

# Anatomy of a jobs crisis: Mozambique

Sam Jones

University of Copenhagen

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# 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?

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But what do these terms mean?

Actually mean different things ... in different contexts.

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# (1) Crisis of high cyclical unemployment

## Not enough jobs to go around

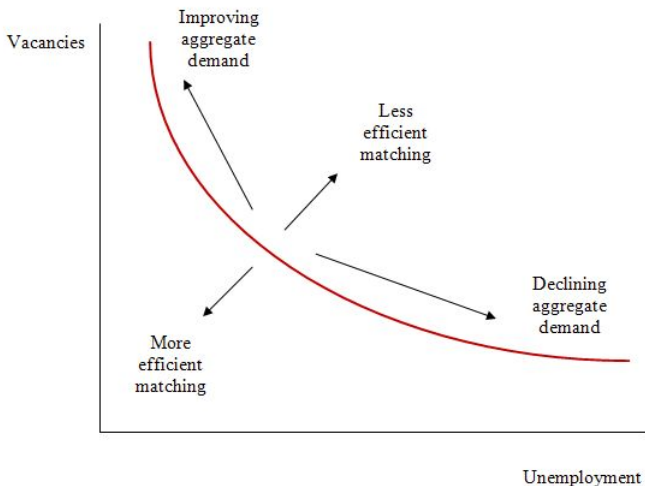
Job-seekers ratio, December 2000–June 2012



**Note:** Shaded areas denote recessions.

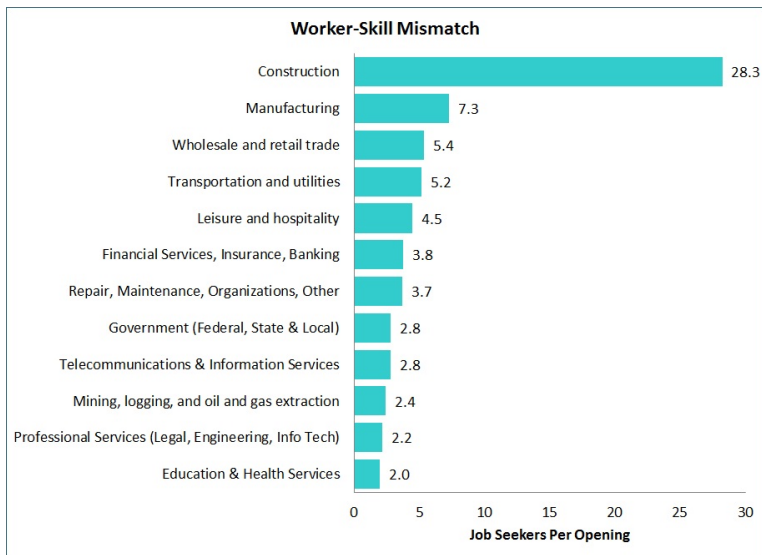
**Source:** Author's analysis of Job Openings and Labor Turnover Survey and Current Population Survey public data series

## (2) Structural labour market problems



**The Beveridge Curve - Unemployment-Vacancy Relationship**

# e.g., Skills mismatch



### (3) Jobless growth – e.g., India

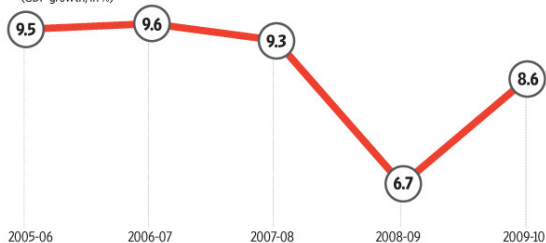
#### EMPLOYMENT STAGNATES...

