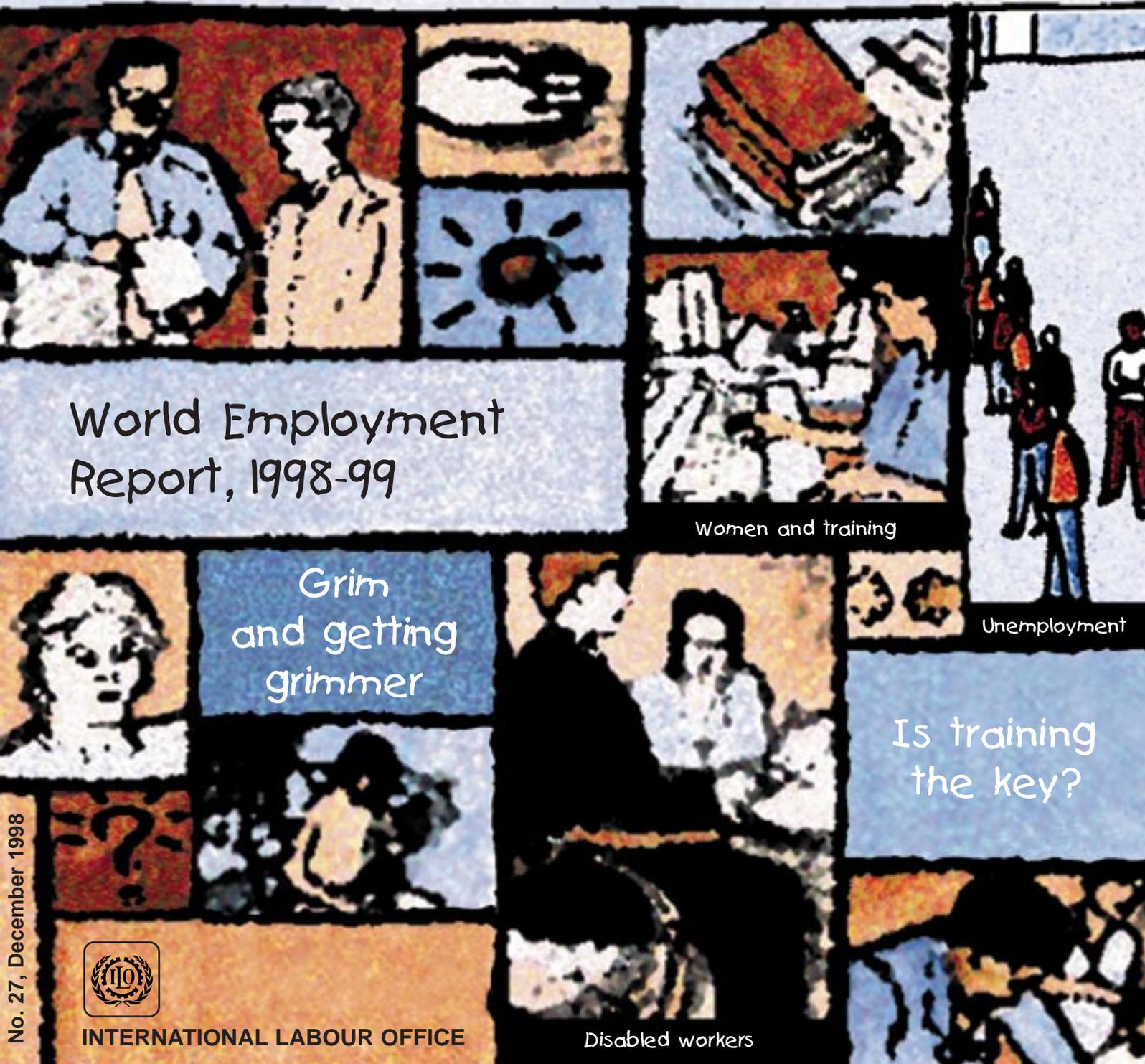


# WORLD OF **Work**

THE MAGAZINE OF THE ILO



World Employment  
Report, 1998-99

Women and training

Unemployment

Grim  
and getting  
grimmer

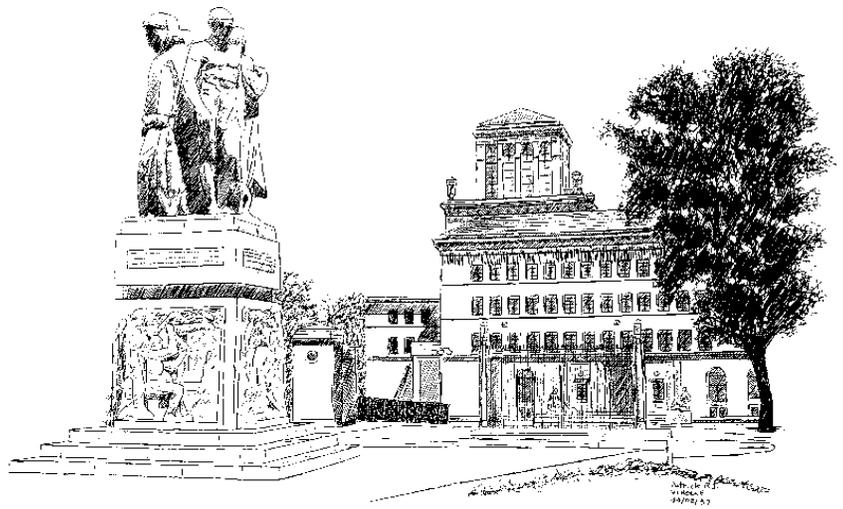
Is training  
the key?

Disabled workers

No. 27, December 1998



INTERNATIONAL LABOUR OFFICE



## The ILO in history

# Keeping the beacon alight: Wilfred Jenks and the ILO

Twenty-five years ago, as the year 1973 was drawing to a close, the ILO was in mourning. Its Director-General, Wilfred Jenks, had died in Rome on 9 October after a short illness. He was 64 and he had spent his entire professional life in the ILO, starting in 1931 at age 22. Jenks, who had headed the Organization since the death of David Morse in 1970, died at the helm – as did Albert Thomas, the man who originally recruited him.

For the staff, the void left by his sudden death was tremendous. Part of it was that he had been with the ILO for so long, and seemed to have become one with the edifice along whose corridors he could often be seen, tall and pensive, one hand forever in his jacket pocket. Yet the “Boss” was also a world acclaimed jurist. He had been one of the founding artisans of the United Nations system and was a model of dedication to international public service.

### Law in the service of justice

Throughout his life Wilfred Jenks applied the vast juridical knowledge acquired at Cambridge University, and later in Geneva, to the cause of human rights and social justice. As Legal Adviser to the ILO for many years, he was the inventive, creative and unifying spirit behind the International Labour Code. So that the texts would be as effective as possible, he applied the full extent of his imagination to the design of supervisory procedures which were adapted to the level of development of each of the member States. Even more valuable from the standpoint of the Organization, he was one of the authors of the Declaration of Philadelphia, now an integral part of the ILO Constitution.

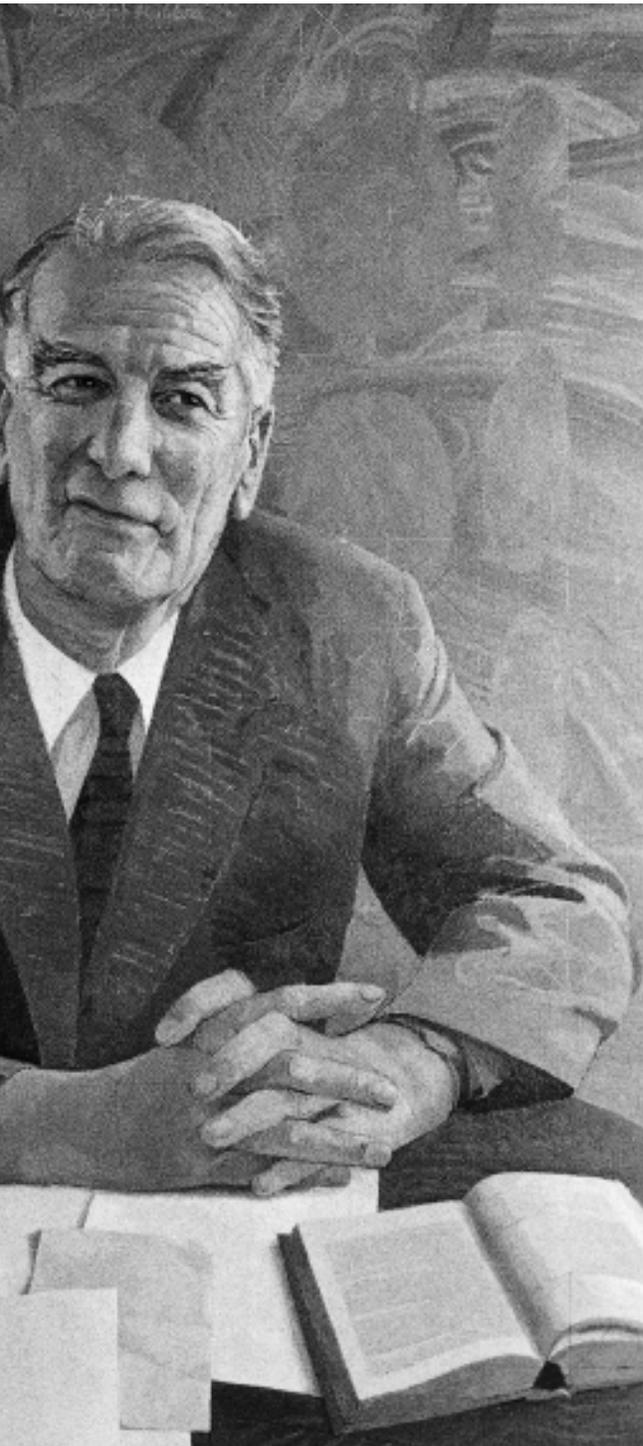
In the aftermath of World War II, his expertise and experience thrust him into a leading role in the international conferences leading to the birth of the United Nations system. His contribution was not just that of an eminent technician, but that of a man of convictions. As one of his long-time colleagues recalled shortly after his death, “He saw international law as an instrument of peace and progress among men and women, states and nations. He was driven by



an insatiable desire to create a more human world for future generations.” Within the nascent UN system, he focused his effort above all on the autonomy of the various specialized organizations and on the coordination of their activities.

### An example, a beacon

One of Wilfred Jenks' foremost concerns was the training of international civil servants. It was his belief that it was impossible for such a complex machinery to be truly effective unless the quality of the staff in its service was beyond reproach. And he expected a great deal from his collaborators: integrity, conviction, courage, imagination, technical skills and a knowledge of languages. From the time of his appointment as Director-General of the



ILO, he always liked to meet new staff members personally so that he could remind them of the nobility of their mission and the demands placed on them. At the same time, he was one of those who did the most to ensure that international public service was accorded the status and independence that befitted its responsibilities.

Needless to say, he gave the ILO everything he had. As a dyed-in-the-wool idealist and, as he put it himself, an “incurable optimist”, he would devote all his energy to the principles and ideals of the Organization whenever he felt they were in danger. “We will not condone poverty, squalor, hunger, disease and ignorance. We will not succumb to power and passion; we will remain dedicated to the lives of people and the life of reason.” These fiery words, and others along the same lines, with which he addressed the ILO Conference a few weeks before his death, at the end of a somewhat heated debate, remained engraved in the minds of the delegates and of the members of the Secretariat alike.

In just the same way, all those staff members who had the privilege of working under Wilfred Jenks can recall his vibrant speeches filled with maritime metaphors: “Never mind the storm, never mind the reefs, we must hold our course!” But when, after rushing to his bedside shortly before he died, his deputy tried to revive these familiar images by assuring him that “the ship will come through”, he made this wonderful reply: “It is not enough to see the ship through. What is important is that the beacon should be kept alight.” That was typical of Wilfred Jenks: the perfect public servant, the eternal youth, right up to the end.

*Michel Fromont*

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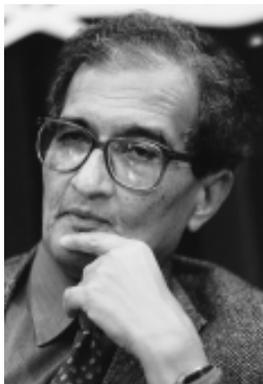
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The work of Amartya Sen, the 1998 Nobel laureate in economics and one-time advisor to the ILO, has been honored with the Nobel prize in economics this year. Herewith, his work is reviewed, and his role in the history and development of the ILO explained.

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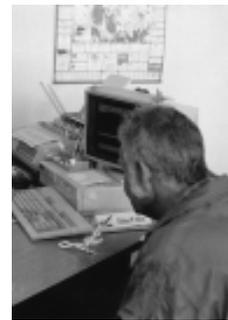
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*"The research is excellent...provides a way that [governments] can now deal with the issue of sex work..."*  
Shere Hite

*Created in 1919, the International Labour Organization (ILO) brings together governments, employers and workers of its 174 member States in common action to improve social protection and conditions of life and work throughout the world. The International Labour Office, in Geneva, is the permanent Secretariat of the Organization.*

# “Grim and getting grimmer”

## World Employment Report 1998-99: *Global financial crisis to hike world unemployment*

**The World Employment Report<sup>1</sup> (WER) says the number of unemployed and underemployed workers around the world has never been higher, and will grow by millions more before the end of the year as a result of the financial crisis in Asia and other parts of the world. Worker training, says the WER, provides an effective means to resolve this problem among unemployed women, youths, workers trapped in the informal sector and other “vulnerable groups”.**

Signs of renewed economic growth in many parts of the world during the first half of 1997 had sparked hopes for an economic revival that would spur higher jobs growth in all parts of the world. Instead, says the new World Employment Report, released recently by the ILO, only the United States, and to a lesser degree, the European Union, have seen reduced unemployment and underemployment.

