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Uruguay Faces Worker-Shortage Crisis

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At a time when the world's large economies are on the verge of recession or have already fallen into recession and have become labor-expelling countries, in South America, in tiny Uruguay, the situation is critical—but in reverse. Uruguay suffers from a shortage of workers.

"Uruguayan professionals are all over the world, excelling in every sphere. This is an excellent time for those who want to return and develop professionally in their home country, near their loved ones, their customs, and their families," says an ad for job openings published in the country's two largest newspapers. It is an invitation from one of the largest construction companies, which, despite offering excellent salaries, cannot find trained personnel within the country (NotiSur, April 1, 2011).

The construction sector is the hardest hit by this unprecedented situation. In February 2011, the business group Cámara de la Industria de la Construcción (CIC) had warned about the coming crisis and suggested to the government the possibility of financing professional training for workers, and it chose to begin with soldiers.

"It is very well that they finance the training of new workers and it is very good that the government has slowed them down. What they were looking for with that offer was to kill two birds with one stone: they were looking for workers and disciplined people, like soldiers," said Oscar Andrade, secretary general of the Sindicato Único Nacional de la Construcción y Afines (SUNCA).

**Thinking outside the box**

The CIC then proposed reincorporating retirees into the labor force, tying their employment to a "trigger clause," under which, when unemployment exceeded a certain level, retirees would automatically leave the labor market. The government did not accept the proposal.

To respond to the worker shortage, which affects most manufacturing activities, the progressive administration of President José Mujica is studying implementation of a package of measures that considers everything from retirees' temporary return to work to the possibility of "importing" workers and includes drafting special legislation that would make it easier for young people and women—the two groups that have the most difficulty finding stable and well-paying jobs—to enter the work force.

With an economically active population (EAP) of slightly more than 1.5 million, Uruguay has an unemployment rate of just 5.3% (some 80,000 jobless). However, the percentage is notably higher among women (21.5%) and men under 25 years of age (13.2%).

**Low population growth adds to problem**

To fully understand the situation it is necessary to know, as well, that the 2011 census put Uruguay's population at just 3.3 million inhabitants, against an expected 3.5 million. The census revealed a high level of aging in the population and a growth rate of only 0.46%, meaning that the population...
will not reach 4 million until 2459. "With this reality, Uruguay cannot grow," said Labor Minister Eduardo Brenta.

Among the battery of measures that the government is developing, the number one priority is to encourage the return of workers who emigrated during the 2001-2002 crisis, the majority of whom settled in Spain—which now has the highest unemployment rate in Europe—and who are now in the same conditions as when they arrived, without jobs and with serious housing problems.

The labor shortage is to some extent regional, but, because of its small population, Uruguay experiences it with greater intensity. Minister Brenta explained that neighboring Argentina depends in large part on Bolivian and Paraguayan workers for its harvest and for much of its agriculture production. The same situation exists in Brazil, and again it is Bolivians and Paraguayans who provide the labor. While, in both cases, agricultural producers take advantage of the cheap labor, some areas of the two countries have a labor shortage. Not only because of an excess of jobs but also because workers are migrating toward large cities in search of a better future, depopulating rural areas of Argentina and Brazil.

Because of its small economy, Uruguay was never a country where immigrants came looking for jobs. Recently this has begun to change. "Culturally, Uruguayans clearly understand that if there are no highways to transport products there is no development, if there is no energy to run the machines there is no development, but we have still not grasped that if there are no people there is no development," said Brenta in a recent working meeting with business people. "And the census shows serious stagnation, something that we suspected but not to such a degree. Uruguay's demographic patterns are very similar to those in developed countries and as such it has an aging population that barely reproduces itself over time. This means that, after the country has grown at the rates recorded in the last eight years, human resources has become a critical matter."

Returned retirees as mentors

In the construction industry, retirees who are returning to work do so as teachers. In reality, the retiree is one more worker, but he or she accompanies young people who have minimal experience, training them for their new job. The government and the CIC do not expect a flood of retirees but do expect enough to accompany the young workers. Those who return will receive half their pensions plus the legal salary.

Brenta explains the mechanics of the incorporations. "In many sectors," he says, "to dedicate oneself to teaching implies participating in the productive process, but with a distinct perspective. Otherwise, it would be solving an immediate problem and postponing the underlying objective, which is replacing trained labor. For the future, we want to implement a model that contemplates that, upon nearing retirement age, those workers with a rich experience will accompany the training process of those who are going to replace them, and they will be paid for that."

Experts called upon by the government to address the issue consider the combination of work and education positive if it does not lead to young people dropping out of educational institutions. Thus, the measures analyzed included incorporating children over 14 years of age, only for jobs that do not involve risk, and with a half-day schedule, on the condition that they not drop out of school and submit to strict control of the government Instituto de la Niñez y la Adolescencia (INA).
Help for women to enter work force

Meanwhile, although the 200,000 women who work at home, basically caring for children, the elderly, and the disabled, are legally given all the rights of any worker, the program foresees the massive incorporation of women into the labor market. The national reality requires it, in addition to it being a justice issue. Statistics indicate that men's level of economic activity is at its ceiling. For women to be able to leave their homes, the government is considering implementing a Sistema Nacional de Cuidados (SNC), through which mothers could entrust the integral care of their children or the elderly to SNC-trained personnel.

Subsequent stages include an invitation to qualified immigrants and intensifying the repatriation campaign for emigrants, a phenomenon that during the 2001-2002 crisis reached staggering proportions. During that period, everyone left—both the highly qualified and the less qualified.

For areas that urgently need workers and where efforts at repatriating those whom the crisis expelled are unsuccessful, the government will have to resort to "qualified importing." That is a major challenge for Uruguay because its two huge neighbors—Argentina and Brazil—are in the same boat, and it will be difficult to compete with them.

Uruguay's attractiveness is a plus (basically its characteristics of being a small country, with human dimensions, and a receptive society), but it will not be competitive in salaries. It will never be able to offer what its neighbors are in a position to offer. Therefore, the government aims to agree on measures within the framework of the Southern Cone Common Market (MERCOSUR).

"The key is to coordinate policies, Uruguay does not want to bring Argentines," explained Brenta, "We are interested in bringing very qualified people from countries where unemployment levels exceed 20%. If we're all going to the same niche, we're afraid to coordinate. This is the political will of the Uruguayan government, because the other possibility, which is to fight [for workers] with Argentina or Brazil, or fight with Chile, which is also implementing similar policies, would be difficult for a country of Uruguay's size and possibilities."

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