

The impact of the unemployment on the social protection system in Algeria within Globalization

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Abstract:

During the past two decades, social protection policy in Algeria has known plenty of changes in its framework to reduce unemployment phenomenon, despite the efforts carried out by the Algerian states to offer solutions and stop this phenomena by providing jobs which are not controlled till today, under providing new methods and formulas to encourage the spirit of individual and collective initiatives of young Algerians, here it highlights the role part of social protection as a system concerned with members protection of the community, regardless of its kind when it provides assistance to get out of the unemployment in Algeria.

The observer of employment policy in Algeria would regret to youth position who are exhausted and overtired from unemployment which rises large effects touching the social, political and economic sides that caused poverty and illegal immigration of young people, in addition to the surrender of lot of social and psychological illnesses access for young people, as a result the asks in return for a radical change in all levels.

This study aimed to shed by light the impact of unemployment on the social protection systems, all this happens in light of the so- called economic globalization that the big markets and the world trade systems know it.

We will try to address this issue through exposure to the most influential aspects formed by unemployment phenomenon on social protection arriving to what extent it did reach, and to deal with the important procedures and arrangements that have prevented it.

Key words: social protection, unemployment, globalization, economic sector, Algeria.

الملخص:

لقد عرفت سياسة الحماية الاجتماعية في الجزائر خلال العقدين الأخيرين العديد من التغيرات خاصة في سياسته للحد من ظاهرة البطالة و بالرغم من المساعي الجاهدة التي تقوم بها الدولة الجزائرية للحد من هذه الظاهرة و جهودها الرامية لتوفير مناصب شغل و التي لم يتحكم فيها إلى غاية اليوم ، في ظل طرح طرق وصيغ تشجيع روح المبادرة الفردية و الجماعية للشباب الجزائري يبرز هنا دور الحماية الاجتماعية كنظام يهتم بحماية أفراد المجتمع بغض النظر عن نوعه عند قيامه بتقديم المساعدات للخروج من البطالة في الجزائر.

إن المتابع لسياسة التشغيل في الجزائر ليأسف على ما وصلت إليه الحال بالشباب الذي ضاق ذرعا من البطالة وما انجر عنها من آثار مست الجانب الاقتصادي و الاجتماعي و السياسي من ارتفاع للفقر و الهجرة غير الشرعية للشباب، ضف إلى ذلك استسلام الكثير لأمراض اجتماعية و نفسية وصولا إلى تنظيم المظاهرات المطالبة بتغيير جذري على جميع المستويات.

تهدف هذه المداخلة لتسليط الضوء أكثر على مدى تأثير البطالة على نظم الحماية الاجتماعية كل هذا يتم في ظل ما اصطاح على تسميته بالعولمة الاقتصادية التي عرفتها الأسواق الكبرى و أنظمة التجارة العالمية. و تأسيسا على ما تقدم سوف نحاول معالجة هذا الموضوع من خلال التعرض لأهم الجوانب المؤثرة شكلتها ظاهرة البطالة في مجال الحماية الاجتماعية وإلى أين وصلت، والتعرض لأهم الإجراءات والتدابير التي حالت دون ذلك.

كلمات مفتاحية: الحماية الاجتماعية، البطالة، العولمة، القطاع الاقتصادي، الجزائر

Introduction :

This paper outlines a new approach to the study of unemployment and social protection , its aim to shed the study and analyses on unemployment phenomenon issues in Algeria and its impact on social protection in light of the so-called globalization , we have divided this paper after this topic introduction to the four key sections, in the first we define the major concepts, and in the second we analyze the problematic relationship between unemployment and social protection, in the third section we studied unemployment phenomenon in Algeria, and finally in the fourth paragraph we treated the globalization of the social protection system, at the end a conclusion and some recommendations.