“The global employment situation is grim, and getting grimmer,” says Director-General Michel Hansenne. “Stubbornly persisting high levels of unemployment and underemployment lead to social exclusion of the young and the old, the less skilled, the disabled and ethnic minority groups – with a strong bias against women in all categories.”

### Among the report’s highlights:

- Some one billion workers – one third of the world’s labour force – remain *unemployed* or *underemployed*, a figure that is largely unchanged from ILO estimates contained in its *World Employment Report 1996-97*.
- Of the one billion total, some 150 million workers are actually *unemployed*, or are seeking or available for work. Of these 150 million, 10 million unemployed have



Jacques Maillard

Latin America: “Unable to work in formal markets, where productivity is high and wages relatively good, many workers have to engage in a number of activities that sometimes just allow them to survive.”

*Jobless workers line up to get a free meal at the Yong San Station Plaza in Seoul, South Korea.*

been generated this year due to the financial crisis in Asia alone.

● In addition, 25-30% of the world's workers – or between 750 million and 900 million people – are underemployed, i.e., either working substantially less than full-time but wanting to work longer, or earning less than a living wage.

● The ILO estimates some 60 million young people, between the ages of 15 and 24, are in search of work but cannot find it.

● The global unemployment and underemployment picture contained in the 1998-99 report contrasts sharply with developments expected since the last *World Employment Report* was issued in 1996, when the ILO said that a number of encouraging signs heralded a global economic revival and would cut unemployment and underemployment worldwide.

“The world financial crisis has put immense pressure on globalization, and we fear that many governments may begin turning their backs on much needed economic reforms,” Mr. Hansenne says. “But globalization per se is not the problem.”

Noting that beyond the current financial turmoil, many countries are suffering from long-term employment problems which can be solved only through the combined action of governments, trade unions and employer organizations, Mr. Hansenne said, “Among measures to increase competitiveness, growth and employment in a globalizing world economy, the critical role of a high-quality, educated and skilled workforce must gain more prominence.”

The ILO says that worker training provides an effective means to resolve this problem among unemployed women, youths, workers trapped in the informal sector, and other “vulnerable groups” such as older workers, the long-term unemployed and workers with disabilities.

“Nations facing rapid globalization and competitive pressure need to invest in skills development and training in their workforce,” the report says. “Training and education were at the heart of southeast Asia’s economic miracle and could well provide a way out of underdevelopment and poverty for millions of workers in other parts of the world.”

## Employment around the world

Here is a global overview of the *World Employment Report*:

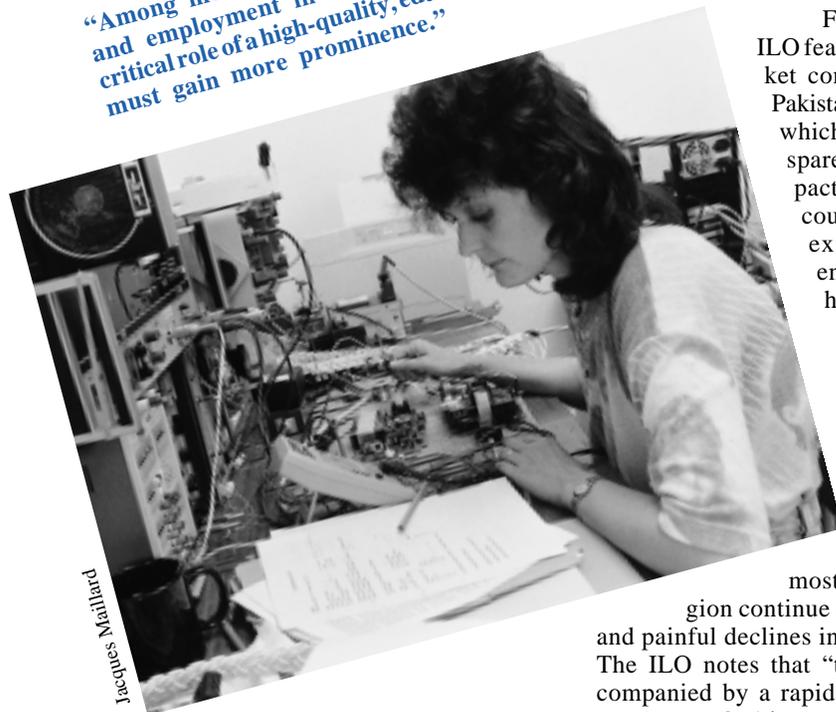
**Asia** – The report says that the three decades of sustained growth, averaging almost 8% per year (or 5.5% per capita) in many countries of east and south-east Asia has had no parallel in recorded economic history, but the situation in the region has deteriorated dramatically in the past year.

In *Indonesia*, steep increases in unemployment and underemployment are being accompanied by food shortages caused by an early drought. The ILO warns that “real wages in 1998 could well fall further than the 15% or so expected drop in per capita GDP. Unemployment in 1998 could reach between 9 and 12% of the labour force, compared to about 4% in 1996, though much of this increase will be reflected in rising underemployment rather than open unemployment.”



Jacques Muillart

**“Among measures to increase competitiveness, growth and employment in a globalizing world economy, the critical role of a high-quality, educated and skilled workforce must gain more prominence.”**



Jacques Muillart

In *Thailand*, unemployment could rise to about 6% in the labour force in 1998, or almost 2 million jobless, compared to 1-2%, or 400,000 to 700,000 unemployed just two years ago. The reliance of many Thais on the traditional safety net of the extended family could trigger a four- to five-fold increase in underemployment. The ILO says that the ripple effect of such trends will impact far from the urban centres, because “many people in the rural areas, especially the elderly...rely on remittances from working family members in Bangkok”.

In the *Republic of Korea* job losses have accelerated in the past year, nearly doubling between November 1997 and February 1998 to 5%, and reaching 7% in June of this year.

In *Hong Kong*, the unemployment rate rose sharply to 4.5% at the end of the second quarter of 1998, from 2.9% in 1997.

In *China*, it is estimated that 3.5 million workers will be laid off in 1998 and unemployment will increase to 5-6%. Hopes for increasing productive employment lie in the expanding role of private industry, especially small and medium-sized enterprises.

Furthermore, the ILO fears that labour market conditions in *India*, *Pakistan* and *Bangladesh*, which have so far been spared significant impact from the crisis, could worsen, if the external economic environment turns hostile.

**Central and Eastern Europe and the CIS**

– Despite the benefits enjoyed by a tiny minority, in the 1990s

most people in this region continue to suffer dramatic and painful declines in living standards. The ILO notes that “this has been accompanied by a rapid rise (from about zero to over 9%) in unemployment, lower real wages and an increase in income inequality as a result of immense economic and enterprise restructuring.”

The collapse of output has led to drastic reduction in demand for labour, lower employment and lower real wages in some countries.

In the *Russian Federation*, rising economic turmoil has been accompanied by negative growth in real wages, now at less than 60% of their 1989 level. In a growing number of cases, enterprises cannot pay any wages at all to their employees for months at a time. The

report notes that although GDP in *Russia* grew at a rate of 0.4% in 1997 after eight years of recession and inflation fell to 15% from 48% in 1996, the current economic crisis, combined with growing political instability, is worsening the situation further. The exchange rate has fallen considerably and accelerated inflation is occurring, nearly daily. Poverty is unfortunately likely to rise.

*Poland*, by contrast, has begun to see a slow upswing in real wages, to just below 80% of pre-1989 levels. Unemployment is still high at 10.4% in 1998.

In other Eastern European countries, unemployment is 5.4% in the *Czech Republic*, 8.4% in *Hungary*, 9.2% in *Romania*, 13% in *Bulgaria*, and 17.6% in *Croatia*.

**Latin America** – In Latin America, a recent improvement in general output indicators has not been matched by improved employment. Although overall growth reached 5% in 1997, accompanied by a decline in inflation from very high levels and improved real wages in several countries, the ILO says unemployment in the region increased between 1991 and 1996, reaching 7.4% in 1997.

Latin America faces the danger in 1998 of being caught in a global pull-back by investors in emerging markets, which could push unemployment and underemployment up sharply.

*Argentina* provides an example: a stabilization and structural adjustment programme was followed by an average annual economic growth rate of 5.8% between 1991 and 1997. However, the employment situation deteriorated, and unemployment increased between those years, rising from 6.3% in 1991 to a maximum of 17.5% in 1995, before dropping to around 15% in 1997.

“Unable to work in formal markets, where productivity is high and wages relatively good, many workers have to engage in a number of activities that sometimes just allow them to survive,” the report says, citing self-employment, domestic service and employment in micro-enterprises.

In other Latin American countries, the ILO estimates that unemployment in 1998 was 7.9% in *Brazil*, 11.3% in *Venezuela*, 3.4% in *Mexico*, and 15.2% in *Colombia*.

**Africa** – In sub-Saharan Africa, a prolonged period of poor growth and deteriorating labour market conditions has given way to a slight improvement in the employment situation in many



Jacques Maillard

**“Low growth has worsened the situation in Western Europe, and economic contraction and restructuring have severely limited access to new jobs in Eastern Europe”. Unemployed youth in Russia trying to make a living.**

countries during 1998. Rising growth rates have been spurred by improvements in the weather and declining drought, an increase in the prices of export products, devaluation of the CFA franc (*Communauté financière africaine*) to increase competitiveness, and structural reform and political change which made foreign direct investment more attractive.

Nevertheless, the ILO says that Africa’s recovery, though encouraging, “should not be cause for undue optimism. With a labour force growth of almost 3% and little job creation in the formal sector, most jobs are necessarily created in the informal sector, and in low-productivity agriculture.” In addition, with a predicted annual growth rate of 2.9% in the economically active population between 1997 and 2010 (compared with 1.9% for southeast Asia and 1.8% for Latin America), an estimated 8.7 million new job-seekers will enter the labour market every year.

**Developed countries** – Growth in the developed countries has been encouraging but uneven. The report says that “while between 1993 and 1997 Canada, the United Kingdom, the

United States and a few other countries showed good performance, levels of activity in France, Germany and Italy were less robust. Japan is still unable to recover from several years of lacklustre growth.”

In the European Union, more than 18 million workers are unemployed this year, the ILO says, noting that “the picture does not take into account the considerable number of ‘discouraged’ workers who have given up hope of finding work, and involuntary part-time workers.” However, output and employment showed signs of picking up in Europe by mid-1998, prompting a decline in the average unemployment rate in the European Union



Mario Trajtenberg

**In developing countries of Africa, Asia and Latin America, “urban unemployment rates for young people often reach over 30%”.**

to 10.2% in May, compared with 10.7% a year earlier. Although Japan still experiences unemployment rates which are low by the standards of most developed countries, joblessness has begun rising sharply as economic growth has stalled since the mid-1990s.

## Social dimensions of the problem

“The low-skilled unemployed have poor prospects to find a job even if the overall macroeconomic environment improves,” the report says. “The social dimensions of this problem are enormous and have to be tackled with policy measures and programmes aimed at reintegrating the long-term unemployed into the labour market.”

● **Young Workers:** The ILO estimates that about 60 million young people around the world between the ages of 15 and 24 are in search of work, with youth unemployment running 20% in many OECD countries. “Low growth has worsened the situation in Western Europe, and economic contraction and restructuring have severely limited access to new jobs in Eastern Europe,” the report says.

In developing countries of Africa, Asia and Latin America, “urban unemployment rates for young people often reach over 30%,” the report notes. The new global turmoil makes young workers even more vulnerable to layoffs – employers react to economic recession by cutting

back on hiring new workers. The report also points out the wider dangers of youth unemployment, stressing that youth joblessness can often lead to vandalism, crime, drug abuse, alienation, social unrest and conflict.

The ILO has found examples of programmes that work for young people, however. In many countries of Latin America and Asia, “schemes that provide young people with a foothold in the labour market through short-term in-firm work experience can effec-

All photos this double page: Jacques Maillard



**When a country's comparative advantage comes from low labour costs, "women tend to benefit more than men from increased exports because of persistently lower female wages".**

tively improve employment outcomes where a demand exists for low- or semi-skilled workers, and where economic growth is relatively high".



**The demand for new skills and knowledge places many older workers at a disadvantage as their initial training earlier in life is likely to have become obsolete.**

A key policy approach in many of the European Union countries is to provide financial incentives to firms to hire and provide some training for young workers. In the mid-1990s, these "youth contracts" accounted for almost 25% of youth employment in Italy, 20% in Greece and 12% in France and Spain.

● **The long-term unemployed:** "Long-term unemployment in the labour market is one of the most persistent and serious social issues," the report says. The longer the workers have been unemployed, the smaller their chances of finding a job. Their skill level runs the risk of deteriorating, and employers are increasingly hesitant to employ them.

Long-term unemployment has been particularly severe in the European Union member countries, where more than 60% of the 9 million long-term unemployed in 1996 had been out of work longer than two years.

Older workers and women becoming unemployed are more at risk of remaining unemployed for a long period of time. Similarly, workers displaced from declining



industries and workers with disabilities are similarly more likely to be among the long-term unemployed than workers in general.

A combination of mutually supportive measures is much more effective in improving employability for the long-term unemployed than "stand-alone" programmes, the report says. Combined measures include subsidized jobs, job search assistance, remedial education, training, and family- or social-problem counselling. Training or placement in actual workplaces allows workers to overcome employers' hesitation to hire the long-term unemployed. Small-scale, community-based reintegration enterprises have been most effective in countering long-term unemployment by providing a range of services to the unemployed while contributing to wider community needs and local economic regeneration.

● **Women and training in the global economy:** Over the past 20 years, women have provided the bulk of new labour supply in developed and developing countries alike. In every region except Africa, the proportion of women in the labour force has grown substantially. Women, for example, have accounted for nearly 80% of all labour force growth in the European Union since 1980. In some countries – Ireland, Italy, Sweden and the United Kingdom – the figure reaches almost 100%.

