

# FACAMP MODEL UNITED NATIONS

## GLOBALIZATION AND REGIONALISM

### INTERNATIONAL LABOUR ORGANIZATION

*Topic A - Technology and Structural Unemployment*

*Topic B - Regional Efforts for Promoting Decent Work for All*



## STUDY GUIDE B

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## GLOBALIZATION AND REGIONALISM

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## **PRESENTATION LETTER**

Dear delegates,

Welcome to the International Labour Organization (ILO) committee. In 2014, we are hosting the second FACAMP Model United Nations and we would like to thank you for making this dream come true. The proposal of the ILO committee emerged as a debate related to the problems of a capitalist society, and we aim at integrating you in the discussion of such an important theme for the construction of a fair world.

From the delegates, research abilities, general knowledge about the social situation of your country and great negotiation capacity will be demanded, in order to result in a fruitful and enjoyable debate.

We would like to introduce our team. Filipe Aguiar is the director of this committee. He is a third year student of International Relations at FACAMP. He has always been interested in MUNs, since he began simulating as a delegate. This year, in our second edition, he was enchanted by ILO and accepted the challenge of leading this committee.

Caroline de Rosso is assistant director and a second year student of International Relations at FACAMP: "I am glad that you, delegates, have chosen this committee. I strongly believe that the debates will be fruitful. FAMUN was set up in such a way that you will all believe you are taking part of a real meeting. All teams endeavor for a great result, as desired by both you and our team. From this moment on, I would like to thank you for the attention and participation. Enjoy yourselves!".

Otávio Gomes is assistant director and an Economics student at FACAMP. "I am in my second year, more specifically in the fourth semester. I am really excited about FAMUN, I think that simulations are made to learn in first place, therefore I want to learn and I want you to learn too. After all, this is the objective of every simulation, where all the participants learn together. I have participated of simulations ten times, in all kinds of committees, this way showing my love for simulations and for learning. I wish you all the best".

Laís Mastelaro is general director of ILO, for College, and OIT, for High School. She is a third year student of International Relations at FACAMP. "Developing this committee and the topics to be debated by our delegates was never an easy task for us, but it is a worthwhile project to be involved in. The 'MUNs world' is full of knowledge, and everyone should have the opportunity of being part of it. FAMUN emerges with this goal: sharing knowledge, information and discussion".

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Finally, we would like to thank our faculty advisors Leandro Morais, Patrícia Rinaldi and Roberta Machado; and also sincerely thank our esteemed advisors Roberto Di Meglio and Humberto Villasmil for being able to clarify the doubts about ILO procedures and operation.

Yours sincerely,

*Laís Mastelaro – General Director*

*Filipe Aguiar – Director*

*Caroline de Rosso e Otávio Gomes – Assistant Directors*

## **POSITION OF THE REPRESENTATIONS**

### **Angola**

The unemployment rate in Angola was 7.5% in 2012, with 36% of the population living in the extreme poverty line (WORLD BANK, 2012 a). This situation antagonizes the significant growth of the country's GDP, of 5.1% in 2013, one of the largest in Africa. Therefore, the ILO focuses on reducing poverty and developing policies to promote decent work (AFRICAN DEVELOPMENT BANK GROUP, 2014).

The policies put forth by the Angolan government seek to improve the infrastructure in the country, such as electricity, water and transport. The main objective is to invest and boost the economy in order to develop other sectors, thus creating new employment opportunities for the population, since the exploitation of oil corresponds to 46% of GDP, 80% of government revenues and 95% of all exports of Angola (AFRICAN DEVELOPMENT BANK GROUP, 2014).

### **Belgium**

Belgium is a country that has developed, since the postwar period, a comprehensive system of social security, with rights and labor protection. However, the economic crisis of 2008 adversely affected the country, with an unemployment rate of 7.5% in 2012. One of the important measures of the government during the crisis was to maintain wage levels, one of the highest in Europe (WORLD BANK, 2012 b).

One of the main current concerns is the increasing youth unemployment, which affected 19.8% of the young population under 25 years, in the period of 2003-2012. This problem is less prominent in the region of Flanders, which is more economically developed (reaching 13,5% of the youth), but it is quite concerning in parts of Brussels (35%) and Wallonia (29.6%) (COCKX, 2013, p. 3).

### **Bolivia**

Bolivia presented an unemployment rate of 3.2% in 2012, and the country is progressively committing itself to regulatory measures and protection of labor relations (WORLD BANK, 2012 c). One example is the National Commission for the Eradication of Forced Labor, established in 2004, that develops and implements effective strategies against slave labor, with the participation of employers 'and workers' organizations (ORGANIZAÇÃO INTERNACIONAL DO TRABALHO, 20--).

One of the most prominent problems in the country is the situation of the informal economy, which employs the majority of the Bolivian population. Given this situation, many people choose to migrate in illegal conditions to countries like Brazil. Especially in the region of São Paulo (capital), these workers face several precarious work situations, such as human trafficking, forced and slave labor, underpaid labor, inhuman working conditions, etc. (MIRANDA; TAIGUARA, 2010).

### **Brazil**

The 1990s in Brazil were marked by high levels of unemployment and a worsening job situation due to neoliberal reforms. From the 2000s on, however, a most favorable internal and external economic situation, coupled with a series of social measures, contributed to the improvement of the employment level in the country. In 2012, Brazil had an unemployment rate of 6.9% and 15.5% of youth unemployment (WORLD BANK, 2012 d).

In 2003, the President of the Republic, Luiz Inácio Lula da Silva, alongside with the ILO General Director Juan Somavia, signed a Special Technical Cooperation Program for the promotion of the National Agenda of Decent Work among employers, employees and organizations. The program was approved in 2006 and nowadays promotes research and projects for decent work in Brazil in the following areas: unequal distribution of income; integration policies; effects of social programs implemented by the government, such as Bolsa Família and Brasil Sem Miséria; valuing minority age and the formalization of labor (ORGANIZAÇÃO INTERNACIONAL DO TRABALHO, 2014).

### **Burkina Faso**

In 2012, the unemployment rate in Burkina Faso was of 3.3% (WORLD BANK, 2012 e). About 80% of the population lives below the poverty line, with less than US\$ 1,25 a day. It is predominantly a rural country, sector in which most jobs are located. Moreover, Burkina Faso has one of the highest illiteracy rates in the world, corresponding approximately to 80% of the population ("MAJOR ...", 2014).

In this context, the Decent Work Agenda of the ILO gives significant importance to Burkina Faso. In 2012, a program for the promotion of decent labor was implemented in the country, which priorities are: "Priority axis I: The promotion of an environment favorable to the creation of decent jobs for young men and women, including those with disabilities, in

rural and urban areas; Priority axis II: Strengthening and extending social protection” (ORGANISATION INTERNATIONALE DU TRAVAIL, 2012, p. VII, our translation<sup>1</sup>).

### **Cambodia**

Until the global crisis of 2008, Cambodia had experienced a robust economic growth, which was responsible for significantly reducing the unemployment rate in the country from the late 1990s until the mid-2000s. This is expressed by the low unemployment rate in Cambodia, which was only 1.5% in 2012 (INTERNATIONAL LABOUR ORGANIZATION, 2012 b)

Although much has already been done in Cambodia concerning the promotion of decent work as a way to fight poverty, serious problems still remain. It is estimated that over 80% of the workers in the country have vulnerable jobs in the informal sector, this being one of the main problems of the country with regard to work (INTERNATIONAL LABOUR ORGANIZATION, 2012 b).

### **China**

In 2012, China presented an unemployment rate of 4.5% and a youth unemployment rate of 9.7% (WORLD BANK, 2012 f). Since 1978, the working conditions in the country are being discussed and modified. In the last change (2008), the government established the Ministry of Human Resources and Social Security which was considered by ILO as an important advance in the working relations in the country:

The establishment of the MOHRSS [Ministry of Human Resources and Social Security] reflected a shift to a more balanced social and economic development strategy which promoted a people-centred principle in labour administration and policy-making. Examples of the shift in emphasis include the adoption of the Strategy of Employment as a Priority in economic and social development, supported by the Employment Promotion Law and the realization of universal coverage for old-age and medical insurances (CASALE; ZHU, 2013, p. 3).

Other actions taken by the government, in cooperation with the Decent Work Agenda from ILO, involve making improvements in the working place, measures to eliminate the exploration in the working place and an increase in job opportunities and work rights.

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<sup>1</sup> Trecho original: “Axe prioritaire 1: «la promotion d’un environnement favorable à la création d’emplois décents pour les jeunes hommes et femmes, y compris les personnes handicapées, en milieu urbain et rural»; Axe prioritaire 2: «Le renforcement et l’extension de la protection sociale» (ORGANISATION INTERNATIONALE DU TRAVAIL, 2012, p. VII).

### **Colombia**

The unemployment rate in Colombia was of 10.4% in 2012, and youth unemployment reached 19.5% in the same period (WORLD BANK, 2012 g). Moreover, work conditions in Colombia are very precarious, as only 32% of workers enjoy decent work conditions, while about 68% of them do not.

Currently, there are strong protests from unions regarding labor conditions and employment generation, especially pressing U.S. multinational companies to improve labor conditions. This is because the phenomenon of outsourcing is one that contributes the most to the deterioration of working conditions in Colombia. These union actions resulted in an Action Plan on Labor Rights, signed by Colombia and the United States in 2011, which comprehends 37 measures to improve labor conditions. However, until now, only 9 measures have been implemented, showing the difficulties in promoting decent work in the country (OFICINA INTERNACIONAL DE LOS DERECHOS HUMANOS ACCIÓN COLOMBIA, 2014).

### **Côte D'Ivoire**

The unemployment rate in Côte D'Ivoire was of 4% in 2012 (WORLD BANK, 2012 h). Particularly, the ILO supports and develops projects in Côte D'Ivoire to implement the Decent Work Agenda. One of the approaches is to help the country to prepare itself for the international labor standards, giving support to the ministries of the country in order to implement the conventions and recommendations that the country has ratified. The ILO also has the objective of developing a magistrate body in the country, specialized in fundamental labor standards. Another important measure refers to ILO support in the development of a social protection national policy in Côte D'Ivoire. Finally, there is an intense work of studies and statistics elaboration in several areas, such as the work discrimination matter, the informal sector or gender issues (INTERNATIONAL LABOUR ORGANIZATION, 2013).

### **Ecuador**

The unemployment rate in Ecuador was of 4.5% in 2012 (WORLD BANK, 2012 i). However, this rate does not take into account the phenomenon of informality in the Ecuadorian labor market, particularly in sectors such as fisheries, in which no effective labor laws are applied. The number of underemployed and unemployed, combined, represent 48.8% of the active population.

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The issue of labor rights coverage and extension is worrisome, as 40.9% out of 49.9% of the employed population do not have social security. Therefore, the ILO efforts to promote decent work in Ecuador are crucial. Among the necessary steps are: the expansion of formal employment; the reduction of informality and outsourcing; and the expansion of social protection systems (“L’INFORMALIDAD...”, 2012).

### **France**

France, like other European countries, is still going through economic problems due to the 2008 crises, which resulted in an unemployment rate of around 11% in 2014 (INTERNATIONAL MONETARY FUND, 2014). Traditionally, France consolidated a broad social welfare system, with a variety of social and labor rights, which include paid vacations and paid licenses, broad pension coverage and benefits connected to health and education. However, recent measures of austerity to overcome the crises resulted in a problematic situation of the working conditions in the country.

The *Package of Responsibilities* released by president Hollande at the beginning of this year foresees the cut of some social benefits and labor rights, due to the the country’s high level of public debt (93.5% of the GDP) and to the budgetary deficit (4.3%). These measures, combined with unemployment, resulted in the reduction of the popular support to the government of the president (BECKER, 2014).

### **Germany**

Germany, like other European countries, has had to face, since 2008, not only an economic but also a social crisis. Although the country continues to present one of the lowest unemployment rates in Europe, 5,2% in 2014, this question can become the major theme of next year's elections (INTERNATIONAL MONETARY FUND, 2014).

Germany constituted, in the postwar period, a vast range of social security policies, but currently workers suffer from the consequences of the reforms undertaken by former Prime Minister Gerhard Schröder, from 1998 to 2005. Such reforms, although they have increased the competitiveness and strengthened the exports of German companies, resulted in significant cuts in wages, which have not grown for more than twenty years (DUFRESNE, 2012).

### **Guinea**

Guinea is a country where 55% of the population is at the poverty line. The unemployment rate in 2012 was of 3.1% (WORLD BANK, 2014 j). Being a country with a very young population - 74% of the population is under 35- the unemployment affects, mainly, the younger portion of the population, and for that reason government policies are focused on the promotion of education, employment and better working conditions (AFRICAN ECONOMIC OUTLOOK, 2012).

As an ILO member, Guinea has ratified many conventions related to human rights, labor rights and particularly children rights, as a way to prevent child labor in a young population. With the help of the ILO programs, the government has been giving huge assistance to the most vulnerable groups, making it possible for young people to have better professional capacity, creating more jobs and expanding the social programs, which have had a recent development (AFRICAN ECONOMIC OUTLOOK, 2012).

### **India**

The unemployment rate in India was of 3.4% in 2012 (WORLD BANK, 2012 k). The country has been experiencing an expressive economic growth due to the service sector, but social inequality still is a persistent problem. Therefore, in the last years, the country has developed a holistic social policy, focused on food access, aid to the poor and the guarantee of a worthy salary, especially in the rural jobs (SHARMA; CHATTERJEE, 2009).

The ILO has developed important projects in the country with the objective of improving working conditions as a whole. But the projects related to child labor reduction are in the spotlight, since this is a common reality in the country. Programs such as the Integrated Child Development Service (ICDS) and the Midday Meal Scheme (MMS) seek to expand the Indian children's rights (INTERNATIONAL LABOUR ORGANIZATION, 2014 c)

### **Indonesia**

In 2012, the unemployment rate in the Indonesia was of 6.6% (WORLD BANK, 2014 l). In the last fifteen years, the country has gone through huge political and economic transformations, because the change to a democratic system allowed the strengthening of the social security system of the country. As an ILO member, Indonesia has already completed, in these fifteen years, the ratification of the main ILO conventions, which allowed for great improvement of the working situation, such as the abolition of child labor

and the imposition of a minimum working age of 15 years (INTERNATIONAL LABOUR ORGANIZATION, 2012 a).

Indonesia adopted a Decent Working Agenda for the period of 2012-2015, whose efforts turned to the creation of jobs in the country, the improvement of labor conditions and the deepening of social protection. The promotion of technical capacity, measures to improve gender equality in labor market, entrepreneurship programs and cooperative development are some of the main performance areas of ILO in the country (INTERNATIONAL LABOUR ORGANIZATION, 2012 a).

### **Iran**

In 2013, the labor situation in Iran presented huge improvements, with a unemployment rate of 1.7%, lower if compared to the last years' - 10,4% in 2012 and 12.1% in 2013. The employment rate increases especially in urban areas, where the unemployment rate presented a reduction of 2% between 2012 and 2013. The young population between 15 and 24 years presents the highest employment rate, with a decrease of 3.2% in the unemployment rate in the same period. Gender inequality at work is very significant in the country; the percentage of unemployed women is more than 2 times higher than the percentage of unemployed men, 19.8% and 8.6%, respectively (STATISTICAL CENTRE OF IRAN, 2014).

