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CONTENTS

Development and equity. The challenge of the 1980s <i>Enrique V. Iglesias</i>	7
Problems and orientations of development <i>CEPAL Economic Projections Centre</i>	47
Consumption in the new Latin American models <i>Carlos Filgueira</i>	71
Some reflections on South-East Asian export industrialization <i>Fernando Fajnzylber</i>	111
The development strategy and employment in the 1980s <i>Victor E. Tokman</i>	133
The concept of integration <i>Isaac Cohen Orantes</i>	143
Dialogue on Friedman and Hayek. From the standpoint of the periphery <i>Raúl Prebisch</i>	153
Some CEPAL publications	175

The development strategy and employment in the 1980s

*Victor E. Tokman**

The productive absorption of the labour force has always been one of CEPAL's top priorities, not only because it indicates a rise in the level of productivity but also because it serves as a basis for a more equitable distribution of the benefits of development.

The author analyses this subject in depth, stressing the persistence of a high level of underutilization of the labour force in the region as a whole—as expressed in high unemployment and underemployment indexes—despite the considerable absorption capacity shown by high-productivity urban activities. If the region wants to reach a level of utilization equal to that of the industrialized economies within the next twenty years, the growth rate will have to be 8.3% annually and will also have to be supported by public policies directed towards productive absorption.

Given these requirements, the article emphasizes the need to carry out action directly oriented towards achieving an increase in the productive absorption of the labour force, as historical experience shows that this problem will not be solved spontaneously, nor is such absorption merely a subproduct of economic growth.

In the final part, the author examines some of the repercussions which the new strategies applied in the region—oriented towards greater external openness—have had on employment, especially in industry. He admits that this sector of production must increase its efficiency and competitiveness, but he also stresses the important role it has played in the absorption of the labour force and consequently in the latter's living conditions. New strategies should always take into account their consequences for employment and the standard of living of the population.

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The objective of this study* is to make some comments on the employment aspects that should be considered in the economic and social development strategy of the region in the 1980s. In this regard, we believe it is first necessary to make a very brief reference to what has occurred in Latin America in the field of employment in past decades.

I

Evolution of employment and wages

The main conclusion to be drawn from an analysis of the historical evolution of the employment problem is that, although significant progress has been made in many countries during the past three decades, there are still high levels of underutilization of the labour force. Thus, towards 1950 one out of every four Latin American workers was totally underutilized, but in 1980 the proportion was still one out of every five workers. This means that of a labour force of 113 million Latin American workers in 1980, the equivalent of 23 million were totally underutilized (see table 1). This has obvious social implications and means a sacrifice in well-being for the affected families; but it also means a waste of the productive potential of the region which, if it were fully utilized, could help to generate the goods and services required by the population.

It should be noted from the beginning—and we will return to this point later on—that the averages for the region do not represent the situation in each one of the countries. On the contrary, groups of countries may be identified which display wide disparities in levels and trends of underutilization (see table 2). This means that some countries (unfortunately the smallest group) now show levels of underutilization similar to those found in the countries of

*This work is based on the statement delivered by the author at the nineteenth session of CEPAL, held in Montevideo in May 1981, and on the paper submitted by PREALC at the same meeting, *El subempleo en América Latina: Evolución histórica y requerimientos futuros*, Documentos de Trabajo series, No. 198, Santiago, PREALC, 1981. The author wishes to acknowledge the participation of Norberto García in the preparation of the statement and the PREALC papers.

the centre (group C); a large group of countries, where more than 70% of the Latin American population is concentrated, show similar tendencies to the average (group A), and a group of four countries show higher levels of underutilization, with no tendency to improve (group B).