Two opposing trends have emerged in recent years: one is the expansion and feminization of lower-level jobs in the service sector; the other is the growing number of high-level jobs obtained by women as a result of educational achievement. In many advanced industrial countries, for example, women have been enrolling in large numbers "for degrees in medicine, law, accountancy and business studies, all areas which have previously been dominated by male students," the report says.

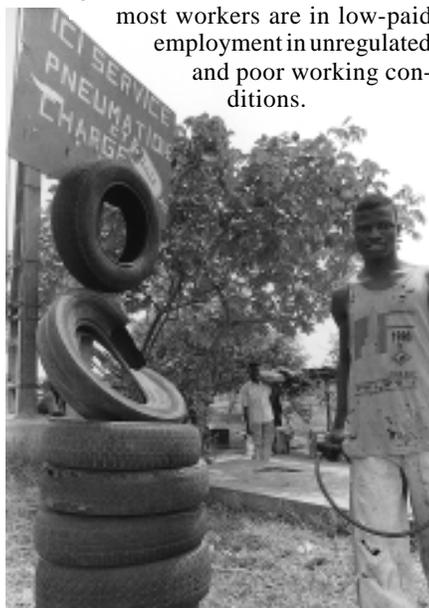
There are, by contrast, "fewer examples of women making significant inroads into traditionally male-dominated jobs at intermediate and lower skill levels by pursuing training in these areas," notes the report. The reasons include ingrained



discrimination and the declining demand for these types of jobs in many economies.

Confronted with so many barriers in the labour market, increasing numbers of women are launching their own enterprises. "National estimates indicate that 10% of the new enterprises in North Africa, 33% in North America and 40% in the former East Germany were created by women," the report says. The figure for the United States alone surpasses 60%.

● **Informal sector:** The ILO report says the majority of new jobs in developing countries are being created in the informal sector which, according to ILO estimates, employs about 500 million workers. Lack of sufficient job growth in the formal sector of the economy as well as lack of skills of a large section of the labour force have resulted in the growth of the informal sector, where most workers are in low-paid employment in unregulated and poor working conditions.



Concerted action is required to improve the incomes, productivity and working conditions of the large and growing number of workers involved. With institutional support and access to affordable credit, training can make a difference to incomes and working conditions in the informal sector. Training policies, argues the report, would do better to address the needs of those already es-

tablished in informal production and who require upgrading of specific skills through an introduction to new technologies and new products.

● **Training system reforms:** The ILO report surveys different approaches to training around the world with an eye to highlighting some of the strengths and shortcomings of each system. It also sets out an agenda for improving the efficiency and governance of training systems worldwide to achieve the quality standards required in today's highly competitive world.

While the ILO authors insist that there is no ideal training system, they argue that any successful system needs to take account of three factors: a solid educational base; an appropriate incentive structure in which training priorities are fuelled by real economic demand, and institutional arrangements in which the social partners – employers, workers and government – contribute to improving performance and efficiency.

Most training systems in developing or restructuring economies are in rapid evolution. In East Asia, governments in recent decades massively supported primary and secondary education and carefully monitored international demand in setting vocational training priorities; on the back of the success of this highly structured approach, a more decentralized system is being developed, with less government involvement and more choice from increasingly affluent populations with stronger social institutions.

In Eastern Europe, the governments of centrally planned economies worked to match workforce skills to the demands of state-owned industries which provided



**In East Asia, governments in recent decades massively supported primary and secondary education and carefully monitored international demand in setting vocational training priorities.**



**In Eastern Europe, the governments of centrally planned economies worked to match workforce skills to the demands of state-owned industries which provided additional training.**

additional training. In general, the training needs of workers in this region have suffered as a result of the economic transition.

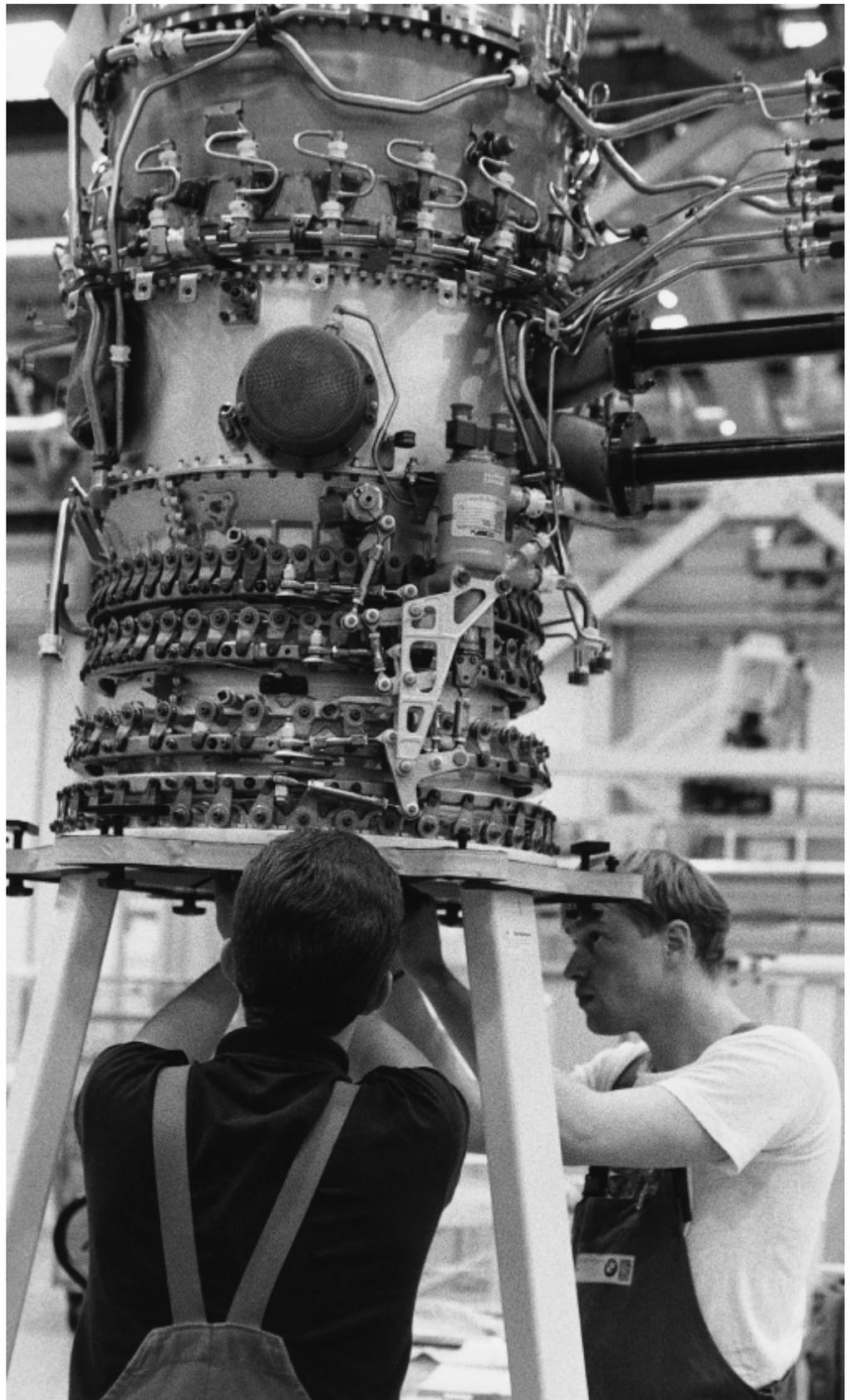
The direction of reform of training systems worldwide is toward more "demand-led" systems, which respond to the

real and immediate requirements of enterprises at the expense of “supply-led” systems, which tend to be driven by the priorities of public officials and established providers of training.

“Demand-led orientation of training systems has various components. Firstly, governments help private agents, both employers and individuals, to sponsor training which is in their own immediate interests. Secondly, in the training which governments sponsor in their own right, more effort is made to incorporate information about market demand for skills, and to replace government provision by private provision, using market-like mechanisms to increase efficiency,” the ILO report says. Public sector training providers are forced to compete with others for training contracts.

Public policy increasingly concentrates on encouraging enterprises and individuals to shoulder the major part of training costs, by demonstrating the utility of training and encouraging greater competition in the provision of training. But once again, a number of possible models can coexist.

Training levies, which involve an annual amount being assessed by the government (usually 1 or 2% of the wage bill paid by employers) are in operation in a number of Latin American countries. Other systems, involving a levy plus grant, operate in countries as diverse as France, Singapore and Zimbabwe, where in firms are exempted from taxes on training to the extent that they provide the training themselves. In other words, firms which provide no training to their employees pay the full levy (which goes to fund national training efforts) and firms which do provide training can deduct the expenses from their levy. □



Jacques Maillard

**Public policy increasingly concentrates on encouraging enterprises and individuals to shoulder the major part of training costs, by demonstrating the utility of training and encouraging greater competition in the provision of training.**

<sup>1</sup> World Employment Report 1998-99 – Employability in the global economy: How training matters, *International Labour Office, Geneva, 1998. ISBN 92-2-110827-9. Price: 45 Swiss francs.*

# Amartya Sen, 1998 Nobel Laureate in Economics, and the ILO

***The work of Amartya Sen, the 1998 Nobel laureate in economics and one-time adviser to the ILO's World Employment Programme, has been "highly instrumental in restoring an ethical dimension to economics and related disciplines". So wrote the Nobel committee in its citation announcing Sen's Nobel prize this year. In this appreciation, Martha Fetherof Loutfi, Editor-in-Chief of the International Labour Review, explains Professor Sen's role in the ILO's work on employment and development.***

In the process of setting up its World Employment Programme in 1969, the ILO invited a number of experts to provide guidance on the content of its research programme. Amongst them were Jan Tinbergen and W. Arthur Lewis (Nobel laureates in economics in 1969 and 1979, respectively), whose papers were included in a special issue of the *International Labour Review* in 1970.<sup>1</sup> Amartya Sen – the 1998 Nobel laureate in economics – was involved in the early days of the WEP, *inter alia* as a member of its advisory Steering Group on technology and employment. One of the first papers he wrote for the WEP was on the under-studied but critical subject of technological choice and employment in the non-wage sector.<sup>2</sup>

Given his pioneering work on choice of techniques it was in that field that he first wrote a monograph for the ILO<sup>3</sup> and an article based on it was published in the *ILR*.<sup>4</sup> Then he undertook the work for the ILO on what was to become one of his most influential books – *Poverty and famines: An essay on entitlement and deprivation*.<sup>5</sup> He demonstrated that it was the lack of entitlement – the lack of paid employment that would have enabled the poor to pay the price of food, and the absence of democracy – rather than overall shortage of food supplies

– which largely explained the great famines.

But the origins of those links to the ILO go back well before the start of the WEP – to his work with the person who became its chief. Louis Emmerij recalls those times:

“My contact with Amartya Sen goes back to 1962 when we were both working on the econometric model that Tinbergen had prepared linking educational change to economic development, Amartya in India and me in Spain... At the beginning of our correspondence I was well ahead in the calculation of coefficients, etc. But by the time his second letter arrived I was already 2 laps behind him! What a quick and creative mind.

“When I took on the ILO's World Employment Programme, one of my first thoughts was to get him involved, together with others like Tinbergen and Leontieff (already and soon-to-be Nobel laureates, respectively). In an important meeting I organized to set priorities for the research component of WEP, Sen, Tinbergen, Leontieff, Rosenstein-Rodan and many others participated. But while the others remained (valued and valuable) advisers to the Programme, Sen decided to put pen to paper and actively participate in several components of the research wing of WEP.

“Two of his contributions stand out. One was to the Technology and Employment component, published under the title *Employment, technology and development*. The second, undertaken in the framework of the Income Distribution and Employment component, is of particular significance because in it he launched his idea of entitlement, linking it to famines. This was the first of a series of studies by Sen on this subject. This study, *Poverty and famines*, was initiated in 1975 but only completed and published in 1981. It shows his originality and his conscientiousness. Sen writes in the preface to this study: “This work has been prepared for the World Employment Programme of ILO. I am grateful for...their extraordinary patience...”

