

**Annex A – Country presentations on labour dimensions of integration
Country: Argentina**

**XII Inter-American Conference of Ministers of Labour
XII Conférence interaméricaine des ministres du Travail
XII Conferencia Interamericana de Ministros de Trabajo
XII Conferência Interamericana de Ministros do Trabalho**

Country presentation by Argentina

"PROPOSAL FOR THE IACML WORKING GROUP 1"

1. The Dynamics of International Labour Relations:

Economic globalization has impacted on international labour relation systems. This is particularly true of social contracts based on labour laws administered through policies characterized primarily by state intervention in labour systems.

The State gave support to decisions of a social nature based on economic requirements and encroached on individual and collective labour and social security rights. These mechanisms allowed for the construction of civilizing standards in terms of social security which form part of a cultural heritage.

The international co-existence system generated the conditions required to build these social contract models internally. International labour relations, more than any other discipline, have impacted on the internal equality systems of all countries.

A brief historical review will show three clearly paradigmatic periods and their impact on labour issues:

a) After World War One: The Treaty of Versailles - Birth of the International Labour Organization (ILO). As a result, it was internationally agreed that certain aspects of the cost of products should not affect international competition. This gave rise to the first generation of international labour rights which were slowly adopted at a national level.

Following the crisis of the thirties, the States began to see social spending as a strong component of economic development which would help re-launch the economies, and therefore invested in the development and improvement of social security systems.

b) After World War Two: Philadelphia Declaration. The Declaration established institutionally that labour is not a commodity. The State intervention model was reintroduced into labour relations, with strong emphasis on social dialogue and trade union tolerance as steps to ensure mechanisms aimed at redistributing wealth.

c) The second wave world integration: Balance was lost, with consequences in social protection systems of various natures, with greater impact on peripheral countries. All of this came about as the result of a cultural and political diversity that introduced these systems unevenly.

The development levels and characteristics of the labour scenarios in different countries and regions were affected by crises in the prevailing productive models and by the emergence of new production styles requiring the introduction of technology, production displacement and relocation of companies and branches.

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The result was a predominance of the service sector over the industrial sector, with an impact on the profile of the labour force in these new scenarios, in the context of serious crises in nation-states and a marked decrease in the degree of intervention.

In this new world scenario, countries with existing production systems and with relatively strong social structures were able to maintain a certain degree of social balance.

The peripheral countries entered the new world order based on an economic model dependent more on financial profit than on a strong production capital, which had a negative effect on the weakest sectors of society, as social indicators have shown.

2. Reconstructing equality through inclusion and social coherence based on the new scenario

Our peripheral societies were transformed not only in terms of the profile of the labour force but also structurally. Fragmentation and exclusion are part and parcel of the same landscape, which is the result of poverty and an uneven distribution of wealth.

Latin America, and particularly the Southern Cone, is currently suffering the impact of a social emergency. To varying degrees, our countries have not been able to rebuild a new social contract able to preserve or generate equal opportunities for all.

The current social and labour situations are providing answers through projects aimed at accumulating capital which recognize equality of opportunities for future generations based on the efforts of the present generation.

Labour standards appear like ghosts from the past and the informal economy pervades our region.

Argentina has paid dearly for its commitment to speculative, idealist doctrines, characterized by purely macroeconomic results, requiring unconditional adherence to the new global reality, without the possibility of debating the manner in which the country should join the new world or discussing the contents of the new order.

Reconstructing an equitable society, with social cohesion based on the new reality, is a task that goes beyond normative experience. Latin American reality requires active policies and a proliferation of sound labour practices aimed at decent work.

The States cannot carry out this formidable task on their own. There is a need for regional policies, implemented by countries which have already developed their own models of integration. States should prioritize labour policies aimed at social inclusion, such as those that promote the creation of genuine and decent employment, professional training and employment inspection.

3. Regional perspectives as a new international alternative impacting on social and labour issues

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As mentioned above, the internal balance of social contracts has been particularly affected by paradigmatic international events.

The new globalization has yet to provide a social answer, which must be specific; it must respond adequately to this historic moment and must also help overcome previous scenarios.

The region as a whole has undertaken this effort towards a more just society. Consequently, regionalism comes forth as an important alternative to establish social justice criteria in globalized societies.