Table 1

LATIN AMERICA^a: UNDERUTILIZATION
OF LABOUR, 1950-1980
(Percentages)

	1950	1970	1980
<i>Labour force</i>	100.0	100.0	100.0
Agricultural	54.7	42.0	34.9
Non-agricultural	45.3	58.0	65.1
<i>Total underutilization^b</i>	22.9	22.3	19.9
Open unemployment (national) ^b	3.4	3.8	3.9
Urban underemployment ^c	13.6	16.9	19.5
Agricultural underemployment ^c	32.6	26.9	22.6

Source: PREALC, *El subempleo en América Latina...*, *op. cit.*

^aComprises 14 countries: Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Panama, Peru, Uruguay and Venezuela.

^bPercentage of total economically active population. Total underutilization includes open and equivalent unemployment.

^cPercentage of members of the labour force affected.

Table 2

LATIN AMERICA: EVOLUTION OF TOTAL^a
UNDERUTILIZATION OF LABOUR, 1950-1980
(Percentages of EAP)

	1950	1970	1980
Group A ^b	24.7	23.0	19.7
Group B ^c	35.9	37.7	36.3
Group C ^d	8.5	7.7	8.2
<i>Latin America (14 countries)</i>	22.9	22.3	19.9

Source: PREALC, *El subempleo en América Latina...*, *op. cit.*

^aIncluding open and equivalent unemployment.

^bComprises the following countries: Mexico, Panama, Costa Rica, Venezuela, Brazil, Colombia and Guatemala.

^cComprises the following countries: Peru, Ecuador, Bolivia and El Salvador.

^dComprises the following countries: Argentina, Chile and Uruguay.

There are two main phenomena defining underutilization of the labour force in Latin America. The first is urban open unemployment, and the second is underemployment of the labour force in both rural and urban activities of very low productivity.

1. Urban open unemployment

Available estimates on the size and trends of the urban open unemployment rate from 1950 to 1980 show that the region as a whole recorded relatively low and stable levels fluctuating between 5 and 6%. Although significant differences exist between countries, the upper limits remained relatively low, with open unemployment rates fluctuating between 5 and 11%, except for conjunctural situations or severe adjustment processes when this rate tended to rise significantly.

In the light of the historical record, at least three comments may be made. Firstly, there is no evidence in Latin America of a tendency towards a systematic increase in open unemployment, thus disproving the catastrophic forecasts of explosive situations in this respect. Secondly, although open unemployment is the most visible expression of the employment problem, it only accounts for around 20% of the problem of the total underutilization of the labour force, the greater part being concentrated in less visible underemployment situations. The third comment, although it lacks validity, consists of a comparison between these rates and those prevailing today in the central countries, which is sometimes made with a view to minimizing the size of the problem to be faced.¹

Basically, these situations are not comparable, however, because they involve very different labour markets. As pointed out earlier, open unemployment is not an adequate indicator of the employment situation in developing countries, as the fact of appearing employed in the statistical records does not imply

¹This comparison is being made more and more frequently in view of the increase in open unemployment rates in the central countries. Thus, in December 1980 the United States recorded a rate of 7.6%, Great Britain 8.8%, France 7.0% and the Federal Republic of Germany 4.6%.

that one is fully employed; in contrast, the open unemployment rate is a good indicator of the predominant situation in developed countries.

2. Underemployment of the labour force

The second factor in underutilization of the labour force is underemployment, which now accounts for four-fifths of the total underutilization in the region. This is the joint result of the relative inability of the system to provide enough jobs for the entire population and the need for families to obtain the income required to survive. Thus, heads of households who provide the major part of the income to sustain the family cannot afford the luxury of taking much time off to search actively for new jobs,² and thus have to be satisfied with the jobs offered them by the market, whatever their level of productivity and remuneration. As a result, in most countries of the region a very high percentage of the employed labour force may be found at extremely low levels of productivity. These jobs are concentrated in both rural and urban activities, and are characterized by their low degree of organization, little or no capacity for accumulation and technological innovation and precarious insertion in the modern productive apparatus.