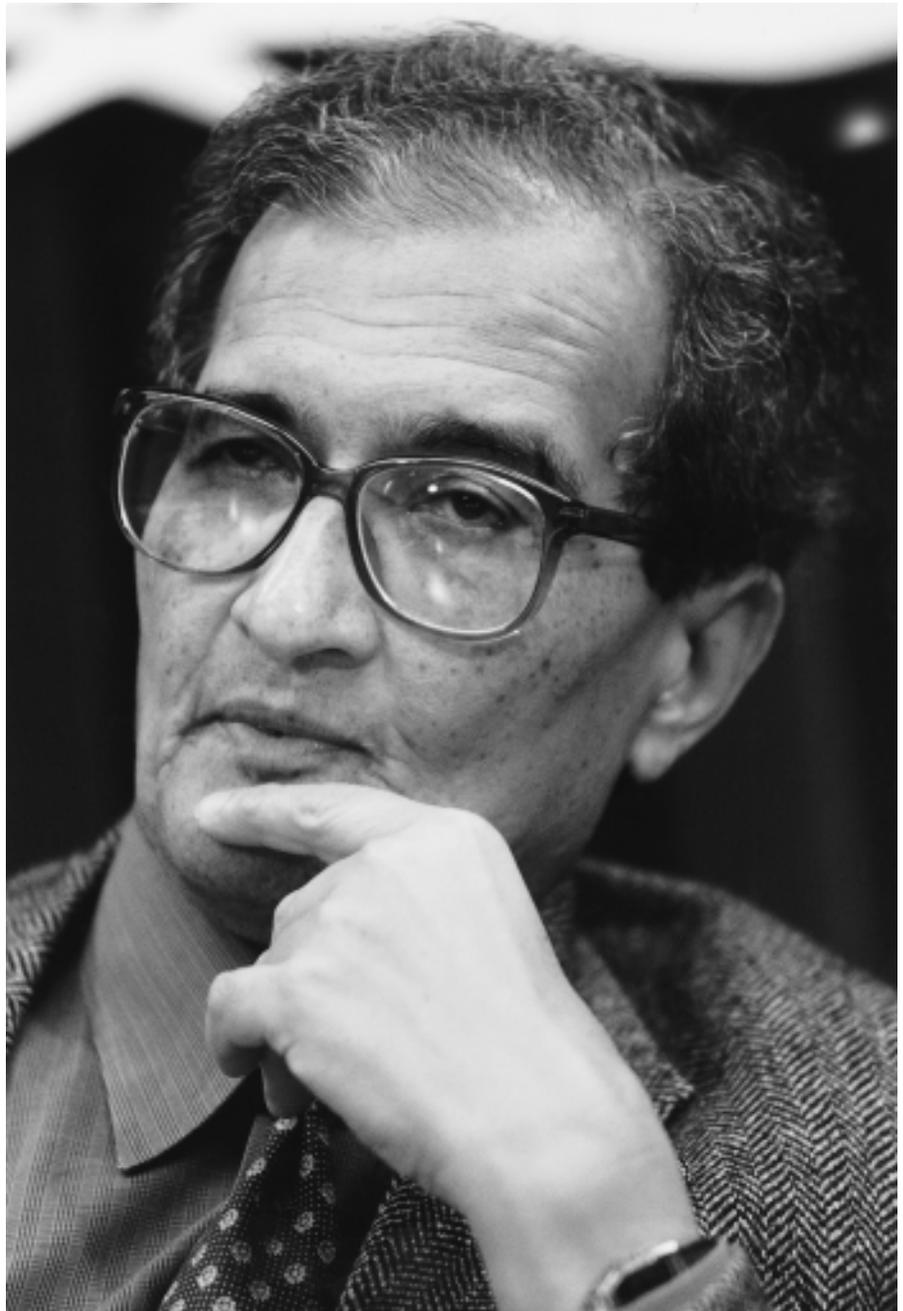
“Well, all I can say is that it was well worth waiting for. It was the beginning of a long line of work that has contributed to Sen, finally and long overdue, obtaining the Nobel Prize in 1998.” (Louis Emmerij, Adviser to the President, Inter-American Development Bank, Washington, DC, 21 October 1998)

In the article Sen wrote for the *International Labour Review* in 1997<sup>6</sup> – and of which an excerpt follows – he focuses on economic inequality and the critical importance of employment from the perspective of social choice in Europe.

As he explains, inequality is seldom sought – indeed, it may be considered “downright barbaric” – but the real dilemma arises when the policies to reduce several inequalities which a society finds abhorrent conflict with each other. Amartya Sen considers the difficult choices between desired social goals – the fundamental goals of well-being, freedom and the quality of life. He argues that reducing the massive unemployment prevailing in many European countries must be given priority because it entails many costs which impinge on all of these goals.

Mass unemployment constitutes a profound deprivation for the individuals concerned, as well as an enormous social cost, he argues. Governments may think that providing a relatively high income floor and avoiding wide income disparities, as do most in Europe, is a largely sufficient remedy for unemployment. But economic inequality is a much broader concept than income inequality. Other inequalities – in access to adequate health care, for example, which is denied to many in the United States and in Russia – may be even more damaging. There are fundamental ethical and moral considerations which are too frequently overlooked. Unemployment is destructive of a person’s identity and sense of self-worth. It is even perverse to proclaim a concern with social exclusion when the primary instrument of inclusion – employment – is given low priority.

The unemployed in Europe are perhaps less deprived than are Americans in terms of income, but when account is also taken of overall well-being and political participation there is no reason to be smug, Sen argues. Ethnic tensions and gender divisions are exacerbated by high unemployment levels. In addition, high unemployment fuels technological conservatism as workers resist innovations which may render them unemployed, thus inhibiting the investments which would raise rates of economic growth and improve well-being in general. Expanding job opportunities would reduce dependency ratios and help absorb not only unemployed youth but also the able-bodied elderly who have been forced to retire prematurely. By demonstrating the relatedness of many European social problems to massive unemployment and thus its hidden costs, he is in effect pointing the way toward resolution of many social ills simultaneously. Societies are incurring enormous penalties of unemployment that they need not tolerate.



UN Photo

### Professor Amartya Sen

As the Nobel Committee stressed in the announcement of his Nobel Prize in Economic Sciences for his contributions to welfare economics, Sen’s work has been “highly instrumental in restoring an ethical dimension to economics and related disciplines. ...Despite its breadth, Sen’s scholarly production is well integrated.” The application of his imposing intellectual gifts to the fundamental human questions is not surprising to those who know him as a person of evident

humanity, but it is all the more remarkable for being so uncommon. The ILO is very pleased to be associated with his exceptional work and to count him among the independent advisers to the *International Labour Review*.

<sup>1</sup> “Economic research for the World Employment Programme”, in *International Labour Review*, Vol. 101, No. 5, May 1970. The article by Jan Tinbergen - “Trade policy and

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employment growth” - was republished in the special retrospective issue of the *International Labour Review* (Geneva, ILO) Vol. 135 (1996), No. 3-4).

<sup>2</sup> Amartya Sen, “Technical choice and employment in the non-wage sector,” in *World Employment Programme: Economic research on technology and employment; a collection of six papers*, mimeo, ILO, Geneva, Nov. 1972.

<sup>3</sup> Amartya Sen: *Employment, technology and development*, a study prepared for the ILO within the framework of the World Employment Programme, (Oxford, Clarendon Press, 1975).

<sup>4</sup> Amartya Sen: “Employment, institutions and technology: Some policy issues”, in *International Labour Review*, Vol. 112, No. 1, July 1975; The article was republished in the special retrospective issue of the *International Labour Review* (Vol. 135 (1996), Nos. 3-4).

<sup>5</sup> Amartya Sen: *Poverty and famines: An essay on entitlement and deprivation*, a study prepared for the ILO within the framework of the World Employment Programme, Oxford, Clarendon Press, 1981.

<sup>6</sup> Amartya Sen, “Inequality, unemployment and contemporary Europe”, in *International Labour Review*, Vol. 136 (1997), No. 2.

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# Excerpt from “Inequality, unemployment and contemporary Europe”

by Amartya Sen\*,  
in *International Labour Review*,  
(Geneva, ILO), 1997, Vol. 136, No. 2

## Diagnosis and policy

With the high levels of unemployment which have now become the standard state of affairs in Europe, the social costs of these penalties are indeed heavy. These costs diminish the lives of all, but are particularly harsh on the minority – a large minority – of families severely afflicted by persistent unemployment and its far-reaching damages.

This sad state of affairs calls for economic reasoning as well as political responsibility and leadership. On the economic side, there is need to consider employment policies in relation to different ends, including demand management and macroeconomic considerations, but also going well beyond them. The market economy signals costs and benefits of different kinds, but does not adequately reflect all the costs of un-

employment, which – as has just been discussed – arise in several different ways. There is thus a need for public policy which takes into account those burdens of unemployment which are not well reflected in market prices. This suggests the case for considering incentive schemes of various kinds which may increase the inclination to employ more people, as has been investigated recently by Phelps (1994a, 1994b, 1997), Fitoussi (1994), Fitoussi and Rosanvallon (1996), Lindbeck (1994) and Snower (1994), among others. Unemployment also calls for a scrutiny of the possible effectiveness of dedicated public action that operates not just by adjusting effective prices, but by creating more opportunities for appropriate training and skill formation, for more research on labour-friendly technology, and for institutional reforms which make the labour market more flexible and less constrained.

## The aged and the rising dependency ratio

Taking a compartmentalized view of problems of work, reward and security can produce social concerns which are

artificially separated from each other. One example is the much-discussed problem of the rising ratio of older people in Europe as well as America, and indeed in much of the world. This is often seen as imposing an increasingly unbearable burden on the younger people who have to support the old. But a longer life span typically also goes with longer years of working ability and fitness, especially in less physically demanding jobs. One way of dealing with the rising age-composition problem, then, is to raise the retirement age, which would help to reduce the rise in the dependency ratio (the ratio of dependent people to those at work). But this may make it harder, it is thought, for younger people to have employment. Thus the employment problem is at the very root of the age-composition issue as well.

For one thing, a fall in the rate of unemployment would immediately reduce the dependency ratio if that is calculated as the ratio of dependent people to those *at work* (rather than those *of working age*). But more substantially, an expansion of job opportunities can absorb not only the unemployed young, but also the able-bodied people who have been forced to retire prematurely.

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\* Master, Trinity College, University of Cambridge. This article is a slightly shortened and edited version of a paper presented at the Lisbon conference on “Social Europe” of the Calouste Gulbenkian Foundation, May 5-7, 1997. It is being published in the *International Labour Review* with the kind permission of that Foundation.



These problems are thus interdependent. The interrelations involve both actual job opportunities and also social psychology. In a situation where unemployment is a constant threat which worries many people, any proposal to raise the retirement age appears to be threatening and regressive. But since there is no basic reason why employment opportunities should not adjust, when there is time and flexibility, to the size of a larger labour force (as the retirement age is raised), there is no immovable obstacle here. We do not tend to assume that a country with a larger population must, for that reason, have more unemployment since there are more people looking for work. Given the opportunity to adjust, availability of work can respond to the size of the working population. Unemployment arises from barriers to such adjustment, and must not end up “vetoing” the possibility of raising the retirement age and thereby increasing the work force.

The long-term structural problem of rising age-composition simply has become, to a considerable extent, a prisoner of the present circumstances of high levels of unemployment in Europe. Not surprisingly, there has been little difficulty in raising – indeed removing – the age of compulsory retirement in the United States, since it has so much lower levels of unemployment than Europe. This does not, in itself, eliminate all the problems of rising age-composition (particularly the greater cost of medical care for aged people), but lifting the age of retirement can greatly help to reduce the burden of dependency. When the diverse effects of unemployment are considered, it can be seen how far-reaching its penalties are.

Taking note of different types of costs associated with unemployment is important in searching for proper economic responses to this large problem. This is because the enormity of the harm created by unemployment can be easily underestimated when many of its far-reaching effects are ignored.

### Europe, America and the requisites of self-help

Given the serious and many-sided nature of the unemployment problem in Europe, the need for a political commitment to deal with this issue is particularly strong at this time. It is certainly a subject in

which the European Union can provide a forum for commitment. There has recently been much discussion in Europe on the need for coordinated reductions in budget deficits and in public debts. The Maastricht Treaty has specified a particular requirement for the ratio of deficit to the gross national product (GNP), and a somewhat less strict norm for the ratio of public debt to GNP. The connection of these conditions with the announced plan to inaugurate a single European currency is easy to appreciate.

While there is no officially declared “event” which calls for an all-round reduction of unemployment in Europe, the social urgency of such a move would be hard to deny. The different penalties of unemployment bite hard into individual and social lives across Europe. Given the high magnitude of unemployment in virtually every country in the European Union, an appropriate response can sensibly be a European commitment, rather than a purely national one. Also, given the free movement of people between different countries in Europe, the employment policies certainly call for some coordination. There is, in fact, as yet no articulated commitment to reduce unemployment in the way that the resolve to reduce budget deficits has been affirmed. There is also relatively inadequate public discussion on the penalties of unemployment. The role of public dialogues on the formation of ethical and political commitments, especially dealing with deprivation, can be quite central (on this see Atkinson, 1996 and forthcoming).

It is interesting to contrast the types of political commitments which get priority in Europe with those that rule in the United States. On one side, there is little commitment in American official policies on providing basic health care for all, and it appears that more than 30 million people are, in fact, without any kind of medical coverage or insurance in that country. A comparable situation in Europe would be, I believe, politically intolerable. The limits on governmental support for the poor and the ill are too severe in the United States to be at all acceptable in Europe. On the other hand, in the United States double-digit unemployment rates would be political dynamite. I believe that no American government could emerge unscathed from doubling the present level of unemployment which, incidentally, would still keep the US unemployment ratio below what

it currently is in Italy or France or Germany. The nature of the respective political commitments differs fundamentally.

The contrast may relate, to some extent, to the fact that the value of being able to help oneself is much higher in America than in Europe. This value does not translate into providing medical care or social insurance for all Americans; its domain is different. The tendency to ignore poverty and deprivation in public policy-making is peculiarly strong in American self-help culture. On the other hand, denying employment hits at the very root of having the opportunity of helping oneself, and there is much more public engagement on that issue in the United States. Thus, the American self-help culture provides a much stronger commitment against unemployment than against being medically uninsured or against falling into deep poverty.

The contrast is worth examining at this time. Europe is increasingly being persuaded to put more emphasis on people’s ability to help themselves, rather than on the State doing things for them. While this shift of emphasis can be overdone (it would be sad indeed for European civilization to lose the basic protections of the welfare state against deep poverty or the absence of medical care), a major rethinking on these lines is important, necessary and overdue. The need for greater emphasis on self-help will tend to receive more support in Europe in the years to come.

In examining the requirements of a greater role for self-help, nothing is as important as a big reduction in European unemployment from its enormously high level. Such unemployment does, of course, create a heavy burden of transfer payments on the State. In addition, a situation in which a person, especially a young person, has a high probability of being jobless is not the best preparation for a psychology of independence. A school-leaver who cannot find a job and falls immediately into the necessity of being supported by the State is not being particularly encouraged to think of being self-reliant.

