

PECC International Workshop on
Social Resilience Project, July 12th 2011

Varieties of Labor Markets and Social Protection in East Asia

Beyond the Boundaries between the Formal and the Informal

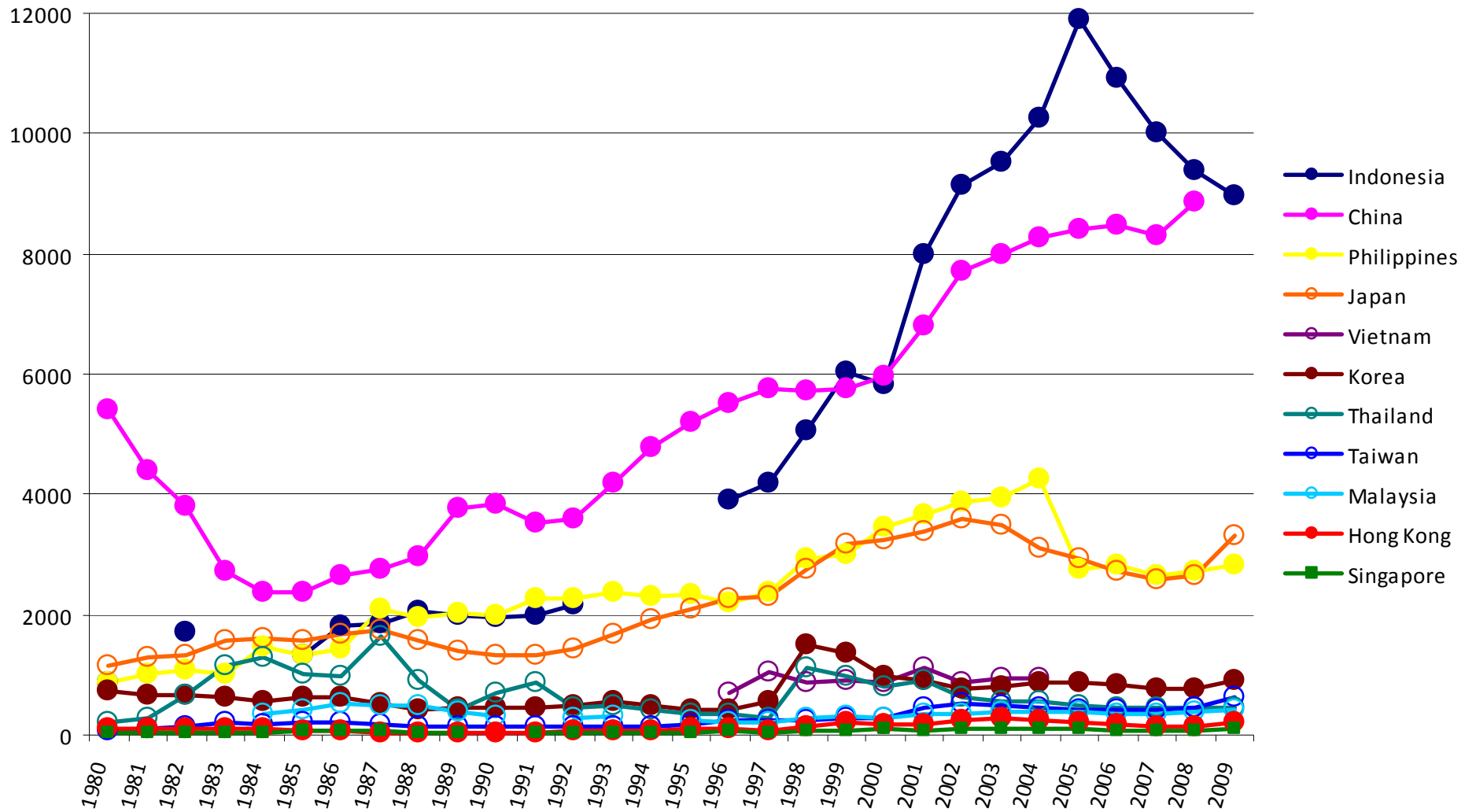


KAMIMURA Yasuhiro
(Nagoya University)
kamimura@lit.nagoya-u.ac.jp

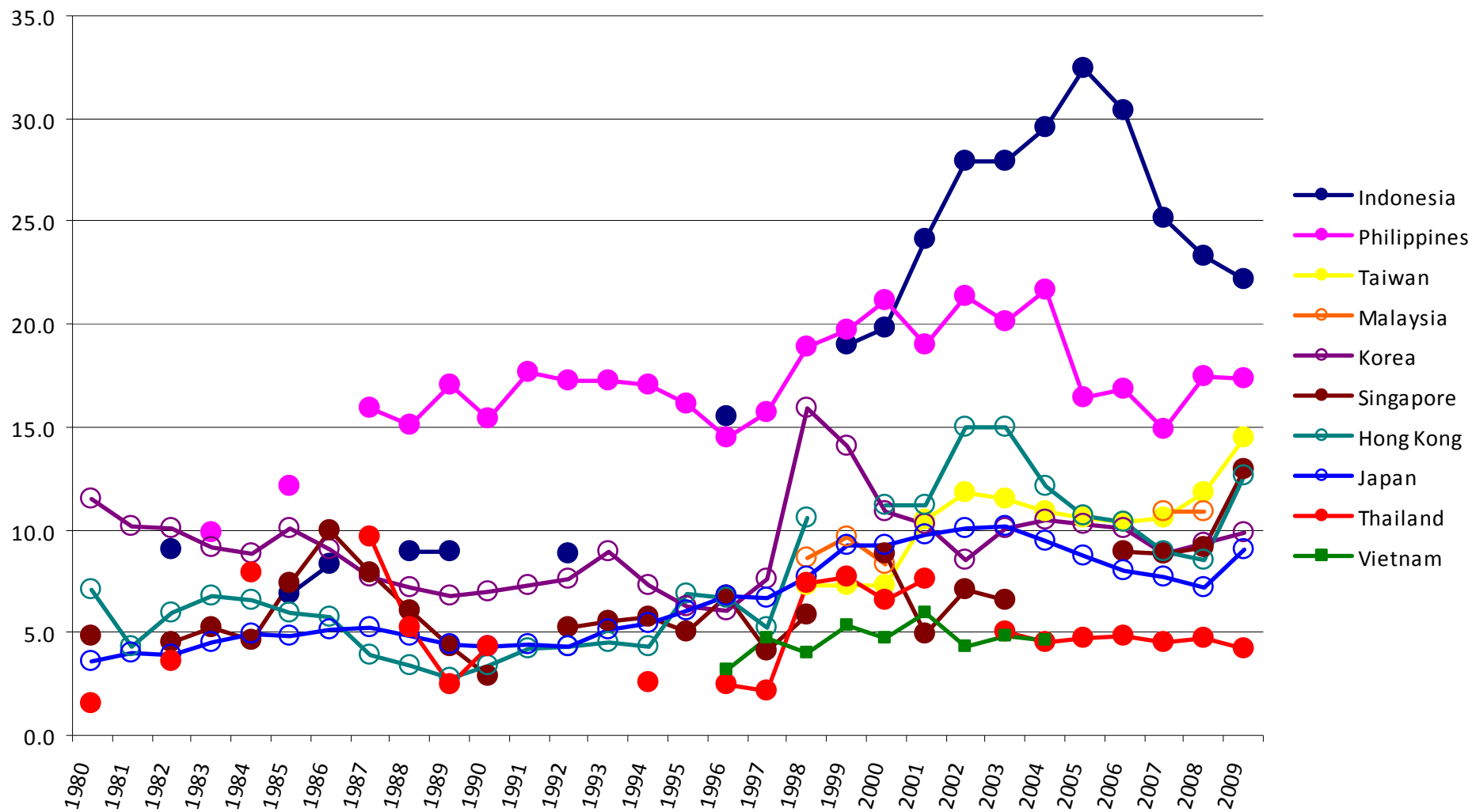
Contents

- ◆ 1. A new era of unemployment
- ◆ 2. Okochi's theory of unemployment
- ◆ 3. Exploring the informality
- ◆ 4. UI as a social protection

