



The Job deficit

Public Job Creation and the Right to a Job : Towards a Strategy of Pro-poor Inclusive Growth

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May 9-10, 2008

THE CITIZEN CITY INTERNATIONAL SYMPOSIUM ON ELR, Rio de Janeiro

Organized by the *Institute for Zero Unemployment*

Sponsored by the Brazilian National Development Bank



The role of the Markets revisited

- *Challenge:* International market dynamics lead to the **crisis** of rising food prices....
- *Challenge:* Sub-prime mortgage **crisis** leads to turmoil in financial markets...
- *Challenge:* demand is **insufficient** to provide jobs and hire those who need and wish to work; poverty reduction, polarization

The role of Government revisited

Economic and Social outcomes of *Laissez faire*, and small government prove uneven and often times disappointing

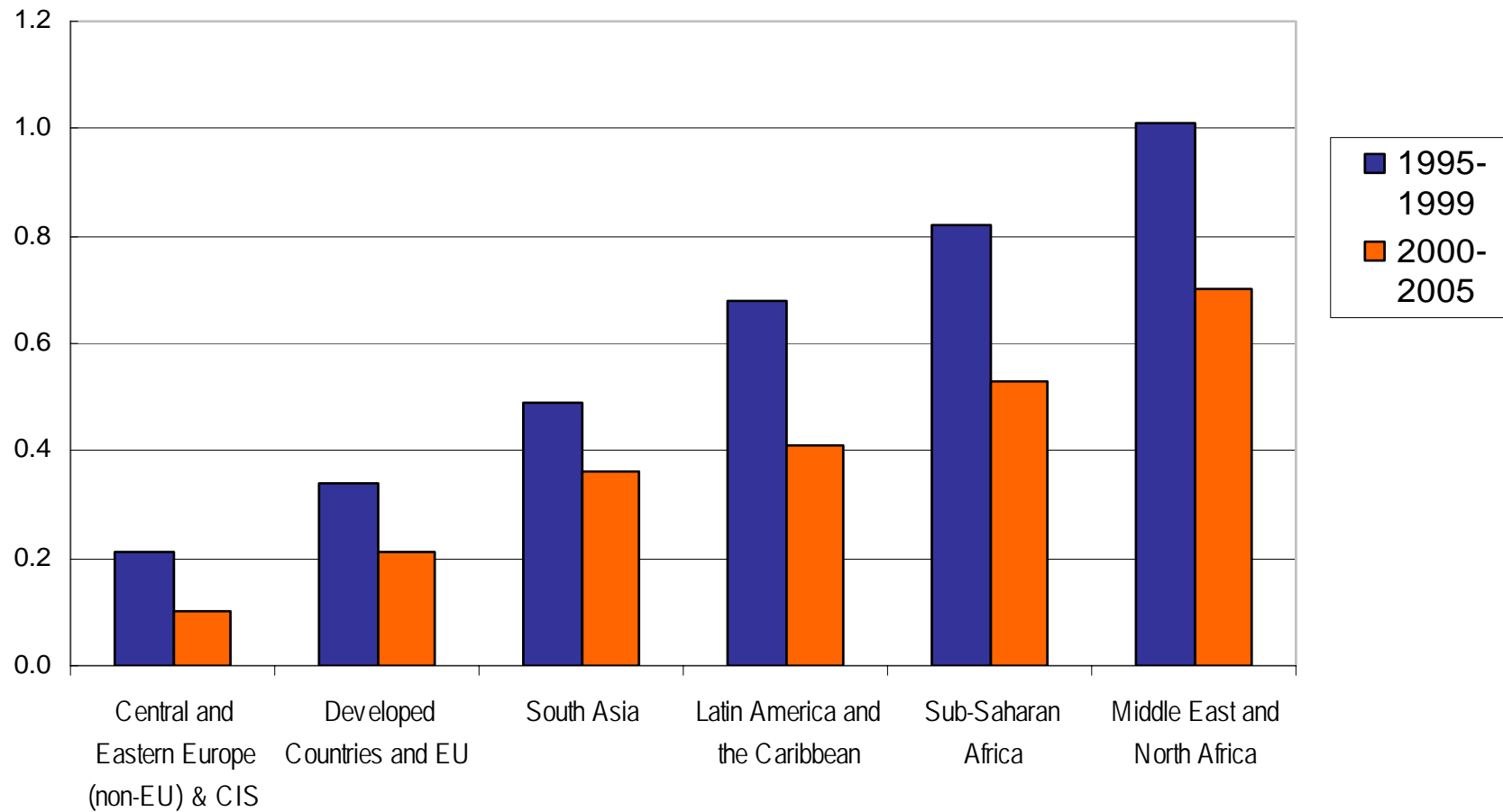
- **In production markets it can increase food security** price subsidies of staple foods, stockpiling, Malawi's subsidies of fertilizers, South Africa rethinking land policy
- **In financial markets it can ameliorate instability and fragility** stronger rules and regulation are needed
- **To address unemployment it can introduce an active labor market policy: ELR**