In 2004, the country adopted the National Plan for Decent Work, which includes goals related to increasing jobs opportunities in small and medium enterprises, which should adopt human development policies. This can strengthen the capacity of the country to outline problems related to privatization, reforms in labor laws and gender equality. The country is also executing more public spending in social security and labor rights. An example is the tax over the extraction of minerals and natural resources, destined to expand the fiscal budget for social rights (INTERNATIONAL LABOUR ORGANIZATION, 2014 f).

### **Israel**

The unemployment rate of the country remained in the range of 11.2% in 2005, and at the present year, there was a reduction to 6.7% (INTERNATIONAL MONETARY FUND, 2014). Although the social spending in the country is not that high, Israel has developed many mechanisms of working protection, such as the establishment of minimum wage, unemployment insurance and a pension system (YITZHAKI, 2014).

The creation of new jobs has placed challenges to the Israeli statesmen, reaching a rate of just 5.6% in 2014. One of the causes is the difficulty to incorporate in the labor market ultra-Orthodox Jews and Arab women, requiring that Israel adopt more inclusive policies to promote the expansion of jobs opportunities (YITZHAKI, 2014).

### **Italy**

Due to the economic crisis in 2008, Italy sees a record in the unemployment rate ever since 1977: the unemployment rate in June, 2014 remained in the area of 13.6%, being the young people the most affected by this situation, as unemployment for people with ages between 15 and 24 reached 46% ("DESEMPREGO...", 2014).

This situation has been causing great social mobilizations throughout the country through protests and riots; the reaction against unemployment and mainly against the austerity measures adopted by the Italian government, which resulted in cuts in the Italian welfare system. There were reductions of 13% in the Italian social spending in 2012, affecting mainly the services destined for the most unprotected families. Furthermore, reforms in working conditions were made, which became precarious, aiming to reduce company costs (TRUCCHI, 2013).

### **Japan**

Due to the welfare system developed in Japan, about 40% of the working force has permanent and lifetime jobs, while the rest of the population relies on temporary employment. However, even with this scenario of temporary jobs, the unemployment rate was about 4% in 2013 ("TAXA...", 2014). On the other hand, employees with permanent jobs are submitted to huge pressures at the working place because of the Toyotism production model (just in time) characteristic of the country. The policies to reduce the waste, mainly time waste, make the working environment stressful, with the imposition of extra working hours and work on holidays (GORENDER, 1997).

In this context, the decent work in Japan is oriented by the Asian Decade of Decent Work (2006 - 2015), launched during the 14<sup>th</sup> Regional Asian Meeting, in Busan, 2006. This strategy seeks to improve work conditions in the country, based on five priorities: promoting the ratification of ILO conventions by Japan; changing work patterns, adjusting them to decent conditions; promoting social dialogue; strengthening the mobilization of resources in order to finance projects; expanding the collection of information and the development of

research on recent changes in the labor market in Japan (INTERNATIONAL LABOUR ORGANIZATION, 2013).

### **Mexico**

Although the unemployment rate in Mexico is not extremely high, reaching 4,9% in 2012 (WORLD BANK, 2012 m), the commercial liberalization reforms and the deregulation of labor market in the 1990s have resulted in a great informality of the labor conditions, affecting 60% of Mexican workers in 2013 (INTERNATIONAL LABOUR ORGANIZATION, 2014 e).

Hence, one of the priorities of the Mexican government is to change this informality through the promotion of decent work. Attempts of the government, in cooperation with the ILO, encompass initiatives such as the Program to the Formalization of Jobs, established in 2013; the expansion of the unemployment insurance and the pension system; and the development of good practices so the government can improve the efficiency of the policies adopted (INTERNATIONAL LABOUR ORGANIZATION, 2014 e).

### **Nigeria**

The unemployment rate in the country was of 7.5% in 2012 (WORLD BANK, 2012 n). Nigeria is a country of extremes: it is considered the biggest economy of the African continent, however, the one that presents one of the biggest unemployment rates in the continent, not to mention the poverty problem: about 60% of the population lives on less than one dollar per day (CARNEIRO, 2014).

Despite the vibrant growth presented in recent years, driven not only by oil exploration, but also by new economic diversification and the large consumer market (the country has a population of 170 million), the employment situation is very precarious (CARNEIRO, 2014). Thus, the National Program for Decent Work, which encompasses the period from 2012 to 2015, seeks to stimulate job creation in growth sectors through the development of infrastructure and training programs; the expansion of scope and coverage of social programs; the reduction of child labor; and the stimulus of the tripartite social dialogue (INTERNATIONAL LABOUR ORGANIZATION, 2011).

### **Pakistan**

The unemployment rate in Pakistan was of 5.1% in 2012 (WORLD BANK, 2012 o). Besides the political conflicts that pervade the country, the job situation is characterized by

a large number of informal workers and also by the alarming existence of child labor. Gender differences in work are also significant.

Given this situation, the National Decent Work Program implemented by the ILO in Pakistan in the period 2010-2015 aims at promoting reform in the labor market in order to expand social and labor protection, especially for those who are in the informal sector. There is also great concern in developing training programs for workers, reducing gender discrimination in the labor market and strengthening tripartite dialogue, therefore contributing to reach social peace in the country (INTERNATIONAL LABOUR ORGANIZATION, 2014 b).

### **Portugal**

The unemployment rate in Portugal is one of the highest in the world due to the crisis in 2008, reaching a historical peak of 17.7% in the first quarter of 2013. Younger people are the most affected by unemployment, representing 42.1% of the population in the same period (COSTA, 2014).

Because of the austerity measures taken by the country, the job situation has rapidly deteriorated. In 2011, the monthly wages above 1500 euros were reduced in the range of 3.5% to 10%. In 2012, vacation and Christmas subsidies were cut, reducing the income of Portuguese workers by 14%. Finally, in 2013, workers' wages suffered cut that went from 2.5% to 12% for those who earned 675 euros or more. The loss of income of workers, together with the raise of taxes and the loss of social benefits make measures to guarantee decent working conditions in the country urgent (ANÍBAL 2013).

### **Republic of Korea**

The Republic of Korea had an unemployment rate of 5.9% in 2012 (WORLD BANK, 2012 p). The country has a significant economic development with profitable high-tech companies. However, much of the competitiveness of companies comes from low labor costs resulting from a growing informality and irregularity in working conditions. Irregular workers corresponded to 56% of the employed population in 2005. This phenomenon deepened in the Republic of Korea since the Asian crisis of 1997-98, which resulted in a flexibilization of labor relations. The expansion of the hiring of immigrant work also contributed to the increase of informality (OFRENEO 2013).

Given this situation, the Decent Work Agenda in the country has three priorities: "1) Competitiveness, productivity and jobs; 2) Labour market governance and social protection;

and 3) Labour migration" INTERNATIONAL LABOUR ORGANIZATION, 2014 d). Programs for job training, safety and health in the workplace and the promotion of environmentally sustainable jobs are also undertaken by the ILO in the Republic of Korea.

### **Russian Federation**

The unemployment rate in Russia was of 5.5% in 2012 (WORLD BANK 2012 q). Currently, the young people are the most affected by unemployment in Russia: One in 20 young people cannot get a job, and one in 10 is compelled to search for a job in a different area of graduation ("PROBLEMA ...", 2011) .

In recent years, Russia has deepened its participation in the ILO ratifying a series of conventions and developing programs to disseminate the standards and labor rights. The problem of youth unemployment is also being treated by the ILO through a series of studies and the provision of technical assistance. Finally, the question of the extension of social protection programs such as health and safety at work is a priority, as well as expanding the coverage of the pension system, due to the trend of population aging in Russia today (POLASKI, 2012)

### **South Africa**

The unemployment rate in South Africa is significant, of 25.2% in 2013. During the crisis, jobs fell from 14 million in 2008 to 12.9 million in 2010. Meanwhile, 71% of the unemployed population is aged 15 to 34 years (STATISTICS SOUTH AFRICA, 2014). A growth in the informal sector is also noticed, especially due to the deregulation of labor laws, which resulted in a significant deterioration in work conditions (MOODLEY, 2012).

In 2010, a program of the ILO to promote decent work in South Africa was released. The priorities of this program focus on the protection of fundamental rights and guarantees of freedom for all South African citizens. Strategies for employment generation seek to complement the current policies, in an attempt to strengthen local programs (INTERNATIONAL LABOUR ORGANIZATION *et al.*, 2010).

### **Spain**

Spain was one of the main countries affected by the international economic crises in 2008. The period between 2008 and 2013 showed an increase in the unemployment rate, from 11.3% to 26.1%, with the youth situation being the most problematic one, whose unemployment represents half of the population (EUROSTAT, 2014). Although in the last

year the Spanish GDP showed an improvement, analysts believe that this small recuperation will hardly create jobs, indicating the permanence of the critical sociopolitical panorama, characterized by contestations and popular riots ("THE WORST...", 2013).

In this panorama of crisis, the decent working situation decreased in a general way, and Spanish people are now facing deep changes in the public policies of employments and social security, which involve cuts in public wages and public jobs, the introduction of a new income tax and cuts in public pensions. Although austerity is strong, some measures have been taken in another direction. For example, in 2009, the Spanish government established a provisional measure, renewed in 2010, to set up the duration of some social rights for those who have been unemployed for a long time. These social rights for the unemployed have been considered, by ILO, as a key element to give an answer to the crisis and reorganize the fiscal spending (INTERNATIONAL LABOUR ORGANIZATION, 2014 f).

### **Sweden**

Despite being located in Europe, Sweden is the one of the countries least affected by the consequences of the 2008 crisis, due to the social protection policies widely adopted by the country. The overall unemployment rate in 2005 in Sweden was around 7.6% and is of 8% in 2014 (INTERNATIONAL MONETARY FUND, 2014).

The permanence of the social protection schemes, which have been developed since the 1930s in the country, was crucial to the maintenance of decent conditions of work in the country. In its program of the Decent Work Agenda, Sweden poses as a major pillar in the state responsibility for social protection, which is guaranteed through the vast social expenditures of approximately 28.6% of GDP in 2013 (ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT , 2014).

### **Switzerland**

The unemployment rate in Switzerland is considered one of the lowest in the world: 3.8% in 2005 and 3.2% in 2014 (INTERNATIONAL MONETARY FUND, 2014). The labor market is stable due to the state's responsibility in allocating a large part of GDP in social protection. However, in the last eight years, there has been a reduction of spending in social protection: in 2005 the allocation of the GDP was of 20.3% and in 2013, of 19.1% (ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, 2014).

### **United States of America**

The unemployment situation in the United States presented certain numeric stability between the years of 1980 and 2008, until the outbreak of the international crisis, when unemployment increased. But the unemployment rate now shows a recovery, from 9.3%, in 2009, to 7.4% in 2013 (U.S. BUREAU OF LABOR STATISTICS, 2014). Nevertheless, the employment characteristics have significantly changed in the last few years, especially with regards to the middle class. Since 1980, real wages improvement for those with higher education, which reached 20% between 1980 and 1989, have practically stagnated since 2003 (THOMPSON, 2014).

The United States are the most affected country by the recent automation problem in the service sector, due to the technological progress. Generally speaking, employment still increases in the sector, but there are specific workplaces that show a deep substitution from labor to technological apparatuses. Analyzing the number of oscillations in the employees in different occupations, between 1979 and 2009, it is possible to verify that the percentage of technical employees hired went from 37% to 2%, and sellers, went from 54% to -7% (THOMPSON, 2014).

### **Venezuela**

The unemployment rate in Venezuela was of 7.8% in 2013. (COMISIÓN ECONÓMICA PARA AMÉRICA LATINA Y EL CARIBE, 2014). Despite being a relatively high rate, the improvement in social and working conditions in the country in recent years is undeniable:

In Venezuela, the social spending increased from 8.2% of GDP in 1998 to 13.6% in 2006. The poverty rates fell from 55.1% to 27.5%. The minimum wage rose on an unprecedented scale than any other country in the Third World and millions of Venezuelans now have access to a multitude of blessings previously unreachable - from essential services such as medical and dental care, to the icons of disposable consumption, such as cell phones (FUSER, 2009, our translation<sup>2</sup>).

On the other hand, there are still several areas in which programs for decent work should be developed. One of these areas refers to informality: in 2012, 50.1% of urban

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<sup>2</sup> Original text: "Na Venezuela, os gastos sociais aumentaram de 8,2% do PIB, em 1998, para 13,6% em 2006. Os índices de pobreza caíram de 55,1% para 27,5%. O salário mínimo se elevou numa escala sem precedentes em qualquer outro país do chamado Terceiro Mundo e milhões de venezuelanos passaram a ter acesso a uma infinidade de benesses antes inalcançáveis - desde serviços essenciais, como assistência médica e dentária, aos ícones do consumo descartável, como telefones celulares" (FUSER, 2009).

workers were employed in the informal sector of the labor market (COMISIÓN LATIN AMERICANA ECONÓMICA Y EL CARIBE, 2014).

### **African Union**

The African Union is an organization with an international legal personality, formed by 54 African countries. The African Union looks to accelerate the process of integration of the African continent into the global economy. The Union creates cooperative measures to promote the development of member countries in several areas, from peace and security to economic and social issues (AFRICAN UNION, 2003).

Working conditions in the African continent are an important regional agenda of African Union member countries, encouraging the relations between the African organization and the ILO. In January 2014, the African Union hosted the Extraordinary Summit on Employment and Poverty Alleviation, aiming to discuss the 10 years of implementation of the Ouagadougou Declaration and Plan of Action on Employment and Poverty Alleviation and future measures to continue the improvement of employment conditions in the continent (INTERNATIONAL LABOUR ORGANIZATION, 2014 a).

### **European Union**

The European Union is a political and economic organization formed by 28 countries of the European continent. Due to the constitution of a common market and currency (in the case of the common currency, it is adopted by only 17 countries in the union), the European Union has the ability to engage in social and political issues related to unemployment in their country members (EUROPEAN UNION, 2014).

The European Union sees the solution to the problem of unemployment in the continent as a fundamental need, especially after the economic crisis of 2008. This situation has worried the ILO, which believes that without a European strategy, the high level of unemployment can cause a deep social crisis in the continent (EUROPEAN UNION, 2013, p. 3).

### **International Trade Union Confederation (ITUC)**

ITUC is the largest labor organization in the world, representing 325 national trade unions and 176 million workers in 161 countries. The main role of the organization is to defend international labor standards, in accordance with the Charter of Human Rights. The ITUC areas of activities include economic, labor, and human rights aspects of equality, non-

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discrimination and international solidarity. The CSI looks at promoting decent work for workers all around the world, in all productive areas, opposing the process of flexibilization and loss of labor rights (INTERNATIONAL TRADE UNION CONFEDERATION, 2014).

ITUC has regional organizations, namely: Asia-Pacific Regional Organization (ITUC-AP), the African Regional Organization (ITUC-AF) and the American Regional Organization (TUCA); it also cooperates with the European Trade Union Confederation. Regional organizations allow ITUC to have close regional and international relations with the ILO, seeking the realization of economic and social policies that comply with human rights and ensure freedom anywhere in the world (INTERNATIONAL TRADE UNION CONFEDERATION, 2014).