This is precisely the experience of MERCOSUR: social and labour organizations have not limited themselves to the single task of developing harmonized regulations; they have addressed the system of labour relations and social policies as a whole, through a regional tripartite dialogue.

Although slow, progress is consistent thanks to the active participation of the leaders of sectors of society through the social and labour organizations involved in the process.

Particularly noteworthy is the progress achieved in relation to child labour and professional training, and the success of the Oversight Commission of the Social and Labour Declaration which has facilitated the design of an institutional basis for tripartite common intervention policies for the States in the region.

Today we have already discussed migratory workers, trade union freedom and, more recently, models which allow States to intervene in social and labour policies.

In the framework of Subgroup 10, which also addresses social and labour issues, the Argentine delegation has put forth a proposal to begin discussing true models of regional development, underscoring the war on unemployment and exclusion, with the systematic participation of universities and production sectors.

Argentina intends to formalize a proposal in this regard, calling for creativity and knowledge in order to bridge initiatives in terms of productive, profitable, and decent employment between the four countries, with strong results in the labour force and in the quality of employment.

To meet this challenge, we have the support of the International Labour Organization (ILO). We permanently refer to the ILO's support for our countries, in the midst of the current crisis, and acknowledge the organization's interest in strengthening efforts aimed at regional integration.

In fact, in its latest documents, the ILO has identified the need to link regulations with the reality in which these are to operate, and has geared cooperation in this direction.

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4. The need for synergy in the Inter-American Conference of Ministers of Labour

In the previous paragraphs, we said that the impact of globalization on labour relations and societies in Latin American countries has generated polarization and fragmentation. The most apparent consequence is reflected in the regional figures and realities in terms of unemployment, underemployment, poverty, and marginalization.

As stated repeatedly by the Director General of the ILO, we should not oppose globalization, which is a veritable opportunity for development and growth. However, we must build a different globalization which requires integration through political action aimed at reducing imbalances between capital and labour, and between rich and poor regions.

We must approach a globalized world with economic growth and productive development to generate conditions that benefit the poor and the marginalized; we must develop adequate social protection and, in short, a globalization capable of reducing uncertainty and increasing opportunities for all. In other words, an equitable globalization.

Based on the above, the ILO has undertaken an international debate on the need to articulate policies linking social and economic aspects. One example of this is the creation of the World Commission on the Social Dimension of Globalization, the objective of which is to provide social proposals to assist the Bretton Woods organizations in developing policies.

In our region, the OAS Inter-American Conference of Ministers of Labour, with COSATE and CEATAL, its organizations for social representation, has become the leader in social and labour development in the context of the new Summit of the Americas process, a development which is still in a diagnostic phase. The fact is that the Americas have changed; they are different from what they were in previous years and decades. It is a continent undergoing subregional integration processes involving countries of a diverse qualitative and quantitative makeup, with different political and cultural traditions, which have adopted varying hierarchies in relation to social and labour issues and are building processes with different methodologies.

The Inter-American conference of Ministers of Labour of the Americas is seeking a formula to improve the labour and social standards of a future, integrated American continent, while taking into account the heterogeneity of the region.

Specifically, the results of Working Group 1 of the Inter-American Conference of Ministers of Labour reflect concrete progress with respect to regulations through follow-up studies on labour standards and integration processes.

On the other hand, the Ottawa Plan of Action gave Working Group 1 the mandate to establish a better relationship between financial and political organizations, whether regional or international, in order to complement social and economic policies, subjects which have not yet been fully addressed.

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5. Focal Points of Development

We believe that it is important to progress along these lines, in order to strengthen the social dimension of the Summit of the Americas developing concrete policies and reinforcing the presence of the ILO and the financial institutions in the area, based on what we have termed Focal Points of Development (PFD in Spanish) for regional policies aimed at creating decent work and establishing a social and labour dimension in the Summit process.

The task of centralizing sound labour policies based on existing experiences drawn from the current subregional integration processes, and the attempts to coordinate and harmonize said practices is a very complex and slow procedure in light of the speed and development of the free trade area.

