

Concern About the Condition of the Labour Market in Mediterranean Countries

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The condition of the labour market in the Mediterranean, and in particular in the Mediterranean Partner Countries (MPCs), has proved to be far more worrying than was first anticipated in the early stages of the Partnership. Unemployment is one of the central concerns both in Europe and in the rest of the Mediterranean region, although its causes, scope and characteristics may be quite different in each area. And if we consider the imminent implementation of the Free Trade Zone, the perspectives are no more encouraging. It is possible to calculate that in the countries where the Free Trade Zone will have a quantitatively significant impact, it will be necessary to transfer at least one quarter of the industrial jobs of the activities in crisis to those which achieve better results. This operation, impossible in the short term, also appears complicated within a wider temporal framework, bearing in mind the problematic context of the labour market.

With respect to the MPC, the causes of the deterioration of the labour market are two: the first is related to the incapacity of the different economic systems to absorb the increase of the labour forces, which have been provoked by the high rates of demographic growth registered in the last thirty years. The second cause lies in the unemployment created by the processes of adjustment, mainly those related to the reorganisation and privatisation of the public sector,

and above all if we bear in mind that these are countries where public employment has a notable importance. We should remember, moreover, that an important part of the effective unemployment does not appear as such. This is the case, for instance, of employment in the agricultural sector, which although it does not possess the conditions necessary to be considered as such, represents a «concealed unemployment» that mainly affects women. Finally, the development of the informal economy has increased employment under dangerous conditions, in marginal situations, or without any type of social or union protection.

According to a study carried out by the IMED on the occasion of the First Tripartite Conference on the Euro-Mediterranean Social Area, it is expected that, even applying the most optimistic growth forecasts made by international organisations, by 2010 around twenty million young people from the MPC will still not have entered the labour market. The Report of the FEMISE 2003 has reached similar conclusions and puts forward three hypotheses on improving employment levels in the MPC:

- Maintain the rates of activity of the year 2000, which would mean 34 million new jobs by 2020, with 20 million by 2010.
- Attain the European activity rates of the 1980s, which would mean 42 million new jobs before 2020 (fifty percent more than current employment).
- Equal the European activity rates, which would mean more than 50 million new jobs by 2020 (eighty

percent more than current employment).

None of these three hypotheses, not even the first, can be reached with orthodox economic policies. Growth rates that are unthinkable in the current state of affairs of the Mediterranean region would be necessary.

With regard to the current situation, it would be necessary to construct a development strategy that is linked to the world, and in particular, to the European economy, but particularly addressed to exploiting the respective resources, starting with human resources. We should always consider employment as a factor that is derived from growth, and perceive it as a consequence of a development strategy whose main objective is employment. To place employment at the centre of the Euro-Mediterranean policy does not mean intending the absorption of unemployment through measures of social assistance and guaranteed aid, or the generalisation of subsidised work. Neither is it possible in this case to suggest the solution, which many governments have used in the past, of creating largely unproductive jobs in the public sector. To give priority to employment means trying to develop the sectors and activities which allow its expansion and accompany this development with measures addressed to balancing levels of supply and demand. An economic policy that makes employment the centre of a new model of development must necessarily consider the complexity of the economic systems of the southern shores. These countries must base the choice of the sectors and activities on which they wish to produce an effect based

on their own particularities in terms of natural resources, pre-existing production, and employment potentialities derived from the interchange between the composition of the working population and the different sectors of activity. The integrated industrial development in the MPCs needs a new and less self-centred approach that takes into account different factors: in the first place, the gradual opening of the markets, which will involve attaching greater importance to productivity; in the second place, the enlargement of the national markets within the perspective of subregional integration; in the third place, the correspondence (not only inter-industrial but also intra-industrial) within a structure of Euro-Maghrebian and Euro-Mediterranean eco-development. At the same time, the EU must develop economic and sectoral policies that are compatible with the objective of a sustainable growth in the MPCs. If the perspectives of liberalisation with respect to industrial employment are not positive, the enlargement of the Free Trade Zone to agriculture would, from the point of view of employment, have disastrous effects. The process of de-ruralisation that the Mediterranean is experiencing does not allow agriculture to fulfil its traditional function as a labour reserve, retaining within itself the main quota of surplus labour in conditions of under-employment or concealed unemployment. The role that Mediterranean agriculture is required to play is that of decelerating the exodus, mainly of young people, which inflates the unemployment and black economy of the urban peripheries. Experiments carried out in other areas of the world show that this is possible using a process of accelerated development of agriculture achieved through growth of production and productivity. In this way, the stabilisation of agricultural employment in acceptable conditions of income has been accomplished, as have the development of activities such as the supply of intermediate and instrumental goods, processing and marketing activities, as well as services for agriculture and the agricultural population, with the consequent increase of extra-agricultural employment in the rural areas.

The importance of the service sector is beyond question, not only due to its potentiality in the field of employment but also as a condition for the development of industry and agriculture. It is the sector which offers the greatest opportunities for the development of employment policies that benefit from the characteristics of the job offer, above all with respect to specific groups of the population (young people and women in particular), and labour and microbusiness activities. A generalised policy of business and particularly microbusiness promotion must to a large extent be addressed to the informal sector in order to facilitate its passage toward the structured sector. A dynamisation of the organisational systems of the labour market is necessary as is a reform of its public instrumentalisation, beginning with the employment services and the development of an efficient administrative apparatus. In short, it is necessary to improve the quality of the services that are provided by public instruments.

Tourism is the activity *par excellence* that can best take advantage of the natural resources of the Mediterranean, but also that which can most rapidly destroy them if more suitable policies are not adopted.