### **United Nations Commission for Social Development**

The United Nations Commission for Social Development is one of the functional commissions of the United Nations Economic and Social Council (ECOSOC). It consists of fifty-four UN members elected by the General Assembly. The ECOSOC makes general recommendations on economic, social, cultural, educational and health policies (NAÇÕES UNIDAS NO BRASIL, 2014).

The Commission for Social Development has a functional character within the ECOSOC. It has a consultative status and looks for cooperation in order to improve the areas of labor and employment, social and socio-economic development, social security and health, with the main objective of promoting the Decent Work Agenda. The Commission acts on three basic themes: poverty, employment and social integration (NAÇÕES UNIDAS NO BRASIL, 2012).

### **United Nations Commission on Science and Technology for Development (CSTD)**

The United Nations Commission on Science and Technology for Development is one of the United Nations Economic and Social Council (ECOSOC). It consists of fifty-four UN members elected by the General Assembly. The ECOSOC makes general recommendations on economic, social, cultural, educational and health policies (NAÇÕES UNIDAS NO BRASIL, 2014).

The CSTD aims to recommend the ECOSOC and the UN General Assembly on the role and the implications of science and technology in the promotion of economic growth and social development of countries. The main concern of the commission is to boost inclusive growth in order to reduce poverty and create employment opportunities given the

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current technological context, marked by robotics and computer technology. For the CSTD, is crucial to focus on educational development, since professional training can mean the employability of workers and the reduction of structural unemployment, thus promoting decent work (UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, 2013).

### **United Nations Fund for Children (UNICEF)**

UNICEF is responsible for ensuring the rights of children and adolescents worldwide. It is the only international organization that works essentially for young people, acting in more than 190 countries through programs and national committees. The fund promotes policies that overcome the barriers imposed to children and adolescents, such as the environment of poverty, violence and diseases, which are responsible for jeopardizing their future at work, in the family, in education and health (UNITED NATIONS CHILDREN'S FUND, 2012).

UNICEF also seeks to prepare young people for the labor market and to abolish child labor in the production process. Together with the ILO, the fund works to combat the number of 73 million children between 10 and 14 who are currently working. The International Programme on the Elimination of Child Labour, IPEC, directs actions against child labor, giving priority to children working in captivity, in forced regime, in dangerous working conditions or who are employed under the age of 12 years (INTERNATIONAL LABOUR ORGANIZATION, 1996).

### **United Nations Industrial Development Organization (UNIDO)**

UNIDO is a specialized agency of the United Nations that aims to reduce poverty through sustainable and inclusive industrial development, ensuring all countries are given the opportunity to grow industrially, increasing its participation in international trade. UNIDO also has the intention to promote poverty reduction and decent work for all through the development of industrial policies that disseminate entrepreneurship, sustainability and transfer of technologies (UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION, 2014).

### **United Nations Research Institute of the United Nations Social Development (UNRISD)**

UNRISD is an autonomous institute of the United Nations that develops multidisciplinary research and policy analysis on problems and solutions for social development that are relevant to the work of the United Nations Secretariat, the regional

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commissions, the specialized agencies and national institutions. The research is focused on ensuring social equity, inclusion and social justice protection (UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT, 2013).

Since 2013, the UNRISD conducts research and draws up plans of action on the issue of employment and decent labor. The social and solidarity economy has been the main focus of studies, on issues of social equity among people in order to meet the needs of employment and income, proposing a new form of economic organization that is associated with the entire process of the ILO Decent Work agenda ("UNRISD ...", 2013).

### World Trade Organization (WTO)

The WTO is responsible for defining the rules of global trade among nations, ensuring the liberalization and non-discrimination in trade flows. In a globalized economy, their actions directly affect the promotion of employment of the member countries. Therefore, the start of the Doha Round of trade liberalization in 2001 established a Development Agenda for international trade, which includes discussing the effects of trade liberalization on developing and least developed countries in regard to the agricultural, services and intellectual property (WORLD TRADE ORGANIZATION, 2014).

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## ANNEXES

### Annex 1 - Dossier of news on Technology and Structural Unemployment

#### News 1

##### COMING TO AN OFFICE NEAR YOU

The effect of today's technology on tomorrow's jobs will be immense—and no country is ready for it



INNOVATION, the elixir of progress, has always cost people their jobs. In the Industrial Revolution artisan weavers were swept aside by the mechanical loom. Over the past 30 years the digital revolution has displaced many of the mid-skill jobs that underpinned 20th-century middle-class life. Typists, ticket agents, bank tellers and many production-line jobs have been dispensed with, just as the weavers were.

For those, including this newspaper, who believes that technological progress has made the world a better place, such churn is a natural part of rising prosperity. Although innovation kills some jobs, it creates new and better ones, as a more productive society becomes richer and its wealthier inhabitants demand more goods and services. A hundred years ago one in three American workers was employed on a farm. Today less than 2% of them produce far more food. The millions freed from the land were not consigned to joblessness, but found better-paid work as the economy grew more sophisticated. Today the pool of secretaries has shrunk, but there are ever more computer programmers and web designers.

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### *Remember Ironbridge*

Optimism remains the right starting-point, but for workers the dislocating effects of technology may make themselves evident faster than its benefits (see [article](#)). Even if new jobs and wonderful products emerge, in the short term, income gaps will widen, causing huge social dislocation and perhaps even changing politics. Technology's impact will feel like a tornado, hitting the rich world first, but eventually sweeping through poorer countries too. No government is prepared for it.

Why be worried? It is partly just a matter of history repeating itself. In the early part of the Industrial Revolution the rewards of increasing productivity went disproportionately to capital; later on, labour reaped most of the benefits. The pattern today is similar. The prosperity unleashed by the digital revolution has gone overwhelmingly to the owners of capital and the highest-skilled workers. Over the past three decades, labour's share of output has shrunk globally from 64% to 59%. Meanwhile, the share of income going to the top 1% in America has risen from around 9% in the 1970s to 22% today. Unemployment is at alarming levels in much of the rich world, and not just for cyclical reasons. In 2000, 65% of working-age Americans were working; since then the proportion has fallen, during good years as well as bad, to the current level of 59%.

Worse, it seems likely that this wave of technological disruption to the job market has only just started. From driverless cars to clever household gadgets (see [article](#)), innovations that already exist could destroy swathes of jobs that have hitherto been untouched. The public sector is one obvious target: it has proved singularly resistant to tech-driven reinvention. But the step change in what computers can do will have a powerful effect on middle-class jobs in the private sector too.

Until now the jobs most vulnerable to machines were those that involved routine, repetitive tasks. But thanks to the exponential rise in processing power and the ubiquity of digitized information ("big data"), computers are increasingly able to perform complicated tasks more cheaply and effectively than people. Clever industrial robots can quickly "learn" a set of human actions. Services may be even more vulnerable. Computers can already detect intruders in a closed-circuit camera picture more reliably than a human can. By comparing reams of financial or biometric data, they can often diagnose fraud or illness more accurately than any number of accountants or doctors. One recent study by academics at Oxford University suggests that 47% of today's jobs could be automated in the next two decades.

At the same time, the digital revolution is transforming the process of innovation itself, as our [special report](#) explains. Thanks to off-the-shelf code from the internet and platforms that host services (such as Amazon's cloud computing), provide distribution (Apple's app store) and offer marketing (Facebook), the number of digital startups has exploded. Just as computer-games designers invented a product that humanity never knew it needed but now cannot do without, so these firms will no doubt dream up new goods and services to employ millions. But for now they are singularly light on workers. When Instagram, a popular photo-sharing site, was sold to Facebook for about \$1 billion in 2012, it had 30m customers and

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employed 13 people. Kodak, which filed for bankruptcy a few months earlier, employed 145,000 people in its heyday.

The problem is one of timing as much as anything. Google now employs 46,000 people. But it takes years for new industries to grow, whereas the disruption a startup causes to incumbents is felt sooner. Airbnb may turn homeowners with spare rooms into entrepreneurs, but it poses a direct threat to the lower end of the hotel business—a massive employer.

No time to be timid

If this analysis is halfway correct, the social effects will be huge. Many of the jobs most at risk are lower down the ladder (logistics, haulage), whereas the skills that are least vulnerable to automation (creativity, managerial expertise) tend to be higher up, so median wages are likely to remain stagnant for some time and income gaps are likely to widen.

Anger about rising inequality is bound to grow, but politicians will find it hard to address the problem. Shunning progress would be as futile now as the Luddites' protests against mechanized looms were in the 1810s, because any country that tried to stop it would be left behind by competitors eager to embrace new technology. The freedom to raise taxes on the rich to punitive levels will be similarly constrained by the mobility of capital and highly skilled labour.

The main way in which governments can help their people through this dislocation is through education systems. One of the reasons for the improvement in workers' fortunes in the latter part of the Industrial Revolution was because schools were built to educate them—a dramatic change at the time. Now those schools themselves need to be changed, to foster the creativity that humans will need to set them apart from computers. There should be less rote-learning and more critical thinking. Technology itself will help, whether through MOOCs (massive open online courses) or even video games that simulate the skills needed for work.

The definition of "a state education" may also change. Far more money should be spent on pre-schooling, since the cognitive abilities and social skills that children learn in their first few years define much of their future potential. And adults will need continuous education. State education may well involve a year of study to be taken later in life, perhaps in stages.

Yet however well people are taught, their abilities will remain unequal, and in a world which is increasingly polarized economically, many will find their job prospects dimmed and wages squeezed. The best way of helping them is not, as many on the left seem to think, to push up minimum wages. Jacking up the floor too far would accelerate the shift from human workers to computers. Better to top up low wages with public money so that anyone who works has a reasonable income, through a bold expansion of the tax credits that countries such as America and Britain use.

Innovation has brought great benefits to humanity. Nobody in their right mind would want to return to the world of handloom weavers. But the benefits of technological progress are unevenly distributed, especially in the early stages of each new wave, and it is up to governments to spread them. In the 19th century it took the threat of revolution to bring

about progressive reforms. Today's governments would do well to start making the changes needed before their people get angry.

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## News 2

### ARRASTÃO NOS ESCRITÓRIOS

A busca por maior produtividade e o avanço tecnológico poderão gerar mudanças relevantes nas empresas e no setor de serviços

Recentemente, foi aberta a temporada de anúncios de lucros bilionários: um após o outro, os grandes bancos em operação no Brasil anunciam seus números. Uma queda aqui e outra ali, mas as cifras continuam astronômicas. Vender dinheiro continua a ser um excelente negócio. Foi assim com automóveis, remédios e até com pontes e viadutos. Indústrias passam por ciclos: do surgimento ao crescimento, deste à maturidade.

Então, em dado momento, o antigo oceano azul fica infestado de tubarões, a competição aumenta e as margens minguam. A resposta das empresas é perseguir ganhos de produtividade (fazer cada vez mais com menos) e inovar (em produtos, processos e negócios). Naturalmente, há expedientes "extraoficiais" para manter os ganhos. Entretanto, esses estão cada vez mais sujeitos a despontar nas colunas policiais.

**A busca por maior** produtividade, mantra empresarial, pode ser um processo doloroso, principalmente para os elos mais frágeis da cadeia produtiva. Sintomaticamente, não faltam reações de resistência. Na base da hierarquia, as massas semiorganizadas contrapõem como podem os cortes e enxugamentos. No meio da pirâmide, a oposição passiva ajuda a preservar pequenas vantagens e a adiar mudanças. Resistir é fútil, alertam os oráculos. Mais cedo ou mais tarde, cargos e empregos desaparecerão. E, se for mais tarde, talvez levem junto as empresas que os mantiveram. O planeta está cheio de regiões outrora exuberantes, hoje decadentes, para mostrar e demonstrar a crueza do fenômeno.

Edição recente da revista britânica *The Economist* tratou do tema, em reportagem publicada pela *CartaCapital* na edição 785. A ilustração da capa mostrava dois tornados a devastar fileiras de mesas e barnabés em um escritório. Segundo os ingleses, o movimento testemunhado nos últimos 30 anos é análogo ao choque provocado pela Revolução Industrial. Para muitas profissões e profissionais, tudo que era sólido agora desmancha no ar. E muito mais está por vir. Se o prezado leitor tem uma ocupação que pode ser decomposta em tarefas e padronizada, boas chances há de que seja substituído por um robô

japonês ou um software alemão. O movimento atingiu as indústrias nos anos 1980 e 1990, e já chegou ao setor de serviços, grande empregador de mão de obra.

Segundo a revista britânica, até agora os empregos mais vulneráveis foram aqueles que envolviam tarefas repetitivas, de rotina. No entanto, o avanço nas tecnologias da informação e comunicação tem possibilitado o surgimento de computadores e sistemas capazes de realizar tarefas complexas melhor do que seres humanos. Segundo um estudo da Universidade de Oxford, quase a metade dos trabalhos atuais poderá ser automatizada nos próximos 20 anos.

As mudanças geram diferentes desafios para distintos atores. Para os indivíduos, aumentam os riscos de desemprego e de obsolescência profissional. Para as empresas, cresce a competição e a pressão para aumentar a produtividade. Para os governos, aumenta a instabilidade no mercado de trabalho e coloca em risco a harmonia social.

**A Revolução Industrial** inglesa do século XIX, assim como a industrialização brasileira no século XX, gerou benefícios materiais a longo prazo, porém provocou mudanças traumáticas a curto prazo. A presente onda poderá gerar efeito similar: concentração de renda, desigualdade, tensões sociais e instabilidade política. Os ganhos de longo prazo são incertos.

O caso da indústria fotográfica, citado por *The Economist*, é exemplar. Pioneira e líder de mercado durante décadas, a Kodak chegou a empregar 145 mil funcionários. Eram operários, técnicos, vendedores e administradores. Além disso, alimentava uma malha gigantesca de lojas de prestação de serviços de revelação e acabamento. Apesar do porte e recursos, sucumbiu à transição da tecnologia analógica para a digital. O Instagram, um dos websites mais populares de fotografia da atualidade, foi vendido por 1 bilhão de dólares ao Facebook há um ano. Contava então com 30 milhões de clientes e empregava apenas 13 pessoas. Caso extremo? Talvez! Entretanto, a indústria musical oferece exemplos similares e a indústria editorial tem seguido caminho parecido. Outras, ao seu tempo, enfrentarão as mesmas rupturas. Preparemo-nos para as ventanias.

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### News 3

THE END OF MIDDLE CLASS GROWTH: WHAT IT MEANS FOR THE FUTURE OF WORK, FAMILY, AND THE ECONOMY

There is no modern precedent for America's stalled middle class - or for the double detachment from work and marriage among low-earning men. So, what do we do now?

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Reuters

If the American economy were an automobile, you would say the transmission is failing. The engine works, but not all wheels are getting power. To put the matter less metaphorically: The economy no longer reliably and consistently transmits productivity gains to workers. The result is that many millions of Americans, in particular less-skilled men, are leaving the workforce, a phenomenon the country has never seen before on the present scale.

Well. That was a mouthful. It certainly bites off more than Washington's polarized politicians can handle at the moment. In the next few months, they need to worry about the so-called fiscal cliff, the round of automatic tax increases and spending cuts that, if not averted, might start a recession. Plus a politically vexing debt-limit bill, which will need to be passed early in 2013. Plus a recovery that, for many Americans, feels more like a recession. (The median family income fell as much during the first two years of the recovery as it did during the two years of the recession itself, according to the Pew Research Center.) Plus a debt crisis and downturn in Europe. Isn't that enough?

