

I. Income insecurity

Labour market exclusion and globalization

80. Lack of access to gainful employment is the most common concern of all social groups and is one of the most important sources of vulnerability. For young people, limited employment opportunities are a key concern, as their unemployment rate is typically two to three times that of adults. For older persons, the lack of meaningful jobs not only wastes a valuable productive resource at the societal level, it also poses risks of poverty and dependency in old age. From the perspective of persons with disabilities, access to employment is at the core of their rights and vital for their integration into mainstream society. Among the concerns and vulnerabilities of international migrants, employment-related issues are part and parcel of the protection of migrants' rights and their overall well-being. A large number of indigenous people live in areas where there are typically few or no jobs; therefore, expanding opportunities for employment is critical to indigenous livelihoods. In conflict prevention as well as in post-conflict

reconstruction, employment creation plays an important role in mitigating social tension, rehabilitating former combatants and helping to rebuild war-torn areas.

81. Unemployment, underemployment and job insecurity are the causes as well as the outcomes of the social vulnerability suffered by various groups. Lack of employment and job security can result in income insecurity and poverty, which in turn contribute to social vulnerability through social discrimination, greater exposure to risks and weak coping capacity. Poor people are often employed in informal sectors where working conditions are not regulated and wages are quite low. Poor people are also more likely to live and work in unsafe, unsanitary conditions. Access to education and health services for them is limited, and the quality of the services they do receive is often substandard, especially in developing countries. Those conditions result in low educational attainment and poor health and increase their exposure to injuries, malnutrition and diseases, further reinforcing their social isolation and increasing their level of social vulnerability.

Box 1

Assessing vulnerabilities: income poverty

Poverty as measured by income is most prevalent in sub-Saharan Africa, where, on average, 51 per cent of the population (324 million people) live on less than one dollar per day. In a few countries in the region, the figure is over 70 per cent.

In South Asia the figures are also alarming: on average, 32 per cent live on less than one dollar per day. South Asia accounts for the largest proportion of the world's population living on less than one dollar per day — approximately 40 per cent, or about 437 million people.

Source: World Bank, *World Development Indicators, 2003* (Washington, D.C., 2003).

82. An important factor hampering the participation of poor people in formal labour markets is, ironically, poverty itself. Poor people are more likely to suffer from ill health and inadequate nutrition than those who are not poor, factors that limit their ability to gain entry into and to remain in the relatively small formal labour markets of developing countries. Education is another

key consideration, as poor households typically have unequal educational opportunities or, in some cases, none at all. Family income needs often curtail children's school attendance, as young people are pushed into the workforce prematurely, preventing them from attaining the knowledge and skills they need

to compete for better, more productive jobs in the formal labour market.

83. Macroeconomic policies, including fiscal policy, international trade and financial liberalization, and employment policy, all influence social vulnerability. Fiscal policy directly affects income distribution and the financial resources allocated to social sectors, and it therefore has an impact on both risk and its mitigation. International trade and financial liberalization, if active labour market policies are absent, can lead to real or perceived employment insecurity. Related to the recent trends in financial liberalization, change has come about through the growing imbalance in bargaining power between employers and unions, which has produced downward pressures on wages and job security, at least in economic sectors where international competition has intensified.

84. Persistent unemployment in many developed countries has generated greater labour market insecurity, particularly in Europe. At the same time, the gap between the wages of skilled and unskilled workers has widened. There is strong support for the view that the market forces responsible for the rapid spread of globalization have been a major contributory factor to the increased vulnerability of workers. In particular, the rise in vulnerability among workers is often attributed to the decline in manufacturing employment following the surge of manufacturing exports from developing to developed countries.

85. In that context, there is evidence that the “standard” employment relationship is declining in favour of more precarious forms of employment that typically offer lower wages, poorer working conditions and less social protection.

86. Furthermore, significant changes in family dynamics and work patterns have taken place that challenge existing formal and informal support systems. The labour force participation rates of women are quickly approaching those of men, and workers on the whole exhibit differing work patterns, as many people cycle in and out of the formal labour force over the course of their working lives. People may move from informal work, such as subsistence farming, to more formalized employment in urban areas, or they may take time out to raise children or care for older family members. Moreover, people are more mobile today than ever before, with increasing numbers of

individuals and families migrating both within and between countries. However, State-supported social protection systems, to the limited extent that they exist in the world, have not been modified to accommodate the changes. Formal social protection systems are largely designed to benefit those with uninterrupted years of service in the formal economy, preferably in the same country and with the same employer.