The underemployment situation has not remained static either. On the one hand a downward trend may be observed, although very slight, but on the other hand there is a clearly growing transfer of rural underemployment to urban areas (see table 1). This means that today the phenomenon is much more visible than 30 years ago, since the daily reality facing the ordinary citizen of the large urban centres of the region can no longer be ignored. The effects on the supply of basic urban services are also quite clear.

It is worth pausing at this point to emphasize an aspect which arises from the evidence analysed and which has been a cause of erroneous interpretations in the diagnosis of the employment problem. Although the trend

²The open unemployment rates of heads of households are generally between one-third and one-half of the rates shown by the secondary labour force (young people, the elderly, and women who are not heads of households).

towards a decrease in the underemployment problem in the region has been slow, this is not the result of low rates of absorption of the labour force in intermediate and high productivity sectors; on the contrary, the available evidence suggests that during the period 1950-1980 the employment growth rate in those urban activities denominated 'formal' because of their degree of modernization reached 3.8% annually for the region as a whole, without counting the role of these activities in the indirect generation of jobs, mainly in the service sectors. This rate is undoubtedly high when compared with the historical records of the currently developed economies.³

How can this apparent paradox of slow absorption of underemployment along with a high rate of job creation in modern activities be explained? At least two factors must be taken into account. Firstly, 30 years ago modern urban employment was a small fraction of total employment. For Latin America as a whole, it represented only 30% of the total labour force in 1950, and in view of the low original share, even relatively high growth rates in formal employment entail only small fractions of the total of new jobs created annually. Secondly, during the period analysed, most of the countries simultaneously recorded high population growth, increases in rates of participation, and heavy rural-urban migrations. Towards 1950 about 55% of the total labour force in Latin America was engaged in agricultural activities, while by 1980 this proportion had dropped to 35%. These two factors help to explain to a large extent the relatively insufficient expansion of productive jobs, since although the proportion of the urban labour force in less productive informal activities remained constant, its importance grew from 14 to 20% of the total labour force in Latin America between 1950 and 1980 (see table 3).

3. Labour markets: operation and trends

Finally, to complete this brief analysis of the evolution of the employment problem, we should mention the trends observed in wages.

³Only the United States in the first half of the nineteenth century reached similar rates.

The available information for Latin America during the period 1960-1980 leads to two main conclusions. One is that there has been a tendency towards homogenization in the wage base, and the other, that this homogenization is in contrast to a growing dispersion within the modern sectors.

Table 3

LATIN AMERICA: STRUCTURE OF THE
LABOUR MARKET, 1950-1980
(Percentages)

	1950	1970	1980
<i>Non-agricultural</i>	44.1	57.1	64.3
Formal	30.5	40.2	44.9
Informal ^a	13.6	16.9	19.4
<i>Agricultural</i>	54.7	42.0	34.9
Modern	22.2	15.1	12.3
Traditional ^a	32.5	26.9	22.6
<i>Mining</i>	1.2	0.9	0.8
<i>Total</i>	100.0	100.0	100.0

Source: PREALC, *El subempleo en América Latina...*, *op. cit.*

^aIncluding own-account workers and those engaged in non-remunerated family activities, and excluding professionals in both categories and domestic servants.

The tendency towards homogenization of basic wages may be observed in the reduction of the gap between agricultural wages and those prevailing in urban areas. Thus, in 9 of the 12 countries for which data are available, the difference between the agricultural wage and the wages of some of the less skilled urban activities into which migrants are usually incorporated, such as construction, has tended to decrease, falling from around 50% in the late 1960s to 40% by the end of the 1970s. This narrowing of the range of basic wages is undoubtedly associated with the large migratory movement referred to earlier, which is perhaps the most notable feature of past decades. Obviously, population movements of the size recorded in the region have implications in the direction of an increase in incomes in the region from which they come, while they also help to reduce any increases which might be

recorded in the regions to which they migrate (see table 4).

