

Unemployment in global recession scenario



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Introduction Today, a global recession has become a biggest threat to world. Due to this global recession, it is a macroeconomics crisis. In last few years, unemployment has become a serious and top most problem in many part of the world. Also increased globalizations have put more employee job into risk. The under developing countries like India, china are facing their bad time.

Emerging economies like China and India are affected by the negative influence of the US Subprime Market Crisis. By reducing the demand for labor we can bring economic downturn, but it tends to increase the unemployment level in the formal sector and bring the wages charge down. It means the poverty rate is increasing and as well as the unemployment is also increases at the same rate. Such both effects try to tend the unemployment and poverty in formal economics. Thus recession works into two ways, directly or indirectly. Directly, in this scenario it decreases the wages of employees and it creates more jobless employees it means more number of poor in formal economy.

In directly in this scenario it brings wages down those already employed in formal economy. In other word when the economy is passing through in a recession scenario the GDP rate will be high. The goods, service and product demand would be low. When demand of the product would be low the consumer expenditure also will be low.

When demand will be low the production will be low. It means less production less no employment required. It means a gap between supply

and demand processes. Due this global recession all companies are very worried about the future thought out the world.

They think they are also concerned whether they will be able to recruit and keep the best people to run their business. Unemployment rate is the per cent of civilian labour work force activity looking for work but unable to find a job. The unemployment consist of three types of people first who are fit for the job but are not getting a job, second are the people who have left one job and are seeking another job and there is a time lag in between this also adds in the unemployment rate and finally, the third type of people who not fit for the job they are seeking. The rate is compiled by the US department of labour in corporation with the labour department in all the states and released to the public on the first Friday of each month. The unemployment rate is affected by number of people entering the work force as well as the number of unemployed people an important part of labour department is payroll employment which covers data hours, earning and employment for non firm industries nationally by state and other major metropolitan areas. The unemployment is one of the most closely watched from all the government of the world because it gives a clearest indication of the direction of the economy.

A raising unemployment rate will be seen by the analyst and the Federal Reserve as a sign of a weak economy which might call for a easing of monetary policy by the federal. Employment opportunities are in a declining stage in housing related industries, financial services and building materials are global in sight. Also believe that there is a twenty-five per cent chance of the longer, deeper recession brought on the failure of the larger financial

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institute toppled by bank mortgage based investment financial system would likely to cause credit to get even more tighter, strangling potential growth.

Unemployment has now raised enough to send a reliable signal of recession strength in export, industries like aircraft technology and software and firms' equipment will help keep the recession shallow and the stimulus package will help in keeping it short. Unemployment and Economy in worldwide In worldwide unemployment is very high, still now 250 million people have unemployment across world, more than 140 million working people get money less than \$2 per day.

In the world wide day by day lot of people face unemployment and in employment people face enough less salary problem. According to united nation international labour organization report economic growth is sustained and day by day unemployment and poverty are increased, the unemployment is mainly impact to inflation and national economic growth. Even though day employment increased and industrial rate growth is increased, the number of unemployed people always remained or increased in every year, in 2005 unemployment counting is 195 million, in global level economic growth rate of 6. per cent, more or less in 2006 the economic growth rate is same, but in 2007 unemployment counting is increased slightly and in global level economic growth is decreased that is 6. 3 per cent to 4. 9 per cent, the link between growth and jobs is directly proportional, when jobs are increased growth is also increased, the same time growth and jobless is indirectly proportional, whenever jobless increased the same time economic rate growth is decreased, so the link between growth and jobs should be maintained strongly.

(Ref: UN news centre article on 25 January 2007 <http://www.un.org/news/>).

The reducing the unemployment need mainly create the recognition and most stable job to every employee , then only we can make it reducing unemployment rate growth and must confirm to every employee increment in every year because in a family parents and children everyone working but income is not enough to run with basic needs product and security and also poverty is remaining unchanged, so first of all we will confirm every employee have job security and enough income for run family with basic needs and production, then only we can achieved correct path of growth rate in worldwide, whenever face less in growing employment in throughout world and level of productivity is increased. In the world's topes' rich 200 people total worth increased 200 per cent between 1994 and 1998, this is normally more than 400Crore, the world's top three billionaires total assets only equal to many combined under developed countries, these countries people strength is more than 60crore, more than 88crore people lack proper health speciality, this is showed very huge difference between rich and poor people, The income gap is huge difference between top richest country and poorest country was 74 to one in 1997, 19 per cent of global people occupy 71 per cent of global business in sales and service and consume 17 times more than poorest people in the world, the above some inequalities are to be showed in all parts in the world, this scenario made by unemployment or unemployment make this scenario, in 1990's more than 85 per cent of Foreign Direct Investment went to developing just 15 to 20 countries in the world, so other countries still remaining face financial problem and critical unemployment problem, this is fact and fate of the poorest country. Ref: Journal on World Economic Situation and Prospects 2008, UN dept of public <https://assignbuster.com/unemployment-in-global-recession-scenario/>

