



International  
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# **A Reflection on the Future of Work and Society**



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## *A reflection on the Future of Work and Society*

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## The future of work in Latin America

Enrique de la Garza Toledo<sup>3</sup>

We cannot pretend to analyze the future of work throughout the world. As we will see, the diversity of working contexts is so great that any attempt to generalize could lead to unilateralizing the analysis. Instead, we will focus our reflections on Latin America, using its most emblematic countries.

We must also say that from our perspective on social science studies of the future, we find of little usefulness past forecasts, whether simple or complex, made strictly through structural variables. Because the future, from our viewpoint, is not simply the result of structures self adjusting, but rather, also of reflection and interaction on the part of social subjects—in the case of work, consisting primarily of business owners or managers, labor unions and the state—with influence of macroeconomic variables, as well as the institutions and interactions between subjects such as those mentioned above. To that extent, dealing with the future from a social perspective is more a question of defining the space of possibility, framed by structural parameters and within which the fundamental subjects interact themselves, in such a way that the future result as a product of structures and institutions, but also of collective subjects with the capacity to reflect.

It would also be useful to clarify what we understand by the future of work. It would be reductive to think about this future only in terms of the future of jobs, the number of workers employed or their skills. The future of work should include jobs, but also labor and labor union relations. The latter two of these are pressured by changes in the types of jobs, but also by the system of labor relations, the economic and political model, as well as the power relations between these three major actors. This means that there is no linear relationship between changes to jobs and the labor policies of companies, the state, or labor unions. In any event, the new forms of work pressure, but do not linearly determine the latter.

In particular, the future of work does not depend exclusively on the level of informatization, robotization and automation of jobs. The technological factor, providing labor savings at the same volume of production, is mediated in Latin America<sup>4</sup> by parameters such as the following:

1. Whether the economic model is extractivist or export manufacturing. In very schematic terms, the most part of Latin American economies depend of the export of commodities such as meat, leather, agricultural products, and mining (a model that corresponds to almost the entire region), or export manufacturing, as in the emblematic case of Mexico and its partial extension to some countries of Central America and the Dominican Republic. This latter model is more susceptible to robotization than the former.

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<sup>4</sup> Although we are focusing on Latin America, part of our reflections could be a point of departure to analyze other contexts such as the industrialization of undeveloped Southeast Asia or extractionist economies in Asia or Africa.

2. However, most people in Latin America work in services, which is the fastest growing sector in contrast to the stalling of industrial activity. Most of these services are informal with the low productivity and labor skills that entails, with 46% of all those employed working in the informal sector. However, wage earners remain the largest group (64% of the Total Employed Population), and while the percentage of those who are self-employed is growing, they remain a minority (27% of the economical active population). While most of those employed are in services, which are tending to grow, they involve precarious services lacking any trend toward automation.
3. It is true that precarious services exist alongside modern ones (banking, telecommunications, and both healthcare and part of educational services), which tend toward greater informatization. However, this trend may be tempered, first, because an important part of the tasks the workers undertake involves direct interactions (face to face, over the internet or by phone) with users, and these interactions include emotional, esthetic, cognitive or ethical dimensions that would be difficult for a robot to supply. As for informatization, the low degree of internet penetration in this society favors direct attention in offices, unlike in other countries (bank tellers, customer service centers, etc.). At the same time, TICs-enabled services in which employees intervene do not necessarily entail high skill levels. Many writers use today the category of Taylorization of informatized or modern services, such as call centers.
4. The future of work depends, first and foremost, on the persistence or lack of the prevailing economic or production model. And there may be significant heterogeneities within each country.

