



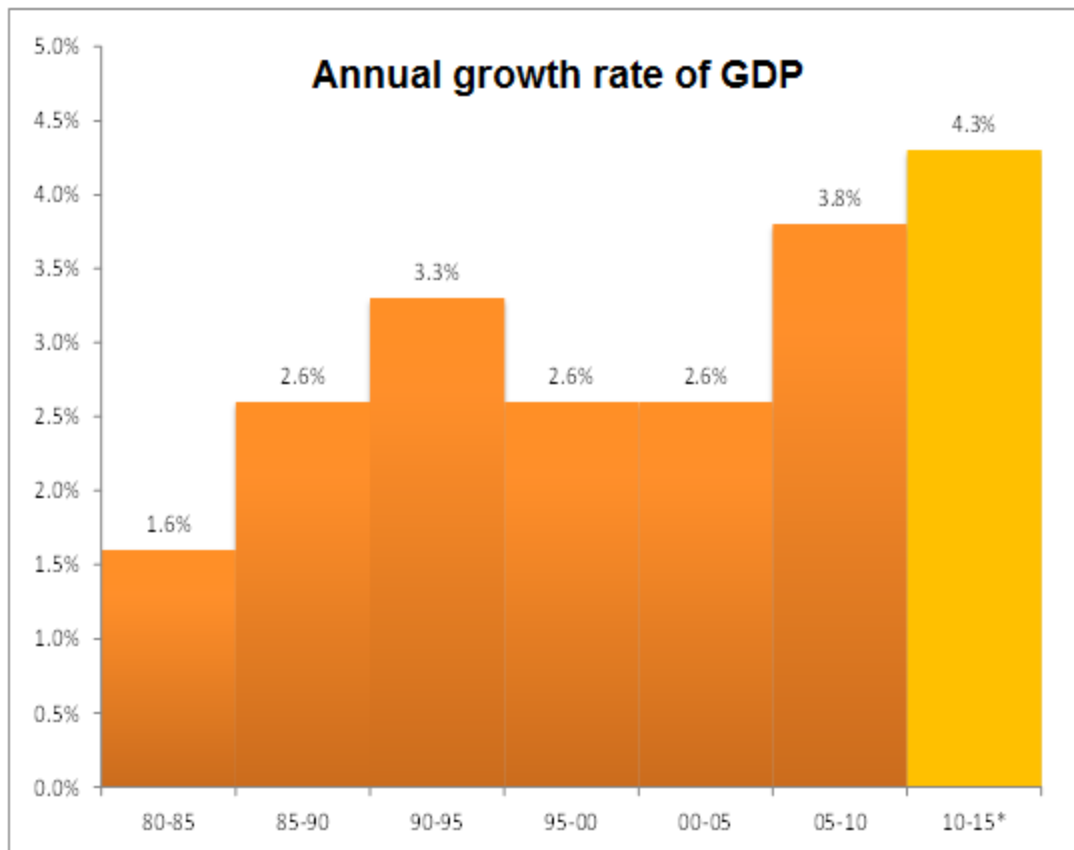
# Trends in employment, poverty reduction and social inclusion in Latin America and the Caribbean

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# Presentation overview

- Performance and forecasts for LA&C
  - GDP
  - Employment
  - Business expectations (demands of companies, engineers)
- Towards social and productive inclusion for Decent Work
  - How much of the growth went to the people
  - Productivity
  - Income distribution
  - Remittances
  - Social programmes/policies: emphasis on youth and social cohesion