There is, I would even argue, a basic political schizophrenia in wanting people to rely more on themselves and, at the same time, finding the present levels of European unemployment to be “regrettable but tolerable”. When jobs are nearly impossible to get for particular groups of workers, to advise “self-help”

can be both unhelpful and cruel. To be able to help oneself, anyone needs the hands of others in economic and social relationships (as Adam Smith [1776] noted more than two centuries ago). The opportunity of paid employment is among the simplest ways of escaping dependency.

In terms of public values and private virtues, Europe – like the rest of the world – is very much at the crossroads now. The old value of social support for people in adverse circumstances is weakening very fast – possibly too fast – with the growing insistence on the importance of self-help.<sup>1</sup> And yet the political and economic implications of having a society in which people can help themselves are not adequately seized. Employment opportunity is a crucial link in the chain.

It is not my contention that the American balance of social ethics is problem-free; far from it. The United States, in its turn, has to come to grips with the problem that the self-help philosophy has its serious limits, and that public support has an important role to play in providing, in particular, medical coverage and safety nets. The fact that some American jobs are low-paid is often pointed out, and certainly things can be improved in that respect.<sup>2</sup> It can, however, be argued that a failing which is possibly even more important than low pay is the American neglect of the need to develop health care for all – rich and poor – and also better public education and the ingredients of a peaceful community life.

These neglects are among the factors responsible for high levels of mortality among socially deprived groups in the United States. For example, African-Americans – American blacks – have a lower chance of reaching a mature age than the people of China, or Sri Lanka, or the Indian state of Kerala (see Sen, 1993). The fact that these people from the Third World are so much poorer than the United States population (and also poorer than the American black population, who are more than 20 times richer in terms of per capita income than, say, Indians in Kerala), makes the comparative disadvantage of African-Americans in survival particularly disturbing.

Incidentally, the much higher death rates of American blacks compared with American whites can be statistically established even after correcting for income variations within the United States. The

mortality differentials are not connected only with death from violence, which is the stereotype that the media often portray to explain the lower longevity of African-Americans. In fact, death from violence is a big factor only for younger black men, and that, again, is only a partial explanation of the higher mortality of that group. In fact, the severe mortality disadvantages of American blacks apply sharply also to women and to older men (35 and older).<sup>3</sup>

### A concluding remark

The fact that America has skeletons in its cupboard is not a good reason for smugness in Europe, nor a good ground for ignoring the very important lessons that can be learned from the more robust respect for employment in American social ethics and its impact on pro-employment policies. Europe has to give more acknowledgement to the real requirements of the philosophy of self-help, to which it is increasingly attracted without seizing the social requirements associated with that approach. Tolerating enormously high levels of unemployment certainly goes against the foundations of a society in which self-help is possible. The penalties of unemployment include not only income loss, but also far-reaching effects on self-confidence, work motivation, basic competence, social integration, racial harmony, gender justice, and the appreciation and use of individual freedom and responsibility.

The big issue which has to be addressed is the possibility of combining the more successful features of each type of approach. For example, European experiences in health care have positive features from which the United States can learn (as indeed, it would appear, can contemporary, post-reform Russia). On the other hand, the respect for individual freedom and flexibility which are implicit in the positive American attitude towards employment has much to offer Europe. The fact that European policy leaders are increasingly attracted towards a self-help philosophy is understandable, since that philosophy has many fine features and can be very effective if suitably grounded on a social background that makes self-help possible. But that social grounding calls for special attention and a policy response. Increasing employment cannot but be at the very top of the list of things

to do. It is amazing that so much unemployment is so easily tolerated in contemporary Europe. □

<sup>1</sup> For a reasoned critique of proposals to “roll back” the welfare state, see Atkinson, forthcoming; on related issues, see also Van Parijs, 1995.

<sup>2</sup> The need for simultaneously increasing employment and take-home pay has been addressed particularly by Fitoussi and Rosanvallon (1996) and Phelps (1997).

<sup>3</sup> On this see Sen, 1993, and the medical references cited therein.

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# News Section

## Export Processing Zones

*Steady growth provides major source of new jobs*

A new report<sup>1</sup> published by the ILO says that as global competition for jobs and foreign investment intensifies, Export Processing Zones (EPZs) are proliferating worldwide, growing from just a handful a few decades ago to over 850 today. While acknowledging the huge economic and employment potential of EPZs, the ILO warns that their rise to ubiquity on the global manufacturing scene poses increasingly serious questions for the world's 27 million strong EPZ workforce.

The report defines EPZs as "industrial zones with special incentives to attract foreign investment, in which imported materials undergo some degree of processing before being exported again." In some countries, EPZs are indistinguishable from organized, modern business complexes. But in many others they take the form of ring-fenced enclaves of industrial monoculture. No matter what form EPZs take, the free trade, foreign-

investment and export-driven ethos of the modern economy has transformed them into "vehicles of globalization."

The ILO analysis says that while EPZs are undoubtedly huge employment generators – particularly for women in developing countries – too many are still hampered by a reputation for low wages, poor working conditions and underdeveloped labour-relations systems. In addition, the ILO says while the combination of direct manufacturing investment, employment and technology transfer can provide an important boost up the development ladder, the evidence thus far points to pervasive absence of meaningful linkages between the EPZs and the domestic economies of most of the host countries.

While many zone-operating countries had anticipated that the low-skilled processing and assembling of imported parts would be a necessary, but temporary first step up the ladder toward higher value-added manufacturing, only a few

(for example Malaysia, Mauritius and Singapore) have actually managed to develop domestic export industries on the basis of EPZ investment.

### Global Growth in EPZs

The ILO report says that the largest numbers of zones are in North America (320) and Asia (225). But the concentration of EPZs is rising in developing regions such as the Caribbean (51), Central America (41) and the Middle East (39), and the figures are likely to increase throughout the world. The Philippines, for example, currently has 35 EPZs operating but has approved plans for 83.

Currently, the United States and Mexico together are the most active EPZ operators, with respectively 213 and 107; most of the latter are *maquiladora* assembly plants clustered around border cities such as Tijuana, Ciudad Juarez and Matamores. Maquila plants in these cities are linked to production chains on the US side of the border. Originally established in 1965 as an emergency measure to combat unemployment, the maquila industry today produces exports worth US\$ 5 billion annually, more than 30 per cent of total exports from Mexico. Manufacturing investment in the maquila sector is expected to grow in the aftermath of the elimination of tariffs resulting from the North American Free Trade Agreement, particularly in such areas as television and auto parts, clothing and textiles.

Other countries in the Western hemisphere are increasingly home to EPZs established largely to provide manufactured goods for sale in the US market: the Dominican Republic has 35 EPZs, Honduras 15 and Costa Rica 9. The report cites Costa Rica as a case in point for how smaller, less populous countries can profit from zone strategies. Since 1981, EPZs in Costa Rica have created almost 49,000 jobs, mostly in the garment and electronics sector, which have the added benefit of diversifying the country's exports away from traditional sectors such as bananas and coffee. Nearly 30 per cent of all the manufacturing employment in Costa Rica is now generated by enterprises operating in EPZs. The country's unemployment level is down to 5 per cent.

In Asia, China alone has 124 EPZs, many on the scale of full-sized urban and industrial developments, complete with community infrastructure such as education, transport and social services. Bangladesh, Pakistan and Sri Lanka have

**Distribution of EPZs by region, 1997**

Region	No. of zones	Key countries
North America	320	United States – 213, Mexico – 107
Central America	41	Honduras – 15, Costa Rica – 9
Caribbean	51	Dominican Republic – 35
South America	41	Colombia – 11, Brazil – 8
Europe	81	Bulgaria – 8, Slovenia – 8
Middle East	39	Turkey – 11, Jordan – 7
Asia	225	China – 124, Philippines – 35, Indonesia – 26
Africa	47	Kenya – 14, Egypt – 6
Pacific	2	Australia – 1, Fiji – 1
<b>Total</b>	<b>847</b>	

Source: WEPZA and ILO.

## ILO MEETING CALLS FOR IMPROVED SOCIAL AND LABOUR CONDITIONS IN EXPORT PROCESSING ZONES AND AN END TO RESTRICTIONS ON TRADE UNION RIGHTS

A recent international meeting on EPZs urged that restrictions on trade union rights in some EPZ-operating countries be ended, saying the absence of workers' organization representation, effective structures for labour-management relations and the shortage of human resource development programmes in some countries could stall the upgrading of skills, working conditions and productivity of workers.

The International Tripartite Meeting of Export Processing Zone-Operating Countries was held at ILO headquarters in Geneva from 28 September to 2 October. Delegations representing employers, workers and governments of 10 countries<sup>2</sup> participated.

Delegates also called for compliance with national labour legislation and respect for international labour standards by governments, employers' and workers' organizations in EPZs. In particular, they urged that special attention be paid to the situation of women workers, who account for up to 90% of the EPZ workforce, often performing low-skilled, low-paid jobs.

The delegates, representing employers, workers and governments of 10 EPZ-operating countries, acknowledged that the zones have become major features of the labour market in developing countries. A report prepared for the meeting said that EPZs had increased from a handful just a few decades ago to over 850 today. The report also noted that for increasing numbers of developing countries, EPZs are a vital entry point into the global manufacturing economy, providing a

valuable source of investment, employment and technological know-how, but with widely mixed results.

The delegates concluded that while EPZs have generated considerable amounts of investment and have been one of the important engines of industrialization, their overall economic benefits have been limited by "the absence of sufficient linkages in the local economy". The report noted that in many countries, local content in manufacturing is at inadequately low levels.

"For EPZs to fully achieve their economic and social potential, governments should have a clear and comprehensive industrial and investment strategy, consistent with the need to promote economic development and respect for fundamental workers' rights," conclusions of the meeting stated, adding that EPZ strategies should be reviewed periodically and "industrial support services should be made available to local providers of goods and services to assist them in meeting the speed, cost, quality and scale requirements of zone enterprises".

In addition, the delegates agreed that "while EPZs have been a major source of employment creation, in particular for women, labour relations and human resource development remain two of the most neglected areas". The delegates said sound labour-management relations are essential to the success of EPZs and affirmed that "free, strong and representative workers' organizations have a major role to play in building workplace relations conducive to improvements in working conditions and increases in productivity and competitiveness". They said

that "governments should promote tripartite consultations as an effective means of developing sound labour relations policies and practices in EPZs".

The delegates concluded that "human resource development is one of the key elements in improving the social and labour conditions in EPZs". The delegates highlighted the need to ensure that EPZ employment "promotes women's advancement and that women are not confined to low-skilled, low paid and low-prospect jobs, and that they have access to training opportunities and better jobs".

The delegates said that in view of the high proportion of women workers, EPZ enterprises should make special efforts to ensure that women workers are not discriminated against in terms of salary or access to promotions. They urged that women workers should enjoy maternity protection and be provided with paid and unpaid maternity leave, employment security during pregnancy and maternity leave, and nursing breaks and facilities. They also highlighted the need for measures to help EPZ workers to combine work and family responsibilities, such as the limitation of excessive working hours and night work, and the provision of child-care facilities. In addition, policies and procedures should be in place to prevent sexual harassment and deal with it.

The delegates called upon the ILO to provide all possible assistance to EPZ-operating countries especially those which have difficulty in fully respecting the principles reaffirmed in the ILO Declaration on Fundamental Principles.

extensive EPZ strategies. In Africa there are 47 EPZs, 14 of which are in Kenya. In Mauritius, the entire territory has been zoned for export processing and the judicious management of EPZs is probably the major contributing factor to that country's economic growth.

Growth in the "Asian Tiger" economies was also fuelled by EPZs. For three decades, the state of Penang in Malaysia proved highly effective in attracting quality investment in hi-tech manufacturing, with the number of plants increasing from 31 in 1970 to 743 in 1997, and the number of employees rising from around 3,000 to nearly 200,000 during the same period. Similarly, much of the growth in

technological and financial prowess in Singapore developed on the basis of investments and steady productivity increases in EPZs, which succeeded both in raising the quantity and quality of jobs offered and in building the necessary linkages between the domestic and international economies.

### So what is wrong with EPZs?

The report says that "it is a regrettable feature of many zones that both male and female workers are trapped in low-wage, low-skill jobs. They are viewed

as replaceable and their concerns do not receive sufficient attention in labour and social relations." The work force in EPZs worldwide is usually female in majority, and in certain activities, notably textiles, garment manufacturing and electronics assembly, women can account for 90 per cent or more of the workers.

The ILO report identifies five factors which contribute to this unsatisfactory state of affairs:

- Most zone-operating countries have an abundant supply of available labour, which tends to keep wages down, although the negative image of much zone work sometimes obliges paying a premium to get labour.



Jacques Maillard

**The work force in EPZs worldwide is usually female in majority, and in certain activities, notably textiles, garment manufacturing and electronics assembly, women can account for 90 per cent or more of the workers.**

trade unions and employers coming together to negotiate binding agreements – is extremely rare in EPZs.”

Says Mr. Auret Van Heerden, the main author of the report: “The frequent absence of minimal standards and poor labour-management relations have predictable outcomes, such as high labour turnover, absenteeism, stress and fatigue, low rates of productivity, excessive wastage of materials and labour unrest which are still too common in EPZs.”

<sup>1</sup> Labour and social issues relating to export processing zones. *ILO, Geneva, 1998. ISBN 92-2-111357-4. Price: 15 Swiss francs.*

<sup>2</sup> Bangladesh, Barbados, China, Costa Rica, Dominican Republic, Mauritius, Mexico, Philippines, Sri Lanka, Tunisia.

- Zones are particularly attractive to labour-intensive industries such as garments and footwear, and assembly of electronic components, which use relatively basic technology and thus require a low-skill workforce. High labour turnover is not a problem because replacements are abundant.

