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Gabriel Martínez
Secretary General

Inter-American Conference for Social Security (CISS)



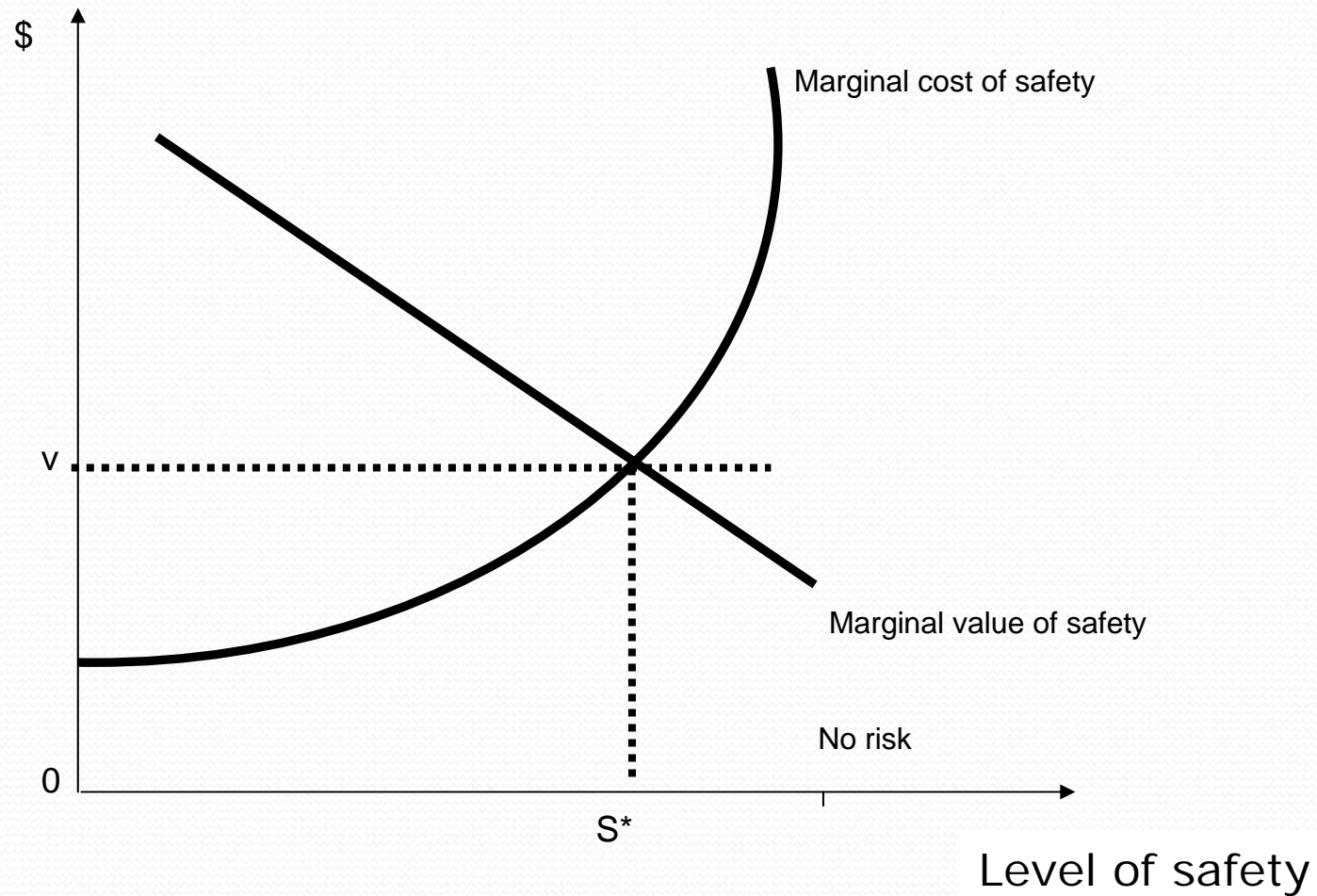
Social protection is needed

- Employers do not always internalize the costs of damage to the worker.
- Employers cannot always coordinate to solve collective problems.
- The State guarantees the use of health services and other benefits and must mandate the contributions of the productive sector.
- Long-term risks are very difficult to measure.



