

Committee: The Group of Twenty (G20)

Issue: Combatting structural unemployment due to technological changes

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Position: Deputy President

PERSONAL INTRODUCTION

My name is Stathis Mitrou, I am an 11th grade student from Thessaloniki, Greece and I am one of the two Deputy-Presidents of the Group of Twenty committee. Personally, I started participating in MUN conferences back in 2018, after having also joined debate and rhetoric classes.

Participating in such events is quite an eye-opening experience since multiple students from all around the world or a country come together and exchange opinions and views on different topics that have to do with all aspects of a 21st century society. After the sessions of our committee conclude, each of you will have broadened your horizons and therefore your personal stances.

Here is my contact information: smitrou2004@gmail.com

Best regards,

Stathis Mitrou

TOPIC INTRODUCTION

The Group of Twenty aims through its procedures to ensure prosperity for all people, whilst simultaneously maintaining equality. To achieve such prosperity, it goes without saying that a new restructured employment model is required to combat issues like structural unemployment. During the 20th century the main reason for this unemployment was war, through which most infrastructures that could create more job opportunities was destroyed.

During said times, there was no actual support for the residents of those regions; they became financially unstable, whilst having their social structure collapse. On an international spectrum, when such events were took place, the aftermath was much more catastrophic since parts of the international economy were essentially being paralyzed, affecting even larger amounts of people. Although during that time the

world saw the employment sector being often disrupted primarily by war-conflicts, that is no longer the case in today's society.

Nowadays, as technology gets progressively more advanced taking over the production lines in many companies increasingly every year, the aforementioned unemployment phenomenon has become much more technology-oriented and it is now less affected by events of war. It is also worth mentioning that not only the reason for unemployment has now changed, but also the type of employment that occurs on a regular basis. More specifically, due to the distinguishable number of manufacturers rapidly opting for the usage of machines, the phenomenon of structural unemployment has surfaced, essentially forcing workers to quit their jobs without having any other way to sustain themselves.

Having mentioned the above, through the operations of the Group of Twenty, it is imperative that this issue is resolved in order to achieve equality and equity in the international scene, whilst also maintaining sustainable relations between states. In order to make this phenomenon easy to combat and to be able to reduce its effects on the world, it is imperative to understand the actual consequences of this situation. Such consequences, as mentioned below, may be related to social and political upset, but also situations that refer to the quality of living of the individuals affected.

DEFINITION OF KEY TERMS

Structural unemployment

A long-lasting type of unemployment induced by rapid changes in the economic sector, or in this case, in the technological sector. Structural unemployment often occurs when employees are forced to terminate their partnership with their employer due to having their labor no longer needed after they have been replaced by a new technological device or in general by an innovation that involves their sector.

Technological changes (TC)

The legal definition of Technological changes is the introduction of changes to the currently established systems with the goal of either improving or worsening them. An example of this would be: "the introduction by the Owners Group of additional radio channels, computerized dispatching systems or any other mechanical,

electrical or other systems including but not limited to fuel systems, excluding improvements or enhancements to the current systems.¹

Most Economically Developed Countries

MEDCs are nations that are highly developed both financially and socially and consist of political stability, a high quality of living and usually, a capitalist economy. Historically, this term refers to the countries that aligned with the United States of America in the opposition of the Eastern World. This phenomenon increased in popularity especially after the collapse of the USSR in 1991.

Second World Countries

The Second World countries are nations that used to be a part of the USSR historically (especially after the end of the cold war in the 1990s), and are run politically by one-party governments. Financially, the term is used to refer to countries that are developing to become MEDCs but have not reached the same commercial rates yet. Usually, they are also called “emerging markets” by investment organizations.

Less Economically Developed Countries

LEDCs are developing nations that consist of lower to no income population groups with significantly less advanced facilities and infrastructure. These regions also tend to be less socially progressive with unstable political backgrounds.

