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U.N. Says Global Employment Needs 5 Years to Rebound

By NEIL MacFARQUHAR

UNITED NATIONS — It will take five more years before employment around the world rebounds to the point it was before the financial crisis, two years longer than previously predicted, the International Labor Organization said in its annual jobs report on Thursday.

To get back to the level of employment in 2007, the global economy needs to create nearly 23 million jobs, including more than 14 million in developed countries, the report said.

"The root causes of the crisis have not been properly tackled," said Raymond Torres, an economist and the lead author of the report.

Now that the effects of public stimulus packages around the globe are fading, fiscal policies are not sufficiently focused on job growth, which helps explain the likely delay in improving employment, the report said.

Without such changes, there will probably be an increase in social unrest, especially in countries where unemployment remains high. About 25 countries have already experienced strife linked to the economic crisis, according to the report.

"We don't need the poll data to see more social unrest," Mr. Torres said. "You can see the strikes here in Europe, while in China and other Asian countries you can see social discontent."

Some countries have encouraging signs of jobs recovery, particularly in Asia and Latin America, but in the United States the duration of unemployment has lengthened. One reason the American unemployment rate dropped to 9.6 percent in August from 10.1 percent in the previous October is that 1.2 million people unable to find jobs stopped looking for work, the report said, so they are no longer counted.

To increase employment, governments need to focus on measures like training, raise the spending power of those with jobs in emerging economies through wage increases and enact far-reaching financial reform, according to the labor organization, a United Nations agency.

Economists generally endorsed the findings of the report, but they noted that if any of the recommendations were simple to achieve, they would have been put in place long ago.

Training for new skills does not automatically translate into new jobs, as seen in the fact that vocational training schools and community colleges in the United States are booming, argued Bernard Baumohl, chief global economist at the Economic Outlook Group, an advisory organization.

The fundamental problem, Mr. Baumohl said, "is that job creation during the recovery is going to be a lot slower than in previous cycles." Austerity measures in Europe, for example, will mean that public and private payroll cuts there will be deep and long.

Raising wages in countries like Brazil and India to help stimulate demand can cut both ways, economists noted, because it can also discourage employers from adding workers.

In terms of wider financial reform, Mr. Torres argued that re-establishing the walls separating commercial banks and investment banks would help revitalize manufacturing and other businesses that create jobs because commercial banks tend to focus on such industries.

Some economists thought that solution might border on the simplistic, though they said unfreezing the credit market for established businesses was essential for the health of the recovery.

The labor organization acknowledged that conditions varied from country to country, but it tried to boil down trends according to economic categories. In the 35 most advanced economies, job growth will remain stagnant for the rest of this year. Low- to middle-income countries, by contrast, were the least affected by the crisis, and the jobs they did lose have been largely replaced.

But restoring jobs to pre-crisis levels is not sufficient to keep up with demand, Mr. Torres said. Forty-five million jobs need to be created annually around the world to keep pace with new workers entering the market, he said, the bulk of them in the developing world.