(Workforce, in mn)



#### ...WHILE GROWTH HAS REMAINED HIGH

(GDP growth, in %)



# 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**.

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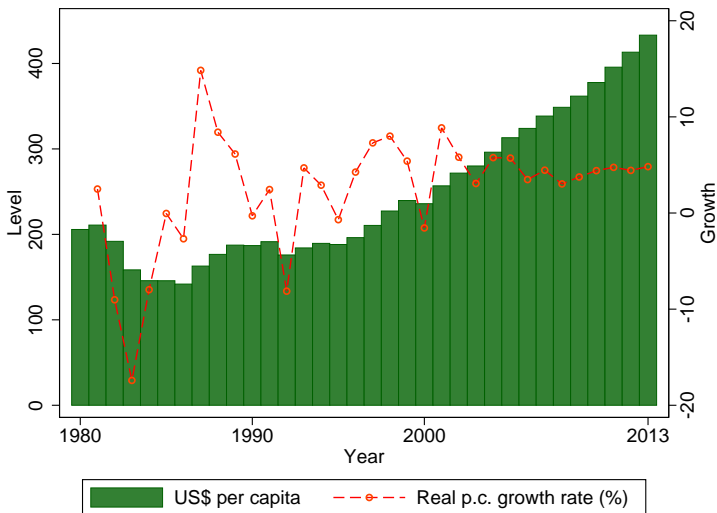
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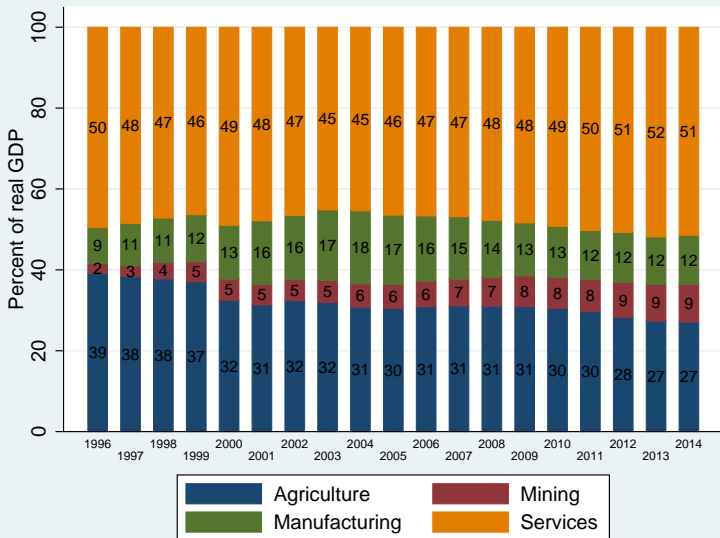
# The short version

