

2002 Labour Overview

LATIN AMERICA AND THE CARIBBEAN

International Labour Office

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Editorial

The world of work in Latin America and the Caribbean today faces a crisis of a depth unheard of in the past quarter of a century. A series of external factors, particularly the slowdown in growth of the most industrialized economies, the drop in prices for some of the region's main commodity exports, and the recession in Argentina, whose effects have spread beyond the countries of the Southern Cone, have pushed the average annual urban unemployment rate upward, to around 9.3% by the end of 2002, and driven more workers into informal sector employment.

Urban unemployment rose by similar amounts for workers of both sexes and for young people. Average productivity fell, as did wages' purchasing power. There is even evidence that the quality of family life has eroded, while new indicators for decent work development point to a growing deficit, as this edition of Labour Overview reports.

The impact of this crisis has particularly hurt those countries that have been struggling under an enormous burden of social debt since the 1980s; this in turn has translated into an increase in the decent work deficit. In fact, in 1990 the region entered the era of globalization with a deficit affecting 63 million urban workers (49.5% of the economically active population), which rose to 93 million in 2002 (50.5% of the economically active population, EAP). This means that the decent work deficit rose by 30 million workers.

Since the 1990s, almost without exception, the style of development prevailing throughout the region and virtually worldwide has been based on the greater integration of countries, combining greater openness to foreign investment, finance and trade, with requirements that domestic macroeconomic policies establish fiscal discipline, fight inflation, and reduce the size of the State. This process of opening up to the world and the reforms simultaneously applied to raise the competitiveness of companies affected a labour market characterized by an enormous range of structures, in which high productivity and high technology sectors coexisted with others, such as the informal sector, characterized by scarce capital, lack of social protection, and traditionally precarious conditions. Because of this, the reforms brought by globalization have primarily benefited workers in formal employment, excluding huge sectors or leaving them outside the reach of the modernization process.

Many workers who lost their jobs in recent years have resorted to the informal sector, while others grew discouraged and temporarily withdrew from the workforce. Moreover, a growing percentage of the region's workers have emigrated in search of employment in more developed countries, where they have joined the segments of cheap and/or illegal labour, in conditions that, while they are precarious, still offer better income than their countries of origin. This has allowed them to send remittances home, thus contributing to their families' survival. Without the contribution of these migrant workers, the figures on the decline in the labour market would be even worse than they are today. These pages reflect a new and worrisome trend: now, even conditions in the formal sector – which initially seemed to be more favoured by reforms -- are growing worse. Today, 12 years after the application of policies based on the Washington consensus, the data in this report clearly indicate that the outcome is not satisfactory from the perspective of Latin America and the Caribbean as a whole.

For 2002, the region's GDP growth rate is expected to fall by -0.8%, while ILO projections indicate that the region's GDP should grow 3% in 2003, thus permitting

the region's urban unemployment to drop to 8.6%, still very high, but closer to rates achieved in the last years of the previous decade. No symmetrical effect in terms of pushing down the decent work deficit should be expected, however. The region needs to grow by at least 4% annually if a rise in both unemployment and lack of social protection is to be avoided.

The experiences garnered from frequent crises in the past indicate that in periods of economic growth or boom the labour market's basic variables recover more slowly than the pace at which they deteriorate at times of contraction or recession.

Two additional factors are cause for concern, both of them also based on lessons in development learned from the recent past. The first is that economic growth has tended to focus primarily on the more profitable export sectors, which in the region are intensive in technology and capital rather than labour-intensive, meaning that today, the creation of each decent work requires a greater investment than in the past. The second factor is that economic growth has become more cyclical and volatile, with more frequent and pronounced ups and downs, closely associated with sharp fluctuations in capital flows from abroad.

Current conditions are creating stress in all Latin American societies and their main actors, generating enormous challenges. The first challenge arising from the crisis is that, faced with the current recession, a short-term approach is essential. Countries in the region must set the goal of investing at least 2% of GDP in active and passive labour market policies, whose financing will require a response from the private sector.

Similarly, countries must implement strategies capable of reducing the magnitude of the decent work deficit, a medium- and long-term task, and do so without setting aside their agenda of democratic consolidation. The ILO has proposed a Decent Work Agenda, which refers to the need to generate not just any kind of job, but rather decent work which in the context of the global economy is capable of satisfying the age-old demand that our societies be capable of providing work, shelter, food, education, social protection and reasonable income to their people, as the ILO Director-General has stated (ILO, 1999).

In the context of this strategy, the region should, first, move toward economic policies that are genuinely productive and structural, which means reviewing the content of current macroeconomic policies and promoting sectoral policies that encourage investment in more labour-intensive sectors.

Second, they must push for more active labour policies, which multiply peoples' skills, take care of informal micro-establishments and small businesses, promote the criteria of equality among those population groups with difficulties participating in the workforce, apply gender criteria, and encourage an entrepreneurial spirit, which is vital to increasing business competitiveness.

Third, companies' need for greater flexibility should be resolved in a context where workers have more access to social security. Fourth, social actors must reduce their differences and reach agreements through the permanent practice of social dialogue. Finally, it is essential to progress in terms of global governance, which implies a renovated international system in which equity becomes the source of legitimacy. This would encourage greater respect for democracy and increase citizens' level of satisfaction with their principles and institutions (ILO, 2002).

In applying this strategy, two basic aspects should be considered. The first constitutes an ethical, but also a pragmatic imperative, to ensure that the weight of

this crisis is not borne solely by the region's poorest workers. The second aspect is that without the committed participation of social actors in building and ensuring the sustainability of agreements that permit a better distribution of the costs, it will not be possible to meet the objective of reducing the decent work deficit.

The situation moreover poses challenges for the ILO itself. We must be capable of implementing technical cooperation initiatives that, in the short term, help governments, workers and employers in the daily effort to face the most dramatic and urgent problems and, in the long term, push forward growth strategies that include decent works. Of particular importance in this sense are the national decent work programmes that the ILO will be developing for the region's countries. These programmes incorporate the development of different project lines, all with consistent objectives, in which the ILO, as a specialized international agency with broad experience in technical cooperation, will provide precisely the support necessary in this field, coordinating and establishing synergies with other bodies within the system.

The responsibility for generating employment belongs to all of us. Governments, workers, employers and the ILO must all make a maximum and unified effort to create more and better employment and reduce the decent work deficit. As the report indicates in the following pages, the means and the experience exist: all that is lacking is the collective willpower to begin this effort immediately.

Agustín Muñoz Vergara
Regional Director for the Americas
Lima, December 2002

THE DECENT WORK DEFICIT RISES

Data from Latin America and the Caribbean for the period from January to September 2002 reflect more critical economic conditions than last year. As a result of more restrictive policies adopted to face the effects of slower world economic growth and the crisis in several of the region's countries, particularly Argentina, most economies posted lower growth rates in 2002 than initially expected, while some experienced open recession.

The data presented below on the performance of the basic labour market indicators for the first three quarters of 2002 reveal that the trend toward rising unemployment has continued, along with declining real wages and lower average productivity. All this indicates that labour conditions continued to deteriorate in 2002, which in summary has meant that the decent work deficit has continued to rise in the region.

Expectations for Economic Growth Diminish

- Expectations for the growth of Latin America's GDP in 2002 fell from 1.5% at the end of 2001 to -0.8%, according to projections made in mid-2002.
- This points to a significant turnaround in economic growth, which fell 2.3 percentage points, and went from positive to negative, bringing with it a recession.
- Expectations for 2002 also shifted in the case of some of the world's main economies. The GDP growth rate in the United States, estimated at 2%, was corrected to the 3% currently forecast, while in Japan estimates went from -1.2% to -0.7%. In contrast, the 2% growth rate forecast for the countries of the European Union remained unchanged.
- World economic recovery is a necessary but insufficient condition for reactivation of Latin American economies in 2002, because financial uncertainty, itself the result of crises in some countries and particularly Argentina, reduced investment and capital flows into the region. The impact of the Argentine crisis spilled over into other Mercosur countries (Brazil, Paraguay and Uruguay).

Labour Performance: Unemployment Rises due to Economic Contraction

The data for the first three quarters of 2002 for a selected group of the region's countries indicate that:

- After the slow growth rate of 2001 (0.9%), the projected -0.8% drop in GDP for 2002 points to the deepening of the recession that began in the third quarter of 2002. As a result, in 2002 employment in the region was expected to rise at a lower rate (0.9%) than growth in the labour force (1.6%), thus explaining the rise in unemployment.
- To date, urban unemployment affects 17 million of the region's workers. The average urban unemployment rate reached 9.2% for the first three quarters of 2002. This is the highest posted in Latin America and the Caribbean in the past 22 years, which is as long as dependable statistics have existed for a reasonable number of the region's countries. Today's unemployment rate is even greater than that posted in previous periods of widespread recession, such as the foreign debt crisis (the unemployment rate reached 8.4% in 1983), the Mexican devaluation (it peaked at 7.9% in 1996) and the Asian crisis (it peaked at 8.9% in 1999).
- The region's average urban unemployment rate (9.2%) is higher than it was for the same period last year (8.1%), and its impact is widespread, affecting adults and young people, men and women.

- Urban unemployment has affected different countries in different ways. During the first three quarters of 2002, compared to the same period in 2001, it fell in five of the 12 countries under consideration: Ecuador (-2.1 percentage points), Colombia (-0.6 percentage points), El Salvador (-0.8 percentage points), Panama (-0.5 percentage points) and, to a lesser degree, Chile (-0.2 percentage points).
- Nonetheless, urban unemployment for the same period rose in the other seven countries examined: Argentina (from 16.4% to 21.5%), Brazil (from 6.2% to 7.3%), Costa Rica (from 6.1% to 6.8%), Mexico (from 2.4% to 2.8%), Peru (from 9.4% to 9.7%), Uruguay (from 15.4% to 16.5%) and Venezuela (from 13.9% to 15.8%). The increase in regional unemployment is essentially explained by results in Argentina, specifically due to its higher relative rate, and by those in Brazil because of the greater weight of its labour force in the overall EAP for Latin America and the Caribbean.
- In seven countries (Argentina, Brazil, Costa Rica, Mexico, Peru, Uruguay and Venezuela) urban unemployment rates among both men and women rose, particularly in the case of women. Argentina was the exception, with unemployment among male workers more than double that among women. In El Salvador and Panama unemployment rates for men and women fell.
- The unemployment rate among urban youth fell in seven of the nine countries examined, but in almost all of them was double or almost double national unemployment. From January to September 2002, more than one of every five young people was unemployed in Argentina, Chile, Colombia, Uruguay and Venezuela.
- Overall, regional urban unemployment rates rose on one hand because the employment rate fell (from 52.5% to 52.2%) and, on the other, because the participation rate remained virtually unchanged (falling slightly from 57.4% to 57.3%) for the periods under study. Trends in the supply of employment and demand for employment have varied since 2001, when both participation and employment rates fell.
- Employment continues to become increasingly informal. The entire rise in employment occurred in this sector, because modern employment fell between 1990 and 2002. For every ten jobs generated since 1990, seven have been informal.
- Job creation has continued the tendency toward concentration in services: since 1990, 9.6 of every ten new jobs were created in the service sector.
- Employment also became more precarious: just six of every ten new jobs were provided social security and just two of every ten people employed in the informal sector have social protection.
- Average productivity fell by 1.7% during the first three quarters of 2002, the result of the drop in GDP (-0.8%) combined with the increase in employment (0.9%).
- The purchasing power of minimum wages worsened, falling -0.9% in the first three quarters of 2002 over the same period in 2001, thus ending a rising trend that began in 1996, mainly because of major declines in Argentina (-16.4%), Ecuador (-3.9%), Uruguay (-7.4%) and Venezuela (-5.1%); and, to a lesser degree, El Salvador (-1.7%), Guatemala (-0.6%) and Panama (-0.9%).
- Real average wages in manufacturing fell by -0.7% pulled down by declines in Argentina (-7.9%), Brazil (-2.1%) and Uruguay (-8.6%), which were partly offset by

gains in Chile (2.3%), Colombia (2.8%), Ecuador (2.0%), Mexico (2.7%), Peru (5.9%) and Venezuela (3.8%).

- In summary, the widespread slowdown in economic growth and severe recessions in some of the region's countries brought with them a decline in the quality of labour indicators, especially in the case of the rise in unemployment rates and the fall in income indicators. This trend pushed countries out of the high-quality urban employment segment and into a low one, which left the regional average in the medium- to low-quality range. This means the region's labour performance in 2002 had lost ground compared to 2001.

93 Million Urban Workers Affected by the Decent Work Deficit in 2002

As mentioned in several issues of Labour Overview, the worsening conditions observed during this period were already apparent during most of the past decade.

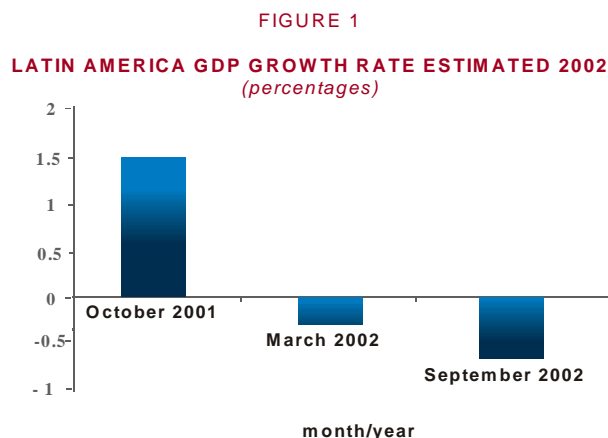
- To measure the "primary" decent work deficit, the gaps between employment and social protection were added together. To estimate the employment gap two components were included. Unemployment was the first, and corresponded to the difference between the unemployment rate as normally measured and the "historic" unemployment rate. The second component of the employment gap consisted of the figures for those employed in low quality activities. The social protection gap examines the employment level in formal and informal sectors and the corresponding indices for lack of social protection (workers who were not paying into social protection systems).
- The data indicate that the decent work deficit, which in 1990 affected 49.5% of total workers in the region, rose to 50.5% of them in 2002. In these conditions, it is estimated that the increase in the deficit has affected 15.7% of the urban labour force during this period. In other words, the decent work deficit for 2002 affected 93 million Latin American and Caribbean workers, 30 million more than in 1990.
- Similarly, it is estimated that the cost of this rise in the decent work deficit registered between 1990 and 2002, or the short-term deficit, is equal to 5.7% of the region's GDP. To pay off this deficit in a prudent period of time (for example, five years) would mean spending about 1.0% of annual GDP on this effort for five years.
- Even if trends in economic activity and the unemployment rate prove favourable next year, it is essential to implement policies and programmes that contribute to reducing unemployment and at the same time extend the coverage of social protection to workers with medium and low incomes.

Projections for 2002-2003

- The fact that the region's GDP growth rates performed below expectations explains the rise in annual urban unemployment rate projections for 2002.
- The unemployment rate is expected to rise to 9.3% for January to December 2002, which amounts to a one percentage point hike over 2001.
- This situation should turn around in 2003. For that year, regional GDP should rise 3%, which would be 3.8 percentage points more than growth in 2002. Economic recovery should also push the region's unemployment rate down to 8.6%, which is closer to the average at the end of the past decade.

EXPECTATIONS FOR ECONOMIC GROWTH HAVE FALLEN

The prospects for growth deteriorated substantially between 2001 and 2002. Multilateral financial bodies' estimates from the end of last year pointed to growth of almost 1.5% in the Gross Domestic Product (GDP) of Latin America in 2002. Early in the year these projections fell to -0.3% and during the second half they were once again corrected downward, to -0.8% (Figure 1).

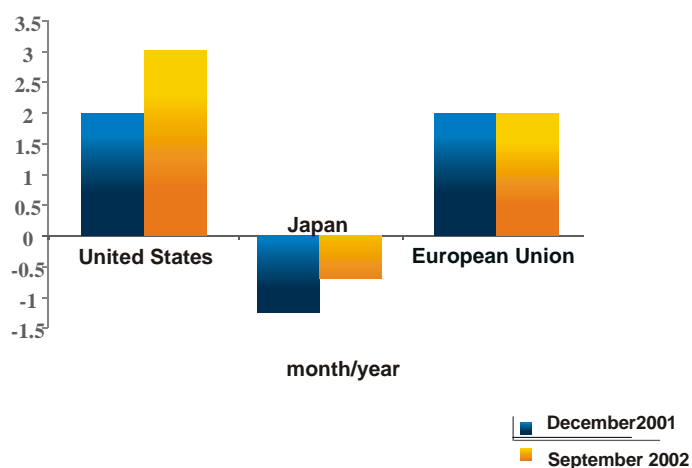


Source: ILO, based on ECLAC and IMF projections. Consensus Forecast.

Declining Expectations for Growth Rates Were due to Simultaneously Occurring Factors

An international economic context characterized by slow recovery: Before the world recession hit, expectations for economic growth suggested growth would recover to 2001 rates, but a series of domestic and foreign factors slowed the pace of recovery in the world's main economies.

FIGURE 2
UNITED STATES, JAPAN AND THE EUROPEAN UNION:
GDP GROWTH RATE ESTIMATES, 2002
(percentages)



Source: ILO, based on information from public and private international bodies.

Perceptions that the United States would resume economic growth of about 3% reflected expectations that last year's recessive lag would turn around as the first signs of reactivation appeared. The United States GDP, however, took longer than expected to recover to pre-crisis levels. Something similar occurred in Japan, where, although expectations for growth rose from -1.2% to -0.7%, they remained negative, while projections for the growth rate of the European Union countries' GDP held at about 2% for the same period (Figure 2).

Lower trade flows: The slowdown affecting the United States economy in 2001 caused its imports to fall (from 13.5% to 7%) as did exports (from 9% to 5%), which affected almost half the foreign trade of Latin America and the Caribbean, contributing to a US\$51 billion deficit in the current account of the region's balance of payments. There appears to have been no significant improvement in 2002. ECLAC estimates Latin America and the Caribbean's current account deficit should reach about US\$40 billion, or 2.2% of regional GDP. This result is mainly due to low commodity prices, which, with the exception of oil, fell with sharply falling world demand.

Reduced capital flows: For the fourth year in a row, capital inflows from abroad will not be enough to offset profit and interest payments, which would lead to a negative net transfer of resources abroad in 2002. In 2002, capital inflows have been estimated at around US\$50 billion, 32.4% less than the average during the 1996-1998 period, according to ECLAC. In the capital account, the item most affected has been foreign direct investment, which is likely to fall by US\$23 billion compared to its average from 1997-1999.

Financial, economic and political instability: In 2002 several phenomena appeared at the same time, all associated with political, economic and financial problems. The most significant was the Argentine crisis. In December 2001, strong domestic and foreign pressures on the country triggered social explosions, causing four presidents to fall in one month, as well as the end of the fixed parity with the dollar, established in 1991 and known as "convertibility". Instability and reductions generated recessive and inflationary conditions that caused GDP to fall, rapid peso depreciation, a substantial rise in the cost of living, high interest levels for the fourth year running, and soaring unemployment, which quickly reached an all-time high.

The tremendous contraction in the economy and the rise in Argentina's country risk, on one hand struck its trading partners in Mercosur, particularly Brazil and Uruguay, opening the way to devaluation and a widespread recession throughout the sub-region; on the other hand, it contributed to worsening the complex situation already affecting trade and financial flows in Latin America and the Caribbean.

The Argentine crisis quickly spread to other countries. In Brazil, problems derived from declining trade flows with its main partner were accentuated by the climate of instability that accompanied the political uncertainty surrounding the election and the high level of public debt, factors that also increased country risk. Uruguay had to change its foreign exchange system to deal with the impact of the crisis amongst its neighbours by improving its competitiveness. To a lesser degree, the contagion also spread to other countries in the sub-region and there are fears it could affect more countries.

Political instability in Venezuela has also generated a recessive effect that more than offset the benefits obtained from a higher international oil price. Something similar is happening in Colombia, where the worsening of armed conflict could become a source of poorer growth prospects for GDP in 2003.

Wide Spread Economic Declines in the Countries

After the region's low economic growth in 2001 (0.9%), the projection for a further drop of -0.8% in 2002, the largest since 1983, is a sign that the recession has grown worse, a process that began in the third quarter of 2001. Five countries, (Argentina, Brazil, Paraguay, Uruguay and Venezuela) posted negative growth rates for the period, although in the following months there were signs of a slight improvement, which were expected to become much clearer during the second half of the year.

The factors mentioned above, particularly the crisis in Argentina and its repercussions throughout the region, deepened the recession. As a result, in 2002 Latin America completed five years of crisis, during which annual per capita output fell to almost 2% less than in 1997. According to ECLAC, this decline came with tremendously volatile growth, unheard of since the first half of the 1980s.

There are two groups of countries in the region, according to their growth patterns in 2002 (figure 3). The first group, formed by Argentina, Paraguay, Uruguay and Venezuela, is expected to experience a decline in output. In Argentina, where the recession that began in 1999 has steadily worsened, economic activity was expected to fall by about 13.5% in 2002, mostly during the first half. The Paraguayan economy was also expected to contract, in this case by one percentage point, the result of general stagnation affecting Mercosur, while Uruguay was expected to bear the brunt of the Argentina crisis, with GDP dropping about 8%. Venezuela was expected to experience a severe drop (-6.5%), in a recession that could have been even worse if not for the higher oil price.

The second group of countries, formed by Brazil, Chile, Colombia, Ecuador, Mexico and Peru, was expected to post moderate growth in output. Despite the contraction in the first quarter of 2002, Brazil was expected to recover growth similar to 2001, which should bring GDP growth to about 1.5% in 2002. Low domestic demand and slow growth in manufacturing, led to a correction in growth rate projections for Colombia to 1.6%, while Chile was expected to see its GDP rise by about 1.9%, a significant achievement considering the crisis affecting other Southern Cone countries and the sharp drop in the copper price. The rise in primary activities in Ecuador and mining investment in Peru suggest that Ecuador's GDP should rise 3.5%, while Peru's should rise 4.2%. Mexico, the region's second most important economy, should see its GDP rise 1.5%, provided there is some recovery from the uncertainty and slowdown affecting the United States' economy.

LABOUR'S PERFORMANCE IN LATIN AMERICA AND THE CARIBBEAN IN 2002

Urban Unemployment Rises due to Economic Contraction and Changing Expectations

The contraction affecting the economies of a specific group of Latin America countries, representing 89% of the urban, economically active population (EAP) and 95% of the regional GDP, reached about -2.6% during the first half of 2002. This figure is significantly lower than the 1.0% posted during the same period in 2001 and reflects a decline of 3.6 percentage points between the two halves. Another sign of the intensity of the recession is that the region's economic growth during the first half of 2002 was also well below the level posted during the fourth quarter of 2001 (0%). Figures indicate that, even if the world's economy started to recover by year's end, growth in Latin America would probably fall, because of the impact of corrective policies applied in most countries to deal with the crisis. This situation has had a negative impact on unemployment in most countries.

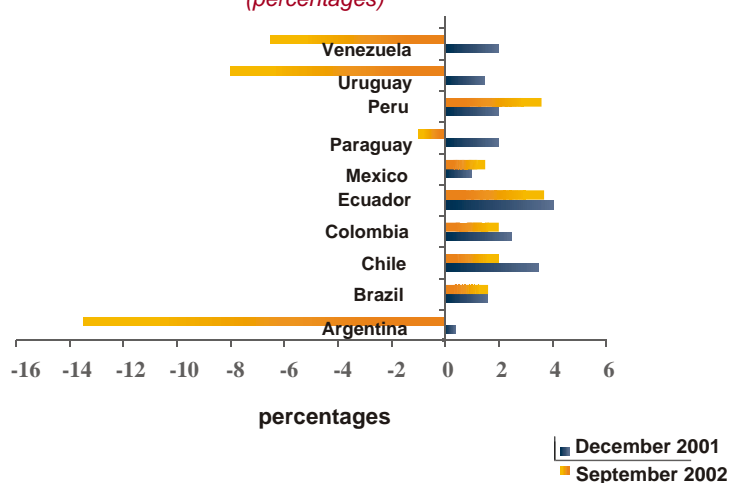
The (weighted) average urban unemployment rate for the region, which reached 9.2% during the first three quarters of 2002, is much higher (1.1 percentage points) than the previous

year's (8.1%), a consequence of economic contraction (figure 4). Unemployment has affected adults and young people, men and women, although to differing degrees.

From a long-term perspective, the current average unemployment rate (9.2%) is the highest posted by Latin America in the past 22 years; that is, for as long as there have been dependable figures on unemployment comparable among countries. The indicator for 1980 to 2002 (figure 4), indicates that at present the unemployment rate is clearly much higher than in previous periods of widespread recession over the past two decades: in 1983, during the foreign debt crisis, the unemployment rate reached 8.4%; in 1996, after the Mexican devaluation, it reached a ceiling of 7.9%, and during the so-called Asian crisis it peaked at 8.9%.

FIGURE 3

**LATIN AMERICA
GDP GROWTH RATE ESTIMATES BY COUNTRY. 2002**
(percentages)



Source: ILO, based on information from public and private international bodies.

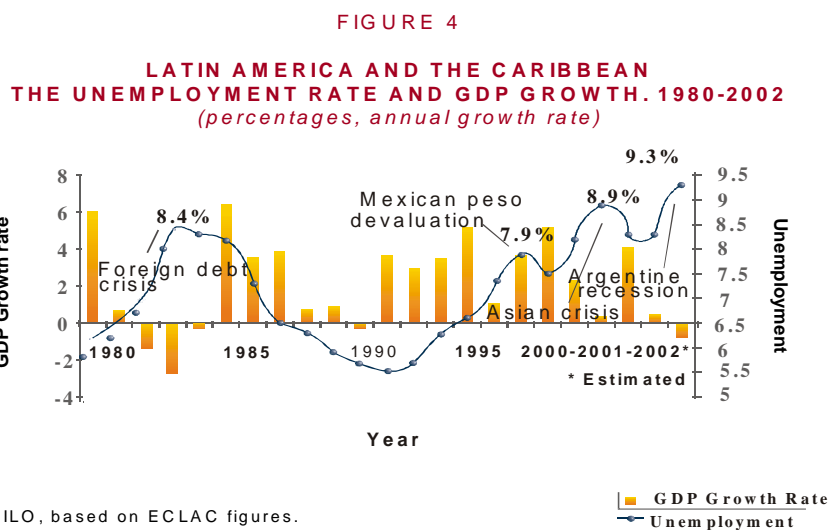
Trends in Urban Unemployment by Country

Urban unemployment has performed differently in the countries during the period under analysis (see Statistical Appendix). The urban unemployment rate fell in five of the twelve countries examined. Ecuador posted the largest decline, of 2.1 percentage points for the first three quarters of 2001 (8.4%) compared to the same period in 2002 (6.3%), thanks to economic growth and particularly the strong rate of emigration, which pushed down the participation rate. The unemployment rate also fell in Colombia, by 0.6 percentage points (from 17.4% to 16.8%) thanks to moderate but positive economic growth. Similar conditions caused the unemployment rate to fall in El Salvador by 0.8 percentage points (from 7.0% to 6.2%) and 0.5 percentage points in Panama (from 16.6% to 16.1%). In Chile, the unemployment rate fell by 0.2 percentage points (from 9.5% to 9.3%), thanks to the timely nature of public employment programmes and labour hiring subsidies, which offset the negative impact of economic slowdown on private sector employment.

