

11. Labor and Employment

→ MANDATE

Successful implementation of Summit mandates can often be attributed to a high degree of commitment from the relevant Ministerial processes. Ministers working together at the hemispheric level are the cornerstone for many Summit initiatives, and the Labor Ministers have taken up their Quebec City mandates and fashioned a road map to achieving their goals through 2005 and the next Summit of the Americas. The labor mandates are focused on the fundamental role of the Inter-American Conference of Ministers of Labor (CIMT): the application of the International Labor Organization (ILO) core labor standards, improving the coordination between labor ministries and international institutions within the Americas, developing new mechanisms to increase the effectiveness of technical assistance for smaller economies, strengthening labor ministries, training and capacity building for workers, the elimination of child labor, and protecting the rights of workers. Employment in the Americas, and the lack thereof, is an issue of urgent importance because of its relationship to so many other issues, including economic growth, social development, poverty, human rights and justice.

Recent trends in inequality are marked by several factors, and crucial among them is weak employment generation, particularly in South America. Labor markets in Latin America are ailing. Unemployment is at its highest level in many years, and although wages have

improved in some countries, they have done so at a very slow pace. Many workers receive pay that is too low to escape poverty, and wage inequality, which is among the highest in the world, is not improving. Unskilled workers have seen their wages decline relative to the wages





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of skilled workers. Not surprisingly, public opinion polls, such as Latino-barómetro, have identified unemployment, low wages, and job instability as the most pressing problems in the region. According to their 2003 data, when asked which was the most important problem in their country, 29% of Latin Americans responded unemployment. According to the ILO, 57 million people in the Americas today have no employment or are underemployed.

Since 2001, the Ministers of Labor have met twice to develop a work plan to implement the above mentioned initiatives. In an effort to translate these mandates into concrete and practical action, the Ministers created the Working Group 1: the Labor Dimensions of the Summit Process. The objective of the group is twofold: to examine the challenges that globalization, free trade and the new economy pose for the working people of the Americas and to develop policies to

create opportunities that benefit working people in the face of economic restructuring and technological change. The Working Group held three workshops in Montreal, Miami and Brasilia. The Montreal and Miami workshops focused on labor policies for the new economy, employing new technologies in government administration, overcoming the digital divide and modernizing unemployment insurance. The Brasilia workshop examined the collection of data, facts, and figures needed to understand the labor dimensions of economic integration.

The ILO has conducted an extensive study on the effects of integration on labor markets and labor policy in an effort to assist countries in developing their labor policies. The study focuses on the social and labor aspects of the regional integration agreements currently in force in the Americas, and is designed to assist countries in making

progress towards the enforcement of fundamental labor principles and rights. This study is a step towards providing countries with the necessary information to achieve a better understanding of the employment issue in the context of regional integration. Within the overall examination of the effects of integration, the recent trend of privatization begs mentioning. Working conditions sometimes deteriorated in the transition period during and after the privatization process, affecting the welfare of workers. (IDB, Good Jobs Wanted: Labor Markets in Latin America, 2004 edition of the Annual Report on Economic and Social Progress; ILO, Latin America Regional Office, the labor dimension within regional integration and free trade agreements in the Americas)

The link between economic integration and its social dimensions, including labor rights, can be seen by integration's impact on the labor market. This is why the Labor Ministers took the crucial step of opening a dialogue with Trade Ministers. Over the years, the lines of communications between these two groups have increased, and in 2002, the Trade Ministers in their Quito Declaration requested the Labor Ministers to convey to them the report of Working Group 1.