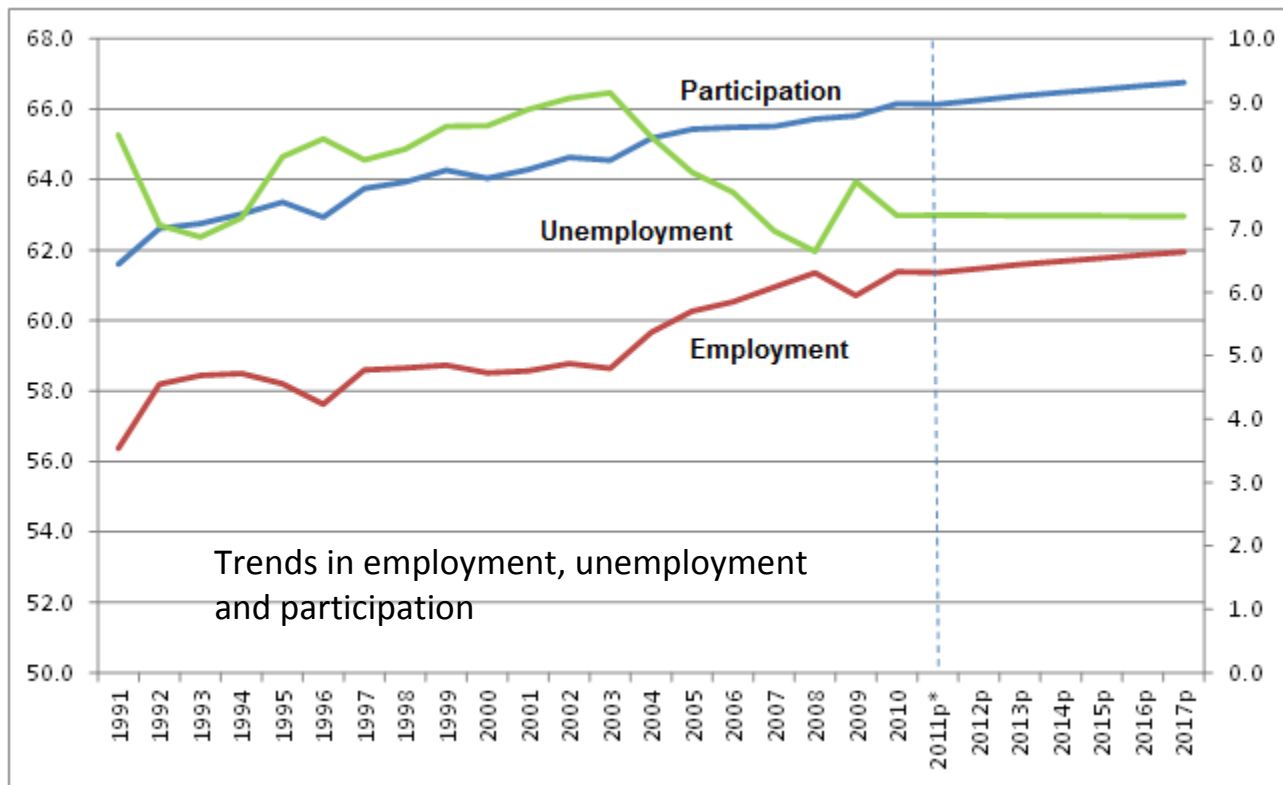
## Recent performance of LA&C

LA&C: Projected GDP Growth Rates, 2012-2017

	2012	2013	2014	2015	2016	2017
April 2012	3.7	4.1	4.1	4.0	4.0	4.0
Oct 2012	3.2	3.9	4.1	4.0	4.0	4.0
Source: IMF						