Let us analyze the extreme case of a clearly manufacturing-export economic model in which the greatest percentage of its exports are manufactured, as is the case of Mexico (manufacturing exports/total exports = 82.5%). This model has involved, above all, a special type of in-bond manufacturing, the maquiladora industries (maquiladora exports/manufacturing exports x100 = 42%). These are low value-added industries that pay low wages to large numbers of low skilled workers for to assemble products for shipment to the United States, largely on behalf of multinational firms. Such plants offer wages below the average paid by Mexico's manufacturing industry, import most of their inputs or components, and wages account for the greatest part of their value added. Low wages have been one of the conditions that allowed for these sorts of plants to multiply in Mexico. Most are labor intensive and do not employ high technologies. They are concentrated in auto parts, electric or electronic products, and apparel. So far in the 21<sup>st</sup> century, we have recognized a new phenomenon in this model of manufacturing with the arrival of a new generation of affiliates of the major final assembly automotive corporations, though the focus of this branch remains on auto parts. The new generation of car assembly plants is robotized, and it is worth analyzing the future effects of a greater degree of robotization in this type of plant, rather than in those producing auto parts. Auto-parts facilities, which generally consist of labor-intensive maquiladoras, employ 850,000 workers, while maquiladoras in general employ three million. Automotive assembly plants with advanced technology only employ 68,000 workers. So the automotive industry in general, despite its dynamic export activity, accounts for a mere 3% of GDP, 8% of the total of the exporting, with 26% of domestic inputs, and 0.6% of the country's Economically Active Population (EAP). Workers at auto-parts plants earn less than the national manufacturing industry average. In contrast, auto assembly plants pay better-than-average wages, but those wages account for a scant 6.6% of value added of this plants. While assembly plants in Mexico pay higher wages than those producing auto parts, people working in auto assembly plants in the United States make nine times more than their counterparts in Mexico. This means that despite the technological

changes in auto assembly, the export manufacturing model remains, above all as maquiladora —including the production of auto parts— and the thin high-tech strata is also low-wage compared to what workers are paid in similar plants abroad.

Now let us return to our problem regarding the future of work, which in some of its current versions is depicted as the end of work in the face of automation, especially robotization. Historically, each industrial revolution has been labor saving, if one analyzes specific job positions. But it is not possible to demonstrate that such revolutions have translated, over the long term, in an increase in unemployment. Instead, labor savings have been achieved at the same time as the new technologies have given way to new occupations. For example, the previous revolution in telecommunications (digital system, fiber optics, cellular) lowered the number of workers in switching stations, but required customer care centers, which have become the most abundant category. Moreover, the new technologies do not absolutely eliminate low skilled jobs, but instead transform them in knowledge, skills, and experience, thereby producing a segmentation of the internal labor market between low-skilled robot monitoring as opposed to technicians dedicated to logistical, programming and monitoring of platforms or their sophisticated maintenance.

German researcher J. Beckman (Seminar on New Union Scenarios and Policies in the Automotive Industry in Mexico, Ebert Foundation, April 3, 2017, Mexico City), says that trends related to the effect of robotization on jobs are not clear, and we can add that in countries such as those of Latin America, they are mediated by:

- 1) The polarization of the productive apparatuses between a formal and an informal sector. In the latter case, the new technologies are not likely to have a significant repercussion unless they are the minority of cases that are related to computerization or information technologies.
- 2) Extractive or export manufacturing models. Automation is more feasible, in the abstract, in the latter of these. However, we have seen that the links in value chains installed in Latin America are of lower value added and more labor intensive. Their automation is offset by very cheap labor, which can make an only slightly automated process competitive relative to robot introduction.
- 3) The predominance in Latin America of precarious service employment, especially street vendors, makes it difficult to foresee its automation. The informatization of modern services can be limited by the characteristics of a clientele with limited computing experience (in Latin America only 8% of workers use the internet on the job), and which seeks warmth in the provisioning of services, especially when they consist of the interaction or shared generation between the employee and the user of emotional, esthetic, cognitive or moral meanings. Moreover, in general, not all the operations of all productive processes can technically be robotized at present.
- 4) Obviously, other delimitations that frame the possible impacts of automation on work in Latin America would act as an extension of the current economic model and its growth. As we noted in the introduction to this piece, there is no inexorable future determined solely by structural questions. Instead, social actors have a more or less broad range of options from which to explore solutions, although they are never free to propose just any project at any given time. To that extent, there are

limits to the trends toward automation, robotization and informatization in countries like those of Latin America such as we have described, and labor relations (trends toward precarious flexibilization, atypical labor, the marginalization of labor unions as interlocutors of labor relations) not only depend on the extent to which jobs are automatized, but also on the balance of forces between such actors. A dependency of political forces on state power and corporate policies, and the activity or passivity of labor unions. This fundamental part of the future of work is also marked by economic and institutional structures as labor laws, but there will always be a space, whether vast or restricted, for viable action by workers to push for decent employment.