In most of the countries being analysed, however, the unemployment rate rose during this period. Three experienced increases that were larger than the regional average: Argentina, with the region's largest rise, of 5.1 percentage points (from 16.4% to 21.5%); Brazil, where it rose by 1.1 percentage points (from 6.2% to 7.3%), and Venezuela, where it rose by 1.9 percentage points (from 13.9% to 15.8%). The unemployment rate also rose, but a lesser degree, in Costa Rica (0.7 percentage points) from 6.1% to 6.8%; in Mexico (0.4 percentage points), from 2.4% to 2.8%; in Peru (0.3 percentage points), from 9.4% to 9.7%, and in

Uruguay (1.1 percentage points) from 15.4% to 16.5%.

The rise in regional unemployment basically reflected conditions in Argentina and Brazil, because of the relatively higher increase in unemployment in the case of the first country, and in the case of the second, its greater weight in the region's economically active population.



Unemployment Among Men, Women and Young People Rose

Unemployment by sex generally rose throughout this period. In eight countries (Argentina, Brazil, Colombia, Costa Rica, Mexico, Peru, Uruguay and Venezuela) the unemployment rate rose among both men and women, while in Chile only unemployment among women rose, while it fell among men. In Argentina, the rise in the unemployment rate among male workers more than doubled that of female workers. In El Salvador and Panama, UR rates fell among men and women.

On the other hand, the unemployment rate among youth rose in seven of the nine countries during the period under consideration and in almost all doubled or came close to doubling average national unemployment. More than one of every five young people was unemployed in Argentina (46.1%), Colombia (31.8%, for the age group from 12 to 17 years, and 33.4% in the 20 to 24-year-old age group), Chile (28.1% for the 15- to 19-year-old group and 20.7% for the 20- to 24-year-old group), Uruguay (38.4%) and Venezuela (26.4%) (Statistical Appendix).

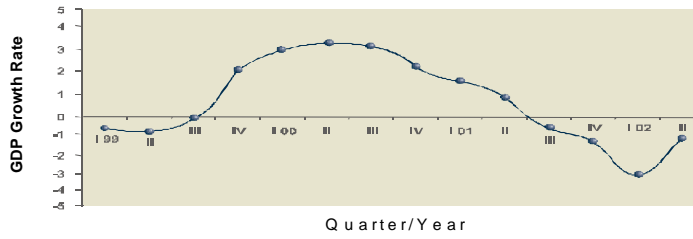
Participation Rates Fell and the Employment Rate Held Steady

In general terms, the regional urban employment rate rose because unemployment fell (from 52.5% to 52.2%), while the participation rate practically held steady (ranging from 57.4% to 57.3%), if we compare the first three quarters of 2001 and 2002, respectively (Figure 5).

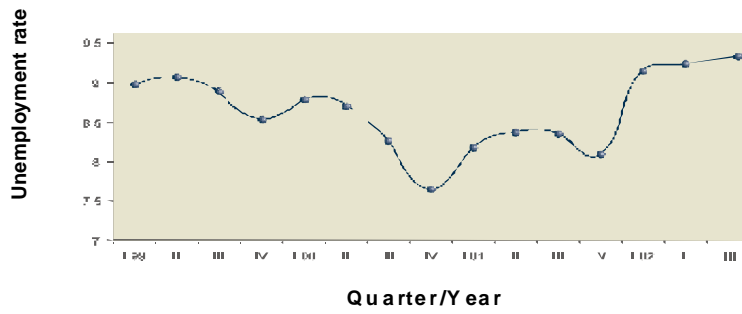
Labour supply and demand performed differently in 2002 from 2001, when both participation and employment rates fell. In fact, the employment rate fell in 2001, while the participation rate dropped by a similar amount (0.6 percentage points), as a result of discouragement among jobless workers, because of low growth levels in most of the region's countries (Box 1).

FIGURE 5
LATIN AMERICA AND THE CARIBBEAN
KEY LABOUR MARKET AND MACROECONOMIC INDICATORS 1999-2002
 (quarterly data)

GDP Growth Rate 1999-2002
 (percentage)



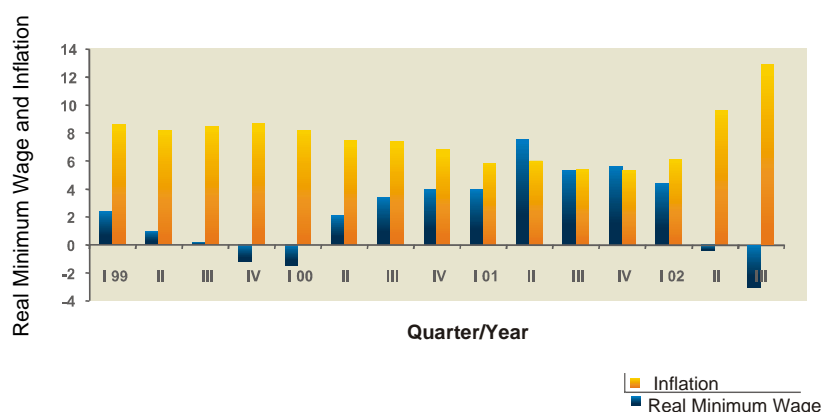
Unemployment Rate 1999-2002
 (percentage)



Labour Supply and Employment. 1999-2002
 (percentage)



Real minimum wage and inflation. 1999-2002
(growth rate)



Source: ILO, based on official information from countries

Box 1

PARTICIPATION AND EMPLOYMENT RATES AND THE RELATIONSHIP WITH OPEN AND HIDDEN UNEMPLOYMENT IN THE REGION

Low growth or recessive cycles tend to come with higher unemployment. In the case of Latin America and the Caribbean, the sharp slowdown in economic activity from the third quarter of 2000 and the second quarter of 2002 pushed the urban unemployment rate up from 8.2% to 9.3% during the same period.

Unemployment in some countries remained stable because of a similar contraction in employment supply and labour, as was apparent at the beginning of the recessive period (from the third quarter of 2000 to the second quarter of 2001). The sharp decline in labour supply (apparent in the declining participation rate) arose from the fact that jobless workers become discouraged and lose interest in seeking employment, due to the poor outlook for economic recovery.

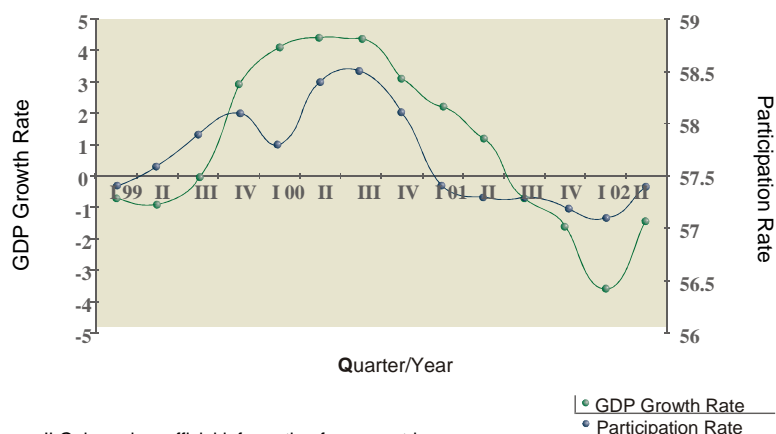
However, this situation could turn around in the second half of 2002. With the initial recovery in regional GDP, labour supply and demand were expected to rise, which could initially generate some downward inflexibility in the region's average unemployment rate. As a result, an analysis of recent trends in labour supply, at the regional and country level, is useful, taking into account the relationship between the participation rate and changes in GDP, the unemployment and the hidden unemployment rates.

A positive correlation is apparent between changes in the regional participation rate and regional GDP, which tends to deepen during the early stages of both contraction and growth phases. The correlation coefficient for both indicators for the last growth period (first quarter of 1999 and the second quarter of 2000) is high (0.76) and, moreover, higher than the coefficient for the employment rate and output (0.74), thus demonstrating that the labour supply is more sensitive than employment to economic growth.

In periods of sluggish economic activity, such as the third quarter of 2000 and the second quarter of 2002, both correlations tend to rise: the coefficient for participation and GDP rose to 0.84, while the coefficient between employment and GDP reached 0.76.

Changes in the participation rate for Latin America revealed important differences among the countries, in part due to the differences in their economic cycles and also because Brazil and Mexico heavily influence regional performance. Despite the fact that these countries did not experience similar economic cycles, both experienced a high correlation between the participation rate and GDP, which ranged from 0.69 to 0.80 in Brazil and from 0.83 to 0.91 in Mexico.

LATIN AMERICA
TRENDS IN THE PARTICIPATION RATE AND GDP. 1999-2002
(percentage and annual growth rate)



Source: ILO, based on official information from countries.

Other countries performed differently. In Colombia (-0.04 for the first period and 0.20 for the second) and Ecuador (-0.01 and 0.55) there is a low correlation level between participation and output growth, due to the influence of a major migratory flow arising both at times of economic crisis and when internal conflicts affected both countries. This has meant that participation rates for Colombia and Ecuador do not match the expected ranges for growth posted in recent quarters.

In Chile, the low correlation coefficient for labour participation and GDP (0.48 in the first and 0.51 in the second period) is associated with low expectations for economic growth. In this case, the discouragement effect is reflected in the falling participation rate in an economy that has not resumed the growth levels existing prior to the crisis. In Uruguay, low correlation levels (0.57 in the first and 0.17 in the second period) reveal the downward inflexibility of the participation rate, in a climate of deep economic contraction.

In this context, Venezuela is something of a paradox. As the correlation coefficient shows (-0.93 in the first period and -0.78 in the second) the participation rate performs in a countercyclical fashion: when the economy grows, labour supply contracts, and the reverse occurs when the economy enters recession, with the participation rate rising significantly.

LATIN AMERICA: SELECTED COUNTRIES
CORRELATION COEFFICIENT FOR PARTICIPATION RATES AND
EMPLOYMENT RATES, AND GDP. 1999-2002
(percentages)

Country	Low Growth		Economic Slowdown*		Average for the Period*		GDP Growth Rate		
	Participation GDP Rate	Employment Rate GDP	Participation GDP Rate	Employment Rate GDP	Participation GDP Rate	Employment Rate GDP	Low Growth	Economic Slow Down	Average for the periods
Total all countries	0.76	0.74	0.84	0.76	0.82	0.72	1.6	0.5	1.0
Brazil	0.80	0.90	0.69	0.82	0.67	0.83	0.8	2.1	2.2
Chile	0.48	0.48	0.51	0.05	-0.14	0.05	-0.1	2.9	2.0
Colombia	-0.04	0.79	0.20	0.33	0.36	0.68	0.4	1.7	0.2
Ecuador	-0.01	0.01	0.55	0.23	-0.19	0.53	-0.2	4.7	0.6
Mexico	0.91	0.89	0.83	-0.74	0.85	-0.01	0.9	1.4	3.0
Uruguay	0.57	0.46	0.17	0.23	0.17	0.37	0.2	-3.8	-3.3
Venezuela	-0.93	0.92	-0.78	-0.38	-0.61	-0.20	-0.6	0.8	-1.2

Source: ILO, based on official data from countries.

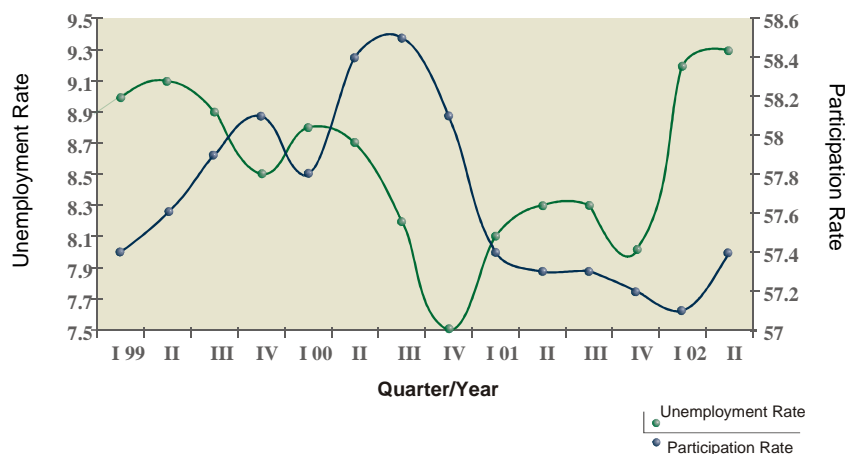
* Growth rate categories correspond to the following years and quarters:

Low growth: 1st quarter 1999 – 2nd quarter 2000.

Economic slowdown: 3rd quarter 2000 – 2nd quarter 2002.

Average for the period: 1st quarter 1999 – 2nd quarter 2002.

LATIN AMERICA
URBAN UNEMPLOYMENT RATES AND PARTICIPATION RATES
I SEMESTER 1999 - II SEMESTER 2002
(percentages)



Source: ILO, based on official country information.

The relationship between participation and unemployment depends on the effect that economic activity has on the behaviour of supply and demand for employment. In other words, the rise or fall in unemployment depends on downward or upward corrections to participation rates and employment rates that result from these indicators' greater or lesser sensitivity to changes in GDP.

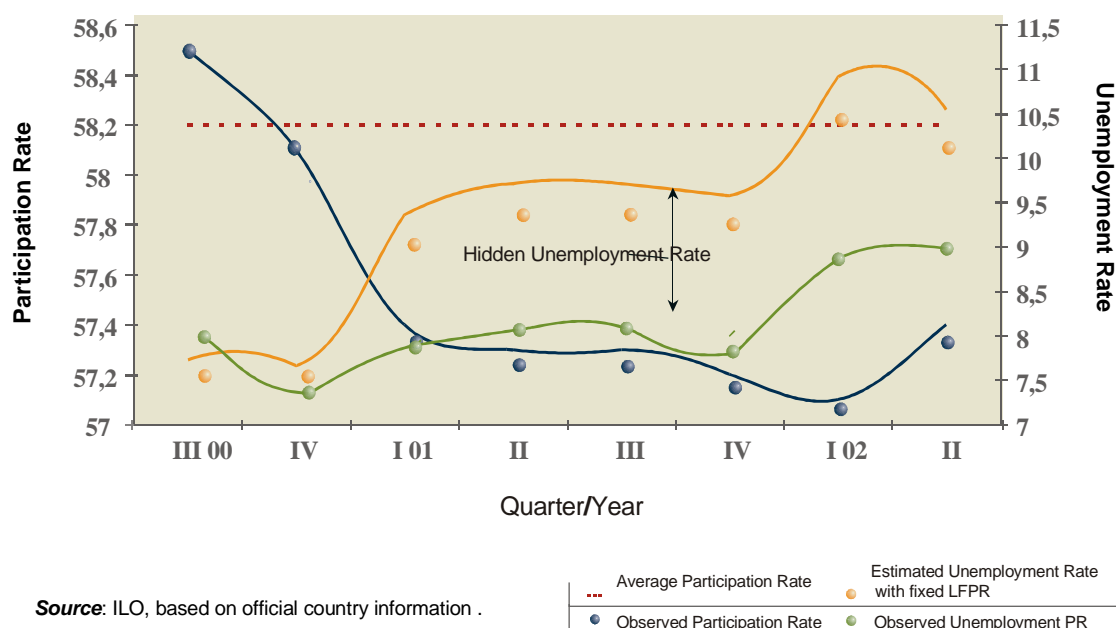
For the countries under analysis as a group, a negative correlation is apparent between participation and unemployment for 1999-2002. However, when the participation rate is compared to unemployment with a two-quarter lag, the correlation becomes positive (0.64). This could be due to the influence of "historic unemployment" (average unemployment during the period prior to the correction) on expectations in the labour force. Thus, workers have little expectation of being hired when unemployment is high and vice versa.

Hidden unemployment rises when participation rates fall. During periods of high unemployment, the correlation between the participation rate and GDP rises when economic activity starts to slow. At the beginning of a period of economic contraction, the unemployment rate does not rise as expected because of the rapid decline in supply, thus making the rise in unemployment produced by job loss less noticeable.

However, the fact that some workers leave the labour market leads to what is known as "hidden unemployment". In this situation, although these people are not actively seeking employment, they are temporarily inactive, as they wait for economic conditions to improve. Although the decline in the regional participation rate, which was less than the historic level at the start of the slowdown (1.5 percentage points) helped to stabilize unemployment, it also brought with it a rise in hidden unemployment.

When the unemployment rate remains higher than historic levels for a long period, it generates discouragement (a decline in the participation rate), which may lead to a reduction in the unemployment rate later on. In contrast, during periods of sustained economic growth, high economic growth and low unemployment encourage rising participation rates (discouragement falls). In this case, a low unemployment rate means that "there are job opportunities".

LATIN AMERICA
LABOUR PARTICIPATION, OPEN AND HIDDEN UNEMPLOYMENT
3RD QUARTER 2000-2ND QUARTER 2002
(percentages)



Based on third quarter trends, the total (open plus hidden) unemployment rate in Latin America stood to reach 10.5% by the end of 2002. This means that open unemployment affected 17 million workers, while hidden unemployment affected another 3 million, bringing total unemployment to some 20 million of the region's workers.

The impact of economic contraction was apparent especially in the employment rate for 2002. Labour demand in Argentina fell the most (the employment rate fell from 46.3% in 2001 to 43.2% in 2002) due to the intense recession. A similar process occurred in Uruguay, where the employment rate went from 51.4% to 49.6%. The decline in employment rates in Chile (from 48.1% to 47.5%), Brazil (from 52.9% to 52.5%) and Colombia (from 52.5% to 52.3%) were due to a worsening outlook for economic growth. In Mexico, the employment rate dropped from 54.3% in 2001 to 53.7% in 2002, similar to Ecuador, where it fell (from 49.8% to 49.2%) despite the continuation of the economic recovery that began in 2000.

In Peru, thanks to GDP out-performing previous estimates, the employment rate rose (by one percentage point, from 60.8% to 61.8%). In Venezuela, despite the stagnant economy, the employment rate rose for the second year in a row (from 57.1% to 57.6%).

When weighted, the rise in the employment rate among countries in the region was 0.9%, despite the fact that GDP contracted by 0.8% in 2002. The result was that productivity fell (-1.7%) in 2002 compared to 2001. Lower productivity thus reversed the increase posted the previous decade, when it rose by 1.7% annually from 1991 to 2001 (Table 1).

In a regional environment marked by shrinking economic activity, insufficient growth in employment to absorb the growing labour force and employment rising more than GDP – thus generating lower productivity – makes apparent the urgency to search for alternatives that can drive economic recovery and in particular create more jobs. The potential effects of one alternative, labour flexibility, which is a major topic of debate in several of the region's countries, are analysed in Box 2.

TABLE 1
LATINAMERICA AND THE CARIBBEAN GROWTH IN GDP, EMPLOYMENT
AND PRODUCTIVITY OF NON-FARMING ACTIVITIES 1991-2001 a/
(growth rate)

Countries	GDP	EAP	Employed	Productivity
Argentina	4.0	1.8	0.6	3.3
Barbados	1.5	0.7	1.7	-0.2
Bolivia	3.7	4.0	3.7	0.0
Brazil	2.6	0.6	0.5	2.1
Chile	6.7	1.5	1.2	5.4
Colombia	2.7	2.6	1.7	1.0
Costa Rica	4.8	3.7	3.8	1.0
Ecuador	1.7	1.9	1.2	0.4
Honduras	3.2	4.0	4.1	-0.8
Jamaica	0.6	0.5	0.5	0.1
Mexico	3.5	2.1	2.3	1.2
Panama	4.4	2.2	2.6	1.7
Paraguay	1.7	2.7	2.0	-0.3
Peru	4.0	2.5	2.4	1.6
Dominican Republic	5.5	1.7	1.4	4.0
Trinidad & Tobago	3.5	1.7	2.5	1.0
Uruguay	2.5	0.9	0.2	2.3
Venezuela	2.4	3.2	2.8	-0.4
Latin America & Caribbean	3.1	1.6	1.4	1.7

Source: ILO, based on information from ECLAC and official country figures.

a/ Provisional figures. Annualized growth based on January-September 2002.

The annualized growth rate for these categories for all of the region's countries from January to September 2002 is estimated at:

	GDP	EAP	Employed	Productivity
Latin America and the Caribbean	-0.8	1.6	0.9	-1.7

Box 2

LABOUR FLEXIBILITY: A SOURCE OF EMPLOYMENT OR GREATER STABILITY?

Because most Latin America and Caribbean countries are currently experiencing low growth or severe recessions, it is imperative to analyse the labour options for dealing with this situation. One of the most common proposals in this regard is labour flexibility, based on the argument that it would contribute to both reactivating the economy and generating new jobs. However, there is no consensus about whether labour flexibility really has a positive effect on employment.

What is labour flexibility?

“Flexibility” is commonly treated as though it represented a single concept, although practice has revealed the opposite. In some cases, the term refers to changes in laws that would directly reduce some costs, which would almost immediately improve business competitiveness or profitability. On other occasions, “flexibility” refers to some regulatory change in response to companies’ specific needs to improve operations and thus competitiveness. In this context, labour flexibility policies can be divided into two major groups.

The first group includes measures that can be promoted in a centralized manner and that are compulsory. This was the practice in many countries during the 1990s. For example, in terms of wages, this consisted mainly of eliminating indexing clauses and therefore promoting collective bargaining at the company rather than a centralized level. Other changes included reducing employers' contributions to social security or changing contractual clauses governing dismissal (reducing costs) or short-term or "precarious" contracts, as they are called generically. In any case, these reforms are related to longer-term issues, and it does not seem appropriate to adopt legislative measures to deal with current crisis situations.

The second group of flexibility policies consists of measures that attempt to improve companies' capacity to deal with recessive or low-growth conditions. In general, they involve instruments that allow companies to deal with difficult scenarios without having to resort to massive dismissals. That is, they improve some labour conditions and establish the basis for workers to share company results during times of crisis and booms. In contrast to the policies in the first group, these are not implemented using centralized measures, nor are they compulsory. On the contrary, to be effective, these must be defined at the company level, through collective bargaining by employers and unions, to identify the best alternatives and at the same time ensure these are credible in workers' eyes.

Despite the positive effects that could be generated by these policies for company performance, their application in Latin America and the Caribbean has been very limited. In most cases, this is not due to legal restrictions, but rather, fundamentally, to social players' lack of information about how to implement these kinds of measures and, above all, their unwillingness to negotiate.

The most widely used flexibility policies affect wages (the introduction of variable wages), hours of work (annualization of the work period, and part-time employment) and the organization of work (basically through multi-tasking).

In terms of *wages* the flexible approach attempts to automatically correct wage costs during emergency situations by including a variable component in workers' total wages, which is closely tied to the company's performance. Thus, at times when the economy is performing well, the variable fraction of the wage policy could become a significant source of higher income for workers, whereas in times of contraction wage costs would correct automatically, thus reducing the need to dismiss employees. Thus, the main impact on employment is to make it more stable, rather than creating new jobs. Stability in this case must not be interpreted as a legal prerogative requiring that the employee remain employed, but rather, from the company's point of view, it represents the possibility of voluntarily retaining skilled and trained labour even in adverse conditions.

In terms of *hours of work*, in industry annualized work schedules have become widely used. These establish the number of hours to be worked in a year, respecting legal limits on maximum working hours per day and minimum rest periods. The main advantage to the company is to be able to lengthen the workday at times of high demand and, on the other hand, to reduce or even suspend labour activity completely during times of recession, incurring lower costs. Aside from allowing companies to better adapt to economic cycles, annualization of the work period also helps to adjust to the seasonal nature of some productive cycles.

Part-time work is another policy that is becoming more widespread. In many developing countries, this has been key to making it possible for large numbers of women and young people to join the labour force. This is an alternative that adapts best to the needs of a significant segment within the labour force that, for different reasons, can only work fewer hours than the regular workday. While the low wages prevailing in Latin America may

constitute a hurdle for the widespread adoption of part-time labour, the main problem seems to be finding alternative ways of organizing work itself.

Organizing work is an aspect of labour flexibility that has not received enough attention. Unlike the Taylor model, where work is sub-divided into well-defined, repetitive tasks that can be carried out by workers with few skills, flexible organization of hours of work requires skilled workers, more cooperation and teamwork. This reduces the number of different jobs, expanding their definitions and encouraging multi-tasking. This model also assumes broad participation of workers in managing the company, along with ongoing professional and technical training.

In summary, it seems that the best approach is for companies to implement all three kinds of flexibility policy (wages, time and organization of work) in a consensual manner, so that the measures proposed closely match their needs. As the changes may involve eventual benefits (or losses) to the company and its workers, these should be negotiated in order to achieve transparent and dependable formulae from the perspective of both parties. Similarly, it is not possible to expect all companies to quickly apply these instruments, which thus limits their macroeconomic impact. Experience indicates that it is not realistic to expect these measures to generate many new jobs, in particular during periods of low economic growth. Their advantages would seem to be more associated with ensuring more stable employment. The main way these policies contribute is by establishing rules and principles that increase company and worker competitiveness so they can face the challenges of globalization in better conditions.

Although the flexibility measures described here do not mean an important short-term increase in employment, the more widely used they become among companies, the more they can help to establish more solid foundations for the future growth of employment.

The Case of Holland

Holland is one of the countries applying flexibility policies most successfully, in combination with suitable social protection. This country adopted high-impact, centralized measures at times of crisis, which gradually improved flexibility, thus affecting hours of work, wages and the organization of work at the company level.

Faced with the crisis in the early 1980s, which seriously damaged economic growth, social players agreed on a wage containment policy in 1982 (the Wassenaar Agreement), to stop the rising spiral of wages and prices. In this context, the minimum wage was cut by 3% in 1984, and frozen until 1989. The drop in the inflation rate kept wage increases moderate. Starting in 1992, the indexing clause for the minimum wage (which follows average wage trends) depends on unemployment not surpassing a specified threshold. The objective is to avoid rising unemployment, because this would pressure fiscal spending upward by increasing the number of unemployment insurance beneficiaries and benefit amounts, which are tied to the minimum wage.

Holland also has a lower minimum wage for young people under 23 years of age, with a scale for workers aged from 15 to 22 years. At the same time, employment programmes guarantee up to two years of work and focus on unemployed young people and those under 23 years of age.

Regarding part-time work, in 1992 it became possible to pay a proportion of the minimum wage according to hours worked. The measure served to promote this kind of employment, which accounted for 33% of total employment in 2000 (the highest level of all OECD countries). The strong performance of part-time employment helped women to join the labour force, and their participation rate went from 46% in 1992 to 55% in 2000, while at the same time unemployment among women fell.