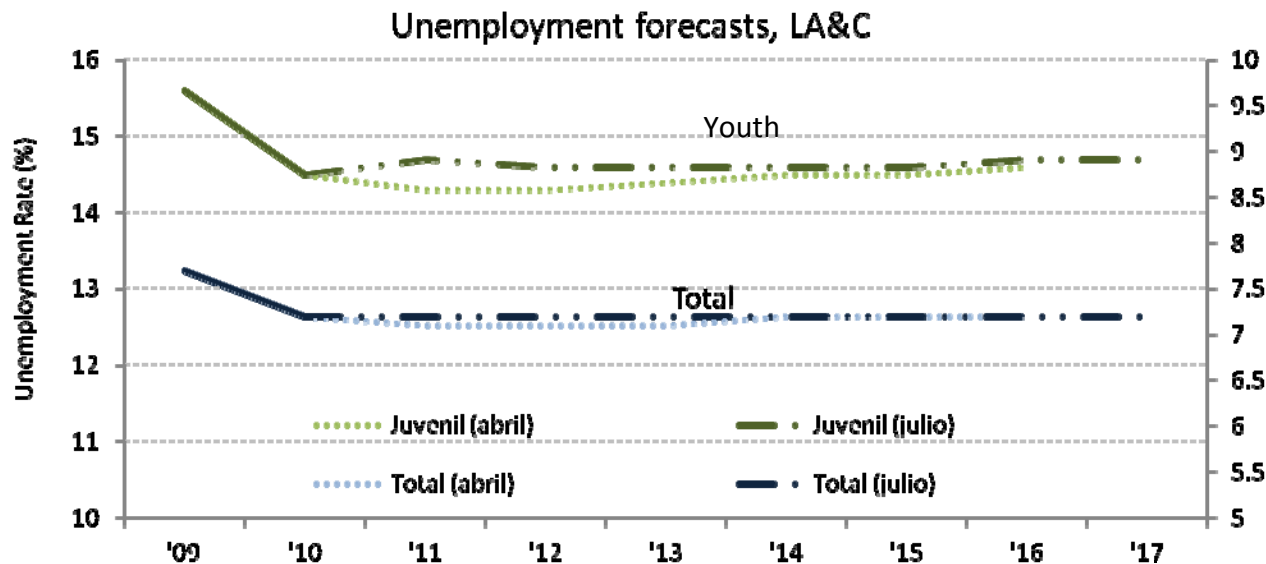
- **LA&C:**
  - Good performance in the past decade.
  - ECLAC: 2003-2011 has been the best period since 1960.
  - Growth revisions affect 2012 and 2013 above all.
  
- **International outlook**
  - A slowdown in global growth was observed in 2012.
  - Europe is experiencing zero growth rates and entering a recession later in the year. The United States has maintained a positive but low growth rate. Slowdown of China's economy. Low growth in Japan.
  - Concern in LA&C A about economic recovery efforts in advanced countries (monetary expansion).

