at the same time ensure that the ill are able to continue to consume, access to health care also has benefits in terms of preventing individuals from becoming sick or unproductive.

Social protection expenditures are also considered to be “automatic stabilizers” that help counter the effects of the business cycle. In order to be automatic, however, the stabilizers have to be in place so that they can kick in as negative pressures start to exert themselves. National governments can institute protection measures once the cycle sets in, but they are slower to take effect and are less reliable. The provision of cash or in-kind benefits can help smooth consumption and bolster income security in the event of a shock that holds individuals from slipping further into deprivation.

Empirical evidence on the multiplier effects of social protection is lacking, but it is likely that the income smoothing and stabilizing effects of social protection have further positive impacts on society and the economy. Conversely, lack of social protection, particularly in the event of a crisis, can lead to downgrading health and nutritional inputs, pulling children out of school or young adults out of college and thus eroding human capital in the long run, increasing the use of free community resources, and evading financial commitments such as paying taxes¹⁹—all actions that undermine economic growth and make people more vulnerable to poverty.

There are variations between developed and developing countries as well as across them in the level of social protection they provide to their citizens, and these variations may also reflect the political reality that countries prioritize the need for social protection differently. The arguments for social security and social safety nets apply to both developed and developing countries, but the challenges that countries face in establishing the necessary institutions are different. It is straightforward that the level of development is strongly correlated with the extent to which a country is able to establish social protection.

But there are also variations among developed countries—for example, the model of the European welfare state versus that of the United States and between developing countries. Social spending²⁰ (used as an approximate indicator for expenditures on social protection) in developed countries ranges from 9.1 percent of GDP in Switzerland to 23.35 percent of

GDP in Austria, according to the IMF. In the developing world, countries report widely varying social spending levels, from 0.11 percent in Honduras to 7.45 percent in the Seychelles (see Appendix II on page 15).

The assumption that low-income and developing countries cannot afford social protection is a common one. Recent ILO calculations have nonetheless showed that a basic package is affordable in sub-Saharan Africa and Asia and can have a significant impact in reducing poverty and vulnerability.²¹ Case in point: A small universal flat rate pension benefit combined with a universal child benefit²² has the potential to lower the number of people living in poverty by 40 percent in some developing countries while the cost for these benefits would be approximately 3 percent to 4 percent of GDP. While 3 percent to 4 percent of GDP is not a small amount—especially in countries that are strapped for resources—social protection has significant benefits that are especially pronounced in times of crisis like the current one.

Nonetheless, successful introduction of social protection entails the availability of technically trained experts that can plan, organize, administer, and manage the transfer programs. This calls for substantial investments in building capacity in developing countries to help them develop and sustain their own programs.

Several countries are introducing social protection measures such as extended unemployment benefits (Brazil, Chile, Japan, and the United States) and other unemployment benefits for workers that have been laid-off (France, Switzerland, and Italy).²³ In developing countries such as Thailand and the Philippines where there is an informal economy and where a large number of migrant workers are returning, public measures are focused on assisting vulnerable workers through other transfers rather than extended unemployment benefits. Training programs to realign the supply and demand for labor according to the changing economic landscape are widespread across developed and developing economies, but anecdotal evidence suggests that their quality and effectiveness varies considerably.

Invest in the creation of decent work

At the same time that spending on social protection is most needed, governments seeing budget shortfalls and falling exports are finding it increasingly difficult to pay the bill. Because of this dual problem, the measures that are pursued must also be coupled with strategies to create more and better employment.

Work is fundamental to people's lives. It is their source of income and personal integrity and a way to support the well-being of their families while being socially responsible. Harnessing the productive capacity of working women and men can be a source of progress and stability for a society and economy at large. In contrast, the absence for opportunities for decent work can foster inequalities. It can be a source of instability and hinder economic growth and progress.

As labor markets around the world shed jobs at a dizzying pace, it is critical that governments focus their efforts on creating employment. But the jobs created should not be just any jobs. They should be jobs that honor core labor standards, that provide a sufficient remuneration to attain an internationally minimal standard of living, and that are free from discrimination and complete with social protection and the right to organize. There is also an opportunity right now to explore innovative strategies for employment creation such as using the shift toward a low-carbon economy as a chance to generate new jobs. Moreover, efforts to create employment in the short term to tackle the current economic crisis must be balanced with measures to improve the employment elasticity of growth in the long term.