- The generous incentives and low costs to entry attract simple processing industries to invest in the zones; such companies often lack professional management, particularly in human resources management. They also tend to be unable or unwilling to invest in new skills, technology or productivity improvements. They are also likely to provide few if any social benefits to their employees;

- The labour-intensive nature of much processing and assembly work means that enterprises compete largely on the basis of price; with labour costs a large component of total costs, companies see labour as a cost to contain rather than an asset to develop.

- Very few governments have managed to implement policies to ensure that zone investors transfer technology and skills to local industry and workers, with the result that the human capital base remains low.

According to the ILO, the shortage of appropriate human resource development strategies may well limit the potential for EPZs to improve productivity and upgrade jobs. The report says that “labour relations and human resource development remain two of the most problematic aspects of zone functioning”. Mechanisms for improving labour standards are often inadequate: “The classic model of labour regulation – with a ‘floor’ or framework of minimum labour standards, and free

## Child Labour

### *ILO, Pakistan sign agreement to end child labour in Pakistan’s carpet industry*

The International Labour Organization (ILO) and the Pakistan Carpet Manufacturers and Exporters Association (PCMEA) reached an agreement which would remove all child labourers under the age of 14 from work in the carpet industry – Pakistan’s largest cottage industry – and prevent other children in that age group from doing such work. The agreement was signed in Islamabad on Thursday, 22 October 1998, by representatives of the PCMEA and ILO-Deputy Director-General, Mr. K. Tapiola.

Implementation of the agreement will start in December 1998 within the framework of the International Programme on the Elimination of Child Labour (IPEC), which has been active in Pakistan since 1994.

In 1996-97 Pakistan exported about 3 million square metres of carpet valued at about 7.5 billion Pak Rs. (US\$ 1.4 million) In the rural areas, particularly in Punjab, families have been weaving carpets for generations. Children – particularly girls – and adults who lack opportunities for work outside the home

often spend long hours working at the looms.

The goal of this project is to eliminate child labour among children under the age of 14 in the production of carpets in Pakistan by gradually phasing them out of the workplace and providing them with educational opportunities and other options. Initially, the project will target at least 8,000 children working in the carpet industry, including some 2,000 of their younger siblings and their families.

The project has two main components: workplace monitoring and prevention of child labour on the one hand, and the provision of social protection to the children concerned and their families, on the other.

Workplace monitoring and prevention entails, among other things, random and unannounced visits to work sites by external monitors to identify child labour and withdraw children from work, and to ensure that the workplaces, outside and within homes, remain free of child labour.

The social protection component aims at preventing child labour as well as providing rehabilitation for those with-

drawn from carpet production. It will provide former child labourers and their younger siblings with non-formal education, counselling and other services. Adult family members, particularly women, will be provided training in income-generation skills.

The project will build on the existing experience of ILO's IPEC programmes in targeting child labour in the rural carpet weaving communities in Pakistan and the successful strategies which IPEC has



Miguel Schapira

applied elsewhere. These include a project to phase out child labour from the soccer ball industry in the Sialkot district of Pakistan and the prevention and elimination of child labour in the garment factories in Bangladesh.

The US Department of Labor and the PCMEA will contribute funds for the project for a period of three years. The project will involve the active participation of nongovernmental organizations (NGOs).

## Sex Sector

### *ILO Report on sex sector receives prestigious publishing prize at Frankfurt Book Fair*

*The Sex Sector: The economic and social bases of prostitution in Southeast Asia* has been awarded a prestigious publishing prize, the 1998 International Nike Award. Ms. Lin Lean Lim of the International Labour Office (ILO), who authored the recently published study on the sex industry in southeast Asia, accepted the award on Saturday, 10 October at the Frankfurt Book Fair in Germany.

The prize was launched in 1997 by feminist writer Shere Hite, at the Frankfurt Book Fair, to honour nonfiction writing by women which contributes to the advancement of thinking about the situation of women in the world. The ILO publication was chosen by a jury including women from five continents, all of whom are renowned for their writings and activism.

The ILO study, which was featured in the *World of Work* No. 26, examines the social and economic forces driving the growth of the sex industry in four southeast Asian countries: Indonesia, Malaysia, the Philippines and Thailand. It says that the provision of sexual services has assumed the dimensions of a full-scale commercial sector, one that provides direct and indirect employment to millions of workers and contributes substantially to national incomes throughout the region.

Ms. Lim, an ILO researcher and employment policy expert, thanked the jury on behalf of the ILO for its decision,

and said that she hoped "the award would focus attention on the many misunderstandings and the huge public policy void surrounding the sex sector, as well as on the plight of its many innocent victims, including trafficked women and children".

She said that "the growing scale of prostitution raises alarming questions, not only about public health, morality and gender discrimination, but about the basic human rights of the ever-increasing numbers of commercial sex workers, most of whom would appear to enter the business willingly, but many of whom are forced, trafficked, tricked or exploited into sex work". She said that migrant women were a particularly vulnerable group and evidence abounds of "ruthlessly efficient international networks directing trafficking of migrant prostitutes throughout Asia and beyond".

Lin Lim added that while the conditions of adult sex workers differ greatly, ranging from freely chosen and highly remunerative to exploitation and virtual slavery, "there is no such ambiguity concerning child prostitution," which she said should be considered as a much more serious problem than adult prostitution.

"Adults can choose to become prostitutes or to work in pornography. Children cannot. Children are much more vulnerable and helpless against the established structures and vested interests of the sex sector and much more likely to be victims



David Freedman/ILO

**Lin Lim (left) and Shere Hite.**

of debt bondage, trafficking, physical violence or torture. They are much more susceptible to diseases, including HIV/AIDS and suffer lifelong physical and psychological trauma. While there is a range of possible options for coping with the increase in adult prostitution, there should be only one goal for child prostitution – to eliminate it."

The report estimates that anywhere between 0.25 per cent and 1.5 per cent of the total female population in the study countries are engaged in prostitution. Related activities (including the numerous bars, hotels, entertainment facilities and tourist agencies which thrive on prostitution), employ literally millions more workers. Large segments of the population in Southeast Asia – notably the rural-poor families who often send their daughters to work as prostitutes – rely upon remittances from prostitution for their well-being, if not for their outright survival. However, in spite of the size and economic importance of prostitution, it is almost entirely unregulated and goes unrecognized in official statistics, development plans and government budgets of almost all countries worldwide.

*(continued on p. 26)*



# Working World

## LABOUR ISSUES

● In **Ecuador**, a general strike on October 1 denouncing the government's economic policy, led to clashes. Five people were killed and 90 arrested. The International Confederation of Free Trade Unions (ICFTU) has launched an international campaign to protest against threats by the country's authorities against Jose Chavez, President of the Ecuadorean Confederation of Free Trade Unions. (*ICFTU OnLine*, 6 Oct.)

● In **Israel**, following four days of strike in September, public sector workers obtained an exceptional supplement equal to 30 per cent of their monthly salary, a raise in salary of 1.56 per cent, and an extra allowance to keep up with inflation for 1998. (*Le Monde*, 9 Sep.)

● Another **European** strike: The European truckers' union federation organized a one-day protest by truckers on 8 September against their long working hours. The truckers complained that they were not covered by the European Union cap of 48 hours on the working week, which applies to virtually all other workers. (*Financial Times*, 8 Sep.)

● The public sector union (FENALTRASE) in **Col-**

## A regular review of trends and developments in the world of work

**ombia** called for a general strike beginning on 7 October to convince the government to open negotiations on policies for dealing with the current economic crisis. (*ICFTU OnLine*, 9 Oct.)

● Some 170,000 automobile workers in **South Africa** demanding salary increases were into their fourth week of a strike at the end of September. As a result, some automobile companies had been forced to spend heavily to import spare parts by air from Europe. (*Marchés tropicaux*, 25 Sep.)

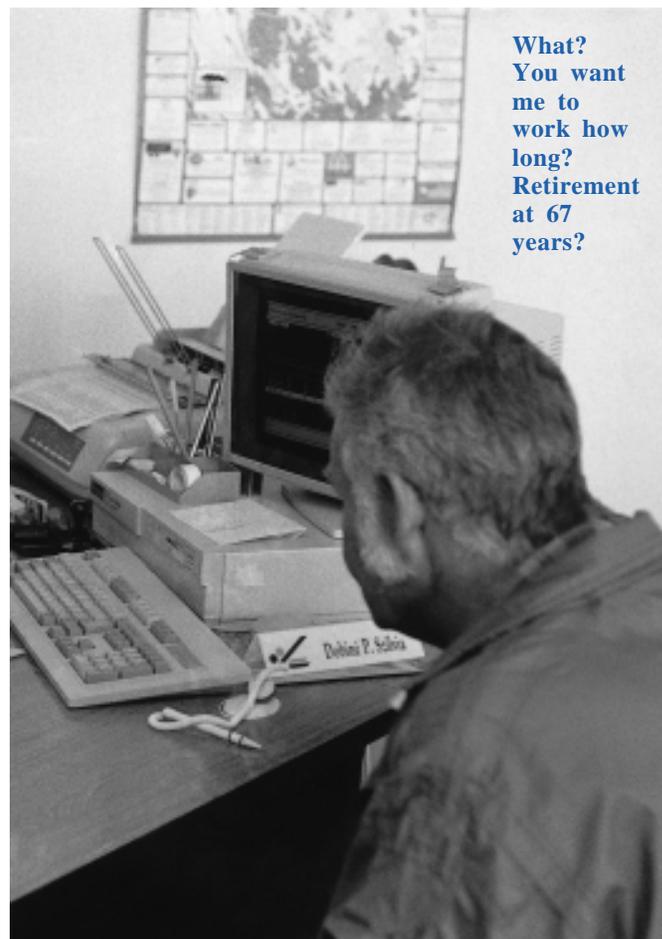
● In **Russia**, negotiations began between the trade unions and the authorities following the general strike of 7 October which, according to the unions, was observed by 25 million workers. The first of their demands was the payment of wage arrears, running at US\$15 billion. (*ICFTU OnLine*, 9 Oct.)

● The new Constitution of **Switzerland** will refer to

strikes and lockouts will be allowed "on condition that they conform to the obligations of conserving labour peace or of recourse to conciliation". (*FSP informations*, Oct.)

## ECONOMIC DEVELOPMENTS

● According to a UNFPA (UN Fund for Population Activities) report, demographic evolution, in particular the



**What? You want me to work how long? Retirement at 67 years?**

Jacques Maillard

rise in life expectancy, should lead to retirement at 67 years in most of the **EC countries**, in order to maintain the ratio between active workers and retired persons up to the year 2025. (*Libération*, 2 Sep.)

● In **Africa**, the economic and financial report of the Franc zone has reported satisfactory trends for 1997. On average, economic growth has been running above that of 1996. Inflation has been limited to 3.5 per cent in UEMOA (the West African Economic and Monetary Union) and to 5.1 per cent in CEMAC (the Economic and Monetary Community of Central Africa). And public expenditure is under control. Also, regional integration continues with the harmonization of laws on business and of economic statistics. (*Marchés tropicaux*, 25 Sep.)

### TRADE AGREEMENTS

● Trade unionists throughout **Latin America**, **Spain** and **Portugal** took advantage of the Ibero-American Summit in Lisbon last October to show their concerns regarding the future Free Trade Agreement for the Americas and to ensure that it would include social as well as economic aspects. (*ICFTU OnLine*, 19 Oct.)

### JOB TRENDS

● In the **United States**, in one of the tightest job markets, certain employers are recruiting in prisons, either to give jobs to the prisoners or to recruit those at the end of their jail terms. Since 1979, the law allows prisoners to

work on the condition that this does not take away existing jobs and that remuneration should be at the going rate of pay. (*Le Figaro*, 28 Sep.)

● A collective agreement on temporary employment was signed in **Italy**. It recognizes the right of assembly of temporary workers in the enterprise in which they are working, as well as the right to nominate inter-enterprise union delegates. This convention complements the 1997 law which regulates temporary employment. (*Social international*, Aug.-Sep.)

● In **Benin**, the vote on a law establishing the promotion of officials based on merit and not seniority gave rise to protests by unions representing the 31,000 public administration officials. (*Marchés tropicaux*, 25 Sep.)

● Among the countries of **Europe**, the **United Kingdom** has the highest percentage of teleworkers, reports the German Institute of Economics. (*See Table above*). (*Argus*, Oct.)

● In **France**, a transportation company and a fast-food company which employ several part-time workers, and whose working hours complement each other, have proposed to each of its employees to also work for the other company. This enables the workers who choose this option to work the equivalent of a full-time job. (*Argus*, Oct.)

● In **Denmark**, a new law requires communes to estab-

	NUMBER OF TELEWORKER POSTS (in millions)	AS A PERCENTAGE OF THE WORKING POPULATION
<b>United Kingdom</b>	4.00	15.0
<b>Finland</b>	0.30	13.6
<b>Norway</b>	0.25	11.4
<b>Sweden</b>	0.40	10.3
<b>United States</b>	11.10	8.5
<b>Canada</b>	1.00	7.1
<b>Ireland</b>	0.04	2.9
<b>Germany</b>	0.80	2.4
<b>Netherlands</b>	0.14	1.9
<b>France</b>	0.30	1.3

*Source: German Institute of Economics*

lish plans to ease the integration of the unemployed into working life, as soon as they have been without a job for 13 weeks. The country has 30,000 unemployed persons who are receiving a minimum income, and 6.9 per cent of the active population is unemployed. (*Bulletin FEB*, Oct.)

### MISCELLANEA

● The **European Community** Directive on the processing of personal data came into force in October. The Directive will give employees the right of access to data held concerning them, allow them to object to its processing in certain circumstances, and to request its correction or erasure if it is inaccurate or unlawfully held. The Directive establishes the type of data which can be held and the use made of it. (*EIRR*, Oct. 98)

● In **Greece**, the GSEE and the ADEDY trade union confederations have announced their plan to merge by the end of the year 2000. The GSEE is the confedera-

tion which organizes private sector workers, and comprises 83 industry federations and 86 regional labour centres at the secondary level, which together cover 4,300 primary level unions. ADEDY currently comprises 54 federations, which have 1,258 member associations at the primary level. (*EIRR*, Oct. 98)

● In **Belgium**, a new law on equality among men and women in the workplace treats sexual harassment as a form of sexual discrimination. The text extends the application of the principle of equality to the provisions and practices of complementary social security plans, and also to the classification of professions. (*Bulletin FEB*, Oct.)