87. In developed countries, those changes have resulted in a significant increase in employment-related vulnerability in such precarious forms of employment as home-based work, part-time work or temporary work, on-call work or self-employment.⁶ Precarious employment is characterized by limited social benefits, limited statutory entitlements, low wages and poor working conditions. It offers no certainty of continuing employment, a high risk of job loss, a low level of regulatory protection and no recognition of trade union rights.⁷ In addition, there is a link between changing employment relationships and sex/gender inequalities in the labour market.

88. Nevertheless, the increased vulnerabilities experienced by workers in developed countries cannot be explained by rapid trade liberalization and surges in imports alone; those phenomena are only a part of the globalizing process. The impact of market forces in today’s globalizing world arises from a mix of factors, including overall demand conditions, the workings of global financial markets and the role of technological change, in particular the information and communication revolution. Specifically, developments in financial markets have made it easier to establish a global production base, thereby facilitating the relocation of production from high-cost to lower-cost regions. Technological changes ushered in by the information and communication revolution have not only led to labour shedding in industries but have also made it possible to shift certain production and services to lower-cost developing countries. All those

⁶ International Labour Organization, *World Employment Report 1998-1999* (Geneva, International Labour Office, 1998).

⁷ G. Rogers, “Precarious employment in Western Europe: the state of the debate”, in *Precarious Jobs in Labour Market Regulation: The Growth of Atypical Employment in Western Europe*, G. Rogers and J. Rogers, editors (Belgium, International Institute for Labour Studies, 1989).

factors further increase the vulnerability of labour in developed countries.

89. The employment picture is even more discouraging for developing countries.⁸ A recurring observation is that, although most developing countries have made great efforts to integrate more fully into the world economy, many have not been able to reap the potential benefits from greater trade and investment flows. One explanation for the uneven distribution of the benefits of globalization between developed and developing countries lies in the weaknesses and deficiencies of the current international trading and financial systems, which tend to operate against the interests of developing countries. Beyond that, the

steep rise in unemployment and poverty that emerged in the wake of the Asian financial crisis revealed the heightened vulnerability of developing countries to the volatility and change that can occur in global financial markets. The dramatic worsening of labour market conditions during the Asian financial crisis, in even the most robust developing countries, raised serious concerns about the effect of rapid financial market liberalization upon vulnerability among workers and poor people. The impact of financial crises on wages, employment and poverty in Asia was similar to that experienced during earlier episodes in Latin America. The effect of such crises has been a reduction in real wages, higher unemployment and poverty and, therefore, greater income insecurity.

Box 2

Assessing vulnerabilities: unemployment

The lack of access to gainful employment is an important source of vulnerability. Although unemployment figures alone may not reveal pervasive underemployment or the existence of working poor people, they remain useful indicators. Unemployment in Latin America and the Caribbean and in Europe averages 10 per cent.

The unemployment rate in the OECD countries is 6 per cent, on average.

In most countries, men account for a larger proportion of the labour force than women; however, in many countries the unemployment rate among women is much higher than that of men.

Source: International Labour Organization, *Key Indicators of the Labour Market*, 2001-2002, database (Geneva).

90. Labour conditions during the Asian financial crisis eroded sharply, particularly among the unskilled, displaying a significant asymmetry in the impact of growth and crises on poverty in developing countries. The fact that the economic recovery that followed the crisis did not fully reverse the deterioration in labour conditions suggests that the impact of economic growth

on poverty reduction is weaker than the impact on poverty of a comparable decline in economic growth.

91. Relying upon the unemployment rate alone as an indicator of employment conditions in developing countries, as is often the case, masks the full extent of vulnerability of the poor in developing countries. The unemployment rate is inadequate, as it fails to reveal either pervasive underemployment or the existence of working poor people. The reality is that much of the world's labour force still relies on agriculture; roughly three quarters of the working poor in developing countries still live in rural areas where the work is often informal, unprotected and unregulated. An

⁸ The following analysis is based on "Globalization and the labour market", a paper prepared by the secretariat of the United Nations Conference on Trade and Development for the meeting of the ILO Working Party on the Social Dimension of Globalization, Geneva, 12 November 2001 (UNCTAD/GDS/MDPB/Misc.14).

important concern is that in Africa and Asia, women are disproportionately represented in the informal economy and are particularly vulnerable.

