WORKING ON DEVELOPMENT

EMPLOYMENT PROSPECTS IN THE THIRD WORLD

Amid the hue and cry over the recent sharp rise in joblessness in the Western industrialised countries, little has been said about the growth of unemployment in developing countries. One reason for this may be that, at first glance, the rate of increase of unemployment in the Third World has been relatively low over the last two years. But, according to research recently completed by International Labour Office (ILO) economist Michael Hopkins, the number of jobless in the developing world cannot fail to rise dramatically, and soon, unless economic growth can be restored to levels above population growth.

Based on a review of data from 92 developing countries (excluding China), with a total population of 2254 million, the ILO study shows that the average rate of increase of Third World unemployment over the 1980-82 period was 0.8 percent. The reason for this surprisingly low figure appears to be that most of the countries surveyed are not heavily integrated into the world economy and therefore have been shielded somewhat from the effects of the recession in the industrialized countries. Thus, the rise in joblessness has been most pronounced in the more prosperous Latin American nations and among the Middle East and North African oil exporters and Nigeria, and least noticeable in Africa south of the Sahara, India, and Southeast Asia.

Unless the substantial economic growth rates of the 1960-80 period can be resumed, the rate of increase of unemployment in Third World countries is likely to more than double — to 1.9 percent — in the near future, says the ILO. The rate of economic growth in developing countries slowed to an average of around 1 percent per annum in 1980-82, compared to a surge of some 5.5 percent a year in the 1970-80 period.

There is a distinct danger that population growth will soon outstrip economic growth, thus increasing the number of jobless even more. In many Third World countries, lower mortality rates will cause substantial increases in the active population, especially, but not only, in poorer regions.

In low-income Latin America, the labour force is expected to grow by 3 percent a year up to the year 2000, compared to a rate of 2.4 percent in the 1960-80 period. And, in the developing countries of Asia, where the population grew by an average of 2 percent in 1960-80, the rate of increase will be 2.5 percent yearly to the end of the century.

Mr Hopkins' calculations are borne out by figures in the ILO's report on employment policy to the 1983 International Labour Conference, which predicted that in the next 20 years, the population of the developing world will increase by some 2.5 percent a year, compared to an average rise of 1.8 percent per annum for the rest of the world. This will add 500 million more jobseekers to Third World populations by the year 2000, the report says.

Unemployment figures, however, fail to give a true picture of the job situation in the Third World, since they do not reflect the acute underemployment and poverty that exist there. Mr Hopkins' extrapolations from available data show a rise in underemployment (i.e., lack of access of workers to productive jobs commensurate with their skills) in developing countries (excluding China) from 447 to 482 million persons over the 1974-82 period. Once again, the newly industrializing countries of Asia did not share in this phenomenon, despite sagging growth rates in the 1980s. The situation was worst in tropical Africa's poorest countries, where underemployment rose from 55 to 76 million persons in 1974-82.

The rise of underemployment is only partially determined by falling economic growth rates. The ILO study shows it increased between 1974 to 1980 despite an average growth rate of 5.5 percent a year in developing countries. And even if these substantial growth rates had persisted up to the present, underemployment would have continued to increase to around 450 million, according to Hopkins and the ILO.

Recession or no, the problem of underemployment is severe and unlikely to disappear without much greater increases in growth rates coupled with improvements in the distribution of income.

In this issue of *Reports*, five articles look at the employment–development equation from quite different perspectives. The role of crafts in generating employment and preserving culture is featured in "Crafts economies." Yet employment does not always engender development, as the article on the distortions wide differences in salaries produce in developing countries reveals. Some surprising statistics in Kenya suggest that the economy of the countryside is largely supported from the earnings returned there by people working in the cities ("Sending money").

The need to protect workers as a productive resource is brought home by the description of Singapore's industrial safety programs. And in a commentary, an analysis of the way international aid agencies decided to attack rural poverty through agricultural development suggests that after a decade of innnovation, the programs have not lived up to expectations.