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## Poverty Worsening in Latin America

by LADB Staff

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Labor ministers from 34 countries all countries in the Hemisphere except Cuba met in Salvador, Brazil, Sept. 25-26 for the XIII Inter-American Conference of Labor Ministers of America. They were given a pessimistic picture of employment in Latin America from the International Labor Organization (ILO) and the Economic Committee for Latin America and the Caribbean (ECLAC).

The labor ministers said they were committed to improving working conditions across the Americas as a way of fighting growing poverty and unemployment. They agreed to reject any use of labor rules "with protectionist objectives." This would keep developed countries from citing the often extremely poor working conditions in some countries as a reason for excluding their products. The ministers affirmed that negotiations for the creation of the hemispheric Free Trade Area of the Americas (FTAA) must include labor issues.

"The presidents of the American countries have recognized that free trade will not prosper if there are not advances in all economic relations, among them labor," said Canadian Labor Minister and former president of the conference Claudette Bradshaw during the opening ceremony.

Cesar Gaviria, secretary-general of the Organization of American States (OAS), said that labor ministers must see that the effects of globalization "result in more wealth and better standards of living for workers," and, for that reason, they must make their voice heard in the FTAA negotiations.

Brazil's President Luiz Inacio Lula da Silva, who was out of the country, sent a message to the participants from New York saying, "The distinct processes of integration in which we are involved must not fail to take into account the sociolabor processes and the negative effects that integration can generate on employment."

### *Poverty linked to unemployment*

The conference was expected to focus mainly on labor issues, but those were overshadowed by concerns about increasing poverty and unemployment in Latin America.

The Geneva-based secretary of the ILO, Chilean Juan Somavia, said a recent ILO study indicated "there are more poor and unemployed people in Latin America than in any other time since the Great Depression of the 1930s." He said unemployment has become "the most urgent political problem of our time," principally in Latin America. Somavia said that the average urban-unemployment level in the region in the first semester of this year was 11% of the economically active population (EAP), meaning some 20 million urban workers had no jobs. "If we add to that the nearly 80 million informal workers, we see that some 100 million, 57% of the urban active population in the region, have no work or have a job that does not deserve to be considered decent."

If 100 million workers lack work or dignified work, he said, "it is not difficult to imagine the living conditions of the families that depend on those workers."

For Somavia, unemployment is closely linked to poverty in Latin America, and he said the best tool for combatting misery is generating jobs rather than budget surpluses. He said the poverty would be even worse if the millions of Latin Americans who were forced to emigrate in search of employment in other countries had not sent home remittances of nearly US\$25 billion a year.

The ILO report to which Somavia referred said that "the general tendency observed in the last 5 years in Latin America shows backsliding in many fields (employment and poverty), stagnation in others (social protection), and slight improvement in others (income in certain sectors of the employed)."

Regarding widespread child labor, the ILO report said that "at least 17.4 million minors between the ages of five and 17 work, which means that one of every five children in the region participates in labor activities." Most countries have legal guarantees of fundamental rights of workers, such as the right to form unions, but the laws are often not enforced nor do they benefit all workers, especially workers in the informal economy, said the report.

The ILO did find some advances and referred specifically to the new Constitution of Venezuela, which establishes gender equality in access to jobs, includes labor protection for homemakers, penalizes sexual harassment, and establishes quotas for women in public office.

### *ECLAC study confirms bleak picture*

A report from the Economic Commission for Latin America and the Caribbean (ECLAC), presented at the meeting, said the social groups in the region most discriminated against in the labor market are, in order, women, indigenous people, Afro-Latin Americans, disabled people, and those with HIV-AIDS. Those groups make up the majority of the 11% of workers who were unemployed during the first half of this year. Latin American women have higher educational levels than men, and women in the work force average more years of education. They nonetheless suffer from more severe unemployment, wage discrimination, and restricted working hours than men.