92. Conventional economic theory predicts that trade liberalization and greater openness in the world economy should lead to wage convergence between developed and developing countries. Nevertheless, recent evidence from Latin America and sub-Saharan Africa suggests that an increase in unemployment and wage inequality has often accompanied liberalization episodes in many of the developing countries. Indeed, with the exception of the fastest growing developing countries in East Asia, growing wage inequality has been a key outcome of rapid trade liberalization in most developing countries.

93. The picture that presents itself is one of a crisis in employment. While the industrialized countries continue to strongly advocate globalization, liberalization and outward-oriented development, the enduring popular perception in those countries is that labour-market problems are caused by excessive imports of manufactured products from developing countries. The response to the perceived “threat” includes such measures as raising barriers to imports from developing countries, imposing higher labour standards on producers in developing countries and lowering labour standards in their own labour markets. Not only are such responses by developed countries unlikely to resolve all their labour-market problems, the measures will in all probability slow economic growth and industrialization in developing countries.

Youth unemployment

94. Youth unemployment and underemployment should be viewed as a subset of the overall employment problem: the continuous slow growth of productive employment. However, young people are more vulnerable to unemployment and job instability than adults owing to their lack of work experience and professional skills. Young workers tend to serve as buffers in times of economic uncertainty and shock, as they are typically among the first to be fired and the last to be hired during economic downturns.

95. Many young people do not have access to adequate employment, which leads to other risks. Currently, 66 million young people are unemployed worldwide, which constitutes some 40 per cent of the

world’s unemployed. Although precise figures are not available, it is commonly believed that a significantly larger number of youth are underemployed. Young women are more at risk of becoming unemployed and have unemployment rates that are 20 to 50 per cent higher than that of young men. Whether they live in developed or developing countries, young people suffer disproportionately high levels of unemployment — between two and three times that of older generations — and are increasingly likely to be engaged in precarious, informal or hazardous forms of work. Perpetuating this situation is clearly unacceptable.

96. The case for increasing youth employability through investment in education and vocational training for young people can be made on the basis of two arguments. First, evidence from a wide range of countries shows that education clearly enhances young people’s prospects in the labour market. Second, in the long term, the capacity of countries to develop economically and socially and take advantage of globalization will depend on the quality and skills of their labour force. However, operationalization of the relationship between education and employability has proven difficult.

97. In many countries, particularly developing countries, large numbers of highly educated young men and women remain unemployed owing to an inability to match university degrees with demand for corresponding occupations. The phenomenon can be explained primarily by a lack of development in modern sectors of the economy. As the majority of new job growth is in the informal sectors of the economy, few opportunities remain for young people graduating from school to find jobs that correspond to their level of educational attainment. Many of those highly educated workers, therefore, end up migrating to industrialized countries in search of better job prospects. The situation is compounded by an overabundance of students graduating with degrees in the social sciences and humanities, areas in which the number of jobs is insufficient. In contrast, few graduate in such disciplines as engineering and the physical sciences, which require more sophisticated equipment and technology, often too costly for many universities in developing countries to provide.

98. The experience in developed countries in their attempt to increase the employability of youth through education and training provides further evidence of the

difficulty of the challenge. Since the 1990s, a wide variety of youth employment measures have been implemented by the Organisation for Economic Cooperation and Development (OECD) countries as part of what has become known as active labour market policies. Typical measures include formal classroom training, on-the-job training and job-search assistance, which may include individual counselling, job clubs, Internet job postings, employment incentives (bonuses), employment subsidies and direct youth job creation in both the public and private sectors. A major and disheartening conclusion of recent assessments of what works among active policies and for whom is that youth measures have proven to be the least effective of any form of labour market policy.⁹ A positive impact on any significant scale has not been observed in terms of either employment prospects or wages for out-of-school young people. Only a few examples of successful measures have been found locally in the handful of countries that have been the most successful in terms of overall employment creation.

99. Young people also remain largely barred from access to entrepreneurship, a critical issue in developing countries where self-employment is often the only choice for survival. Owing to their lack of collateral and business experience, lenders consider youth very high-risk clients, making it difficult for them to borrow money. In a context where many employers value skills and experience, a proven work ethic and the ability to perform on the job, young people, particularly those with limited education or training, are at disadvantage in the search for employment. However, that disadvantage is too often reinforced by gender biases and by negative attitudes towards the employment of young people who come from socially excluded communities or who represent ethnic minorities.

Employment and working conditions of migrants

100. Although policy attention has been mostly devoted to “organizing” the immigration of highly skilled workers who meet specific labour needs, the majority of migrants have low qualifications and occupy jobs at the bottom end of the wage scale. Deception, discrimination, exploitation and sometimes abuse are employment-related situations commonly and increasingly faced by poorly skilled migrant workers.¹⁰ The vulnerability of migrants may be explained in part by the current xenophobic climate in many societies; however, that vulnerability arises primarily from the migrants position in the labour market and the lack of application and enforcement of labour standards in host countries.

