ILO NOTES

International Labour Organization

ILO Notes - Presentation

Facing the European crisis: Reflections for Latin America

Barbados, Costa Rica, Dominican Republic, Mexico, and Trinidad and Tobago

The year 2012 was marked by a progressive deterioration of the European economy, with important consequences on its labour market. This deterioration was not a linear process; rather it had several moments of high tension, followed by short periods of relief as a result of partial solutions. Towards the end of 2012, the Eurozone again entered a cycle of economic recession and essentially, a close analysis of the situation seems to tell that the world economy should learn to live with a stagnant Europe for several years to come.

The progressive weakening of the European economic outlook has affected world economic dynamism, with sluggish growth in the US, a slowdown of growth in China, while Japan enters a new recession. Latin America has not been immune to this trend and felt a slowdown of regional growth, albeit more severely in some countries than in others. So far, this slowdown has been limited, and has not affected the labour market, where unemployment rates remain at historical lows, although some countries already show signs of a slower pace in the creation of new jobs.

These topics were recurrently raised at ILO meetings on different labour themes, which shows a concern amongst governments and social partners as well as amongst labour market specialists. While the focus of concern lies in the outlook for development of international trade and economic growth, from the viewpoint of employment these concerns translate in a very close monitoring of labour market trends by authorities and social partners. In this framework, an interest was detected in the different countries to review available labour market policy instruments. A general conclusion, aside from the different levels of development of these instruments, is that it is necessary to strengthen labour institutions.

Same to what was done in late 2008, when we prepared a very short regional paper analysing the situation and making six specific recommendations, during the second semester of 2012 we drafted a new short document, raising some policy areas for review. Although the region is still far from being in a critical situation, persistent uncertainty means it is necessary to review existing labour market policy instruments in the different countries, and analyse the adjustments these would require in case of a worsening situation. The 2008 crisis revealed that most of the available instruments to intervene in the labour market to deal with unfavourable situations are not for automatic implementation and require relatively long implementation times. The usefulness of this exercise, however, goes beyond crisis preparation as it aims to identify and propose strategies to strengthen labour institutions in general terms.

This series of ILO Notes includes the cases of two Caribbean countries, Barbados and Trinidad and Tobago, two Central American countries, Costa Rica and Dominican Republic and Mexico. Each country note follows a similar pattern of analysis, but differs in the instruments being analysed as these relate to the existing institutionality or the one that could be developed in each case. During the second semester of 2013 this series will be completed with a set of notes on Mexico, Central America, and the Caribbean.

As was the case with previous series, these ILO Notes intend to be instrumental for policymakers and social partners in the process of identifying general strategies and specific programmes required, and may serve in the development of cooperation among countries whenever this is considered relevant.

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