Wage and Income Inequality

Wage Inequality is an occurrence where salaries amongst the population of a country are being unevenly distributed, a situation caused by either economic or social factors like discrimination. This phenomenon usually leads to social and political disturbances through the divides that are being created amongst the different classes.

Non-Governmental Organizations (NGOs)

Non-Governmental Organizations are organizations that operate without the interference of a government or an authority. Usually, these organizations heavily influence the international scene for either financial or social reasons.

¹Law Insider Publishers. “Home.” *Law Insider*, www.lawinsider.com/dictionary/technological-change

Industrial Revolution

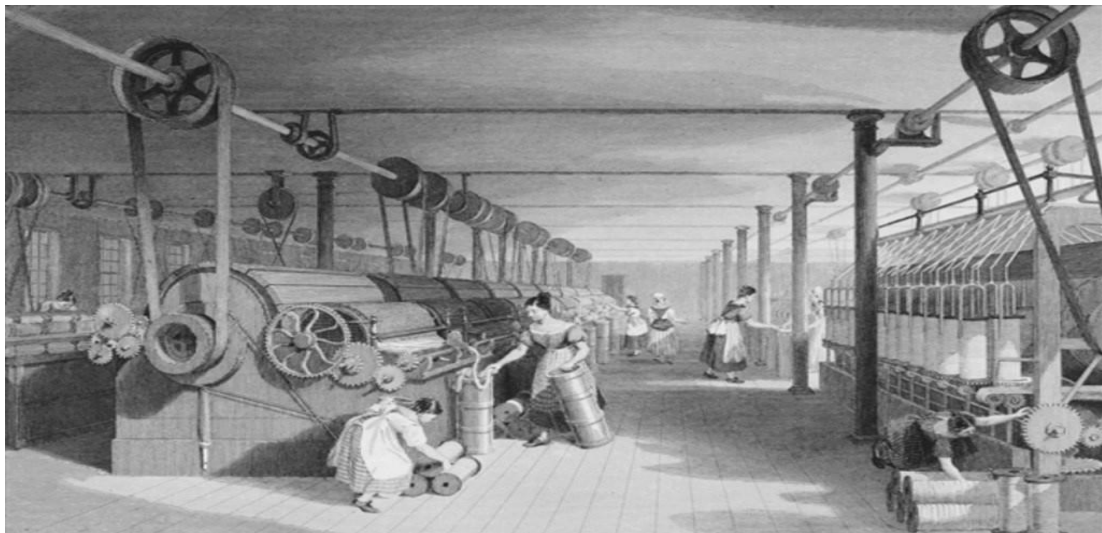
The Industrial Revolution refers to the time during the 17th to the 19th century where western world countries saw significant financial and commercial evolution through the introduction of new technological devices and advanced infrastructure.

BACKGROUND INFORMATION

Historical Background

The industrial Revolution first took place and highly developed during the late 18th century, during which large agricultural communities in both Europe and America were urbanized and industrialized through the invention of new contemporary machinery and the construction of much larger infrastructure. One of the most vital aspects of this new technological evolution was the introduction of steam power alongside the previously mentioned machines, which really assisted in spreading the effect of this phenomenon in countries like the United States and the United Kingdom, during the 1830s and the 1840s. Finally, it is worth mentioning that many historians refer to this period as the First Industrial Revolution, since in fact during the first decades of the 20th century the industrial world saw many advances in the steel, electric and automobile sectors, making this time the Second Period of Industrialization.

The initial incorporation of machinery into the workplace



The image depicts multiple workers using the new-found machinery.²

² Elcic, Miljan. "The First Industrial Revolution." 12 July 2019, https://miro.medium.com/max/700/1*T1gyakdXIITkkvTXuGkk5w.jpeg.

Financially wise, during that time, the world of banking was revolutionized since during the 1770s the Stock Exchange was founded in England, with the New York Stock Exchange being also founded in 1790. Another change in how both the industrial and the financial sector worked during the 1700s, was the shift of management in smaller or larger businesses. This event was further extended as after the 1770s a new economic system was introduced (1776) by Scottish social-philosopher Adam Smith which promoted a freer business environment where individuals could indulge in private partnerships and ownerships with the use of private means of production and without any governmental interference. All these new developments that took place during that time could be referred to as revolutionary since in fact they did affect the centuries to come both negatively and positively.