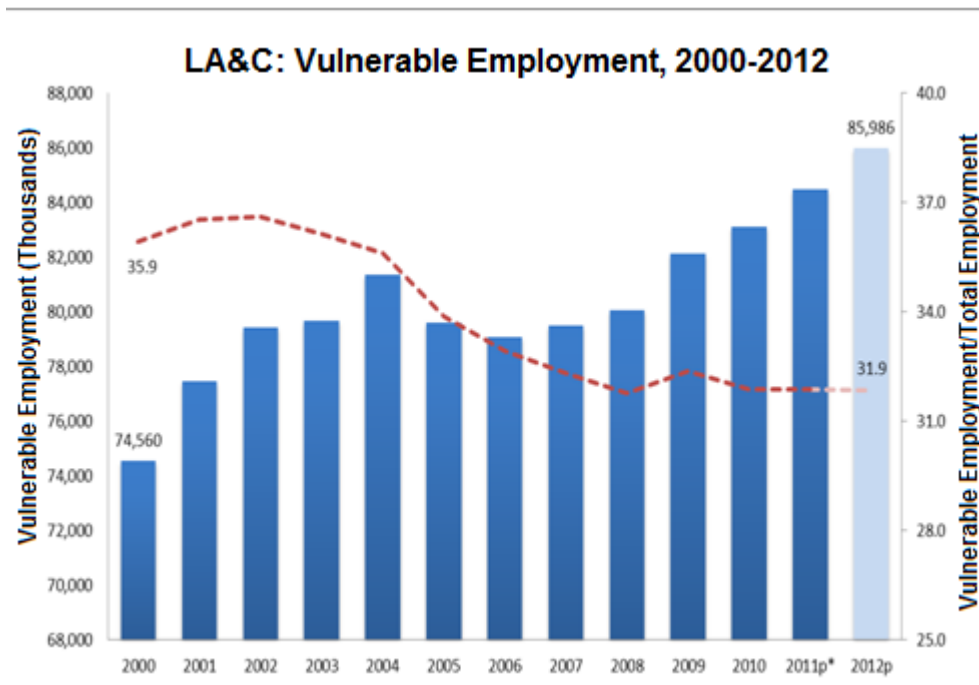
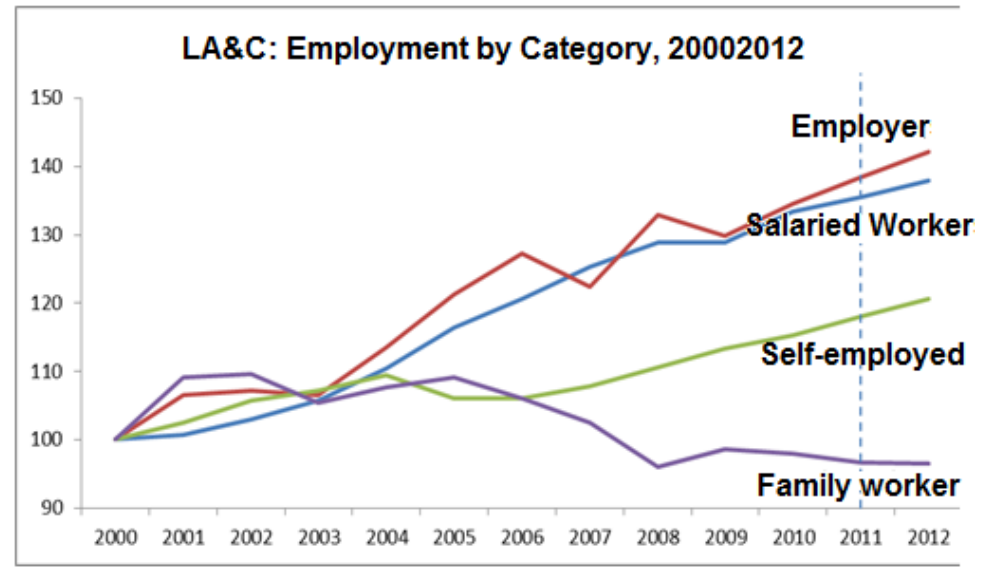
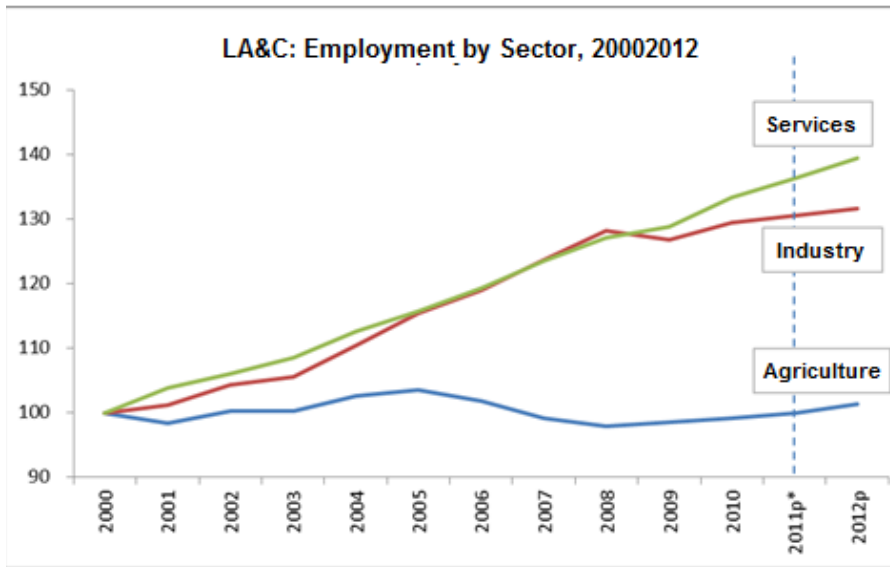




## Employment trends and forecasts in Latin America and the Caribbean

- LA&C: participation and employment increased, and unemployment decreased
- Forecasts indicate that global trends are maintained:
  - Note: the crises increases youth unemployment.
- So far the impact of the international economic slowdown has been limited
- Let us not forget that the region is strongly interconnected with the rest of the world (IFM)