« No one should live below a certain income level, and everyone should have access to essential public services such as water and sanitation, health and education »¹

Facing the unemployment as a social phenomenon, the conditions of Bankimoon will never come true. The problematic of this subject, in particular is the following:

What is meant by unemployment phenomena, social protection and globalization?
How can unemployment be explained in Algeria? what are the different approaches for explaining it, and what are their common features and differences?

What impact does globalization have on the social protection of unemployment?
Does unemployment make it more difficult to achieve the legitimate and desirable aims of economic policy and effect social protection policy in Algeria?
What are the challenges of globalization in the advanced economics and how can they be met in Algeria? And which questions are still open?

The major concepts:

“Everyone has the right to a standard of living adequate for the health and wellbeing of himself and of his family” (United Nations 2000:4).

The United Nations defines social protection as “a set of public and private policies and programs undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide assistance to families with children as well as provide people with basic health care and housing” ²(United Nations 2000:4). It is underpinned by shared “fundamental values concerning acceptable levels and security of access to income, livelihood, employment, health and education services, nutrition and shelter” (United Nations 2000:4). This approach extends the role of social protection to securing basic needs especially employment as a precondition for human and economic development.

Social protection is rapidly becoming a key component of development policy. This section provides a description and definition of social protection, unemployment and the impact of globalization and identifies the key policy drivers and describes the scope of each of them as a policy framework.

What is social protection?

In the work of the International Labor Organization (ILO)³, social protection is associated with a range of public institutions, norms and programs aimed at protecting workers and their households from contingencies threatening basic

living standards. Broadly, these can be grouped under three main headings: social insurance, social assistance and labor market regulation.

Social insurance consists of programs providing protection against life-course contingencies such as maternity and old age, or work-related contingencies such as **unemployment** or sickness.

Social assistance provides support for those in poverty. Normally, social insurance is financed from contributions by workers and their employers, whereas social assistance is tax-financed.

Social protection can be regarded as a kind of insurance policy against poverty and a tool for delivering social justice, as well as a means of promoting inclusive development. It is an expression of solidarity and cohesion between the haves and have-nots, between governments and citizens, and even between nations.

Social protection does not always mean “politics against markets.” In this paper we argue, as did Polanyi (1944), that social protection rescues the market from itself by preventing market failures⁴.

More specifically, we contend that social protection aids the market by helping economic actors overcome market failures in skill formation. We show, in this paper, that different types of social protection are complementary to different skill equilibrium.⁵

Social protection can be delivered to those who need it through a variety of mechanisms, including unemployment benefits, pensions, child support, housing assistance, national health insurance, job-creation schemes, retraining programs, agricultural insurance, and more. Globalization refers to the growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and international capital flows, and also through the more rapid and widespread diffusion of technology⁶.

Finally, social protection and employment standards ensure basic standards at work, and extend rights to organization and voice. These institutions have been

fully established in developed countries, but in developing countries their development has been uneven.

What is unemployment?

The international standard definition of unemployment ⁷ is based on three criteria, which have to be met simultaneously. According to this definition, the unemployed comprise all persons above the age specified for measuring the economically active population who during the reference period were⁸:

A) "Without work", i.e. were not in paid employment or self-employment as defined by the international definition of employment.

B) "Currently available for work", i.e. were available for paid employment or self-employment during the reference period.

C) "Seeking work", i.e. had taken specific steps in a specified recent period to seek paid employment or self-employment.

According to the priority rules of the labor force framework⁹, unemployment takes precedence over economic inactivity. Therefore, students, homemakers, pensioners and other persons mainly engaged in non-economic activities during the reference period, who satisfy the above mentioned criteria of the definition of unemployment, should be regarded as unemployed on the same basis as other categories of unemployed persons. They should however be identified separately, where possible. On the other hand, employed persons looking for another or additional job are excluded from the unemployment.

What is Globalization?

Globalization generally refers to various dynamic phenomenon that have the following elements in common: ¹⁰they cut across national boundaries and ¹¹they result in higher integration or interdependence of human societies.