Private insurance markets leave out important groups, specific risks, long-term risks and collective risks.

Relation between risk and safety

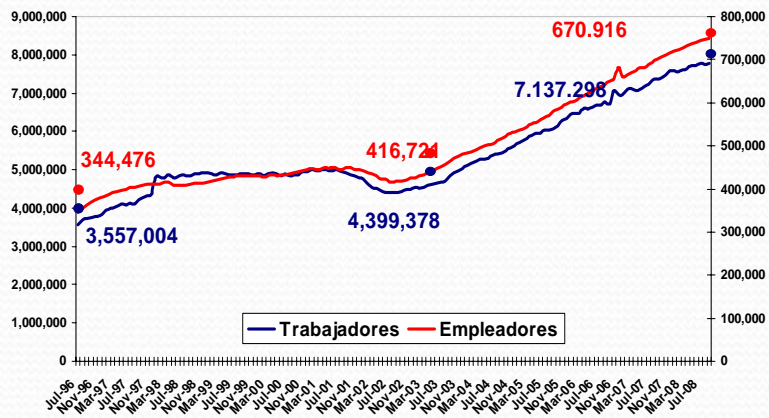


Value of statistical life (VSL)

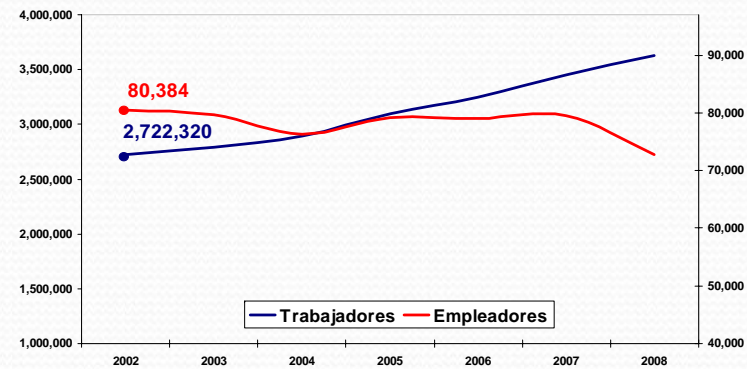
<i>Country and year of research</i>	<i>VSL (USD 2000)</i>
Japan (1991)	\$9.7 million
South Korea (1993)	\$0.8 million
Canada (1989)	\$3.9-4.7 million
India (1996/97)	\$1.2-1.5 million
Taiwan (1997)	\$0.2-0.9 million
Australia (1997)	\$11.3-19.1 million
Hong Kong (1998)	\$1.7 million
Switzerland (2001)	\$6.3–8.6 million
United Kingdom (2000)	\$19.9 million