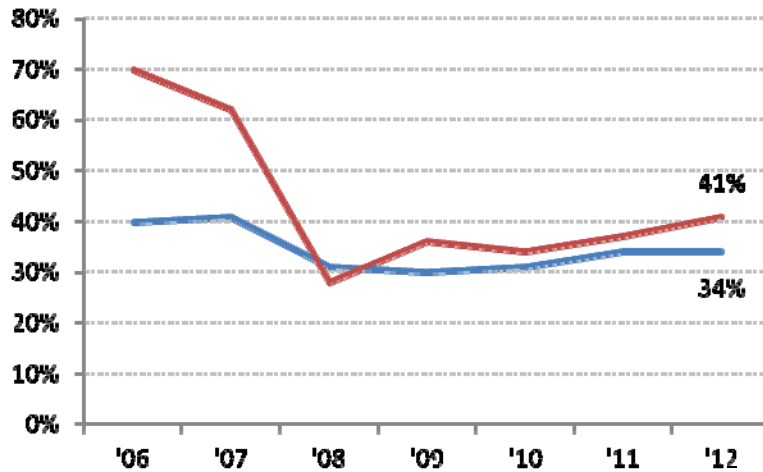
- Up to 2009, services and industry grew equally. Then industry's growth slows down. Agriculture becomes stagnant.
- Wage employment grew.
- Vulnerable employment was reduced.
- The percentage of registered workers increased slightly.

## Employment trends (2)

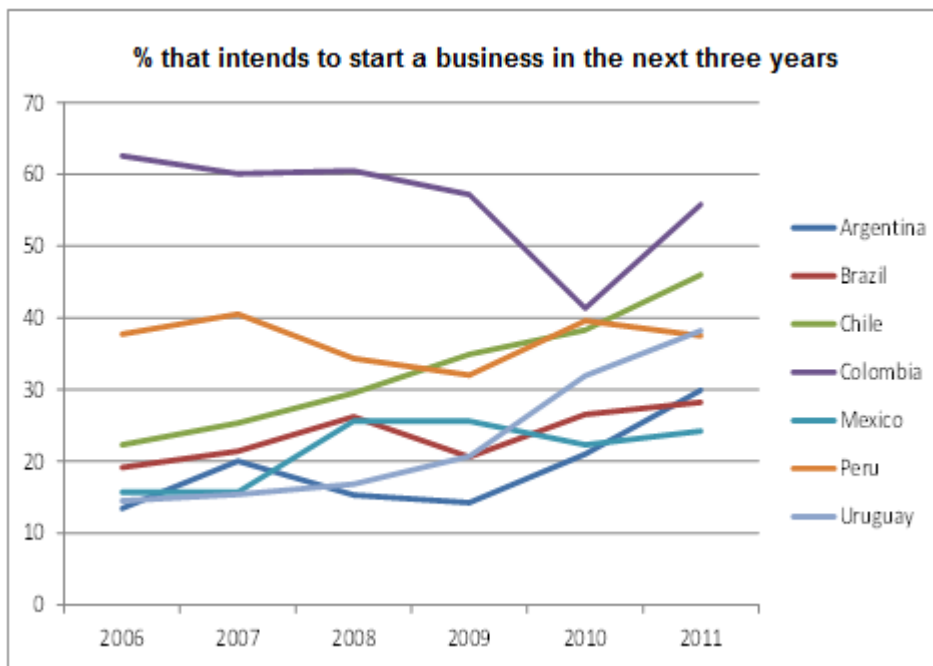


## Business expectations

**% Employers with problems to fill positions**



**% that intends to start a business in the next three years**



### Americas: 10 most difficult-to-fill positions

1. Engineers
2. Technical staff
3. Sales Representatives
4. Skilled manual labour
5. Production operators
6. Secretaries and administrative staff
7. Accounting & finance staff
8. Drivers
9. IT staff
10. Labourers

Source: Manpower (survey of more than 10,000 business people)

- Businesses remain optimistic
- Implications:
  - It is necessary to mitigate the effects of the international crisis



# How much of the growth went to the people?

- Aggregate indicators: 2000-2010
  - GDP: if in 2000 it was about 100, in 2010 it was 145.
  - Workers: went from 207 to 280 million.
  - Monetary poverty: went from 44% to 32%
- How much of it went to the people? Three main sources
  - Income from work:
    - Data from some countries indicate that it went from 35% to 34% of GDP
  - Private transfers:
    - International remittance data indicate that it went from 1% of GDP to 3%
    - We have no available *intranational* data
  - Public transfers:
    - Social expenditure data indicate that it went from 15% to 18% of GDP
- Conclusion:
  - The equivalent of about half of the growth would have reached the people
  - Of the growth reaching the people, 53% came from the labour market, 40% through social policies and 7% from remittances.