The centralized implementation of these measures during times of crisis, along with further measures agreed upon at the company level, helped Holland to boost economic growth and generate new jobs. GDP rose 3% from 1999 to 2000 and low population growth (0.4% per year) brought important growth in output per capita. Unemployment fell from 8% at the end of the 1980s to 2.4% in 2001, although the labour force continued to grow (the participation rate went from 58% in 1988 to 67% in 2000).

Certainly, in Holland social players played a decisive role in the success of reforms to improve flexibility at central government and company levels. This allowed adjustments at a low social cost and with little conflicts. To do so, it was vital to have strong, representative social players with enormous bargaining experience, the result of the extensive coverage of collective agreements (79% of workers are covered by collective bargaining agreements). If the measures adopted had not been the result of a social pact, they would probably have failed; rather than helping to overcome the crisis, any unilateral attempt could have touched off conflicts that would have made it worse.

Real Wages' Purchasing Power Declined

Real minimum wages in the region fell by -0.9% in the first three quarters of 2002, compared to the same period in 2001, reversing a rising trend apparent since 1996 (Statistical Appendix). The decline was due downward adjustments for this indicator in eight countries: Argentina (-16.4%), Ecuador (-3.9%), Uruguay (-7.4%), Venezuela (-5.1%); and, to a lesser degree, Bolivia (-0.5%), El Salvador (-1.7%), Guatemala (-0.6%) and Panama (-0.9%). The purchasing power of real wages nonetheless improved in eight countries: Brazil (5.7%), Chile (3.1%), Colombia (1.7%), Costa Rica (1.1%), Honduras (1.4%), Mexico (0.8%), Paraguay (7.7%) and Peru (0.2%), which helped to offset the average fall among the first eight countries mentioned.

Real wages in manufacturing for the same period fell by -0.7%, due to the decline in Argentina (-7.9%), Brazil (-2.1%) and Uruguay (-8.6%), all countries affected by both recession and rising inflation. In Chile (2.3%), Colombia (2.8%), Ecuador (2.0%), Mexico (2.7%) and Venezuela (3.8%) wages rose, while in Peru their purchasing power soared (5.9%), the result of deflation and higher than expected GDP growth.

The return of regional inflation had a negative impact on real wages. The average rise in prices went from 5.9% in the first half of 2001 to 7.8% in the first half of 2002, although countries performed differently. The inflation rate rose in Argentina (from -0.7% to 13.8%), Brazil (from 5.9% to 7.7%), Uruguay (4.9% to 5.8%) and Venezuela (from 12.1% to 16.7%); while it fell in Chile (from 3.8% to 2.3%), Colombia (from 8.0% to 6.3%), Ecuador (from 54.0% to 14.0%), Mexico (from 7.2% to 4.8%) and Peru (from 3.1% to -0.5%).

Box 3

FIVE TRENDS IN NON-FARMING EMPLOYMENT AND SOCIAL PROTECTION IN THE REGION. 1990-2001

The recent period of economic slowdown has caused major changes in the structure of employment and social protection in the region. In this sense, there have been five general trends in the past twelve years (1990-2001).

The ability to create new jobs declined during this period, because of the slow rise in employment. From 1996 to 2001, employment rose at an average annual rate of 1.4%, down 0.7 percentage points from the job creation rate of 2.1% apparent from 1990 to 1995. In other words, in the past six years economic limitations have reduced the region's ability to generate new jobs by one-third.

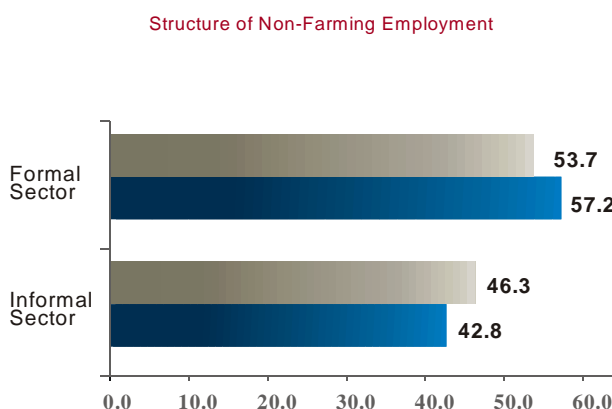
Informalization of new jobs. From 1990 to 2001, 69% of total new jobs workers were in the informal sector. This means that the informal sector employed two of every three new workers and by 2001 it accounted for 46.3% of total employment, compared to 42.8% in 1990. Similarly, formal employment's share of total employment fell from 57.2% to 53.7% during the same period (Statistical Appendix). For both formal and informal sectors, the group of independent workers (non-professional self-employed workers and family workers not receiving wages) generated the most new employment (32 of every 100), followed by private firms in the formal sector (31), micro-companies (23), and housekeeping (13). The public sector's share of total employment fell as it contributed virtually no new employment (just one of every 100).

The percentage of people receiving wages fell, 1990-2001. Wage-earning employment's share of total employment fell from 77.8% in 1990 to 76.4% in 2001. However, wage-earning employment continued to be an important source of new jobs: 68 of every 100 new employment were in this segment.

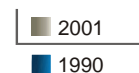
The tendency towards non-farming employment in services gathered momentum throughout the region. According to data on the breakdown of employment by branch of economic activity, the percentage of those employed in services rose from 71.2% to 74.6% of the total employed. That is, 96 of every 100 new employees in the last 12 years worked in this sector. The category of community and personal services (38.6% of employment in 2001) was the most important in the services sector, employing 54 of every 100 new employees. Wholesale and retail were next in importance (25.4% of total employment in 2001) followed by transportation (6.6%).

The goods sector (25.4%) employed four of every ten new workers, mainly in manufacturing, construction, electricity and water.

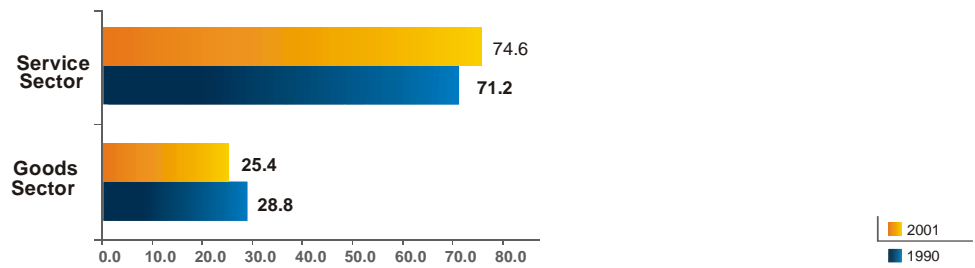
**INDICATORS FOR THE STRUCTURE OF EMPLOYMENT
AND SOCIAL PROTECTION. 1990-2001**
(percentages)



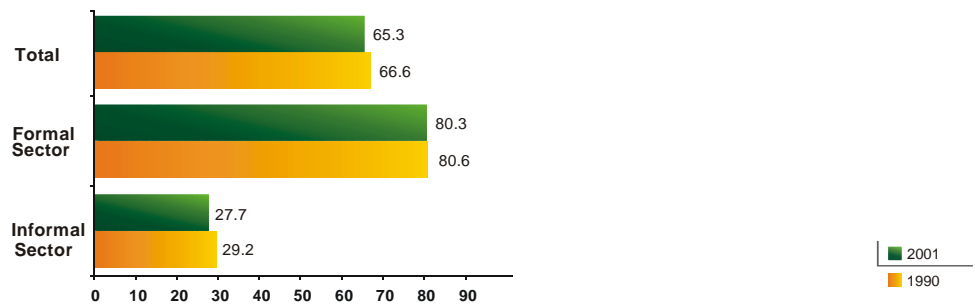
Source: ILO, based on official country information.



Structure of non-farming employment
by Economic Activity



Wage earners paying into social security

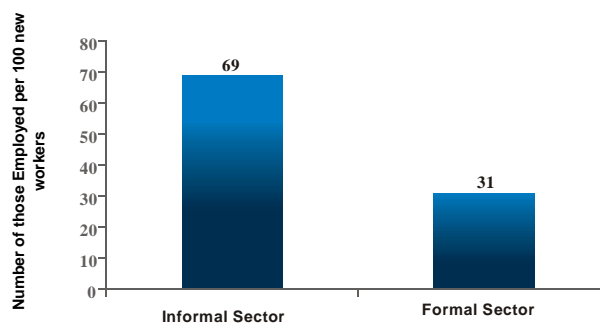


Source: ILO, based on official country information.

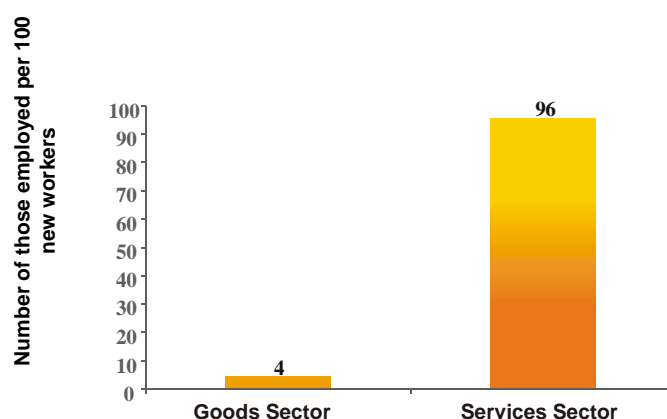
Social protection of labour declined, which was apparent in the reduced percentage of wage-earners paying into social security over the total, which fell from 66.6% in 1990 to 65.3% in 2001. This means that 57 of every 100 new wage-earners had access to social security. However, the trend varied by category. Informal sector coverage fell to just 19 of every 100 new workers, while in contrast those working in the formal sector maintained a high level of coverage, 79 of every 100 new workers in the formal sector.

TRENDS IN INDICATORS OF THE CHANGING STRUCTURE OF EMPLOYMENT AND SOCIAL PROTECTION. 1990-2001
(number of people employed for every 100 new workers)

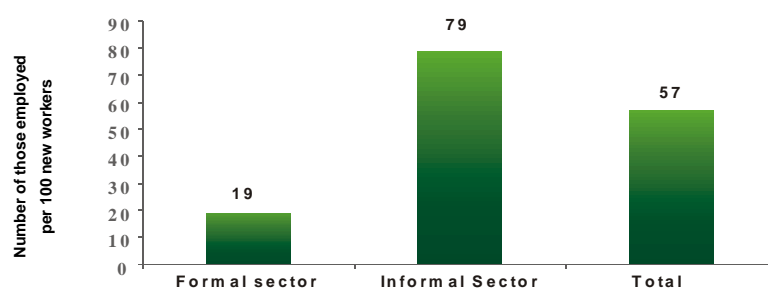
Formal and Informal Sector Employment Creation



Employment Creation by Economic Activity



Wage-paying Employment Creation by Social Security Payments



Source: ILO, based on official country information.

LABOUR PROGRESS IN 2002

Changes in the main indicators for labour progress in the region reveal different trends in countries during the first three quarters of 2002, compared to 2001 (Table 2). To analyse trends in labour progress five indicators were used, which in turn were divided into three groups. The urban open unemployment rate and the percentage of informal employment form part of the employment indicators, while real wages in manufacturing and real minimum wages are treated as income indicators. Finally, productivity is used as an intermediate indicator between the above two categories.

In general terms, changes are apparent in the trends observed as compared with those in 2001. While improvements in labour conditions in the region that year reflected a good performance of income indicators (real wages in manufacturing and the real minimum wage), in 2002 these indicators performed unevenly among countries, as a result of the loss of purchasing power of wages due to higher inflation. On the other hand, the unemployment rate rose in most countries, reflecting the impact of the recessive economic climate.

The final results, however, point to a worsening labour situation. This is probably because, unlike in 2001, the negative results in employment indicators were not offset by improvements to income indicators. There was a decline in the number of countries forming part of the group in which labour indicators were performing strongly, that is, those experiencing improvements to most of their labour progress indicators. The countries where conditions remained relatively stable, because indicators counterbalanced each other, registered no significant changes. The three country groups, ranked by the quality of labour progress in 2002, follow.

TABLE 2
LATIN AMERICA AND THE CARIBBEAN
CLASSIFICATION OF COUNTRIES BY QUALITY OF LABOUR MARKET
PERFORMANCE IN 2002 a/
(changes over 2001)

Countries	Open Unemployment b/	Informal sector b/	Real Wage in Manufacturing b/	Minimum Wage	Productivity b/
HIGH					
Chile	0	0	+	+	+
Costa Rica	-	-	+	+	+
MEDIUM					
Brazil	+	-	-	+	+
Colombia	-	+	+	+	0
Mexico	+	+	+	+	0
Peru	+	+	+	+	+
LOW					
Argentina	+	-	-	-	-
Bolivia	+	+	n.d.	-	+
Ecuador	-	+	+	-	-
El Salvador	-	+	n.d.	-	n.d.
Honduras	+	+	n.d.	+	n.d.
Panama	+	+	+	-	+
Paraguay	+	+	-	+	-
Uruguay	+	-	-	-	-
Venezuela	+	-	+	-	-
INSUFFICIENT DATA c/					
Barbados	+	n.d.	n.d.	n.d.	+
Jamaica	-	n.d.	n.d.	+	+
Nicaragua	+	n.d.	n.d.	n.d.	n.d.
Dominican Republic	+	n.d.	n.d.	+	n.d.
Trinidad & Tobago	-	n.d.	n.d.	n.d.	+

Source: ILO, based on data in the Statistical Appendix of this Report.

a/ Change for January-September 2002 over the same period in 2001.

b/ Change in the indicator, using the last two periods for which information is available.

c/ Insufficient data available by this report's closing date.

Symbols refer to changes in the characteristics indicated.

Signs mean: + Increase, - Decrease, 0 Constant

Colours reflect the nature of changes

	Positive
	Negative
	Neutral

nd: No data available.

High

This group includes the countries that have posted improvements in all, or at least four of the five indicators for labour progress. Changes considered positive include: a reduction in open unemployment, a decline in the percentage of informal employment, an increase in real wages, manufacturing wages and minimum wages, and an increase in productivity.

Between 2001 and 2002, the number of countries forming part of the high-performance group fell from five to two: Chile and Costa Rica. Of these, only Chile had previously been in this category, while Costa Rica had been a mid-level performer. Both posted general improvements in all the indicators under consideration, although this was less apparent in the case of unemployment in Chile, which fell only slightly.

Medium

In this category, indicators for employment, income and productivity varied among countries. The positive performance in some indices offset the decline in others, bringing four countries into this category, the same number as 2001: Brazil, Colombia, Mexico and Peru. The increase in both unemployment and informal employment offset rising income in two countries (Mexico and Peru). In Brazil, improvements to the minimum wage and productivity, along with the decline in informal employment, were offset by the rise in unemployment and the decline in real wages in manufacturing, although this country fell from its position in the high category in 2001 to the middle category in 2002.

In Colombia, the decline in unemployment and rising real wages were partly offset by rising employment in the informal sector and stagnant productivity; even so, the country managed to move up the ranking, going from a low rating in 2001 to a medium rating in 2002.

Low

This segment includes the countries that experienced a general decline in their indicators for labour market quality. The fact that nine countries ended the period in this category, four more than in 2001, reflects the economic slowdown apparent in 2002. Of these, two cases (Argentina and Uruguay) appear with this rating for the second consecutive year.

Argentina, Bolivia, Ecuador, El Salvador, Honduras, Panama, Paraguay, Uruguay and Venezuela all form part of the group of low labour performance rating. In Ecuador's case, a sharp decline is apparent after its high rating in 2001, due to setbacks in the minimum wage, productivity and the informal sector. In the cases of Argentina, Paraguay, Uruguay and Venezuela, the general decline in indicators for employment, income and productivity reflect the crisis that has affected these countries, which are experiencing local (Venezuela) and sub-regional recessions (Mercosur countries, due to the impact of the Argentine economy). In Bolivia, El Salvador, Honduras and Panama, the poor performance is due to the worsening in employment indicators and the loss of purchasing power of the minimum wage.

In summary, the widespread slowdown in economic growth and strong recession in some of the region's countries brought with them a decline in labour quality indicators, especially with the rise in the unemployment rate and the decline in income indicators. This tendency forced some countries out of the high rating and into the low one, which overall left the regional average at the medium-low level. This means that the region's labour performance in 2002 declined compared to 2001, which in turn means that the decent work deficit continues to rise in Latin America (Box 4).

Box 4

DECENT WORK DEFICIT: WHAT IS IT AND HOW TO PAY IT OFF?

In his report to the 89th Session of the International Labour Organization, the ILO Director-General put forward a global challenge of enormous scope: the reduction of the global decent work deficit. He argued that this deficit “is observed as the absence of sufficient employment opportunities, inadequate social protection, the denial of rights at work and shortcomings in social dialogue” (ILO, 2001). These are the origins of the conceptual gaps in employment, rights, social protection and social dialogue.

To respond to the question about what is the main aspect of the decent work deficit, this edition of the 2002 Labour Overview examines changes in the employment and social protection gaps over the past 12 years.

To estimate the *employment gap*, two components are examined. Unemployment is the first and corresponds to the difference between the unemployment rate as normally measured and the so-called “historic” unemployment rate. The latter normally stands at about 5% and represents average urban unemployment rates posted over a period of 30 years (1950-1980). This percentage includes 3% of “frictional” unemployment, which corresponds to that set of workers who are unemployed because they move from one job to another among various reasons. The remaining 2% is due to an increase in average unemployment over these thirty years, the result of cyclical swings in the region’s economies. The increase in unemployment over and above this 5% average constitutes the first component of the employment gap. The second component consists of *those employed in informal, low quality activities*. This includes informal workers who, even when they have access to some form of social protection, still register low productivity, volatile near-poverty income levels, and highly uncertain labour conditions.

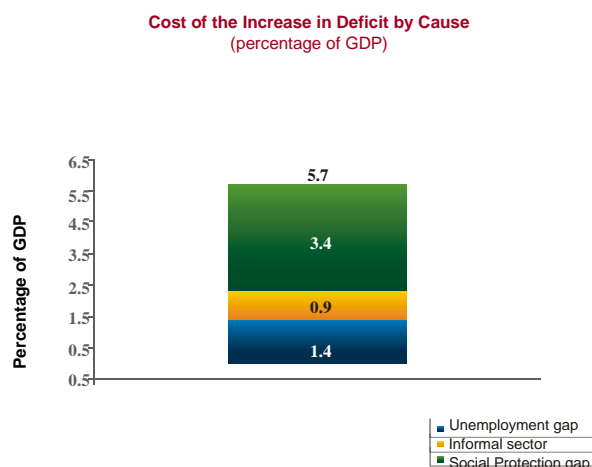
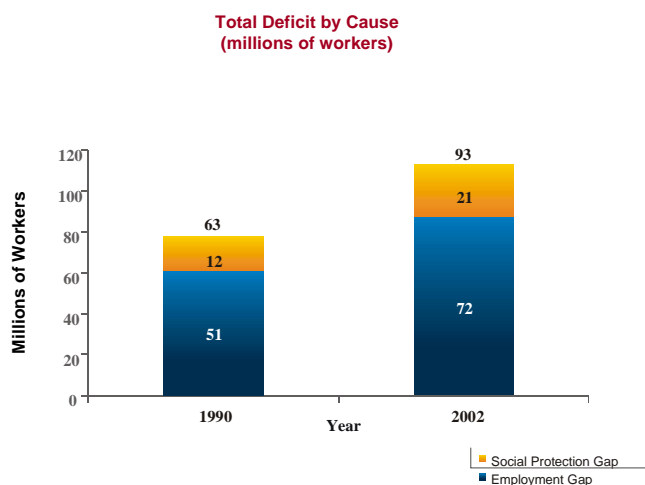
To calculate the *social protection gap*, the level of employment in formal and informal sectors is compared, along with their respective indices for lack of social protection (workers not paying into social security).

To measure the primary decent work deficit, the employment and social protection gaps, each expressed as a percentage of the labour force or as the number of workers affected by unemployment and/or lack of social protection, are added together. The size of this deficit can be calculated from two different perspectives, according to the time frame and the strategy proposed to pay it off.

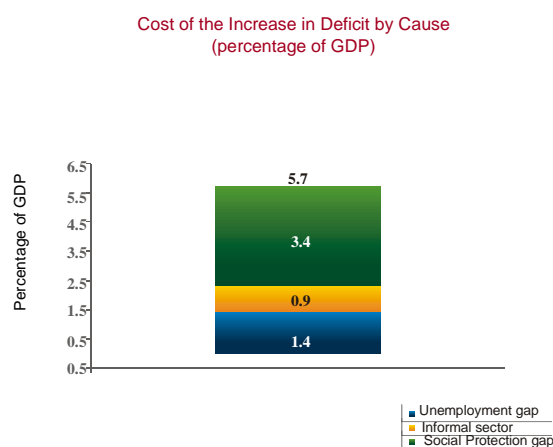
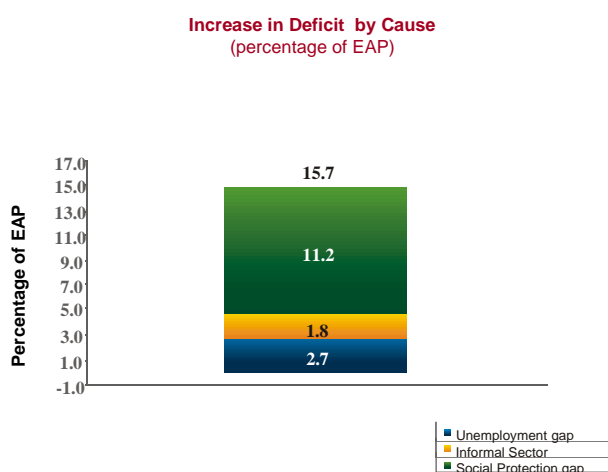
The *long-term* decent work deficit, which consists of the sum of the two partial deficits posted during a prolonged period, for example, a decade or more, is equal to the total number of workers estimated to have been affected by unemployment and/or lack of social protection each year, and can be expressed as a percentage of the urban economically active population (EAP) or in absolute numbers, depending on the method used. Overcoming this deficit may require many years of effort.

The *short-term* decent work deficit, in contrast, reflects the increase in the total deficit over a specific period, which may last from one to several years. If the policy is, for example, to pay off the short-term deficit in five years, this would involve allocating specific resources during this period, in order to steadily reduce unemployment rates and lack of social protection, until they return to their initial levels.

LATIN AMERICA AND THE CARIBBEAN SIZE AND COST OF THE PRIMARY DECENT WORK DEFICIT 1990-2002 (millions of workers and percentages)



Source: ILO, based on official country information.



In terms of *how much* the decent work deficit represents, calculations indicate that in 1990 it affected 49.5% of the region's total labour force and by 2002 this had risen to 50.5%. Based on these percentages and the number of workers suffering deteriorating labour conditions for these same years, the deficit is estimated to have risen by 15.7% of the urban labour force. This increase reflects both the rise in the employment gap (by 4.5 percentage points) and the rise in the social protection gap (11.2 percentage points) especially affecting workers in the informal sector.

In other words, in 2002 the primary decent work deficit affected 93 million Latin American and Caribbean workers, 30 million more than in 1990. The rise in these 12 years reflects an increase in the employment gap, affecting 21 million economically active persons (including those unemployed and those employed in the formal sector), while another nine million of

those employed, essentially in the informal sector, ended up with no social protection.

This decline has not affected every one equally, however. Its impacts are unevenly distributed among social groups, who must bear substantially different burdens from the past. Based on ECLAC estimates (2002), 40% of the impact affected the poorest workers; about 10% affected those with the highest incomes; and the main impact, about 50%, affected middle class workers. Although the poorest workers have been hardest hit by the decent work deficit, because they were already in precarious conditions, most of the decline affected middle income sectors. In part, this was due to negative externalities caused by an excessive tendency for public policies to focus on the poorest segments during this period, which left middle class less protected.

Paying off the primary decent work deficit, both in the long and short term, involves adding together the employment and social protection gaps and multiplying them by a factor that includes the cost of providing or generating the resources necessary for this purpose. In this sense, the ILO has estimated this factor for most of the region's countries.

To eliminate Latin America and the Caribbean's long-term primary decent work deficit would require resources that in 1990 would have amounted to 18.1% of regional GDP and in 2002 would amount to 18.5% of the same. Clearly, the amount of funds involved is enormous and probably no country could pay this amount out quickly. A reduction in the long-term deficit therefore requires a policy horizon lasting for the same or an even longer period, that is, growth strategies able to generate decent work in the medium and long terms.

On the other hand, the same figures indicate that paying off the rise in the primary decent work deficit or short term deficit for the period 1990-2002 would cost about 5.7% of the region's GDP. Paying off this deficit in a prudent period (for example, five years) without making unreasonable demands on countries that could ruin their economic balance, would involve spending 1.0% of annual GDP on this purpose, during the next five years.

Faced with this situation, the ILO has proposed a strategy for reducing the decent work deficit (see "Globalization and Decent Work in the Americas", Report from the ILO Director-General to the Fifteenth Regional Meeting of ILO member States in the Americas, Lima, 2002) and a growth agenda for generating decent work (see special issues, in this *Labour Overview*). Similarly, the ILO proposes a series of measures and instruments for creating employment in the short term, which would permit a prompt response to the conditions that foment the decent work deficit.

Given this situation, it is urgent to determine what can be done to cushion the recession's impact on employment and find a productive way out of this low growth period. This overlaps with the need to compensate the population affected by structural adjustment and the process of opening up these economies that began early in the past decade.

On the subject of *how to pay* for this rise in the decent work deficit, generated in the region during the past decade, the challenge is to design complementary formulae that allow us to combine stabilization and social protection objectives, that is, those capable of bridging the gap between the economy and social needs, without postponing one or the other. Two areas stand out as regards this new agenda:

- a) The first is to resume sustained growth. The region needs to grow by an annual rate of at least 4% to prevent rising unemployment and lack of social protection. If, with a strategy based on decent work, an annual rise of about 5% in GDP can be achieved, this expansion would in itself contribute 0.6 percentage points towards reducing the short-term decent work deficit. If this could be achieved, an additional 0.4% of GDP would be all that would be necessary to completely cover the financing necessary to eliminate the labour decline posted in 1990-2002.

- b) The second element consists of specific programmes and policies necessary to reduce the employment and social security gaps by applying an amount worth about 0.4% of GDP per year. As some countries' experience indicates, this volume of resources can be handled without significantly affecting macroeconomic balance and can be used efficiently (ILO, 2002 *Labour Overview*). In this case, the task consists of reducing the employment gap through job creation programmes and hiring subsidies, as well as wage policies benefiting specific groups of workers; moreover, the social protection gap must be reduced, by extending social security coverage and establishing unemployment insurance in countries where it does not yet exist.