“There is plenty of evidence that unemployment has many far-reaching effects other than loss of income, including psychological harm, loss of work motivation, skill and self-confidence, increase in ailments and morbidity (and even mortality rates), disruption of family relations and social life, hardening of social exclusion and accentuation of racial tensions and gender asymmetries.”

Amartya Sen (2000)

Changes in employment to output growth ratio



Unemployment Rates (%)

Argentina	7.5	Greece (Dec')	8.9
Belgium	10.9	India (2007)	7.2
Brazil	8.0	Indonesia	9.8
Canada	5.8	Poland (Jan')	11.7
China (2007)	9.5	South Africa (2007)	25.5
Colombia	9.9	Spain	8.8
Euro Area	7.1	Sweden	6.1
France	7.5	Turkey (2007)	10.1
Germany	8.0	United States	(5.0) 9.1

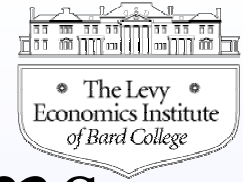
Why an EGS,ELR,PWP?

The right to work promotes

- Dignity, inclusion and expanded democracy
- Direct and indirect income creation
- Direct and indirect job creation
- Public and Private Asset creation
- *Pro-poor* growth
- *Change our mentality about growth* as the single developmental objective and replace it with pro-poor growth, employment creation, inclusion and improvement in standard of living of people

Typology of Direct Job Creation Government Programs

- **Emergency Programmes:**Indonesia, Korea, Argentina post 2001 financial crisis, USA (New Deal)
- **Social Funds:**Bolivia (1986), Chile (1975-1987), Peru (1991)
- **ILO Employment Intensive Infrastructure**(since 70's in many African countries)
- **The Right to Food,the Right to Work:**NREGA since 2006
- **Recognition of Unemployment during prosperity:** South Africa since 2005, Sweden and Australia (1940's-70's)



Employment Guarantee Programs

- What kinds of jobs? What types of “projects”?
Who is eligible? For how long?
- What is the “cost” of such projects and what are the “benefits”? Financing? Are they inflationary?
- Institutional arrangements? Technical expertise?
Fiscal and monetary policy consistency?



Employment Guarantee Programs

- Expanded Public Works Programmes
[infrastructure, social sector, environment, economic]
SOUTH AFRICA

- National Rural Employment Guarantee Act
[Right to Information Act- Ongoing Social Audits]
INDIA



NREGA

Types of Community Projects

Rural roads and access roads

Rural land development

Flood control works

Water conservation and water harvesting

Irrigation facilities to land owned by poor people and to beneficiaries of land reforms

Reactivation of traditional water harvesting and distribution systems



Promoting gender equality?