- 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

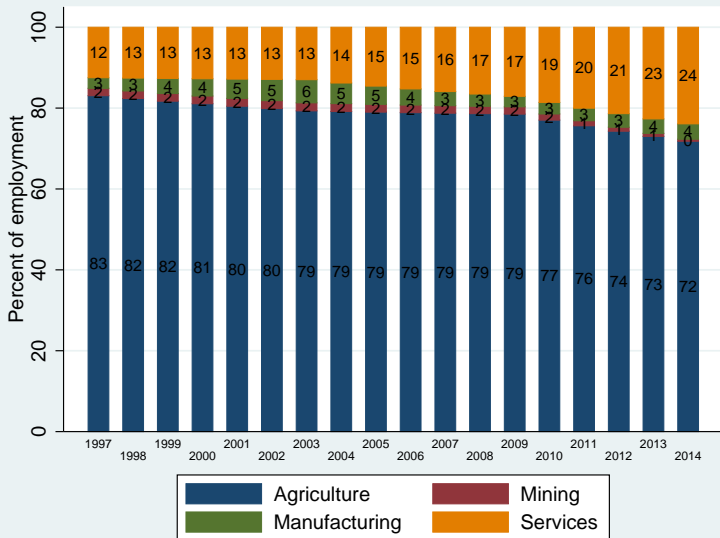
# Macroeconomic success



# Limited structural change ... in output

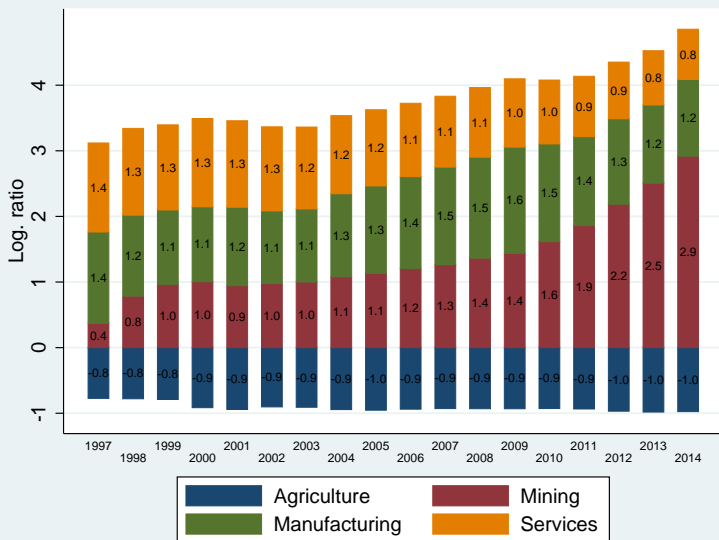


# ... and employment



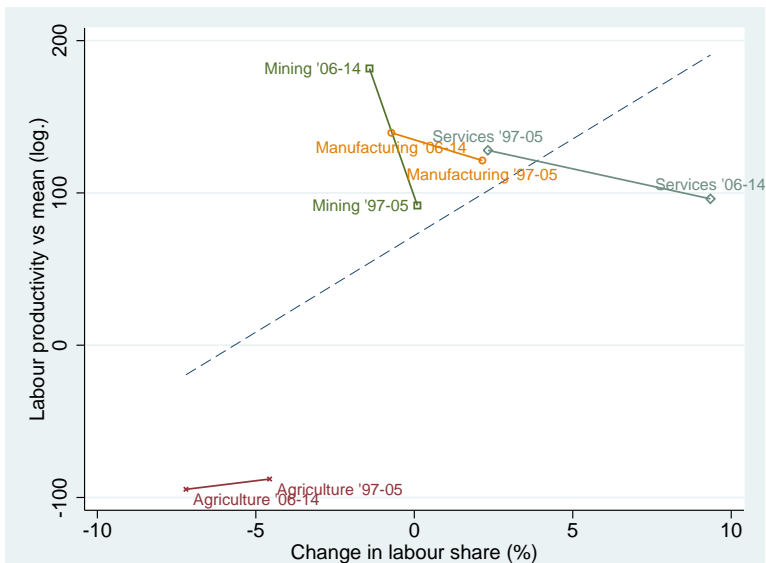
# Shift out of very low productivity agriculture

→ low productivity services

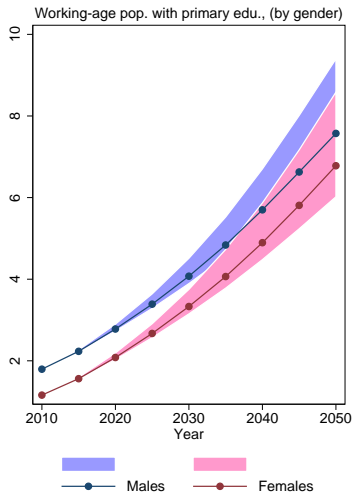
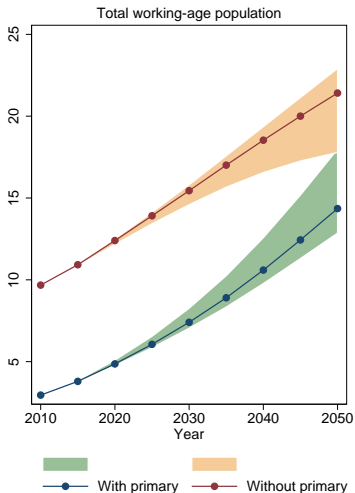