In summary, it is clear that responding to people's hopes for a decent work and better quality of life involves an enormous and long-term challenge. This makes it urgent to start by reducing the short-term decent work deficit. This task must be dealt with promptly and through consensus between governments, workers and management, the ILO's constituencies, to thus strengthen the strategy's social and political credibility. The means and the experience exist: all that is lacking is the collective will to begin this effort immediately.

PROJECTIONS FOR UNEMPLOYMENT AND GROSS DOMESTIC PRODUCT. 2002-2003

Changing expectations for economic growth in the countries of Latin America and the Caribbean in 2002 have affected initial projections for a modest improvement in labour conditions.

Projections (November 2002) indicate that the region's GDP will probably fall in 2002 by -0.8%. Compared to 2001, economic growth will go from positive to negative and fall by 1.7 percentage points. On the other hand, estimates for 2003 indicate that GDP should rise by about 3.0%, thanks to the recovery from the crisis in the region's countries, after early signs appeared during the second half of 2002, and especially due to projections for industrialized countries' better economic performance, although uncertainty continues to persist internationally. In these conditions, increased participation should bring a proportionally higher employment rate. These projections estimate that the unemployment rate will reach 9.3% at the end of 2002, up one percentage point over 2001, and 8.6% in 2003 (Figure 6).

Projections at the end of 2002

From the perspective of economic growth and labour market performance, conditions in 2002 seem likely to be the worst experienced by Latin America in recent decades. The high unemployment rate during the first half of 2002 (9.2%) is due to economic contracting (-2.2%) (Statistical Appendix). Although the economy was expected to perform better during the second half of the year, the regional unemployment rate was projected to rise to 9.4% during the second half of 2002, bringing the annual average to 9.3%.

FIGURE 6

**LATIN AMERICA
ACTUAL UNEMPLOYMENT RATE AND
GDP GROWTH IN 2001, PROJECTIONS FOR 2002***
(percentages)

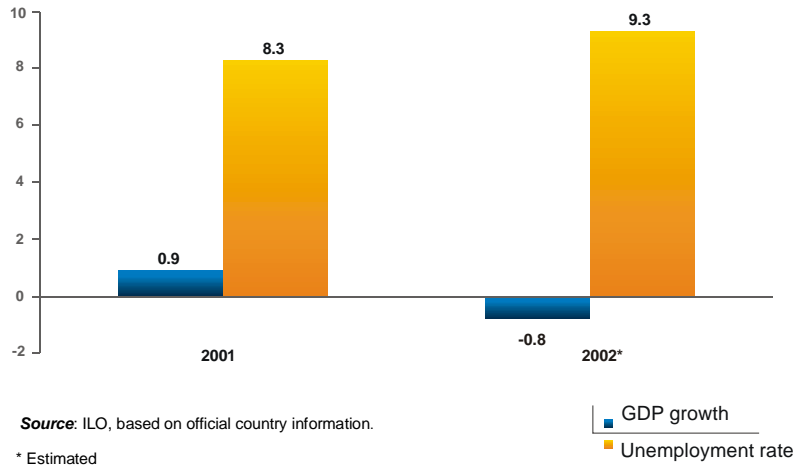
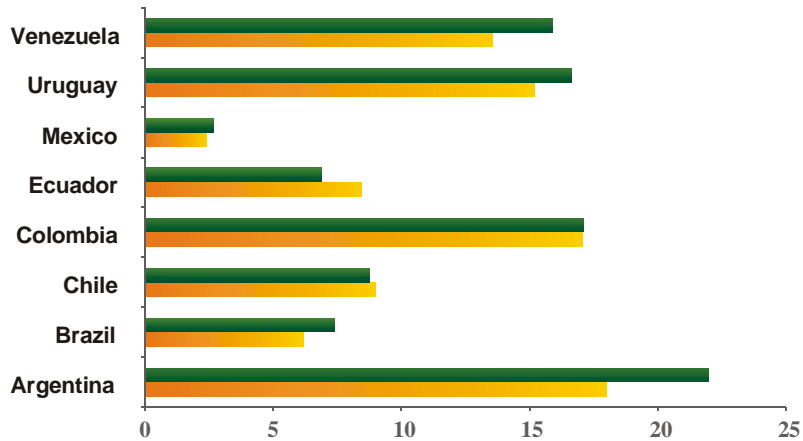


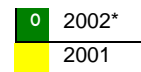
FIGURE 7

**LATIN AMERICA
ACTUAL UNEMPLOYMENT RATE BY COUNTRY
IN 2001 AND PROJECTION FOR 2002***
(percentages)



Source: ILO, based on official country information.

* Estimated.

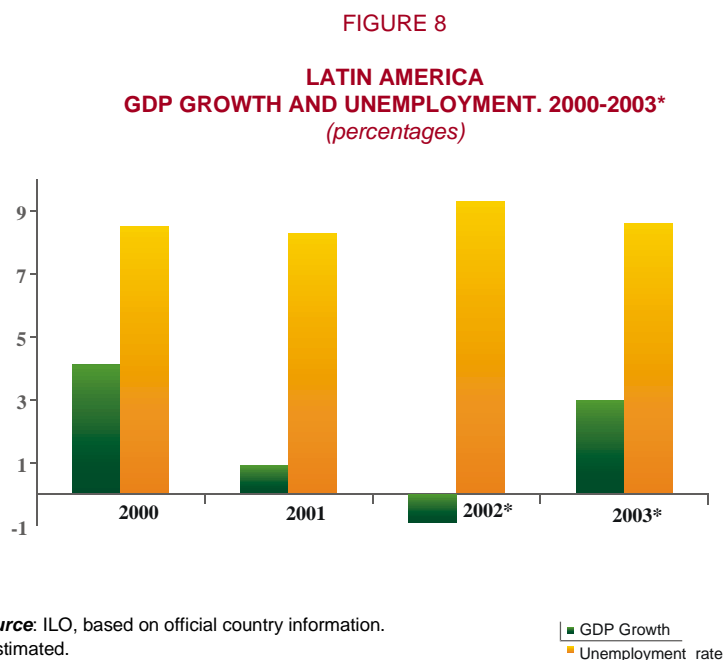


Estimated unemployment rates by country in 2002 (Figure 7) reveal that the increase will be substantial in Argentina (4.6 percentage points), Brazil (1.2 percentage points), Uruguay (1.3 percentage points) and Venezuela (2.4 percentage points); while it should remain moderate

in Mexico (0.3 percentage points). This indicator should hold steady in Colombia, but drop in Chile (0.2 percentage points) and Ecuador (1.5 percentage points).

Projections for 2003

Regional GDP is projected to grow by 3% in 2003, while the unemployment rate should reach 8.6%, thus improving on this year's performance (Figure 8).



Despite improved growth (3.8 percentage points above that in 2002), the unemployment rate is not expected to return to its 2001 level (8.3%), because the turnaround in economic activity should bring an increase in both the employment and participation rates, particularly in the cases of Argentina, Brazil and Mexico, which together account for 70% of the region's labour market.

Recovery in economic activity should be widespread in 2003. Argentina should post slight growth, 1%, which would turn around the decline experienced (-13.5%) in 2002, while Brazil should see GDP growth double (from 1.5% in 2002 to 3.0% in 2003), and Mexico's could almost triple (from 1.5% to 4.0%). Increases should also occur in Chile (from 1.9% to 3.5%), Colombia (from 1.6% to 2.0%) and Venezuela (from -6.5% to 2.2%). Economic growth should remain similar to 2002 in Ecuador (3.5%), while it is expected to slow in Peru (to 3.0%). Uruguay is expected to see its GDP contract yet again, but less (-1.0%).

This scenario should also bring down unemployment rates to levels just slightly higher than in 2001. Unemployment in Argentina should fall by almost 3 percentage points (from 22.0% in 2002 to 19.0% in 2003), while it is expected to fall less in Brazil (from 7.4% to 6.8%), Chile (from 8.9% to 8.6%), Colombia (16.9% to 16.5%), Ecuador (from 6.4% to 6.1%), Mexico (from 2.8% to 2.3%), Uruguay (from 16.6% to 16.5%) and Venezuela (from 15.9% to 14.5%).

FEATURE ARTICLES

This edition of *Labour Overview* provides an analysis of current conditions in the labour market during 2002 and, as has become traditional, also includes a feature articles section. In general, this section examines complementary aspects of the world of work in Latin America and the Caribbean, which permit the identification of longer term trends, the behaviour of social actors and economic groups, and the formulation of proposals for stimulating growth with equity for the region's inhabitants, from different points of view. These are based on research and studies carried out by the ILO's Multidisciplinary Technical Teams located in different countries.

This edition examines five special issues. All share a common perspective based on the strategy for developing decent work, which the ILO General Director has proposed as a general challenge to humanity and which consists of people being able to satisfy their basic needs in conditions of freedom, equity, security and human dignity. Decent work is also the focus for the ILO's four strategic objectives: the promotion of fundamental rights in the workplace, employment, social protection and social dialogue (ILO, 1999).

The first of these special issues proposes an *Agenda for Growth with Decent Work in Latin America and the Caribbean*, which evaluates the impact of globalization on the labour market and equity in the region during the 1990s. During this period, most Latin American countries carried out a process of opening their economies to trade, finance and foreign investment, combined with policies to achieve fiscal balance, reduce inflation and the size of the State, all within the framework of the so-called Washington consensus. These reforms, however, did not consider their social impacts and on some points they contradict the aspirations for democracy, growth and equity that the region's governments have treated as top priority on their agendas. The study examines globalization's effects on growth, particularly employment and income distribution. It points out the need to strengthen the role of social policy and proposes an agenda that combines reforms, growth with equity and strengthen democracy.

The next feature article, *New Indicators for the Development of the Decent Work Index*, includes a set of additional indicators to those published in *Labour Overview 2001*, to identify progress and setbacks affecting employment conditions and social protection in Latin America and the Caribbean. These include ratification of labour conventions and their enforcement; the participation of the labour force in production; trends in social protection; and advances in social dialogue. The results from applying this new index confirm that generally speaking, in recent years the region's decent work deficit rose.

The third feature article, *Collective Bargaining and Gender Equality*, provides the results of LO research in six of the region's countries on women's participation and gender concerns in collective bargaining between workers and employers. The central conclusion points out that women's participation in this sphere remains very incipient, basically because women are over-represented in the most precarious and unregulated segments of the labour market, because they are under-represented among union leaders, and because workers have little preparation in bargaining that involves these issues. The main progress in this area has focused on maternity- and paternity-related areas.

The fourth feature article, *Decent Work and the Quality of Family Life*, examines the tension between work and family lives based on the case of Chile. This is a problem that, despite its importance, has been little studied. After examining whether decent work makes it possible for individuals to improve the quality of life at home, this report concludes that while there is a relationship between the two, other factors that should also be studied have a significant impact too. In 2000, almost one-third of Chile's workers were employed in decent conditions and less than one in five was working in precarious conditions. While more than half of those

employed in the two highest income deciles had decent work, all of the workers in the two poorest quintiles existed in precarious conditions. Overall, less than one in every ten families managed to combine decent work and a good quality of family life. The study asks whether today's accelerated modernization process is affecting the possibilities of improving the quality of work and family life.

Finally, the fifth feature article deals with regional migration's impact on the labour market. To do so, it examines the text *Latin America and the Caribbean. International Migration and the Global Labour Market, the Effects of Globalization and Migratory Patterns in the Region*, the main causes of international migration, and the ILO's Decent Work Agenda.

Important challenges in terms of labour regulations, social protection and workers' representation, particularly in the case of unskilled and more vulnerable sectors, arise from the special issues included in this edition. Amidst the collective challenge of dealing with these matters on a global, regional and national level, the ILO's Decent Work Agenda constitutes an important and useful vehicle for governments, employers and workers in Latin America and the Caribbean.

Latin America and the Caribbean An Agenda for Growth with Decent Work A proposal

This feature article included in *Labour Overview* is based on an ILO study, which received broad support from ECLAC in terms of both research papers and statistical data. The results, which have made it possible to evaluate globalization's impact on the labour market and equity in the region's countries, give rise to the following conclusions:

Contradiction Between the Development Agendas of the Region's Countries and the Washington Consensus Reforms

- Implementation of the Washington consensus reforms ran into conflict with the promises for democracy, growth and equity that formed the platforms on which Latin American governments were elected in the 1990s. These points of conflict fed social discontent, which is apparent today. This, in turn, opened up opportunities for the political growth of different forces, which assumed the representation of citizens' dissatisfaction and aspirations for change, rather than putting forward an alternative proposal with clear possibilities for implementation, thus giving rise to the re-emergence of the risk of populism.
- Latin America met the challenge of applying the economic reforms suggested by the Washington consensus. However, this – essentially macroeconomic– approach also limited results, in terms of both growth and equity, generating a political scenario more adverse to the reforms themselves than existed a decade earlier.

Globalization and Growth

- Globalization has not blocked growth in Latin America, but it has increased instability. Recovery from crises has become slower in the region, because external shocks are amplified by domestic conflicts arising from inequity and weak political institutions. Traditional political-distributive conflicts in Latin America have only increased with globalization. If the objectives of equity and democracy are not dealt with simultaneously, Latin America's potential for growth is limited.
- Latin America's ability to grow with equity in a globalized economy depends on its own policies, not only on the international scenario, which, while it establishes the

conditions for the pace of progress, does not define its direction. The permanent and acute inequality that has become typical of the region does not occur to the same degree in other countries and the task of overcoming poverty has become increasingly difficult.

Precariousness of Employment and Unequal Distribution

- The growing precariousness of employment in Latin America goes a long way to explaining unequal distribution and the insecurity, annoyance and the sense of being on the losing end experienced by many Latin Americans. Raising productive employment and bringing lagging sectors up to date is essential for equitable growth. If this does not occur, globalization will continue to deepen inequality.

The Distributive Role of Social Policy

- Social policy plays a crucial role in both distribution and integration. Strengthening this area requires increasing and stabilizing its financing, as well as improving its efficiency.

The Agenda for Growth with Decent Work

- It is necessary to recover the reform agenda for growth with equity and to strengthen responsible, democratic governance. In this scenario, global integration must come with social and productive integration and more robust public institutions. Completing fiscal reforms and reinforcing automatic stabilization mechanisms are also vital, along with increasing social investment, improving its quality, and strengthening democracy institutions and social dialogue.

Contradiction Between the Development Agendas of the Region's Countries and the Washington Consensus Reforms

Implementation of the Washington consensus reforms encountered some conflicts with the promises for democracy, growth and equity that formed the basis on which Latin American governments were elected in the 1990s. These points of conflict nurtured social discontent, which is apparent today. This, in turn, opened up opportunities for the political growth of different forces, which assumed the representation of citizens' dissatisfaction and aspirations for change, rather than developing alternative proposals with clear possibilities for implementation, thus giving rise to the re-emergence of the risk of populism.

Latin America has just lived through two turbulent decades, marked by profound economic, social and political changes. The so-called lost decade was in effect a waste from the perspective of growth, since per capita GDP fell at a rate of 0.1% annually, with the resulting social impacts. Toward the end of the 1980s, the concept of "social debt" arose, which sought to register the fact that the poorest segments had borne most of the burden of the foreign debt crisis, and to recognize the effort countries would have to undertake to pay it off. A study by Infante (PREALC/ILO, 1993) estimated that the debt to the poor, calculated as their excessive loss during the 1980s, rose to five percentage points of Latin America's GDP. This would explain the strong rise in the incidence and intensity of poverty throughout the region (which rose from 34.7% to 41% of the population) during this period.

During the 1990s, democratic political reforms occurred in every one of the region's countries. Latin America joined the globalization process through increased openness to trade, finance and investment, in order to encourage growth and diversify exports, making this the strongest performing sector in countries' economies. Instruments included cutting customs tariffs and opening up to short-term credit flows, then abundant in developed

countries. Some countries also used over-valued exchange rates to control price increases. This new strategy formed part of the set of policies promoted by the Washington consensus, according to which countries should achieve fiscal balance, reduce inflation, open their economies more, emphasize business leadership, and reduce the size of the State. Structural reforms sought to correct the macroeconomic imbalances and problems that were limiting countries' ability to deal with globalization successfully, but they made no provisions for social needs, assuming that growth alone would reduce poverty.

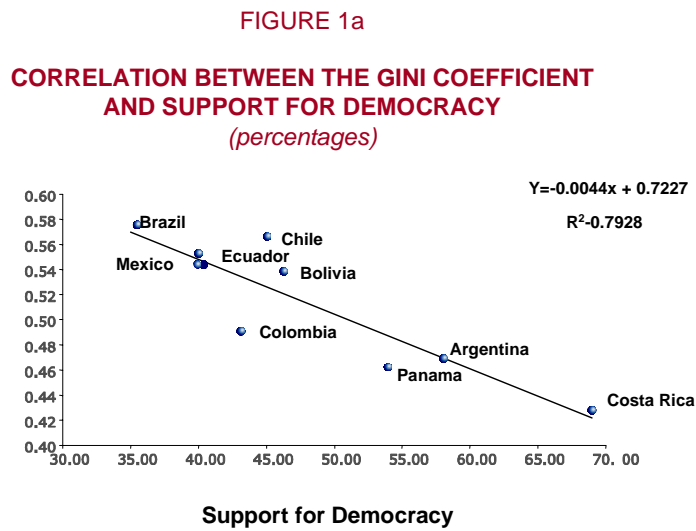
Meanwhile, most of the region's governments were elected on platforms promising democracy and growth with equity. This position represented the will of Latin American citizens and a lesson in the region's history: growth has always been more stable and dynamic where these factors are present. Democracy, growth and equity are all objectives consistent with the challenges raised by globalization, a process that has advanced beyond the reduction of trade barriers among countries; it has also destroyed the borders between the economy, politics and society. The countries that progress in the global world do so with democratic societies, combined with healthy, stable and socially integrated economies. International investors are interested in both the profitability and the stability of their business and they trust democratic governments and integrated societies more. This was clear, for example, in Chile, where, after the return to democratic rule in 1990, foreign investment soared ten-fold, with no change in the respective legislation or growth rate, and despite the reduced number of privatizations. It was the promise of stable playing rules implicit in democracy that made the difference.

The triad of democracy, growth and equity also enjoys enormous support among the region's citizens. The Latinobarometer survey (2002) results indicate the fact that citizens perceive these three goals to be closely related. When asked to define democracy, the main answers were "regular, clean and transparent elections" and "an economy that ensures a decent income." Similarly, fair income distribution seems to generate clear political consequences, as Latin America has the lowest indicators for support for democracy among the different continents, and at the same time has the most regressive distribution in the world. The percentage of Latin Americans preferring democracy fell from 61% in 1996 to 56% in 2002, a result that is consistent with worsening income distribution. The countries with the highest support for democracy in the region are Costa Rica and Uruguay (77%), followed by Venezuela (73%), which in 2000 all posted the lowest Gini coefficients. The opposite occurred in the most regressive countries: Brazil (37% supported democracy), Colombia (39%) and Chile (50%). The data reveal a high correlation (0.79) between income distribution and support for democracy (Figure 1a).

Growth with more equity in democracy has been a consistent goal of the region's governments, and undoubtedly it is broader, more ambitious and not automatically consistent with those arising from the Washington consensus. This work seeks to evaluate progress in this area and establish the relationship between economic reforms and growth, and between these and income distribution. This last is analysed from the perspective of the labour market, which should be an important linkage point for the impact of growth on distribution.

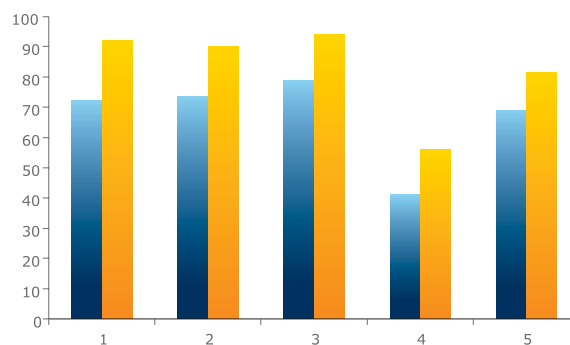
This analysis is being carried out at a time when Latin America is facing recession and international mistrust yet again. For 2001-2002 the region's GDP will not grow and 2002 will be the year with the highest unemployment since 1980. The Latinobarometer study (2002) indicates that 60% of the population is unhappy with political results, 76% with economic results, and the same percentage blames governments for this situation. Even in Chile, the Latin American country that grew the most during the 1990s, 52% of individuals feel like losers in economic terms, while just 38% feel like winners (UNDP, 2002). This new crisis has put to the test the region's ability to deal with distributive conflicts arising from external shocks without risking progress in the macroeconomic and political arenas. New warning signs have become apparent as political sectors that place priority on poverty come to the

fore, while the risk of populism and anti-system forces are also on the rise, with no clear alternative proposal.



Source: ILO's own calculation, based on data from ECLAC (2002), prepared especially for this study, and Latinobarometer (2002).

FIGURE 2a
LATIN AMERICA
INDEX FOR DIFFERENT ECONOMIC REFORMS 1990-2000
(percentages)



Source: Data from ECLAC (2002).

1. Financial reforms.
2. Liberalization of the capital account.
3. Trade reforms
4. Fiscal Reform
5. Privatizations

■ 1990
 ■ 2000

Latin America met the challenge of applying the economic reforms suggested by the Washington consensus. However, its approach – essentially macroeconomic– also limited its results, in terms of both growth and equity, generating a political scenario more adverse

to the reforms themselves than existed a decade earlier.

Since the mid-1980s, the region has gradually joined the process of economic reforms. These began in Bolivia, Chile, Costa Rica and Mexico, and in the early 1990s continued in Argentina, Brazil, Colombia, Jamaica and Peru. A study of this process (Lora, 2001) classified these countries into two groups according to the scope and pace of change: in the *radical* countries, change occurred quickly, while in more *cautious* countries, these were gradual. The first group includes Argentina, Bolivia, Chile and Peru, with high inflation and low prior growth; while the second include Colombia, Jamaica and Mexico, with low inflation and high prior growth. At the end of the past decade, with widespread transformations, indicators for reform were high throughout the region (ECLAC, 2002). In general, Washington consensus reforms made considerable progress during the decade. The study by Lora (2001) pointed to 46% increases in indices for reforms and progress in all countries. Those most advanced were 20% above the average, while those most behind were 20% below it. In 1990, dispersion was higher and only Chile had posted clear progress. Argentina, Bolivia, Brazil, and Peru advanced more than other countries during the decade and, with Chile, posted the highest indices.

Openness to trade, capital and free-floating exchange rates. From the mid-1980s to the early 1990s, the region's countries started to liberalize their trade regimes, with the average tariff falling from 48.9% before the reform to 10.7% in 1999, as well as reducing the range in tariffs (7%). The indices for the reforms involving greater openness to trade and a more open capital account stand at about 90% for almost all the region's countries (Figure 2a).

During the 1990s trade negotiations to strengthen intra-regional economic integration and the region's integration into the world also increased. In this context, the Southern Common Market (Mercosur) was created and the Andean Community, the Central American Common Market and the Caribbean Community were all restructured, to free up trade and adopt common external customs tariffs. This helped intra-regional trade to rise slightly more than exports to the rest of the world, which also soared (213% and 192% respectively, between 1990-2000).

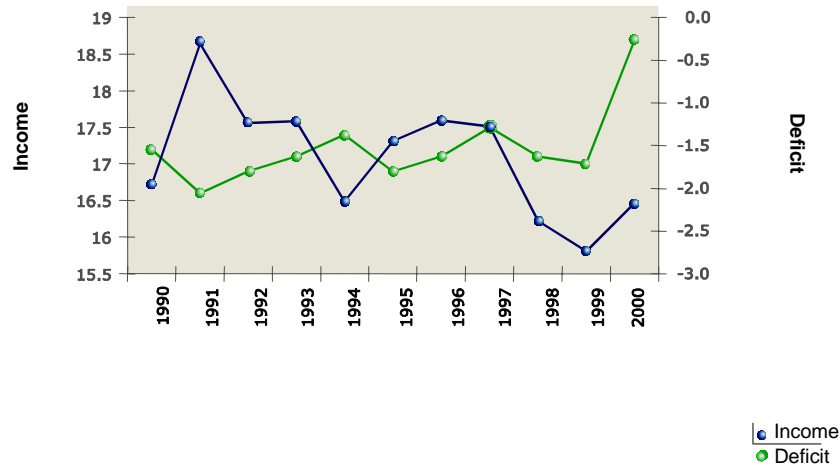
Moreover, the restoration of capital flows into Latin America, which had fallen considerably during the previous decade, drove changes to facilitate profit and capital remittances to countries of origin and stimulated the dismantling of foreign exchange regulations in most countries. The increase in resource volumes reversed the trends in net transfers abroad typical of the 1980s. During the 1990s, this figure was negative in 1999 only. According to Morley (2001), the only progressive reform was the increased openness of the capital account.

As constant tariff reduction steadily increased Latin American imports, when the Asian crisis occurred in 1998, the region's countries had deficits in their current accounts with the exception of the main oil exporters Ecuador and Venezuela. More intense international competition generated the need to reconvert production and not all economic agents were in conditions to assume this with their own resources. This widened the gaps separating the region's companies and to a large degree explains the different incomes for their workers. This explains why Morley (2001) considered this regressive in terms of distribution.

Financial reforms also made enormous progress in Latin America. The average index went from 72 in 1990 to 92 in 2000 (Figure 2a). Countries moved simultaneously toward stricter and more prudent regulations and reduced reserve requirements (by up to 20%), eliminated controls on interest rates, although they continued to set ceilings, and dismantled compulsory investment mechanisms and focused credits. Moreover, some public banks were privatized and in general the system moved toward universal banking. Meanwhile, several countries restructured their financial institutions, improving their solidity and their solvency.

FIGURE 3a

LATIN AMERICA
FISCAL DEFICIT AND INCOME 1990-2000
(percentages)



Source: ILO's own calculation, based on data from ECLAC (2002).

Although there was some progress made in terms of the transparency and the effectiveness of the financial system, reducing access gaps between the different sized companies in the region remains pending. The lack of bank financing is a competitive disadvantage that helps to explain the productivity and income differentials that, as is apparent below, are behind Latin America's regressive income distribution.

Tax and Fiscal Reform. Despite enormous success in reducing inflation, fiscal reforms were among those that progressed least in the region (Figure 2a). Initially, government deficits were cut by controlling expenditure, rationalizing taxes and privatizing public companies. At the same time, central bank autonomy increased. However, toward the decade's end, government deficits were again on the rise, increasing by an average of 2.5% of regional GDP in 1999-2000, more than double the 1.2% posted in 1990-1991. The close relationship between the deficit and the economic cycle was due to the decline in government revenues and especially pressures for public spending, which brought with them slower growth (Figure 3a). Thus, the idea that external shocks generate domestic conflicts that magnify macroeconomic imbalance is confirmed.

