

Annex A – Country presentations on labour dimensions of integration  
Country: Uruguay

**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**

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Country presentation by Uruguay

**"THE SOCIAL DIMENSION OF HEMISPHERIC INTEGRATION"**

**1. ECONOMIC INTEGRATION AND THE WORLD OF WORK**

Seldom in the history of labour has man lived through times as critical and, at the same time, as relevant as today. Economic problems and technical change have brought humanity into a new era: of the information revolution, technological change, electronics, automated manufacturing, communications, globalisation and regional integration.

Labour relations are a vital part of this situation, but with one peculiarity: the purely economic is conditioned by the presence of man, who applies his intellectual or physical energy in exchange for remuneration.

The mere presence of working man justifies an analysis of the relationship between economic integration and the world of work, or, more challenging still, between ethics and economics. It is necessary to examine the relationships between the two disciplines because the behaviour of economic forces is intertwined with human labour.

It seems very clear that the development of labour legislation is based on principles of an ethical nature, not purely commercial ones. This is what the Declaration of Philadelphia means when it says that ***"labour is not a commodity."***

Many authors have wondered whether ethics and economics are parallel disciplines with no point of contact.

The main objective of all economic development is to improve people's quality of life.

It is absolutely imperative that societies that aim for and reach targets for economic growth, stability and financial equilibrium, and that they increase exports, productivity levels and their ability to compete. These are basic conditions for development.

Perhaps one of the most significant findings of economic sciences in recent years, however, has been the discovery that a country can reach significant levels of growth and development, while the daily living conditions of a large part of its population continue to worsen.

**2. BRIEF REVIEW OF THE REGIONAL CONTEXT**

Globalisation has resulted in greater integration among countries in the world economy, paving the way in many cases for new opportunities for income generation, but also affecting decisive factors related to working conditions. The greater need to compete means that salary adjustments depend on increased labour productivity. In addition, changes in aggregate demand require a greater ability to adapt the organisation of production and work processes.

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Trade and financial reforms meant the elimination of international trade barriers. Many import restrictions have been lifted and the number and diversity of tariffs have been reduced. These measures have been accompanied by a strong flow of external capital into emerging countries.

But the rapid globalisation of capital markets has not had the same effect in all countries.

Empirical evidence from the UNDP's Human Development Index indicates that there is no direct correlation between economic growth and social betterment. On the contrary, especially in Latin America, we can see many processes in which these two elements move in opposite directions. This indicates that economic growth does not automatically flow toward society as a whole. The so-called "trickle-down theory" is not directly applicable to the current situation. The process is much more complex.

A brief analysis of the situation in Latin America leads us to conclude that labour performance in the 1990s and the beginning of the third millennium is the result of efforts by many countries to meet the challenges posed by the new world order of production and trade.

In this process, a series of economic reforms has been applied whose objective was to improve the ability to compete in international markets and preserve basic macroeconomic equilibrium.

These reforms, along with changes in the world economy, have created a new structural scenario characterised by democracy building, globalisation and economic integration, as well as by people's expectations that the benefits of a more solid, stable economy and a more efficient state will translate into tangible progress for society as a whole.

### **3. THE NEED TO ADDRESS THE SOCIAL DIMENSION**

All regional integration processes, in their varying degrees of depth, tend to be driven by the intention of economic advancement. The Free Trade Area of the Americas (FTAA) is no exception.

Nevertheless, social elements soon demand a place, and as trade expands, it becomes vital to address the social dimension as a basic component that definitely constitutes the ultimate goal of integration.

It is in this sense that the instruments that have created or implemented sub-regional integration processes throughout the continent refer to political, economic, social, cultural and environmental sustainability, or state that their final objective lies in improving the quality of life of their inhabitants or in economic growth with social justice.

Like all integration processes, in its initial stage the Southern Common Market (MERCOSUR), created by the Treaty of Asunción signed by the governments of Argentina, Brazil, Paraguay and Uruguay, emphasised trade and economic elements.

The results throughout society were not long in coming, with changes and distortions in the labour, political, social, cultural and production spheres.

As the integration process took root, the repercussions in the world of work, employment and labour relations urgently demanded that the process be given a more complex institutional foundation, with specialised agencies – as much technical as

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political – and with the participation and interaction of all social partners in the area of labour.

As a result, the Declaration of the first Meeting of Ministers of Labour, held in the city of Montevideo in 1991, expressed the need to address labour and social aspects to ensure real improvement in working conditions. The decision was made to encourage the creation of working subgroups responsible for carrying out studies of issues related to the ministries.

Integration processes have not only split the labour market between skilled and unskilled workers; in fact, they have also fragmented workers' interests because dualities have been superimposed at many levels: between the employed and unemployed, between temporary and permanent employees, between full-time and part-time workers, between men and women, between native and immigrant workers, between legal and illegal workers.

These impacts on the labour market and labour relations create new challenges and new demands for public action, and Ministries of Labour play a central role in guiding these changes.

#### **4. WORKING PROPOSAL**

##### **4.1 Overall Objective of the Proposal**

The overall objective of the proposal is to create an ongoing opportunity for deep, systematic reflection that will influence the development of a social model for hemispheric integration, designing strategies that make it possible to understand and compare the labour and social situation in the various countries in the region.

##### **4.2 Specific Objectives**

**4.2.1** *To deepen understanding of progress in the social dimension of hemispheric integration.*

To meet this objective, a study is proposed that will embrace, from the outset, the social space of each sub-regional integration process, identifying its progress, its limitations and its future possibilities.

**4.2.2** *To foster the sharing of experiences among the various sub-regional blocs through the creation of a communications network among the areas specialising in integration.*

To achieve this objective, it is proposed that the official bodies responsible for carrying out social integration in the various sub-regional integration processes be identified, along with research centres of the principal universities of the countries participating in the Summing of the Americas, and that a Web page be created to maintain a network for communication and sharing of information about progress and good practices in the area of social integration.

##### **4.2.3 Establish a Social Observatory of Integration**

As a final objective, the establishment of a "Social Observatory of Integration" is proposed, based on the selection of socially relevant indicators, to provide the information needed for understanding the socio-labour situation in each country.

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This Social Observatory will be created by taking advantage of inputs developed within the framework of initiatives adopted by the Inter-American Conference of Ministers of Labour of the OAS.

As its point of departure, the programme will take advantage of information in the System of Information on Labour Markets (*Sistema de Información sobre Mercados Laborales*- SISMEL), as well as outputs from the ILO's Programme of Support for the ICML/OAS, with its specific studies on social issues pertaining to integration and the current project on the Application of Declaration of Principles and Fundamental Rights at Work. It will also be necessary to take advantage of prior experience, such as initiatives involving regional statistical information, including EUROSTAT, the Observatory of the European Union and the MERCOSUR Labour Market Observatory.