The tendency for basic wages to become more homogeneous is combined with an increase in wage heterogeneity in the urban markets. Thus, in 9 of the 16 countries for which information is available, the difference between the two incomes has risen over the decade. The differential rate of expansion of the average wage predominating in the manufacturing industry tends to suggest that the better-organized wage earners, who are working in larger and more productive companies, have been more successful in defending their incomes than those holding jobs at the base levels of the labour market (see table 4).

The greater spread of wages is corroborated by comparative studies on wage trends for different levels of occupation and skill, and occupations with different productivity, which show that within the modern sectors differences tend to increase between incomes received by those who perform jobs with hierarchical responsibility, such as managers, accountants and others, compared with those received by unskilled workers, such as labourers, messengers, etc.

These two trends suggest that while minimum wage policy and the existence of a surplus labour force tend to equalize basic wages in the less organized companies, even in the modern sector, the combination of the form of organization of production in the more productive companies with the greater organizational capacity of the labour force in these companies influences wages, causing not only a greater dispersion but also the maintenance of significant differences in basic wages compared with minimum wages. Although this behaviour challenges the reasoning implicit in more conventional economic analyses, it also reflects a reality which obeys the operational norms of modern firms.

In short, the historical evolution does not offer any definite lessons. The trends are neither catastrophic nor extremely bright in outlook; progress is being made, but only at a slow rate in the context of a labour market which, while generally balanced, is at a low level of productivity and income.

Table 4
LATIN AMERICA: EVOLUTION OF REAL WAGES,
1966-1979

Country	Average real wages 1978-1979 (Base indexes <i>circa</i> 1966-1967 = 100)			Ratios			
				Industrial/urban minimum		Agricultural/ construction	
	Indus- trial	Urban minimum	Agricul- ture	1966- 1967	1978- 1979	1966- 1967	1978- 1979
Argentina	84.5	43.7	62.6 ^a	1.74 ^b	2.92	0.59	0.56 ^a
Bolivia	114.4 ^a	170.2	...	3.72 ^b	2.11	...	...
Brazil	155.7	92.6	135.1 ^a	2.79 ^c	4.45	0.61 ^c	0.86
Colombia	111.7	113.2	152.8	2.49	2.46	1.00	1.51
Costa Rica	151.6	112.2	137.6 ^d	1.46	1.97	0.73	0.86
Chile	115.3	159.1	130.6	3.25	2.35	1.00 ^e	1.28
Ecuador	163.4 ^a	97.1	85.3	1.79 ^c	2.79 ^a	...	...
El Salvador	88.0 ^a	100.0	80.0	1.86	1.56 ^a	0.56	0.51 ^f
Guatemala	71.7	28.5	86.5 ^a	2.01	2.71	...	0.32
Honduras	121.5 ^h	80.2 ^h	100.3 ^h	...	2.15 ^a	...	0.23 ^a
Mexico	129.0	135.9	149.8	2.20	2.08	0.52	0.48 ⁱ
Nicaragua	86.9	84.7	83.3	2.10	2.16	0.20	0.40
Panama	104.9 ^j	78.8	116.4	1.86	2.29 ^j	0.42	0.54
Paraguay	110.0 ^a	72.9	90.6 ⁱ	1.17 ^e	1.58 ^a	0.65 ^e	0.71 ⁱ
Peru	80.1	81.4	102.4	2.05 ^k	2.05	0.28 ^k	0.37
Dominican Republic	107.6 ^l	85.6 ^a	...	2.11	2.40 ^l	...	...
Uruguay	61.4	88.0	115.9	2.47 ^b	1.92	1.00 ^e	1.41 ^a
Venezuela	115.1	72.2 ^b	...	...	3.73	...	...

Source: PREALC, on the basis of information from each country.

Note: In the ratio between agriculture and construction, the figures in italics are indexes with a base equal to 1.00 for the period indicated.

^a 1977-1978.

^b 1970-1971.

^c 1968-1969.

^d Base 1971 = 100

^e 1967-1968.

^f 1974.

^g Base 1973 = 100.

^h Base 1974 = 100.

ⁱ 1975-1976.

^j 1976-1977

^k 1966.