In terms of taxes, countries progressed in improving neutrality and simplifying the legal and administrative tasks involved, thus improving revenues. Taxes on foreign trade, which accounted for about 18% of countries' income prior to reforms, were partly replaced by a new, value added tax (VAT) system. This also reduced marginal rates applied to higher income individuals and, in the case of those with lower incomes, differential, reduced rates were applied to improve equity; moreover, in most countries there is a minimum floor on taxable income. Tax rates on company gains were cut to under 40%. All this improved tax revenues, although not enough (in Latin America, average tax revenues in 1999-2000 rose to 14.7% of GDP, while public expenditure rose to 25.6% of GDP), because tax cuts to companies and individuals were not offset by an expanded taxation base. According to the study, mentioned above, by Morley (2000), this was the most regressive reform of them all.

Similarly, privatizations sought to simplify government activities and increase production efficiency. Chile began this process in the 1980s. In the 1990s, the countries that went the furthest in terms of privatization were Argentina and Brazil, where the amounts involved reached, respectively, US\$25 billion and US\$61 billion. In 1998, most sales of state companies occurred in the telecommunications sector and in 1999, in the electric and oil

sectors. However, 57% of the region's privatizations during the decade affected infrastructure. The result was that the State went from being a producer to regulating private activity. In most countries, however, privatization processes were not preceded by updates to regulatory frameworks applied to public utilities, much less strengthening the regulatory authorities' powers. This shifted the market power of these natural monopolies away from the State and toward private groups.

Central banks also became more autonomous, although retaining necessary links with the institutions responsible for designing and applying economic policies. Although the specific objectives of each central bank vary, all must safeguard the value of local currencies and direct monetary policy, regulate domestic credit and the foreign exchange system, as well as serving as lenders of last resort, solely for liquidity purposes.

The first countries to make their central banks independent were Chile (1989), Argentina (1991), Colombia (1991), Venezuela (1992) and Mexico (1993). The main purpose of this body in Chile and Colombia is to control inflation; in Mexico, it must ensure currency stability and a healthy financial system; in Venezuela its main purpose is to encourage a more competitive financial sector and ensure monetary stability; and in Argentina authorities seek to keep inflation international levels. Although the idea of independent central banks has become firmly established throughout the region, in most countries government authorities continue to play a major role in the monetary and foreign exchange policies established by the Central Bank, as well as in decisions regarding credit to the Government, which was one of the main restrictions defined when these institutions became autonomous.

Economic authorities' efforts to apply stabilizing policies and reduce the high inflation that some of the region's countries were suffering met with success, and inflation fell to one digit in most. This undoubtedly favoured growth and equity.

Labour legislation and social security reforms had multiple objectives, but from the macroeconomic perspective sought to reduce public expenditure and increase private saving. Crucial to this proposal was the shift toward a system with more private capitalization. Moreover, as many of the region's countries consider extra-wage costs arising from company and worker contributions to health care, pensions and unemployment, the reforms reduced the contribution rate. Countries also sought to reduce the importance of the informal segment of the labour market, which was blamed on the high level of contributions. To date, the system has been very costly to the State, reduced solidarity within the system, and caused precariousness and the informal sector to grow.

Liberal labour reforms were also proposed, with implementation only occurring in the 1990s in five of the region's countries: Argentina (1991), Colombia (1991), Guatemala (1990), Panama (1995) and Peru (1991). The reforms sought to reduce dismissal costs, make it easier to hire employees on a temporary basis, pre-establish the cost of firing a new worker, setting it at one month's wage in each country, except Colombia and Guatemala. Fourteen countries, however, moved in the opposite direction, restricting or eliminating temporary contracts and other forms of more flexible labour relationships that companies with more unstable demand require.

If progress in reforms is compared to countries' growth rate (Table 1a), only Peru and Brazil show a positive correlation, while in every other case this is negative (although in the case of Argentina and Costa Rica this is not statistically significant). As a result, there are no statistically valid arguments supporting the idea that reforms promoted growth in Latin America.

Despite the difficulties, economic reforms still enjoy broad support throughout the region. According to recent data, support for the market-based economy fell from 66% in 1998 to

57% in 2002 (Latinobarometer, 2002). However, there are some signs of fatigue in support for the economic model: 61% of those who believe in the market are dissatisfied with it; support for privatization has fallen from 46% in 1998 to 28% in 2002, and 70% of Latin Americans would like the State to provide all basic services (including telecommunications, electric power and sanitary services).

Overall, Latin Americans support the changes made during the 1990s, despite being dissatisfied with their economic results (76%). To make these reforms last over time requires dealing with this dissatisfaction, particularly in terms of distribution, because 83% consider income distribution unfair or very unfair. The issue of distribution was absent from the objectives of these sweeping economic transformations. Policymakers operated under the assumption, implicit in the Washington consensus, that growth was the sole purpose of economies, because this is the best instrument for defeating poverty. Unfortunately, after a decade of structural reforms, it would seem that these have not driven growth in Latin America and, on the contrary, have actually worsened longstanding inequalities.

Globalization and Growth

Globalization has not been an obstacle to growth in Latin America, but it has increased instability. The recovery from crises has become slower in the region, because external shocks amplify the effects of conflicts arising from inequity and weak political institutions. Traditional political-distributive conflicts in Latin America have only increased with globalization. If the objectives of equity and democracy are not dealt with simultaneously, Latin America's potential for growth is limited.

During the second wave of economic internationalization (1950-2000), Latin America enjoyed the period of most rapid growth, particularly during the first phase (1950-1973), when per capita income rose by 2.75% annually. Later, growth slowed and became less stable, but the region's share of world output held constant.

TABLE 1a
CORRELATIONS BETWEEN ECONOMIC GROWTH AND REFORMS BY COUNTRY
1990-2000

Correlation Coefficient by Country			
	1 lag	2 lags	3 lags
Argentina	-0.01	-0.69	-0.55
Bolivia	-0.31	-0.43	-0.49
Brazil	0.30	-0.04	-0.21
Chile	-0.42	-0.63	-0.51
Colombia	-0.17	-0.17	-0.34
Costa Rica	-0.01	0.11	0.04
Ecuador	-0.28	-0.45	-0.45
El Salvador	-0.42	-0.52	-0.90
Guatemala	-0.26	-0.31	-0.16
Mexico	-0.28	0.29	0.30
Paraguay	-0.30	0.26	-0.39
Peru	0.39	-0.06	-0.22
Uruguay	-0.29	-0.44	-0.63
Venezuela	-0.45	-0.39	-0.22

Source: ILO's own calculation, based on data from ECLAC (2002).

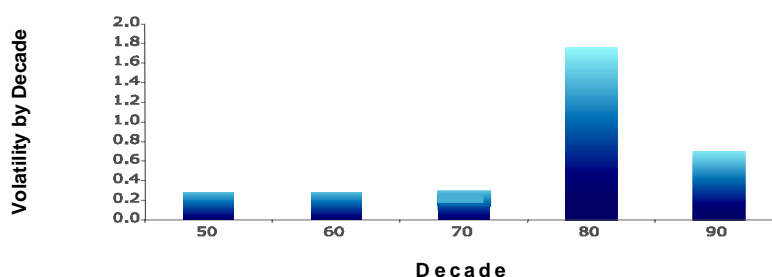
During the 1990s, Latin America's GDP rose by 3.3% per year (1.4% per person), still insufficient but higher than the 1980s (1.4% annually and -0.1% per person) and average world growth (2.4%). In this period the region went through cycles of recovery and recession, suffering from enormous instability. The coefficient for volatility remained constant from 1950 to 1980, but then went on to grow six-fold, to 1.76, in the 1980s, before dropping to 0.70 in the 1990s (Figure 4a). Episodes of instability in the 1990s were associated with the Mexican crisis in 1994, which caused a recession in 1995, and then spread to Argentina. The recovery that followed, in 1996 and 1997, ended in a new recession from the end of this last year, compounded by the Asian crisis in 1998, which in turn seriously hurt Latin America's terms of trade in 1999.

Rodrik's studies (1999 and 2001) suggest that after the 1970s, the pace of growth in the region's countries depended on governments' and other democratic institutions' ability to deal with the distributive conflicts arising from shocks from abroad. He demonstrates that in Latin America these factors explain recurring macroeconomic imbalances, the greater depth of recessive cycles and the region's inability to achieve sustained growth. This is aggravated by the context of a globalized economy that makes external shocks more frequent and inevitable (Figure 5a). He sustains that to limit the depth and length of contractive cycles, distributive equity must be improved, along with the quality of democratic institutions, such as respect for the law, respect for public contracts, the quality of bureaucracy and administrative honesty. The study by Latinobarometer (2002), not only reveals that throughout the region support for democracy fell in the 1990s, but also that between 1996-1997 and 2002, people's confidence in their governments fell (from 39% to 25%), as did their trust in the courts (from 36% to 25%), in parliament (from 36% to 23%) and in political parties (from 28% to 14%). Moreover, 80% to 90% of the population perceives more corruption. As a result, recessive cycles caused by external shocks are more acute than in the rest of the world, due to the precariousness of institutions and regressive distribution in Latin America.

He also underlines, however, the major importance that openness to globalization had in recovering growth. Between 1990 and 2000, the value (in constant dollars) of exports more than doubled (2.6 times); and the annual level of foreign investment grew by 9.6 times. Despite the international crisis that began in 1997, export growth continued, while foreign investment fell slightly in 2000 and 2001, but to levels that remain nine times higher than at the start of the decade. This process has been influenced by the 20-fold increase in the value of privatizations accumulated during the 1990s. However, it is unlikely, for the same reason, that this level of foreign investment inflows will occur again in the future.

FIGURE 4a

VOLATILITY OF ECONOMIC GROWTH BY DECADE. 1950-2000



Source: ILO's own calculation, based on ECLAC information (publications from several years)

Along with high export growth, trade liberalization and currency revaluation pushed imports up. The growing deficit in the balance of payments current account was financed with capital from abroad, which was temporarily abundant. Countries that stood out for the growth in their international trade included Mexico, with exports averaging 14.8% growth, thanks to the North American Free Trade Agreement, signed with the United States and Canada, whose benefits favoured the entire region (Figure 6a).

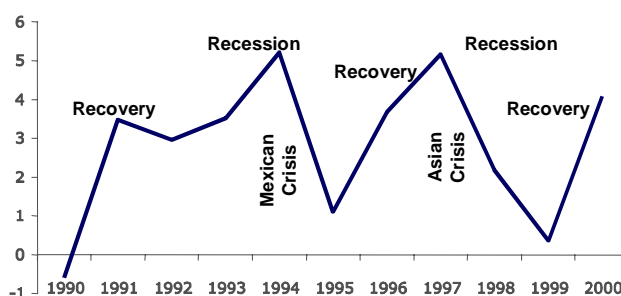
The 1990s were a time of enormous capital flows into Latin America. Foreign direct investment in particular rose significantly, with part of this going to buy public companies. The main destination countries were Argentina, Brazil, Chile, Colombia and Mexico. Brazil in particular stood out, both for the volume of resources that it received and the growth in this variable throughout the decade.

Latin America's economy has not managed to consolidate satisfactory and sustainable growth, nor has it managed to fully correct the structural imbalances that have limited the region's growth since the previous decade. One area decisive to growth and where there was no progress during the 1990s was in saving and investment levels, which remained virtually unchanged at around 20%, while domestic saving ranged around 18% of GDP.

Although successful in achieving its specific objectives, the reforms did not achieve their central purpose: sustained growth. By the decade's end, every one of the region's countries wanted to avoid contagion from the effects of turbulence in the world and the regional economy. The volatility of foreign capital was very damaging, given that during booms currencies appreciated, with the resulting impact on the trade deficit and the region's growing dependency on international capital movements.

FIGURE 5a

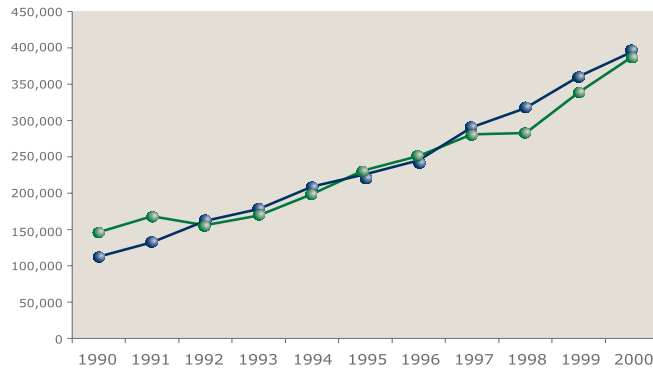
LATIN AMERICA
GDP GROWTH RATE. 1990-2000
(percentages)



Source: ILO's own calculation, based on data from Lora (2001).

FIGURE 6a

**LATIN AMERICA
IMPORTS AND EXPORTS. 1990-2000**
(percentages)



Source: ILO's own calculation, based on data from ECLAC (2002).

Imports
Exports

Toward 1999, after the international financial crisis, to a large degree the world's investors lost interest in the region upon seeing how vulnerable it was to economic turbulence. The number of privatizations also fell, reflecting the coming to a close of this process and further reducing foreign investment, given that a significant share was going to this purpose. This led to a change in the region's macroeconomic policy, toward higher fiscal deficits and more restrictive monetary policies through higher interest rates, which led to further problems for productive sectors. Protectionist measures were applied to foreign trade through tariffs and currency devaluations to control imports. Thus, the reforms that were being gradually applied in Latin American countries ground to a halt and became highly questioned, more due to specific conditions than the emergence of realistic alternatives.

Latin America's ability to grow with equity in a globalized economy depends on its own policies, and not only the international scenario, which, while it establishes the conditions for the pace of progress, does not define its direction. The permanent and acute inequality that has become typical of the region does not occur to the same degree in other countries and the task of overcoming poverty has become increasingly difficult.

In theory, globalization should promote both growth and equity. Economic literature (Heckscher-Ohlin and Stolper-Samuelson) indicates that international trade should bring better resource allocation and an equalling of factor prices, by better remunerating each country's most abundant factors, which, thanks to trade, should see demand rise. This in turn should lead to more growth (better resource allocation) and greater equity (the wages for unskilled labour, which is most abundant, should rise in Latin America).

Reality, however, indicates there is no direct relationship. Madisson (2001) demonstrates that during more than a century of burgeoning international trade there was only one brief moment when the world moved toward equality. During the first phase of economic internationalization (1870-1913), inequality almost doubled. During the second stage (1950-2000) economies grew rapidly (3.9% annually), driven mainly by exports (these more than tripled their share of output) and foreign investment. This pace of growth has nonetheless faded. In the 1960s, it reached 5%, in the 1970s, 3.6%, in the 1980s, 2.8%, and in the 1990s, 2.4%. Meanwhile, in distributive terms two clear sub-periods occurred: 1950-1973, when both growth and equality rose, and 1974-2000, when inequality rose, particularly between countries.

Madisson's statistical evidence (2001) indicates that during the import substitution period and that of greater international equity, Latin America's share of world output rose (from

4.5% in 1913 to 8.7% in 1973) and that in contrast, its share of world GGP did not change from 1973 to 1998, holding at 8.7%.

This, despite the fact that during the same period there was a strong trend toward income concentration at the global level. According to Milanovic (2001), the Gini coefficient for the world rose from 0.46 in 1980 to 0.53 in 1998.

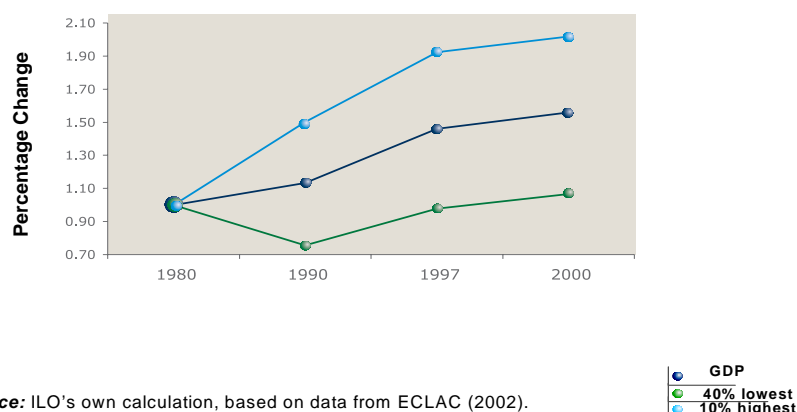
Nonetheless, the sum of growth involving regressive distribution was positive in terms of overcoming global poverty from 1980-1998. The study by Sala-Martín (2002) found that the world population living on less than US\$1 per day fell from 13.1% to 6.7%, while the number of those living on less than US\$2 per day fell from 34.6% to 18.6%. This fall was strongly influenced by Asia (where it went from 15.8% to 1.7%) and especially China (from 19.8% to 2.6%). Meanwhile, in the continents historically most regressive in this sense the result was the opposite: in Latin America the percentage rose from 1.2% to 2.2% and in Africa from 23.4% to 40.5%. Latin America had just experienced an important decline (from 5% in 1970 to 1.2% in 1980), while in Africa poverty has grown constantly (in 1970 it stood at 22.2%). ECLAC studies indicate that in Latin America poverty remained relatively unchanged from 1980 to 1999 (rising from 34.7% to 35.3%, although it rose in the 1980s, then fell in the 1990s). This has occurred because growth in the first quintile's income has remained permanently below the rise in average income; the opposite occurs with the richest quintile's income. In fact, the income of Latin America's poorest 40% remained constant from 1980 to 2000, while that of the richest decile doubled (Figure 7a). This enormous inequity in distribution explains the lack of progress in overcoming poverty.

During the 1960s and 1970s, for every point of growth poverty fell by almost a percentage point (0.88). In the 1990s, however, this figure fell to 0.12; this means that today, economies would have to grow seven times faster to achieve the same result in terms of reducing poverty (Figure 8a).

Latin America grew at the same pace as world growth during the last part of the twentieth century, suffering from each recession and taking advantage of each boom. Any attempt at finding a correlation between growth rates and changes in distribution for the region's countries turns up no significant relationship. Changes in distribution and poverty therefore are primarily because of the domestic policies applied. Latin America's regressive character more than offset positive economic growth. This was particularly true during periods of economic crisis, which have made inequality worse, as can be seen by examining trends in income for the first quintile during the crisis from 1997-2000: in six of the 12 countries analysed, GDP rose or remained constant; nonetheless, the first quintile's income fell. This increases the importance of analysing domestic changes and their causes much more closely.

FIGURE 7a

LATIN AMERICA
TRENDS IN THE INCOME OF THE POOREST 40%
AND WEALEST 10% OF THE POPULATION 1980-2000
(percentages)



Source: ILO's own calculation, based on data from ECLAC (2002).

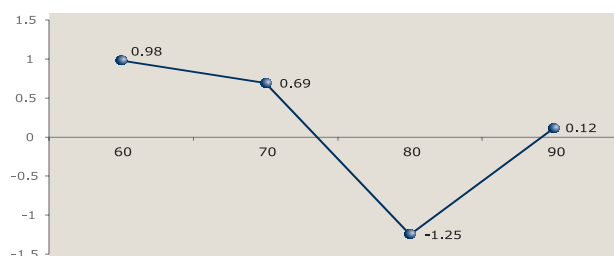
Precarious Employment and Unequal Distribution

The growing precariousness of employment in Latin America goes a long way to explaining unequal distribution and the insecurity, annoyance and the sense of being on the losing end that haunts many Latin Americans. To grow with equity, it is vital to increase productive employment and bring lagging sectors up to date.

While there is cause for some dissatisfaction with the results of globalization and structural reforms' impact on growth, this grows worse when figures for employment and distribution are examined. Unemployment rose steadily during the 1990s; during the first five years it averaged 6.6%, while during the second it reached 8.2%, and it ended the decade at nearly 10% (ILO, 2001). Most serious for the future is the fact that labour demand has weakened permanently, in that growth rates of 4% annually are now necessary to reduce unemployment rates. The region's income distribution also became more regressive during this decade, although not significantly so (the Gini coefficient rose from 0.53 to 0.54). This means that Latin America remains the most regressive region in the world and its Gini has continued to decline steadily since the 1970s. In fact, during the past two decades, this indicator lost all the progress made during the 1960s and 1970s.

Gini coefficients for the different countries indicate that this average hides some important differences. Distribution improved in five countries (Brazil, Mexico, Panama, Paraguay and Uruguay) and worsened in six (Argentina, Bolivia, Chile, Colombia, Costa Rica and Ecuador), while for Peru the only information available is for the end of the decade, which also indicates a regression.

FIGURE 8a
LATIN AMERICA
TRENDS IN THE POVERTY-OUTPUT RATIO, BY DECADE (1960-1990)



Source: ILO's own calculation, based on data from ECLAC (2002).

Although they experienced some decline, Costa Rica, and to a lesser degree Argentina, still had structures more progressive than the general average, unlike Brazil, which despite slight progress in distribution remains the region's most regressive country.

Indicators for inequality, particularly those comparing the upper decile with the lower decile, point to similar conclusions. Panama and Uruguay have made some progress in equity, while indicators for Brazil, Mexico and Paraguay remain relatively constant. In other countries, inequality has risen (Table 2a).

It is surprising to see the enormous differences within the region, particularly in the indicators

for inequality (more than 100%). This is consistent with the observations that Latin America's backward nature is to a large degree due to the large income share held by the highest decile. An IDB study (1996) shows that from 60% to 90% of inequality in Latin America can be explained by the enormous share held by the wealthiest decile. This is confirmed by the fact that the indicator for inequality shows a high correlation of 80% to 90% with the Gini index.

TABLE 2a
LATIN AMERICA
GINI COEFFICIENT AND INDICATORS FOR INEQUALITY BY COUNTRY. 1960-2000 a/

Year / Indicator	Gini b/	1	2	Year / Indicator	Gini b/	1	2		
Argentina	1990	0.46	13.73	8.56	Mexico	1990	0.57	34.53	15.36
	1997	0.46	15.52	8.97		1997	0.55	35.70	14.22
	1999	0.47	16.22	9.23		2000	0.55	33.90	13.71
Bolivia	1990	0.53	29.00	12.69	Panama	1990	0.48	21.55	9.88
	1997	0.56	37.16	14.87		1997	0.48	19.41	9.99
	2000	0.54	40.91	13.31		2000	0.46	17.63	8.93
Brazil	1990	0.59	36.53	18.70	Paraguay	1990	0.47	15.96	9.14
	1997	0.59	39.61	17.93		1997	0.50	22.50	10.41
	2000	0.58	37.03	16.49		2000	0.45	15.31	8.39
Colombia	1990	0.42	12.59	7.35	Peru	1990	--	--	--
	1997	0.51	19.25	11.64		1997	0.53	50.54	12.68
	2000	0.49	21.01	10.13		2000	0.57	64.62	15.93
Costa Rica	1990	0.4	11.68	6.16	Uruguay	1990	0.55	30.68	13.76
	1997	0.41	12.33	6.64		1997	0.47	20.29	9.34
	2000	0.43	14.43	7.35		2000	0.48	19.40	9.47
Chile	1990	0.53	19.80	12.78	Venezuela	1990	--	--	--
	1997	0.55	23.43	14.11		1997	0.48	17.64	9.92
	2000	0.57	28.46	15.36		2000	--	--	--
Ecuador	1990	0.47	22.22	9.11	Latin America	1960	0.53	--	--
	1997	0.48	20.78	9.38		1970	0.49	--	--
	2000	0.55	35.75	13.95		1980	0.50	--	--
				1990		0.53	28.60	14.34	
				1997		0.54	31.81	14.31	
				2000		0.54	31.56	13.79	

Source: ILO's own calculation, based on data from ECLAC (2002).

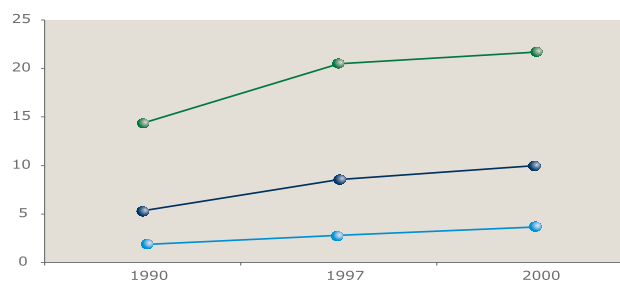
a/ The numbers refer to:

1. The ratio between the income shares held by the highest decile and the lowest quintile.
2. The ratio between the income shares held by the highest quintile and the lowest quintile.

b/ The Gini coefficient, an indicator that measures inequality in income distribution.

FIGURE 9a

**LATIN AMERICA: SELECTED COUNTRIES
UNEMPLOYMENT RATE 1990-2000**
(percentages)



Source: ILO's own calculation, based on data from ECLAC (2002).

● Average
● Poorest Quintile
● Richest decile

The enormous range of situations throughout the region and the high concentration of income in the first decile are clear signs of policy. First, it is possible to progress toward more progressive distribution, without hurting growth. In fact, three of the four economies showing the most growth have lower than average Gini indicators (the exception is Chile). Second, to advance toward equity the share held by the first decile must be corrected. If the country with the most equitable conditions is taken as the norm (Costa Rica), the income of the poorest 30% of the population could rise 43% while the richest decile's should fall by 8%.

The fact that the data used come from household surveys (HS) must be taken into account, as this means that the richest strata are over-represented. This is because HS are not an appropriate instrument for measuring profits and returns on capital, nor do they take into consideration the impact of fiscal expenditure, which is normally progressive. Strictly speaking, this information mainly reflects the distributive results of the labour market itself. Thus the analysis that follows, based mainly on labour indicators, is useful to explain changes in distribution.

An analysis of the labour market reveals, first, the important rise in unemployment in the region (ILO, 2001). On average, this has doubled (from 5% to 10%). Only Mexico, and to a lesser degree Bolivia, have seen significant declines, as has Panama, but its unemployment rate is among the region's highest. It should be recalled that during this decade these countries showed some progress, or at least stability, in their indicators for distribution.

The rise in unemployment basically affects poor families, whose unemployment rates are five times higher than those for the highest income deciles. Higher unemployment (Figure 9a) partially explains a significant rise in the economically active population (EAP) and participation rates. Both phenomena are more significant among lower income groups, probably as the result of women joining the labour force. In fact, in Latin America the EAP for the lowest quintile rose by 4.2% annually, while that for the highest quintile rose by 3%. The participation rate experienced a similar change, with growth in the rate for the lowest quintile (7.3% per year) almost four times that of the top quintile (2.2%).

A second factor explaining this regressive tendency is the precariousness of employment. Except for Chile, Mexico and Panama, most jobs created during this decade were in the

informal sector and, to a lesser degree, in micro-establishments (very small companies). Small and medium-sized (PYME) and large companies laid workers off in most of the region's countries. Again, those countries where the different strata of companies grow by similar proportions progress in terms of distribution. Chile is the exception in this sense, because it has become more regressive. This may be because smaller companies made an enormous effort to boost productivity, thus generating less employment. It can be argued, therefore, that globalization, far from encouraging the integration of the more modern areas of the economy, actually increased the relative weight of the most backward sectors in terms of employment (Table 3a).