The effects of the Industrial Revolution

Overall, the Industrial Revolution brought meaningful and important change. For instance, the cities were expanded with even more people moving there contributing to the factories and to the business sector in general. More importantly, the economy was strengthened since many new businesses were founded with also a new and more complete variety of products being introduced to the public.

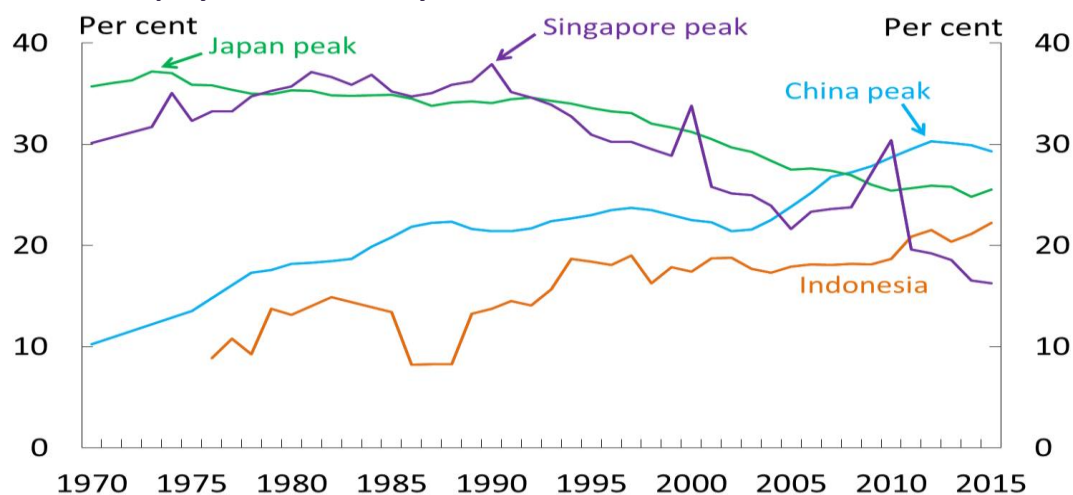
Although this Revolution brought notable and beneficial changes to the areas affected by it, it is also important to understand the negative effects of this phenomenon. First, as technology improved, human crews were gradually replaced, increasing unemployment rates which at the time was catastrophic for these demographic groups since there was no government-provided security or incentive. Also, these groups were left completely helpless due to the low education levels that prevented them from being professionally occupied elsewhere.

The difference with today's structural unemployment

As previously mentioned, structural employment, after its conception, quickly came to be the most notable negative effect of the Industrial Revolution. This phenomenon, (Structural unemployment), although it continues to plague today's societies, has not remained unchanged. Initially, during that time even when a surge in unemployment rates was noted, it was not permanent mainly due to the need for a larger variety of products and for higher production rates for the pre-existing ones. This situation increased the need for more machines to make said products, which then later presented the need for more personnel (with the same academic requirements) to manufacture such machinery as well. However, nowadays, even when the creation of new industrial devices is imperative, since there have been even higher advances in technology and artificial intelligence, human-manned production crews are obsolete. It is also worth mentioning that despite technology being the main reason for this phenomenon, additionally there are some other

parameters that need to be taken into consideration. For instance, many jobs of the past such as coal miners have gone almost extinct with only 5,000 of them remaining in 2012 (in comparison to the 2 million in 1920). Finally, another parameter to be observed is the quality of life of these workers and most importantly their locations since as these jobs became increasingly unpopular and hard to find so did the plantations where they were taking place (Elcic), making them often unattainable to those who could be employed from them.

