

Measuring Macro Outcomes, Unemployment, Inflation, Cyclical Instability, or Aggregate
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The 2008-2009 great recession and its effects was evident in the economy. It had a lot of negative effects, but one positive aspect is that it created interest in the economy. It also brought a new outlook to the unemployment problem (Schiller, Hill, & Wall, 2013). This meant new ways of teaching economics and interpreting economic information. The new approaches are used in interpretation of the effects of the great recession and this provides a guide to the summary of the International Labour Organization report (Schiller, Hill, & Wall, 2013).

Summary of International Labour Report

Following the economic recession, there was an uneven economic recovery process and, therefore, projections of economic growth had to be revised downwards, and this impacted negatively on the global employment situation in 2013 (International Labour Organization, 2014). This essentially means that employment is not sufficiently expanding with a huge number of unemployed being in East and South Asia. Generally, the unemployment gap occasioned by the recession is continuously widening, and it reached 62 million and out of this, 23 million becoming discouraged to look for jobs and 7 million preferring not to involve themselves in the labour market (International Labour Organization, 2014).

The continuation of such unemployment trends is expected with the number of unemployed reaching 215 million by 2018. Approximately 40 million jobs will be annually created that is below the 42.6 million new entrants in the labour market (International Labour Organization, 2014). Therefore, the unemployment rate U , is expected to be constant in at least the next 5 years, and it is at 0.5% higher than before the recession. The youth continue suffering too with approximately 74.5 million youth (15-24 years) being unemployed in 2013, 1 million more than in 2014. The unemployment rate has reached 13.1% with the youth-to-adult ratio

reaching an all time high with young people neither employed, nor in education or training (NEET) steeping upward (International Labour Organization, 2014).

The weak recovery process is ongoing, and this has increased the rate of unemployment spells indicating the weak attempts of job creation which has doubled compared to the pre-crisis period (International Labour Organization, 2014). This creates a burden to the government in the form of taxes and jobseekers in terms of loss of skills. Furthermore, the participation of the labour force is not changing especially in East and South Asia. Educational attainment is on the rise with more young people entering the job market, therefore, securing future prospects while in the other regions, the opposite is happening and to compensate for the loss of household income they engage in informal employment (International Labour Organization, 2014).

Vulnerable employment forms 48% of total employment these are more likely to lack accessibility to the social security or secure income than the formally employed. This number of the vulnerably unemployed has increased to around 1% in the past year that is 5 times higher before the recession (International Labour Organization, 2014). The number of poor people is reducing globally, but at a slower rate. However, this progress has stalled where there was only 2.7% reduction in 2013 the lowest rate in the past decade. Finally, informal employment is dominant in developing countries with considerable regional variations. Some regions informal employment is up to 90%, but the lack of formal employment acts as a barrier to poverty eradication (International Labour Organization, 2014).

Aggregate demand deficits hinder faster recovery in labour markets and currently, fiscal consolidations being undertaken drag speedy expansion of growth in output adding on to weak private consumption. Rebalancing macroeconomic policies and increasing labour income will increase the unemployment outlook. Simulated results suggest unemployment will reduce by

1.8% by 2020 in the G20 countries. These support fiscal goals and improve the baseline status quo (International Labour Organization, 2014). Monetary policy is more accommodative and provide aggregate demand stimulus. However, studies indicate that increased share due to increased liquidity flows to the asset market rather than the real economy generating risk of future stock and housing price bubbles weighing on sustainable job recovery (International Labour Organization, 2014).

Approximately 23 million people have been discouraged and left the labour market and the increased unemployment rate; active labour market policies (ALMP) should be implemented that addresses inactivity and the mismatch of skills. This will reduce the increasing degradation and obsolescence of skills. Currently, only a small amount of countries are spending into the active labour market measures, and they are likely to benefit most in improved functioning of the labour market (International Labour Organization, 2014).

References

International Labour Organization. (2014). *Global Employment Trends 2014: Risk of a jobless recovery?* Geneva: International Labour Organization.

Schiller, B. R., Hill, C., & Wall, S. (2014). *The Macroeconomy Today*. New York, NY: McGraw-Hill/Irwin.