Trends: coverage has increased significantly

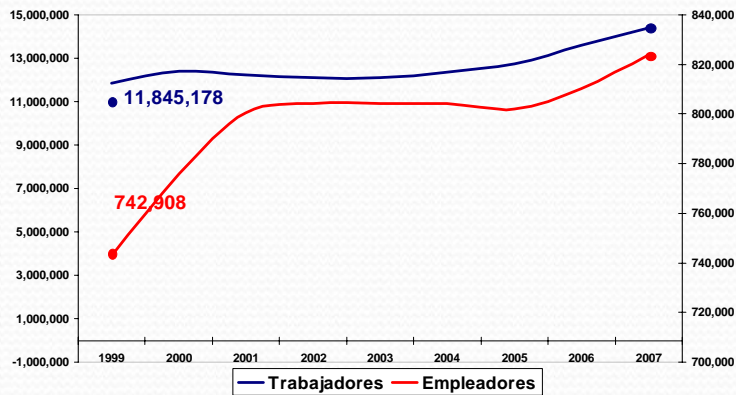
Argentina



Chile



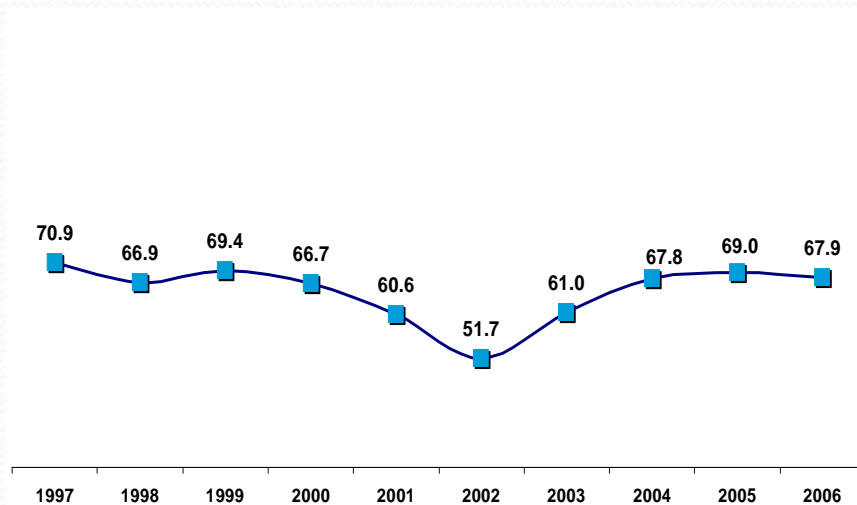
Mexico



Rates of accidents have decreased in a significant way

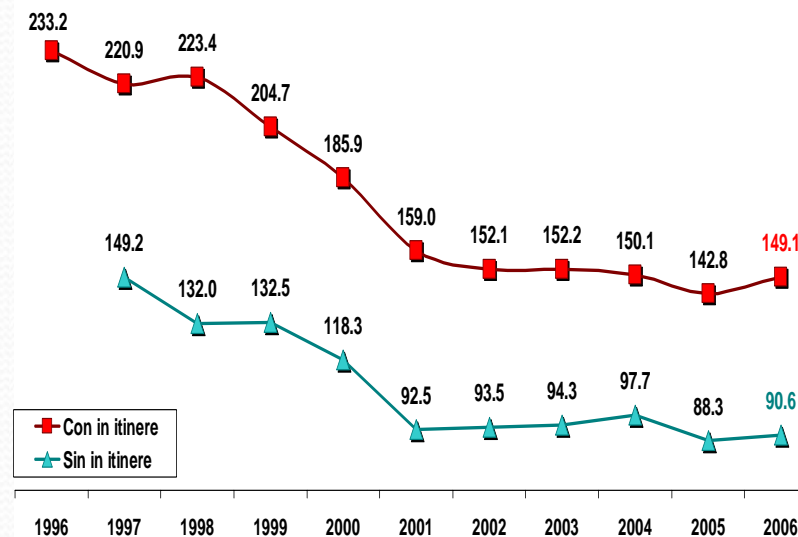
Argentina

The number of cases has been stationary.



Índice de incidencia en accidentes de trabajo: Cantidad de siniestros en el lugar de trabajo con al menos 1 día caído / trabajadores expuestos * 1,000