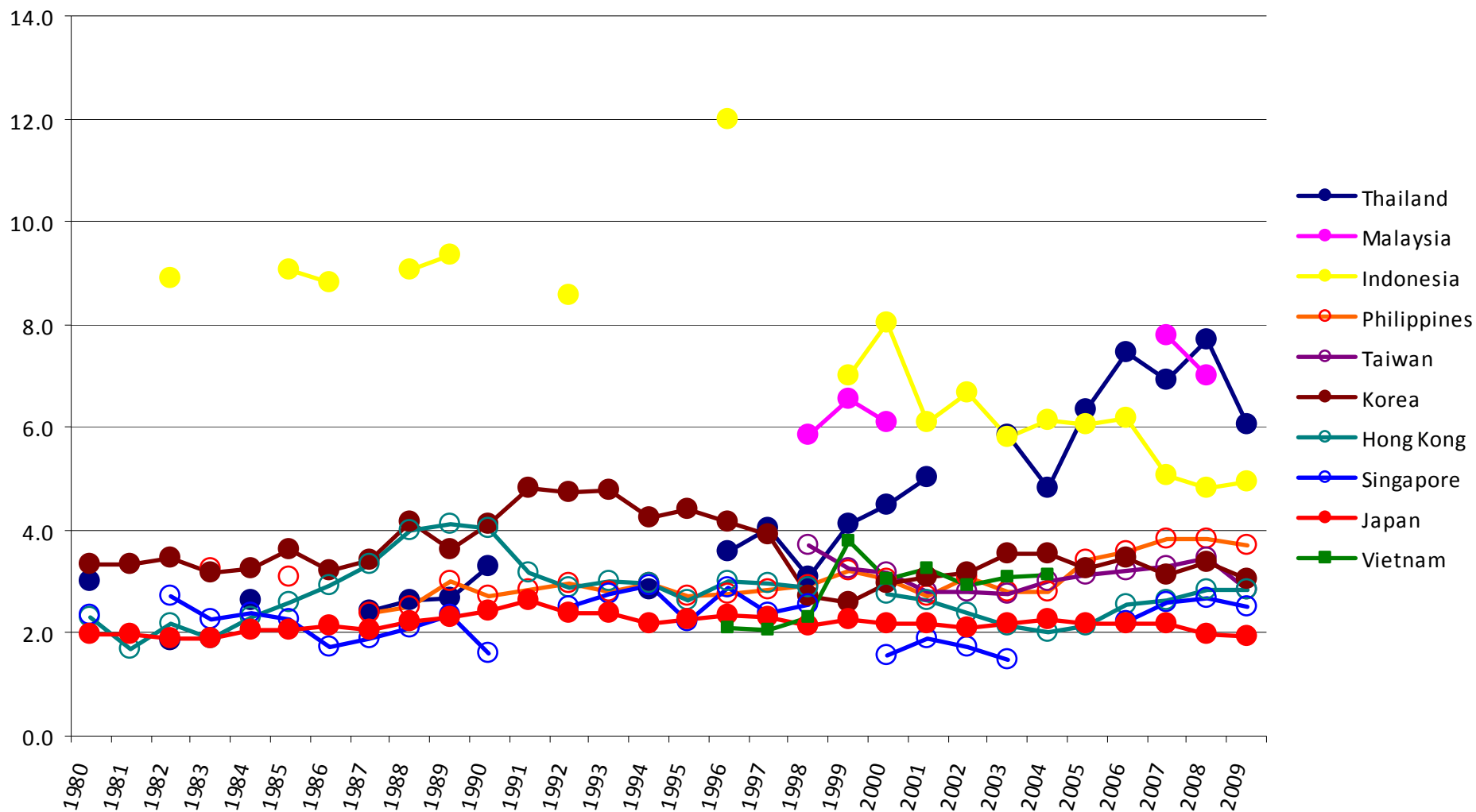
Unemployed ('000)



Youth unemployment rate (15-24) (%)



Ratio of youth unemp to adult unemp



1. A new era of unemployment

- ◆ We are witnessing a new era of unemployment problem in East Asia for a decade.
- ◆ In some countries, young people experience much more hardships than adults.
- ◆ Smoothing transition from school to work is a key to the youth employment problem.

2. Okochi's theory of unemployment

- ◆ Okochi's 1st proposition)
Unemployment denotes that a worker who does not have his own means of production has lost his workplace.
- ⇒ Self-employed workers cannot be unemployed.
Their poverty or underemployment can be solved with other policies rather than UI.