The increasingly precarious nature of jobs thus created has combined with the widening gap in income for workers in the informal and micro-firm sector compared to other workers, and particularly those at larger companies. For Latin America, the income gap between wage-earners with large companies (more than 50 workers) and other workers rose by 16% for the informal sector, 14% for micro-establishments, 24% for companies employing from six to nine workers, and 16% for companies employing 10 to 49 workers. Only in Costa Rica, Ecuador and Panama does this situation not occur. The income gap among workers is an important factor when it comes to explaining inequality in Latin America. A recent study found that the comparative gap between the wages of white-collar and blue-collar workers in Latin America is the highest in the world, and it has risen significantly in the past decade, in contrast to trends in the rest of the world (IADB, 1998).

TABLE 3a
LATIN AMERICA
INCOME AND EMPLOYMENT 1990-2000
(percentage)

Country	Ratio of average income of those employed over selected sectors			1990-2000		
	Formal	Informal b/	Micro-establishments	c/	d/	e/
Argentina	1.02	0.96	0.96	-19.44	103.99	145.15
Bolivia	1.23	0.83	0.80	-29.12	63.82	83.20
Costa Rica	1.17	0.70	0.73	2.23	52.31	88.37
Chile	1.09	0.85	0.64	-6.40	10.59	24.92
Ecuador	1.31	0.72	0.85	3.56	66.75	113.45
Mexico	1.05	0.96	0.83	-29.09	-	-
Panama	1.26	0.53	0.67	5.15	42.07	26.98
Paraguay	1.05	0.87	1.21	-57.82	35.12	50.05
Uruguay	1.22	0.60	0.63	-16.82	92.10	132.98
Venezuela	1.04	0.94	1.04	-11.37	247.33	359.78
Latin America	1.14	0.79	0.84	-	82.32	108.27

Source: ILO's own calculation, based on data from ECLAC (2002).

a/ Average income of all those employed over average income for formal, informal and micro-firm sectors, for 1990.

b/ The traditional definition for informal workers (self-employed, unremunerated family members and domestic service).

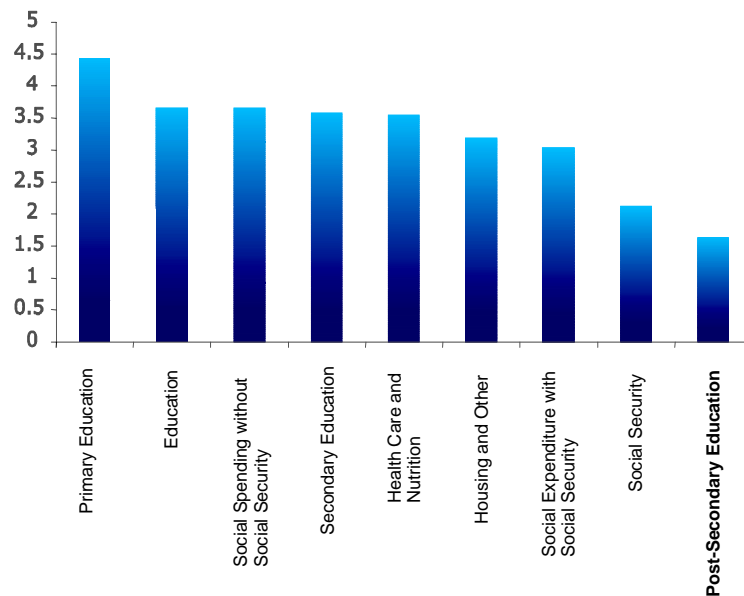
c/ Percentage change in income of those employed in the informal sector compared to income of those employed by companies with 50 or more workers in the same period.

d/ Percentage of new jobs in the informal sector over total jobs created in the period.

e/ Percentage of new jobs in the informal sector and micro-firms over total jobs created in the period.

FIGURE 10a

**LATIN AMERICA: SELECTED COUNTRIES
DISTRIBUTIVE IMPACT OF SOCIAL EXPENDITURE
1990-2000 a/**



Source: ILO's own calculation, based on data from ECLAC (2002).

a/ To analyse the progressiveness of social spending in terms of distribution for each sector (education, health care, housing and social security) a synthetic index was used based on the percentage of expenditure received by households in each of the income distribution quintiles.

Upon examining income differences within each occupational category, however, invariably inequality falls. That is, income of those working in similar conditions tends to converge, but the gap between sectors widens according to company size and resource requirements demanded by globalization in order to be competitive. This last effect prevails over that previously mentioned and helps to explain the region's growing and permanent inequality.

This is also reinforced by Morley's study (2000), which upon breaking down Theil's inequality indices finds that average income differences among different educational levels are the most important factor determining inequality, followed by differences in average income per occupation. These two factors are related and are expressed in worker productivity, both in the form of human capital and in terms of the company's capital stock. This analysis is consistent with one of the most well-known explanations for inequality in Latin America: the permanent co-existence of heterogeneous structures, which means the co-existence of sectors with very different skills for participating in the market economy and therefore for competing and growing.

Unemployment, the growing precariousness of jobs, and the widening wage gap for workers with different productivity levels explains escalating inequality in Latin America, and its staying power. Globalization has deepened these differences because it has meant that the strongest performing sectors created fewer jobs (as they boosted productivity to compete internationally). Chile is a good example of this. It is the country that grew the most in Latin America, based on its tremendous capacity to export, but nonetheless the tradable sector expelled workers in the 1990s. This was compounded by the fact that globalization increased the wage premium paid to the most productive workers (those most educated and working in companies that make more of an effort to innovate and create value). In fact, Weller's study (2001) found that the gap between university graduates' and average wages rose by 18% in the 1990s. Latin America's integration into globalization processes has therefore accentuated its regressive character.

The Distributive Role of Social Policy

Social policy has played a crucial role in distribution and integration. Strengthening it requires increasing and stabilizing its financing, as well as increasing its efficiency.

As already mentioned, the governments of Latin America in general proposed growth with more equity. Although the objective of equity was not very present in economic policy, it was apparent in the effort to increase social spending made by all the region's countries. According to ECLAC (2001), per capita social spending went from US\$ 360 in 1990-1991 to US\$ 540 toward the decade's end. This was much more than per capita income and state revenues increased, thus revealing the high priority this effort achieved throughout the region. This is also apparent in the rise in social spending's share of public expenditure (it went from 41.8% to 47.8%) and over GDP (from 10.4% to 13.1%) in the decade. However, considering the region's deficit in public expenditure (IDB, 1998) there is still some room to boost the region's social expenditure by four or five percentage points of GDP (this would double progress made during the decade).

Another interesting fact about the behaviour of social spending is that it rose faster during the first half of the decade, while GDP rose at 4.1%, and it slowed by almost 50% in the second half, when GDP grew at a rate of 2.5% on average. This reflects the cyclical performance of growth in the region's social spending.

Upon analysing the distributive effects of social expenditure for a sample of eight countries, ECLAC (2002) concluded that the sectors with the most progressive effects were primary and secondary education and health care, while the least progressive impacts were in social security and post-secondary education (Figure 10a).

During the 1990s, social spending in the region did reveal one important characteristic in terms of distribution, particularly in less developed countries, given that increases focused on education and health care, which accounted for 56% of the total increase. In countries with higher per capita income, 50% of the rise in social expenditure focused on social security, the component that contributes the least to redistribution.

Agenda for Growth with Decent Work

A reform agenda is essential to grow with equity and to strengthen responsible, democratic governance. In this scenario, global integration must come with an effort to ensure social and productive integration and to strengthen public institutions.

Globalization is not an option: it is a reality that countries must deal with. The options lie in how countries deal with this process and recent lessons indicate that while having solid macroeconomic fundamentals is a necessary condition for success, this alone is not enough. It is also clear that the Latin American objectives of democracy and growth with equity remain valid and are both complementary to and decisive for GDP growth and the success of the reforms that have begun. Just as integration into the global economy is necessary, so is the region's productive and social integration. This means raising the productivity of the most backward sectors and the skills of the lowest income groups. This will boost the competitiveness of Latin America, which is the only recipe for growing more quickly in a global economy that is constantly slowing down.

The insufficiency of recent reforms' results is evident, as citizens' opinions demonstrate. This, however, should not weaken the effort to consolidate these reforms, which have had a positive impact on key variables such as stability, openness, the role of the private sector and other elements necessary to successfully deal with the globalization process that is already prevailing worldwide.

The proposal is for Latin America to persevere in these macroeconomic reforms, but complement them with others of a microeconomic and social nature, which are essential to achieving the objectives of growth and equity. Likewise, it is essential to persist in strengthening democracy's own institutions, because they must form an integrated part of policies and not be treated as mere appendages to be improved only when macroeconomic conditions are favourable. Clearly, each country's own reality must determine the pace of progress and too much voluntarism, typical of the populism that has done so much damage in this region, is to be avoided. But every reform should be designed as part of a consistent whole.

Thus, just as macroeconomic reforms required that countries assume certain costs, so do microeconomic, social and political reforms. The latter involve an element that has proven difficult for the region to deal with: the economic and political clout of the highest income groups. If this challenge cannot be met, it will be impossible to create the conditions for competition that a market economy requires to function efficiently and the necessary resources will not be available to improve social integration, without placing macroeconomic fundamentals at risk. Nor will countries have the institutions necessary to resolve the domestic conflicts that arise from ever more permanent international cycles.

There is no foundation whatsoever for the argument that redistributing economic and political power will hamper growth. The opposite has proven true in every recent experience of rapid economic growth and this can only be reinforced by a globalization process that rewards knowledge and innovation. Increasing market transparency, public sector efficiency and honesty, as well as the knowledge and innovative ability of the most backward social groups and productive sectors are at once instruments for growth and equity.

Growth with equity also strengthens citizens' support for democratic systems that, aside from their intrinsic virtues, are rewarded by economic agents in a globalized world. The rules of the economic game required by foreign investors are only stable when created in democracy.

To turn Latin America's hopes for democracy, growth and equity into a reality requires, inevitably, identifying a limited number of priorities that will make achieving this goal possible. Because of this, four priorities are proposed in the following section, to help orient governmental agendas. It should be emphasized that these proposals constitute an integrated and coherent set of policies that inevitably must be adjusted to each country's reality and, it is to be hoped, supported and promoted by other international bodies.

Strengthening macroeconomic reforms to make growth more stable.

The first priority must be to complete fiscal reform. According to evaluations, many countries have unsustainable fiscal deficits. Correcting these is vital to stable growth. The countercyclical role that public expenditure should play is only possible if public accounts are orderly during boom periods.

Toward the end of the decade, several countries approved laws regarding fiscal responsibility that set ceilings on expenditure growth and multi-year deficit targets, but in general they did not incorporate conditions for equity, that is, objectives for social spending levels and efficiency. The current positive effort to raise social expenditure's share of public expenditure should continue, but this alone is not enough. It is also necessary to increase public financing. The IDB study (1998) revealed that public expenditure as a share of GDP in Latin America is nine percentage points lower than the standard corresponding to its level of development.

On the other hand, the excessively large share that the first decile has of total income makes it the ideal candidate for financing this necessary increase in social investment. This

probably does not require changing the tax structure, but rather improving legal and administrative enforcement to reduce evasion. In Latin America, tax evasion rates are still more than 10 percentage points of output higher than in developed countries.

Likewise, it is necessary to increase savings and domestic investment, two indicators that remained unchanged at about 20% of GDP in the 1990s. Every increase in savings, particularly private, serves as an insurance policy against volatile foreign capital.

Moreover, a series of alternatives for automatic stabilization have been proposed, among them: preparing the public budget on a structural basis; ensuring that taxes and social security deductions are responsive to the economic cycle, without changing the average amount of these contributions; creating unemployment insurance systems linked to private saving mechanisms; and ensuring more labour flexibility to reduce cycles of unemployment.

Microeconomic reforms to promote competition and overcome market flaws that inhibit growth with equity. The market is characterized by flaws that limit the capacity for growth and normally deepen inequality, especially in a global economy. It is not unusual, therefore, that the World Trade Organization itself has recognized the validity of public policies that seek to overcome these distortions. These include, in particular:

Competition policies are a necessary condition for the efficient and fair operation of a market economy. In general, however, these measures have not received enough attention from Latin American governments. Creating or improving the legal framework that governs them, and above all, having efficient institutions to enforce them should be a priority. The same is true for regulating natural monopolies and also for enforcing tax, labour, environmental and social service legislation, where these have been privatized.

Financial reforms are also necessary, which seek to introduce more transparency and competition in this sector. This normally requires simplifying the current regulations, which often constitute entry barriers. The main change to promote growth with equity is to facilitate small and medium-sized companies' access to financing at reasonable rates. Measures that would contribute to this include: supporting the creation of financial information centres for PYMEs, thus reducing transaction costs and risk to the banks that include these companies among their customers; creation of a guarantee centre that facilitates the movement of debtors among banks and promotes competition (reducing spreads); facilitating debt reprogramming if the country (as has occurred in the majority of countries) has gone through periods with unusually high interest; and make it easier for the development of a banking niche specializing in PYME needs and thus able to attend them at lower costs.

It is also necessary to very significantly increase investment in technological innovation, labour training, trade promotion and productive infrastructure. All these areas, key to competitiveness, typically suffer from market flaws associated with the fact that private investors do not capture all the benefits of their investment and, as a result, under-invest. Investing in this area is a necessary condition for adding value to exports, ensuring more stable prices and better terms of trade. This would also reduce the intensity of economic cycles, enriching the region's international participation and raising the quality of the jobs thus created.

Boost social investment by increasing its quality and targeting sectors that are lagging behind. As mentioned, social policy is fundamental to any proposal for growth with equity. This means that education must remain a priority, particularly efforts to close coverage and quality gaps at the primary and secondary levels. While these effects only become apparent in the long term, this variable is the one showing the highest correlation with growth and equity.

To ensure the early realization of the benefits of education, efforts should be increased to

improve labour training and educational upgrading. This area is vital to equity, but moreover is identified with one of Latin America's main competitive disadvantages, according to reports on competitiveness. To increase training almost every country has economic incentives that could be improved and complemented with actions such as the following: creating an information system to monitor demand for skilled labour and implement a regular test of basic knowledge to the labour force (to better focus training); set up a decentralized labour skill certification program; create special incentives to encourage more complex and expensive training, such as management and general training for PYME. All this probably will require reducing the comparative importance of higher education or at least developing mechanisms (student loans) that ensure that students themselves finance this education.

A second task, already begun and essential to continue, is *health care reform*. This must define sanitation objectives in line with the new epidemiological realities and translate these into public goals for every level of care; establish realistic guarantees, that steadily rise, and explicitly improve opportunity, quality and financial protection; define financing methods that avoid discrimination and ensure more effectiveness at lower costs; include regulatory and enforcement institutions that ensure compliance with goals and guarantees by both the public and private sectors; and promote public and private integration into a single health care system, which encourages competition among providers, to stimulate service efficiency and quality.

Finally, a social protection system must be created or strengthened to support vulnerable citizens and ensure their participation in society, their ability to generate their own income and their protection from risk. In general, the region's countries have no coherent institutional system that manages the reduced number of services in a coordinated manner. On the contrary, there is enormous dispersion of forces that leads to wasted resources and scarce results. It would be wise to move toward creating a national, one-stop shop system that looks after beneficiaries based on a technical evaluation of their needs and eligibility, and offers a menu of pre-established services that are constantly evaluated to ensure their relevance, quality and effectiveness. In current conditions, public employment programmes deserve high priority.

Strengthening social dialogue and democratic institutions to deal with conflicts over distribution without affecting the progress of social and economic reforms. Latin America recovers more slowly from external shocks because it lacks institutions that allow it to process distributive conflicts generated by international turbulence. This lack normally leads to political conflicts, rising unemployment and macroeconomic imbalances (caused by rising fiscal deficits). At the same time, it is clear that the credibility of public institutions has declined dangerously.

Many countries have taken on the challenge of modernising the three powers of the State. Because of the crucial importance of the executive branch at times of crisis, such as the current one, it would be appropriate to give this reform a high priority. Increasing the efficiency of the State is another necessary condition for improving the region's competitiveness and therefore its growth potential. On occasion, this may mean reorganizing public institutions and, in any case, improving transparency and citizens' control over the State. It is also appropriate to link public sector wages to staff performance, reducing the time involved in procedures, especially those affecting production, concentrating public effort on the essential tasks and excluding those that are not of a productive nature, and promoting the use of information technologies.

Moreover, the experience of those countries that have successfully overcome their own distributive conflicts at times of crisis suggests that social dialogue among government, business, workers and the representatives of organized civil society permits agreements where all parties have to give a little, but at the same time enjoy the certainty that their interests will be considered and respected, thus committing actors to the agree upon course

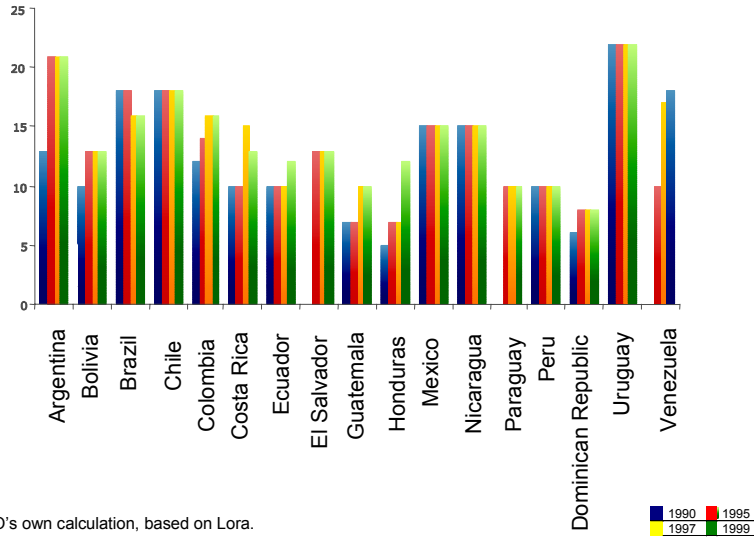
of action. Achieving this requires meeting some conditions, such as the existence of social players that are well organized and representative; institutionalizing dialogue that is independent of the Government (so it is not simply a negotiating session between the government and social actors); ensuring the transparency of information and providing players (especially those who are weakest) with the resources necessary to secure technical support for their positions; clearly defining channels to ensure dialogue is productive; and carrying out actions whose results are verifiable.

This then is the way to strengthen the social capital necessary for democracy and the economy to progress.

APPENDICES

FIGURE 1

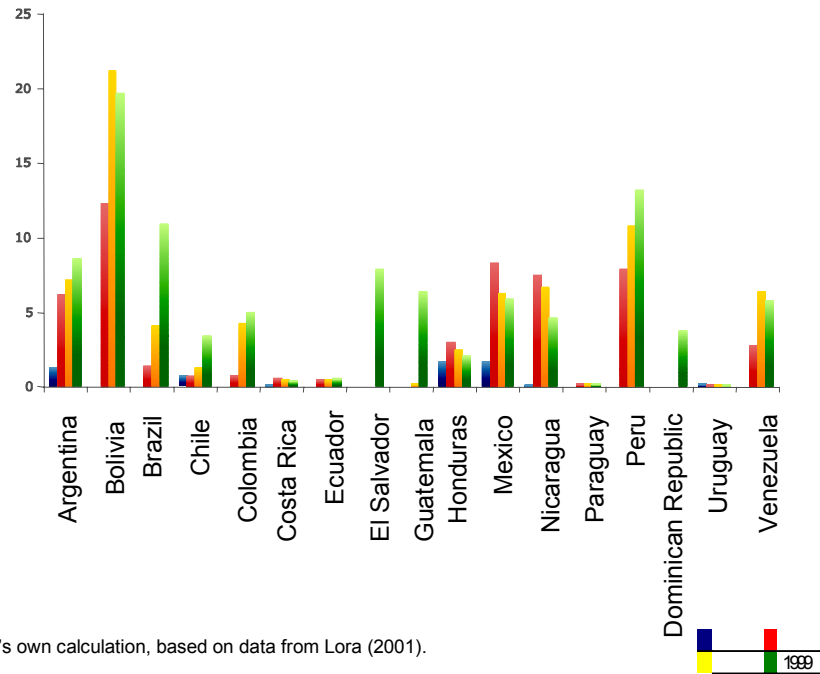
**LATIN AMERICA: SELECTED COUNTRIES
VALUE-ADDED TAX 1990-1999**
(percentages)



Source: ILO's own calculation, based on Lora.

FIGURE 2

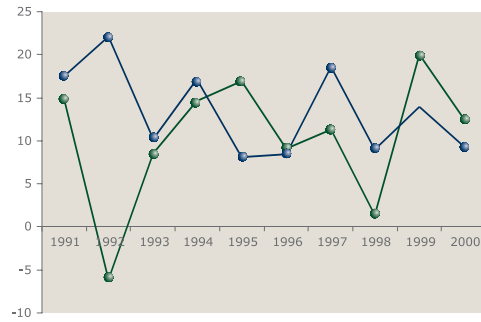
**LATIN AMERICA: SELECTED COUNTRIES
ACCUMULATION PRIVATIZATIONS BY YEAR. 1990-1999.**
(percentage by GDP)



Source: ILO's own calculation, based on data from Lora (2001).

FIGURE 3

**LATIN AMERICA: SELECTED COUNTRIES
EXPORT AND IMPORT GROWTH 1991-2000**
(percentages)

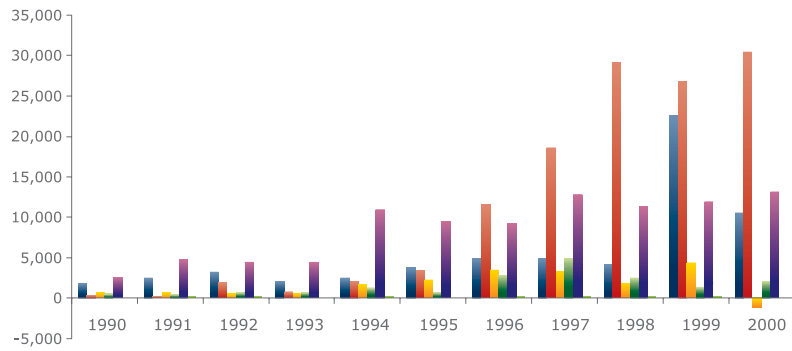


Source: Data from ECLAC (2002).

● Export
● Import

FIGURE 4

**LATIN AMERICA: SELECTED COUNTRIES
FOREIGN DIRECT INVESTMENT 1990-2000**
(million US\$)



■ Argentina ■ Brazil ■ Chile
■ Colombia ■ Mexico ■ Latin America

STATISTICAL TABLES

TABLE 1
LATIN AMERICA
VOLATILITY OF GDP GROWTH. 1950-1999
(percentages)

Decade	Volatility a/
1950-1959	0.28
1960-1969	0.28
1970-1979	0.29
1980-1989	1.76
1990-1999	0.70

Source: ILO's own calculation, based on official country information.

a/ Calculated as the coefficient for the standard difference between GDP growth rate and average GDP growth rate during the decade.

TABLE 2
LATIN AMERICA
GROWTH IN THE ECONOMICALLY ACTIVE POPULATION BY INCOME DECILE. 1990-2000
(average annual growth rates)

Country	Growth of economically active population										
	Total	I	II	III	IV	V	VI	VII	VIII	IX	X
Argentina	2.55	4.26	4.13	3.01	4.63	2.01	3.09	1.88	1.37	2.53	1.42
Bolivia	6.66	10.39	6.95	7.28	6.70	7.39	6.33	5.99	6.29	5.58	5.83
Brazil	3.01	4.70	3.59	3.46	2.85	3.25	3.17	2.25	2.90	2.71	2.33
Colombia	4.93	7.95	5.87	4.82	5.80	4.68	4.57	5.06	4.46	4.31	3.62
Costa Rica	3.91	4.36	3.95	3.92	4.24	3.55	4.14	3.32	3.85	4.72	3.39
Chile	3.00	3.79	3.72	3.39	3.50	2.48	2.79	2.46	2.93	2.96	2.74
Ecuador	4.79	5.94	6.02	4.97	5.64	5.27	4.87	4.86	3.92	4.12	3.74
Mexico	3.80	3.43	3.75	3.52	3.59	4.02	4.18	3.61	3.53	4.23	3.92
Panama	3.63	1.30	2.78	3.06	2.71	4.31	4.65	2.93	4.17	4.56	3.61
Paraguay	4.85	3.26	3.05	4.88	4.65	1.88	5.31	5.62	5.93	5.61	6.07
Uruguay	0.10	-0.10	0.50	0.70	0.80	0.40	0.10	-0.40	-0.20	-0.70	0.00
Venezuela	4.50	7.10	5.95	5.19	5.37	5.15	4.87	4.09	3.94	3.39	3.21
Latin America	3.34	4.49	3.94	3.56	3.64	3.40	3.57	2.83	2.98	3.23	2.77

Source: ILO's own calculation, based on data especially prepared by ECLAC (2002) for this study.