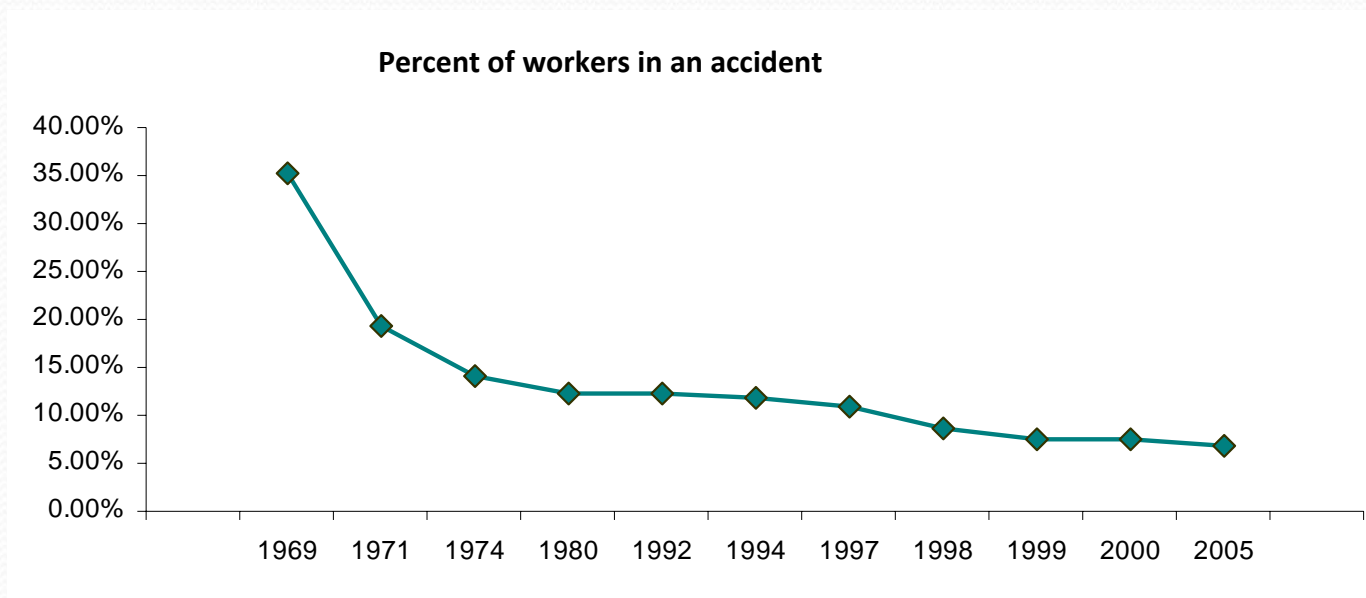
Large decrease in deaths



Índice de Fallecidos : Cantidad de fallecidos/trabajadores expuestos * 1'000,000 (1996-2006, sin casos en tránsito)

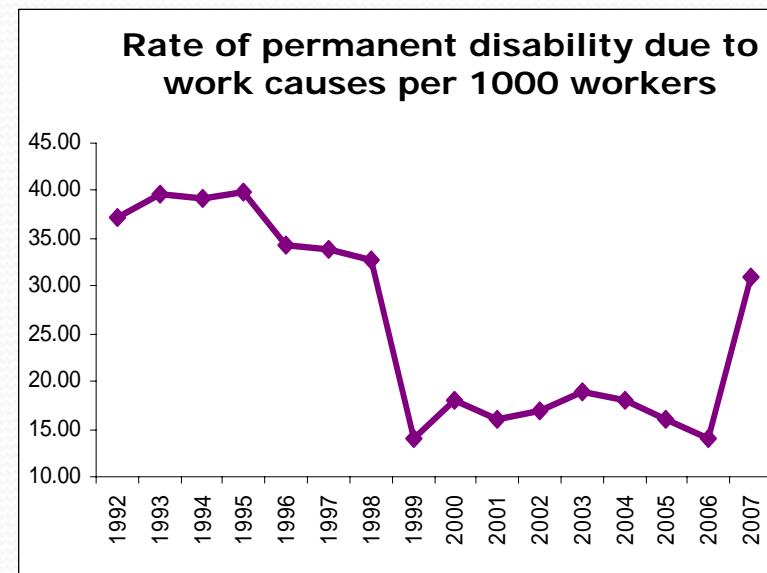
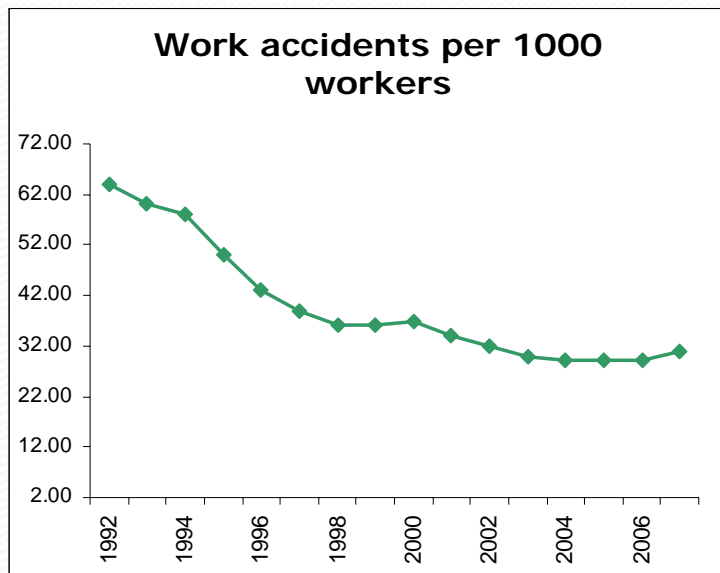
Chile

