## **NEWS WRAP**

**AGD** 

The likelihood of severe unemployment in USA, expanding into the 2010 US midterm elections and thereafter, poses a huge political hurdle to the US President and Congressional Democrats. President Obama has defended his \$ 787 billion economic stimulus plan and record investments in health care, alternative energy, education and job training as necessary economic approaches to stabilize the weak economy and lead job growth.

But the rate of unemployment is projected to continue to rise for another year reaching double digits, despite signs that the recession gripping the US economy may be easing. This threatens to slow growth, increase poverty and complicate the economic outlook. Forecasters are projecting US unemployment to hover above 10% in 2010, and not return to pre-recession levels of about 5%, for years subsequently.

The high levels of joblessness is expected to be accompanied by steep rise in child poverty, strained government budgets, and black and Latino unemployment rates hitting 20%. President Obama has allowed a costly series of financial and automobile industries bail out. Current efforts to widen health-care coverage to the uninsured is estimated to cost at least \$ 1 trillion over the next decade. The present US unemployment rate is 9.4%, which is the highest in a quarter century. Even as the US federal government grapples with a huge budget deficit, the internal stimulus measures would be needed further. The US economy lost 5.7 million jobs, since recession arrived in Dec 2007. While USA's growing workingage population requires the job market to expand by 125,000 to 150,000 a month, merely to maintain the unemployment rate stable, employers are reducing about 345,000 jobs every month. The job market could have been in much worse shape, had the stimulus package not been enacted. Combined with a rising stock market and increases in consumer spending, there are expectations that the velocity of job losses would slow down. Many of the job losses are in manufacturing and construction, which affect less educated workers and immigrants.

The current US recession has been characterized by the crash of the housing market, and the near collapse of the financial sector and automobile industry. Consumer spending accounts for about 70% of the US economy. High unemployment dampens consumer spending, which leads to further pressure on the job market.

@.....@.....@

In order to provide workers better formal recourse for their individual and collective grievances, during 2008 China has introduced a series of labour laws, aimed to improve mediation and setting up an arbitration process. Instead of resorting to strikes, workers have been using the process increasingly. Between 2006 to 2009, total cases accepted by China's Labour Arbitration Committees have increased three-fold. The collective cases have doubled during the period. Even then, while disputes keep multiplying, only a small share of disputes keep multiplying, only a small share of disputes are heard before the committees. Workplace conditions and workers' safety in China's factories, mines and

construction sites are far from satisfactory. Managers ignore nominal legal provisions stipulating minimum wages and guaranteed rest days. Frequently workers are not paid wages for months, resulting in sit-ins and demonstrations. Such labour action is never organized by the labour unions.

The All-China Federation of Trade Unions (ACFTU) spans from the National level to small enterprises. It is controlled by the Communist Party at the national level: and at the level of company enterprise it is a tool of the management. By drafting labour laws and representing workers in collective bargaining, Chinese labour unions could play a greater role, in future. However, it is unlikely that the unions will gain independence from China's Communist Party, nor gather influence of unions in Japan or South Korea. Recognizing that workers have legitimate grievances and do not aim to overthrow the government, local governments frequently intervene in labour disputes by placating the workers and maintaining stability. Opposition by workers to privatization and job cuts is extensive. On 24 July 09, in China's northeastern Jilin province, at the Tonghua Iron and Steel Plant when an executive informed the workers that an imminant privatization of their factory would bring huge job cuts, around 30,000 workers beat to death Chen Guojun, general manager of the private Jianlong group, which was owining a minority stake in the company. The provincial government ordered Jianlong to abandon its plan to buy out the steel plant.

Air India's (AI) mounting debt burden currently hovers at Rs 16,000 crores. The three-year plan to cut annual losses envisages 75% of AI's operations under the low-cost umbrella. To achieve cost reduction of about Rs 4000 cr annually, AI is negotiating with banks and financial institutions to exchange high-cost debts of about Rs 11,000 cr. A letter of comfort from the government is expected to convert high-cost debt into low interest loans. With an initial fleet of ten aircraft, the low-cost subsidiary Air India Express has been launched in September 09, for improving rvenue. The aircraft to employee ratio will be lowered to match global standards.

Two-Thirds of the 32,000 staff

arm $\mathbb{Z}$  $\mathbb{Z}$ <