

Lessons on jobs from developing countries

Steve Coulter of the LSE highlights ILO research showing that countries with sound labour market policies grow faster – unfortunately, this does not seem to apply to Europe

An interesting report came out recently from the International Labour Organization, highlighting the importance of high quality jobs in boosting growth and tackling inequality. Although primarily about developing countries, **'Developing with Jobs'**, holds important lessons for European policymakers.

The ILO found that economic convergence between the West and the Rest is gathering pace with a clutch of developing countries fast closing the gap. Crucially, the ILO finds that efforts to improve job quality play a significant part in this:

'In countries that have made the greatest investment in quality jobs from the early 2000s, living standards (as measured by the growth in average annual per capita income) improved more than in developing and emerging economies that paid less attention to quality jobs.'

On top of that, developing countries which paid attention to in-work poverty – and took steps to reduce it – grew faster than those which ignored it. The same goes for countries which addressed precarious employment in the early 2000s – they reaped the benefits later in the decade:

'In these countries, per capita growth was almost 3 per cent per year between 2007 and 2012, practically 1 percentage point higher than in countries making least progress in reducing the incidence of vulnerable employment – which includes own-account employment as well as unpaid family work.'

The ILO also stresses the role of well-designed social protection in increasing productivity and creating a stable environment for business to invest, lessons that Europe seems to be ignoring. Indeed, Moazam Mahmood, one of the report's authors, notes that while many developing countries in Latin America and Asia are actively engaging with inequalities and job quality as well as social protection, many countries in the supposedly advanced Western world, particularly Europe, are going backwards, dismantling protection and showing scant interest in investing in their labour forces.

Of course, huge challenges remain for labour markets in developing countries. The ILO is not pretending that active labour market policies, or even growth itself, can transform them overnight. But the willingness of them to tackle these issues casts a shadow over the paltry efforts going on in Europe.

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