101. The gap in labour standards is largely the result of the simultaneous occurrence of two trends. First, in the 1990s the number of host countries increased significantly, particularly among the developing countries. Many of those countries had neither provisions for minimum working conditions nor migration laws.¹¹ Second, especially in developed countries with low enforcement of standards for occupational safety and working conditions, such labour-intensive sectors as agriculture, construction, domestic employment, low-skilled manufacturing industries, the informal sector and the “sex industry” rely increasingly on imported, and often undocumented, labour.

102. Labour market deregulation has allowed a large number of undocumented migrants to find jobs despite relatively high levels of unemployment in developed countries. At the same time, employment-related discrimination has made it more difficult for legitimate migrants to find or change jobs. Although evidence is currently sparse, discrimination against migrants as well as ethnic minorities is a worldwide phenomenon. Studies carried out by the International Labour

⁹ J. P. Martin and D. Grubb, “What works and for whom: a review of OECD countries’ experiences with active labour market policies”, *Swedish Economic Policy Review*, 2001, vol. 8, No. 1.

¹⁰ See P. Taran and E. Geronimi, *Globalization, Labour and Migration: Protection is Paramount* (Geneva, International Labour Office, 2003).

¹¹ Based on the entries in the NATLEX database maintained by the International Labour Organization, over 100 countries enacted legislation or signed agreements that related to migration during the 1990s. In comparison, in 1970 there were only approximately 40 countries employing foreign labour.

Organization (ILO) in four European countries found that more than one in three job applications by immigrants and members of minorities were rejected or not given consideration.¹²

103. Migrants working under substandard conditions offer a low-cost and flexible manpower alternative for small and medium-sized companies that cannot relocate their operations abroad. The presence of large numbers of undocumented migrants, an unintended consequence of restrictive immigration policies, has fuelled the trend. In a sense, migrants' vulnerability makes it possible to exploit them further.

104. Migrants' economic rights are almost completely contingent on immigration laws and are usually limited. For migrants in many countries, both their access to labour markets and the scope of their engagement in professions and trade are restricted. Those restrictions may apply during a limited period of time. In many countries, migrants cannot change employers or jobs during their first year of residence, and the restriction usually applies permanently to migrants recruited under guest worker contracts.

105. While immigration laws dictate migrants' economic rights, they rarely contain provisions for the enforcement of those rights. This creates a particular problem for migrants who are expelled or for those who try to recover any employment-related outstanding payment after they have left the host country upon termination of employment.

106. In a few countries, migrants have begun organizing themselves in order to assert their rights, sometimes with the help of non-governmental organizations. In addition, in a number of developed countries, the threat posed by deregulation to the enforcement of labour standards and concerns with plummeting membership have led labour unions to adopt more open views towards immigration and the plight of migrants.

107. Furthermore, Governments of the sending countries, particularly in Asia, have been increasingly concerned about the mistreatment and abuse of their nationals employed overseas and have become more actively involved in migration issues. Some countries

have adopted measures for the protection of their nationals, including insurance schemes, and many Asian embassies now have labour attachés on their staff. This has also led public authorities to review existing institutional arrangements for emigration. Although bilateral agreements exist between some sending and receiving countries in parts of Western Asia, they have had little impact. On the receiving side, some countries of Western Asia acknowledge that their migration legislation and practices are outdated and inadequate and require updating and/or reformulation. Regional cooperation between receiving and sending countries has been contemplated but implementation has lagged behind.

108. Such factors as differences in language, skills, education and professional experience, a lack of social networks, and residence in neighbourhoods that are densely populated by migrants and minorities contribute to the difficulties that migrants, particularly young migrants, encounter in finding jobs. Furthermore, there is some evidence that immigrants tend to be among the first to be laid off during times of economic difficulties, while they are the last to be rehired later. Unemployment rates among immigrant workers are high in many Western European countries. During the recent Asian economic crisis, many migrants, particularly legal migrants, lost their jobs. In contrast, the foreign manpower employed in export sectors that benefited from the devaluations, such as forestry and plantations, increased. Nonetheless, large numbers of regular migrants who lost their jobs moved to lower paid jobs in the informal sector. In the course of the crisis, the informalization of certain economic sectors seems to have attracted new waves of migrants, bringing additional downward pressure on wages.