Sadly, no. The U.S. economy has weakened, and much needs fixing--beyond the fiscal cliff--if it's to regain its strength. A reelected President Obama and a still-divided Congress face a lengthy To Do list for the economy. We've chosen eight entries: innovation, jobs, rising health care costs, entitlement programs, college-completion rates, infrastructure, housing, and retirement security. None of them will be easy to fix.

But first, let's consider a nexus of troubling economic trends that seem to be driving and deepening many of the specific problems--and may prove to be the most intractable problem of all. If *economic strength* means anything, it is that the economy can make almost everyone better off, thereby strengthening the country's social fabric as well as its balance sheet. Such an economy unites rather than divides us.

Today's economy, by that standard, is struggling. Its ability to deliver rising living standards across the income spectrum is in decline, and perhaps also in question. "This is a fundamental problem," says Robert J. Shapiro, the chairman of Sonocom, an economic

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consultancy in Washington. "This is America's largest economic challenge. People can no longer depend on rising wages and salaries when the economy expands."

As other articles in this issue suggest, a number of policy responses are on the agenda already, such as creating jobs, helping more students finish college, and reducing wage-denuding health care inflation. Others, such as reforming the federal disability program, have yet to attract much notice. In truth, however, the extent of Washington's ability to repair the economy's gearbox is an open question, because the problem is complex. It implicates not just one slipped gear but many: disruptions in long-established connections between productivity and earnings, between labor and capital, between top earners and everyone else, between men and work, between men and marriage. Together, they are bringing the economy to a place where a large and growing group of people--indeed, whole communities--are isolated from work, marriage, and higher education. That place might look like today's America, only with a larger welfare state. But it might just as easily bring social unrest and class resentment of a magnitude the country hasn't known before.

### **PARTING WAYS**

Begin with Chart 1. It shows one of the most basic of all economic relationships, that between productivity and hourly compensation. Productivity measures the value of the output (brake pads, stock transactions) a worker produces in, say, a day; compensation is a measure of earnings that includes the value of benefits such as health insurance. The chart also shows compensation for all U.S. workers and specifically for workers in production and nonsupervisory jobs--blue-collar and clerical jobs, for example.

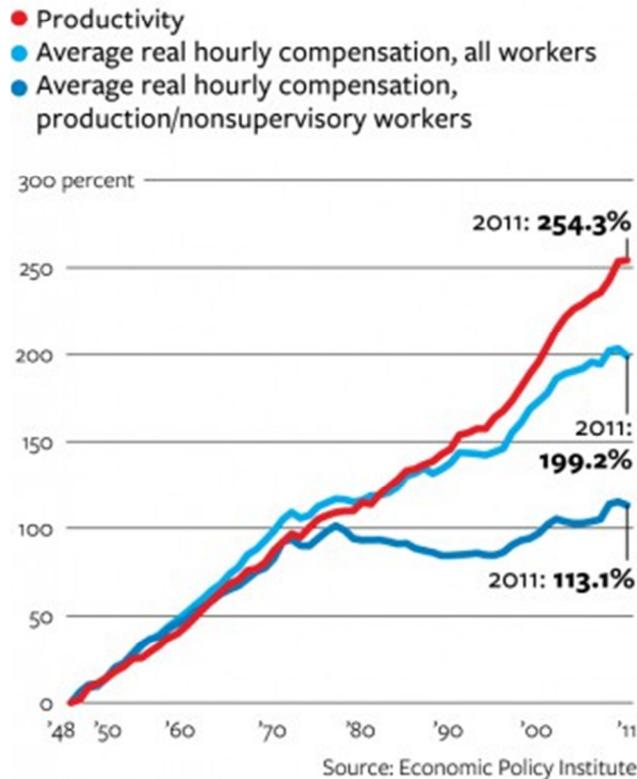
For decades, productivity and compensation rose in tandem. Their bond was the basis of the social compact between the economy and the public: If you work harder and better, you and your family will be better off. But in the past few decades, and especially during the past 10 years or so, the lines have diverged. This is slippage No. 1: Productivity is rising handsomely, but compensation of workers isn't keeping up.

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### ① Parting Ways

Productivity and compensation, 1948-2011



True, compensation is still rising, on average. But the improvements are spotty. Production and nonsupervisory workers--factory, retail, and clerical workers, for example--saw productivity gains disappear from their paychecks much earlier and got hit harder than did supervisors and professionals. Over the past 30 years or so, their compensation has hardly risen at all.

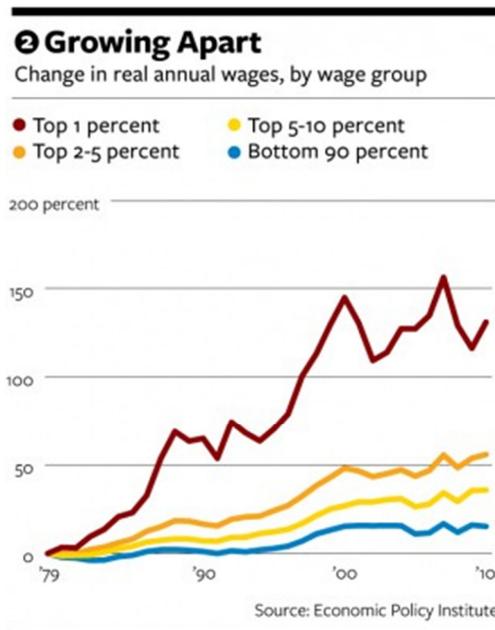
"This is something that has been happening and building for years and is now really rooted in the economy, and it's vicious," said Lawrence Mishel, president of the Economic Policy Institute, a liberal think tank in Washington. "There's a remarkable disconnect. The problem isn't a lack of the economy producing sufficient income to make everybody's living standards improve--it's that the economy is structured so that the majority don't benefit." Or, to state the point more cautiously, the majority doesn't benefit from productivity gains very much--certainly, less than our parents and grandparents did.

Notice that recessions and expansions barely register in the trend lines. Long-term, gradual forces, rather than short-term jitters, are at work. Charts 2 and 3 hint at what those might be. Chart 2 shows how much wages (not compensation, this time) have grown for workers in different income brackets. The higher you stood on the income ladder, the better you did; the highest-paid 1 percent of earners soared above and away from everyone else, practically occupying an economy of their own. By contrast, the bottom 90 percent of earners- which is to say, almost everyone - saw barely any increase, and much of what they did see came in the boom years of the late 1990s.

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So, productivity is rising, but it isn't being evenly allocated; the top is effectively disconnected from the rest of the spectrum--slippage No. 2. One reason, especially pronounced in the past decade or so, is that fewer of the productivity gains are flowing to workers, and more are flowing to investors. Chart 3 shows what happened. From the end of World War II through about 1980, almost two-thirds of every dollar of income generated by the economy flowed to workers in the form of wages and benefits. Beginning around 1980, workers' share began to slide and, in the past decade or so, has nose-dived, to about 58 percent. The difference went to shareholders and other investors--who provide capital rather than labor--in the form of higher returns on their holdings.



Why would workers be receiving a smaller share of output, and why would the share they do receive be skewed toward the top? No one is sure, but Sonocom's Shapiro tells a plausible story. First, globalization has reduced American companies' ability to raise prices, and thus to increase their workers' pay, without losing competitiveness against companies in, say, China and India. Second, a smaller share of the value that companies produce today comes from the physical goods made by people like factory workers, and a larger share comes from ideas and intangible innovations that people like software designers and marketers develop. Between the early 1980s and the mid-2000s, Shapiro says, the share of a big business's book value accounted for by its physical assets fell by half, from 75 percent to only 36 percent.

"So the basis for value shifts," Shapiro explains. "This is the full flowering of the idea-based economy." Which is great if you are a brain worker or an investor; otherwise, not so much.

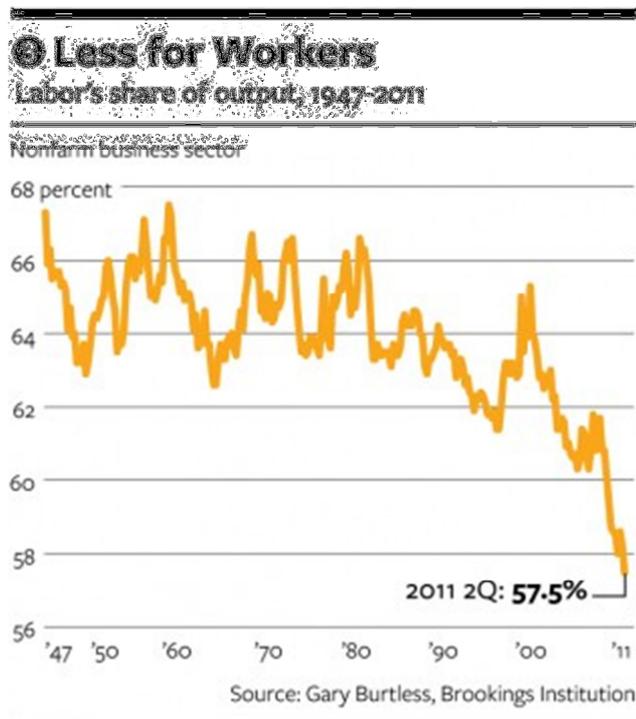
### MEN BEHAVING BADLY

As a result, less-educated workers are in trouble, and men are in trouble, and less-educated men are in deep trouble. The problem has become more serious than most people realize.

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"It has reached a very extreme point," said David Autor, a labor economist at the Massachusetts Institute of Technology.

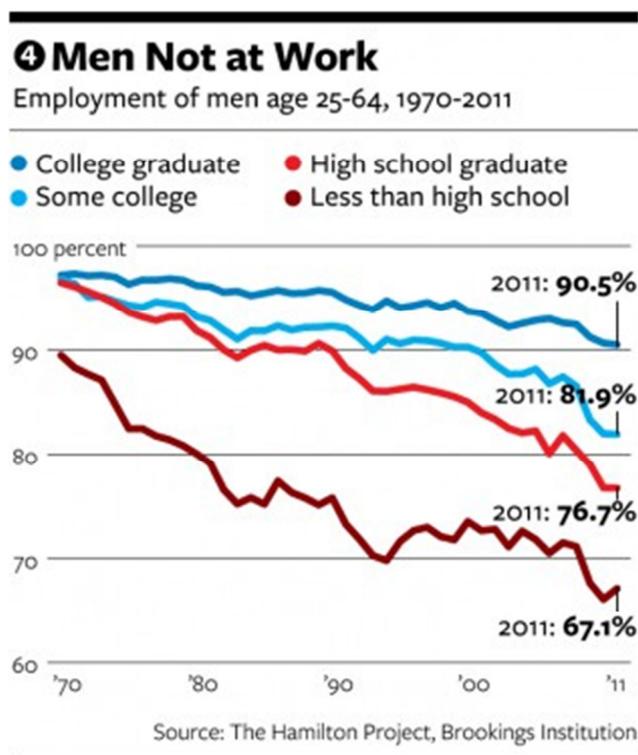


Only a minority of Americans obtain four-year college degrees, and yet the economy offers ever-fewer well-paying jobs for men with nothing more than a high school diploma. Since 1969, the weekly earnings of the median full-time male worker have stagnated, according to economists Michael Greenstone of MIT and Adam Looney of the Brookings Institution's Hamilton Project on economic growth. Stagnation is disappointing, to put it mildly, given that the per capita gross domestic product has more than doubled (adjusted for inflation) since 1969. But men with only high school diplomas have faced worse than stagnation: Their earnings have dropped by around a fourth. And men who didn't finish high school have fared worse still: Their incomes sank by more than a third, leaving their inflation-adjusted earnings stranded in the 1950s.

In effect, the economy is telling less-educated men: Get lost. And they are doing just that. Consider Chart 4. It shows men's participation in the workforce, by level of education. Forty years ago, virtually all men with at least a high school degree held jobs. Most high school dropouts worked, too. Most men, regardless of education, could make a decent living, and holding a job was the unquestioned norm. Any man who didn't work for years at a stretch was known as a bum.

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Since then, men have been steadily withdrawing from the workforce--but, again, not uniformly. Ninety percent of college-educated men are still working. But a fifth of men with only a high school degree weren't working in 2008, before the recession struck; today, a fourth of them don't hold a job. Among men who didn't finish high school, a third aren't working. As a result of these trends, America today is pockmarked with neighborhoods where nonwork is the male norm.

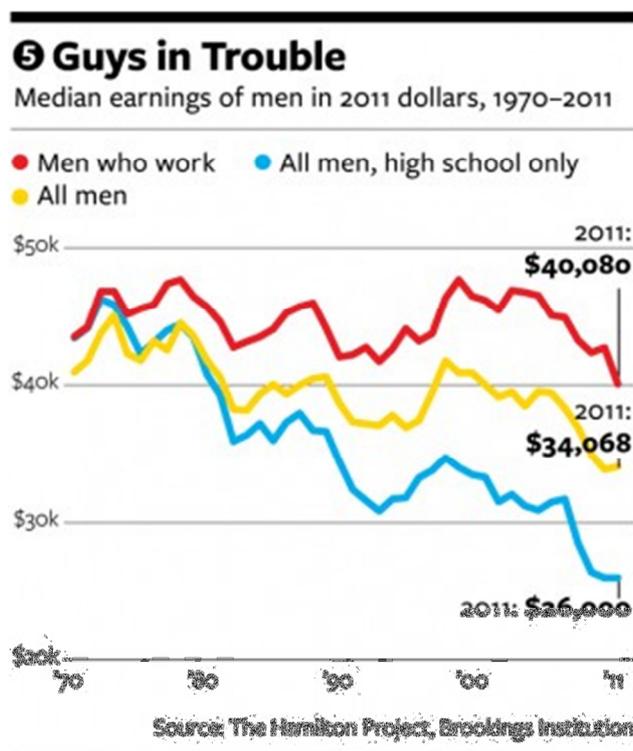
Men's withdrawal from work, as the chart shows, isn't cyclical; it doesn't recover after downturns. Here, then, is slippage No. 3, arguably the most consequential: the decoupling of less-skilled men from jobs.

If you are out of the workforce, economic growth can't reach you, at least not directly. You might live off a girlfriend, receive welfare or disability payments, or dip in and out of the underground economy. But the performance of the economy as a whole becomes largely irrelevant. "A lot of these people will never work again," said Looney at Brookings. "Less-skilled workers are falling so far behind that they are going to place a huge strain on the social safety net in the coming decades."

Chart 5 offers a measure of this strain. Most measures of earnings look only at the incomes of men who work; as the top line of the chart shows, their earnings have gone nowhere for the past 40 years. That measure, however, overlooks the large and growing population of men who don't work. If you add them to the mix and thereby look at the earnings of all American men, including nonworkers with zero income, you get the middle line. Think of it as a misery index for the male population. The median man in America, by this measure, is almost 20 percent worse off than he was four decades ago. The misery line sinks still lower, of course, for all men (working or not) with a high school degree but no college; their median earnings have fallen 40 percent.