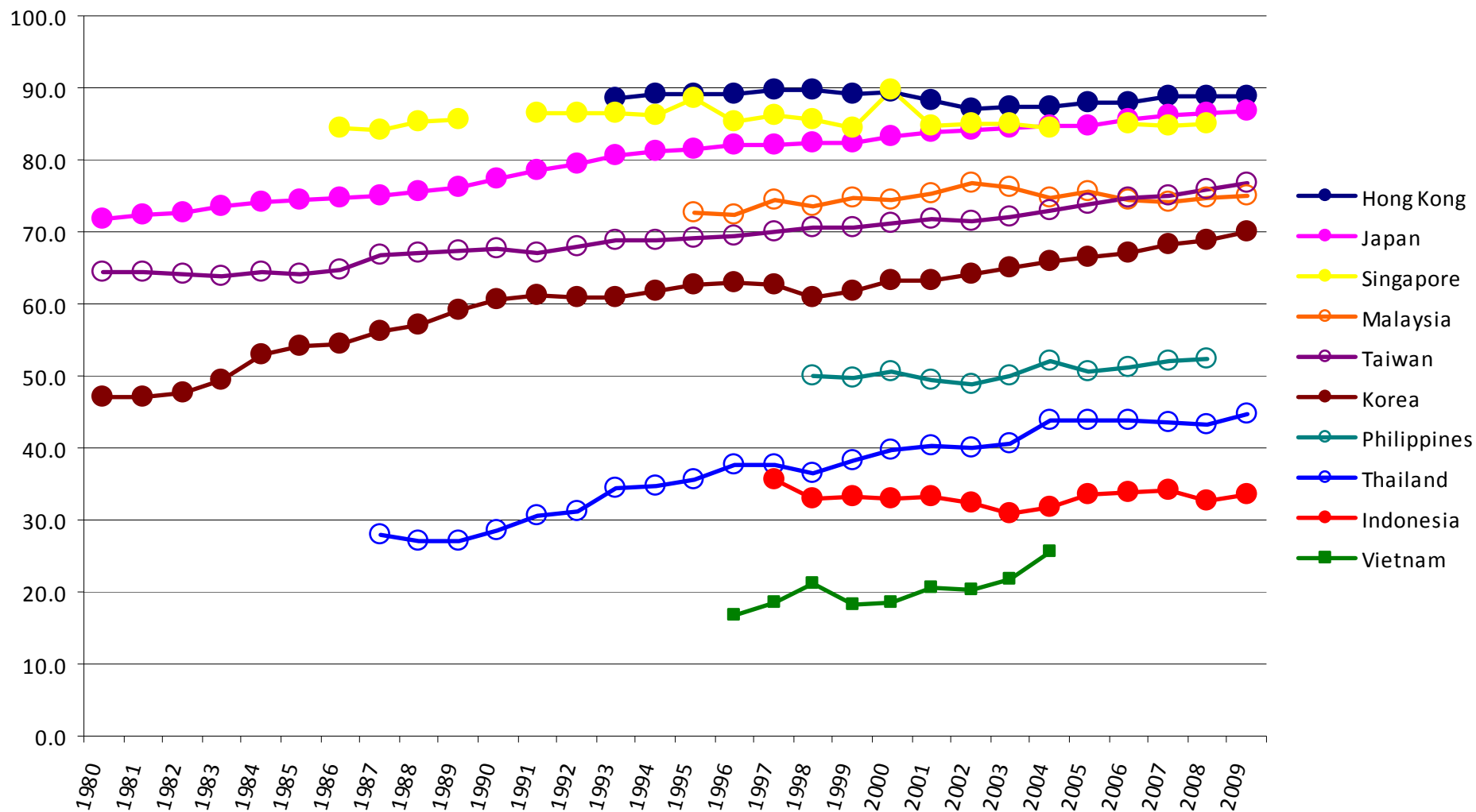
2. Okochi's theory of unemployment

- ◆ Okochi's 2nd proposition)
The idea of unemployment presumes that the unemployed worker retains his willingness to work.
- ⇒ UI may be helpful for maintaining the unemployed worker's willingness to work (e.g. factory workers near Bangkok).

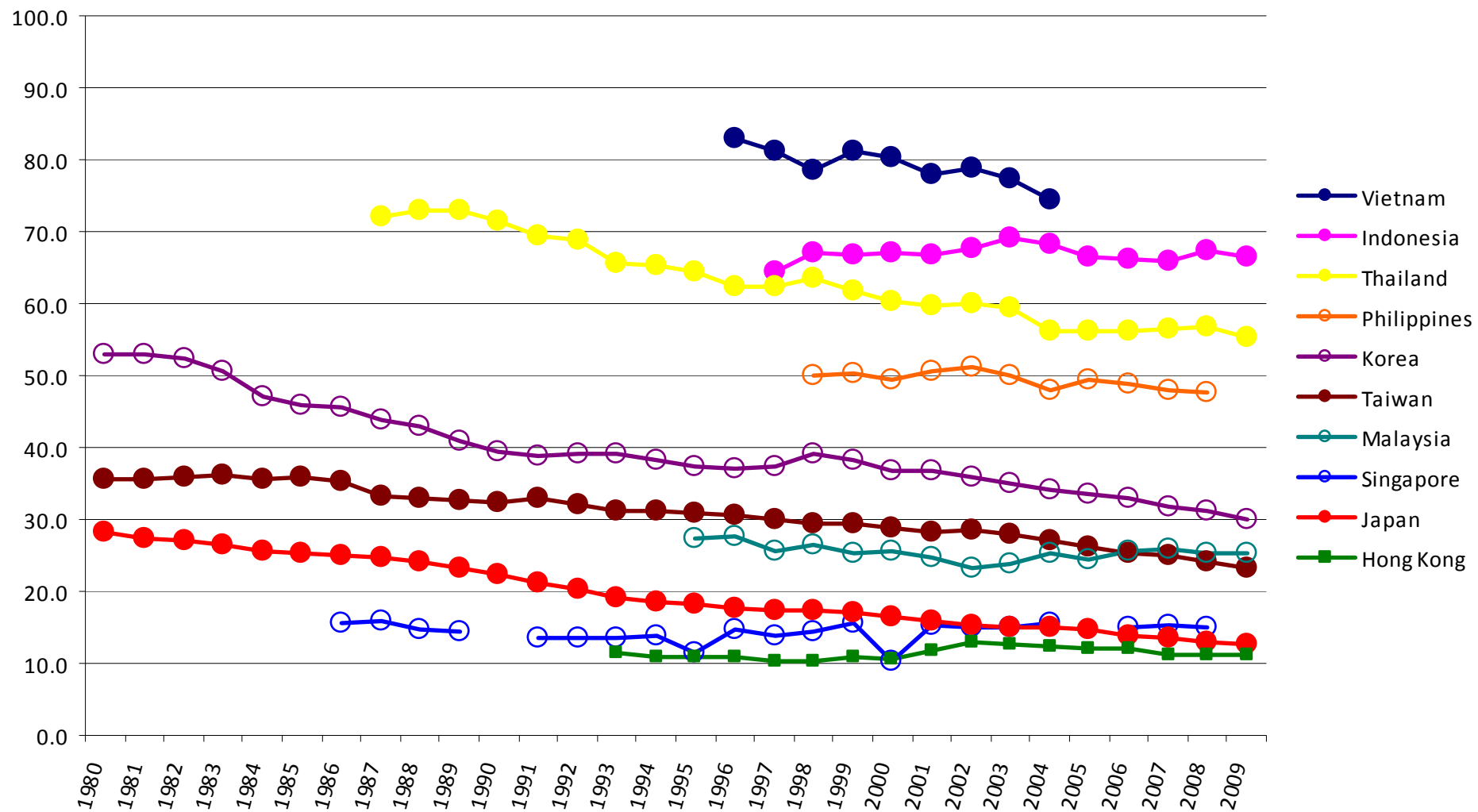
2. Okochi's theory of unemployment

- ◆ Okochi's 3rd proposition)
If a worker cannot find a job that suits his skill or ability set, it can be said that he is “unemployed.”
- ⇒ UI is helpful for the unemployed in maintaining or upgrading their skills; this is good for the society's efficiency.