Globalization can be of an economic, social, political or environmental nature, for example. In this paper we shall restrict ourselves to economic

globalization that is to impact social protection, and unemployment in Algeria between national economies. We shall first consider how economic globalization might impact on social protection and unemployment, then review some analytical tools that can be used to assess this impact, and finally look at the informational situation in the unemployment in Algeria with respect to social protection and employment. It should be noted that unemployment may also have an impact on globalization (reverse impact). This aspect is, however, beyond the scope of the present paper.

Globalization and unemployment are two phenomena which are among the most widely discussed subjects in the economic debate today. the tendency of unemployment has rise first of all in 1970's in the world it become a center of political conflict which has had a seriously negative effect on the political confidence of the publican and the ability of politicians and their advisors to act as crises managers.

However, a view of the causes was very quickly developed which diverted responsibility from politicians and attributed it to an apparently exogenous factor. For example, many observers attributed the increase in unemployment above all to the worldwide trend towards globalization, i.e.to the increase in the world economic interdependence of markets and corporate activities, and the rapid spread of technologies, which has happened above all in the last two decades.

In principal, the correlation between globalization and unemployment has still not yet been fully clarified. Clarification of this correlation is not only of academic interest, but is also decisive for the drafting of the fight against unemployment in terms of economic policy.

We will provide a brief survey of broad trends in the integration and disintegration of the globalization in unemployment.

Despite increasing pressure from austerity measures and looming challenges in the form of an ageing population, social protection is an integral and essential

component of the ‘Algerian social model’, which is about combining economic dynamism with social justice, and is even enshrined in. Over the decades, social protection has helped millions of people around the world weather personal and collective crises, including the recent recession¹².

Naturally, there are probably as many Arabic models of social protection as there are Member States. Often conceptualized geographically (Egypt, Lebanon ,The middle east, , Mediterranean countries, etc.) or politically (social-democratic, liberal or religious), this diversity is partly reflected in the resources individual countries dedicate to social protection, which range from 12.4% of gross domestic product in the middle east to 31.5% in Lebanon¹³.

Social protection is effective. For example, it reduces the poverty risk in the EU by 36% and reduces the actual incidence of poverty by more than 50% in many Member States¹⁴.

The extension of social protection in developing countries like Algeria will require overcoming a number of constraints, which are more acute for low-income countries. Among these constraints is finance—a key barrier to the extension of social protection. The issue is long-term sustainability, as Algeria is not in a position to finance the extension of social protection through payroll taxes that was crucial to the emergence of the welfare state in developed countries¹⁵. Alternative forms of resource mobilization will be needed. Capacity constraints are a problem in low-income countries that causes unemployment , but this is a more tractable issue than finance.

Social protection systems in Algeria can be broken down as follows¹⁶:

Social insurance: primarily includes social pension, health and work accident insurance

Unemployment insurance: primarily covers unemployment benefits, unemployment assistance and active labor market policies

Universal schemes: family allowance and tax credit for children, childcare allowance, long-term care system (and, de facto, the benefits in kind offered by the health care system)

Means-tested benefits (means test on income): primarily include minimum income levels under the pension insurance scheme (equalization supplements), unemployment assistance under unemployment insurance, the means-tested minimum income scheme (social assistance until 2010) and grants to pupils and students

Social protection for civil servants (tenured civil servants subject to special pension law)

Social compensation systems: primarily for victims of war, military service and crime

Protection under labor law: e.g. continued payment of wages in case of illness

Occupational pension schemes.

Social services.

Examining the implications of following different social protection pathways to reduce unemployment and vulnerability and to establish long-term social protection institutions remains an urgent question to be tackled by researchers. The likely impact on unemployment and vulnerability of the extension of social protection under way in Algeria is not in doubt. Investment in social protection and social assistance can be extremely effective in reducing current poverty and vulnerability, as well as poverty persistence across time and generations. Countries with stronger social protection and assistance institutions show lower rates of unemployment and vulnerability, and are more resilient in the face of economic and social transformation¹⁷.