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Harder to quantify, but probably at least as important, are the social consequences of the broken link between less-educated men and work. Work, for men, means more than money: It connects them to their communities, makes them more attractive as mates and more successful as spouses, and is a linchpin of their self-esteem. When they don't work, their role in the community tends to wither, harming the places where they live as well as themselves. Their family lives suffer, too. More and more often, less-educated men are strangers to marriage.

### THE GREAT DIVIDE

Both men and women have suffered from the disappearance of well-paying mid-skilled jobs in factories and offices. But they have responded very differently. "Women have been upskilling very rapidly," said MIT's Autor, "whereas men have been much, much less successful in adapting." Women have responded to the labor market's increased preference for brains over brawn by streaming through college and into the workforce--one of the great successes of the U.S. economy. Men's rate of completing college has barely budged since the late 1970s.

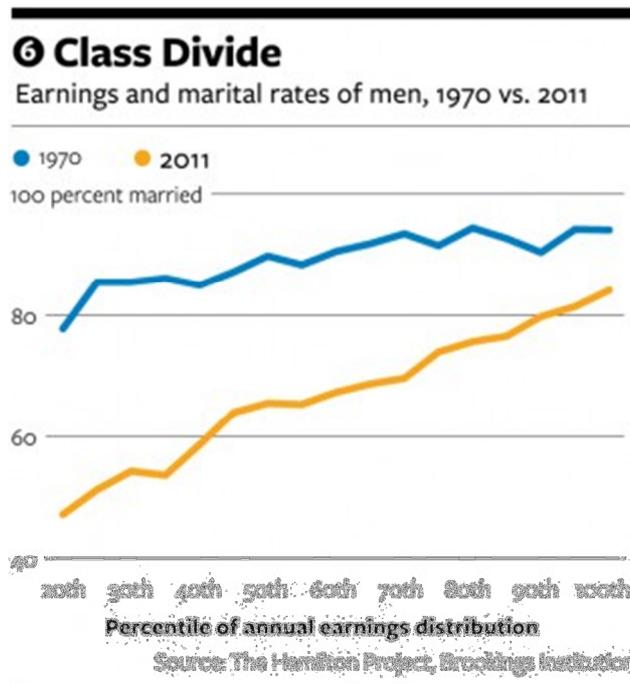
To women, men who either can't or don't earn a decent living are less necessary and desirable as mates; they're just another mouth to feed. This helps to explain why rates of out-of-wedlock childbirth have risen to hitherto unimaginable heights among the less educated. Causality also flows in the opposite direction. The very fact of being married brings men a premium in their earnings, research shows, and makes them steadier workers, presumably because they have more stability at home. "Marriage is an institution that makes men more responsible in their pursuit of work and in their work-related duties," said Brad Wilcox, a University of Virginia sociologist who directs the National Marriage Project.

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You can see where this leads. Nonwork makes men less marriageable; non-marriage makes men less employable; the cycle repeats. This is slippage No. 4: Low-earning men are decreasingly able to form stable families. That, in turn, harms their children and communities. "Social capital disintegrates as you have a combination of drop in participation in the labor force and the disintegration of marriage," said Charles Murray, a scholar with the conservative American Enterprise Institute and the author of *Coming Apart: The State of White America, 1960-2010*.

Given the diverging economic destinies of men at the top and bottom of the education curves, you might expect such a self-reinforcing cycle to lead to something like a self-perpetuating class divide. You would be right. "If you look back 50 years ago, there were not major class divides in marriage or family structure," Wilcox said. Today, as Chart 6 shows, marriage and earnings correlate strongly. In 1970, more than three-fourths of men, no matter how much they earned, had wives; men at the bottom of the earnings scale were only slightly more likely to be single than were men at the top. Today, nearly half of the low-earning men are single, versus only a seventh of highly paid men.



Family structure, in short, has become both a leading cause and a primary casualty of an emerging class divide. At the top are families with two married earners, two college degrees, and kids who never question that their future includes a college degree and a good job; at the bottom, families with one (female) earner, no college, no marriage, and kids who grow up isolated from the world of work and higher education. And the two worlds are drifting apart.

### WHAT WILL WORK (AND WHAT WON'T)

It seems promising that scholars of left, right, and center are fastening onto the failure to transmit productivity gains to workers and starting to agree on its magnitude and importance. True, these scholars differ on causes and implications. Liberals emphasize

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economic forces that are eroding less-skilled workers' ability to make a decent living; conservatives emphasize cultural changes and government programs that make it easier to get by without working. Both views, actually, are probably correct: Economic *and* cultural forces are at work--and remedies to both can and arguably should be tried. Among the sorts of measures that experts are discussing:

- Get more people, especially men, through high school and college. The agenda includes an increase in financial aid and loans, a push for states to require that students stay in high school (as Obama has proposed), and encouragement of online learning.
- Expand federal support for job training and consolidate the tangle of programs. Obama wants to do this, too, as do many politicians in both parties--which doesn't make it a bad idea.
- Expand and improve vocational education for those not suited to college. Apprenticeship, in particular, can help prepare young men for the kinds of jobs that the economy increasingly creates. The United States does far less of this than, say, Germany does.
- Change Social Security disability benefits so that the program helps people keep working (and helps employers accommodate disabilities) instead of encouraging them to leave the workforce, as it does now. An analogous overhaul of welfare in the 1990s was a notable success.
- Liberals talk about increasing wage subsidies for low-skill jobs, raising the minimum wage, or both. Although such measures can be expensive, they may be worth it if they keep men working.
- Conservatives talk about nudging the culture back toward stigmatizing nonwork among men. "Don't prettify the way you talk about it," said AEI's Murray. "It is never rational not to take a job." Liberals may be squeamish about stigmatizing nonwork, but some men may need tough love.

The answer, of course, may be some or all of the above. In truth, another point of agreement is this: No one is sure what might work, because the country is in unexplored territory. "There's pretty much no precedent" for today's double detachment from work and marriage among low-earning men, Murray said. In any case, in the current political climate, before the fiscal cliff and after, most or all of the pricey ideas under discussion are probably a stretch.

And if nothing changes, what then? What will be the effect--on families, on kids, on neighborhoods, on politics and public spending--as millions of less-skilled Americans, and then entire neighborhoods and demographic groups, slip beyond the reach of economic growth? No one really knows, because the experiment hasn't been tried. Until now.

### *Reference:*

RAUCH, D. "The End of Middle Class Growth: What It Means for the Future of Work, Family, and the Economy". In: *The Atlantic Monthly Group*. Dec. 6<sup>th</sup>, 2012. Available at: <<http://www.theatlantic.com/business/archive/2012/12/the-end-of-middle-class->

growth-what-it-means-for-the-future-of-work-family-and-the-economy/265966/>.  
Accessed on: July 13<sup>th</sup>, 2014.

## News 4

### THE FUTURE OF THE MIDDLE CLASS

Perhaps the most important questions for the America economy are: Why did the middle class meltdown happen, and can we fix it?



The story of the middle class is a story of promise and paralysis. In the 30 years after World War II, the country's real median income doubled, allowing average Americans to fulfill the American Dream of achieving a better life than their parents and passing it on to their children. That was the promise.

In the last 30 years, however, the American Dream has been in peril. Production jobs went to robots, while administrative jobs went to Bangalore. Manufacturing employment lost half its share of the economy. Union participation plummeted. Real median income [rose by only a fifth and actually fell in the last decade](#). That is the paralysis.

Perhaps the most important questions for the American economy are: Why did the middle class meltdown happen, and can we fix it? The short answer to both questions is, *We don't know for sure*. But here's our best thinking.

### What Happened?

In the 1970s, something changed.

For most of the 20th century, wages in the financial industry tracked the rest of the economy. In the 1970s, [finance left other sectors in the dust](#). For most of the 20th century, productivity grew hand-in-hand with income. In the 1970s, [productivity growth left wages in the dust](#).

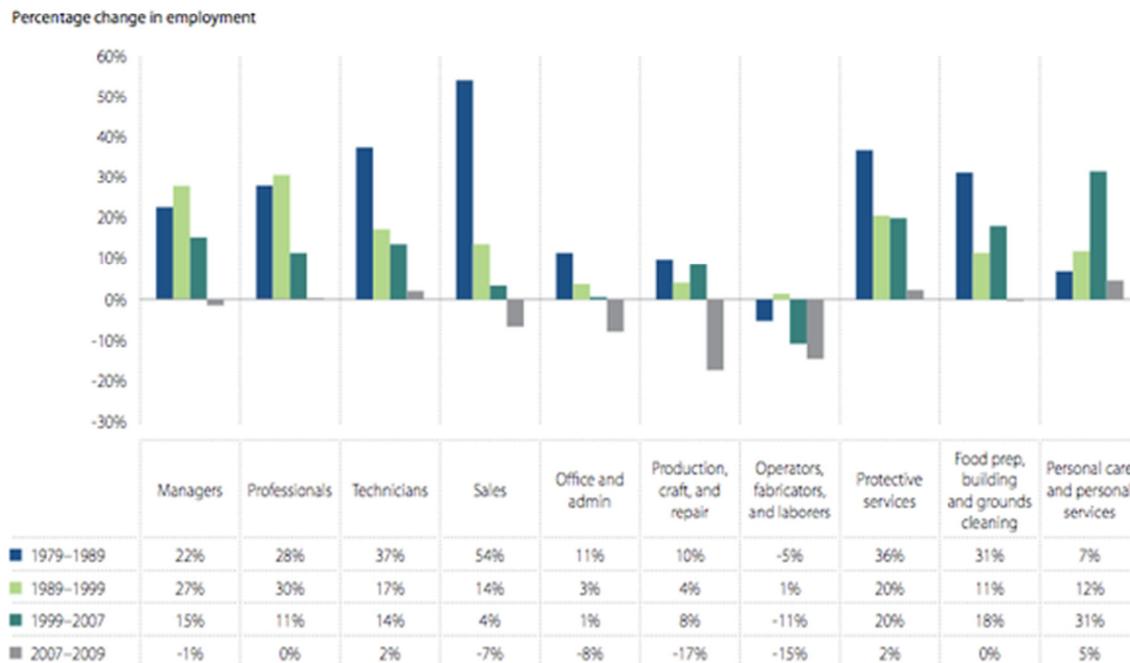
Blame it on greedy corporate executives who care more about juicing earnings reports than paying a decent wage. Blame it on deregulation. Blame it on robot arms replacing human arms, or Shenzhen replacing Detroit, or health care benefits replacing wages. Choose your

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own culprit, but the outcome is the same: The middle class has been thoroughly hollowed out. Low-paying jobs in food service and home health aides are growing. High-paying jobs in finance and management are growing. But the middle class that was once our core now resembles a valley.

Percentage point change in employment by occupation, 1979–2009



### The Future of the Middle Class

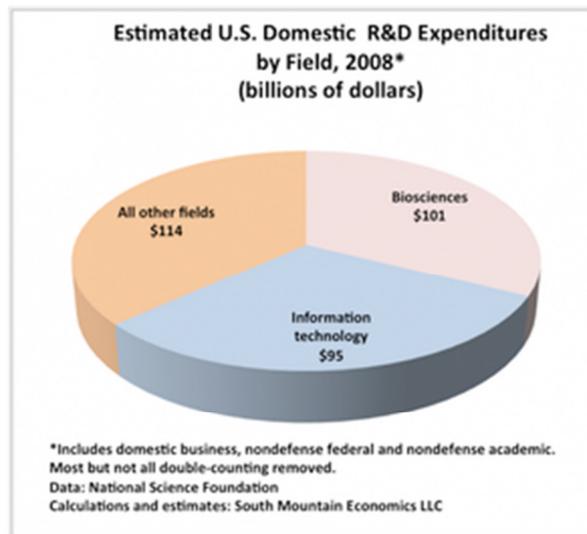
No article published in 2011 is going to perfectly forecast the job economy of 2021. But one prediction feels safe: Health care will consume a larger and larger share of the labor force for three reasons.

First, the graying of America will increase demand for medicine and treatment for seniors. Second, an outsized portion of our research and development (up to a third, according to economist [Mike Mandel](#)) already goes to biosciences and medicine. That's key, because today's investment presages tomorrow's growing industries.

Third, U.S. subsidies for health care -- from tax-free employer insurance to generous Medicare coverage -- automatically inflates the demand for health services. That's bad for middle class consumers facing out-of-control prices, but it's good for middle class job seekers who are willing to work in health care. According to the Bureau of Labor Statistics, six of the top eight jobs with the fastest projected growth are in the health care or medical science industries. Three of the top five jobs with the *largest* projected growth are in health care, as well.

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But just as few journalists in the early 1990s predicted that this thing called "internet" would transform their decade, any projection of the next decade's job growth has to glimpse into the unseen potential of the U.S. economy. What will be the next surprising engine of growth?

Follow the president's words, and you might choose green energy. Demand for energy will explode in the 21st century, as China, India, Brazil, and Indonesia join the global middle class, buy cars and light suburban homes. At the same time, fossil fuels are scarce and dirty. The economies that create, license, build and monitor cheap and clean alternative technologies will thrive in the 21st century. A green energy economy would include manufacturers, sales people, on-site installation, IT personnel, and more positions that match middle class skills.

Follow the money, and you'd put your bet on bioscience. The United States is the world leader in bioscience R&D funding, providing 70 percent of the developed world's health and science research investment. Although drug production has fallen by half in the last 15 years, innovation experts like Mandel bet that we've seen a pause rather than a full stop in the biotech revolution.

Follow the headlines, and you'd bet on another Internet revolution. The imminent public offerings of Groupon, Facebook, LinkedIn and other online service companies making serious cash suggest that we really could be in the midst of another tech boom, where mobile edges its way into the service economy and the United States leads another global IT revolution.

### How Can Washington Help?

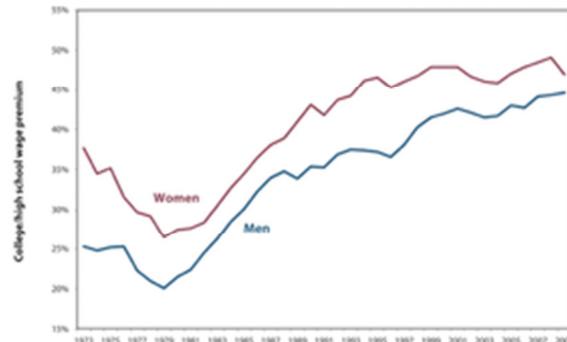
Understanding that there are no quick fixes, what can government do to help the middle class return from paralysis to promise?

First, we can aim small. The United States could accept that a modern competitive economy naturally creates income inequality and the most reasonable path forward is to share the wealth. A pro-growth and progressive tax system with stable regulations would allow the economy to function with minimal interference, while the government moved income from the top to the middle and bottom. If the jobs won't pay, maybe government should.

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Those with college degrees see relative, though slowing, gains  
College/high school wage premium, 1973-2009



Source: BLS analysis of Current Population Survey, Outgoing Rotations Group.

Second, we can aim to educate. A knowledge-based economy requires knowledgeable workers -- but at what price for the workers? The bonus from a college education (see graph) for men and women has doubled in 30 years. But over the same time, the [cost of a four-year college education](#) has more than doubled. Student loan debt is near \$900 billion, more than credit card debt. What's Washington to do? The U.S. can continue to "split the check" with college students by giving more grants and loans. It can push colleges to be [more transparent about their costs and benefits](#). Or perhaps it can expand cheaper accreditation programs that offer college skills at non-college prices.