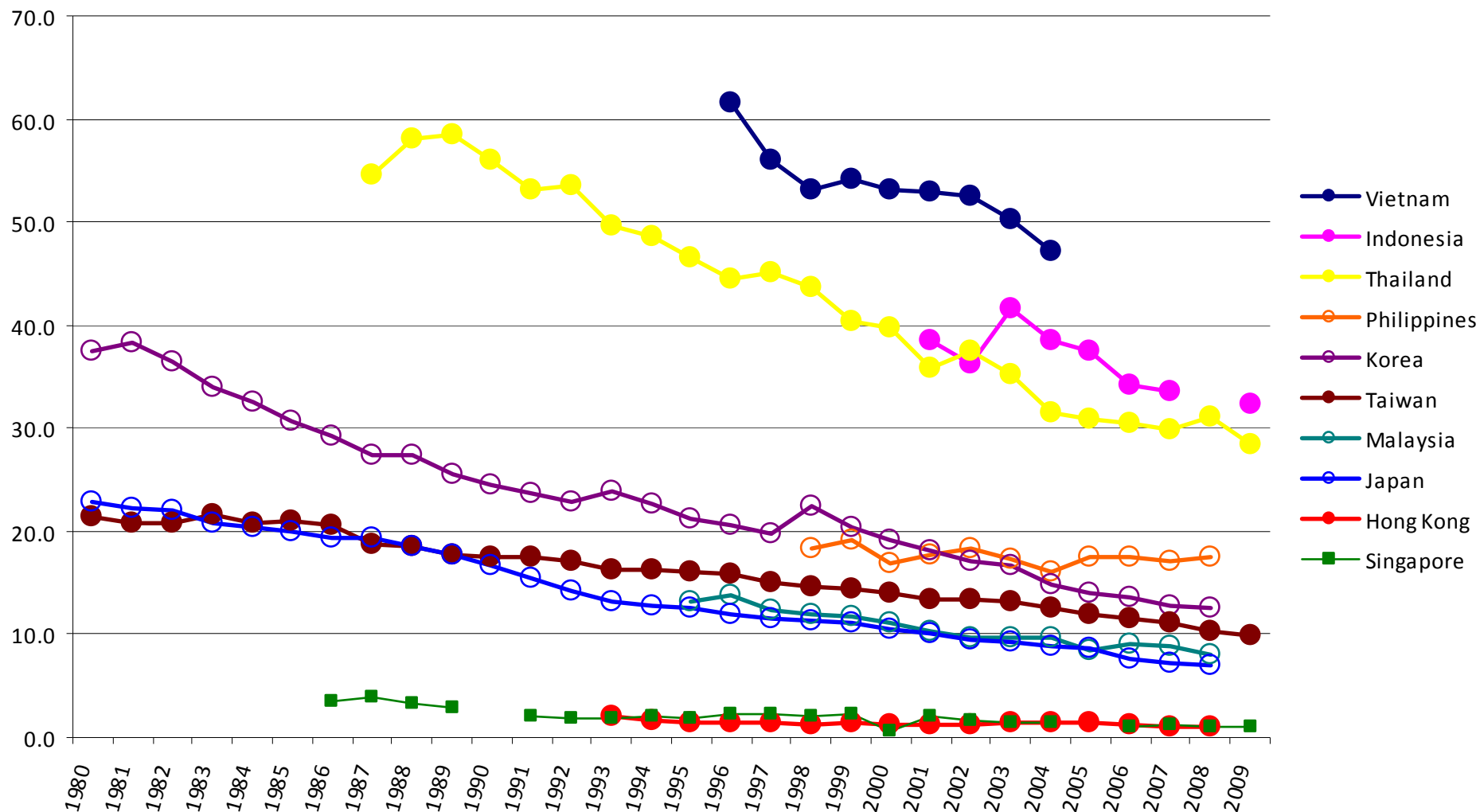
Employees (both sexes) (%)



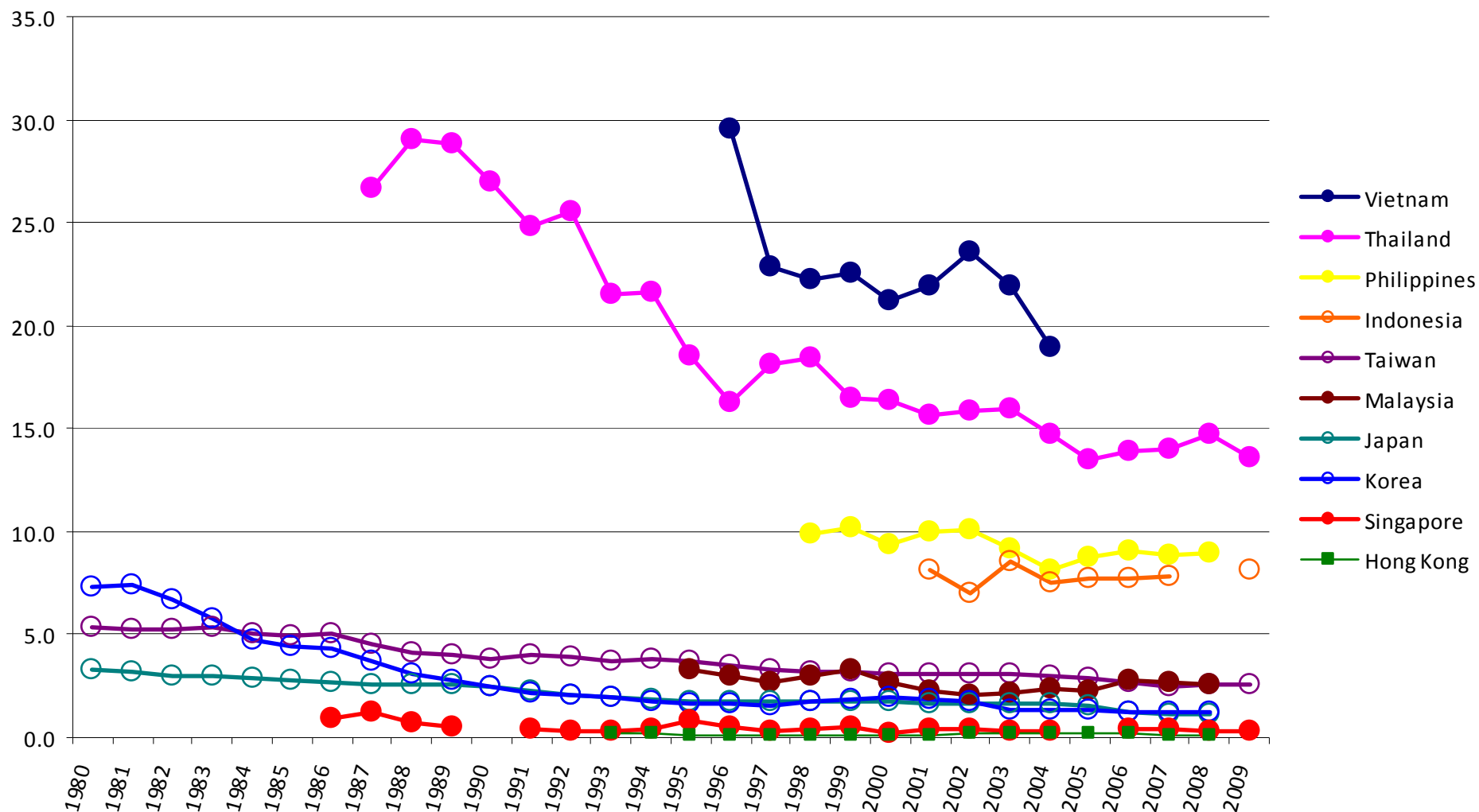
Self-employed workers (both sexes) (%)



