# News release

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*Contact* Simon Reed, PwC
+44 207 804 2836
e-mail: simon.reed@uk.pwc.com

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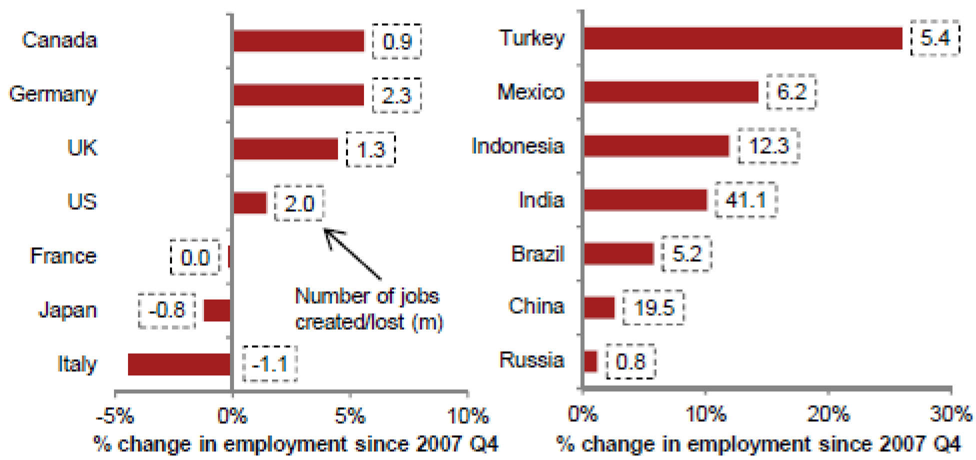
## The G7 have created 4.5 million jobs since before the crisis

### *But productivity remains key to escaping the clutches of the financial crisis, says PwC report*

Almost seven years on from the global financial crisis and a broad based global rebound remains elusive. But one of the most damning and tangible metrics of the crisis – the huge upturn in unemployment in the G7 – is moving decisively in the right direction in most economies.

In simple terms, and at an aggregate level, there are more jobs in the G7 and E7 now than there were before the crisis. There are now around 4.5 million more jobs, in net terms, across the G7 than there were at the end of 2007. This figure takes into account the overall number of jobs created *and* lost during the period.

*Fig 1: In contrast to the G7, the number of jobs is above its pre-crisis level in every E7 economy*




Sources: PwC analysis, National Statistical Agencies, OECD, BRICS Joint Statistical Publication 2014, Datastream

**Canada** has led the way (*see figure 1*) with the biggest percentage increase in employment, as its economy was the first of the G7 to regain its pre-crisis GDP level. And in absolute terms, **Germany** and the **US** have created over 4 million jobs between them. The financial crisis didn't have the same impact on the labour market in the E7, as around 90 million jobs have been created over the same period.

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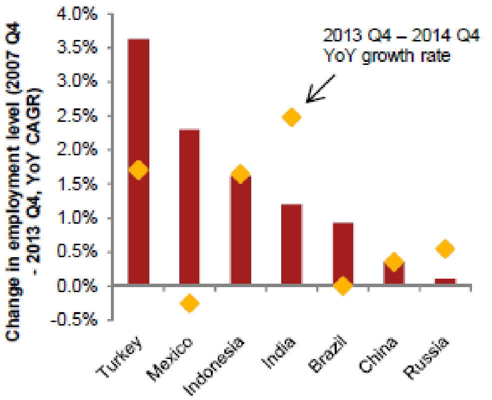
Fig 5: In Mexico, Turkey and Brazil, the pace of job creation has slowed down

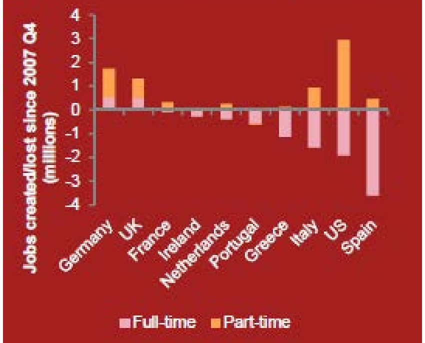



Sources: PwC analysis, National Statistical Agencies, OECD, BRICS Joint Statistical Publication 2014, Datastream

