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LADB Staff

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ILO Reports Increase in Unemployment in Latin America

by LADB Staff

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At the 14th regional meeting of the UN's International Labor Organization (ILO) Aug. 24-27 in Lima, the ILO reported that the labor situation in Latin America has not improved, despite economic growth during the decade. Discussions centered on ILO concerns including unemployment, labor relations, protection of workers, and child labor.

Warning of a prevailing feeling of "social insecurity" in Latin America as the century draws to a close, Juan Somavia, director general of the ILO, called for the benefits of economic development to be translated into just and equitable social progress, and he said it was not possible to continue regarding social issues as separate from economic issues.

In his opening address, Somavia called on governments to implement minimum social standards for the continent and promote democratic consultation to ensure that economic progress will be accompanied by social progress for all. He said many workers wonder when the economic stability and growth will be reflected in improvements in the quality of their lives, and many companies wonder about their future in a climate of unchecked globalization.

Somavia said providing greater opportunities for decent employment and social coverage for all is "the region's great pending demand." He said social benefits have failed to expand and have even shrunk in some cases. Somavia said social exclusion is bad for democracy, adding that dialogue is one of the main foundations of social stability.

"Modernization and the economic reforms have reduced inflation and brought a return to growth throughout most of the region," said Somavia. "Nevertheless, unemployment rates have increased constantly in the 1990s." He said insecurity has also increased as economies practically stopped creating new jobs. Somavia said that "economic efficiency must be tied to social efficiency" to "ensure a just balance between necessary adjustments and social indicators."

The heaviest weight of economic adjustment must not fall on the shoulders of the weakest, he said, warning that difficulties brought about by adjustment programs could eventually "threaten the very sustainability of the economic model."

ILO study calls for safety net

The latest ILO study was released at the meeting. The study Protection for All: Priorities of the Americas said unemployment in the region will affect 9.5% of the labor force this year, a higher figure than during the 1980s debt crisis, despite a decade of economic reform and modernization.

Last year's regionwide unemployment rate was 8%. Latin America has been in a sharp economic recession since 1997 as a result of the international crises in Asia, Russia, and Brazil and from the effects of natural disasters such as Hurricane Mitch and El Nino.

From 1990 to 1998, regional production grew by an annual average of 3.5%, while inflation rose by 10.2%. But economic growth and price stability failed to translate into significant improvements in jobs and wages. The ILO also reported that industrial and minimum wages had increased only slightly from 1990 to 1998, despite a sharp drop in inflation early in the decade. Although wages in the industrial sector increased by 2.7% a year in real terms this decade, they still were just slightly above the 1980 average.

And, while the buying power of minimum wages improved by an average of 0.8% a year from 1990 to 1998, it remained 27% lower than the purchasing power of the average regional minimum wage in the early 1980s. Informal-sector incomes, crucial to the region's economy, also fell an average of 1% from 1990 to 1998 particularly worrisome since 85% of new jobs in Latin America and the Caribbean were in the informal sector.

The informal economy provides 58.7% of jobs outside the agricultural sector, while formal employment in large private-sector firms accounts for 28.4%, and the public sector 12.9%. The informal economy grew 4.5% last year, while the creation of new jobs in the formal economy remained stagnant.

"Unfortunately, workers in this [informal] sector are almost never protected by any laws, nor can they usually join recognized unions that would protect their interests," the ILO report said. The ILO recommends that organization by workers in the agricultural, informal, and services sectors be encouraged in the region. The ILO called for special attention to the potential role of unemployment insurance to expand the social safety net.

The ILO report said that women and young people are the groups most adversely affected by unemployment, and that child labor is a serious problem in the region. Unemployment for women was 60% higher than for men, in some countries reaching 20.1% of the total population. In 1998, while 9.7% of men were unemployed, 14.1% of women were jobless. In Panama unemployment figures were 12.4% for men and 20.1% for women; in Colombia, 12.8% for men and 19.5% for women.

In Peru, 5.5% of men and 11.2% of women were out of work. While employment grew an average of 2.9% between 1990 and 1998, the labor force grew an average of 3.1%. The report said child labor affects between 15% and 19% of the children in the region between 10 and 14 years of age, and threatens to perpetuate indigence.

The ILO is calling for countries to back labor reforms that guarantee protection and training for workers, ensuring greater competition for its products internationally. Businesses should consider labor rights an investment rather than a cost or obstacle to development, said the vice president of the Central Unitaria del Trabajadores de Chile (CUT), Maria Rozas Velasques, to meeting delegates.

"To win the commitment of workers is an investment, because if workers are committed, the company gains, and that means more money for the owners, for the country, and for the region," said Rozas. She called for "democratizing globalization" so that unions participate effectively

in the process and are committed to it. [Sources: Associated Press, Inter Press Service, 08/23/99;
International Labor Organization News (ILO), 08/24/99; Clarin (Argentina), 08/23/99, 08/25/99;
Spanish news service EFE, 08/23/99, 08/26/99; Notimex, 08/22/99, 09/01/99]

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