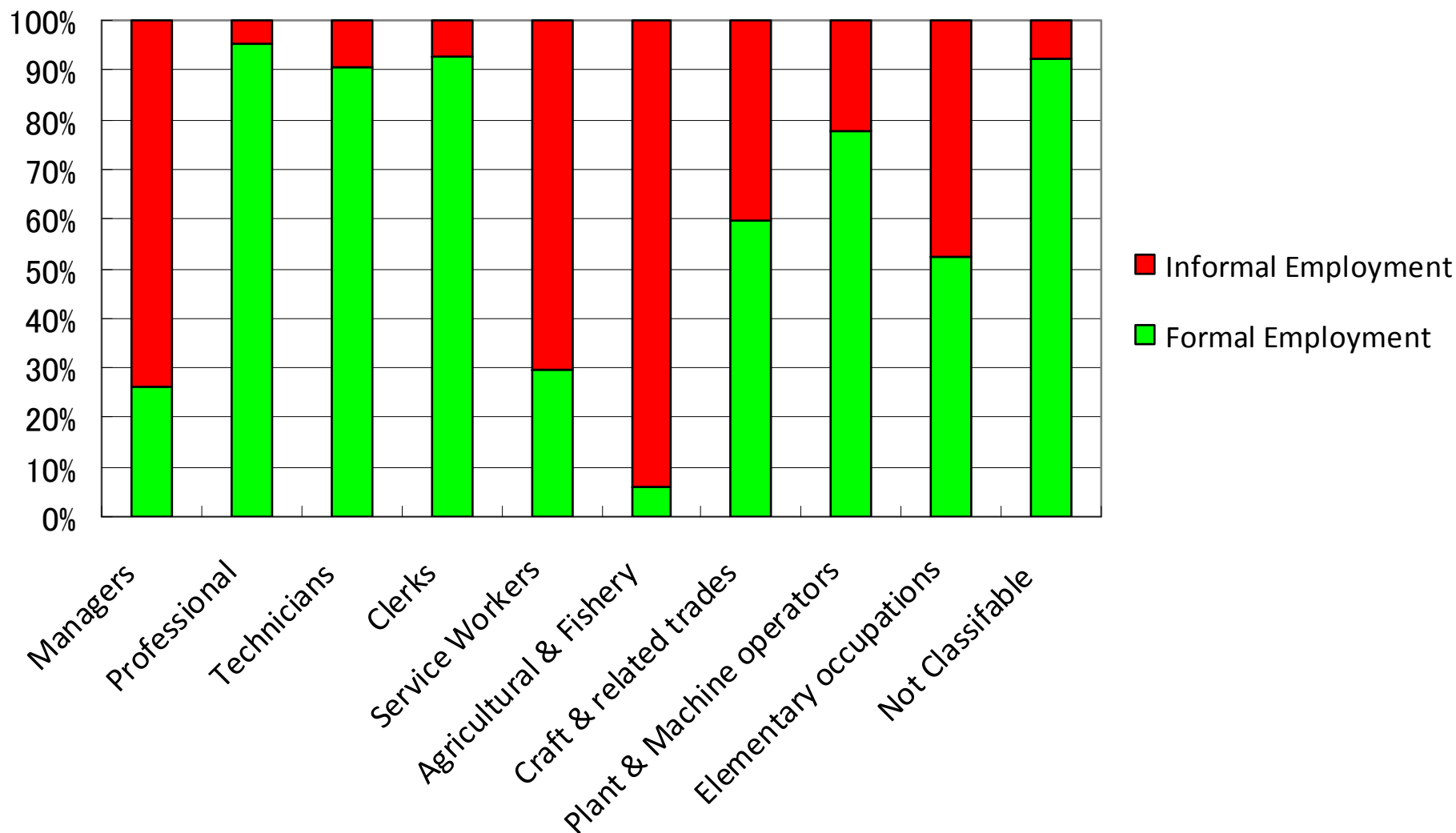
Unpaid family workers (female) (%)



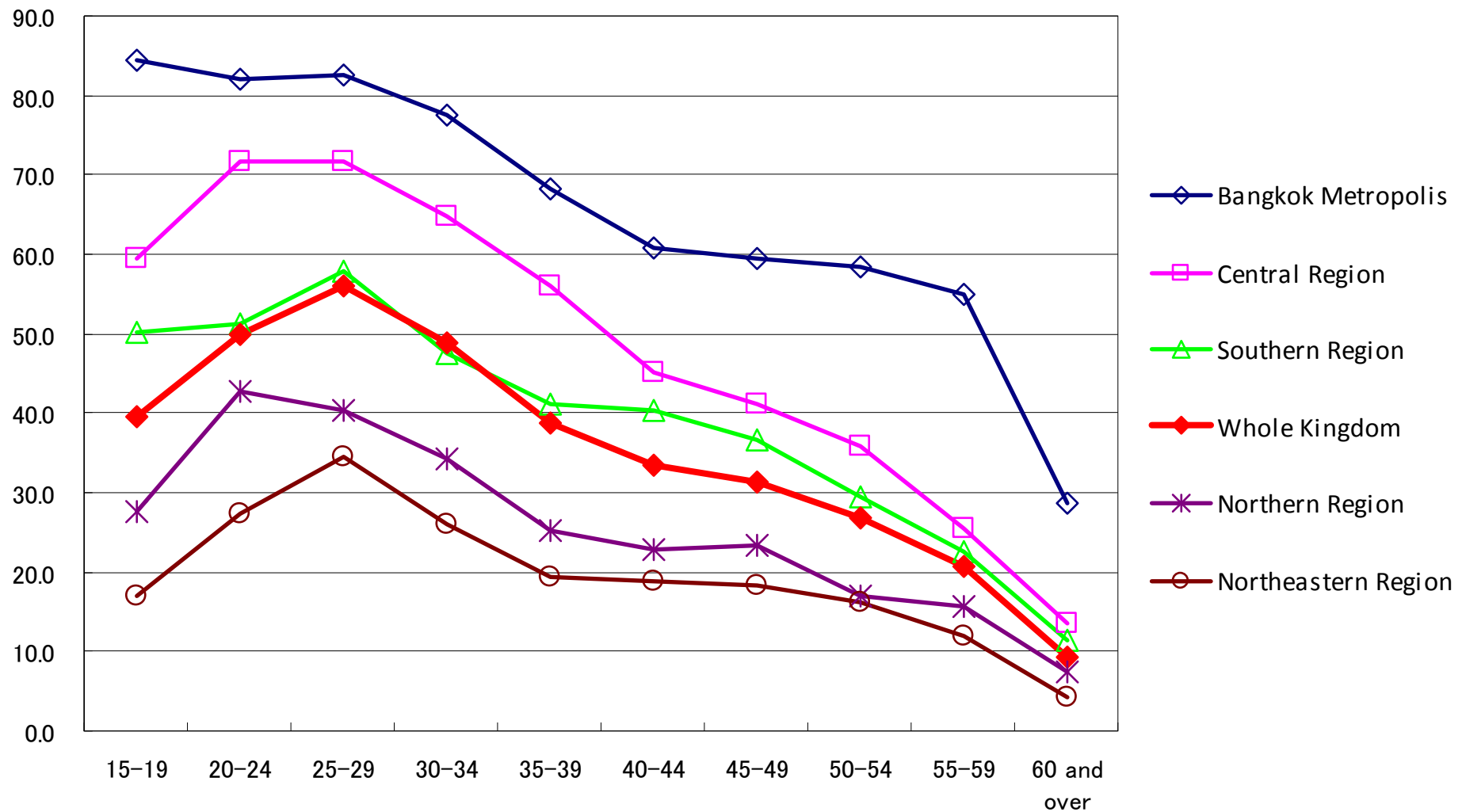
Unpaid family workers (male) (%)