The diagnoses of unemployment in Algeria:

the employment gain a huge importance to push economic and social development in all over the world throughout fighting unemployment and effective education for human resource through productive and accumulative channels especially in Algeria that owned youth fortune¹⁸, however it suffers from unemployment increasing that touches all society classes even university youth.

The causes of unemployment in Algeria:

- ✓ State intervention in the normal progress of market employment, especially when it comes to its intervention to guaranty the lowest payment, since decreasing payments and taxes are enough to encourage investment, so as result it create fortune and offer employment.
- ✓ The Algerian economy is entrusted to fuel sector and the weakness of other remaining sectors which represent only 2% from the Algerian balance of trade.
- ✓ Abstaining of the capitalists from the investment which doesn't makes enough profit that satisfies their ambitious.
- ✓ Demographic growth.
- ✓ The continuous intensify of machines use and productivity increasing which call preserves the work period and free employee.
- ✓ The security crises which destroy the state base foundation and causes the fall back of inner or extern investment level which are considered one of the most important elements on unemployment.

The final section summarizes the main points and discusses possible linkages to wider coherent models. But the benefits of social protection are not only social in nature, they are also economic. Effective social protection instruments are thought to lead to long-term inclusive growth by encouraging capital accumulation and investment, increasing the labor force's work capacity, helping to manage

risk, as well as offering potential advantages to non-beneficiaries (multiplier effects).

“Social protection systems can play a crucial role as automatic stabilizers and sustain the productive capacity of the economy,” notes the EU’s Social Protection Committee¹⁹. This means that, for example, in times of crisis when many people lose their jobs, the benefits and transfers they receive help ensure that demand does not collapse and the economy continues to function, increasing the chances of a rapid recovery. In addition, social protection helps underwrite the health and well-being of the population and a healthy population is an active and productive one.

In cases of permanently reduced capacity or total incapacity to work, a number of social protection systems provide cash benefits, benefits in kind, or assistance to (re-)integration²⁰ into the labor market, as well as special protection under employment law for specific groups of persons.

Although social protection in developed countries is so well established that it has become almost a fact of life, elsewhere in the world the situation is patchier.

According to the ‘World social security report 2010-2011’²¹ which is produced by the International Labor Organization, only about 20% of the world’s working-age population and their families have effective access to comprehensive social protection systems, despite the right to social security being enshrined in the 1948 Universal Declaration of Human Rights (Article 21)²². Although about 17% of global GDP is allocated to social security, most of this spending is concentrated in higher-income countries, the report finds.

Special social protection systems²³ are in place for risk situations for which the government takes special responsibility. They provide benefits (primarily pension benefits) to victims of war, military service, Fascism, crime or vaccinations. These schemes are managed by the Federal Ministry of Labor, Social Affairs and Consumer Protection and/or the Federal Social Office (an agency

subordinate to the ministry) and its nine Leander offices. Social compensation systems are funded exclusively from the federal budget.

Conclusion:

Clearly, what we have done in this paper is to outline a broad research agenda for the study of unemployment on social protection in Algeria rather than testing a specific set of hypotheses that follows from It within globalization atmosphere. Much work needs to be done, for example, in testing whether the fact of social protection in Algeria can defeat unemployment phenomenon.

Finally, the structure of the financing of social protection may have strong distributional implications. For instance, consumption taxes tend to weigh more heavily on the poorest households, while income taxes tend to compress income distribution. Taxes on capital income are also more equitable. Thus, the distributional consequences of the various possible tax reshufflings would also need to be assessed before drawing strong policy recommendations.

Clearer policy recommendations cannot be drawn on the basis of these findings, however to give more efficiency to the employment policy in light of the social protection in Algeria ,to establish special programs and floors for employment policies we should recommend the following points:

- ✓ Built a database bank for all information's that contains human and technological means that allows to offer instruction and effective consultation for small and medium foundations in order to increase its capacities to command and control to execute plans and youth employment projects who search for work.
- ✓ Involving small and medium foundations in entrepreneurship sphere, especially for youth people graduated from universities and high tech-academies and provides connection within huge economic foundations, by finding formulas for studies and the financing and the pursuit and dismissing the products.