^l 1975.

II

Employment aspects in the economic and social development strategy for the 1980s

1. Possible scenarios

Trends in employment problems over the past 30 years determine the point of departure on which the strategy for the 1980s will have to be based. The question now, therefore, is how big the challenge to be faced will be.

Firstly, if the rate and characteristics of the economic growth prevailing in the recent past

(an annual growth rate of 6.2%) are maintained during the period 1980-2000, the results obtained from a projections exercise done by PREALC suggest that 10 of the 14 national economies analysed will not make significant progress in reduction of the underutilization of the labour force. Secondly, stepping up the growth rate of the region as a whole from 6.2% to 7.5%, combined with a more intense applica-

tion of policies to promote the creation of productive employment, could help to accelerate the rate of reduction of the level of underutilization, which could fall from approximately 20% in 1980 to 16.2% in 1990 and 12.5% in the year 2000. Finally, the prospective analysis suggests that if it is desired to reach a level of underutilization equal to that prevailing in the industrialized economies by the year 2000, the growth rate will have to be around 8.3% annually for two decades, and public policies will have to be even more intense. This implies requirements which are too high for a large group of countries in the region (see table 5).

2. Employment and the overall orientation of the strategy

In the light of the foregoing, it is worth emphasizing two aspects related to the overall orientation of the strategy: firstly, the lack of automaticity of the process, and secondly, the need to plan action aimed at supporting both low-productivity activities and modern ones.

The past experience of Latin America suggests that the problem of employment is not resolved automatically with economic growth. Perhaps the main conclusion to be drawn from the experience of past decades is that despite the high growth rates achieved by the region it only managed to make very slow progress in the solution of the problems of employment and income. For this reason, the speeding-up of growth is a necessary but not a sufficient condition for improving the employment situation

more rapidly. In addition, and as a result of the above, it has become indispensable to translate specific employment goals into the design of the global and sectoral policy instruments which are included in the development strategies. It is not a case of formulating *ad hoc* employment strategies but of fully incorporating the employment objective into global strategies.

In addition, it will be necessary to act simultaneously on various different fronts. In view of the concentration and persistence of the employment problems in low-productivity activities, both informal urban and traditional rural, direct policies are necessary in order to try to raise the productivity and income of persons working in these sectors. A long-term solution for the problems of employment can only be reached, however, by increasing the number of more highly productive jobs which are normally generated in the modern sectors of the economy. Thus, the acceleration of the growth of these sectors will have to be accompanied by restructuring and expansion of their labour force absorption capacity.

In this context, and in view of the basic importance which creating jobs in manufacturing industry has had in the past and the continuing debate (given the changes which have occurred in economic strategies and policies) on its role in the coming decade, the final comments here will concentrate on this particular factor.

Table 5

LATIN AMERICA: GROWTH AND UNDERUTILIZATION OF LABOUR FORCE, 1950-1980

Country	Projections Underutili- zation 1980	Historical trend		Accelerated growth		Growth required	
		Growth ^a	Underuti- lization ^b 2000	Growth ^a	Underuti- lization ^b 2000	Growth ^a	Underuti- lization ^b 2000
Group A	19.7	6.7	19.1	8.0	10.0	8.4	6.4
Group B	36.3	5.3	46.0	7.3	36.6	11.8	10.0
Group C	8.2	4.0	5.0	5.8	3.0	5.9	2.8
Latin America (14 countries)	19.9	6.2	20.8	7.5	12.5	8.3	6.5

Source: PREALC, *El subempleo en América Latina...*, op. cit.

^aProjected annual growth rate.

^bEquivalent and open unemployment as percentage of EAP. The groups comprise the same countries as in table 2

III

Changes in economic strategies and policies and the labour markets

Most of the countries of the region, after having made definite progress in the process of import substitution in the 1950s and 1960s, began to move successfully towards greater exportation of manufactured products in the 1970s. More recently there have also been trends towards greater openness through reductions in the levels of protection of national production.