Social protection, employment and income insecurity among older persons

109. The ageing of the population, along with changes in the workforce dynamics of older persons, have helped shape the debate on pensions. For a handful of highly industrialized countries — with the exception of older widows, who fare less well — older persons have managed thus far to reach old age without experiencing a dramatic fall in their living standards, regardless of the level of their country's public pension

¹² R. Zegers de Beijl, editor, *Documenting Discrimination against Migrant Workers in the Labour Market: A Comparative Study of Four European Countries* (Geneva, International Labour Office, 2000).

expenditure.¹³ However, it is estimated that over the next quarter century, some 70 million people will retire in OECD countries and be replaced by only 5 million new workers. In contrast, during the previous quarter century, 45 million new pensioners were replaced in the workforce by 120 million workers.¹⁴

110. Public scrutiny surrounding the high administrative costs of many existing pension schemes, which can quickly eat into returns, has galvanized experts to urge caution — as well as good governance and transparency — when developing a plan's architecture. According to some, the OECD countries have not moved aggressively to address system cost and stability issues, and it is further felt that the increasing debt implicit in some systems, particularly the application of current pay-as-you-go rules, will lead to higher contributions for workers and/or higher income taxes for both workers and pensioners.¹⁵

111. For many countries, pension reform has to contend with economic crises and high levels of public debt that not only threaten economic stability but also squeeze out necessary investments in education, health and infrastructure, leaving entire populations at risk. The economic crisis that hit Argentina in 2001 has caused wide and abrupt impoverishment among broad sectors; older persons have suffered a reduction of about 13 per cent in their retirement benefits, devaluation of their lifelong savings and the consequences of the collapse of the *Instituto Nacional de Servicios Sociales para Jubilados y Pensionados* (INSSJP), the largest health and social security institute of its kind in Latin America.¹⁶

¹³ Bernard Casey and Atsuhiko Yamada, *Getting Older, Getting Poorer? A Study of the Earnings, Pensions, Assets and Living Arrangements of Older People in Nine Countries*, Labour Market and Social Policy Occasional Papers No. 60 (Paris, Organisation for Economic Cooperation and Development, 2002).

¹⁴ Organisation for Economic Cooperation and Development, *Ageing, Housing and Urban Development* (Paris, 2003).

¹⁵ Louise Fox and Edward Palmer, "New approaches to multipillar pension systems: what in the world is going on?", in *New Ideas about Old Age Security: Toward Sustainable Pension Systems in the 21st Century*, Joseph Stiglitz, editor (Washington, D.C., the World Bank, 2001).

¹⁶ Nélica Redondo, "Social health insurance for older people: a comparison of Argentina and the United States" (in Spanish), paper presented at the United

112. According to the International Labour Organization, some 90 per cent of the world's working population is not covered by pension schemes capable of providing adequate retirement income. In the countries of the former Soviet Union, pension schemes have become practically worthless with the collapse of national economies; in Africa, pension schemes are weak in general and poorly managed; in Asia, schemes have been weakened by the continent's financial turmoil of the late 1990s; in the labour-importing countries of the Middle East, foreign workers are not permitted to join the retirement schemes; and in Latin America and the Caribbean, schemes are performing poorly, with a number of countries converting to different systems.¹⁷ For those not covered, or covered by poorly performing pension schemes, old age income is not secured at all.

113. Ongoing questions of how to find a balance between public and private sector responsibility for the provision of old age protection and workers' rights and needs for security also arise in debates over the labour market's ability to absorb and retain workers. While the participation of older persons in the labour market is a pivotal factor in reducing their vulnerability, the overall rate of labour-force participation of older persons has been on a steady decline for decades, even as their numbers and proportions are increasing.

114. Africa and Asia have the highest proportion of older persons who are economically active — over 40 per cent — which translates into very large numbers, yielding a significant economic impact. In most developing countries, most older persons have worked their entire lives in informal settings with few benefits, if any, and meagre incomes. There is no pension account from which to draw a retirement income and very little chance to build one. Poverty is a motivating factor that compels older persons to continue working as long as their health will allow, as farmers, labourers or vendors.

115. At the other end of the spectrum is Europe, where the proportion of economically active older persons averages as low as 5 per cent and where most retire from wage employment at ages that are strictly mandated; persons are penalized with a loss of social

Nations Research Institute for Social Development International Conference, 8-9 April 2002, Madrid.

¹⁷ Colin Gillion and others, editors, *Social Security Pensions: Development and Reform* (Geneva, International Labour Organization, 2000).