information, 09 Jan 2008) Unemployment in different category people: In total employed people in worldwide more than 45 per cent people is young people, in worldwide more than 86 million young people affected by unemployment especially 15 to 24 years young people are mostly affected by unemployment, the employment gap between men and women is huge different, in 2006 in worldwide above 15 years women were working only 49.

6 per cent, the same time working people in men are 75 per cent in 1996, and in 2006 is 74 per cent. The consequences to due to youth unemployment were very large. The influence was more in material hardship, physiological & psychological. Unemployment leads them to associate with drugs, abuse & crime. The basic problems considering with youth unemployment were – too much of demands, high wages, large sizes of labour forces.

Unemployment in different sector: In service sector global employment increased slightly in 2006 is 39. 5 per cent and in 2007 is 40 per cent, and in overall agriculture sector slightly decreased in worldwide, in 2006 is 39. 7 per cent and in 2007 only 38. 7 per cent, and in India overall agriculture sector employment is maximum level decreased, even India is based upon agriculture sector. Before 1996 more than 75 per cent people directly or indirectly depend upon agriculture sector, but at present in India agriculture sector employment level is totally inversed, and agriculture growth rate is also maximum level decreased, lot of people shifted to city and nearest town from their rural area, then automatically unemployment is increased and increased more competition in certain job in cities, and in worldwide more than 21 per cent people working in industry sector. (Ref: <http://www.https://assignbuster.com/unemployment-in-global-recession-scenario/>)

ilo. org/global/lang-en/index. htm) Unemployment in various countries: The important noticed thing is the largest decrease unemployment happened in area of developed financial growth and various countries in Europe, those countries the percentage of unemployment rate is 0. 6, and also America also affected by unemployment, the East Asia's decreased unemployment rate is 3. per cent, in world level middle East and north Africa have highest unemployment rate growth, that is 12.

2 per cent and the second highest unemployment growth is 9. 8 per cent in sub Saharan Africa, in these Africa countries 80 per cent people run their life less than \$ 2 per day, in Africa the poverty level is more increased by 14 million within next few years, in Latin America are also mostly affected by unemployment and poverty. (ref: <http://www. ilo. org/global/lang-en/index. htm>) The Asian countries like Indonesia, south Korea, Malaysia, the Philippines, and Thailand have 1.

3crore jobs overall these region and decline of real employee of between 0 to 65 per cent in Indonesia, job insecurity is main vital problem in these region and also in global level. The world competition has uncontrolled legal protection for works throughout the world and million jobs with no contracts, in Europe have unstable economic growth is affecting 35 million people in these region by insecurity jobs, day by day increasing population is also big problem in the under developing countries, this is make more unemployment. Because population increased but working space remain not changed, the stated that Europe economic is going to significant is going towards in 2009 when compared to 2008 by Macro Annunziata, chief

economist, Italian bank Unicredit. (<http://www.nytimes.com/2008/08/24/business/24global.html?cp=4&sq=unemployinglobalscenarioin2008&st=cse>)

According to report published by ILO in 2007 stated that in-order to maintain or reduce the unemployment rates, the relationship between job and the growth should be resistant. The trend report shows that the creation of decent and industrious jobs will result in reducing the unemployment & slashing the number of working families below the poverty level. This in turn is prerequisite for the future development and economic growth. (ref: <http://www.ilo.org/global/lang-en/index.htm>)

The effect of economic growth had reflected in the increasing levels of productivity and less growth in terms of employment. The production of entire globe was increased by 26% but the increase in the employment rate was only 16.6%. There was some fluctuation due to increase in prices of food and energy which was taken away highly with inflammation demand in rapidly expanding world economy. (<http://www.nytimes.com/2008/08/24/business/24global.html?scp=4&sq=unemployinglobalscenarioin2008&st=cse>)

A statement by the director general of ILO Juan Somavia states that "A strong economic growth economic growth failed to reduce global unemployment". The predictions for 2008 stated that "the labour market would end-up in lower capacity in-order to maintain the employment growth than that of 2007". Conclusion The future of the world might look in a worst situation where the unemployment might lead the people to choose the wrong path which is even

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