Share of employment in industry



The image depicts the rise in employment/ unemployment in certain industrial areas/ countries under the new technological influence.³

Relation to technology

The main reason for structural unemployment – as previously mentioned – is the influence that the technological components have on the business sector. This has led to an especially important increase in the severity of this phenomenon, due to the rapidly improving technological findings that are capable of being unprecedented fast and cost effective to a degree where human labor becomes completely useless. Furthermore, many areas or countries since the beginning of this phenomenon have been left almost completely vulnerable to its effects since they do not hold the ability to maintain a balance financially and commercially between the industrial sector and the employment sector.

Although this phenomenon has plagued many parts of the business sector, sometimes irreversibly, it is worth mentioning that only certain sectors were completely lost to this negative turnout. More specifically, even with technological elements like artificial intelligence, machines still cannot fully replace the mental

³ “Technological Change and the Future of Work.” Department of Prime Minister and Cabinet (pmc.gov.au), <https://www.pmc.gov.au/news-centre/domestic-policy/technological-change-and-future-work>.

capacity of a human, which is required to achieve a fully functional and productive workforce. As a result, jobs that only require the physical abilities of the workers have now almost been filled with robotic assemblers, leaving these people without any other skill or educational background, forcibly unemployed.

This fact has led many issues to surface, especially in regards to international financial and commercial partnerships and the relationships between states with superiority complexes being created between them, with the less developed nations being undermined. More analytically, since areas with lower literacy rates have had substantial parts of its population become unemployed, their economic state has also been weakened, something that can be expressed through the little to nonexistent infrastructure that is being used or constructed there and as a result they become dependent on other more powerful states to sustain them.

Social impact of structural unemployment

In accordance with the topics mentioned above, it would be careless not to mention the crucial social implications that this phenomenon may cause not only on an international level but also on a national level, within the more durable and stable societies that have been created under the same goals and aspirations that one country or government may have. To understand this statement, a system is needed to differentiate in between countries regarding their economic, social, and political state. More specifically, this system separates countries in First, Second and Less Economically Developed nations with this categorization being based on the previously mentioned criteria.

In MEDCs, due to the rapidly growing demand for even higher sales and production rates, machines have entered aggressively the general workplace, replacing many employees even at times without their own information, leaving them uncompensated to fend for themselves with a limited skill set in an even more limited employment environment. This situation has led many people to feel worthless, without any specific life purpose and without the ability to provide for their families and for themselves. In addition to the above, these emotions, when concentrated in much larger groups of people, may cause a general feeling of frustration which later can intrigue much more significant political instabilities.

Similarly, to the MEDCs, in the Second World Nations although this phenomenon has not reached the same extent, it has naturally taken its toll in society. More analytically, countries within this category aspire to increase their level of wealth and commercial stability, using methods that of course can cause this previously mentioned situation. Additionally, due to its much slower progressing rates, in many countries structural unemployment remains undetectable by the authorities and sometimes by the employees themselves, but its results are not. Finally, this behavior usually leads to unexplained, random surges in unemployment which at

times are left unnoticed due to the substantial impact that certain consumeristic ideologies have on these regions.

In Less Economically Developed Countries (LEDC), structural unemployment has been normalized within the members of the society, especially because most governing bodies in these areas for either political or financial reasons are not capable of properly alleviating the already heavily exacerbated instabilities that were brought up during the first encounter with this phenomenon. In addition to that, at times, LEDCs are also susceptible to attacks and interventions by the other two categories since themselves are not able to fully create a sustainable environment around them to protect their social fabric and governmental structures as individual countries.

After this categorization, it has become evident that structural unemployment, no matter how advanced a nation is, is able to become the foundation for social distress and financial collapse. The difference that this Three-World model presents is in how prepared a nation is to tackle such a situation especially, when it comes to superiority complexes being created due to the lack or sufficiency of such responses. In order to combat this societal crisis substitution of values is needed which would assist in re – arranging the class system that already exists in the areas of interest like the labor market.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

United States of America

The United States, being one of the first countries in the world historically to experience the effects of structural unemployment, has accumulated enough information and historical evidence to understand the importance of this issue's resolution. It is also worth mentioning that since the early 20th century the United States has become the world's leading industrial nation, therefore governmental organizations within the country have been established that are able to handle and properly resolve legal and technical issues surrounding this phenomenon.