Labor policies in the Americas cover a wide spectrum, and among the countries there is little commonality. Most have signed the ILO conventions dealing with non-discrimination in employment, however a number of countries have not yet signed the conventions on child labor. According to the ILO, the further development of labor laws requires enacting regulatory

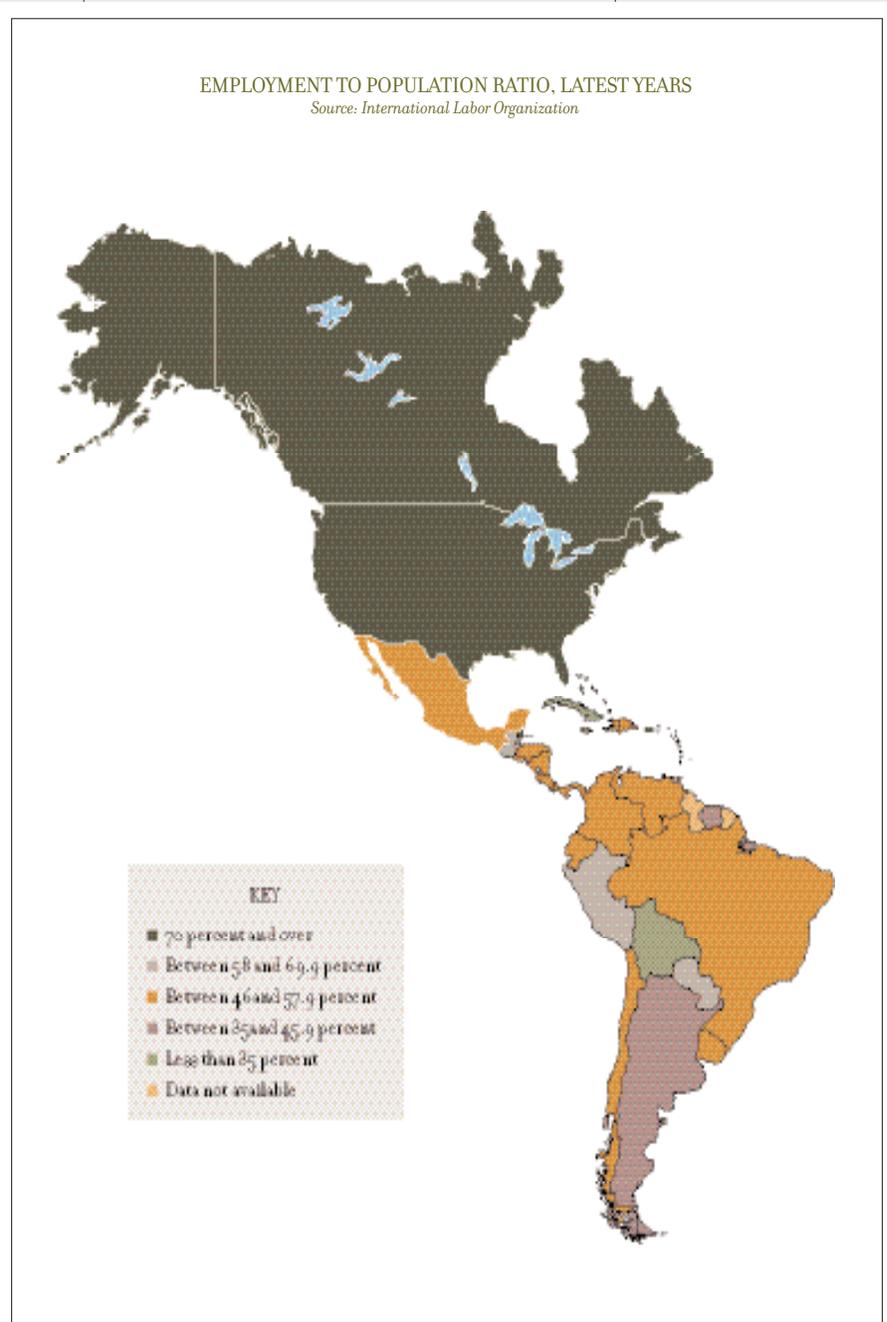
frameworks that bring national laws into line with international standards. (ILO)

The Ministers also created a Working Group 2: Building the Capacities of Labor Ministries, that was dedicated to modernizing and strengthening the capacity of Labor Ministries. Countries used this group as a vehicle for sharing best practices and success stories on a wide range of issues, including the elimination of child labor, reforming inspection sys-

The employment-to-population ratio is defined as the proportion of an economy's working-age population that is employed. As an indicator, the employment-to-population ratio provides information on the ability of an economy to create jobs. For many countries, it ranks in importance with the standard unemployment rate.