## Agenda

1. Productivity

2. Distribution

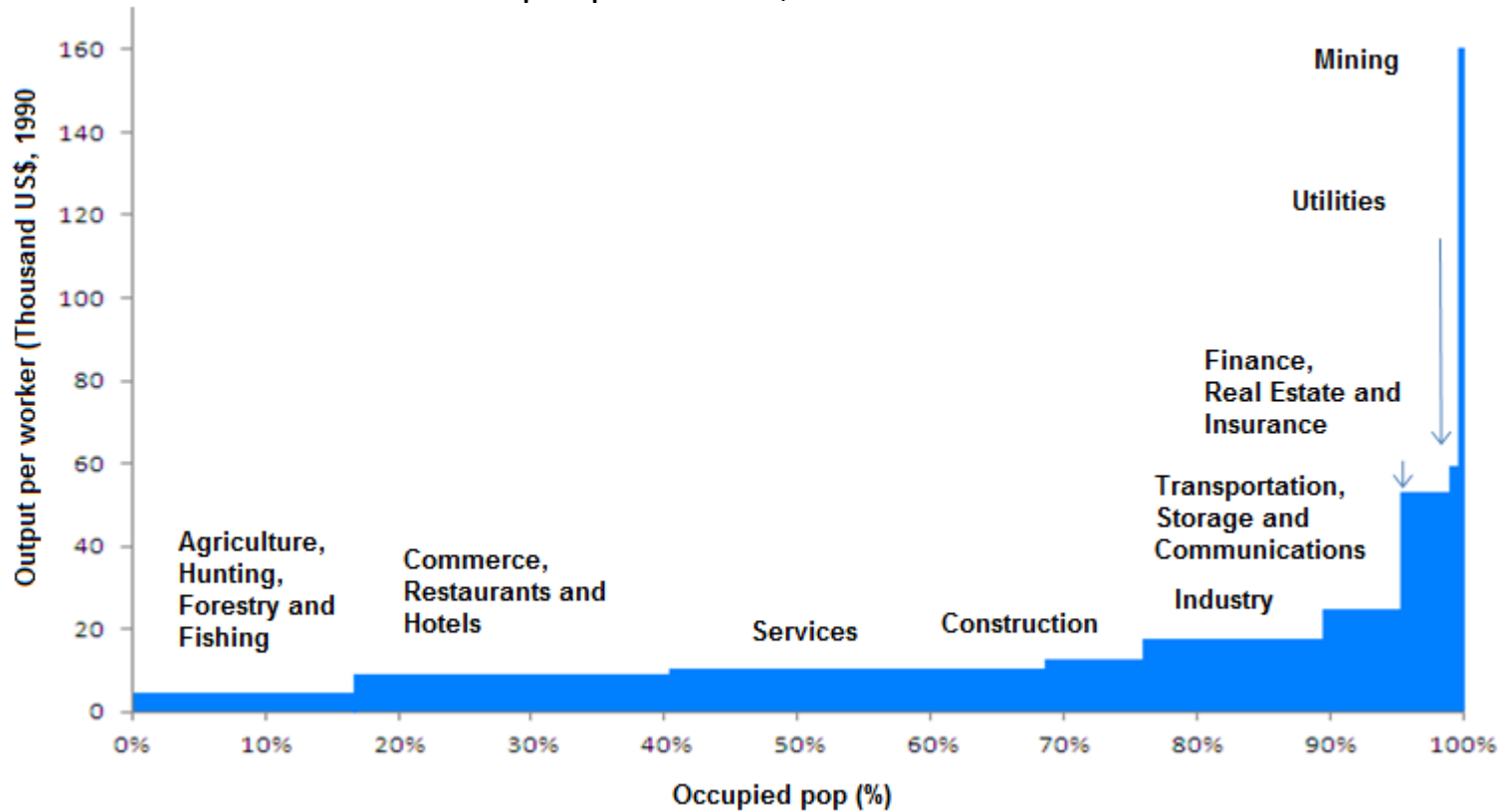
3. Remittances

4. Social policy



# 1. Productivity

LA&C. Output per worker, 2009



- Gap:
  - LA&C produces 5,982 billion dollars with 280 million workers.
  - The EU produces more than twice with 244 million workers
  - Large heterogeneity in production
- Challenge
  - How can a region be linked socially with a productive structure of this type?
  - Agenda for production linkage