During the 1990s, women's participation in the work force rose more quickly than men's. But while the male unemployment rate rose by 2.9% from 1990 to 1999, women's rose by 6.1%.

The ILO study said that "Latin America is the region with the largest income disparity between men and women." The ECLAC report said that the number of poor increased from 200 million in 1990 to 220 million in 2002, encompassing 43.4% of the population.

"Unemployment and poverty are at critical levels. Those responsible for the economic policies have to give more consideration to the impact that their decisions have on the productive area and on employment," said Jurgen Weller, of ECLAC's Division of Economic Development.

In an interview with Notimex, the ILO regional director, Chilean Agustin Munoz, said that, despite a significant economic recovery in some countries, employment continues to be a concern because of the increase in the informal economy. Munoz said that "growth is not always synonymous with jobs, because we have cases in which a country's GDP grows but unemployment stays the same or increases." He said that the important thing was "to create a social conscience in governments so that programs to improve economic indicators become, with social justice, elements on which to build a just and balanced society."

### *Calls for re-examining economic policies*

The ministers admitted that the economic policies of the region need to be re-examined since they have been incapable of stopping the increase in unemployment and poverty. "In the MERCOSUR countries there is now consensus that the priority needs to be the struggle for better working conditions," said Uruguayan Minister of Labor Santiago Perez del Castillo.

"The neoliberal model and the recommendations of the International Monetary Fund (IMF) have failed," said Venezuelan Minister of Labor Maria Cristina Iglesias. Brazil's Labor Minister and host of the meeting Jaques Wagner recognized that the unemployment situation in his country is especially serious for the sector of the population that has less training and education.

"Present economic policies in Latin America weaken employment, above all among those less well-trained. Special programs are needed to increase employment for youth, women, and blacks," said Wagner to EFE. The minister said Brazil was trying to become a model for the rest of Latin America with the Primer Empleo program, directed at the nearly 3.4 million unemployed youth between 16 and 24 years of age, who make up 44% of the total number of unemployed Brazilians.

Primer Empleo, launched three months ago by the Brazilian government, expects to distribute US \$45 million this year in subsidies to businesses that hire youth from poor families who are also studying. To strengthen the project, Brazil signed an agreement with the ILO that incorporates the plan into the Youth Employment Network, a program administered by the ILO, the UN, and the World Bank to generate employment for youth.

### *Brazil's policies criticized*

While the meeting was going on in Salvador, the major labor unions in Brazil were criticizing the economic policies of the Lula government, which they blamed for the record unemployment registered in August. The official statistics agency Instituto Brasileiro de Geografia e Estatística (IBGE) said that unemployment rose in August to 13%, 1.3 percentage points higher than the figure for August 2002 and the highest since the country began compiling statistics on employment.

One of Lula's campaign promises was the creation of 60 million jobs, but critics say little progress has been seen. The Central Unica de Trabalhadores (CUT), traditionally linked to Lula and the Partido dos Trabalhadores (PT), has complained about the level of unemployment, attributing it to the stalled national economy, which is only expected to grow 0.5% this year.

Others were more critical of the administration. "Lula's economic policy is as bad or worse than Cardoso's [former President Fernando Henrique Cardoso (1995-2002)]," said Paulo Pereira da Silva of Forza Sindical. "It's a regressive policy, which benefits special interests at the expense of production." Pereira da Silva said that the government should cut basic interest rates further, from the 20% annual rate in effect now, and reduce the banking reserves to reactivate the national economy and generate more employment. "Those who have money earn more buying public debt instruments than investing in production," he said.

In June, Brazil's Banco Central implemented an interest- reduction strategy in an effort to stimulate the economy. The basic referential rate dropped from 26.5% to 20% between June and September, but buying is still sluggish. Some polls have shown that the greatest fear of most salaried Brazilians is not the high interest rates on credit, but the possibility of losing their job and not being able to make their monthly payments.

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