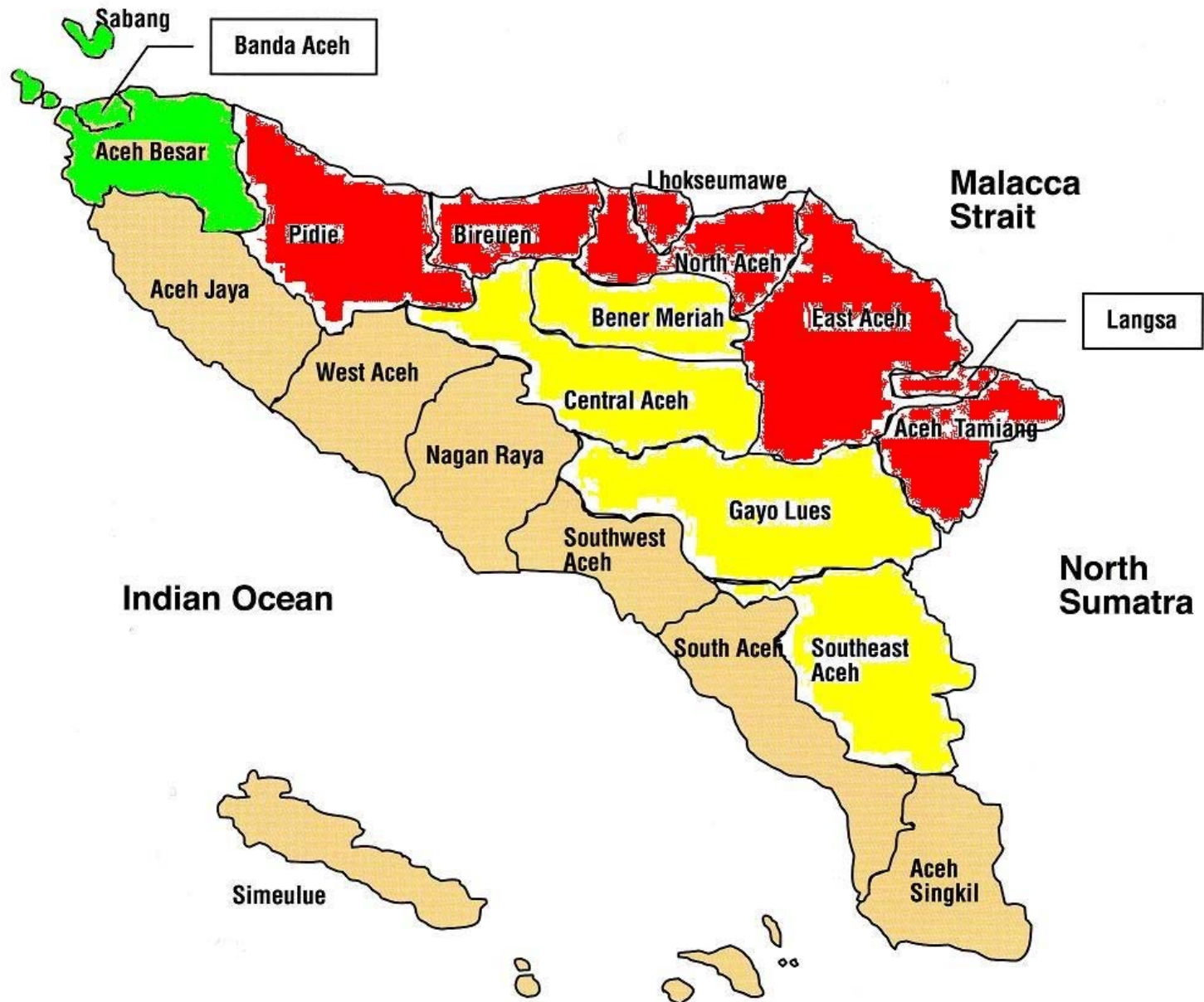
Thailand: Formal employment by sector (%)



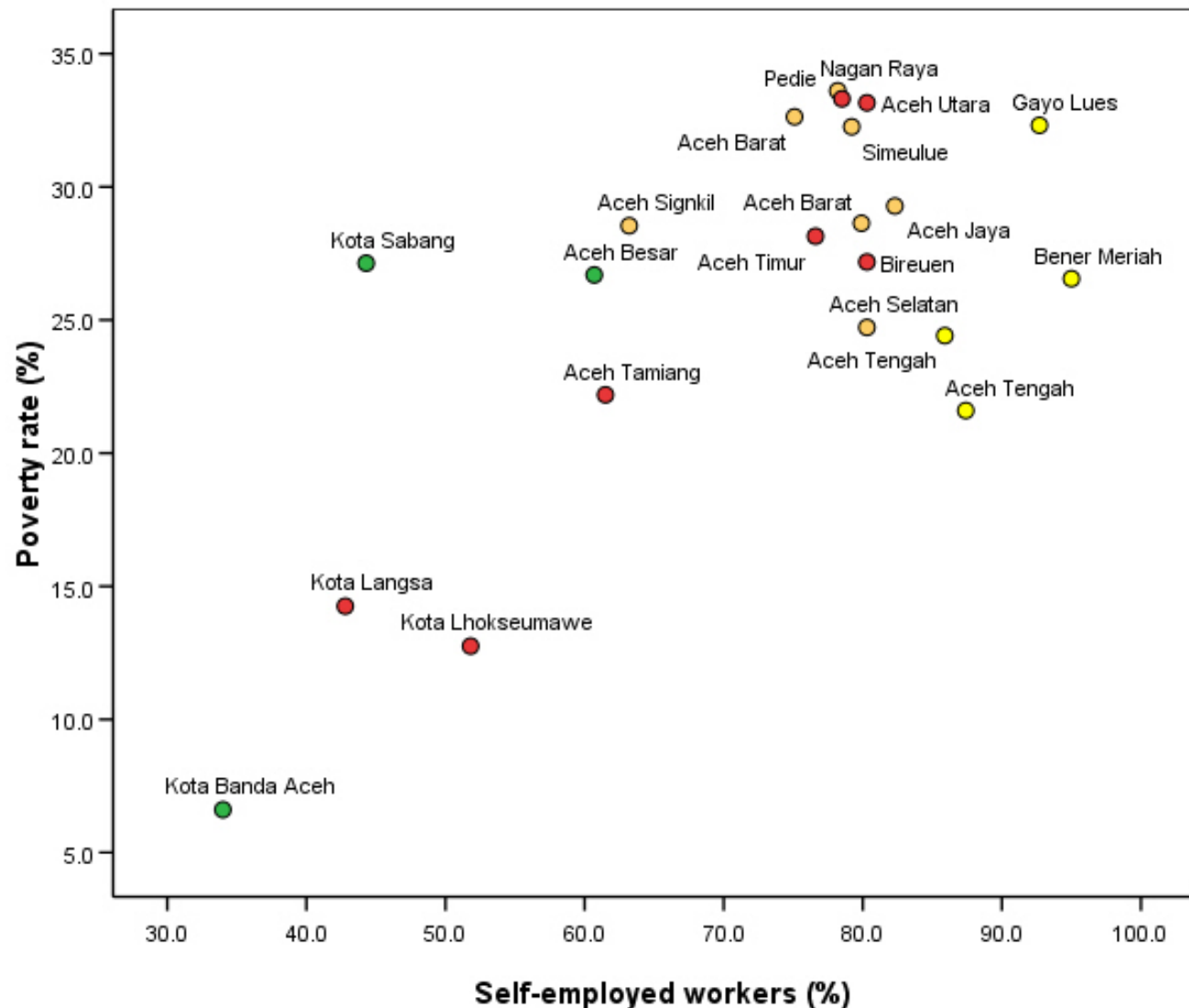
Thailand: Formal employment by age (%)