United Kingdom

The United Kingdom throughout history has revolutionized not only the business sector but the economic one with the introduction of the stock exchange system. To combat the negative effects of structural unemployment, the United Kingdom has introduced programs like the M01 regional unemployment model which assists in providing valuable information about the growth rates of unemployment in accordance with multiple factors.

Australia

Australia has truly become a worthy example of how a country should properly evolve after a period of financial distress into an area of interest where investors and other industries choose to develop their business models in. Also, it is worth mentioning that after Australia's transition into an independent nation, unemployment rates had risen significantly but due to proper handling of the resources that were available at the time, on a governmental basis, the sector was able to flourish.

The International Monetary Fund (IMF)

The International Monetary Fund is a Non-Governmental Organization that promotes cooperation among states and governments and works in securing global financial stability and in facilitating international labor and trade. The operations of the organization are vital in combating a phenomenon with such an international effect like the one of structural unemployment. It is also worth mentioning that this organization has promoted cooperation amongst both companies and countries, a great example of this would be the joint conference (with the International Labor Organization) held in Oslo back in 2010 which aimed to introduce a steady financial recovery for countries who were struck by the economic and industrial crisis.

The International Labor Organization (ILO)

The International Labor Organization opts for a more unified response towards labor and economy – related issues (like structural unemployment) through the cooperation and communication of not only governments and states but also workers and employers themselves. In relation to the above, the ILO warns that this phenomenon could irreversibly affect society and in particular the youth in a negative, unprecedented manner. Finally, especially after research that was conducted by the ILO's administrative branch, G7 countries were notified of the importance of this issue since historical and statistical evidence prove that this situation is able to destabilize even the most fail-safe economies.

European Union (EU)

The European Union since its establishment aims to unite the European states in approaching the rapid societal, financial, and political changes that are being unveiled. The Union through its parliamentary procedures has offered a multileveled response to this issue. More analytically, the EU has assisted the youth in being able to cater to the needs of the rapidly evolving economic environment through the introduction of certain funds like the European Social Fund (ESF) and the Employment and Social Innovation Fund (EaSI).

TIMELINE OF EVENTS

Date	Description of event
1750	The Beginning of the Industrial Revolution (Estimated).
1776	The introduction of the new economic system by Adam Smith.
1830-1850	The Spread of the Industrial Revolution in the United States.
1861-1865	The American Civil War.
Early 20th century	The United States became the leading industrial nation.
October, 1982	The creation of the Resolution concerning statistics of the economically active population, employment, unemployment and underemployment by the ILO.
December 25 th , 1991	The Collapse of the USSR.
December 25 th – 30 th , 1991	End of the Cold War.
July 25 th , 2006	Resolution 2006/ 15, ECOSOC.
July 24 th , 2008	Resolution 2008/18, ECOSOC.
September 13 th , 2010	The ILO – IMF conference in Oslo.
2012	Notable depletion in coal miners in the United Kingdom.
June 10 th , 2016	The EU Commission adopts the “agenda for new skills and jobs” in order to combat unemployment.
February 15 th , 2016	The EU Council adopts a Recommendation on the integration of the long-term unemployed in the labor market.
May, 2018	The EU Commission conducts a “Public Consultation” in order to gather opinions on the effects of Unemployment.

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

ECOSOC Resolution 2008/18, “Promoting full employment and decent work to all.”

This Resolution was created by the United Nations Economic and Social Council during the 42nd plenary meeting (Adopted without a vote), with the intent of

strengthening the already in existence employment system so that they would be more included throughout the entirety of a country's population.

ECOSOC Resolution 2006/15 (Ref. E/2006/26), "Promoting youth unemployment"

This Resolution was created by the United Nations Economic and Social Council and it aimed at producing more job opportunities for the younger generations in order to fit the larger numbers of university graduates seeking to be employed.

