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THEME:

“Creating Employment to Confront Poverty and Strengthen Democratic Governance”

Preliminary Document for Discussion

At the start of the twenty-first century, most nations in the Americas are faced with an unusual combination of political democracy, high levels of poverty, and social inequality.

In light of this disturbing reality, the Special Summit of the Americas in Monterrey emphasized the need to foster economic growth with equity, strengthen democratic governance, and promote social development: objectives it perceived to be closely linked.

Our commitment to the consolidation of democracy in the region requires resolute actions that enable us to combat hunger, illiteracy, and disease which effectively diminish the autonomy and dignity of people and hamper the full exercise of citizenship.

We realize, however, that the problems associated with inequality and poverty cannot be resolved with social policies focusing only on aid. Even though aid plans and programs are a necessary resource, we should avoid consolidating societies that are divided between those with jobs and those who receive aid.

In this regard, employment should be given a central place in the hemispheric agenda, inseparable from liberty, justice, security, and protection, given that it is the principal vehicle for social integration.

Economic growth is an indispensable and necessary, but not a sufficient, condition for combating the high unemployment, informality, and the precarious nature of employment that afflict our societies.

In the recent past, many of our countries have experienced periods of high growth, coexisting with weak employment generation, marked concentration of income, and significant increases in poverty and extreme poverty indices.

Pro-active policies are needed that facilitate the development of business and productive investment and yet have, as their primary objective, the generation of decent work, as part of a new paradigm that endows economic transformations with a strong ethical content.

Decent work is the most effective tool with which to forge a framework for material and human progress and it must become a goal for the next decade in the Americas.

Generating more and higher quality employment requires the implementation of a series of government policies, with the following objectives:

- a. Integration of macroeconomic, trade, production, infrastructure, migration, educational, and social welfare policies into the goal of generating quality employment, by evaluating their impact on jobs and effects on the labor market.
- b. Promotion of policies designed to develop productive networks or interlocking linkages that through expansion, increasing density, and greater competitiveness will contribute to the growth of private investment and employment.
- c. Promotion of specific programs for micro and small enterprises, reaching out effectively to that sector by providing technical assistance, micro-credit, training, and employment agency services.
- d. A reorientation of unemployment benefit policies on the basis of such criteria as guaranteeing a minimum income, reinsertion of the unemployed into the labor force, and enhancing the employability of the unemployed.
- e. Promotion of efficient and high-quality skills development systems and services that are coordinated with educational and economic policies, through increased investment—by both the public and the private sector—in vocational training with a view to enhancing individuals' productivity and employability.
- f. A substantial narrowing of the gender gap, by promoting a reduction of the disparities between men and women in the labor sphere through an integrated approach that incorporates a gender perspective in employment policies.
- g. Promotion of an integrating social dialogue among government, employers, and workers, in a context in which both employers' organizations and trade unions are strengthened.

Numerous institutional conditions are undoubtedly required to generate decent work, and they vary according to the specific circumstances of each country. Nevertheless, it is possible to identify a series of general features providing an appropriate institutional environment for generating business and investment, within a sustainable and inclusive development framework.

Those features include:

- A state that effectively enforces the law
- Independent, impartial, and accessible judicial institutions
- Effective actions to combat corruption and organized crime
- Rational macroeconomic policies and prudent fiscal management.

Quite apart from each country's internal problems, our goals of hemispheric integration, solidarity, and security demand not just a reduction of the inequality within countries but also among them.

The ability of democratic governments to respond to society's legitimate demand for employment generation is constrained by protectionist measures restricting trade, especially in the agricultural sector, by the excessive burden of the external debt, by the current international financial architecture, and by the role of the multilateral lending agencies.

In many countries, these factors place severe restrictions on the development of a policy of investing in infrastructure that will generate employment and greater competitiveness.

Recently, in the Declaration of Nuevo León, we took note with satisfaction that governments in the Hemisphere are implementing the Monterrey Consensus, by exploring innovative ways to mobilize financing for private and public investment. The discussions we are holding with multilateral lending agencies are also important. Thus, some countries in our region are currently studying innovative financial mechanisms for expanding public investment in infrastructure. Two of the most notable are reforming the fiscal accounting system so that expenditure on infrastructure is recorded as investment and not as current expenditure and the proposal to establish a regional trust.

Consequently, our efforts need to be accompanied by actions aimed at, among other things:

- a. Assessing the impact of trade agreements or of negotiations with international financial institutions on the employment rate, with a view to formulating policies that minimize any adverse consequences they might have for workers.
- b. Achieving more extensive access to markets for the region's exports; eliminating all forms of export subsidies for agricultural products; substantially reducing—then eventually eliminating—domestic support for agricultural production; and maintaining our commitment to work for the success of the Doha Round to strengthen the WTO.
- c. Promoting a revision of fiscal accounting methods in most countries and, above all, at the international financial institutions, so that productive investment in infrastructure is no longer regarded as current expenditure for purposes of primary surplus calculation.

In the past, many governments adopted a laissez-faire approach to markets, without realizing that for that approach to work it was essential to strengthen the State. Today, we see that the challenge our Hemisphere faces at this time is to consolidate a State capable of promoting inclusive and sustainable development.