Box 3

Assessing vulnerabilities: pension contributions

Over 90 per cent of the world's working population lack pension schemes to provide them with adequate retirement income, according to the International Labour Organization.

In many countries in sub-Saharan Africa, less than 5 per cent of the working-age population contributes to pension schemes.

In contrast, in most countries in Europe and Central Asia, over 60 per cent of the working-age population contributes to pension schemes.

In most OECD countries, over 80 per cent of the working-age population contributes to pension schemes.

Source: ILO and World Bank.

security income if they continue to work beyond a certain age. Such policies were designed when retirees were few in number relative to the working population and benefits could be easily provided. With a retiree population living longer and growing by the day, policies are nevertheless encouraging people to shorten their working lives just at a time when they are fit and able to work longer, and are excluding from the labour market those who would prefer to continue working. However, mandatory retirement is only part of the political setting. Unemployment and a lack of opportunities, a demand for mastery of new skills in the expansion of the digital economy and the high value placed on leisure time are also driving the impact of labour market policies with respect to older workers.

116. Over the past two decades, along with women's employment, older women's share of the labour force has been rising, although it is now projected to remain stable at around 10 per cent over the next 10 years. While the total participation rate remains higher for older men, their share is projected to decrease to 18 per cent from 28 per cent today. That rate now ranges from under 2 per cent in some European countries to over 80 per cent in Africa. For older women, the rates range from less than 0.5 per cent in some European countries to more than 60 per cent in African countries.¹⁸ In many countries, however, older women are disproportionately concentrated in low-skill, repetitive

jobs, which contributes to their disproportionate representation among poor and vulnerable people.

117. While experts in the field of ageing have debated for decades the effects on society of an ageing population, the global media have recently taken notice, focusing on pension difficulties, population replacement levels and a looming social security and health-care crisis. Underpinning the debate is the global decline in fertility rates, the effect of which is a progressive reduction in the working-age population accompanied by a growing older population. Over the next fifty years, the old-age dependency ratio will almost double in North America, Africa and Oceania; it will more than double in Europe; and more than triple in Asia and in Latin America and the Caribbean. The consequences of those trends are becoming increasingly visible as a result of highly politicized debates that range from immigration and tax policies to the solvency of future pension, social security and health-care systems — all with potentially negative implications for the well-being of the older population.

¹⁸ "Socio-economic characteristics of the older population", in *World Population Ageing 1950-2050* (United Nations publication, Sales No. E.02.XIII.3).

Employment of persons with disabilities

118. While an estimated 386 million working age people in the world are disabled,¹⁹ they are frequently cut off from employment opportunities and suffer unemployment rates far higher than that of the non-disabled workforce. In many developing countries, it is estimated that 80 per cent or more of the disabled are unemployed, which further contributes to their high incidence of poverty and social exclusion.

119. Approximately one third of disabled persons are not employed owing to severe disabilities in the OECD countries as a whole. Contrary to common belief, the majority of persons with disabilities have the potential to make valuable contributions in the workforce, as employees or as entrepreneurs. In the OECD countries, the average income from work of gainfully employed persons with disabilities differs little from that of people without disabilities. Nonetheless, many disabled persons who are willing and able to work are unemployed.

120. There are basically three reasons for high unemployment among disabled persons. First, the general public perception is that persons with disabilities are unable to work productively, and therefore employers are usually unwilling to give them the opportunity. Second, many workplaces remain inaccessible owing to the lack of appropriate transportation, physical access to buildings or adaptive technology. Third, many adults with disabilities have had limited or no access to general education or training in employable skills.

121. Evidence has shown, however, that not enough attention is currently being paid to improving the employability of disabled persons. A study conducted by the Organisation for Economic Cooperation and Development revealed that people are far more likely to be awarded a disability benefit than receive vocational rehabilitation and training.²⁰ Vocational

rehabilitation is often not available, either at all or in a timely manner, leaving the disabled in a highly vulnerable position, without employment options and with little control over their livelihood and economic well-being. The OECD study also points to the fact that employment programmes for persons with disabilities have so far played only a minor role in disabled people's employment, although in some countries such programmes seem to have contributed to the employment of the severely disabled.

122. In developed countries, depending on the choice, needs and individual circumstances of persons with disabilities, employment can be provided through one of the following means: open employment, including self-employment; sheltered employment; supported employment; and social enterprises.²¹ However, sheltered employment continues to account for the bulk of employment for persons with disabilities despite increasing concerns that sheltered or, for that matter, supported work environments tend to reinforce social exclusion and discrimination.