- The rate of accidents has fallen considerably



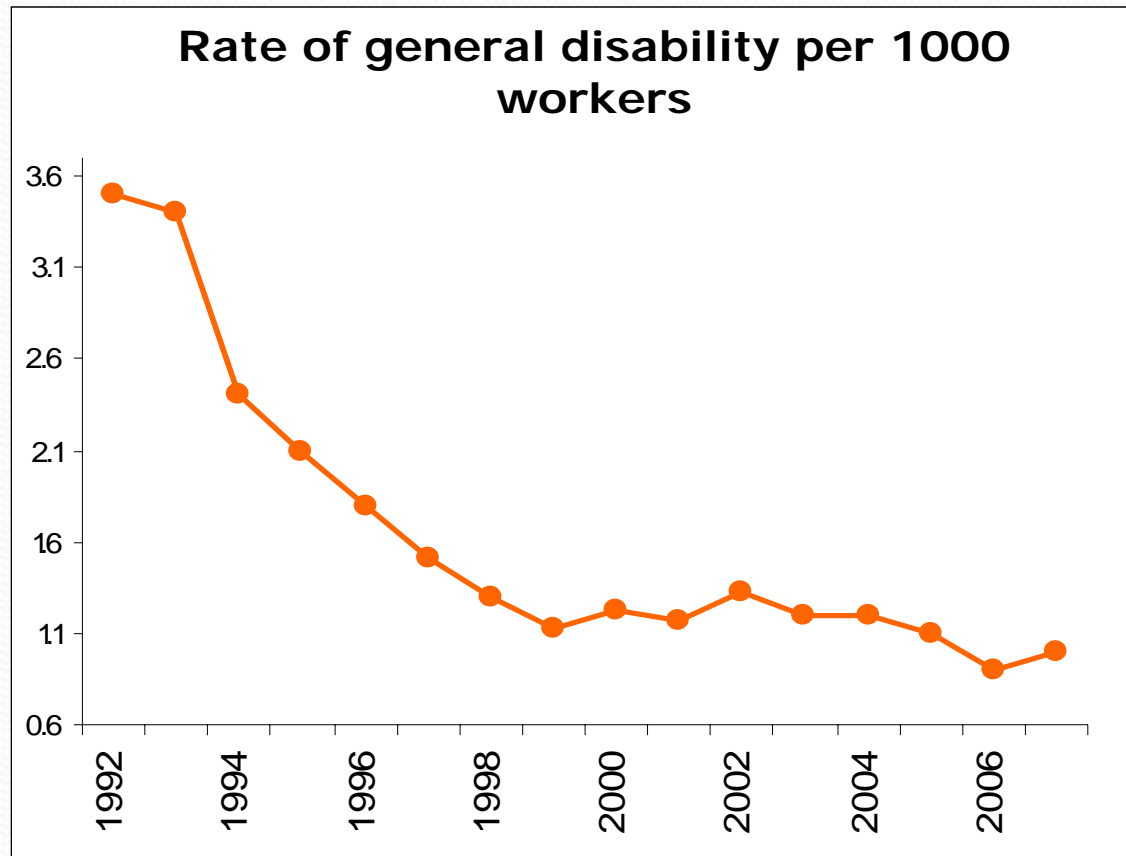
Mexico

- More safety on the job and in general.
- Fewer cases of disability due to work accidents, but they are more costly.
- Pressure to control expenditures in job-related insurance creates pressure on general disability programs.