Third, we could embrace a new industrial policy. The U.S. government has [long catalyzed American tech breakthroughs](#). Defense spending helped develop and popularize the Internet, the computer and the microchip. Federal research contracts helped to establish our edge in aviation and nuclear power. Why shouldn't the United States be strategic about building the bedrock for the middle class' resurgence with a carbon tax to boost clean energy, a public-private pharma bank to boost biosciences, or an aggressive export strategy to help American innovation penetrate emerging markets?

\* \* \* \*

The solutions to the middle class stagnation are controversial. Liberals reject the stand-back-and-wait strategy, conservatives veto more government intervention and libertarians balk at industrial policy. We don't know the right medicine for what ails middle America.

What we know is that the economy is growing on two levels: high-paying jobs that require lots of expensive education, and low-wage local service jobs that don't. Middle class workers are becoming a commodity replaceable by technology or off-shoring. Without new industries to support their skills or new skills attained by more training, there's no reason to expect the hollowing out of the middle class to end.

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THOMPSON, D. "The future of the middle class". In: *The Atlantic Monthly Group*. Feb. 1<sup>st</sup>, 2011. Available at: <<http://www.theatlantic.com/business/archive/2011/02/the-future-of-the-middle-class/70492/>>. Accessed on: June 11<sup>th</sup>, 2014.

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### News 5

#### THE ONRUSHING WAVE

Previous technological innovation has always delivered more long-run employment, not less. But things can change



IN 1930, when the world was “suffering...from a bad attack of economic pessimism”, John Maynard Keynes wrote a broadly optimistic essay, “Economic Possibilities for our Grandchildren”. It imagined a middle way between revolution and stagnation that would leave the said grandchildren a great deal richer than their grandparents. But the path was not without dangers.

One of the worries Keynes admitted was a “new disease”: “technological unemployment...due to our discovery of means of economising the use of labour outrunning the pace at which we can find new uses for labour.” His readers might not have heard of the problem, he suggested—but they were certain to hear a lot more about it in the years to come.

For the most part, they did not. Nowadays, the majority of economists confidently wave such worries away. By raising productivity, they argue, any automation which economises on the use of labour will increase incomes. That will generate demand for new products and services, which will in turn create new jobs for displaced workers. To think otherwise has meant being tarred a Luddite—the name taken by 19th-century textile workers who smashed the machines taking their jobs.

For much of the 20th century, those arguing that technology brought ever more jobs and prosperity looked to have the better of the debate. Real incomes in Britain scarcely doubled between the beginning of the common era and 1570. They then tripled from 1570 to 1875. And they more than tripled from 1875 to 1975. Industrialisation did not end up eliminating

the need for human workers. On the contrary, it created employment opportunities sufficient to soak up the 20th century's exploding population. Keynes's vision of everyone in the 2030s being a lot richer is largely achieved. His belief they would work just 15 hours or so a week has not come to pass.

### **When the sleeper wakes**

Yet some now fear that a new era of automation enabled by ever more powerful and capable computers could work out differently. They start from the observation that, across the rich world, all is far from well in the world of work. The essence of what they see as a work crisis is that in rich countries the wages of the typical worker, adjusted for cost of living, are stagnant. In America the real wage has hardly budged over the past four decades. Even in places like Britain and Germany, where employment is touching new highs, wages have been flat for a decade. Recent research suggests that this is because substituting capital for labour through automation is increasingly attractive; as a result owners of capital have captured ever more of the world's income since the 1980s, while the share going to labour has fallen.

At the same time, even in relatively egalitarian places like Sweden, inequality among the employed has risen sharply, with the share going to the highest earners soaring. For those not in the elite, argues David Graeber, an anthropologist at the London School of Economics, much of modern labour consists of stultifying "bullshit jobs"—low- and mid-level screen-sitting that serves simply to occupy workers for whom the economy no longer has much use. Keeping them employed, Mr Graeber argues, is not an economic choice; it is something the ruling class does to keep control over the lives of others.

Be that as it may, drudgery may soon enough give way to frank unemployment. There is already a long-term trend towards lower levels of employment in some rich countries. The proportion of American adults participating in the labour force recently hit its lowest level since 1978, and although some of that is due to the effects of ageing, some is not. In a recent speech that was modelled in part on Keynes's "Possibilities", Larry Summers, a former American treasury secretary, looked at employment trends among American men between 25 and 54. In the 1960s only one in 20 of those men was not working. According to Mr Summers's extrapolations, in ten years the number could be one in seven.

This is one indication, Mr Summers says, that technical change is increasingly taking the form of "capital that effectively substitutes for labour". There may be a lot more for such capital to do in the near future. A 2013 paper by Carl Benedikt Frey and Michael Osborne, of the University of Oxford, argued that jobs are at high risk of being automated in 47% of the occupational categories into which work is customarily sorted. That includes accountancy, legal work, technical writing and a lot of other white-collar occupations.

Answering the question of whether such automation could lead to prolonged pain for workers means taking a close look at past experience, theory and technological trends. The picture suggested by this evidence is a complex one. It is also more worrying than many economists and politicians have been prepared to admit.

### The lathe of heaven

Economists take the relationship between innovation and higher living standards for granted in part because they believe history justifies such a view. Industrialisation clearly led to enormous rises in incomes and living standards over the long run. Yet the road to riches was rockier than is often appreciated.

In 1500 an estimated 75% of the British labour force toiled in agriculture. By 1800 that figure had fallen to 35%. When the shift to manufacturing got under way during the 18th century it was overwhelmingly done at small scale, either within the home or in a small workshop; employment in a large factory was a rarity. By the end of the 19th century huge plants in massive industrial cities were the norm. The great shift was made possible by automation and steam engines.

Industrial firms combined human labour with big, expensive capital equipment. To maximise the output of that costly machinery, factory owners reorganised the processes of production. Workers were given one or a few repetitive tasks, often making components of finished products rather than whole pieces. Bosses imposed a tight schedule and strict worker discipline to keep up the productive pace. The Industrial Revolution was not simply a matter of replacing muscle with steam; it was a matter of reshaping jobs themselves into the sort of precisely defined components that steam-driven machinery needed—cogs in a factory system.

The way old jobs were done changed; new jobs were created. Joel Mokyr, an economic historian at Northwestern University in Illinois, argues that the more intricate machines, techniques and supply chains of the period all required careful tending. The workers who provided that care were well rewarded. As research by Lawrence Katz, of Harvard University, and Robert Margo, of Boston University, shows, employment in manufacturing “hollowed out”. As employment grew for highly skilled workers and unskilled workers, craft workers lost out. This was the loss to which the Luddites, understandably if not effectively, took exception.



With the low-skilled workers far more numerous, at least to begin with, the lot of the average worker during the early part of this great industrial and social upheaval was not a

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happy one. As Mr Mokyr notes, “life did not improve all that much between 1750 and 1850.” For 60 years, from 1770 to 1830, growth in British wages, adjusted for inflation, was imperceptible because productivity growth was restricted to a few industries. Not until the late 19th century, when the gains had spread across the whole economy, did wages at last perform in line with productivity (see chart 1).

Along with social reforms and new political movements that gave voice to the workers, this faster wage growth helped spread the benefits of industrialisation across wider segments of the population. New investments in education provided a supply of workers for the more skilled jobs that were by then being created in ever greater numbers. This shift continued into the 20th century as post-secondary education became increasingly common.

Claudia Goldin, an economist at Harvard University, and Mr Katz have written that workers were in a “race between education and technology” during this period, and for the most part they won. Even so, it was not until the “golden age” after the second world war that workers in the rich world secured real prosperity, and a large, property-owning middle class came to dominate politics. At the same time communism, a legacy of industrialisation’s harsh early era, kept hundreds of millions of people around the world in poverty, and the effects of the imperialism driven by European industrialisation continued to be felt by billions.

The impacts of technological change take their time appearing. They also vary hugely from industry to industry. Although in many simple economic models technology pairs neatly with capital and labour to produce output, in practice technological changes do not affect all workers the same way. Some find that their skills are complementary to new technologies. Others find themselves out of work.

Take computers. In the early 20th century a “computer” was a worker, or a room of workers, doing mathematical calculations by hand, often with the end point of one person’s work the starting point for the next. The development of mechanical and electronic computing rendered these arrangements obsolete. But in time it greatly increased the productivity of those who used the new computers in their work.

Many other technical innovations had similar effects. New machinery displaced handicraft producers across numerous industries, from textiles to metalworking. At the same time it enabled vastly more output per person than craft producers could ever manage.

### **Player piano**

For a task to be replaced by a machine, it helps a great deal if, like the work of human computers, it is already highly routine. Hence the demise of production-line jobs and some sorts of book-keeping, lost to the robot and the spreadsheet. Meanwhile work less easily broken down into a series of stereotyped tasks—whether rewarding, as the management of other workers and the teaching of toddlers can be, or more of a grind, like tidying and cleaning messy work places—has grown as a share of total employment.

But the “race” aspect of technological change means that such workers cannot rest on their pay packets. Firms are constantly experimenting with new technologies and production processes. Experimentation with different techniques and business models requires flexibility, which is one critical advantage of a human worker. Yet over time, as best

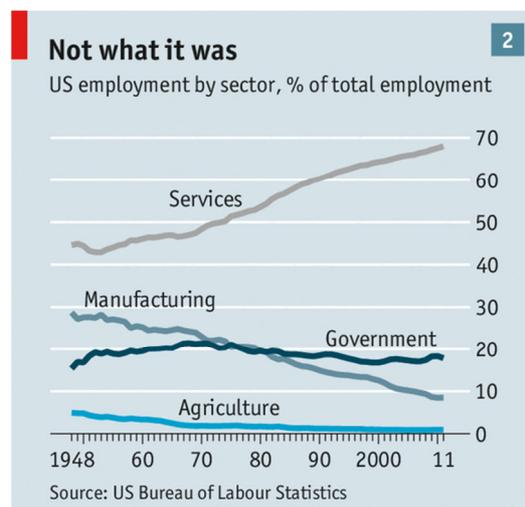
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practices are worked out and then codified, it becomes easier to break production down into routine components, then automate those components as technology allows.

If, that is, automation makes sense. As David Autor, an economist at the Massachusetts Institute of Technology (MIT), points out in a 2013 paper, the mere fact that a job can be automated does not mean that it will be; relative costs also matter. When Nissan produces cars in Japan, he notes, it relies heavily on robots. At plants in India, by contrast, the firm relies more heavily on cheap local labour.

Even when machine capabilities are rapidly improving, it can make sense instead to seek out ever cheaper supplies of increasingly skilled labour. Thus since the 1980s (a time when, in America, the trend towards post-secondary education levelled off) workers there and elsewhere have found themselves facing increased competition from both machines and cheap emerging-market workers.



Such processes have steadily and relentlessly squeezed labour out of the manufacturing sector in most rich economies. The share of American employment in manufacturing has declined sharply since the 1950s, from almost 30% to less than 10%. At the same time, jobs in services soared, from less than 50% of employment to almost 70% (see chart 2). It was inevitable, therefore, that firms would start to apply the same experimentation and reorganisation to service industries.

A new wave of technological progress may dramatically accelerate this automation of brain-work. Evidence is mounting that rapid technological progress, which accounted for the long era of rapid productivity growth from the 19th century to the 1970s, is back. The sort of advances that allow people to put in their pocket a computer that is not only more powerful than any in the world 20 years ago, but also has far better software and far greater access to useful data, as well as to other people and machines, have implications for all sorts of work.

The case for a highly disruptive period of economic growth is made by Erik Brynjolfsson and Andrew McAfee, professors at MIT, in "The Second Machine Age", a book to be published later this month. Like the first great era of industrialisation, they argue, it should deliver enormous benefits—but not without a period of disorienting and uncomfortable change. Their argument rests on an underappreciated aspect of the exponential growth in chip

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processing speed, memory capacity and other computer metrics: that the amount of progress computers will make in the next few years is always equal to the progress they have made since the very beginning. Mr Brynjolfsson and Mr McAfee reckon that the main bottleneck on innovation is the time it takes society to sort through the many combinations and permutations of new technologies and business models.

A startling progression of inventions seems to bear their thesis out. Ten years ago technologically minded economists pointed to driving cars in traffic as the sort of human accomplishment that computers were highly unlikely to master. Now Google cars are rolling round California driver-free no one doubts such mastery is possible, though the speed at which fully self-driving cars will come to market remains hard to guess.

### **Brave new world**

Even after computers beat grandmasters at chess (once thought highly unlikely), nobody thought they could take on people at free-form games played in natural language. Then Watson, a pattern-recognising supercomputer developed by IBM, bested the best human competitors in America's popular and syntactically tricky general-knowledge quiz show "Jeopardy!" Versions of Watson are being marketed to firms across a range of industries to help with all sorts of pattern-recognition problems. Its acumen will grow, and its costs fall, as firms learn to harness its abilities.

The machines are not just cleverer, they also have access to far more data. The combination of big data and smart machines will take over some occupations wholesale; in others it will allow firms to do more with fewer workers. Text-mining programs will displace professional jobs in legal services. Biopsies will be analysed more efficiently by image-processing software than lab technicians. Accountants may follow travel agents and tellers into the unemployment line as tax software improves. Machines are already turning basic sports results and financial data into good-enough news stories.

Jobs that are not easily automated may still be transformed. New data-processing technology could break "cognitive" jobs down into smaller and smaller tasks. As well as opening the way to eventual automation this could reduce the satisfaction from such work, just as the satisfaction of making things was reduced by deskilling and interchangeable parts in the 19th century. If such jobs persist, they may engage Mr Graeber's "bullshit" detector.

Being newly able to do brain work will not stop computers from doing ever more formerly manual labour; it will make them better at it. The designers of the latest generation of industrial robots talk about their creations as helping workers rather than replacing them; but there is little doubt that the technology will be able to do a bit of both—probably more than a bit. A taxi driver will be a rarity in many places by the 2030s or 2040s. That sounds like bad news for journalists who rely on that most reliable source of local knowledge and prejudice—but will there be many journalists left to care? Will there be airline pilots? Or traffic cops? Or soldiers?

### Bring on the personal trainers

Probability that computerisation will lead to job losses within the next two decades, 2013  
(1=certain)

Job	Probability
Recreational therapists	0.003
Dentists	0.004
Athletic trainers	0.007
Clergy	0.008
Chemical engineers	0.02
Editors	0.06
Firefighters	0.17
Actors	0.37
Health technologists	0.40
Economists	0.43
Commercial pilots	0.55
Machinists	0.65
Word processors and typists	0.81
Real estate sales agents	0.86
Technical writers	0.89
Retail salespersons	0.92
Accountants and auditors	0.94
Telemarketers	0.99

Source: "The Future of Employment: How Susceptible are Jobs to Computerisation?" by C.Frey and M.Osborne (2013)

There will still be jobs. Even Mr Frey and Mr Osborne, whose research speaks of 47% of job categories being open to automation within two decades, accept that some jobs—especially those currently associated with high levels of education and high wages—will survive (see table). Tyler Cowen, an economist at George Mason University and a much-read blogger, writes in his most recent book, "Average is Over", that rich economies seem to be bifurcating into a small group of workers with skills highly complementary with machine intelligence, for whom he has high hopes, and the rest, for whom not so much.