TABLE 3
LATIN AMERICA
UNEMPLOYMENT RATES BY INCOME DECILE. 1990-2000
(percentage)

Country		Unemployment Rate										
		Total	I	II	III	IV	V	VI	VII	VIII	IX	X
Argentina	1990	6.0	32.7	15.6	9.6	7.6	4.7	5.7	3.7	2.1	1.5	0.7
	1997	14.3	43.9	30.2	25.6	21.3	13.7	14.5	10.7	8.2	3.3	2.6
	1999	14.8	39.6	28.6	25.1	20.7	17.5	16.2	9.1	9.1	5.3	3.8
Bolivia	1990	9.6	48.4	16.5	10.7	10.0	8.3	8.5	6.4	4.9	4.5	2.7
	1995	4.5	18.1	5.4	3.9	5.1	5.1	3.6	3.7	3.4	2.2	1.1
	2000	8.0	13.5	10.0	12.8	7.3	8.7	10.2	3.7	3.8	9.5	3.7
Brazil	1990	4.5	18.3	7.2	5.6	5.2	4.3	3.7	3.4	2.7	1.9	1.3
	1995	8.1	25.9	12.8	10.3	9.3	8.0	6.3	5.8	5.1	4.3	3.2
	2000	11.5	30.7	17.2	15.9	13.8	11.0	9.9	8.2	7.8	6.4	4.7
Colombia	1990	9.6	21.3	14.0	12.5	11.5	10.6	10.5	7.5	7.7	5.7	4.0
	1995	12.1	35.4	20.9	17.1	12.9	12.2	10.3	10.0	7.2	6.6	3.9
	2000	19.6	48.6	32.1	28.0	22.7	20.3	17.1	13.4	12.9	10.7	7.2
Costa Rica	1990	5.3	24.4	11.3	6.4	7.4	4.1	3.0	4.0	3.2	2.4	1.3
	1995	5.9	24.7	12.3	8.9	8.6	3.0	5.5	3.3	4.0	2.2	1.2
	2000	6.1	26.6	12.5	7.3	7.6	6.9	5.3	3.3	3.3	2.3	1.3
Chile	1990	8.9	33.8	15.9	12.4	12.6	9.9	5.6	5.3	4.3	2.8	2.1
	1995	6.0	24.7	12.0	7.8	8.3	5.9	4.7	3.2	2.9	2.2	1.0
	2000	10.7	37.5	20.1	15.7	13.6	9.9	8.3	6.6	5.4	3.8	2.2
Ecuador	1990	6.1	17.9	9.2	10.2	5.8	6.7	6.4	4.7	5.0	2.8	1.6
	1995	9.3	25.5	15.2	13.0	11.6	8.7	9.9	7.6	5.7	3.7	3.9
	2000	14.4	37.9	23.3	18.1	16.9	15.2	12.0	11.8	9.6	7.6	5.8
Mexico	1990	4.3	6.4	7.3	6.6	4.7	5.6	3.3	3.5	2.8	2.3	2.9
	1995	5.1	12.1	10.6	5.6	6.7	5.4	5.9	3.8	2.3	2.3	1.8
	2000	2.4	5.2	3.6	3.2	1.5	2.8	3.3	2.4	1.7	1.0	1.2
Panama	1990	19.1	44.3	26.7	27.8	26.2	21.8	20.4	15.6	13.6	9.2	5.5
	1995	15.3	40.9	22.4	23.9	20.7	17.3	15.5	13.0	11.0	7.0	4.0
	2000	13.4	35.4	23.4	19.7	17.6	16.1	15.2	9.4	8.5	5.1	4.8
Paraguay	1990	6.6	28.6	12.5	11.3	5.5	6.3	3.7	3.1	2.2	2.6	1.8
	1995	8.7	23.9	11.8	15.4	8.0	7.0	11.4	6.7	3.4	6.6	2.1
	2000	10.5	25.5	14.3	23.3	14.3	9.8	7.6	10.2	6.5	3.2	4.2
Peru	1990	--	--	--	--	--	--	--	--	--	--	--
	1995	9.3	19.4	13.3	12.9	6.3	9.7	9.1	8.1	7.7	6.7	5.6
	2000	6.9	13.6	10.2	8.8	7.0	7.2	6.2	5.0	4.4	5.1	6.1
Uruguay	1990	9.0	23.2	15.5	14.0	10.8	9.3	7.2	6.6	5.3	4.3	3.2
	1995	11.4	28.0	18.7	16.9	14.7	11.8	9.7	7.4	6.8	5.7	3.6
	2000	11.2	25.8	20.9	17.9	14.4	11.6	9.5	7.6	7.0	5.3	2.8
Venezuela	1990	9.8	41.5	21.8	17.8	11.9	10.8	8.7	6.4	5.0	3.6	1.9
	1995	10.7	30.2	20.0	16.8	12.9	12.1	9.0	8.1	6.4	5.5	3.5
	2000	14.6	50.5	27.1	20.2	18.2	14.2	12.8	10.8	8.7	6.4	3.9
Latin America	1990	5.3	18.9	9.8	7.7	6.4	5.5	4.6	3.9	3.1	2.3	1.8
	1995	8.6	25.5	15.5	12.1	10.7	8.6	7.8	6.3	5.0	3.8	2.8
	2000	10.0	26.9	16.5	14.6	12.1	10.3	9.4	7.0	6.5	4.9	3.7

Source: ILO's own calculation, based on data especially prepared by ECLAC (2002) for this study.

TABLE 4

LATIN AMERICA
GROWTH IN PARTICIPATION RATES BY INCOME DECILE. 1990-2000
 (average annual growth rates)

Country	Change in participation Rate										
	Total	I	II	III	IV	V	VI	VII	VIII	IX	X
Argentina	4.6	8.7	14.7	6.6	12.6	-0.8	7.3	1.9	-3.9	2.6	0.3
Bolivia	6.3	28.3	6.6	11.4	7.4	10.8	-0.5	-0.3	3.4	0.4	-1.2
Brazil	2.8	10.6	7.4	7.4	2.3	4.5	2.0	-2.3	1.8	0.2	-1.1
Colombia	3.0	9.9	4.8	2.8	5.3	3.6	1.9	6.0	0.8	2.3	-3.2
Costa Rica	3.5	6.8	2.3	3.9	3.6	3.5	2.5	2.4	0.6	7.6	1.6
Chile	4.4	6.2	5.5	5.4	6.6	3.5	4.1	1.1	4.9	4.1	4.3
Ecuador	6.8	9.8	11.0	9.3	8.0	9.5	6.0	6.9	5.3	4.0	1.6
Mexico	4.3	2.2	2.3	1.3	2.4	6.0	7.9	3.6	2.7	6.7	6.0
Panama	4.8	2.6	3.3	1.1	2.6	6.6	6.4	1.9	6.9	8.0	4.7
Paraguay	2.9	-0.8	-0.9	1.9	2.1	-0.9	-0.6	6.8	5.9	3.6	5.9
Uruguay	2.9	5.4	5.8	6.6	6.4	4.4	1.7	-0.3	0.5	-1.6	3.7
Venezuela	8.6	11.3	13.4	11.4	10.7	11.7	9.8	6.9	7.3	5.1	4.0
Latin America	3.8	7.8	7.1	5.5	4.7	4.4	4.8	1.1	1.6	2.9	1.4

Source: ILO's own calculation, based on data especially prepared by ECLAC (2002) for this study.

TABLE 5

LATIN AMERICA
GINI COEFFICIENT AND SUPPORT FOR DEMOCRACY

Country	Gini coefficient a/	Support for democracy b/
Argentina	0.47	58
Bolivia	0.54	46
Brazil	0.58	35
Colombia	0.49	43
Costa Rica	0.43	69
Chile	0.57	45
Ecuador	0.55	40
Mexico	0.55	40
Panama	0.46	54
Latin America	0.54	44

Source: ILO's own calculation, based on data especially prepared by ECLAC (2002) for this study and from Latinobarometer (2002).

a/ Calculated as $G=1\sum_{i=1}^n p_i[Q_i+Q_{j+1}]$

b/ Population that supports democracy, as a percentage of total population.

NEW INDICATORS

To evaluate progress and setbacks in employment and social protection in the countries of Latin America and the Caribbean during 1990-2000, the decent work development index, prepared and presented last year (ILO, Labour Overview 2001), has been enriched with new indicators. The analysis that follows includes complementary indicators that cover four areas of decent work, which the ILO considers strategic: *compliance with regulations, employment quality, social protection and social dialogue*.

The Decent Work Deficit has Risen

This new indicator registers an improvement when labour conventions are ratified; if the unemployment rate falls and employment quality advances (reducing informal sector employment); if the purchasing power of minimum and manufacturing wages improves; if the gap between men's and women's income shrinks; if social protection coverage and the total number of hours worked improve; and if unionization rates improve and the percentage of workers involved in collective conflicts (strikes and closures) declines.

To build these indicators, official country and international figures are used, by homologizing as much as possible the data relevant to the concept being analysed. The new indicators in the Decent Work Development Index were applied to the period 1990-2000, divided into two parts, 1990-1995 and 1996-2000.

The main result of applying these indicators is the discovery that *the decent work deficit has increased*, because open unemployment and employment in the informal sector have risen, while employment rates have declined; and, although the income gap between women and men has closed somewhat, male employment in the informal sector has risen and men have lost more jobs.

At the same time, although both spending on social security and the average number of hours worked per week have both risen, social security coverage has fallen, in terms of the percentage of wage-earners paying into the system. Similarly, although the number of countries ratifying ILO Conventions has risen, unionization rates have fallen and the percentage of wage-earners involved in collective conflicts has risen.

Application of International Labour Standards

The International Labour Conference confirmed its support for the ILO's founding ideas when, in June 1998, it adopted the ILO Declaration on Fundamental Principles and Rights At Work and its monitoring. There, members also committed themselves in good faith to respecting, promoting and in good faith making these principles and rights a reality. Unlike International Labour Conventions, which are only binding on members that ratify them, the contents of the Declaration automatically apply to all countries that have accepted the ILO Constitution.

The fundamental labour principles and rights defined by this Declaration are freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination affecting hiring practice and employment.

In terms of Conventions, information for two areas was collected: general commitments and intentions of countries regarding these principles and rights, and deficits in applying and complying with same.

Intentions and Commitments Index as regards Conventions. This index looks at two kinds of

indicators. The first is *Projected Conventions Ratified* by country, which is the number of conventions ratified over total conventions in existence. The second is the *Percentage of Fundamental Conventions Ratified* by country, which consists of the number of fundamental conventions ratified by each country over total ILO fundamental conventions. Finally, the combination of both results yields a *Convention Ratification by Country* index (Table 1b).

Convention Application and Compliance Deficit. The above indicators illustrate the degree to which countries have supported ILO labour standards. This Index, presented below, attempts to approximate how effectively Convention contents are actually applied in countries.

A recent study of the “application of workers’ fundamental rights”, carried out by the ILO’s regional office for Latin America and the Caribbean, provides information on the number of complaints per country examined by the ILO Committee on Freedom of Association. These include complaints regarding restrictions on collective bargaining, lack of protection from discrimination, exclusion from the right to freedom of association, forced labour, forced recruitment, legal discrimination against women, disadvantageous conditions for minorities, discrimination due to public opinion and discriminatory practices in the case of maquila activities (Rodríguez, 2002).

Based on this information, an *ILO Conventions Application and Compliance Deficit Index* was developed for 1990-1995 and 1996-2000 (Table 2b), to evaluate each country’s position in terms of both the number of complaints received and trends during the years under consideration.

TABLE 1b
LATIN AMERICA AND THE CARIBBEAN
SUPPORT FOR ILO CONVENTIONS INDEX, BY COUNTRY

Countries	Index a/
Argentina	0.88
Barbados	0.84
Bolivia	0.65
Brazil	0.80
Colombia	0.76
Costa Rica	0.85
Chile	0.86
Ecuador	0.86
El Salvador	0.63
Guatemala	0.88
Honduras	0.82
Jamaica	0.63
Mexico	0.69
Nicaragua	0.86
Panama	0.88
Paraguay	0.74
Peru	0.77
Dominican Republic	0.84
Trinidad & Tobago	0.62
Uruguay	0.91
Venezuela	0.76
Average	0.79

a/ Percentage of total Conventions ratified per country over percentage of Fundamental Conventions ratified per country.

Source: ILO’s own calculation.

Employment and Employment Quality

Other indicators are added to the open urban unemployment rate, informal employment, the minimum wage and average manufacturing wages, to provide additional information on the population's participation in the labour market: participation, employment, informal sector and unemployment, gender analysis to better identify the gaps; similarly, wage trends are compared to total productivity per employed worker.

The indicators included are: *total participation rate* (labour force over population of working age); *total employment rate among men and women* (those employed over the labour force by sex); *total rates of informal employment and by sex*, and the *percentage of total wage-earners in the informal sector and by sex* paying into social security; *unemployment rates* (open, by sex, and for young people); *gender gaps* (income, participation, employment, informal sector employment, and unemployment; and *wages* (average manufacturing wage and real minimum wage plus the change in total productivity per employed worker).

TABLE 2b

COMPLAINTS HEARD BY THE ILO COMMITTEE ON FREEDOM OF ASSOCIATION BY COUNTRY. 1990-1995 and 1996-2000 (numbers and percentages)

Countries	Percentage		Index
	1990-1995	1996-2000	1990-1995=100
Argentina	13.2	12.6	78.9
Barbados	0.0	0.8	n.s.
Bolivia	1.4	0.8	50.0
Brazil	2.1	5.9	233.3
Chile	1.4	5.0	300.0
Colombia	8.3	10.9	108.3
Costa Rica	4.2	9.2	183.3
Ecuador	6.3	3.4	44.4
El Salvador	5.6	3.4	50.0
Guatemala	6.9	10.1	120.0
Honduras	2.8	0.8	25.0
Mexico	0.7	4.2	500.0
Nicaragua	5.6	3.4	50.0
Panama	2.1	4.2	166.7
Paraguay	6.9	3.4	40.0
Peru	16.7	10.9	54.2
Dominican Republic	3.5	0.0	0.0
Uruguay	2.1	3.4	133.3
Venezuela	10.4	7.6	60.0
TOTAL	100.0	100.0	82.6

Source: ILO's own calculation, based on information from the Committee on Freedom of Association (Rodríguez, 2002).

n.s.: not significant.

Social protection

In terms of the social protection afforded to workers paying into social security, the following indicators have been added: *social expenditure on pensions* (coefficient over each country's GDP); *coverage of wage-earners paying into social security* (gaps between women and men, including coverage of those employed in formal and informal sectors); and *total hours worked per week* (total of those employed, formal and informal sector workers). These indicators reveal trends in working conditions.

Social Dialogue

This element is reflected in two indicators relevant to the concept of social dialogue, primarily in the company sphere: *unionization rates* (percentage of workers belonging to union organizations over the total labour force); and *workers involved in strikes and closures* (percentage over country's total wage-earning labour force) (Table 3b).

The Decent Work Development Index

This index has two components. The first reflects the absolute level of development of decent work and measures changes in each country's indicators over time. The second reflects the comparative development of decent work and compares each country to others during a specific period.

Absolute Development of Decent Work Index. By analysing changes in the absolute level of decent work, based on selected indicators for the 17 countries under consideration, it was clear that overall these deteriorated from 1990-2000 (Table 4b). Working conditions improved in seven countries (Brazil, Chile, Ecuador, Panama, Peru, Nicaragua and the Dominican Republic), while they worsened in ten other countries (Argentina, Bolivia, Colombia, Costa Rica, El Salvador, Honduras, Mexico, Paraguay, Uruguay and Venezuela).

Some patterns are common to those countries posting progress in terms of decent work. One is that for all cases where information is available, average real wages in manufacturing and minimum wages rose in 1996-2000 over 1990-1995. In three countries (Brazil, Chile and Peru), public expenditure as a percentage of GDP rose, as it did throughout the region, in all but one country.

In the ten countries where the decent work indicator declined in 1996-2000 over 1990-1995, informal employment rose in seven, youth unemployment rose in half, and total unemployment rose in four. In all of them, however, income gaps, and differences in employment and participation rates for men and women of the same age still declined, as they did throughout the region.

TABLE 3b

**LATIN AMERICA AND THE CARIBBEAN
UNIONIZATION RATE AND WORKERS INVOLVED IN STRIKES AND CLOSURES.
1990-1995 and 1996-2000**
(percentage of labour force and total wage-earners)

Countries	Unionization a/		Workers on Strike b/	
	1990-1995	1996-2000	1990-1995	1996-2000
Argentina	24.4	25.4	--	--
Bolivia	30.9	16.4	--	--
Brazil	24.9	23.6	--	--
Chile	20.8	13.1	1.8	0.8
Colombia	7.4	6.9	0.4	0.4
Costa Rica	16.4	13.1	10.0	8.3
Ecuador	4.4	10.4	2.3	0.1
El Salvador	27.0	5.2	3.2	3.8
Guatemala	11.2	4.4	--	--
Honduras	14.3	6.0	--	--
Jamaica	--	--	7.5	7.7
Mexico	22.3	--	0.2	0.1
Nicaragua	9.6	22.6	0.4	0.1
Panama	--	--	0.1	0.1
Paraguay	9.2	9.3	--	--
Peru	7.5	7.8	4.8	0.4
Dominican Republic	18.9	17.3	0.0	0.2
Suriname	--	--	3.7	3.0
Trinidad & Tobago	--	--	1.3	1.1
Uruguay	16.2	12.4	--	--
Venezuela	25.9	14.9	--	--
Average c/	16.8	13.1	2.6	2.0
Weighted average d/	21.1	19.0	0.7	0.5

Source: ILO's own calculation, based on official country information.

a/ Unionization rate (percentage of the labour force).

b/ Workers on strike (percentage of wage-earners).

c/ Simple average. Calculated based on data from countries with information.

d/ Weighted average. Calculated using each country's economically active population.

Index Comparing the Development of Decent Work. Countries are ranked to determine the comparable level of development of decent work for the sub-periods under analysis (1990-1995 and 1996-2000). Countries located in the diagonal (Table 5b) hold the same relative position during both sub-periods; those above the diagonal, have improved their position and those below posted a decline.

Of the 17 countries analysed, three improved their ranking over the 1990-1995 period. Ecuador rose from "middle-low" to "middle-high" on the decent work development index, while Peru moved from "middle-low" to "middle", and the Dominican Republic rose from "low" to "middle-low".

TABLE 4b

LATIN AMERICA: SELECTED COUNTRIES
ABSOLUTE LEVEL OF DECENT WORK PER COUNTRY. 1990-1995 and 1996-2000

Relative Level of Labour progress 1990-1995	Countries	Average 1996-2000/ Average 1990-1995
Higher	Costa Rica	--
	Chile	+
	Colombia	--
Medium-High	Uruguay	--
	Argentina	--
	Brazil	+
	Venezuela	--
Medium	Mexico	--
	Honduras	--
	Panama	+
Medium-Low	Paraguay	--
	Peru	+
	Ecuador	+
	Nicaragua	+
Low	El Salvador	--
	Dominican Republic	+
	Bolivia	--

Source: ILO's own calculation, based on data from the Statistical Appendix.

+ Means the decent work index improved.

- Means the decent work index worsened.

TABLE 5b

LATIN AMERICA: SELECTED COUNTRIES
THE RELATIVE DEVELOPMENT OF DECENT WORK BY COUNTRY
1990-1995 and 1996-2000

1996-2000	1990-1995				
	High	Medium-High	Medium	Medium-Low	Low
High	Costa Rica Chile				
Medium-High	Colombia	Uruguay Brazil Argentina		Ecuador	
Medium			Panama Mexico	Perú	
Medium-Low			Honduras	Nicaragua Paraguay	Dominican Republic
Low		Venezuela			Bolivia El Salvador

Source: ILO's own calculation, based on data from the Statistical Appendix.

Most countries (11 of 17) held on to the same relative position from the beginning to the end of this period (Argentina, Bolivia, Brazil, Costa Rica, Chile, El Salvador, Mexico, Nicaragua, Panama, Paraguay and Uruguay), suggesting their labour performance remained relatively stable.

Three (Colombia, Honduras and Venezuela) countries fell in the ranking, while Colombia fell from "high" during the first period (1990-1995) to "middle-high" in the second (1996-2000). Honduras fell from "middle" to "middle-low", while Venezuela fell from "middle-high" to "low", which was the largest change amongst these countries.

Finally, Chile and Costa Rica stood out as the two countries progressing the most in terms of decent work in the region and held this position throughout both sub-periods.

In summary, a glance at absolute and comparative positions on the decent work index reveals seven elements useful to evaluating the labour performance of these countries during the two periods, 1990-1995 and 1996-2000.

In terms of support for International Labour Standards countries have made progress, with ratifications of Fundamental Labour Conventions rising. On average, in Latin America and the Caribbean, ratification of all conventions reached 27.3%, but for Fundamental Labour Conventions the rate is much higher: during the first half of the 1990s, average ratification stood at 81.3%, but this rose to 88.9% toward the decade's end.

In general, conditions affecting employment have worsened. Indicators reveal a decline in the total employment rate for this period, because the drop in the rate for men was not offset by the rise in women's employment, in a context where total participation rates fell slightly. Moreover, at the same time the open unemployment rate rose among adults and young people of both sexes.

Informal sector employment rose for both men and women during this period, rising more in the case of men. At the same time, social security coverage for informal sector men and women workers fell.

The income gap between women and men evolved positively during this period. In fact, figures indicate a decline in the difference in income per work week, while gaps in terms of participation, employment and unemployment also narrowed. Although women are more represented than men, the gap in informal employment narrowed as the number of men working in the informal sector rose. There were significant real increases in average manufacturing and minimum wages, although these came with a drop in total productivity per employed workers.

Indicators for social protection posted improvements and declines. Although the percentage of GDP spent on social security rose, as did total hours worked, especially in the formal sector, at the same time the coverage of those paying into social security systems fell. Data also show, however, that the gap in social protection of wage-earning women compared to men held steady.

Social dialogue posted mixed results. Among the negative results, the unionization rate fell, while among the positive, the percentage of workers involved in collective conflicts (strikes and closures) also fell.

An evaluation of countries' labour performance revealed that most maintained the same level of relative development of decent work from start to finish of the period under analysis. Three countries (Ecuador, Peru and the Dominican Republic) improved, while labour conditions worsened in three (Colombia, Honduras and Venezuela). Only Chile and Costa Rica, which enjoy the highest decent work levels in the region, held their positions in this period.

Box 1c

MAIN ADVANCES IN TERMS OF INCLUDING GENDER ISSUES IN COLLECTIVE BARGAINING IN LATIN AMERICA

- Extension of maternity leave.
- Paternity leave.
- Period during which pregnant women are protected from dismissal extended.
- Protection against firing of the father when children are born.
- Full wages guaranteed during maternity leave.
- Reduced hours of work for pregnant women.
- Longer hours for nursing (considered as work time and paid as such) and extension of the period during which this benefit is available.
- Healthcare protection of women in the case of legal or spontaneous abortion.
- Leave from work to be with children for health or educational reasons.
- Extension of the time and improvements to the quality of child care.
- Guarantees to adopting fathers and mothers: maternity leave, protection against parents' being dismissed and child care service.
- Sanctions in cases of sexual harassment.
- Measures to prevent gynaecological cancers.
- Support for the principle of equal wages for work of equal value.
- Support for the principle of non-discrimination due to sex, race and other factors.
- Adoption of equal opportunity plans.

Collective Bargaining and Gender Equality

Countries made significant progress toward including issues affecting working women's rights and equal opportunities at work in collective bargaining during the 1990s. This was one of the main conclusions of a study carried out by the ILO (Regional Office for Latin America and the Caribbean and the ILO Bureau for Workers Activities, ACTRAV) in six countries. The results are included in this issue of Labour Overview.

The main issues subject to bargaining included extending maternity leave and the period during which pregnant and nursing women cannot be dismissed, the creation of paternity leave and its extension for longer periods, protection of the father from dismissal for a specific period after the birth of children, the guarantee of full wages to women who take maternity leave, some measures to support men and women in their family duties, several elements related to child care (extension of nursing periods, leave from work due to children's health care, guarantees for adopting parents, sanctions for sexual harassment and support for the principles of non-discrimination and equal wages for work of equal value (Box 1c).

Fundamental Principles and Rights at Work

Ensuring genuine recognition of collective bargaining rights and freedom of association are fundamental to the ILO's role in promoting social justice, democracy and decent work. In 1998, in the ILO Declaration on Fundamental Principles and Rights at Work, members identified this as an essential instrument in its work, along with eradicating forced labour, child labour, and discrimination.

In the first Global Report to follow up on the Declaration, presented to the 88th International Labour Conference in June 2000, ILO priorities for technical cooperation underlined yet again the importance of new studies and research on freedom of association and collective bargaining, to demonstrate the link between respect for these rights and economic progress, poverty reduction and gender equality.

The Report's recommendations identified the need for technical cooperation to make improving the quality of statistics and indicators a priority, in order to determine to what extent all workers' rights to participate, to be represented by a union, and to collective bargaining are guaranteed. It also pointed out the need to get women unionists actively involved in collective bargaining and to ensure the inclusion of gender demands in union's negotiating strategies.

Research carried out by the ILO Regional Office for Latin America and the Caribbean and ACTRAV on the inclusion of gender issues in collective bargaining in six of the region's countries (Argentina, Brazil, Chile, Paraguay, Uruguay and Venezuela) provides follow up on these recommendations and contributes to measuring progress and obstacles in this field.

Collective bargaining as an instrument for promoting equal opportunity

Collective bargaining is an important area for promoting equal opportunity at work. Through this process, unions can ensure basic conditions for equality. These include equal wages for work of equal value, guarantees and extension of legal protection for maternity, along with other rights that promote a better balance between maternity and paternity, work and family responsibilities.

The inclusion of gender issues in collective bargaining is still in the early stages in Latin America, unlike Canada, the United States and Europe, where clauses to promote equal opportunity often appear in collective bargaining agreements. The factors hampering the

more widespread inclusion of these issues include the general weakness of collective bargaining in many Latin American countries during the 1990s, as measured by both the number of contracts and their content, and are associated with the enormous rise in precarious and unprotected employment, among other factors. Elements that could encourage greater equality of opportunity include legislative progress in the past decade, which in most cases has eliminated discriminatory regulations that still persisted in several countries and explicitly banned discrimination based on sex, among other reasons.

An important presence in collective bargaining results

The study's main conclusion is that the presence of gender issues in collective bargaining results has become significant. In the six countries analysed, the average number of clauses on these issues per agreement reached 0.4 in Uruguay, 2.2 in Argentina, 4.4 in Brazil, 4.5 in Chile, 5.7 in Paraguay and 8.1 in Venezuela.

TABLE 1c
LATIN AMERICA: SELECTED COUNTRIES
COLLECTIVE BARGAINING AND GENDER EQUALITY. 1996-2001

Type of Clause	Argentina (1996-2000)			Brazil (1996-2000)			Chile (1996-2000)			Paraguay (1996-2000)			Uruguay (1996-2000)			Venezuela (1996-2000)			Total		
	Legal a/	Contract b/	Total	Legal a/	Contract b/	Total	Legal a/	Contract b/	Total	Legal a/	Contract b/	Total	Legal a/	Contract b/	Total	Legal a/	Contract b/	Total	Legal a/	Contract b/	Total
Maternity/paternity	63	37	100	32	68	100	34	66	100	38	62	100	0	100	100	44	56	100	50	50	100
Family responsibilities	52	48	100	5	95	100	0	100	100	23	77	100	0	100	100	21	79	100	38	62	100
Working conditions	3	97	100	5	95	100	0	100	100	30	70	100	0	100	100	0	100	100	4	96	100
Non-discrimination and gender promotion	47	53	100	94	6	100	0	0	0	96	4	100	56	44	100	100	0	100	68	32	100

Source: Ilo's own calculation (2002).

a/ Legal: confirms legislative requirements

b/ Contract: rights, benefits and conditions arising from collective bargaining.

For the purposes of analysis, the different kinds of clauses were sorted according to their contents into four general categories. The first includes material covering *maternity/paternity* issues, that is, those referring to maternity leave, nursing, women's health care during pregnancy, those promoting parents' rights and duties in terms of child care (including paternity leave), child care, leave to accompany sick children and adoption rights.

The second category includes workers' (men's and women's) *family responsibilities*, beyond those specifically associated with birth, and includes leaves and allowances for family purposes, such as leaves due to the move from one home to another, serious illness of a relative, educational and health care allowances, etc.

The third category includes clauses on working conditions, among them, wages, training, working hours, occupational safety and hygiene, women's health care (excluding pregnancy and nursing), and sexual harassment.