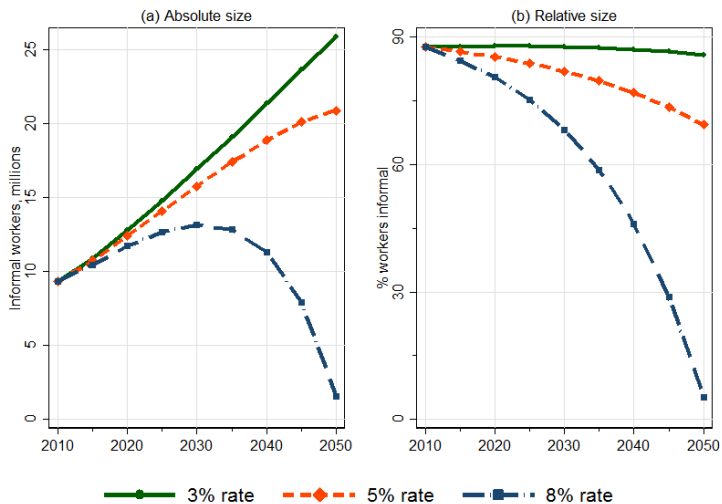
# No positive structural change in labour market



# Demographic pressures



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Difference between microeconomic vs macro-structural interventions.

The latter are MOST critical.

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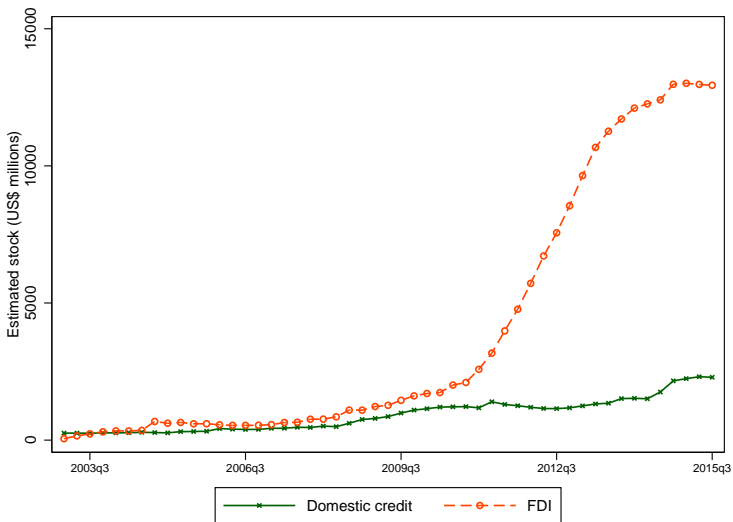
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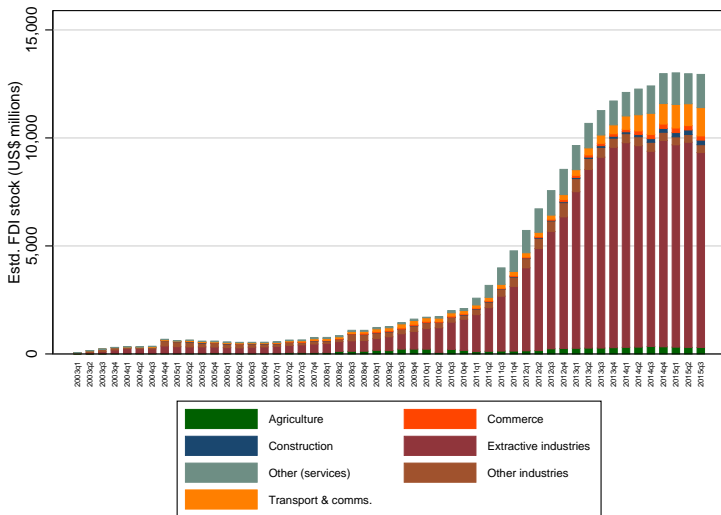
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# The pattern of recent growth





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# 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

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## A final thought

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