EMPLOYMENT TO POPULATION RATIO, LATEST YEARS

Source: International Labor Organization



tems, promoting the ILO Declaration, social dialogue on labor law reform and mainstreaming gender issues in countries' policy agendas. Countries also began to implement—with the help of partner international organizations—projects with individual labor ministries. One example is the OAS Unit for Social Development and Education's project to conduct a series of technical workshops on skills and training certification. Also, the ILO has a project with Latin American and Caribbean countries to assess their specific needs to strengthen their labor administrations. International cooperation is also being enhanced with the help of the ILO project, and the business and labor advisory committees, who have put together an inventory of the technical assistance projects in the Hemisphere in order to better understand what conditions are needed for international assistance to be effective. Similarly, the OAS has created a permanent portfolio of consolidated programs in occupational safety, health, labor administration, gender equity, and labor skills training and certification to be shared through the OAS horizontal cooperation strategy.

Trade union and business leaders form an integral part of the Labor Ministerial



process. The Trade Union Technical Advisory Council (COSATE) and the Business Technical Advisory Committee on Labor Matters (CEATAL) are regularly consulted regarding the social and labor dimensions of regional integration and free trade processes in the Hemisphere; and the Ministers work with them in order to achieve their objectives.

At their most recent meeting—held September 24-26, 2003 in Salvador de Bahia, Brazil—Labor Ministers established the next set of goals for furthering the implementation of the Quebec City mandates. In their Declaration, Ministers emphasized that equality of opportunity, elimination of extreme poverty, and equitable distribution of wealth and income are basic objectives of integral development. The Ministers have adopted a highly holistic approach to their work, taking into account the UN Millennium Development Goals, the effect of free trade agreements, the manner in which they are implemented, and their impact on labor policy and markets. They asserted that decent work is the most effective instrument for the improvement of living conditions for the peoples of the Americas. (OAS, Inter-American Council for Integral Development (CIDI), Declaration and Plan of Action of Salvador).

A related concern of the Ministers is the effect of the current economic crisis in the region. They agreed to take steps to develop national action plans on decent work and to combat the sexual exploitation of and trafficking in persons—especially women and children—with the assistance of the ILO. As of October 2003, 13 countries of the Hemisphere had not ratified one of the two ILO conventions on child labor (No. 182 and 138), and two of these countries had ratified neither. Ministers also supported a proposal to conduct a feasibility study of options for establishing a cooperation mechanism for the modernization of labor administrations, the promotion of decent work, and training. The study will consider the experiences and resources available in Member States, and



regional and international organizations, especially the OAS, PAHO and the ILO. The Ministers Plan of Action sets out in concrete terms their new instructions to the two Working Groups, including specific tasks and deadlines. These new instructions build upon the work accomplished at the previous Conferences, and include instructions to establish a regular dialogue with their counterparts in the Ministries of Trade, Education, Health, and Social Development of the Hemisphere. (Salvador Declaration)

Many challenges lie ahead for countries in their implementation of the commitments from Quebec City. According to the IDB's annual report on economic and social progress, while education is a critical factor in developing a productive and competitive work force, without an adequate institutional and macroeconomic environment to back it up, more schooling cannot put people to work or assure them a decent wage. Another serious finding is that well-educated Latin Americans are not necessarily more likely to be employed. In fact, unemployment rates are usually lower among people with less education than they are

among the better educated. Increases in unemployment have tended to affect both low-skilled and high-skilled workers equally. In addition, serious enforcement problems persist in many countries, despite legislative advances. It is clear that improving the enforcement of labor laws requires not only building capacity for inspection and strengthening institutions, but also upgrading the overall labor administration in each country. Furthermore, in order to achieve effective compliance with fundamental principles and rights, innovative legal and political measures need to be developed, including: micro enterprises, and small businesses and rural sector businesses in the enforcement process—in addition to strengthening existing mechanisms. Job creation is a critical factor in the reduction of poverty and is one area that the Heads of State and Government will address with new and innovative ideas when they meet at the Special Summit of the Americas in January 2004 in Mexico. (United Nations Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America 2001-2002; ILO; IDB).

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