

15 June 2011  
Final Version

**International Collaborative Initiative for Trade and Employment  
(ICITE)**

**Latin American and Caribbean Labor Markets  
and the Global Economy**

**Conference Agenda**

**14-15 June 2011**

To be held at

**UN Economic Commission for Latin America and the Caribbean (ECLAC)  
Avenida Dag Hammarskjöld 3477, Santiago, Chile**



## Latin American and Caribbean Labor Markets and the Global Economy

ICITE Regional Conference, Santiago, Chile, 14-15 June 2011

### Overview

This Latin American and Caribbean Regional Conference on Trade and Employment is part of the ongoing *International Collaborative Initiative on Trade and Employment (ICITE)*, supported by a number of leading international organizations, including the OECD, ILO, WTO, UNECLAC, IDB and the World Bank.<sup>1</sup> ICITE and the regional conference aim to:

- 1) Take stock and expand the range of empirical and institutional analyses on the relationship between international integration and labor markets,
- 2) Promote dialogue and exchange of relevant literature among stakeholders, and
- 3) Inform policy-makers and the public of key findings.

The *fundamental objective* is to improve our understanding of the mechanisms by which trade interacts with employment, with a view to promoting dialogue and developing policy-relevant conclusions. With these objectives in mind, the program will focus on three inter-related issues that are of particular relevance for policymakers in Latin America and the Caribbean (LAC):

*The role of external shocks in determining labor outcomes in LAC economies:* What lessons do we learn from the financial crisis of 2008-09 about the costs and benefits of greater integration in the global economy from the perspective of employment, wages and human capital accumulation? In a break with the past, the current crisis appears to have been propagated to LAC mainly through international trade flows, rather than through internal financial channels, with potentially distinct labor market impacts. Furthermore, the effect of the collapse of international trade flows might have had unexpected labor market consequences in some economies where trade is driven by vertical integration rather than the trade in final goods.

*The evolving macroeconomic environment and labor market adjustment:* The region has seen a move towards greater flexibility in exchange rate regimes and a secular decline in inflation with unclear implications for labor market adjustment. For instance, wages actually increased during the global financial crisis in spite of the fall in economic activity, potentially suggesting greater rigidity in the face of output shocks. On the other hand, while unemployment and informality rose during the recent crisis, their responses were more muted than in the past. Are we seeing a change in how markets are adjusting, or perhaps the different nature of the crisis?

*Openness, Informality and labor market adjustment:* The region has seen large swings in informality shares over the last two decades. For instance, formal employment decreased 10 percentage points in Brazil in the 1990s and regained a substantial share of that in the 2000s. Mexico saw a substantial rise in informality in the 2000s. To what degree are these movements due to trade opening, as opposed to macroeconomic factors and changes in the regulatory environment?

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<sup>1</sup> Other organisations participating in ICITE include ADB, AfDB, OAS and UNCTAD.

## **Latin American and Caribbean Labor Markets and the Global Economy**

Santiago, Chile  
UN-ECLAC Headquarters  
June 14-15, 2011

### **Day 1: Tuesday, June 14**

#### **9:00-10:00 Opening Remarks (10 minutes per panelist)**

- Osvaldo Rosales, UN ECLAC
- Michael Plummer, OECD
- Andrés Marinakis, ILO Chile
- Niny Khor, ADB – Brief Report on the Manila ICITE Conference

Chair: Carlos Silva-Jáuregui, World Bank

**10:00-10:55 Keynote:** “What Should Policymakers Know about Global Integration and Labor Markets?” Andrés Velasco, Former Finance Minister, Chile (30 minutes)

#### **10:55-11:15 Coffee Break**

#### **11:15 – 13:15 Session 1: Heterogeneous Effects of Economic Shocks on Labor Markets**

Chair: Michael Plummer, OECD

Erik Von Uexkull, ILO, (presented by Marion Jansen, ILO): “The Roles of Openness and Labor Market Institutions for Employment Dynamics during Economic Crises” (20 minutes)

David Kaplan, IDB: “Trade and Formal Labor Markets in Northern Mexico during the U.S. Recession of 2008-09” (20 minutes)

Julian Messina, World Bank: “Domestic Inflation and Labor-Market Adjustment: Implications for Macro and Micro Policies” (20 minutes)

Discussants: Luis Felipe Céspedes, Adolfo Ibáñez University, Chile (15minutes)

#### **13:15-15:00 Lunch**

Chair: Daniel Lederman, World Bank

**Keynote:** William F. Maloney, World Bank: “Trade, Employment Transitions, and Income Risk: Emerging Issues in Trade and Employment” (30 minutes)

**15:00-17:15 Session 2: Liberalization and Policies to Facilitate Labor Market Adjustment**

Chair: David Kaplan, IDB

Marion Jansen, ILO: "Adjustment to Trade Liberalization" (20 minutes)

David Kupfer, Federal University of Rio de Janeiro: "Brazil Case Study" (20 minutes)

Nanno Mulder, UN ECLAC and ILO: "Trade Openness and Wage Gaps in Chile" (20 minutes)

José Antonio Rodríguez-López, University of California and Consultant to OECD: "Trade and Occupational Employment in Mexico Since NAFTA" (20 minutes)

Discussant: Guido Porto, Universidad Nacional de la Plata, Argentina (presented by Daniel Lederman, World Bank) (15 minutes)

Note: coffee is available during this entire session outside the room

**17:15-19:00 Cocktail Reception**

**Day 2: Wednesday, June 15**

**10:00-12:15 Session 3: International Integration, Informality and Job Quality**

Chair: Osvaldo Rosales, UN ECLAC

Raymond Robertson, Macalester College: "Globalization, Wages and Quality of Jobs: El Salvador and Honduras" (20 minutes)

Marc Bacchetta, WTO: "Globalization and Informal Jobs in Developing Countries" (20 minutes)

Juan De Laiglesia, OECD Development Center: "Trade, structural change and informality" (20 minutes)

Discussant: Gerhard Reinecke, ILO (15 minutes)

**12:30-14:30 Lunch**

**14:30-16:30 Session 4: Trade, Poverty and Inequality**

Chair: William F. Maloney, World Bank

Julio Guzmán, IDB: "Trade and Poverty in Latin America: What Do We Know?" (20 minutes)

Marcelo LaFleur, UN ECLAC: "First-Order Effects of Liberalization on Real Wages: Chile" (20 minutes)

Daniel Lederman, World Bank: "Who Suffers the Burden of Adjustment? Returns to Schooling and Business Cycles in Latin America" (20 minutes)

Discussant: Óscar Landerretche, University of Chile (15 minutes)

**16:30-17:00 Coffee**

**17:00-18:30 Panel: Policy Responses and Labor Market Adjustments in Latin America and the Caribbean (10 minutes per panelist)**

Chair: Carlos Silva-Jáuregui, World Bank

Panel Presentations by Country Representatives and Social Partners

- Andrés Concha - Chairman of the Chilean Manufacturers' Society (SOFOPA)
- Bruno Baranda - Vice Minister of Labor, Chile
- Soledad Villafaña - Director of Studies and Macroeconomic Coordination at the Ministry of Labor, Argentina (Video Conference)
- Jorge Arbache - Senior Economic Adviser to the President of the Brazilian Development Bank-BNDE
- Roland Schneider- Senior Policy Advisor, Trade Union Advisory Committee (TUAC)

Discussion

Conference – Brief Closing Remarks by Chair

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