- ✓ Donate foundations with legal and material opportunities and support them to offer permanent job contract as facilitate the achievements advances without interests to the benefit of the financial and commercial and economic foundations, in order to employ as much as possible recently graduated youth from academic universities and job training centers and private academies.
- ✓ The expansion of abilities to work in the agricultural field to grant advances without or with low interest , considering that this sector offers permanent and independent work posts, in order to eliminate or at least decrease rural migration from one side , and to gain the battle of nourishment /food satisfaction from the other side.
- ✓ The activation of state role in the supervision on the equivalent economic sector or the informal activity or the so called unstructured economy, since it holds very effective position in the market and an important source to offer work posts and concerning the unemployed youth ...
- ✓ Send back the produced public investment wheel, and the role of the economic state, either throughout public benefit projects or with the participation of national private sector.

Finally, much work remains to be done to explore the implications of our argument for social protection policy in order to reduce unemployment we have indicated the empirical relationship between social protection and unemployment, wage globalization systems, and labor market stratification.

That is not to say that social protection does not exist in poorer countries but that the coverage of formal schemes is low, leaving many unprotected or dependent on informal social networks, such as their family or wider community, as well as through philanthropy and charity, and we should mentioned at the end that's most of the empirical work is still to be done.

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¹ Extract from the United Nations Security General, Bankimoon, 20February 2011, the Word Day of Social Justice.

² In Social Security: A New Consensus, it is noted that one “of the essential features of the decent work approach is that everybody is entitled to basic social protection” (ILO 2001:39). This is taken to be an extension of article 22 of the Universal Declaration of Human Rights, via article 9 of the 1966 International Covenant on Economic, Social and Cultural Rights, stating “the right of everyone to social security, including social insurance” (ILO 2001:56).

³ Algeria Middle East and North Africa -The Global Competitiveness Report 2009-2010 © 2009 World Economic Forum.

⁴ See the review in Alcock (2006) for developed countries, and Lipton and Ravallion (1993) for developing countries.

⁵ Finegold, and David Soskice. 1988. “The Failure of Training in Britain: Analysis and Prescription.” Oxford Review of Economic Policy 4 (Autumn).Garrett/ Social protection and economic development <http://www.odi.org.uk/work/programmes/social-protection/details.asp?id=544&title=social-protection-economic-development>

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⁷ The international definition of unemployment is intended to refer exclusively to a person's particular activities during a specified reference period. As a result, unemployment statistics based on the international definition may differ from statistics on registered unemployment. International Conference of Labor Statisticians.

⁸ See the links to social protection statistics collected by international organizations available at <http://www-ilomirror.cornell.edu/public/english/protection/socfas/research/intros.htm>, accessed in June 2008.

⁹ Concerning "registration at a public or private employment exchange", should be considered an active step to seek work only when it is for the purpose of obtaining a job offer, as opposed to cases where registration is merely an administrative requirement for the receipt of certain social benefits. Brochure on the Social Protection Floor initiative

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¹⁰ see OECD (2007), Off shoring and Employment: Trends and Impacts.

¹¹ OECD (2007), Staying Competitive in the Global Economy: Moving Up the Value Chain.

¹² http://www.europarl.europa.eu/charter/pdf/text_en.pdf

¹³ <http://ec.europa.eu/social/BlobServlet?docId=3898&langId=en>

¹⁴ <http://ec.europa.eu/social/BlobServlet?docId=3898&langId=en>

¹⁵ <http://www.un.org/en/documents/udhr/index.shtml>

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Social protection transfers for chronically poor people

¹⁶ عقيلة خراشي، سياسة التشغيل في الجزائر بين الحماية الاجتماعية و التضامن الوطني، مجلة دراسات اقتصادية ، العدد 16، جويلية 2010.

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