A number of developed and developing countries are instituting economic stimulus measures that have a job-creation component. Studies indicate that the higher the employment component in a country's measures to tackle the crisis, the greater the stimulus' impact on the economy.²⁴ Investments in employment-intensive areas have multiplier effects that are higher than those achieved with other measures such as tax cuts.²⁵

Some advanced economies are trying to boost the demand for labor by providing subsidies and exemptions for hiring—such as in the United Kingdom—or more in-work benefits together with reduced working hours to curb lay-offs, such as in Germany.²⁶ Infrastructure projects that offer the potential to employ a large share of people while improving public works are a popular component of stimulus packages. In developing countries, such labor-based public works programs can use surplus labour for investments in infrastructure. They are particularly helpful in enhancing the employment opportunities for the low-income and low-skilled segments of these populations that may otherwise be susceptible to informal employment.

In a number of developed nations (France, Spain, and the United States) efforts to create employment include a focus on green jobs. These jobs are “today’s jobs repurposed and expanded in a low-carbon economy.”²⁷ They include weatherizing buildings and making them more energy efficient, constructing mass transit lines, and installing solar panels and wind turbines. But addressing global climate change and creating green jobs is not a priority in many developing countries, particularly given the current economic climate. There is an opportunity for developed economies to work together with developing countries to address global climate change and to leverage the move toward a low-carbon economy as a means of job creation.

Leverage social dialogue

Social dialogue, including negotiation, consultation, and the exchange of information between workers, employers, and government, plays a critical role in ensuring that workers are protected and that decent employment is being created. Social dialogue can help make sure that state policies lead to more equitable outcomes for broad-based increases in living standards. The protection of workers, along with the creation of new employ-

ment opportunities and a labor force that is able to take advantage of those opportunities, demands cooperation and coordination between tripartite partners. These measures will inevitably require a reallocation of expenditures that calls for the support of these groups.

The ILO's Global Wage Report²⁸ nonetheless finds that except for European countries, the coverage rate for collective bargaining is typically low. Europe has relatively high collective bargaining coverage, with 70 percent or more of employees being covered by collective agreements in most EU countries. Still, in Hungary, Poland, and the United Kingdom, less than half of the employees are covered and this rate is less than 15 percent in Latvia and Lithuania. Collective bargaining coverage is generally below 15 percent and frequently below 5 percent in Asian countries. In developing countries, there tends to be high coverage in a small formal sector, but no coverage in the informal economy.

Guidelines for moving forward

To reiterate a commonly used cliché these days, the economic crisis also comes with opportunity. There is a chance to strengthen institutions for social protection, decent employment generation, and social dialogue that are critical in the short run to protect workers, break the downward spiral, and to jumpstart the global economy. In the long run, these institutions are also fundamental for structurally rebalancing the world economy and improving its resilience.

There is an opportunity now to institute complementary measures across developed and developing countries to realign the world's economy. As outlined in the Center for American Progress report “Transitioning to a New U.S. International Economic Policy: Toward a ‘Global Deal’ to Revive and Broaden the Benefits of Growth,” these measures include helping developing countries institute labor, investor, environmental, and basic social protection programs.²⁹

To this end, national governments must:

- **Prioritize the provision of basic social protection.** This should include (but certainly not be limited to) universal health care, a basic pension benefit, adjustment assistance, and unemployment insurance. Social protection institutions should also be strengthened as economies start to recover.
- **Emphasize employment generation.** This should be emphasized in stimulus packages. Governments should leverage infrastructure projects as well as the move toward greater energy efficiency and a low-carbon economy to generate more jobs while making sure these jobs are decent. Attention must also be paid to giving women and youth adequate assistance to ensure equitable access to opportunities for decent work in the labor market.
- **Recruit the tripartite partners.** Employers, workers, and governments alike are needed to design and implement the necessary institutions and policies.
- **Build this kind of institutional capacity in developing countries.** International partners and stakeholders—including donor governments, international institutions, and nongovernmental organizations—should help national governments in developing countries build capacity to establish protection systems and strengthen their key labor ministry functions including inspecting and administration of labor standards.