Example: Morocco Rural Water Supply and Sanitation Project

- improved access of rural communities to safe water
- which improves the health and productivity of rural communities
- while it reduced the burden of girls traditionally involved in fetching water, thereby increasing their school attendance
- time women and girls spend gathering water has been reduced by 50-90 %. This enables women to spend more time on agricultural production, literacy classes, while girls devote more time to education.



EPWP

Types of Community Projects

Road construction and maintenance

Water delivery

Ecological latrines

Early childhood development

Home and community based care

Environmental water conservation

Prevention of fires



Background on the Study

- **Research project** on micro-macro impact of scaling up public job creation
- **This presentation:** Kijong Kim (Levy Institute), EPWP, Irwin Friedman (Health Trust Fund) and PROVIDE team (Dept. of Agriculture)
- **Type of Intervention** : scaling up Early Childhood Development and Home/Community Based Care
- **The right to work , the right types of projects?**
unpaid work and gender issues

Policy Simulations

- **All Existing Types of Projects** have the potential to reduce unpaid work and facilitate creation and access to basic services
 - EPWP Working for Water; environment sector (*Tsitsikamma 2004/05*)
 - EPWP Social Sector** (*Health Trust Fund*)
 - EPWP Infrastructure; Access roads and Water Reticulation (*SCIP Engineering Group*)
- **Options for Job allocation scheme**
 - Jefes variation by population weights (part time year around)
 - NREGA scheme (100 days)
 - Poverty weights-normalized by population
 - Unemployment weights normalized by poverty incidence
- **Target population**
 - Poor and ultra poor households comprising (50% of the unemployed); “unskilled” wages according to programme stipulations and skilled according to SAM

Impact of EPWP Injection

ex-ante evaluation of policy scenarios

- Direct and indirect job creation (skill level/gender/sector)
- Direct and indirect income received by type of hh
- Depth of poverty reduction
- GDP growth? Pro-poor growth? Sectoral growth?
- Fiscal space expansion?
- *Impact of new assets and service delivery for participants and community*

The SAM for South Africa

- Based on PROVIDE, Dept. of Agriculture
- Factors disaggregated by skill and gender
 - 1 FGOS
 - 2 FMaleUS
 - 3 FMaleSk
 - 4 FFemUS
 - 5 FFemSk
- 26 sectors
 - 1 HUF_Af1_3
 - 2 HUF_Af4
 - 3 HUF_Af5
 - 4 HUF_Co1_3
 - 5 HUF_Co4
 - 6 HUF_Co5
 - 7 HUF_Wh
 - 8 HUI_Af1_3
 - 9 HUI_Af4
 - 10 HUI_Af5
 - 11 HRF_Af1_3
 - 12 HRF_Af4
 - 13 HRF_Af5
 - 14 HRF_Co1_3
 - 15 HRF_Co4
 - 16 HRF_Co5
 - 17 HRF_Wh
 - 18 HRI_Af1_3
 - 19 HRI_Af4
 - 20 HRI_Af5
- 20 types of hhs
 - 1 SALTAX
 - 2 INDTAX
 - 3 DIRTAX
 - 4 GOVT
 - 5 KAP
 - 6 DSTOC
 - 7 ROW
- 7 exogenous sectors
 - 1 Cagric
 - 2 Cmining
 - 3 Cfood
 - 4 Ctext
 - 5 Cpaper
 - 6 Cpetro
 - 7 Cnonmet
 - 8 Cmetals
 - 9 Cmachin
 - 10 Ccomeq
 - 11 Ctrnseq
 - 12 Comanuf
 - 13 Celec
 - 14 Cwater
 - 15 Cbuild
 - 16 Cconstr
 - 17 Ctradacc
 - 18 Ctrnscom
 - 19 Cfinsev
 - 20 Cbusserv
 - 21 Ceduc
 - 22 Cogovserv
 - 23 Chealth
 - 24 Csocial
 - 25 Coserv
 - 26 Cdomserv