This process, especially in its later stages, has affected the levels and the structure of employment in very different ways, largely reflecting the readjustment of the national economies to world market conditions and, at least theoretically, their adaptation to those sectors where there are greater comparative advantages. In particular, this has meant a loss of the relative priority of industrialization as a moving force for development in various countries.

It may be recalled that the basic principle of the institutional attitude maintained by CEPAL with respect to industrialization from the late 1950s was mostly inspired by the need to generate jobs with high productivity for those persons who, as a result of the incorporation of technical progress into the primary sectors, would be displaced and unable to find sources of productive absorption. The later difficulties in foreign trade reinforced the original ideas, but they also helped to observe the fundamental fact that, even if the balance-of-payments problems could be solved without industrialization, the great dilemma of absorbing the entire labour force fully and productively would remain. Thus, a change in priorities can have important effects on employment.⁴

This is not the place to evaluate the industrialization process followed by Latin America. Although there is a consensus that errors were committed, it is also agreed that in

⁴See, for example, A. Pinto, *La estrategia hacia el futuro y las ideas básicas de la CEPAL*, Santiago, CEPAL, 1981.

spite of these the region has acquired a level of industrialization which places it among the most advanced in the developing world. One could not speak today about the problems of industry or about the possibilities of exporting manufactured goods if the capacity for industrial production had not been developed previously.

We should therefore stress the role which has been played by manufacturing in the past in terms of the absorption of labour force. During the past 30 years direct manufacturing employment grew at a rate of 3.4% annually,⁵ and if the indirect employment generated is added to this, the rate rises to 3.8% annually. Moreover, the creation of manufacturing jobs with high or intermediate productivity was even higher, reaching 3.8% annually between 1950 and 1980.⁶ These figures clearly show the decisive role played by industrialization in the direct and indirect generation of jobs and, in particular, in the creation of productive jobs. It should be noted also that the 30 years it took Latin America to increase the share of manufacturing employment in the total from 14% to 19% is a similar length of time to that required by the United States (1860 to 1904) to show identical achievements.⁷

It is also important to note that the de-

⁵If Argentina is excluded, which had already achieved a considerable level of industrial development (24% of total employment) by 1950, the growth rate of manufacturing employment amounts to 4% during the same period.

⁶It should be noted that changes in composition have been occurring in the sectors of higher productivity. Thus, for example, in the case of Mexico high-productivity industry generates employment at higher than average rates, while that of intermediate productivity does so at lower rates. Very small firms (less than 5 employees) have retained their share in manufacturing employment. See N. García, *Empleo manufacturero, productividad y remuneraciones por tamaño de establecimiento (México, 1965-1975)*, Monografías sobre empleo, No. 18, Santiago, PREALC, 1981.

⁷Once again, if Argentina is excluded, the progress made by Latin America in the past 30 years is comparable to the 44 years required by the United States (from 1860 to 1904).

velopment experiences cited today as being so successful in South-East Asia were based largely on export industrialization in order to generate, directly or indirectly, the required productive jobs.⁸ In these countries, the absorption of labour by industry occurred as a result of the development of lines of activity characterized by comparative advantages acquired during the process of export industrialization itself.⁹

It is also worth examining the reasons why the developed countries of the centre, both in Europe and North America, are protecting with high tariffs and in a discriminatory manner, those manufactured products which are known to be the most absorptive of labour in the developing countries. It does not appear to be a chance occurrence that the protectionist trends reappearing in the central countries are most frequently aimed at this type of product and not at others.¹⁰

We must ask ourselves how to transform Latin American industry in order to reduce domestic costs and allow it to compete successfully in external markets. Such changes are needed in order to avoid the high costs of inefficiency, and there are at least three areas which should be given priority attention by policies. The first is the cost of readjusting the industrial structure, which should not be done at the expense of generating a huge mass of unemployed persons who, unlike what occurs during recessions, will have characteristics of more

permanent unemployment; in addition, it is not so much young people and women who will be affected; instead, the greater impact will begin to be felt by heads of households and unionized workers and sectors of the large industrial centres of our region, with resulting social tensions.