And although Mr Brynjolfsson and Mr McAfee rightly point out that developing the business models which make the best use of new technologies will involve trial and error and human flexibility, it is also the case that the second machine age will make such trial and error easier. It will be shockingly easy to launch a startup, bring a new product to market and sell to billions of global consumers (see article). Those who create or invest in blockbuster ideas may earn unprecedented returns as a result.

In a forthcoming book Thomas Piketty, an economist at the Paris School of Economics, argues along similar lines that America may be pioneering a hyper-unequal economic model in which a top 1% of capital-owners and "supermanagers" grab a growing share of national income and accumulate an increasing concentration of national wealth. The rise of the middle-class—a 20th-century innovation—was a hugely important political and social development across the world. The squeezing out of that class could generate a more antagonistic, unstable and potentially dangerous politics.

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The potential for dramatic change is clear. A future of widespread technological unemployment is harder for many to accept. Every great period of innovation has produced its share of labour-market doomsayers, but technological progress has never previously failed to generate new employment opportunities.



The productivity gains from future automation will be real, even if they mostly accrue to the owners of the machines. Some will be spent on goods and services—golf instructors, household help and so on—and most of the rest invested in firms that are seeking to expand and presumably hire more labour. Though inequality could soar in such a world, unemployment would not necessarily spike. The current doldrum in wages may, like that of the early industrial era, be a temporary matter, with the good times about to roll (see chart 3).

These jobs may look distinctly different from those they replace. Just as past mechanisation freed, or forced, workers into jobs requiring more cognitive dexterity, leaps in machine intelligence could create space for people to specialise in more emotive occupations, as yet unsuited to machines: a world of artists and therapists, love counsellors and yoga instructors.

Such emotional and relational work could be as critical to the future as metal-bashing was in the past, even if it gets little respect at first. Cultural norms change slowly. Manufacturing jobs are still often treated as "better"—in some vague, non-pecuniary way—than paper-pushing is. To some 18th-century observers, working in the fields was inherently more noble than making gewgaws.

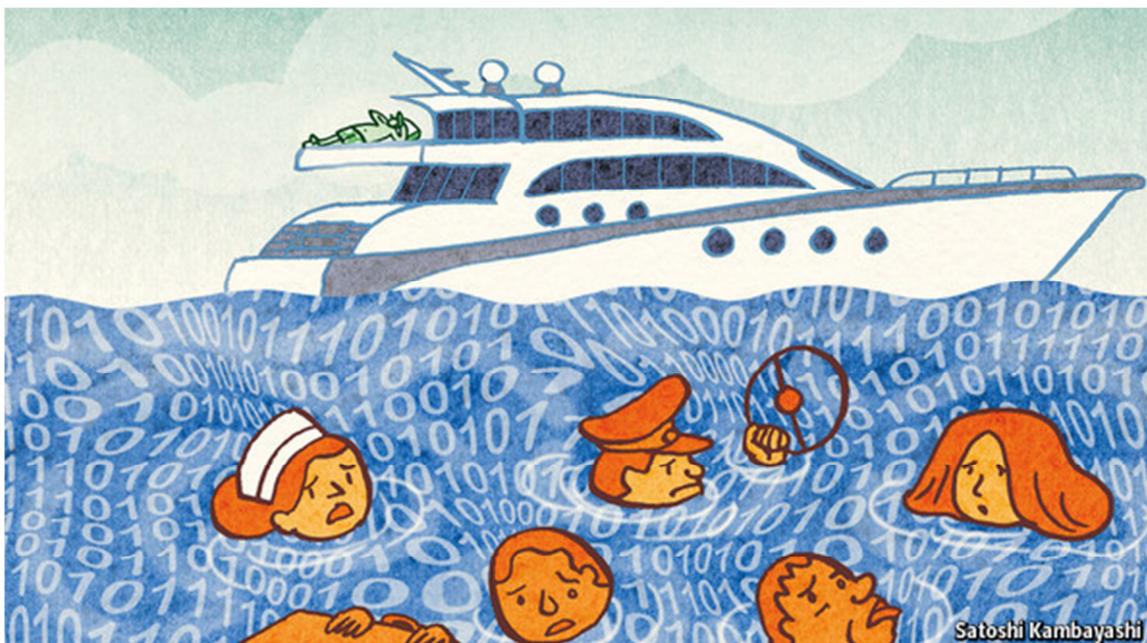
But though growth in areas of the economy that are not easily automated provides jobs, it does not necessarily help real wages. Mr Summers points out that prices of things-made-of-widgits have fallen remarkably in past decades; America's Bureau of Labour Statistics reckons that today you could get the equivalent of an early 1980s television for a twentieth of its then price, were it not that no televisions that poor are still made. However, prices of things not made of widgits, most notably college education and health care, have shot up. If

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people lived on widgets alone— goods whose costs have fallen because of both globalisation and technology—there would have been no pause in the increase of real wages. It is the increase in the prices of stuff that isn't mechanised (whose supply is often under the control of the state and perhaps subject to fundamental scarcity) that means a pay packet goes no further than it used to.

So technological progress squeezes some incomes in the short term before making everyone richer in the long term, and can drive up the costs of some things even more than it eventually increases earnings. As innovation continues, automation may bring down costs in some of those stubborn areas as well, though those dominated by scarcity—such as houses in desirable places—are likely to resist the trend, as may those where the state keeps market forces at bay. But if innovation does make health care or higher education cheaper, it will probably be at the cost of more jobs, and give rise to yet more concentration of income.



### The machine stops

Even if the long-term outlook is rosy, with the potential for greater wealth and lots of new jobs, it does not mean that policymakers should simply sit on their hands in the mean time. Adaptation to past waves of progress rested on political and policy responses. The most obvious are the massive improvements in educational attainment brought on first by the institution of universal secondary education and then by the rise of university attendance. Policies aimed at similar gains would now seem to be in order. But as Mr Cowen has pointed out, the gains of the 19th and 20th centuries will be hard to duplicate.

Boosting the skills and earning power of the children of 19th-century farmers and labourers took little more than offering schools where they could learn to read, write and do algebra. Pushing a large proportion of college graduates to complete graduate work successfully will be harder and more expensive. Perhaps cheap and innovative online education will indeed make new attainment possible. But as Mr Cowen notes, such programmes may tend to deliver big gains only for the most conscientious students.

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Another way in which previous adaptation is not necessarily a good guide to future employment is the existence of welfare. The alternative to joining the 19th-century industrial proletariat was malnourished deprivation. Today, because of measures introduced in response to, and to some extent on the proceeds of, industrialisation, people in the developed world are provided with unemployment benefits, disability allowances and other forms of welfare. They are also much more likely than a bygone peasant to have savings. This means that the “reservation wage”—the wage below which a worker will not accept a job—is now high in historical terms. If governments refuse to allow jobless workers to fall too far below the average standard of living, then this reservation wage will rise steadily, and ever more workers may find work unattractive. And the higher it rises, the greater the incentive to invest in capital that replaces labour.

Everyone should be able to benefit from productivity gains—in that, Keynes was united with his successors. His worry about technological unemployment was mainly a worry about a “temporary phase of maladjustment” as society and the economy adjusted to ever greater levels of productivity. So it could well prove. However, society may find itself sorely tested if, as seems possible, growth and innovation deliver handsome gains to the skilled, while the rest cling to dwindling employment opportunities at stagnant wages.

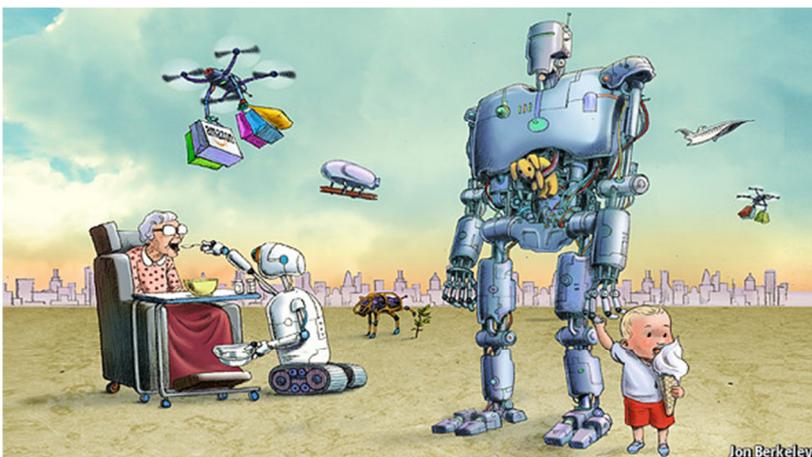
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"THE ONRUSHING wave." In: *The Economist Newspaper Limited*. Jan. 18<sup>th</sup>, 2014. Available at: <<http://www.economist.com/news/briefing/21594264-previous-technological-innovation-has-always-delivered-more-long-run-employment-not-less>>. Accessed on: Jul 13<sup>th</sup>, 2014.

## News 6

### RISE OF THE ROBOTS

Prepare for a robot invasion. It will change the way people think about technology



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ROBOTS came into the world as a literary device whereby the writers and film-makers of the early 20th century could explore their hopes and fears about technology, as the era of the automobile, telephone and aeroplane picked up its reckless jazz-age speed. From Fritz Lang's "Metropolis" and Isaac Asimov's "I, Robot" to "WALL-E" and the "Terminator" films, and in countless iterations in between, they have succeeded admirably in their task.

Since moving from the page and screen to real life, robots have been a mild disappointment. They do some things that humans cannot do themselves, like exploring Mars, and a host of things people do not much want to do, like dealing with unexploded bombs or vacuuming floors (there are around 10m robot vacuum cleaners wandering the carpets of the world). And they are very useful in bits of manufacturing. But reliable robots—especially ones required to work beyond the safety cages of a factory floor—have proved hard to make, and robots are still pretty stupid. So although they fascinate people, they have not yet made much of a mark on the world.

That seems about to change. The exponential growth in the power of silicon chips, digital sensors and high-bandwidth communications improves robots just as it improves all sorts of other products. And, as our [special report](#) this week explains, three other factors are at play.

One is that robotics R&D is getting easier. New shared standards make good ideas easily portable from one robot platform to another. And accumulated know-how means that building such platforms is getting a lot cheaper. A robot like Rethink Robotics's Baxter, with two arms and a remarkably easy, intuitive programming interface, would have been barely conceivable ten years ago. Now you can buy one for \$25,000.

### C3 IPO

A second factor is investment. The biggest robot news of 2013 was that Google bought eight promising robot startups. Rich and well led (by Andy Rubin, who masterminded the Android operating system) and with access to world-beating expertise in cloud computing and artificial intelligence, both highly relevant, Google's robot programme promises the possibility of something spectacular—though no one outside the company knows what that might be. Amazon, too, is betting on robots, both to automate its warehouses and, more speculatively, to make deliveries by drone. In South Korea and elsewhere companies are moving robot technology to new areas of manufacturing, and eyeing services. Venture capitalists see a much better chance of a profitable exit from a robotics startup than they used to.

The third factor is imagination. In the past few years, clever companies have seen ways to make robots work as grips and gaffers on film sets ("Gravity" could not have been shot without robots moving the cameras and lights) and panel installers at solar-power plants. More people will grasp how a robotic attribute such as high precision or fast reactions or independent locomotion can be integrated into a profitable business; eventually some of them will build mass markets. Aerial robots—drones—may be in the vanguard here. They will let farmers tend their crops in new ways, give citizens, journalists and broadcasters new perspectives on events big and small (see [article](#)), monitor traffic and fires, look for infrastructure in need of repair and much more besides.

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As consumers and citizens, people will benefit greatly from the rise of the robots. Whether they will as workers is less clear, for the robots' growing competence may make some human labour redundant. Aethon's Tugs, for instance, which take hospital trolleys where they are needed, are ready to take over much of the work that porters do today. Kiva's warehouse robots make it possible for Amazon to send out more parcels with fewer workers. Driverless cars could displace the millions of people employed behind the wheel today. Just as employment in agriculture, which used to provide almost all the jobs in the pre-modern era, now accounts for only 2% of rich-world employment so jobs in today's manufacturing and services industries may be forced to retreat before the march of the robots. Whether humanity will find new ways of using its labour, or the future will be given over to forced leisure, is a matter of much worried debate among economists. Either way, robots will probably get the credit or blame.

### **Invisible and otherwise**

Robotic prowess will to some extent be taken for granted. It will be in the nature of cars to drive themselves, of floors to be clean and of supplies to move around hospitals and offices; the robotic underpinning of such things will be invisible. But robots will not just animate the inanimate environment. They will inhabit it alongside their masters, fulfilling all sorts of needs. Some, like Baxter, will help make and move things, some will provide care, some just comfort or companionship. A Japanese robot resembling a baby seal, which responds amiably to stroking and can distinguish voices, seems to help elderly patients with dementia.

The more visible robots are, the better they can help humanity discuss questions like those first posed in fiction. Is it necessary that wars always be fought by people who can feel pity and offer clemency, and yet who can also be cruel beyond all tactical requirements? (Already America is arguing about whether drone pilots deserve medals—see [article](#).) Does it matter if the last kindnesses a person feels are from a machine? What dignifies human endeavour if the labour of most, or all, humans becomes surplus to requirements?

People, companies and governments find it hard to discuss the ultimate goals of technological change in the abstract. The great insight of Asimov *et al* was that it is easier to ask such questions when the technology is personified: when you can look it in the face. Like spacefarers gazing back at the home planet, robots can serve not just as workers and partners, but as purveyors of new perspectives—not least when the people looking at them see the robots looking back, as they one day will, with something approaching understanding.

### *Reference:*

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**Annex 2 - Dossier of news on Regional Efforts for Promoting Decent Work for  
all**

**News 1**

**BOLSA FAMÍLIA AS SEEN THROUGH THE LENS OF THE DECENT WORK AGENDA**

The Bolsa Família Programme (PBF) is a conditional cash transfer (CCT) programme which is aimed at guaranteeing a minimum level of income to poor families and at the same time promoting access to education and health services by beneficiary children, and to social assistance more generally by the beneficiary families. This one pager contends that there are a number of ways that PBF contributes to the Decent Work Agenda where Decent Work is defined by the ILO as “productive work under conditions of freedom, equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided”. Social protection is one of the four pillars of the Decent Work Agenda (DWA) in addition to employment, rights at work and social dialogue.

The link of PBF with social protection is straightforward. The link with employment and the quality of work, however, is more complex. On the one hand, by providing poor families with a predictable alternative source of income, albeit limited, PBF has a direct impact on their reservation wage. This can result in a reduction of their labour supply and employment rate. On the other hand, this partial income guarantee can allow them to search more intensively for (better) jobs, which can lead to improvements in earnings and labour conditions. Therefore, the net impact of the effects on the labour supply and on the quality of the employment is an empirical question.