● The new pension system has come into force in **Hungary**. It is a three-tier system comprising a compulsory pay-as-you-go plan falling under social insurance, compulsory private pension funds funded by capitalization, and voluntary pension funds. (*Social international*, Aug.-Sep.)

□



## AROUND THE CONTINENTS

### BUILDING COMPETITIVENESS

▲ What is good practice in global corporate citizenship? How is it linked to profit-maximizing strategies, and what are the implications for social and environmental policies? Jane Nelson, Director for Policy and Research at the Prince of Wales Business Leaders Forum examined these issues in a seminar of the ILO's International Institute for Labour Studies.

Her presentation was based on the experiences and practices of some of the world's most successful and innovative companies and on her book *Building Competitiveness and Communities*, recently published by the Business Leaders Forum in collaboration with the World Bank and UNDP.

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### LABOUR RELATIONS AND PRODUCTIVITY

▲ An international tripartite conference on labour relations and productivity in Central and Eastern Europe, organized by the ILO's multidisciplinary team for Central and Eastern Europe (CEET) in cooperation with the Commission of the European Union, was held in Budapest on 21-22 April 1998. The Conference revealed that the linkages between labour relations and productivity are a hot topic of discussion among trade unions, employers and governments throughout the region, where this decade has seen very substantial changes at the workplace.

One of the major topics of discussion at the conference was the close relationship between higher productivity and the existence of sound labour-

### A regular review of the International Labour Organization and ILO-related activities and events taking place around the world.

management relations at all levels of the economy.

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### SOUND GOVERNANCE OF SOCIAL PROTECTION

▲ The countries in Central and Eastern Europe are reforming their social protection systems. The problem in many countries is that coordinated planning of the overall social protection system is non-existent. That is why the ILO, through its Social Security Department and ILO-CEET, promotes a variety of methods for the quantitative planning and forecasting of social protection expenditure and revenue.

The ILO has already developed country-specific versions of its social budgeting model for Bulgaria, Slovakia and Ukraine, which enable these countries to do medium-term projections on social expenditure based on various economic and labour market scenarios. At the beginning of 1998, the Ministry of Labour and Social Policy of Poland, together with the Institute of Market Economy Research, and the ILO, launched a project to develop a Polish version of a social budgeting model. This project reached its final phase in September 1998, when Polish and ILO experts worked out the first version of this model at a workshop held at the

International Training Centre of the ILO in Turin. A similar project is on its way in Lithuania.

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### SOCIAL RESPONSES TO THE ASIAN CRISIS

▲ Following the High-Level Tripartite Meeting on Social Responses to the Financial Crisis in East and Southeast Asian countries, held in Bangkok from 22 to 24 April 1998, the ILO will convene two more major meetings in the coming months. A Regional Tripartite Meeting on Termination of Employment, to be held from 24 to 27 November 1998, in Seoul (Republic of Korea), will gather representatives from ministries of labour, employers' and workers' organizations from the countries most affected by the crisis, and will focus on practical approaches to preventing or minimizing worker retrenchment. An Asian Regional Consultation on Follow-up to the World Social Summit for Social Development will take place from 13 to 15 January 1999, in Bangkok (Thailand). National planning agencies from 12 countries and one region, as well as ministries of labour, are invited. The Consultation will review actions taken since 1995 in response to the Copenhagen Declaration. It will include technical sessions on employment and labour market policies, enterprise promotion, human resource development, gender issues, social dialogue and labour standards, and integrating employment concerns in development planning.

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fax: +662/280-1735; e-mail: [bangkok@ilo.org](mailto:bangkok@ilo.org)

### TRADE UNIONS AND SUSTAINABLE DEVELOPMENT

▲ The Asian Trade Union Congress (ATUC) and the ILO have organized a workshop on Trade Unions and Environmentally Sustainable Development to be held in Petaling Jaya (Malaysia) from 3 to 5 December 1998. Trade union leaders, activists and educators from Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam will try to identify trade union policies concerning environmentally sustainable development, including action plans and strategies to implement these policies.

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### BUSINESS DEVELOPMENT SERVICES

▲ The ILO's FIT Programme, initially funded by the Dutch government, researches how business development services can be provided in ways which are sustainable, and which can therefore benefit large numbers of people. A workshop in Harare (Zimbabwe) from 29 September to 1 October 1998, which was also sponsored by the British development agency DFID, the Ford Foundation, and the Committee of Donor Agencies for Small Enterprise Development, marked the conclusion of the project to discuss "How Sustainable Can Business Development Services really be?" Participants came from 15 countries in Sub-Saharan Africa and 10 donor agencies. The in-depth case studies presented at the workshop can be downloaded from <http://www.ilo.org/public/english/65entrep/bds/workshop.htm>. The FIT Programme is currently active in seven countries, with funding from four additional donors.

For further information please contact Mr. J. Tanburn, FIT Programme Coordinator, Entrepreneurship and Cooperative Development Department (ENTREPRISE), phone: +4122/799-7582; fax: +4122/799-7978; e-mail: [tanburn@ilo.org](mailto:tanburn@ilo.org)

## SIXTEENTH INTERNATIONAL CONFERENCE OF LABOUR STATISTICIANS

▲ The 16th International Conference of Labour Statisticians gathered experts from 90 countries and territories in Geneva from 6 to 15 October 1998. The Conference adopted three resolutions concerning the measurement of underemployment and inadequate employment situations, the measurement of employment-related income and the statistics of occupational injuries resulting from occupational accidents.

Data on employment and unemployment alone are often insufficient to provide an understanding of the labour market situation in many countries. Complementary indicators, such as underemployment, are needed to reflect labour market performance more precisely. The Resolution concerning the measurement of underemployment corresponds to the increasing need in industrialized, transition and developing countries to collect these data which are actually neglected in the regular statistics of most countries.

The second Resolution, on the measurement of income from employment takes account of the important changes which have taken place in forms of employment and systems of remuneration, including the introduction of many new forms of non-wage benefits. Increasingly, workers have to resort to varied types of income-earning activities, such as casual wage employment or self-employment in

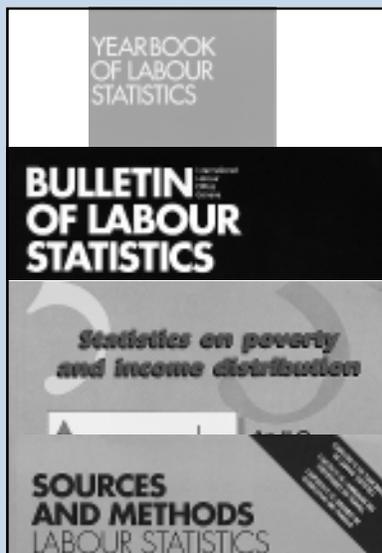
either the formal or the informal sector. The existing guidelines on wage statistics therefore require updating in order to take account of these developments, and to be extended to cover income generated by self-employment.

The third Resolution, on statistics of occupational injuries reviewed the past international guidelines and revised them taking into account the diverse sources of data collection now available in many countries. Updating was also needed to cover the growing demand for more analytical information about the causes

of accidents and injuries at work.

In addition, the Conference endorsed two sets of guidelines concerning the treatment in employment and unemployment statistics of persons on extended absences from work, and the practices for the dissemination of labour statistics. Participants of the Conference also discussed a general report about the work of the ILO Bureau of Statistics over the last five years and its proposed work programme for the years ahead. A special chapter of the report dealt with child labour statistics.

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## News Section

(continued from p. 21)

The report emphasizes the economic bases of prostitution, highlighting the strong economic incentives which drive women to enter the sector, despite the social stigma and danger attached to the work. Sex work is often better paid than most of the options available to young, often uneducated women. The report also highlights the many vested economic interests which derive profit from these activities rather than the women and children who are the ones commercially and sexually exploited. The report stresses that in order to come to terms with the problems of prostitution, it is necessary to tackle these various vested interests. These include a wide range of social actors, including the families of the women and children who depend on the revenues generated by prostitution and who sometimes sell their children into prostitution, the various sex establishments which include large swathes of the entertainment and travel and tourism industries, and corrupt officials without whom international trafficking networks could not operate with impunity.

The report argues that the growth of prostitution is probably linked, albeit inadvertently, to the macroeconomic policies of governments which have a tendency to spawn rapid urbanization at the expense of rural development, to promote cheap labour for industrialization, to facilitate the export of female labour for overseas employment and to promote tourism as a foreign exchange earner. All these features of modern, export-oriented economies, combined with the pervasive lack of social safety nets and deep-rooted gender discrimination against females, probably contribute to the growth of the sex sector.

The report says that “measures targeting the sex sector have to consider moral, religious, health, human rights and criminal issues in addressing a phenomenon that is mainly economic in nature”. However, the report states categorically that it is outside the purview of the ILO to take a stand on whether countries should legalize prostitution. According to Lin Lim, “recognition of prostitution as an economic sector does not mean that the ILO is calling for the legalization of prostitution”. The book takes pains to explain the different possible legal approaches – criminalization and total prohibition, legalization which involves registration

and regulation of the sex establishments and the prostitutes, and decriminalization which treats the prostitutes as victims and imposes stronger criminal sanctions on those who traffic in, exploit or abuse prostitutes. But the ILO insists that it

is for countries themselves to decide on the legal stance to adopt.

<sup>1</sup> Lin Lean Lim, *The Sex Sector: The Economic and social bases of prostitution in Southeast Asia*. (Geneva, ILO, 1998). ISBN 92-2-109522-3.

# The changing health sector

## *Health work is hard work: New prescription for the care of both patients and providers*

As the costs of providing health care rise around the world, most governments are trying to find ways to reduce them. Nevertheless, the health sector continues to expand in response to public demand. The stress which results from trying to reconcile cost-cutting with maintaining quality of health care is enormous. Among the key victims of this stress are those who provide health care. This article examines how assuring the welfare of health care workers is increasingly becoming as important as ensuring the health of their patients.

The global health sector is very labour intensive and a major employer of some 35 million people worldwide. According to a recent ILO report entitled *Terms of employment and working conditions in health sector reforms*,<sup>1</sup> the health sector involved an overall budget estimated at approximately US\$ 2.3 trillion, or 9 per cent of global GDP. While there is comparatively low unemployment in this sector already, employment opportunities will most likely increase in the future.

The health sector is made up not only of doctors, nurses and pharmacists, but includes ambulance drivers, system managers, the people who cook hospital food and the workers who do the hospital or clinic laundry. Uniquely among most work sectors, health care is of vital importance to nearly every man, woman and child on the planet, but also for society and the economy as a whole.

Still, there is growing concern that all is not well among health sector employees. In addition to cost-cutting and budget-squeezing, health care workers are more frequently facing a myriad of threats at

work, ranging from violence and sexual harassment, to infection, sickness and even death. Clearly, health work is hard work – and getting harder. And now, there is a growing understanding that the combined factors of underpaid employees, low job security and poor working conditions for health workers may not only be hard on patients, but contribute to a deterioration of the overall quality of health care.

Until now, most of the focus of international development on health concentrated on health care rather than the care of the health workers. To find ways of dealing with this critical global situation, the International Labour Organization (ILO) recently convened a joint meeting to look at the impact of health care reforms, and terms of employment and working conditions in the health sector, for the first time. And after a vivid – and sometimes shocking – discussion, the delegates – including governments in their role as public employers, as well as some representatives of private sector health providers and trade union representatives – adopted a series of groundbreaking conclusions designed to improve the working conditions of health-care employees, as well as access to health-care facilities and the quality of health services.

### **Health-care situation: tough and getting tougher**

Health work is hard work. Many health workers spend long, sometimes lonely,

(Continued on p. 30)

- World Employment Report 1998/99
- Export-processing zones
- Report on sex sector wins award



**World Employment Report 1998-1999:**  
Global financial crisis will trigger jump in world unemployment  
(ILO Press Release No. 98/33)

## FINANCIAL TIMES

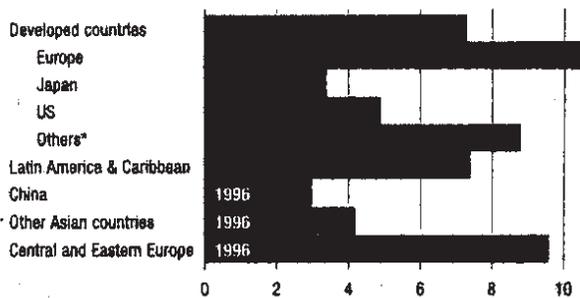
24 September, 1998 (United Kingdom)

**WORLD EMPLOYMENT: THIRD OF ALL WORKERS AFFECTED, SAYS ILO REPORT**

### Asia crisis will add to jobless total

By Robert Taylor,  
Employment Editor, in London

**World unemployment**  
1997 rate (%)



Source: ILO

\*Australia, Canada, New Zealand

## The New York Times

24 September, 1998 (United States)

### 150 Million Jobless, Global Study Says

GENEVA – At least 150 million people worldwide are jobless, and this number is expected to rise by millions before the end of the year, the International Labor Organization said today.

At least 10 million people have joined the unemployed this year because of the financial crisis in Asia, the I.L.O. said in issuing its World Employment Report, 1998-99.