E	53	1 SALTAX
X	54	2 INDTAX
O	55	3 DIRTAX
G	56	4 GOVT
	57	5 KAP
	58	6 DSTOC
	59	7 ROW

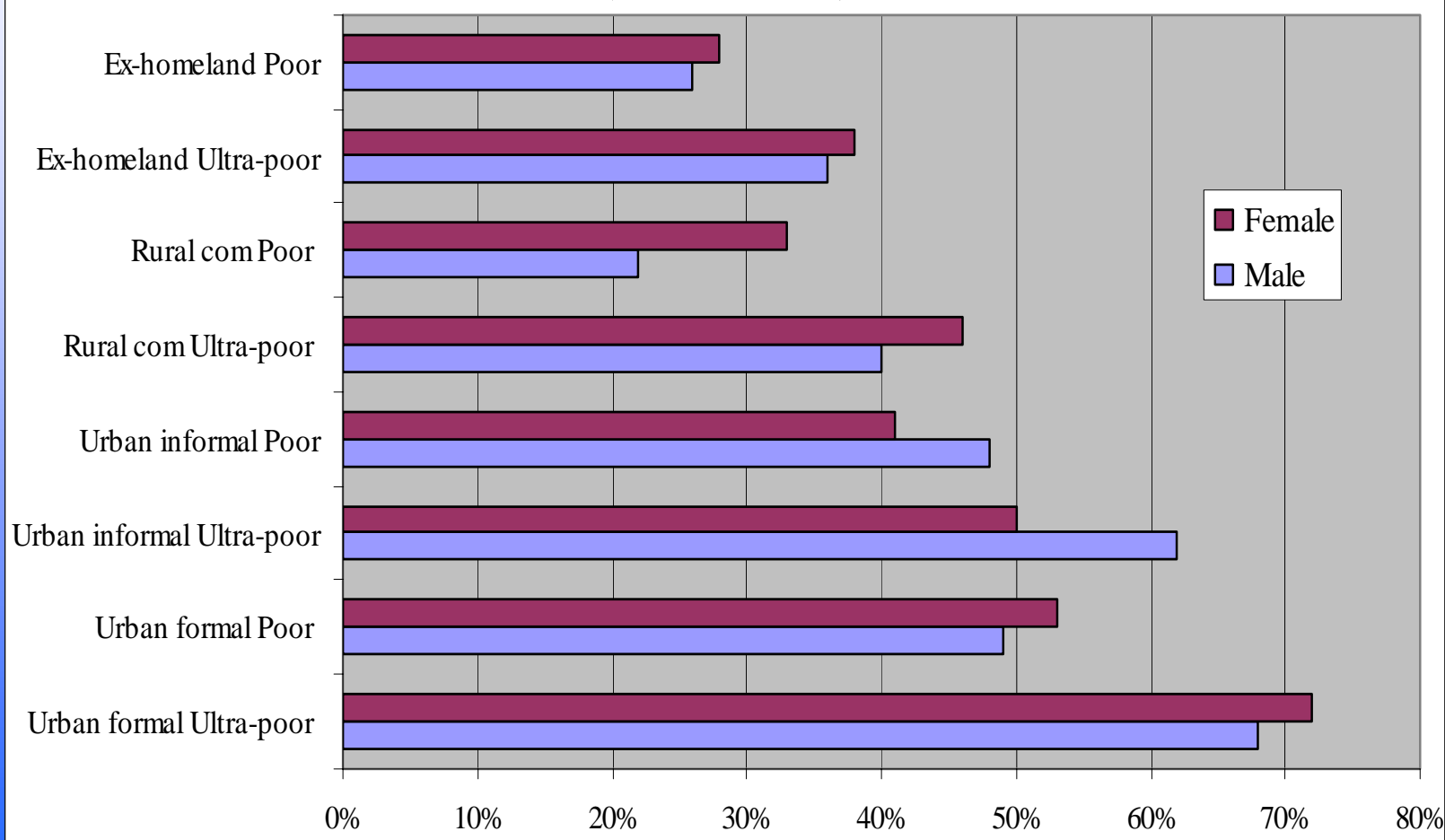
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6	HUF_Co5
7	HUF_Wh
8	HUI_Af1_3
9	HUI_Af4
10	HUI_Af5
11	HRF_Af1_3
12	HRF_Af4
13	HRF_Af5
14	HRF_Co1_3
15	HRF_Co4
16	HRF_Co5
17	HRF_Wh
18	HRI_Af1_3
19	HRI_Af4
20	HRI_Af5