The net impact will also depend upon demand side factors and the overall performance of the economy. According to the annual household survey (PNAD), between 2002 and 2008, there was a reduction in unemployment and an increase in formalization of labour relations as the economy experienced a recovery after the crisis of the 1990s. GDP grew annually by 4.7 per cent resulting in a 2.6 per cent growth in employment and a 5.7 per cent growth in formal employment. Machado et al. (2011) show that PBF beneficiaries also benefited from these improvements in the labour market. Using the national household survey for 2004 and 2006 they follow three groups: beneficiaries, eligible but non-beneficiaries and a third group of non-eligible and non-beneficiaries. They find that the labour force activity rate remained unchanged at 59 per cent for the beneficiary and at 65 per cent for non-beneficiary groups and fell slightly for the eligible (from 57 to 55 per cent) group. For the latter group the proportion of those employed also fell but there was no change for beneficiaries and non beneficiaries.

While the degree of informality in the labour market was higher on the whole among beneficiaries, their rate of informality fell from 0.75 to 0.71. The same downward trend was observed for the eligible group (0.70 to 0.66) and for non-beneficiaries (0.54 to 0.49). As could be expected, the incidence of child and teenager labour (10 to 17 years) is also high

among the beneficiaries. However, here too there was a modest decline - i.e., from 14 to 13 per cent in 2006. For the group consisting of those eligible for the PBF, the rate fell from 10 to 8 per cent over the same period.

Machado et al. (2011) also observe an increase from 11 to 14 per cent between 2004 and 2006 in the proportion of beneficiaries earning exactly the minimum wage. This represents a greater increase than the one observed for non-beneficiaries, but lower than that for the eligible group whose proportion of minimum wage earners increased from 14 to 18 per cent. This is particularly important as there were real increases in the minimum wage over this period.

In order to check the robustness of these changes, Machado et al. (2011) control for changes in the composition of the three groups by using pseudo-cohorts for the same surveys. Four different combinations of the variables relating to gender, race, year of birth, and region of residence were used, resulting in 72 homogeneous groups in each formation. They find that for all homogeneous groups there was an increase in the employment rate of the economically active population, a reduction of inactivity and informality rates, an increase in the proportion of workers contributing to social security, and an increase in the average hourly wage for the primary occupation. One can conclude from these last three findings that the insertion of PBF beneficiaries in the labour market improved over the period studied.

Despite these positive results, there is room for improvement as regards the design and implementation of complementary programmes aimed at promoting job and income generating opportunities for beneficiaries. There are signs that the new government is in fact interested in investing in the improvement of such 'complementary programmes' and services. The study highlights the importance, in particular, of incorporating better assessments of the skill/job opportunity needs of the adult population in beneficiary families as well as of the local labour markets. Such improvements in the design would contribute to further enhancing the beneficial impacts already associated with the programme.

Lastly, given the important contribution of (inclusive) growth for some the positive impacts noted above, the analysis in the paper also suggests that a 'dynamic' approach to the Decent Work Agenda which explores the intersections of such programmes with growth may be in order.

*Reference:*

MACHADO, A. *et al.* "Bolsa Familia as Seen Through the Lens of the Decent Work Agenda". In: *One pager*, International Policy Centre for Inclusive Growth, no. 133, Oct. 2011. Available at: <<http://www.ipc-undp.org/pub/IPCOnePager133.pdf>>. Accessed on: July 14<sup>th</sup>, 2014.

## News 2

### PREFEITURA PAULISTANA LANÇA AGENDA E COMITÊ GESTOR DO TRABALHO DECENTE

Central representará os trabalhadores/as no Comitê tripartite, para discutir, elaborar, acompanhar e avaliar as ações da agenda do trabalho decente na capital

A Agenda do Trabalho Decente na cidade de São Paulo foi lançada na tarde dessa segunda (26) pela Prefeitura paulistana em parceria com a Organização Internacional do Trabalho (OIT). O objetivo é criar medidas que garantam igualdade de gênero e raça nas oportunidades de emprego, combater o trabalho forçado ou infantil e promover ambiente seguro e saudável, com jornada adequada.

Na cerimônia, com a participação do prefeito Fernando Haddad e do secretário municipal do Desenvolvimento, Trabalho e Empreendedorismo, Artur Henrique, foi apresentado o Comitê Gestor do Trabalho Decente, que terá a responsabilidade de discutir, elaborar, acompanhar e avaliar as ações da agenda.

A CUT São Paulo representará os trabalhadores/as no Comitê, integrado também por empregadores/as, poder público e movimentos sociais. O grupo será instituído oficialmente por meio de decreto com publicação prevista para os próximos dias.

A agenda terá, ainda, a colaboração de nove secretarias municipais reunidas no Comitê Municipal pelo Trabalho Decente.

“É preciso deixar claro que, para além do combate ao trabalho escravo ou infantil, o intuito é construir uma agenda que articule a questão do trabalho decente e o desenvolvimento sustentável em seu aspecto social, ou seja, condições de trabalho adequadas, redução da jornada, preocupação com a mobilidade urbana e o tempo perdido no transporte público”, pontua o secretário de Relações de Trabalho da CUT/SP, Rogério Giannini.

Desigualdades - Segundo dados da OIT divulgados durante o evento, o trabalho infantil reduziu 56% no município desde 1992. Porém, o salário das trabalhadoras negras representa, em média, 30,8% da remuneração dos homens brancos. E enquanto o desemprego atinge apenas 7,4% da população da capital, o índice chega a 16,4% entre os jovens.

Serão estudadas políticas públicas específicas em cada subprefeitura, já que o levantamento da OIT revela outras desigualdades regionalizadas. Um exemplo é a região da Sé, com cerca de 316 mil pessoas em idade economicamente ativa e 701,6 mil empregos, enquanto a Cidade Tiradentes, com mais de 153 mil habitantes aptos a trabalhar, tem pouco mais de 6 mil vagas de emprego.

De acordo o secretário Artur Henrique, “a partir desse início de diagnóstico apresentado, o esforço que foi feito por essas secretarias foi o de territorializar e chegar a descentralização por cada uma das subprefeituras desses indicadores para que a gente possa, a partir deles, construir coletivamente a Agenda do Trabalho Decente na cidade”, afirmou.

*Reference:*

“CENTRAL representará os trabalhadores/as no Comitê tripartite, para discutir, elaborar, acompanhar e avaliar as ações da agenda do trabalho decente na capital”. In: *Official Website of CUT São Paulo*, May 27<sup>th</sup>, 2014. Available at: <<http://www.cutsp.org.br/destaques/3087/prefeitura-paulistana-lanca-agenda-e-comite-gestor-do-trabalho-decente>>. Accessed on: July 14<sup>th</sup>, 2014.

### **News 3**

#### **SOCIAL PROTECTION AND DECENT WORK**

LAHORE: A European Union’s representative on Monitoring Mr. Mario Vottero visited Lahore to evaluate the EU funded projects on labour improvement being executed by the Action aid Pakistan in collaboration with the local partners. Accompanied by the Action aid’s national coordinator Qaisar Khan, secretary general of the Bonded Labour Liberation Front Syeda Ghulam Fatima, Programme Manager Mahar Safdar Ali and others, Mr. Vottero met with District Officer (Labour) Sheikh Muhammad Sabir and discussed various activities being carried by the local partners including BLLF to improve labour condition of the brick kiln workers at various target brick kilns in Lahore district.

The DO (Labour) Mr. Muhammad Sabir sheikh highlighted the input being given by his department in the wake of implementing the project “Support Social Protection and Decent Work for Brick Kiln Workers and Bonded Labour” in Lahore and some other parts of the province. He assured of is full cooperation to the EU for the on-going and future plans and activities in Lahore. Mr. Vottero appreciated the role of labour department and other stakeholders of the project. He said the EU would continue its support to Pakistan in improving labour condition at brick kilns and industrial units. He sought department’s support to empower women workers at brick kilns in getting wages as per notifications of the Punjab government.

Later the EU representative paid a field visit to various brick kilns at Raiwind Road (Jia Baga) and inaugurated the newly constructed and installed latrines and hand pumps. He discussed various issues/problems the brick kiln workers are facing at brick kilns. He said under the project, the EU, Action aid and BLF would ensure provision of all facilities and rights including minimum wages, social security, CNICs, medical and others. He said the construction of latrines at brick kilns would provide a clean and hygienic environment to both women and men workers. Earlier Mr. Vottero called on the Director General (Labour Welfare) Mazhar Hamayun Sheikh and discussed various issues relating workers with him. Mr. Sheikh also lauded the EU activities in Punjab’s districts to improve labour condition. Action aid officials Ms Sundus, Arbab Abbasi and BLLF Project Coordination Imran Naseem and others were also present on the occasion.

*Reference:*

MAHARSAFDAR. "Social Protection and Decent Work". In: *CNN iReport*, July 21<sup>st</sup>. 2012. Available at: < <http://ireport.cnn.com/docs/DOC-817899>>. Accessed on: July 14<sup>th</sup>, 2014.

**News 4**

**NEPAL BANS WOMEN UNDER 30 FROM WORKING IN GULF STATES**

Kathmandu, Nepal (CNN) -- Nepal has banned women under the age of 30 from working in Persian Gulf nations amid increasing concerns over abuse and exploitation.

Nepalese women are among thousands of Asians who travel to the Middle East in search of employment. They often arrive willingly, but subsequently face conditions that the U.S. State Department says is indicative of forced labor -- the withholding of passports, restrictions on movement, nonpayment of wages for work up to 20 hours a day, threats, deprivation of food and sleep, and physical or sexual abuse.

The age bar is aimed at preventing some of the abuse, Raj Kishore Yadav, Nepal's minister of information and communication, said Thursday. He said the hope is that the risks are lower with more mature women.

The Nepalese government says 58,000 Nepalese women are working in these Gulf states -- Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman. However, human rights agencies estimate that number at about 200,000, saying that the official figure does not take into account all those who have traveled illegally, many through India.

Nepal had imposed a complete ban on women working in the Gulf states after the suicide of a domestic worker, but lifted those restrictions in 2010.

Recently, CNN spoke with a Nepalese woman who was beaten and raped by her employer in Kuwait and managed to escape to the Nepalese embassy. Kumari, who is not fully identified because she is a victim of sexual abuse, returned home pregnant.

"My landlord would beat me, they (he and his wife) both would beat me," she said. "My body would ache."

One day, she said, the landlord came home when the rest of the family was out, and called her into the bathroom. When she refused he came to her.

"He beat me up," she said. "First he covered my mouth so I could not scream." After he raped her, Kumari said, she asked for her passport. "He wouldn't give it to me," she said.

Human Rights Watch, which has documented abuse of Asian women workers in Middle Eastern nations, says Nepal's age limit policy does not go far enough to address the gravity of the problem.

"Imposing a ban on women under 30 from migrating to the Gulf fails to solve the underlying problem of how desperate women are for decent work," said Nisha Varia, senior researcher for the rights group's Women's Rights Division.

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Varia said she once visited a hospital in Kuwait that had an entire ward devoted to domestic workers who had spinal cord and back injuries from botched escape attempts or attempted suicide from high-rise residential buildings.

She said the priority should be not to set limits but to work to improve working conditions and local justice systems.

"Instead of a blanket ban on its own women that denies them important employment opportunities, Nepal's government should work with other labor-sending governments to demand stronger protections for migrant workers in the Gulf," Varia said.

Migrant worker advocate Manju Gurung agreed.

"We are not happy with the decision," said Gurung, who heads Pourakhi, a Nepalese agency that promotes the welfare of women migrant workers.

"This is a protectionist approach," she said. "The government should negotiate with destination countries and have bilateral agreements. There is a demand for women workers."

About 2.5 million Nepalese who work abroad, other than in India, contribute 21.4% of the Nepal's GDP, according to the government. Remittances from the Gulf play a huge role in the Himalayan nation, where about 30% of the people are unemployed.

"The government is right to be concerned about abuse against migrant women, but the correct response is not to stop them from going, but to ensure they can migrate with guarantees for their safety," Varia said.

Journalist Manesh Shrestha reported from Kathmandu and CNN's Moni Basu, from Atlanta. CNN's Sara Sidner contributed to this report.

### *Reference:*

SHRESTHA, M.; BASU, M. "Nepal bans women under 30 from working in Gulf states". In: CNN, August 9<sup>th</sup>, 2012. Available at: <<http://www.cnn.com/2012/08/09/world/meast/nepal-migrant-workers/>>. Accessed on: July 14<sup>th</sup>, 2014.

## **News 5**

### THE DARK SIDE OF CHOCOLATE

CNN's Richard Quest talks to filmmaker U. Roberto Romano, whose documentary "The Dark Side of Chocolate" investigates child labor and cocoa fields in the Ivory Coast.

But before you bite into a chocolate bar or take a sip of hot cocoa, consider, where did it come from?

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It may be that the treat is the product of someone else's hard labor. The person who may have sold it or who may have made it may not even be an adult.

The International Labour Organization estimates between 56 and 72 million African children work in agriculture, many in their own family farms. The seven largest cocoa-producing countries are Indonesia, Nigeria, Cameroon, Brazil, Ecuador, the Ivory Coast and Ghana. Those last two together account for nearly 60 percent of global cocoa production.

And right now, you can still find children working in the cocoa fields as Romano and his crew did to film "The Dark Side of Chocolate."

So, what should you as a consumer do?

"I'd like you to buy either a fair trade chocolate or a direct trade chocolate," Romano says. "I'd like you to buy something where you, as a consumer, can vote responsibly for better treatment of these farmers. And also with fair trade, you know that they're going to be at least on the road to being paid a decent wage. And with the inspections that go on, you know that their children aren't working and are getting an education."

*Reference:*

"THE DARK side of chocolate". In: *The CNN Freedom Project*, April 6<sup>th</sup>, 2011. Available at: <http://thecnnfreedomproject.blogs.cnn.com/2011/04/06/the-dark-side-of-chocolate/>.

Accessed on: July 14<sup>th</sup>, 2014.

### News 6

#### SOUTH-EAST ASIA - DECLARATION TO PROMOTE DECENT WORK SIGNED

The International Confederation of Private Employment Agencies (Ciett) organised yesterday a roundtable event in Singapore to promote decent work in south-east Asia. The discussions centred on the current working conditions in Indonesia, Malaysia, the Philippines, Singapore, and Vietnam.

Representatives from the staffing industries in these countries attended the event, as well as the International Labour Organisation (ILO), the global trade union UNI-Global, and the International Organisation of Employers (IOE).

Common ground and a common understanding was quickly established among all participants with regard to the role of private employment services in promoting decent recruitment. To underline the importance of what was discussed, a declaration was agreed and signed. The declaration states that Ciett and its stakeholders need to work together to:

\* Ratify and/or implement the main principles from ILO Convention 181 on private employment agencies with an emphasis on implementing regulation that prohibits asking fees from workers.

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\* Introduce and ensure the consistent application of industry self-regulation based on the CIETT Code of Conduct.

\* Provide information and data on private employment services in order to develop a better understanding of the role of private employment services play in the labour market.

Ciett and the national federations in the target countries will continue to intensify their cooperation, with the intention of them joining Ciett in the foreseeable future. The relationship with stakeholders in the region; such as the ILO, UNI-Global and the IOE, will continue to be at the forefront of their attention.

### *Reference:*

"SOUTH-EAST Asia - Declaration to promote decent work signed". In: *Staffing Industry analysts*, March 7<sup>th</sup>, 2014. Available at: <<http://www.staffingindustry.com/row/Research-Publications/Daily-News/South-east-Asia-Declaration-to-promote-decent-work-signed-29255>>. Accessed on: July 14<sup>th</sup>, 2014.