

# BACKGROUND

## **The APEC Task Force on the Human Resource and Social Impacts of the Financial Crisis**

The APEC Task Force on the Human Resource and Social Impacts of the Financial Crisis was formed under the auspices of the APEC Human Resources Development (HRD) Working Group, at the 17th meeting of the Working Group held in Bali, Indonesia, in January 1998. The Task Force members include Canada, Indonesia, Malaysia, the Republic of the Philippines, and Thailand; the USA has also recently joined. The Task Force is co-chaired by Canada, Indonesia and the Philippines.

The terms of reference of the Task Force are:

- to explore and examine the human resource, labour market and social impacts of the crisis;
- to estimate the likely degree of re-structuring that might be required in labour markets and associated sectors;
- to identify and share knowledge and “best practices,” especially from those economies which might have overcome similar crises in the past; to facilitate possible policy or program reforms; and
- to recommend appropriate and realistic actions which the HRD Working Group could take within its own limit in APEC to lessen the impact of the crisis on people in the region.

The Task Force held its first meeting in conjunction with an Experts’ Symposium in Jakarta, Indonesia, in May 1998. A symposium, organized by the Task Force, took place just before the 18th meeting of the HRD Working Group, and was hosted by Chinese Taipei. Over 100 delegates attended the symposium. Papers and/or presentations were contributed by Australia, Canada, Chile, the People’s Republic of China, Japan, Indonesia, the Republic of Korea, Malaysia, Mexico, New Zealand, the Republic of the Philippines, and Thailand. Other economies, including Hong Kong, China, Papua New Guinea, Singapore and Chinese Taipei, also shared

written analyses of the human resource and labour market impacts with HRD Working Group colleagues during the subsequent Working Group Meeting.

The symposium began with the presentation of a synthesis paper based on the Jakarta Experts’ Symposium that is reproduced in this report. The symposium then heard case studies by experts from some of the most affected economies, as well as adjustment experiences from other APEC economies. Comments on the presentations were provided by panellists from the perspective of business and labour, as well as specialists in social and gender analysis. HRD Working Group members participated in an open discussion of the issues raised in the presentations.

A number of human resource development and social issues were raised and explored during the symposium discussions, ranging from unemployment and other labour market impacts on migration issues, poverty levels and on food security. The issues were discussed within a framework that took account of both short-term adjustment and longer-term impacts.

Some familiar APEC issues were explored, but in a somewhat different light than the way these issues have been traditionally addressed in the APEC Economic and Technical Cooperation (ECOTECH) agenda. For example, the role of SMEs, and particularly micro-enterprises, was considered in the context of the informal sector, particularly the potential of the informal sector for job creation and economic revitalization in either rural or urban contexts. On the other hand, the destabilizing effects of the growth of the informal sector on the more secure elements of the labour market, like wages and job security, were noted.

It was observed that the heaviest burden of the financial crisis is borne by certain groups: women, young people trying to enter the labour market, and older men previously employed in certain industrial sectors. The paradox was also noted of skill shortages in

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key sectors for growth and development: for example, technology, marketing, and other “knowledge and information society” skills; while many workers continue to look for jobs.

The role of social safety nets was a prominent theme of the discussions. Some member economies shared perspectives on social safety net models that they have tried in the past, while others discussed those which they are currently using in response to the financial crisis. It was noted that one of the social changes accompanying industrial economic development has been the erosion of traditional safety nets and social support systems; this also affects the capacity of communities and individuals to cope with the impacts of the crisis.

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Another strong theme throughout the discussions was the importance of partnerships and consensus-based initiatives in addressing the human resource and social impacts of the crisis. Tripartite approaches by governments, business and labour were pointed to as an emerging useful paradigm,

not only for addressing short-term impacts, but also for developing long-term strategies of human resource development.

The value of cooperation among economies within APEC in analyzing the human resource and social impacts of the financial crisis and seeking solutions was reiterated. It was also noted that cooperative sharing of information and perspectives with other organizations carrying out related efforts in the region, such as the Asian Development Bank (ADB) and the International Labour Organization (ILO), could be useful.

The high degree of participation by HRD Working Group member economies as well as the comprehensiveness and openness of the discussions at the symposium produced a valuable outcome of this APEC initiative. The Task Force carried through considerations of the themes and issues raised during the symposium in its development of preliminary recommendations, subsequently presented to the 18th Meeting of the HRD Working Group.