- **Support the ILO in its mission to help build capacity for these institutions in developing countries.** The ILO is the best-positioned organization to undertake this capacity-building effort. Therefore the international community must also strengthen the ILO and its focus on national labor and social protection institution building.
- **Expand assistance to countries that want to establish labor and welfare institutions.** Donor countries, international organizations, and nongovernmental groups should provide both technical and financial assistance to developing countries to help set up their social protection systems and to help formulate national policies for employment generation.
- **Provide green job technical assistance to developing countries.** Developing countries need help drawing up and implementing national employment strategies that incorporate green jobs. To this end, developed countries and international partners should provide the know-how as well as financial assistance to help developing countries incorporate energy efficiency, clean energy, and green jobs in their growth strategies.

Conclusion

Institutions matter. Amid today's global economic crisis, working people are at the receiving end of the negative repercussions. It is critical that national governments strengthen institutions to protect their workers, to generate decent employment, and to leverage social dialogue in doing so. National governments should adopt a rights-based approach to strengthening labor and welfare institutions based on the notion that all citizens have a right to a life with security and dignity, free from vulnerability and deprivation. But political, economic, and social stability also depend on these institutions being in place. The Decent Work Agenda provides a strong framework for institutions that can help countries cope with the fall out from this crisis and build resilience to cope with future crises.

The global economy is but the sum of all its parts. It is therefore important that all its parts function in a healthy manner. Labor and welfare institutions are imperative to the healthy functioning of economies around the world. As such, all countries must prioritize strengthening these institutions. Those countries that have these institutions in place must convince others of their necessity. They must help strengthen these institutions in countries where they are weak, and they must help build them in countries where they do not yet exist.

Appendix I

Classification of social protection functions³⁰

| | |
|---|---|
| Health care | Prevention, primary health care, other health care |
| Sickness | Paid sick leave, other cash benefits |
| Disability | |
| Disability cash benefits | Disability pensions, other cash benefits (including tax benefits) |
| Disability benefits in kind | Residential care, day care and rehabilitation, home help services, and others |
| Survivorship | |
| Survivors' cash benefits | Survivors' pension (widows, widowers, orphans), other cash benefits (death grant, other) |
| Survivors' benefits in kind | Funeral expenses, etc. |
| Employment injury | |
| Employment-injury cash benefits | Temporary cash benefit to the insured, disability pensions to the insured, other cash benefits to the insured, survivors' pensions, other cash benefits to survivors |
| Employment injury benefits in kind | Health care, other benefits in kind |
| Old age | |
| Old age cash benefits | Old age pensions, other cash benefits |
| Old age benefits in kind | Accommodation, care, etc. |
| Family and children | |
| Family and child cash benefits | Maternity benefit, birth grant, prenatal leave benefit, family or child allowance, other cash benefits (including tax benefits) |
| Family benefits in kind | Day care, accommodation, home help, other |
| Unemployment and labor market policies | |
| Unemployment cash benefits | Unemployment benefit (unemployment insurance, unemployment assistance), severance pay (redundancy compensation), early retirement for labour market reasons |
| Labor market programs | Labor market training, placement services/job-search assistance, job rotation and job sharing, labor cost subsidies and reduction of taxes/social contributions, sheltered work (rehabilitation schemes), job creation in the public or nonprofit sector, start-up incentives |
| Housing | Cash benefits, rent/energy subsidies |
| Social assistance and other | Low income (cash, services), immigrants/refugees (cash, services), miscellaneous (cash, services) |
| Basic education (primary) | Cash benefits (including tax benefits) and benefits in kind |
| Food and nutrition | Food aid, food stamps, food subsidies |