A	27	1 Cagric
C	28	2 Cmining
T	29	3 Cfood
I	30	4 Ctext
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	46	20 Cbusserv
	47	21 Ceduc
	48	22 Cogovserv
	49	23 Chealth
	50	24 Csocial
	51	25 Coserv
	52	26 Cdomserv

Types of Households

1 HUF_Af1_3	Urban Formal African Non-Poor
2 HUF_Af4	Urban Formal African Poor
3 HUF_Af5	Urban Formal African Ultra Poor
4 HUF_Co1_3	Urban Formal Colored Non-Poor
5 HUF_Co4	Urban Formal Colored Poor
6 HUF_Co5	Urban Formal Colored Ultra Poor
7 HUF_Wh	Urban Formal White Non-Poor
8 HUI_Af1_3	Urban Informal African Non-Poor
9 HUI_Af4	Urban Informal African Poor
10 HUI_Af5	Urban Informal African Ultra Poor
11 HRF_Af1_3	Rural Commercial African Non-Poor
12 HRF_Af4	Rural Commercial African Poor
13 HRF_Af5	Rural Commercial African Ultra Poor
14 HRF_Co1_3	Rural Commercial Colored Non-Poor
15 HRF_Co4	Rural Commercial Colored Poor
16 HRF_Co5	Rural Commercial Colored Ultra Poor
17 HRF_Wh	Rural Commercial White Non-Poor
18 HRI_Af1_3	Ex-homeland African Non-Poor
19 HRI_Af4	Ex-homeland African Poor
20 HRI_Af5	Ex-homeland African Ultra Poor

Unemployment Rate - African, poor/ultra-poor (strict definition)





EPWP: Social Sector

- Social Sector consists of ECD/Education and HCBC/Health
- High female intensity (60 and 69% respectively)
 - addresses female unemployment in the short run and builds skills in the long-term
- *Data source:* Friedman, Irwin, Bhengu, L., Mothibe, N., Reynolds, N., and Mafuleka, A., (2007) *Scaling up the EPWP*, Health Systems Trust, November, Volume 1-4. Study commissioned by Development Bank of South Africa and EPWP.

Simulation Results

9 billion Rand, full time-year around jobs

- Direct job creation (600,000 to 1,2million)
- Indirect job creation: for every 3 EPWP, another one in the economy is created
- GDP (+1.7%), tax expansion (1/3 recovered)
- Poverty reduction: pro-poor growth!



Costs and Benefits

- Social inclusion
- Income-Poverty reduction? This depends on the length and duration of jobs, wages and targeting method
- Asset poverty reduction!!!
- Service delivery!!!
- Gender equality in unpaid and paid work
- Pro-poor development
- Monetary cost: 1% of GDP?3% of GDP?
- Opportunity cost of not mobilizing domestic resources?

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for full
employment**



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we are committed to...

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member institutions...



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- **Leverage and influence the policies and programs of development agencies and financial institutions for improved employment outcomes.**
- **Build communities of learning and foster public awareness on existing country level experiences.**
- **Engage in teaching and policy oriented research**
- **Explore linkages between development, poverty reduction and macroeconomic coordination policies**

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Tunisia



Iran



United States



Belgium



Canada

Let's join our efforts
Another world is possible!

Thank you