But in the last year the pace of job creation has decelerated in some of these economies. For example, in the past year the economies of **Mexico**, **Turkey** and **Brazil** combined created around 300,000 jobs, compared to around 2.7 million a year on average between 2007 Q4 and 2013 Q4. (*see figure 5*)

And when it comes to job creation, a key factor is the type of jobs created. In the US and across Europe the trend has been rising part-time employment, with part-time job creation outperforming full-time employment gains in most of the economies in the sample. (*see figure 4*)

Fig 4: Full-time employment is only above its pre-crisis level in Germany and the UK




Note: Latest available data for France is 2014 Q3
Sources: PwC analysis, BLS, ONS, Eurostat

Only the **UK** and **Germany** have posted growth in both full- and part-time employment. And full-time employment has fallen in the other Eurozone economies. Says PwC senior economist Richard Boxshall: "These findings suggest that the next phase of the labour market recovery will be to increase the number of full-time workers, which will support faster economic growth."

But the number of jobs created is only one measure of economic performance. Another important measure is labour productivity. Says Richard Boxshall: "To truly escape the clutches of the financial crisis, now is the time to put productivity growth at the top of the political and business agenda."

The economists used GDP per hour worked to measure productivity in the G7; but used GDP per person employed in the E7, as hourly employment data is not available for each economy. The analysis shows:

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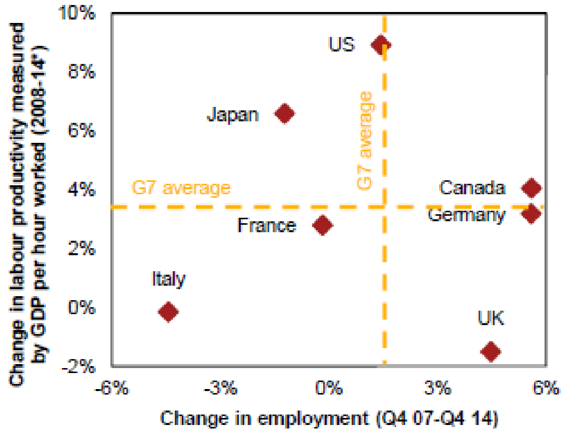
- Amongst the G7, Canada and Germany have managed to combine high employment growth with a strong increase in labour productivity (*see figure 6*). This is in contrast to other high-performing economies like the US, where productivity growth has outperformed employment, and the UK where the reverse is true.

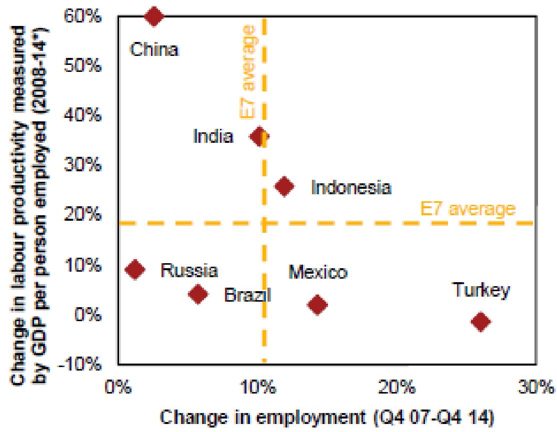
*Fig 6: The Canadian and German labour markets have been the stand out performers amongst the G7*




Sources: PwC analysis, National Statistical Agencies, OECD, Datastream, The Conference Board TED (Jan 14)

- One way to offset China's shrinking workforce is to move workers from low-cost manufacturing into higher-skilled occupations. PwC's analysis shows this process is already underway, with productivity in China around 60% higher than in 2008 (*see figure 7*). This implies China has moved up the value chain.

*Fig 7: India and Indonesia are benefitting from rising employment and productivity*




Sources: PwC analysis, National Statistical Agencies, OECD, BRICS Joint Statistical Publication, Datastream, The Conference Board TED (Jan 14)

*Labour productivity numbers are based on 2013 estimates and 2014 projections from The Conference Board which could be different to actuals

- Amongst the E7, Mexico and Turkey have witnessed the biggest percentage increase in employment, due to increases in the labour force. In the long-term, these economies will become more reliant on productivity rises to fuel economic growth. The star emerging market performers in terms of combining high employment and productivity growth are India and Indonesia.

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**Notes:**
The April edition of PwC's *Global Economy Watch* can be found at www.pwc.com/gew

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