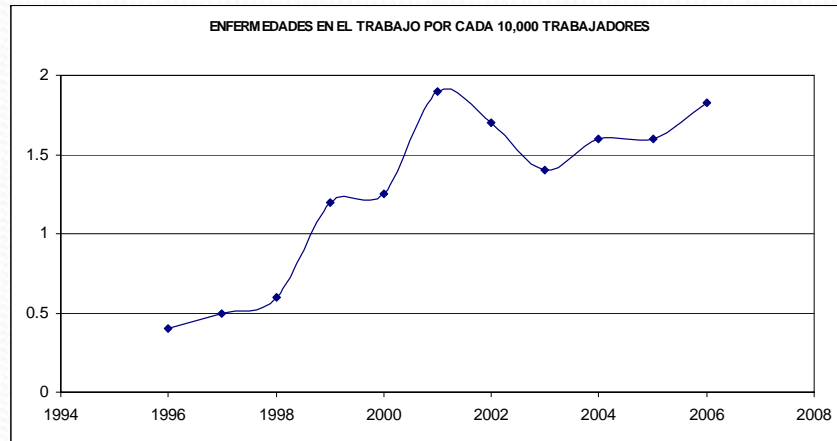
Mexico

- Yet, general disability rates have also fallen

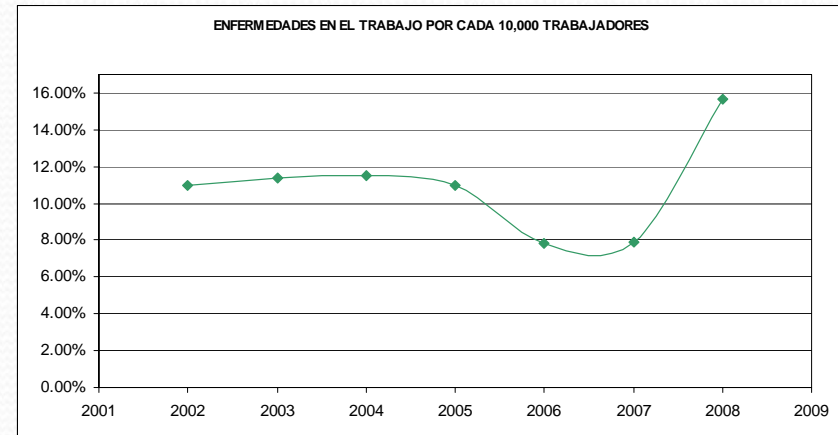


Work-related illness

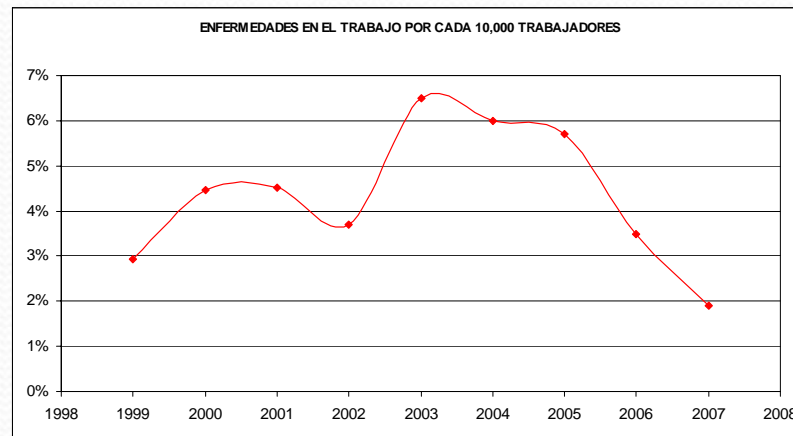
Argentina



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Mexico





Issues with statistics

Indicators are difficult to interpret because they involve behavioral responses associated to financial incentives and labor contracts, as well as technological and health issues: part of the gains do not come from improved health and safety, but from changes in adjudication policies and financial controls.



Why are we observing lower rates of accidents and illnesses in the workplace?

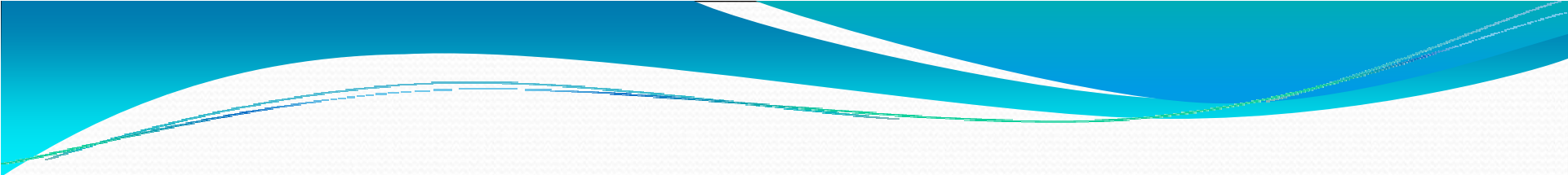
- Trade liberalization allows technology transfer of cleaner and safer technologies.
- Higher benefits motivate prevention.
- A more educated labor force: higher value of human capital increase the value of health and safety

Automobile market in North America

- Higher-income countries export low-quality durable goods.
 - that generate more pollution and personal risk;
 - on the other hand there is a positive effect on the average quality of the capital stock in the receiving countries;
 - both sides can win, but results are not warranted.

Vehicles exported from the US to Mexico 2005 – 2008	
