Anatomy of a jobs crisis: Mozambique

Sam Jones

University of Copenhagen

23 September 2016
Agenda

1. Definitions
2. Mozambique’s jobs crisis
3. What can be done?
Questions in focus

1. What does a ‘jobs crisis’ mean?

2. What *kind* of a jobs crisis does Mozambique face?

3. What might be done?
Questions in focus

1. What does a ‘jobs crisis’ mean?

2. What *kind* of a jobs crisis does Mozambique face?

3. What might be done?
Questions in focus

1. What does a ‘jobs crisis’ mean?

2. What *kind* of a jobs crisis does Mozambique face?

3. What might be done?
Concerns regarding a ‘jobs crisis’ OR ‘employment crisis’ are frequently heard.

But what do these terms mean?

Actually mean different things ... in different contexts.

Three main uses of the term.
Concerns regarding a ‘jobs crisis’ OR ‘employment crisis’ are frequently heard.

But what do these terms mean?

Actually mean different things ... in different contexts.

Three main uses of the term.
Concerns regarding a ‘jobs crisis’ OR ‘employment crisis’ are frequently heard.

But what do these terms mean?

Actually mean different things ... in different contexts.

Three main uses of the term.
Concerns regarding a ‘jobs crisis’ OR ‘employment crisis’ are frequently heard.

But what do these terms mean?

Actually mean different things ... in different contexts.
Concerns regarding a ‘jobs crisis’ OR ‘employment crisis’ are frequently heard.

But what do these terms mean?

Actually mean different things ... in different contexts.

Three main uses of the term.
(1) Crisis of high cyclical unemployment
(2) Structural labour market problems

The Beveridge Curve - Unemployment-Vacancy Relationship
e.g., Skills mismatch

![Worker-Skill Mismatch Chart]

- Construction: 28.3
- Manufacturing: 7.3
- Wholesale and retail trade: 5.4
- Transportation and utilities: 5.2
- Leisure and hospitality: 4.5
- Financial Services, Insurance, Banking: 3.8
- Repair, Maintenance, Organizations, Other: 3.7
- Government (Federal, State & Local): 2.8
- Telecommunications & Information Services: 2.8
- Mining, logging, and oil and gas extraction: 2.4
- Professional Services (Legal, Engineering, Info Tech): 2.2
- Education & Health Services: 2.0
(3) Jobless growth – e.g., India

**EMPLOYMENT STAGNATES...**
(Workforce, in mn)
- 1999-2000: 397
- 2004-05: 459
- 2009-10: 464

**...WHILE GROWTH HAS REMAINED HIGH**
(GDP growth, in %)
- 2005-06: 9.5
- 2006-07: 9.6
- 2007-08: 9.3
- 2008-09: 6.7
- 2009-10: 8.6
Crises are context-specific

Relevance of different notions of ‘jobs crisis’ varies across contexts, and often by levels of development:

1. *Cyclical unemployment*: typically applied in advanced countries, where employment previously was high.

2. *Structural unemployment*: applies to middle and high income countries, esp. during periods of structural change.

3. *Jobless growth*: most often applied to developing countries.
   - Benefits of growth not producing higher productivity jobs.
   - Persistent levels of under-employment.
Crises are context-specific

Relevance of different notions of ‘jobs crisis’ varies across contexts, and often by levels of development:

1. *Cyclical unemployment*: typically applied in advanced countries, where employment previously was high.

2. *Structural unemployment*: applies to middle and high income countries, esp. during periods of structural change.

3. *Jobless growth*: most often applied to developing countries.
   - Benefits of growth not producing higher productivity jobs.
   - Persistent levels of *under*-employment.
Crises are context-specific

Relevance of different notions of ‘jobs crisis’ varies across contexts, and often by levels of development:

1. **Cyclical unemployment**: typically applied in advanced countries, where employment previously was high.

2. **Structural unemployment**: applies to middle and high income countries, esp. during periods of structural change.

3. **Jobless growth**: most often applied to developing countries. 
   - Benefits of growth not producing higher productivity jobs.
   - Persistent levels of under-employment.
Crises are context-specific

Relevance of different notions of ‘jobs crisis’ varies across contexts, and often by levels of development:

1. **Cyclical unemployment**: typically applied in advanced countries, where employment previously was high.

2. **Structural unemployment**: applies to middle and high income countries, esp. during periods of structural change.

3. **Jobless growth**: most often applied to developing countries.
   - Benefits of growth not producing higher productivity jobs.
   - Persistent levels of under-employment.
1 Definitions

2 Mozambique’s jobs crisis

3 What can be done?
The short version

- Impressive recovery and continued growth after protracted conflict (1970s-1992)

- Improvements in welfare, but poverty reduction modest

- Structure of employment relatively stagnant

- Large & widening productivity differences between sectors

- No robust signs of positive structural change

- Demographic pressures mounting, quickly
Macroeconomic success
Limited structural change ... in output
... and employment

[Bar chart showing the percentage of employment in different sectors from 1997 to 2014.]
Shift out of very low productivity agriculture → low productivity services
No positive structural change in labour market
Demographic pressures

![Graph showing total working-age population and working-age population with primary education, by gender.]
Demographic pressures
Outline

1 Definitions

2 Mozambique’s jobs crisis

3 What can be done?
What can be done?

Difference between microeconomic vs macro-structural interventions.

The latter are MOST critical.

Why? — the structure of recent economic growth has been problematic.
What can be done?

Difference between microeconomic vs macro-structural interventions.

The latter are MOST critical.

Why? –– the structure of recent economic growth has been problematic.
What can be done?

Difference between microeconomic vs macro-structural interventions.

The latter are MOST critical.

Why? – the structure of recent economic growth has been problematic.
The pattern of recent growth

[Graph showing the pattern of recent growth with estimated stock (US$ millions) from 2003q3 to 2015q3 for Domestic credit and FDI.]
The pattern of recent growth
Policy recommendations

No silver bullets. (Sorry).

Focus areas:

1. Focus on labour-intensive sectors (agriculture)

2. Address anti-job policy distortions (e.g., minimum wages)

3. Raise external competitiveness
Policy recommendations

No silver bullets. (Sorry).

Focus areas:

1. Focus on labour-intensive sectors (agriculture)

2. Address anti-job policy distortions (e.g., minimum wages)

3. Raise external competitiveness
No silver bullets. (Sorry).

Focus areas:

1. Focus on labour-intensive sectors (agriculture)

2. Address anti-job policy distortions (e.g., minimum wages)

3. Raise external competitiveness
Policy recommendations

No silver bullets. (Sorry).

Focus areas:

1. Focus on labour-intensive sectors (agriculture)

2. Address anti-job policy distortions (e.g., minimum wages)

3. Raise external competitiveness
Policy recommendations

No silver bullets. (Sorry).

Focus areas:

1. Focus on labour-intensive sectors (agriculture)

2. Address anti-job policy distortions (e.g., minimum wages)

3. Raise external competitiveness
A final thought

Mozambique now facing a major crisis.

... devaluation of > 100% in last 18 months!

A window of opportunity to boost labour intensive export sectors ... ?
Mozambique now facing a major crisis.

... devaluation of > 100% in last 18 months!

A window of opportunity to boost labour intensive export sectors ... ?
Mozambique now facing a major crisis.

... devaluation of > 100% in last 18 months!

A window of opportunity to boost labour intensive export sectors ... ?