

# Jobs must be at heart of recovery to avoid deep scars in economy and society, says OECD

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The strong economic recovery underway across OECD countries is yet to fully translate into enough new jobs to get employment levels back to pre-pandemic levels in most member economies according to a new OECD report.

The [OECD Employment Outlook 2021](#) says that across OECD countries around 22 million jobs were lost across OECD countries in 2020 compared to 2019 and 114 million around the world. In the OECD area, despite a partial recovery, there are still over 8 million more unemployed than before the crisis, and over 14 million more people not actively looking for a job. The employment rate (the share of working age people in employment) in OECD countries will still be below pre-pandemic levels by the end of 2022, according to the Outlook.

Hours worked in low-paying occupations fell by over 28% across the OECD, 18 percentage points more than the fall seen among high-paying occupations. The number of young people not in employment, education or training (NEET) increased by almost 3 million, reversing the trend of the past decade. By the end of 2020 the average NEET rate of 15-29 year-olds, at 12%, remained a full percentage point above that of the previous year.

The [OECD unemployment rate](#) decreased marginally in May 2021, to 6.6% (from 6.7% in April 2021), remaining 1.3 percentage points (pp) above its pre-pandemic level observed in February 2020. The corresponding number of unemployed workers in the OECD area was 43.5 million in May 2021, 8.1 million higher than in February 2020. At 13.6% in May 2021, the OECD youth unemployment rate remained 2.2 pp above its pre-pandemic level. There are significant disparities across countries in the size of the economic shock and the speed of the recovery, with differences between May 2021 and February 2020 unemployment rates ranging from more than 4 pp in some countries (e.g. Colombia and Costa Rica) to close to 0 in others (e.g. Australia and France).

“It will be very important to get policy settings right to encourage business investment and job creation, as well as to drive the necessary upskilling, re-skilling and skills matching required to ensure everyone has the best possible opportunity to participate and benefit from the recovery”, OECD Secretary-General Mathias Cormann said, launching the report in Paris.

“As governments roll out their recovery plans, it is essential to continue supporting families most in need while better targeting fiscal policy measures designed to boost growth towards firms and jobs that have a viable future in the new post-COVID environment, providing the right incentives for business investment leading to the restoration and creation of more new jobs.

“Withdrawing support too soon would risk jeopardising the recovery. The short-term costs of fiscal support measures can be reduced by enhancing the targeting to the most vulnerable sectors, companies and households, while fostering start-ups and job creation,” he said.

The labour market also remains vulnerable to a rapid build-up of long-term unemployment. Many who lost their job in the first phases of the pandemic have been jobless since then and may find it increasingly difficult to compete with those whose jobs have been previously sheltered.

At the height of the crisis, job retention schemes supported approximately 60 million jobs, more than ten times as many as during the financial crisis, and saved up to 21 million jobs. These helped to limit rises in unemployment in many countries, while there is no indication that they had a significant adverse impact on job creation so far. Support should now be targeted to

sectors still affected by social distancing restrictions. The design of other schemes should be adjusted to promote the recovery and eventually phased out, says the report.

Increased investment in active labour market policies will be critical to help workers find employment. Activation policies should be expanded to provide support and governments should better integrate employment and training services and individualise support to enhance its effectiveness.

Investment in effective skills policies is essential to help businesses, start-ups as well as workers cope with transitions to occupations and sectors with high growth potential, including those relying on green technologies. More efforts should be made to promote a culture of lifelong learning and linking training to individuals rather than jobs.

The recovery from the crisis also offers an opportunity to address long-standing gaps in social protection, says the Outlook. For example, emergency support for the self-employed and other workers with weak coverage introduced during the pandemic should be re-assessed and possibly converted into more targeted and systematic responses, capable of ensuring both fairness and incentives to work. This means a more neutral treatment across forms of work, improved portability of entitlements, and eligibility that is more responsive to people's changing needs.

Download the [report](#) and [country notes](#) .

For more information or to request an interview, journalists should contact [Spencer Wilson](#) in the OECD Media Office (tel. + 33 1 45 24 81 18).

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