The map of Aceh, Indonesia



Aceh: The link between informality and poverty

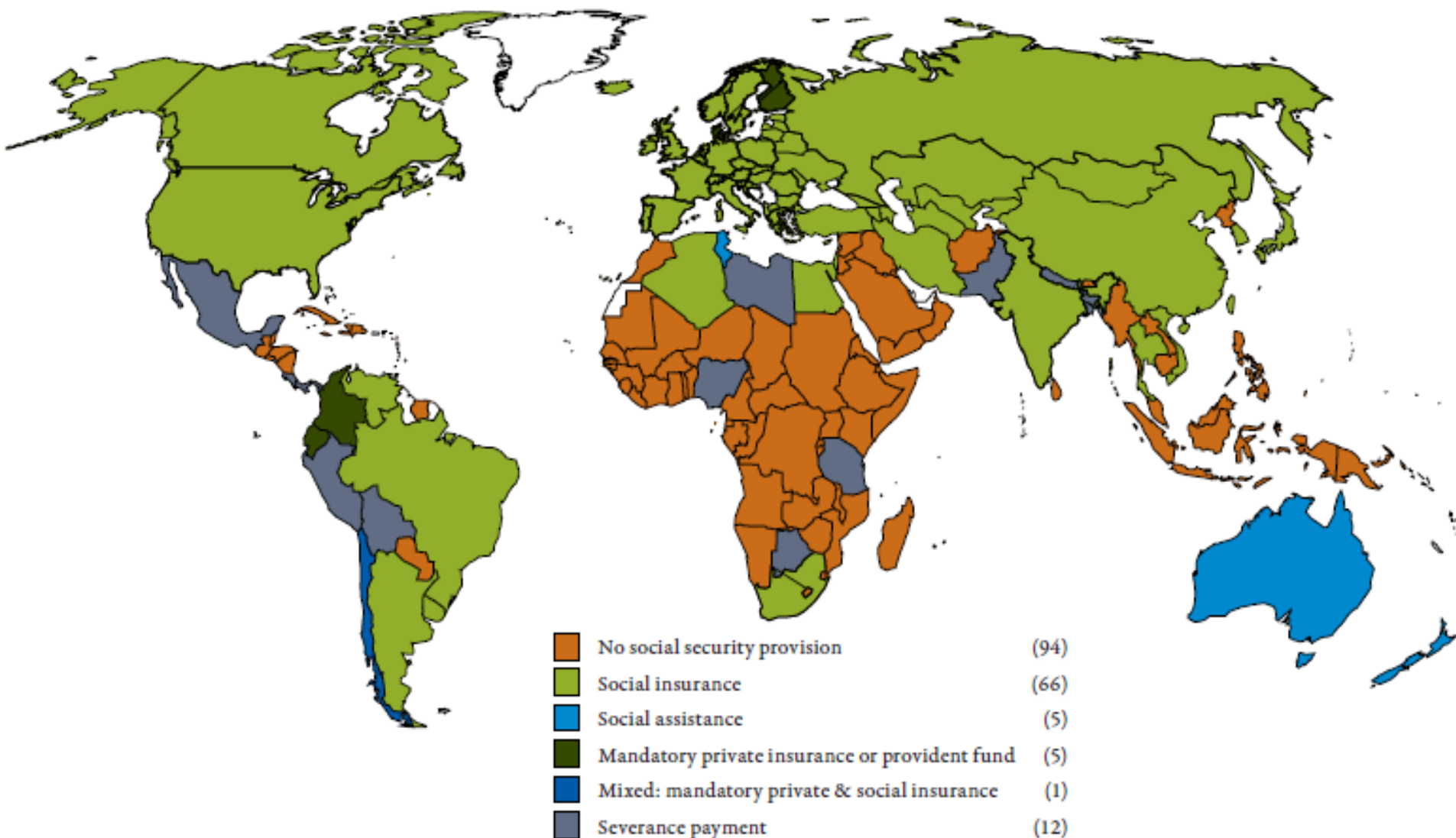


Data Sources) As for self-employed rate, Badan Pusat Statistik, 2005, *Population of Nanggroe Aceh Darussalam 2005*.
As for poverty rate, Badan Pusat Statistik, 2008, *Data Dan Informasi Kemiskinan Tahun 2007*.