Appendix II

Social spending of general government³¹

| | Year | Social benefits % GDP | GDP per capita (U.S.\$) |
|----------------------------|------|-----------------------|-------------------------|
| Developed countries | | | |
| Austria | 2007 | 23.35 | 36,987.45 |
| Belgium | 2006 | 22.29 | 43,032.59 |
| Cyprus | 2007 | 20.02 | 27,312.53 |
| Finland | 2007 | 17.28 | 46,836.49 |
| France | 2007 | 23.09 | 41,876.68 |
| Germany | 2007 | 24.63 | 40,391.64 |
| Greece | 2007 | 17.2 | 28,057.23 |
| Ireland | 2007 | 11.63 | 60,208.95 |
| Italy | 2007 | 19.99 | 35,963.26 |
| Luxembourg | 2007 | 17.9 | 103,590.64 |
| Netherlands | 2007 | 19.96 | 46,774.46 |
| Portugal | 2007 | 19.25 | 21,109.29 |
| Slovenia | 2006 | 17.28 | 19,367.85 |
| Spain | 2007 | 14.11 | 32,087.86 |
| Australia | 2007 | 10.09 | 43,199.04 |
| Canada | 2007 | 8.84 | 43,674.04 |
| Hong Kong | 2006 | 4.52 | 27,488.57 |
| Denmark | 2007 | 16.42 | 57,004.22 |
| Iceland | 2007 | 5.89 | 64,959.11 |
| Israel | 2007 | 9.43 | 23,578.71 |
| Japan | 2006 | 17.75 | 34,158.60 |
| New Zealand | 2007 | 10 | 30,431.85 |
| Norway | 2007 | 14.28 | 82,225.70 |
| Singapore | 2007 | 3.25 | 36,383.57 |
| Sweden | 2007 | 18.31 | 49,661.16 |
| Switzerland | 2006 | 9.1 | 58,513.24 |
| United Kingdom | 2007 | 12.68 | 46,040.51 |
| United States | 2007 | 12.2 | 45,778.45 |
| Africa | | | |
| Congo | 2005 | 0.71 | 1,820.20 |
| Lesotho | 2006 | 2.96 | 641.5 |
| Mauritius | 2007 | 5.02 | 5,494.39 |
| Morocco | 2007 | 3.82 | 2,423.09 |
| Seychelles | 2005 | 7.45 | 10,883.44 |
| South Africa | 2006 | 4.21 | 5,441.82 |
| Asia | | | |
| Thailand | 2007 | 2.14 | 3,742.82 |
| Middle East | | | |
| Egypt | 2007 | 4.36 | 1,771.64 |
| Kuwait | 2007 | 8.72 | 33,759.99 |
| Western Hemisphere | | | |
| St. Kitts | 2006 | 1.57 | 9,589.13 |
| Argentina | 2004 | 6.14 | 4,704.30 |
| Barbados | 2004 | 5.6 | 10,999.27 |
| Bolivia | 2007 | 3.89 | 1,352.48 |
| Chile | 2007 | 4.2 | 9,881.33 |
| Costa Rica | 2007 | 2.45 | 5,912.20 |
| Honduras | 2007 | 0.11 | 1,647.76 |
| Jamaica | 2005 | 0.68 | 3,650.93 |
| Paraguay | 2007 | 3.28 | 2,025.96 |
| Peru | 2007 | 2.59 | 3,805.68 |

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About the author

Sabina Dewan is the Associate Director of International Economic Policy at American Progress. She works on economic issues ranging from the role of globalization, to that of trade, aid and monetary policies in raising living standards around the globe. In doing so, Sabina's areas of focus include labor market policies and social protection. Sabina also studies the nexus between development and security, and the function of foreign assistance and capacity building in development. She collaborates closely with non-resident fellows, including Rick Samans, in the area of international economic policy.

Prior to joining American Progress, Sabina was a research analyst at the International Labour Organization in Geneva, Switzerland, where she worked on various projects promoting the ILO's decent work agenda within the context of globalization and international development. She then worked as an independent consultant based in Brussels, Belgium, undertaking a variety of projects for institutions including the ILO Regional Office in Thailand, the U.N. Girls' Education Initiative and the directorate-general on employment, social affairs, and equal opportunities of the European Commission. Sabina has an advanced master's degree in quantitative studies from the Catholic University of Brussels, and a second master's degree in public policy from the University of California, Los Angeles. She received her bachelor's degree in political science from the University of California, Irvine. Sabina has traveled widely and lived in several countries including Afghanistan, India, and Sierra Leone.

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- 19 Jonathan Morduch and Manohar Sharma, "Strengthening Public Safety Nets from the Bottom Up," *Development Policy Review* 20 (5) (2002): pp 569 – 588.
- 20 It is important to note that higher spending may also be a result of higher costs of health care in the given country.
- 21 ILO, "Social Security Policy Paper No. 3: Can Low-Income Countries Afford Basic Social Security?" (Geneva: ILO, 2008).
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- 23 ILO, "The Financial and Economic Crisis: A Decent Work Response."
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