Focal Points of Development are central subjects structured on the basis of the most pressing, serious issues for each region. As an objective, each region would establish a tripartite link between with the OAS, the ILO, and the financial institutions of the continent, which would channel cooperation and help to solve problems deemed crucial for each region.

Results may come about if efforts are decentralized and focused by strengthening labour relation systems on a regional basis and prioritizing specific areas of intervention.

We believe the creation of tripartite, regional Focal Points of Development involving the participation of the Inter-American Conference of Ministers of Labour is possible-with the IACML's organizations representing workers and employers-in addition to the participation of the OAS, the ILO, and the IDB.

Said regional intervention will take into account a concrete aspect-which may be broadened in the future-related to the social and labour needs of the region in light of the issues surrounding decent work.

This would allow us to begin responding directly to the most urgent needs of the region, together with the capital and labour sectors, proposing plans and courses of action with proposals and specific results in order to generate trends towards social development.

We should keep in mind the statement made during the International Labour Conference of 2001: "The difficulties faced by the traditional structural adjustment policies of the Breton Woods institutions are due in part to the fact that they have not introduced these objectives, specifically employment, rights, social protection, and social dialogue; therefore, poverty reduction strategies will not be successful unless they include these objectives." ("Reducing the deficit of decent work: a global challenge". Report from the Director General, 89th Labour Ministers' Conference.)

The experience of MERCOSUR has shown us that, despite the right to gainful employment from a regulatory perspective in conjunction with a State that carries out its function as an element of balance, there are repercussions in the establishment of relatively high civilizing standards intended to provide labour and social protection in a region.

Nevertheless, in the current phase of globalization, our countries have faced the dismantling of the social and labour regulatory fabric. Although in some cases this

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has not affected the core of the basic labour regulations, reality has had definite effects, as is shown through unemployment, underemployment, marginalization, and poverty figures.

There is a certain laxity with respect to compliance with labour regulations, accompanied in many cases by poor labour inspection practices on the part of national and provincial administrations, a fact that is compounded by corporations riddled with financial, cost, and market problems.

Currently, the priority for our countries is the implementation of efficient social policies that allow for the immediate incorporation of our citizens, who have suffered from the above-mentioned scourges through minimum levels of social inclusion, with particular emphasis on productive labour placement and professional training. Such are the objectives of the Plan Jefes y Jefas de Hogar ("Head of the Family" Plan) in Argentina and Plan Hambre Cero ("Zero Hunger") in Brazil.

Our labour markets have been decimated with the realities of unemployment and underemployment. Nevertheless, our economy has begun to perform and the economically active labour force involved in production, services, transport, agriculture, and public administration operates through salaried employment regulated by labour legislation. This is the legislation we are describing as instruments of relative efficiency in light of the social crisis affecting the region. The road to real economic reactivation is a substantial component of the evolution of formal employment.

The social and labour structure of MERCOSUR has taken note of this particular reality. The instrument reflecting the social and labour dimensions of the process is the Social and Labour Declaration of MERCOSUR, a series of labour and social rights which the member states have promised to comply with and respect. The Declaration itself establishes a tripartite Oversight Commission which also functions of an assistant organization to GMC (Grupo Mercado Común). In other words, a regional social dialogue has begun to provide governments with concrete development policies intended to foster compliance with the rights put forth in the Declaration.

We have chosen this slower path, which is however more consistent than the overwhelming legislation harmonization systems.

Therefore, if we were to define the Focal Point of Development for the MERCOSUR region, it would include at its core the systems of social inclusion and their link to the creation of productive and decent employment. The remaining labour issues should be discussed in relation to this central objective.

These Focal Points of Development would have three stimulating effects for the region and for the development of a social dimension in the context of the continental process:

- 1) The subregional integration processes would find an answer to their most immediate concerns with proven concrete policies, developed in conjunction with specific continental organizations (Inter-American Conference of Ministers of Labour);
- 2) Creation of a continental social and labour network including Focal Points of Development, the OAS, the ILO, and the financial organizations of the continent; and

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3) A correct and cohesive channelling of cooperation resources towards policies planned through consensus with the States and social representatives, taking into account the development of future legislation and sound practices, on the one hand, and the application of cooperation policies to meet the priority objectives of the Focal Points of Development.