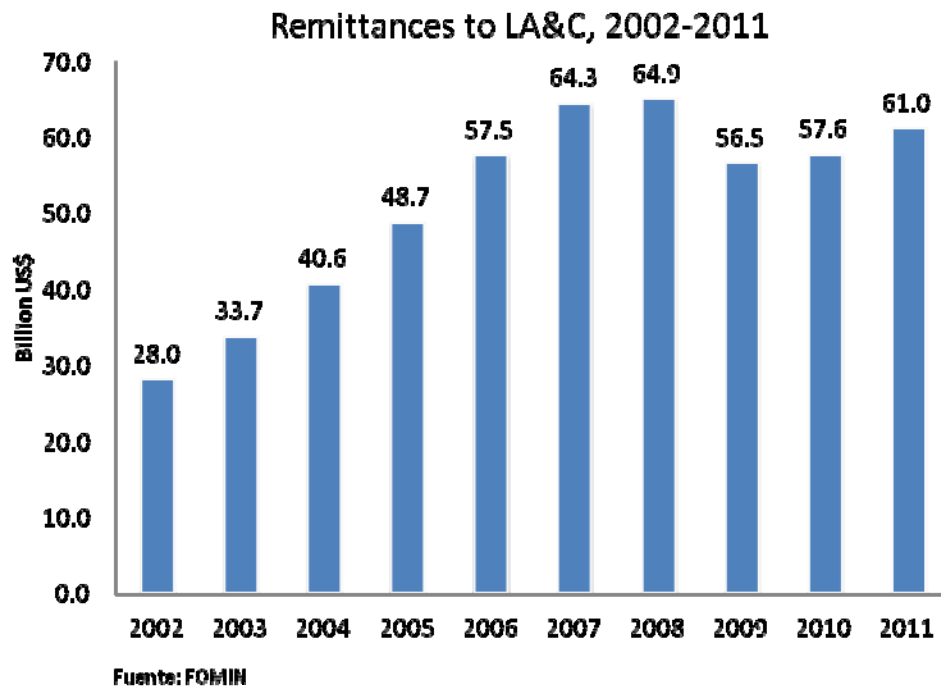


## 2. Distribution

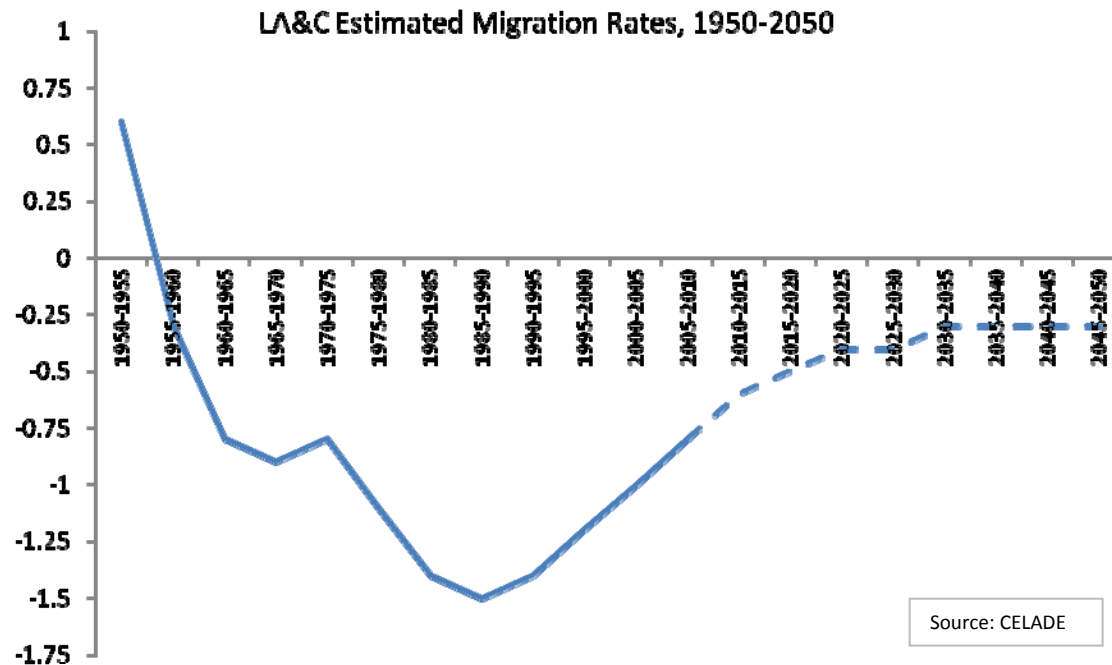
- ECLAC/ILO Newsletter (2002-2008 period)
  - Wages grew at a slower rate than mean productivity
  - Of 21 countries in LA&C, 13 show reductions in the share of wages in GDP. It increases in 8 countries.
- ECLAC (Infante and Sunkel):
  - In LA&C the share of wages in GDP is about 35%, with significant variations among countries (Peru: 22%; Brazil: 40,9%).
  - This situation contrasts with that of developed countries where wages represent about 60% of the product with little deviation among countries (Korea: 55.0%; the United States: 63,7%).
  - The production heterogeneity contributes to a low share of wages in the product.
- Conclusion
  - There is a shortage in the labour market in terms of its distributive role.
  - Social policies have offset this deficit in the last decade.
  - It is necessary to revisit the issue of distribution.



### 3. Remittances



- LA&C will again be a destination region for migration
- Implications:
  - Who are the returnees?
  - Who are the new migrants?



## 4. Social policies/programmes

- Economic growth is not enough to meet challenges such as inequality and poverty..
  - Social policies played an important role in poverty reduction
- In the case of youth
  - A high percentage of young people who neither study nor work shows a possible trend towards disengagement, or “disconnection,” as emphasised by the IDB.
    - High proportion of women in this group
  - Inequality impacts the way each young person can “manage” their lives
    - A young person in the first quintile pursues his/her studies until the age of 33 years, lives with his/her parents until the age of 30 and decides to become a parent at the age of 35;