Secondly, we must ask ourselves what type of industrialization is desired, since it is agreed that it is not enough today merely to promote an industry capable of competing internationally: it is also indispensable to take into account what such an industry is required for and who will be the beneficiaries of the fruits of its development. In both senses, an important element (although not the only one) is that industrialization processes should be required, even more than in the past, to create productive jobs. All kinds of goods and services, from sophisticated technological knowledge to essential goods to satisfy the basic needs of the population, can be imported from abroad, but worthwhile jobs which make it possible for the worker to earn enough income and realize his or her individual work potential cannot be imported. In addition, in economic structures such as those of Latin America, the primary distribution of income is what finally determines the final distribution, limiting the effect of possible welfare policies which operate through incomes and not through employment.¹¹ Thus, any modifications of economic strategies and policies should clearly identify which sectors of activity will have sufficient capacity to absorb the annual growth in the labour force productively in the next decade and, at the same time, help to solve the existing underemployment.

Finally, the changes which are taking place in Latin American economic structures affect the determination of wages and, in particular, wage negotiations in at least two important ways. Firstly, the margins for negotiation are reduced, since the possibilities of transferring wage increases to prices are limited as a result of greater openness. Secondly, the interests of the workers become in-

⁸Taiwan, South Korea, Hong Kong and Singapore increased their exports of manufactures from US\$ 500 million in 1963 to US\$ 19 billion in 1977. Manufacturing employment in the last three countries grew by approximately 10% annually during the 1970s.

⁹It is also obvious that historical and geographical circumstances, the lack of abundant resources and in some cases a relatively high educational level were influential factors.

¹⁰A recent study by PREALC analysing the situation in Brazil, Mexico and Colombia shows that the export sectors with the greatest capacity to generate employment (wood, textiles, clothing, leather and footwear) are those which are facing growing difficulties in gaining access to international markets, and that the tariff and non-tariff barriers applied to those sectors in the United States, the EEC and Japan are higher than average. See PREALC, *Efecto en la generación de empleo de las exportaciones de productos industriales de América Latina y el Caribe a los países desarrollados*, Documentos de Trabajo series, No. 200, Santiago, PREALC, 1981.

¹¹See PREALC, *Necesidades esenciales y políticas de empleo*, Geneva, ILO, 1980.

creasingly diversified, both because of the changes in the employment structure between sectors and because of the reorganization of jobs within firms. The former changes mean that the most organized sectors, corresponding to such traditional industries as textiles, for example, lose participation, while within the firms the activities related to foreign trade and management of capital markets begin to gain ground over production occupations. All this leads to the introduction of a greater diversity of interests in the bargaining process.

These changes suggest two types of reflections. The first is the need to recognize the new factors affecting both workers and employers. The second is the need to create a consciousness of the growing importance of the definition of the overall orientation of the development strategy, since the possibilities for improving each firm or sector are ultimately determined by the decisions adopted for the economy as a whole.

In conclusion, it is worth noting what we consider to be the basis of our proposal: a permanent solution to the employment problem can only be found through integrated economic

and social development. Thus, we feel that there are no magic strategies for solving the problem: the strategies followed in the past were not all bad, nor are those proposed for the future capable of solving everything.

Latin American memory is short, and perhaps the best recommendation that can be made at this time is that the positive and negative lessons of previous experience, of our interpretations and of the evolution of phenomena such as those presented should be taken into account. The lessons of experience show that although there are common economic features among our countries which argue for regional approaches, the differences are also great and become even more marked in the case of designing strategies to solve specific problems.

Finally, it seems relevant to sound a note of caution regarding the temptation to embrace simplistic solutions, since such an experiment may involve a high and poorly distributed cost when it is not known in advance whether the results will eventually contribute to a permanent solution to the problems being faced.