Total number	2,454,639
Year traded (year, share)	
2005	0.16
2006	0.37
2007	0.32
2008	0.15
Vintage (year, share)	
1991	0.04
1992	0.06
1993	0.11
1994	0.14
1995	0.19
1996	0.20
1997	0.16
1998	0.10

Effect of the deregulation of trade on the composition of vehicles in the USA and Mexico			
	USA	Traded vehicles	Mexico
Local polluters			
Hydrocarbons (parts per million)	38.9	43.6	49.3
Nitrogen Oxide (parts per million)	239.2	300.4	310.8
Carbon monoxide (percent)	0.137	0.146	0.201
Global polluters			
Miles per gallon	25.41	24.75	25.34
Weight of vehicle (pounds)	3515	3708	3462
Cylinders	5.84	6.01	5.75
Engine (liters)	3.46	3.68	3.44

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- Forces promoting improved health and safety can remain valid.
 - They can be strengthened through improved social insurance and standards (including labor inspection).
 - Protectionism is a threat to the modernization of machinery and technology in general, but the export of equipment that transfers pollution and undue risk across borders must be controlled.

Challenges of the institutional framework

- Insurance: increase coverage.
- Legislation: modernize laws and regulations and the procedure to standardize.
- Mediation: achieve effective procedures of adjudication and solution of controversies.