    - a young person in the bottom quintile cannot decide for himself/herself; he/she is forced to leave the labour market early, becomes a parent at age 16 or his/herfamily decides to leave school to care for siblings or doing housework..
  - It is necessary to develop innovative programmes adopting an approach based on decent work paths
    - Focus not only on conventional professional training but also on alternative strategies such as sports or culture, which will allow also to acquire basic life skills for life and employment, such as teamwork, leadership and communication (the “soft skills”).
    - It also encourages and facilitates the participation of young men and women in political and trade union activities, in addition to increasing their entrepreneurial capacity
  - Challenge: Reinstall in young people the idea that a positive future for the region can be built through work and effort



# Structure of employment and social protection (LA&C)

			2000	2010
Salaried workers			61	63
	Public		13	13
	Private		48	50
		Establishments with 5 or fewer workers	13	14
		Establishments with 6 or more workers	34	36
Non-salaried workers			27	30
	Employers		5	5
		Establishments with 5 or fewer workers	3	4
		Establishments with 6 or more workers	1	1
	Independent workers		23	25
		Professional, technical or administrative workers	2	3
		Non professional, technical or administrative	21	22
	Family workers		3	3
Domestic service			8	4

*Inclusive production policies should be complemented with extensive social protection programmes that will generate a universal basic floor.*

→ Public employment laws

} Labour laws (special reg)

} Usually not covered by labour laws nor social protection

→ ¿Special schemes?