123. The lack of accessibility to and accommodation within the workplace are major impediments to the employability of persons with disabilities in the open labour market. In the absence of accommodation, such as redesigning workplaces so that they become wheelchair accessible, introducing flexible working hours so that people have time to attend to their medical needs during the workday or preparing workplace instructions so that they are comprehensible to people with visual impairments or intellectual disabilities, the possibility of increasing the employability of persons with disabilities seems remote.

124. The situation is far worse in developing countries, where both disability benefits and vocational rehabilitation services may be virtually non-existent. In such cases, the disabled are often left dependent, destitute and despairing. Given the relatively small size of the formal labour market in most developing countries, particularly in rural areas where many of the disabled live, opportunities for integration of persons

¹⁹ International Labour Organization, *Disability and the World of Work*, last updated 5 June 2001, available from <http://www.ilo.org/public/english/employment/skills/disability>. Based on the estimate by the World Health Organization that 10 per cent of the world's population has a disability, of whom 386 million are between the ages of 15 and 64 years of age.

²⁰ Christopher Prinz, "Towards a coherent policy mix", paper presented at the OECD Seminar on Active Labour

Market Policies for People with Disabilities, Brussels, 9 July 2002.

²¹ Arthur O'Reilly, *The Right to Decent Work of Persons with Disabilities*, IFP/Skills Working Paper No. 14 (Geneva, International Labour Office, 2003).

with disabilities through employment largely rest on informal work, particularly self-employment.

125. Overall, trends in the employment of persons with disabilities are discouraging, whether in the developed or developing countries. Important issues, such as the need to enhance job retention for those who acquire a disability while employed or to facilitate a return to work for those who have left their jobs owing to a disability, have not received sufficient attention by far. Against such a background, changing the perception of disability by the society at large in the near future, so that persons with disability will be recognized as self-supporting and independent members of society, will remain a major challenge.

The challenged livelihoods of indigenous peoples

126. For indigenous peoples, the expropriation of their communal ancestral lands, waters, territories and resources through colonialism and conquest has left a painful legacy of dislocation and displacement and remains the main cause of the destruction of the environment and their way of life.

127. The legal doctrines of dispossession, as part of international law, such as “terra nullius”, which views indigenous lands as legally unoccupied until the arrival of a colonial presence, and the doctrine of “discovery”, which grants the “discovering” colonial powers free title to indigenous lands subject only to indigenous use and occupancy, have been instrumental in making the expropriation possible. National economic and development priorities of the dominant society are also used to justify the subordination of indigenous peoples’ interests in their ancestral lands. In addition, legal systems that protect individual rights often do not protect collective rights, a distinct feature of the way of life of indigenous peoples.

128. The loss of ancestral lands occurs through multiple channels, all of which can be traced to economic development that has encouraged the construction of major infrastructure projects, the opening of forests to loggers, and the encouragement of mining and oil exploration operations in isolated districts, often at considerable cost to indigenous

peoples.²² Their way of life is being eliminated as companies and Governments utilize traditional lands for the extraction of resources, grazing and the generation of hydroelectric power. Economic activities are invariably imposed from the outside; indigenous peoples are not consulted or involved in their implementation, nor do they benefit from them.

129. Dam construction for downstream irrigation and hydroelectric power generation is a typical economic development initiative that leads to the flooding of ancestral lands. To accommodate the construction of dams, indigenous peoples have been resettled or relocated, both voluntarily and involuntarily. However, when satisfactory resettlement schemes are not implemented, indigenous peoples are left without alternative livelihoods.

130. Oil exploration, oil pipelines and mineral extraction and their transportation often also lead to the displacement of indigenous peoples from their ancestral lands. In certain cases, indigenous peoples receive compensation for the use of their land. However, mining and fossil fuel extraction have side effects, including respiratory health problems and environmental degradation.

131. The creation of national parks and reserves is another source of conflict between indigenous peoples and States. Even the conservation programmes pushed by many Governments displace forest dwellers who are still perceived in certain cases as causing the destruction of forests and threatening biodiversity. Furthermore, those conservation programmes, by disregarding indigenous knowledge, can lead to inadvertent forest destruction. In addition Governments grant logging concessions without regard for indigenous peoples, and in several instances, sites have been deforested despite their protected status because Governments use logging concessions for political patronage.²³

²² “Report of the Expert Seminar on Practical Experiences regarding Indigenous Land Rights and Claims”, Whitehorse, Canada, 24-28 March 1996 (E/CN.4/Sub.2/AC.4/1996/6/Add.1).