## DAILY NEWS

25 September, 1998 (Tanzania)

### ILO paints gloomy picture on job prospects

## IL MESSAGGERO

24 September, 1998 (Italy)

### Lavoro, perduti 20 mila posti

E nel mondo è allarme: disoccupazione a livelli di disastro

La crisi asiatica provocherà altri dieci milioni di disoccupati

**I NUMERI DEL LAVORO**  
Imprese con più di 500 dipendenti.

Giugno 1998 su giugno 1997 Variazioni percentuali tendenziali

Settori	Occupazione
<b>INDUSTRIA</b>	
Metallo e prodotti in metallo	+0,8%
Chimiche, fibre sintetiche ed artif.	+0,1%
Apparecchiature elettriche ed ottiche	-0,4%
Lavorazione minerali non metalliferi	-0,7%
<b>TOTALE</b>	<b>-2,3%</b>
<b>TERZIARIO</b>	
Immobili, noleg., inform., ric., vari	+4,9%
Alberghi e ristoranti	+3,1%
Trasporti, magazzini e comunicaz.	+0,2%
Commercio all'ingrosso e al dett.	-0,8%
<b>TOTALE</b>	<b>-0,2%</b>

P&G Infograph FONTE: ISTAT



✓ **Improved social and labour conditions in export-processing zones.** (ILO Press Releases Nos. 98/34,35)

## FINANCIAL TIMES

29 September, 1998 (United Kingdom)

### ILO criticises export zone standards

The world is acquiring more and more export processing zones in response to globalisation and the decentralisation of industrial production. This rapid growth, however, has severe consequences for the 27m people (90 per cent of them women) who work in the zones, according to a report published yesterday by the International Labour Organisation.

## The Daily Star

29 September, 1998 (Bangladesh)

### EPZ in developing world a boon to women

Special economic zones set up to attract foreign investors to developing countries have created jobs for millions of women, but too often working conditions and wages are poor and local economies derive little benefits from the zones, a critical report said today, reports AFP.

In the report, the Geneva-based International Labour Organisation (ILO) said about 27 million workers, 90 per cent of them women, were employed in more than 850 so-called Export Processing Zones (EPZ) around the world – a trend which has had rapid development in recent decades.

## LE FIGARO

premier quotidien national français

29 September, 1998 (France)

### 27 millions de travailleurs dans les zones franches

**Un rapport du Bureau international du travail examine les atouts et les inconvénients d'une formule qui se développe à travers le monde.**

Immenses pourvoyeuses d'emplois, les zones franches d'exportation offrent un potentiel de développement économique indéniable. Mais, revers de la médaille, les conditions de travail, de productivité et de rémunération y sont souvent médiocres et critiquables. Voilà résumées les conclusions d'une enquête menée par le Bureau international du travail et diffusée à Genève à la veille d'une réunion tripartite précisément appelée à passer à la loupe atouts et inconvénients d'un système qui fait florès.

## DIE WELT

UNABHÄNGIGE TAGESZEITUNG FÜR DEUTSCHLAND

28 September, 1998 (Germany)

### Freihandels-Zonen breiten sich aus

**Ilo-Studie: Weltweit über 850 Areale mit 27 Millionen Arbeitern**

Zä. Genf - Bei wachsendem globalen Wettbewerb haben in den neunziger Jahren Regierungen in allen Regionen der Welt, vor allem in Schwellen- und Entwicklungsländern, immer mehr Freihandelszonen (EPZ) geschaffen. Sie sollen ausländische Investoren anziehen, die hier mit zollfrei importierter Ausrüstung und Materialien für Exportmärkte rund um den Globus arbeiten.

Man bietet ihnen finanzielle und steuerliche Anreize, eine befriedigende Infrastruktur, ein großes Angebot an billigen Arbeitskräften und einen strategisch günstigen Standort. Die Internationale Arbeitsorganisation ILO in Genf hat gestern einen Bericht veröffentlicht, der die Vor- und Nachteile dieser Entwicklung beleuchtet.

## Les Echos

29 September 1998 (France)

### Le BIT critique les salaires et les conditions de travail dans les zones franches d'exportation

Les zones industrielles spéciales créées pour attirer les investisseurs étrangers dans les pays du Sud ont permis d'employer des millions de femmes mais les salaires et les conditions de travail y sont trop souvent médiocres et ces enclaves profitent peu aux économies locales, selon le Bureau international du travail. Quelque 27 millions de travailleurs, dont 90% de femmes, sont employés dans plus de 850 zones franches d'exportation (ZFE) dans le monde. Un phénomène en rapide développement au cours des dernières décennies, selon un rapport du BIT publié avant une réunion d'experts...

✓ **ILO report on sex sector receives prestigious publishing prize at Frankfurt Book Fair.** (ILO Press Release No. 98/36)



EBU

### Prostitution report wins "Oscar" at Book Fair

(6 October 1998)

(Reuters) An international report on the plight of women in Asia's burgeoning sex industry has won this year's "Women's Oscar" at the world's biggest book fair. The harrowing report by the International Labour Organisation (ILO) said up to 1.5 percent of all the women in Thailand, Malaysia, the Philippines and Indonesia could be involved in the growing trade... "It is a serious and profound report that highlights the plight of these women," said a spokesman for the international committee that selected the prize.

The prize was launched in 1997 by feminist writer Shere Hite at the Frankfurt Book Fair, which this year has attracted almost 6,800 publishers from 107 countries.

## DeMorgen

8 October, 1998 (Belgium)

...eergisteren werd bekendgemaakt dat de Internationale Oscar voor Vrouwelijke Non-Fictie zaterdag zal worden overhandigd aan de Maleisische Lin Lim, die voor de Internationale Arbeidsorganisatie ILO een naar verluidt schokkend rapport heeft opgesteld over de lijdensweg van de vrouwen in de Zuidoost-Aziatische seksindustrie. In het rapport wordt ervoor gewaarschuwd dat de economisch-monetaire crisis in Azië het westerse sekstoerisme in de kaart zal spelen.



# Media shelf

## In print

■ **Gender equality and occupational segregation in Nordic labour markets.** *Helinä Melkas and Richard Anker. International Labour Office, Geneva, 1998. ISBN 92-2-110851-1. Price: 20 Swiss francs.*

This book analyses the reality of women's position in Nordic labour markets based on innovative methodologies and detailed data for Finland, Norway and Sweden.

Part I discusses the Nordic model which is based on employment for all citizens, a weak breadwinner role for men and provision of extensive social services by the state partly to enable individuals to combine better, work and family responsibilities.

Part II analyses women's labour market position and how it has changed over the past two decades.

■ **Human resource development in the public service in the context of structural adjust-**

**ment and transition.** *Sectoral Activities Programme, ILO, Geneva, 1998. ISBN 92-2-111295-0. Price: 17.50 Swiss francs.*

This report reviews the role of human resources in reform processes, and the impact of these processes of human resource development (HRD) in the public service. The report analyses the interaction between HRD and employment, pay, labour relations, working conditions and terms of employment.

This report outlines the changes brought about through public service reforms and highlights the relevance of the ILO's activities to the management of change in partnership with the

workforce. It concludes with a list of suggested points for discussion which may also serve as a framework for guidelines on human resource development in the public service in the context of structural adjustment and transition.

■ **Impact of flexible labour market arrangements in the machinery, electrical and electronic industries.** *Sectoral Activities Programme, ILO, Geneva, 1998. ISBN 92-2-111108-3. Price: 25 Swiss francs.*

By the mid-1980s most aspects of working life had successfully been subjected to some form of regulation (in the form of minimum labour standards), limiting the maximum number of hours which could be worked or laying down stipulations regarding overtime pay, mandatory rest periods, paid holidays,

restrictions on night work and shift work, etc. Nevertheless, within these highly regulated labour markets (often called "rigid" by some), a certain amount of flexibility has always existed with respect to working time, one familiar form of this being overtime, which is compensated at a higher rate than normal working hours.

Recently, while many trade unions have been pressing for reduced working time, guarantees of employment security and measures to combat unemployment, some employers have been seeking to modify many of the hard-won social protection measures in an effort to make labour markets less rigid. For example, they are striving to match workers' desire for fewer hours worked against the acceptance of a more flexible approach to *when* and *how* to work, so as to increase the operating hours of machines without having to pay for overtime. It is against this background that the ILO has prepared this report.



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## News Section

(continued from p. 26)

hours on duty. Their work may expose them to infection, as well as chemical or biological poisoning. High stress is part of the job. Moreover, many health sector workers – including those who work in nursing homes – face verbal and physical aggression, since they often have contact with people in distress.

Of particular concern is the plight of women, who predominate among health care workers. In some countries, women comprise up to 80 per cent of all health workers. Women are good health-care providers, but unfortunately, far too many are at the bottom of the sector hierarchy, facing precarious, arduous and sometimes unsafe working conditions, while earning inadequate pay. They are also often subject to physical violence in the workplace, including sexual harassment.

At the same time, many millions of people, in both developed and developing countries, often lack the health care they need. In many places fiscal reforms may result in a two-tiered system, where

those who can afford to pay receive high-quality care while those who can't receive little or none. This poses the a problem of equity, or fairness.

As populations grow, and in many places the number of ageing persons increases, new problems arise while old ones emerge. In addition, constant advances

### FACTS AND FIGURES: HEALTH CARE BY THE NUMBERS

● Since the 1960s the share of GDP spent on health care in developed countries has been on the increase. Although low- and middle-income countries account for only 18 per cent of world income and 11 per cent of global health spending, they contain 84 per cent of the world's population and account for 93 per cent of the world's disease burden.

● The health-sector workforce is mostly skilled or semi-skilled. An estimated 18.5 million are doctors or nurses. Countries like Germany and Belgium have an over-supply of trained doctors. Others have a severe lack of nurses. Most countries have a shortage of primary health care personnel. The health sector is

highly feminized and women are predominantly employed in low-paid jobs.

● Statistically, health-care professions have to be classified among the most dangerous professions. In the US, nursing is ranked with the third-highest injury and illness rate, coming before mining and construction. Health-care workers are also particularly exposed to certain forms of stress and violence, and may be subject to racism in the workplace.

● Overtime is a major problem. According to recent surveys, in Europe many doctors average more than 21 hours overtime per week, while others consider their major problem to be "a feeling of exhaustion".

## Winner of the 1998 International Nike Award

### The Sex Sector: The economic and social bases of prostitution in Southeast Asia, by Ms. Lin Lean Lim

The *Sex Sector* examines the social and economic forces driving the growth of the sex industry in Indonesia, Malaysia, the Philippines and Thailand. It says that the provision of sexual services has assumed the dimensions of a full commercial sector, one that provides direct and indirect employment to millions of workers, and contributes substantially to national incomes throughout the region.

Launched in 1997 by feminist writer Shere Hite at the Frankfurt Book Fair, the *International Nike Award* honours non-fiction writing by women which contributes to the advancement of thinking about the situation of women in the world.

"The research is excellent. Lin Lim provides a way that (governments) can now deal with the issue of sex work in the economy..." – *Shere Hite*

Available now from: (Major booksellers or ILO local offices in many countries, or directly from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Tel: +41 22/799-7301; fax: +41 22/799-6938; <http://www.ilo.org>. In the US: Tel: +301/638-3152; fax: +301/843-0159; E-mail: [ILOPubs@Tasco.com](mailto:ILOPubs@Tasco.com); Web site: <http://www.un.org/depts/ilowbo>. ISBN 92-2-109522-3. Price: 35 Swiss francs; US\$24.95; £13.95).



in technology require radical changes in treatment and work methods, and contribute to an increase in health care costs. Such changes involve not only the managers, but those who do the work, from the earliest planning stages to their final implementation.

#### Health costs and poor working conditions

The major item in any health budget is the amount needed to pay health workers. This usually represents more than half of the total for a health care budget, even though in many countries, health workers are underpaid, and face low job security and poor working conditions. Since the costs in this field keep rising, authorities would like to set limits on just how high they can go and make the best use of funds available. Conflict can result.

What's more, poor pay and poor working conditions and lack opportunities for advancement have had another impact: they are major causes for the departure, or "brain drain", of skilled health care staff from poorer countries, and a worsening of an already serious lack of nurses in highly industrialized nations.

In addition, there is a tendency in many countries to turn ever larger amounts of health care over to the private market-oriented sector. Still, there are respon-

sibilities which go beyond the budget line. Trying to make health care universally accessible while finding a way to pay for it represents a difficult challenge for nearly every nation.

#### Addressing needs

To address these issues, the Joint Meeting on Terms of Employment and Working Conditions in Health Sector Reforms, held in Geneva from 21 to 25 September 1998, adopted a number of conclusions, including the following:

- Health care is not a commodity, and therefore cannot be traded. It is a basic human right
- Ensuring universal access, at least to primary health care, remains a challenge throughout the world, especially in developing countries
- Health-care reform efforts should foster primary care and preventive medicine for all, improve quality of care and create better work conditions in this area
- Health-care reforms cannot be imposed from above or outside. In the health care reform process, policies should be developed for social dialogue since the best reforms are developed through such a process
- Health-care staff should have the right to bargain collectively, to be

guaranteed decent working conditions and the opportunity for continued training, and part-time staff should be included in such procedures

- Wages should be paid regularly to all workers, including health workers, in accordance with the ILO Protection of Wages Convention, 1949 (No. 95)
- Basic training, lifelong learning and continuous training are essential for maintaining the quality of services provided and for career development. Workers' organizations should participate in the design and implementation of training. Management training in the health sector is essential
- Equality of opportunity should be realized to give women the ability to compete for access to higher-quality and better-paid jobs;
- Governments and employers should create safe workplaces, especially for women
- Employers, workers and governments have the responsibility of fighting against racism at the workplace. □

This review was prepared by Nedd Willard, a freelance writer living in Geneva and a retired official of the WHO.

<sup>1</sup> Terms of employment and working conditions in health sector reforms, *International Labour Office, Geneva, 1998, ISBN 92-2-111070-2. Price: 17.50 Swiss francs.*