The issues of development and employment must be related to the democratic issue. The fact that elections are held with certain periodicity, even respecting the minimum requirements of democratic representation, is not in itself enough to impede the power of bureaucracy and the political and economic oligarchies from denying popular sovereignty: the basis of democracy. The democratisation of society and the economy must be a real priority objective, mainly through the strengthening of the plural role of civil society. This means assigning the role of channelling continuous citizen participation to the organisations representative of social and economic interests.

The thesis maintained by some (whether in Europe or in the Maghreb) that the generalised growth of education levels is a factor that increases unemployment has yet to be demonstrated. The fact that within the unemployment statistics there is now an even greater number of young people with second-

ary or university studies, only reflects a greater effect of these studies in the general context of the youth population. In contrast, it has indeed been demonstrated that these young people are in fact those, who after an initial period of difficulty, have a greater possibility of insertion into the labour market. What is argued is the establishment of educational systems conceived to train public servants rather than persons to be integrated into the productive system. This is one of the most urgent reforms to be carried out. The appreciation of human resources and training for employment constitutes, moreover, a fundamental element which must be taken into consideration in any development hypothesis. Apart from improving the levels of efficiency, the reform of the educational systems should also increase the capacity of generalising the training, which in some countries, is still very limited. Any policy in the Mediterranean region heading in this direction cannot ignore the necessity of dealing with the problem of youth and adult illiteracy. Training for professional insertion or reinsertion depends on the creation of a more open education system, allowing the reintroduction of the prematurely unemployed.

The quality of intermediate personnel is one of the keys to success within a company. A skilled and educated intermediate labour force plays a fundamental role in the maintenance and development of the companies. The education system, through secondary education and university training, must be addressed to the training of this type of personnel. The role of the university must be extended, to pursue the continuous training of graduates and the development of R&D sectors as additional objectives.

In relation to vocational training, many companies are beginning to consider the importance of a continuous training of their already-employed workers. In this context, the cooperation between different social sectors has proved to be extremely useful, contributing to the creation of those training opportunities in the job position which encourage mobility and improved skills within the company. This type of activity, at the present time still marginal, would benefit from being promoted

not only by the companies themselves, but also by the aforementioned social actors, including public boards which deal with the field of training.

Another important measure that should be promoted, and which some countries have started to develop, is the adoption of activities that allow suitable strategic planning, such as the

composition by competent departments of reports on the perspectives and analyses of the labour market, employment and training, which investigates and relates such phenomena. This type of approaches allows the observation of restructuring processes at the different levels of training and within the framework of the proc-

ess of levelling out the vocational training system.

The different European and MPC experiences in the field of company creation should make time for further meetings and possible points of exchange dedicated to the identification of the most suitable training routes for the new needs that are emerging in the MPCs.

THE DAUNTING CHALLENGE OF EMPLOYMENT (2002-2003)

Various estimates reveal the need to create about 40 million new jobs during the next ten years

During the last eighteen months, analysts seem to have realised what the main threat is to social stability and the prospects for economic development in the southern Mediterranean over the next few years: «the greatest single issue facing the economies of the Middle East and North Africa is the challenge of employing its people in good jobs» (Keller & Nabli, 2002). To a large extent, the region's future will depend on the evolution of its labour markets.

According to the first Arab Human Development Report, it will be necessary to create 50 million new jobs by 2010 in the twenty-two countries comprising the Arab world, just to keep pace with the expected increase in the working age population. And even then, the total number of unemployed people in those countries is predicted to increase from the current figure of 13 million (more than 15 percent of the labour force according to official figures which even the authors consider to be underestimated) to about 25 million people.

In one of the four reports drafted in 2003 on the major challenges facing the Middle East and North Africa (in addition to employment, the other reports address the issues of gender, governance and international economic integration), the World Bank has estimated that in order only to absorb the young people who will enter the job market in the search for work, these countries will have to create 80 million new jobs over the next two decades, and 100 million if they also want to cut down the current high levels of unemployment. The chief economist for the region pre-

sented a document in which he estimated that over the next ten years, on the basis of the growth of the labour force projected by the ILO, 47 million jobs will be needed to absorb the increase (Keller & Nabli 2002, p. 1). According to the World Bank, it is «one of the biggest challenges that the world has faced in the last fifty years».

The Euro-Mediterranean Forum of Economic Research Institutes (FEMISE), which usually focuses on macroeconomic developments and trade and investment flows, has devoted the first chapter of its latest annual report to the «urgent need for new jobs». According to its estimations, if the present level of occupation is maintained in the twelve member countries of the Euro-Mediterranean Partnership (that is, the ratio between the labour force and the working age population, which is currently at 48 percent, and lower than 25 percent specifically for women), it would be necessary to create about 20 million jobs by 2010, and almost 34 million jobs by 2020, just for the current rate of unemployment not to deteriorate further. An according to FEMISE, this estimate does not take into account the foreseeable fall in agricultural employment, which currently accounts for thirty percent of the region's labour force. Even if this goal is met, three quarters of women in working age would still remain excluded from the job market and the absolute number of unemployed would increase from the present figure of 8 million people to 12 million in 2010 and 16 million in 2020 [author's calculation, not stated in the FEMISE's report].

These job creation requirements would entail increasing the region's working population – the total number of employed people – by

more than 50 percent over the next ten years. This would mean at least doubling the economic growth rates recorded in recent years (between 1980 and 2001, the Mediterranean partner countries grew at an average annual cumulative rate of 2.4 percent), «an accomplishment[...] not even achieved by the high performing East Asian economies during the height of their employment growth periods» (Keller & Nabli, 2002, p. 1). And these are not just statistical projections: these young people have already been born; one third of the Mediterranean partner countries' 240 million inhabitants are aged under fifteen.

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