²³ Victoria Tauli-Corpuz, *The Resistance of the Indigenous Peoples of Asia against Racism and Racial Discrimination* (Baguio City, Philippines, Indigenous Peoples’ International Centre for Policy Research and Education, n.d.), available from http://www.tebtebba.org/tebtebba_files/ipr/racism.htm (accessed 4 November 2002).

132. Population growth in the dominant society has also led to encroachment on indigenous peoples' lands. For example, to ease population pressures, in a number of countries transmigration policies that aimed at settling lowland people in indigenous peoples' lands have made the indigenous peoples the minority in their own lands. Not only have those policies resulted in the displacement of indigenous peoples, but they have also often resulted in conflicts between them and the new settlers. In addition, the demand for new lands to accommodate population growth and new sources of raw materials has led to road construction and other infrastructure projects that displace indigenous peoples from their lands. As new areas become more accessible to mainstream society, indigenous peoples are also more easily displaced.

133. In addition, with commercialization and specialization in crop production, subsistence livelihoods are replaced by more volatile sources of income tied to cash crop production on large farms. When cash crops fail, indigenous peoples risk unemployment because they have limited skills and have abandoned subsistence, or more diverse and sustainable, farming methods. Some indigenous farmers have adopted more modern agricultural practices, such as the use of fertilizers, pesticides and modern seeds, to raise productivity. However, with limited financing, lower productivity often occurs since modern seeds are dependent on the right input levels of pesticides and fertilizers. At the same time, traditional seeds, which are less prone to pests and diseases, are lost over time or are not easily recovered.

134. The loss of ancestral lands and the undermining of indigenous cultures expose indigenous peoples to significant socio-economic vulnerabilities that challenge the very survival of their communities. Those vulnerabilities may reveal themselves as a loss of traditional knowledge, cultural diversity and biodiversity, further weakening the capacity of indigenous peoples for self-determination and survival. An adverse economic impact is seen in lost livelihoods and means of survival, poverty and increased dependence on State support. In mainstream society, indigenous peoples are often relegated to menial jobs since they often do not have the educational background, language skills or training necessary to compete. If they cannot find even menial jobs, they are marginalized and left in rural refuges or reserves. In

rural areas they also are the poorest peasants.²⁴ Social and demographic vulnerabilities include migration, often for economic reasons; the breakdown of intergenerational support; and the social disintegration that arises from alcohol and drug abuse, violent conflicts and abuses suffered by indigenous peoples.

135. Despite the paucity of recent and comprehensive data on social indicators related to indigenous peoples, scattered evidence points to the conclusion that, in many countries, indigenous peoples are among the poorest of the poor. Living conditions of indigenous peoples have often been found to be abominable and health problems severe. Furthermore, indigenous peoples lack access to essential social services like water, sanitation and electricity and have poorer quality housing as compared with non-indigenous populations.

Conclusion

136. Despite unprecedented material prosperity, improvements in methods of production and advances in information and communication technologies, the modern world continues to be afflicted with social problems, both old and new. Part of the problem is an old one: the unequal distribution of material wealth; and part of the problem is new, the issue of access to new technologies within and between countries of the world. Structural changes, often on a global scale, have led to some of the other social problems considered in the present chapter. The forces of globalization, manifested in increased flows of goods and services, information, cultural trends and people between the countries of the world, have not been matched by the policy measures and/or institutions needed to cope with the consequences. Those changes have added new dimensions to existing social problems, particularly with regard to employment.

137. As the global demand for labour in the formal economy remains weak — perpetuating high levels of unemployment, underemployment and low-productivity employment — income insecurity and vulnerability will continue to plague all social groups for the foreseeable future. Owing to preconceptions

²⁴ Xavier Albo, "Poverty, development and indigenous identity", in *Indigenous Development: Poverty, Democracy and Sustainability*, D. Iturralde and E. Krotz, editors (Washington, D.C., Inter-American Development Bank, 1996, No. IND96-102).

regarding their age, disability or cultural foundations, members of social groups are frequently relegated to the bottom of the hiring scale, making it more difficult for them to benefit from economic expansions and more likely that they will suffer when economies contract. One of the challenges to poverty reduction efforts is to ensure that opportunities for productive

employment become more evenly spread throughout the population so that they reach the more disadvantaged and socially excluded groups. In the absence of such efforts, further integration and empowerment of economically and socially vulnerable populations is unlikely to occur in the short term.