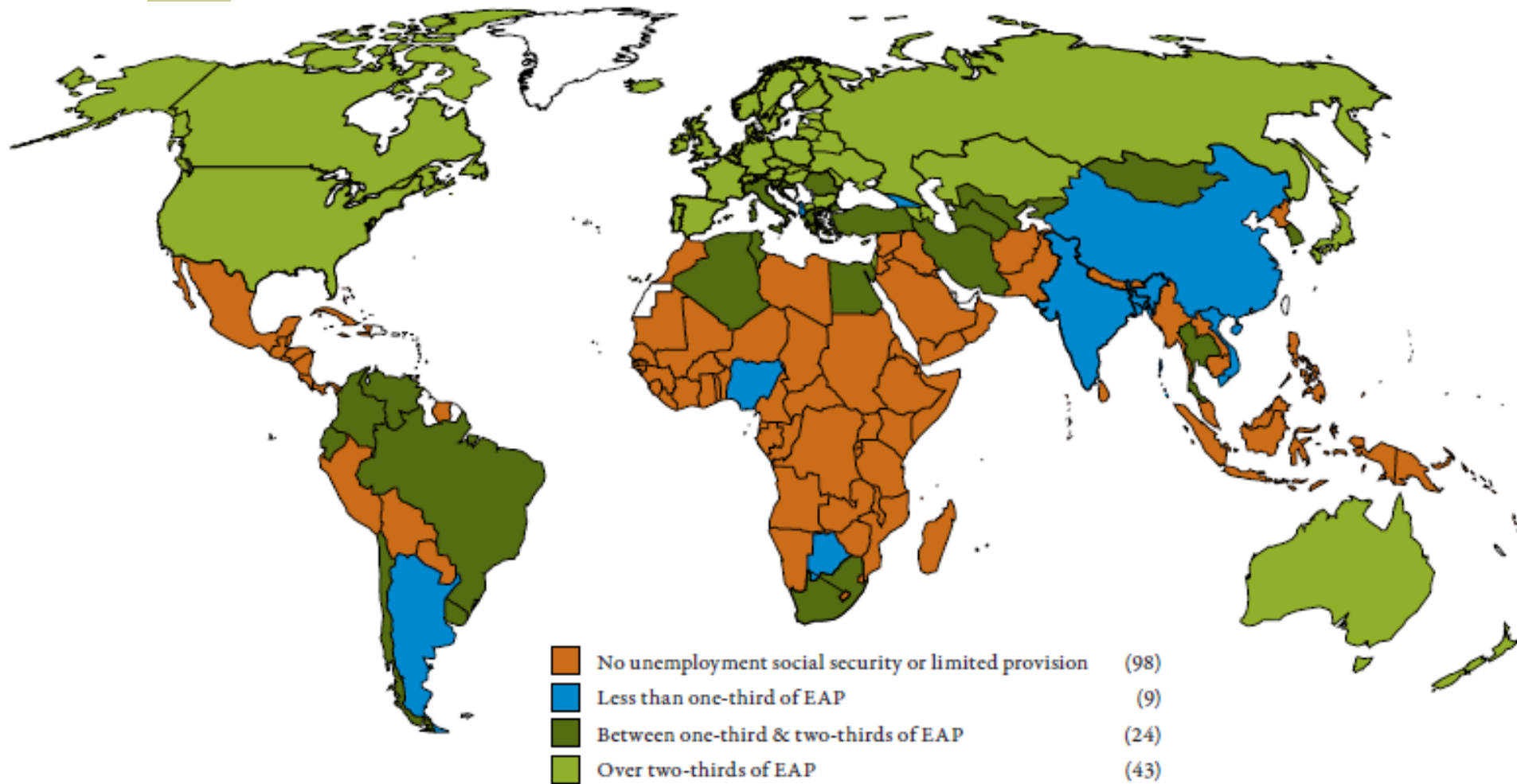
3. Exploring the informality

- ◆ Countries like Vietnam, Indonesia, Thailand, and the Philippines have large informal sectors.
- ◆ Boundaries between the formal and the informal are uneven (occupation, age, region).
- ◆ The negative aspects of the informality should be overcome through the UI and other schemes.

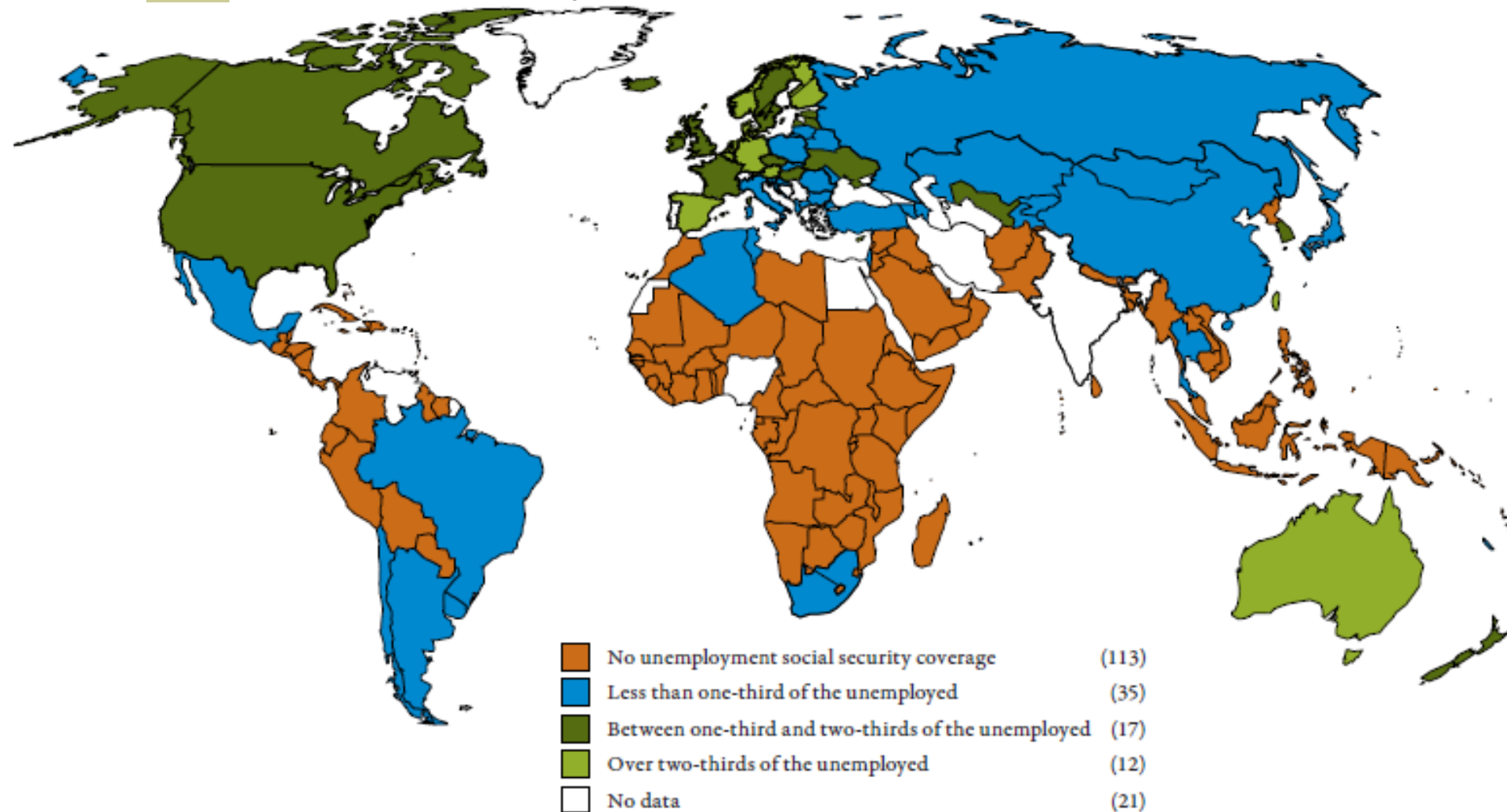
Unemployment Protection Schemes throughout the World.



Legal Coverage of the Unemployment Protection Schemes.



Effective Coverage of the Unemployment Protection Schemes.



4. UI as a social protection

- ◆ Given the existing informality, UI is not enough measure to protect the whole people.
- ◆ UI should be combined with active labor market policies which cover the informal.
- ◆ Still, enhancing the effective coverage of UI is a good way for upgrading the social quality.