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International Labor Day in Latin America

by Guest

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[The following article by Andres Gaudin is reprinted with the permission of Noticias Aliadas in Lima, Peru. It appeared in the May 7, 2003, edition of Latinamerica Press.]

More than a century after the Haymarket massacre of May 1, 1886, in the US city of Chicago, which gave rise to International Labor Day and marked a milestone in the struggle for the labor rights gained in the 20th century, Latin American workers have fallen on hard times, with high unemployment and low union membership rates. The International Labor Organization (ILO) says that 17 million urban workers in the region were unemployed last year. The situation could be even worse in rural areas, where no specific records are kept.

The fifth consecutive year of recession, exacerbated by a decade of free-market reforms, left the region with an average unemployment rate of 9.2%, the highest in the past 22 years. The workers who did have jobs received wages that were below the average for the previous five years, according to the ILO, while working conditions deteriorated. The average work day is now 10 hours or more.

Ruben Manusovich of the Federation of Chambers and Centers of Commerce of Argentina, a business organization, attributed the precariousness of the labor situation to increased tax pressure from governments seeking to finance budget deficits, as well as high public-service fees, a lack of credit, and high interest rates.

The greatest increase in urban unemployment between 2001 and last year was registered in Argentina, where it rose from 16.4% to 23%. This was followed by a 1.9% increase in Venezuela, to 15.8%; a 1.1% increase in Brazil, to 7.3%; and a 1.1% increase in Uruguay, to 16.5%. In the past, some of these countries had registered the region's lowest unemployment rates. At the other end of the scale were Ecuador, where unemployment decreased by 2.1%, and El Salvador, where the rate dropped by 0.8%. In Colombia and Chile, the jobless rates held steady at 16.8% and 9.3%, respectively.

Those figures, however, disguise other social problems. "Ecuador showed a drop in unemployment because of emigration and the large number of people who withdrew from the labor market. The same is true in Colombia," said Ricardo Cano, head of the ILO's technical teams.

The situation is different in Chile, where "measures have been applied that have stimulated the creation of jobs, particularly the use of contracted labor," according to an ILO report. In those cases, because the employee is not on the payroll, the employer avoids paying benefits such as insurance and social security, lowering labor costs.

Employers in Argentina and Uruguay are trying to adopt the same measures, which violate workers' rights, said Victor de Genaro, leader of the Central de Trabajadores Argentinos (CTA). "It represents an enormous transfer of income to wealthy sectors, similar to what we have already seen with wage reductions and the privatization of the retirement system," he said.

Agustin Munoz, regional ILO director, warned that the trend could have negative consequences. "The increase in unemployment could destabilize a great consensus of the 1990s- -the emphasis on the value of democracy," he said, echoing the results of a regional survey by the Chilean polling company Latinobarometro, which found that people's satisfaction with democracy as a form of government is directly related to their economic well-being. The employment crisis, which worsened throughout the 1990s, has also had an effect on labor organizing.

"Because they were afraid of losing their jobs or suffering other reprisals from their employers, many workers dropped their union membership, abandoning the organizations that defend their rights," Argentine labor leader Hector Recalde said. Between 1995 and 2000, union membership in the region fell from 21.1% to 19%, according to the ILO. The decrease was even greater in Central America, with the largest drop in El Salvador, where membership fell from 27% to 5.2%.

The increasingly precarious labor situation is also reflected in the growth of the informal sector, where workers have neither set working hours nor benefits. The ILO said that the informal sector represents 51% of the Latin American economy, putting the region ahead of other parts of the world, including northern Africa, where the informal sector accounts for 48% of economic activity.

Although experts predicted that Peru would have the largest informal sector in Latin America, an ILO study of the past decade, which includes figures through 2000, placed Bolivia in first place, with 63% of the work force in the informal sector. This was followed by Brazil, with 60%; Honduras, with 58%; El Salvador, with 57%; Guatemala, with 56%; and Mexico, with 55%. Peru does rank first in the informal sector's contribution to the GDP, at 49%, followed by Colombia, at 25%, and Mexico, where the informal sector represents 13% of GDP. The ILO study did not include agriculture, domestic labor, or clandestine work connected with organized crime, such as the sex trade.

Child labor also contributes to the region's grim outlook for workers at the start of the third millennium. The ILO estimated that about 20 million children between ages 5 and 14 were working in the region at the end of last year. The largest number at least 7 million is in Brazil. There has been a dramatic increase in Uruguay, where child labor had been limited mainly to rural areas.

In March, UNICEF announced that in 40% of the country's poorest households, children contributed 18% of the family income. In urban areas of Ecuador and Colombia, 20% of girls between ages 10 and 14 are involved in domestic labor, said Eduardo Araujo, who heads the ILO's regional program. The problem has "the potential for growth" in all the region's countries, especially in the increasingly impoverished Caribbean nations, he said. Besides agriculture and domestic work, where child labor is traditionally concentrated, about 65,000 Latin American children are involved in small-scale traditional gold mining in Peru and Bolivia, and "many others are in worse situations, such as sex tourism, mainly in Brazil and Caribbean countries," according to the ILO.

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