ILO Resolution, October 1982 "Resolution concerning statistics of the economically active population, employment, unemployment and underemployment."

This Resolution was created by the Thirteenth International Conference of Labor Statisticians (ILO) in 1982 with the intent of analyzing the effects of unemployment in society but also in the economic sector, which at the time was deeply, negatively influenced by this phenomenon. Also, it is worth mentioning that this Resolution assisted in creating the basis upon which today's organizations function in order to combat Structural Unemployment.

Article IV Consultation with Belgium, March 31st, 2020, The International Monetary Fund.

Through this Consultation (Article IV) with the government of Belgium, the International Monetary Fund has managed to fully research and comprehend the effects of unemployment both on a national and an international level. This consultation is really important in order to understand the evolution of a country's economy all throughout the rapidly changing economic and industrial environment that today's society and international relations suggest.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Structural Unemployment has plagued society for decades and maybe even centuries, but this does not mean that this phenomenon has remained unsolved through the years. More analytically, organizations like the International Monetary Fund (IMF), the International Labor Organization (ILO) but also the European Union (EU) have opted continuously for a more unified, welcoming, and effective response to this issue that would aim to improve people's quality of life by ensuring them a safe and stable professional environment. This has mostly been achieved through research, conversation with authorities but also the creation of Resolutions meant to guide countries or governments outside of this problem.

These Resolutions have actively assisted in curbing the rates of unemployment on a national and on an International basis. Such Resolutions may include the ones provided by the United Nations Economic and Social Council (ECOSOC) like the

2006/15 one which aimed to curb youth unemployment and the 2008-18 one which promoted Job and Wage equality whilst simultaneously ensuring a decent work and living environment. Finally, worth mentioning are also the ones created by the ILO which also aimed to detect the reasons behind the surges in unemployment throughout time.

POSSIBLE SOLUTIONS

To be able to establish solutions to combat structural unemployment, it is important to take into consideration the reasons for its existence. First during the 18s and 19s where a primal version of this phenomenon started to exist, most countries and people were unable to properly respond to this situation due to the low education and skilled labor levels at the time. This factor in comparison to events like the American civil war and the Napoleonic wars left many businesses helpless to this rapidly increasing forced unemployment. Nowadays, since the need for these hard-labor jobs has decreased, so has the infrastructure of these industries, making such positions unattainable. Additionally, previously when machines replaced human manned crews in production that did not necessarily entail the complete loss of jobs for these people since in fact no technological device was advanced enough to do so and employees were still needed for the operation and maybe even assistance of these machines. However, now with the rapidly advancing technological sector in most factories, human labor has decreased significantly and irreversibly.

Educational Aspect

Although, as previously mentioned, jobs in factories and production lines are currently being undertaken by machines, this does not mean that there are not any new jobs currently being created in these sectors. Such positions could have to do with the administrative aspect or with the controlling of such machinery. However, to make these jobs available to the unemployed it is imperative that a certain level of education and cognitive ability is established. To achieve the above, focus must be given to the less developed countries where in partnership with the Group of Twenty a resolution regarding educational policies could be reached.

Economic Aspect

Even when it is possible to be occupied through a facility that has yet to adopt new production and work policies, those occupations cannot be considered sustainable. This derives from the fact that when such jobs are available at a much higher quantity than what the times suggest, usually it comes with a cost; people working there are not being properly compensated for their labor, which then leads to worse work conditions and to a phenomenon referred to as wage inequality. These issues

could be resolved through the strengthening of international work relations where one's work is being valued equally to his/her counterparts.

Cooperation among States and Organization

As previously mentioned, with the Three-World class system, all nations may experience at some point in time the effects of structural unemployment whether this effect is social, political, or financial. Furthermore, since this phenomenon has extended on an international level, each country's measures, though effective, are limited within its borders, expressing the need for a more organized and unified response. Finally, this cooperation could also be achieved with the integration of UN policies that are typically created by a much wider group of specialists from different nations or NGOs.

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