The fourth category includes clauses on non-discrimination and the promotion of equal opportunity, in general and specific senses, including those affirming the principles of non-

discrimination for gender or other reasons, as well as those establishing plans and actions to promote equal opportunity in different areas.

The legal framework and collective bargaining

Many clauses simply reaffirm principles already established in national legislation. This occurs in four of the six countries studied, particularly in terms of protecting maternity and paternity and supporting the elimination of discrimination (Table 1c). The exceptions are Chile and Uruguay, where labour organizations generally consider it unnecessary for collective bargaining agreements to reaffirm elements already included in the law. In Uruguay, however, women unionists have proposed the inclusion of general equality clauses in collective agreements as they appear in international documents or countries' legal statutes to underline the importance of these measures. In Argentina, Brazil, Paraguay and Venezuela this is considered an important instrument for strengthening the application and enforcing compliance with the law.

However, a significant number of clauses also extends the rights granted by law (generally those referring to the coverage and extension of benefits over time) and some manage to achieve new rights.

The contents of collective bargaining

As the figures reveal, most (54.6%) of the clauses negotiated collectively in all countries studied belong to the first category (maternity/paternity) (Figure 1c). These are followed by family responsibilities (36.4% of all negotiated clauses). Considerably less common are clauses covering working conditions (5.3% of the total) and those including non-discrimination and the promotion of equal opportunity (3.7% of the total).

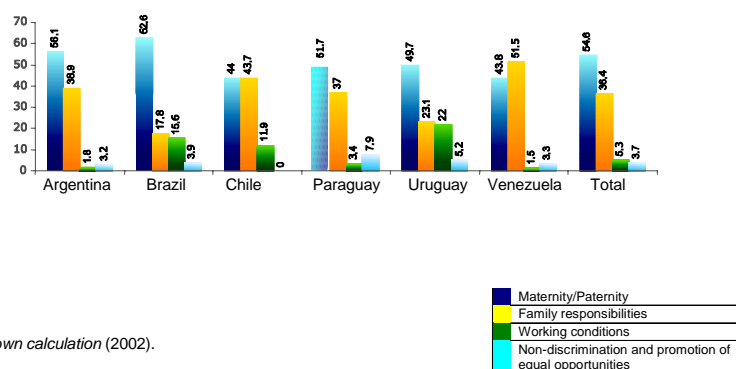
Guarantees regarding maternity/paternity and health care for pregnant women

54.6% of all clauses resulting from collective bargaining in all six countries deal with protecting maternity and paternity. In Brazil these clauses are most important (62.6%), followed by Argentina (56.1%). In Paraguay and Uruguay this reaches almost 50%, while in Chile and Venezuela it stands at about 44% (Figure 1c).

Of all clauses in collective agreements that deal with maternity and paternity, half reaffirm aspects already covered by legislation, while the other half improve on legal standards. The areas posting the most progress beyond legislation are those covering adoption (almost all clauses registered), child care (67% of total), and pregnancy (59%).

More than half of these clauses refer to maternity (30.1%) and paternity (24.7%) leave, followed by care for sick children, guarantees concerning adoption, nursing, and child care (each with 10%). Finally, some clauses deal with pregnancy (6.3%). These percentages vary by country (Table 2c).

Figure 1c
LATIN AMERICA: SELECTED COUNTRIES
TYPES OF GENDER EQUALITY CLAUSES IN COLLECTIVE BARGAINING.
1996-2001
(percentages)



Source: Ilos's own calculation (2002).

TABLE 2c
LATIN AMERICA: SELECTED COUNTRIES
MATERNITY/PATERNITY CLAUSES IN COLLECTIVE BARGAINING. 1996-2001
(percentages)

Type of Clause	Argentina (1996-2000)	Brazil (1996-2000)	Chile (1996-2001)	Paraguay (1998-2000)	Uruguay (1996-2000)	Venezuela (2001)	Total
Pregnancy	4.2	8.6	8.9	11.3	11.6	8.3	6.3
Compatible tasking	1.4	3.9	--	4.0	--	0.8	1.8
Pre-natal medical care	--	1.6	--	--	10.5	6.7	1.2
Prohibition of pregnancy tests	--	0.4	--	--	--	--	0.1
Reduced working hours	0.1	1.2	--	--	--	--	0.2
Clothing	--	--	--	--	1.2	0.8	0.1
Other	2.7	1.6	8.9	7.3	--	--	2.8
Maternity leave	35.4	9.8	12.5	25.8	26.7	44.2	30.1
Duration	12.1	6.6	--	15.2	--	20.8	11.2
Wages	6.2	--	12.5	6.0	23.3	20.8	7.4
Job security	7.5	2.3	--	3.3	3.5	2.5	5.5
Other	9.6	0.8	--	1.3	--	--	6.1
Paternity	26.0	14.8	39.3	27.8	26.7	21.7	24.7
Leave	26.0	12.5	39.3	27.8	26.7	21.7	23.0
Job security	--	2.3	--	--	--	--	1.7
Other	--	--	--	--	--	--	--
Adoption	9.9	19.5	--	6.6	--	1.7	9.7
Leave for the mother	5.2	10.9	--	6.0	--	0.8	5.4
Leave for the father	4.2	1.6	--	0.7	--	--	2.8
Job security for father/mother	--	2.0	--	--	--	0.8	0.4
Other	0.5	5.1	--	--	--	--	1.1
Nursing	9.2	6.6	1.8	15.9	17.4	6.7	9.4
Child care	5.4	22.7	28.6	4.6	9.3	11.7	9.4
Care of sick children	9.8	18.0	8.9	7.9	8.1	5.8	10.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ILO's own calculation (2002).

With regard to content, the main issues negotiated in this area are:

a) *Maternity leave*: reaffirmation and/or longer leave and greater protection from dismissal, along with guarantees for full wages during this period.

b) *Paternity rights*: paternity leave (including leave, where this is not guaranteed by law, as in Uruguay and Venezuela, and extension of the duration of the legal benefit in other cases) and protection of the father from dismissal in the case of a child's birth.

c) *Adoption guarantees*: leave and protection from dismissal for mothers (and in some cases fathers) when adopting a child; extension of child care benefits to adopted children.

d) *Nursing*: extension of the daily period for this purpose (considered hours of work and remunerated as such) or the complete period this benefit lasts.

e) *Child care*: extension of the time this benefit lasts, improvements to the bonus or quality of service.

f) *Pregnancy*: prohibition of the pregnancy test as a requirement for employment, permission for leave from work for pre-natal checkups, change in tasks or prohibition of tasks incompatible with the health of the pregnant or nursing women, shorter work day and provision of suitable clothing.

The types of clauses representing the most significant changes compared to the law include:

- Longer maternity leave, particularly for multiple births and those of children with disabilities;
- Longer period during which the pregnant or nursing woman is protected from dismissal (from 30 to 60 days more than required by law);
- Reduced hours of work for pregnant women (up to 30 minutes per day);
- Reduced hours of work for nursing women;
- Paternity leave where this is not covered by law and longer periods where it is covered by law;
- Protection of father from dismissal when child is born (up to 90 days);
- Guaranteed full wage during maternity leave;
- Child care benefits where these do not exist by law and their extension for longer periods and/or improvements to service in other cases (for example, up to six years and eleven months, in the cases of Brazil and Paraguay, where the legislation establishes this for six months);
- Leave from work to accompany sick children or deal with school obligations;
- Guarantees in the case of adoption (leave, protection from dismissal, child care).

Family responsibilities

The most recent trends in legislation and collective bargaining include some advances toward promoting a better balance in the distribution of family responsibilities among men and women. In some European countries, there has been important progress in this sense, although these efforts remain timid in Latin America.

A relatively high number of clauses belong in this second category, 36.4% of the total, but these deal with basic affairs and represent relatively modest progress in terms of family responsibilities. Most (62.9% of the total in this group) deal with parental compensation in the form of relatively small allowances for children's education, birth and health care, or that of other relatives. The rest cover special leaves, for example to accompany other relatives for health reasons or due to a change in residence. Leave for marriage or death was not included in this register (Table 3c).

TABLE 3c

LATIN AMERICA: SELECTED COUNTRIES
CLAUSES ON FAMILY RESPONSIBILITIES IN COLLECTIVE BARGAINING. 1996-2001
 (percentage)

Type of Clause	Argentina (1996-2000)	Brazil (1996-2000)	Chile (1996-2001)	Paraguay (1998-2000)	Uruguay (1996-2000)	Venezuela (2001)	Total
Parental compensation	50.7	68.5	78.2	78.7	87.5	96.5	62.9
Educational allowance	13.6	26.0	43.6	28.7	7.5	51.8	21.8
Birth allowance	10.9	--	14.5	12.0	7.5	19.9	11.5
Family allowance	11.2	1.4	7.3	32.4	20.0	9.9	12.6
Health assistance for children	3.8	39.7	12.7	5.6	35.0	14.9	9.2
Other	11.2	1.4	--	--	17.5	--	7.8
Special leaves	49.3	31.5	21.8	21.3	12.5	3.5	37.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ILO's own calculation (2002).

Most of the clauses included in this category deal with issues not dealt with in country legislation, while 34% reaffirm existing laws. All instances of this last type of clause occurred in Argentina and Paraguay.

In this group, the main clauses deal with:

- a) health care for children;
- b) special leave to accompany sick family members;
- c) educational allowances.

Working conditions

Just 5.3% of total clauses in collective agreements refer to working conditions, which are fundamental to deciding the actual conditions in which men and women work and the reproduction or elimination of existing inequalities. The countries posting the largest number of clauses in this area are Uruguay (22.0%) and Brazil (15.6%); followed by Chile with 11.9%, and then Argentina, Paraguay and Venezuela, all equal to or less than 4% (Table 4c).

Virtually all (96%) of clauses referring to working conditions represent progress over and above national legislation. The only country where this was less the case was Paraguay (70% of the total).

Few clauses govern working conditions and generally cover very basic conditions and minimum guarantees, such as the availability of sanitary napkins, the right to work sitting down, the prohibition of body and other searches upon leaving work (or the definition that this be practiced by a person of the same sex as the worker), elimination of controls over washroom use, and provision of uniforms where these are required by the company. There are virtually no clauses dealing with the work environment, such as pace of tasks or organization of workplaces. However, the low number and diversity of these clauses is not apparent solely in the case of specific gender contents or women's working conditions, but also, in general, in the case of work by both sexes.

TABLE 4c

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES
CLAUSES ON GENDER EQUALITY AND WORKING CONDITIONS, INCLUDED IN
COLLECTIVE BARGAINING. 1996-2001**
(percentage)

Type of Clause	Argentina (1996-2000)	Brazil (1996-2000)	Chile (1996-2001)	Paraguay (1998-2000)	Uruguay (1996-2000)	Venezuela (2001)	Total
Training/Skills	3.0	10.9	--	--	21.1	--	9.8
Wages	3.0	--	--	--	55.3	--	13.4
Promotions	12.1	--	--	--	--	--	2.4
Working hours	18.2	9.4	6.7	--	5.3	--	9.1
Safety and Health	21.2	28.1	86.7	100.0	18.4	--	33.5
Women's health care	24.2	28.1	6.7	--	--	75.0	18.4
Sexual harassment	--	1.6	--	--	--	25.0	1.2
Personal searches and controls	18.2	21.9	--	--	--	--	12.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ILO's own calculation (2002).

The main issues involved in negotiations:

a) *Safety and health* (33.5% of all clauses negotiated in this category): most of the clauses negotiated in this field refer to very basic items, as mentioned above, such as the provision of work clothes, the availability of sanitary napkins, separate washrooms for men and women. There are also some clauses controlling the lifting of heavy loads (by men, women and children).

b) *Women's health care* (18.3% of all clauses in this category): the main health care-related clauses deal with preventing gynaecological cancer, AIDS and abortion. There are no clauses (with or without specific gender content) regarding professional illnesses caused by working conditions, such as repetitive stress injuries (women are more exposed than men due to their larger concentration in routine, repetitive manual tasks), pollution and intoxication due to chemicals, mental exhaustion, stress, etc. Almost all the small number of clauses in this sense were negotiated in Brazil and Venezuela. There were none in Paraguay and Uruguay.

c) *Wages* (13.4% of all clauses in this group): the few clauses in this sense seek to avoid possible negative impacts on wages due to the use of paid leaves provided by the company (maternity or paternity leave, leave to accompany sick children, nursing, etc.), such as the loss of bonuses for good attendance on the job.

d) Issues regarding privacy and/or workers' personal dignity, such as *control and /or searches and sexual harassment* (13.4% of all clauses in this category): in both Argentina and Brazil unions and companies have agreed on initiatives to control how workers are

searched on leaving the company, by either forbidding this activity or establishing that it will be conducted by a person of the same sex as the worker. In just two countries (Brazil and Venezuela) are there clauses dealing with sexual harassment.

e) *Training and skills* (9.8% of all clauses in this category): the small number of clauses governing workers' training and skills stands out, not only because of the importance of this issue, but also because some countries do show growing union participation in bipartite and tripartite bodies debating these issues. The few clauses found in this sense occur in three countries (Brazil, Argentina and Uruguay) and in most cases are nothing more than protocols indication intentions, without including concrete measures to implement some benefit or action in this sense.

Elimination of discrimination and promotion of equality

This last category includes clauses governing the elimination of discrimination and promoting equal opportunity in the broadest sense. Some deal specifically with gender issues, while others are broader in scope, including other reasons for discrimination, such as race, age, and marital status.

Despite referring to strategic elements for promoting equality of opportunity, only 3.7% of the clauses in collective bargaining agreements cover these issues in the countries studied. Paraguay, with a percentage that is slightly higher than most (8%) stands out, along with Chile, where the issue is completely absent (Table 5c).

Just over half (55.7%) of the clauses negotiated in this category repeat legal statutes or ILO Conventions 100 and 111 (on equal wages, 1951, and on discrimination in employment and occupation, 1952), without defining ways of controlling possible discrimination. These basically prohibit differentiating wages, functions, admission criteria, promotion and training opportunities for reasons of age, sex, race or marital status.

Affirmative action to overcome inequality (such as equal opportunity plans, training policies, and access to employment systems, performance evaluation, wages and promotions) despite their presence in many unions' bargaining positions, have not yet become the subject of agreements with management, with the exception of several public sector experiences in Argentina and Chile and in Brazil's banking sector.

Conclusions

Collective bargaining constitutes a major instrument for promoting equal opportunities in the world of work. However, introducing gender issues within the collective bargaining process is still in the early stages in Latin America. The main reasons for this lag is the fact that women workers are less covered by collective bargaining processes, because they are over-represented in the most precarious sectors of the labour force and the least regulated segments of the job market, the lack of women among union leadership and on bargaining teams, the lack of training of workers of both sexes to negotiate equal opportunity clauses covering opportunities and treatment, and the still low priority that unions assign to these issues within their strategies.

Union organizations from many Latin American countries, however, have made significant efforts in the past decade to include gender issues in their ongoing strategies and actions. This has been reflected, in many cases, in the greater presence of this issue within negotiating strategies and in the concrete results of collective bargaining.

As a result important progress has been made as reflected by advances in maternity and paternity protection. In a climate in which collective bargaining remains weak, such as that apparent in several Latin American countries due, among other factors, to the growth of the

informal segment and de-regulation of the labour market, the general trend has been to maintain or increase the number of clauses dealing with gender equality, as well as expanding their content.

The main issues involved in negotiations during the period in the countries studied, and which represent significant advances are: longer maternity leaves and extensions of the period during which pregnant and nursing women are protected from dismissal; the creation and extension of paternity leave; protection of the father from dismissal during a specific period associated with children's births; guarantees of full wages during maternity leave; several measures affecting child care and adoption, and reaffirmation of the principles of non-discrimination and equal pay for work of equal value.

TABLE 5c

**LATIN AMERICA: SELECTED COUNTRIES
CLAUSES REGARDING NON DISCRIMINATION AND PROMOTION OF EQUALITY.
1996-2001
(percentages)**

Type of Clause	Argentina (1996-2000)	Brazil (1996- 2000)	Chile (1996-2001)	Paraguay (1998-2000)	Uruguay (1996-2000)	Venezuela (2001)	Total
Gender equality	44.8	31.3	--	26.1	55.6	44.4	40.0
Non-discrimination on the basis of gender, race/ethnic origin, marital status	55.2	68.8	--	69.6	--	55.6	55.7
Clauses with discriminatory content	--	--	--	4.3	44.4	--	4.3
Total	100.0	100.0	--	100.0	100.0	100.0	100.0

Source: ILO's own calculation (2002).

Decent Work and the Quality of Family Life

The tension between work and family life is one of the problems troubling social life today. To overcome it requires new forms of adjustment to labour organization and household life that allow men and women to combine their work in decent conditions with personal and family realization.

Analysis and policies to make labour and family life more compatible are still in the very early stages today in Latin America and the Caribbean. Even so, studies point to two major factors behind the frequent failure to treat conflicts between work and family demands as a social problem. The first is that responsibility for family life is assigned solely to women. The second is that companies do not consider their workers to have family duties as well. The need to integrate the work and family spheres goes unrecognized and as a result measures are not designed or applied to deal with this. As a result, valuable opportunities for improving the quality of both employment and family life are missed. These could improve workers' productivity and significantly increase companies' competitiveness.

An ILO study (2002) is presented below. It attempts to shed some light on the factors that influence the relationship between work and family life and to test whether decent work, along with affecting companies and the economy, can also make it easier for people to improve the quality of their life at home. To do so, the characteristics of these concepts and their impacts on single and two-parent families are examined, using data for Chile from its *Encuesta de Caracterización Socioeconómica Nacional* (national socio-economic survey, CASEN) 2000. Only workers who head both types of households, with children under 18, living in urban areas, are included.

The main conclusions indicate that almost one-third of those employed work in decent conditions, a little under one of five in precarious conditions, and most in normal fair conditions. However, there are enormous differences by income level, since while most of those in the two richest quintiles enjoy decent working conditions, all those in the two poorest quintiles work in precarious conditions.

Similarly, less than one of every ten families manages to combine decent working conditions with a good quality of life, although this is probably the main aspiration of family groups. One factor that negatively influences the quality of both employment and family life is the number of hours worked by the household head, which is very high for every socio-economic stratum, an issue that should be more present in public policy debates. Nonetheless, it should be taken into consideration, that while this is a valid indicator, the quality of work is only partly responsible for the quality of family life. Data also suggest that single-parent families may have a better quality of life than two-parent families.

The study wonders whether rapid modernization in its different dimensions is not limiting the chances of improving work and family life. It also suggests that improving the empirical knowledge of factors influencing the relationship between work and family, in terms of the influence of socio-economic and other variables, could contribute to designing and applying policies that improve people's chances of decent work and family life.

DECENT WORK: THE QUALITY OF EMPLOYMENT BY FAMILY TYPE

The concept of employment quality now in use was recently applied by the ILO in two studies. These argue that this characteristic involves multiple dimensions, some of them concrete and others of a more subjective nature.

“Applied to employment, the quality concept represents a complex set of factors ranging from aspects of social relationships at work through other more or less stable characteristics

defined by work contracts or wage levels, such as the actual security with which labour operations and activities are carried out,” the ILO stated (1999). The multifaceted nature of the concept means that not all the factors mentioned necessarily advance in the same direction. For example, at present some occupations combine high wage levels with lengthy hours of work or, on the contrary, low wage jobs that are very secure.

This study uses the term *two-parent nuclear family* to refer to a family formed by father, mother, and one or more children, while *single-parent nuclear family* refers to a single parent with one or more children.

The concept of employment quality

As per the recommendations of previous ILO studies (1999), employment quality is defined in terms of several specific requirements. To identify the characteristics of the universe integrated by heads of households (single-parent and two-parent families) from the perspective of employment quality, three indicators were used: social protection (contributions paid into the pension system), hiring conditions (with or without contract) and work related income.

These indicators reveal three main groups in terms of employment quality. These are *good jobs* (decent work), *fair*, and *bad jobs* or *precarious* employment. Table 1d provides the characteristics used to define job equality in Chile, based on the CASEN survey (a national survey of households) from 2000.

Workers with *good* (decent) jobs have a contract, are protected by social security (they regularly pay into the pension system) and their monthly income from work is higher than four poverty lines (US\$823). Those with *fair* jobs show some deficiencies in terms of contracts or social security and their income level ranges from two to four poverty lines per month (from US\$ 522 to US\$ 822). *Bad* (or precarious) employment may or may not involve a contract or social security payments, but provides a monthly income that is less than two poverty lines per month (US\$ 521).

An analysis of employment quality by family type (single- or two-parent) and family income quintile follows, along with the relationship between employment quality and participation in the labour force (formal or informal) and the behaviour of unemployment by family income.

Levels of employment quality

How are jobs distributed by quality and single- or two-parent family types? As per the definitions provided above, in the case of two-parent families, 29.5% of the jobs held by household heads were good, 53.2% fair, and 17.3% bad or precarious in 2000 (Figure 1d).

In the case of single-parent families two findings stand out. First, these families post a higher rate of precarious employment than two-parent families (20.4% and 17.3% respectively). Second, single-parent families also have lower rates of decent employment (27.9% and 29.5%, respectively). *This indicates that from the perspective of employment quality, single-parent families face worse conditions than two-parent families.*

TABLE 1d

CHILE: CHARACTERISTICS OF EMPLOYMENT QUALITY. 2000

Employment Quality	Hired under contract	Social Protection	Income
Good	Yes	Yes	More than US\$ 823
Fair	Yes/No	Yes/No	From US\$522 to US\$822
Bad	Yes/No	Yes/No	Up to US\$ 521

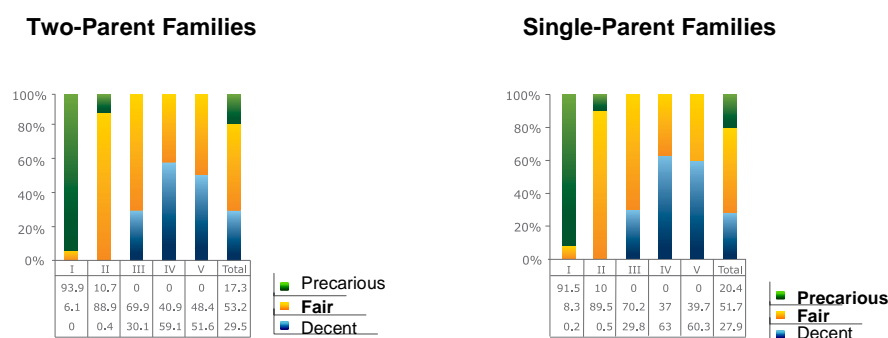
Source: ILO's own calculation, based on the national socio-economic household survey (CASEN) 2000.

How is employment quality distributed across income strata? The data on employment quality per income quintile reflects the profound inequalities in access to good jobs: all bad jobs are held by the poorest sectors of the population, while the good jobs are concentrated in the medium-high and high strata of the population. Moreover, household heads from the medium-income sector do not have bad jobs.

When family type is considered, it is clear that the distribution of employment by quality follows the general trend described above (Figure 1d). In both types of family, precarious employment occurs mainly in the lowest quintiles, while decent work occurs in the highest ones.

FIGURE 1d

CHILE: EMPLOYMENT QUALITY BY INCOME QUINTILE AND FAMILY TYPE. 2000
(percentages)



Source: ILO's own calculation, based on the national socio-economic household survey (CASEN) 2000.

ASPECTS OF THE QUALITY OF FAMILY LIFE

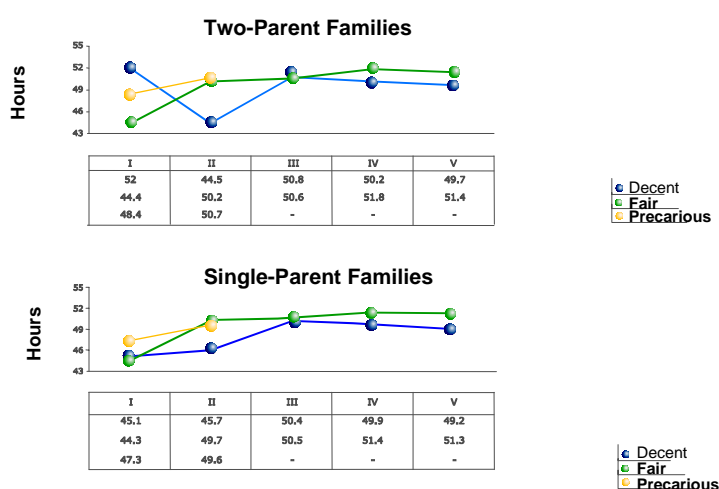
To evaluate the quality of single- and two-parent family life, information from the CASEN 2000 survey was used. Two considerations must be kept in mind when evaluating this information. The first is that the family is an institution that constantly changes over time. To varying degrees, modernization has triggered powerful changes in the composition and structure of the Chilean family, introducing factors such as the increasingly precarious nature of marriage; the nuclearization of the family; increasingly diverse types of family; the

transformation of the “traditional” two-parent nuclear family; and a growing trend toward families headed by women.

The second is that although the concept of “quality” is applied in very different spheres of social research, such as work (quality of employment), education, the world of services (service quality) or mental health care, it does not seem to have been used in studies dealing with family life. Unlike the labour market, for which an analytical framework and some instruments able to measure levels of employment quality have been developed, the issue of the quality of family has not been subjected to more in-depth study. Thus the results of this analysis are of necessity tentative.

FIGURE 2d

CHILE: AVERAGE HOURS OF WORK PER WEEK OF THE HOUSEHOLD HEAD BY EMPLOYMENT QUALITY AND INCOME QUINTILE 2000
(percentages)



Source: ILO's own calculation, based on the national socio-economic household survey (CASEN) 2000.

The concept of quality of family life

In general terms, the idea of quality of family life involves a complex series of factors. Some are objective and associated with the material conditions of family life, while others are subjective and reflect comparative satisfaction felt by individuals and prevailing social relationships. Ultimately, like the concept of quality of employment, this is a multifaceted concept.

This study associates quality of family life with certain objective conditions that ensure that family life is “acceptable”. Three indicators were used for this purpose: material wellbeing, time available, and access to physical space in the household. These are objective, minimum conditions and, as a result, are far from exhaustive. For example, they do not consider other – psychological, cultural or environmental – factors associated with the quality of family life in a much broader sense.

Time spent with the family

Time spent with the family is a decisive factor in the quality of family life. If parents have no time to spend with their partners and children, communication becomes difficult, and this is fundamental to quality family life (Figure 2d).

However, time spent with the family is scarce indeed. A recent study carried out in Chile's capital region, Metropolitan Santiago, examined how workers use their time. The study was

based on a sample of men and women working for wages and belonging to middle- and low-income sectors. Among other findings, it discovered that workers spent most of their time working, followed by some time for rest, and finally personal care and domestic activities. The study also revealed significant differences in how men and women distribute their time (SERNAM, 1998). In short, there was considerable tension between long working hours (to which time spent commuting must be added) and time spent with the family.

Another study in this sense found that “in Chile, working hours are on the rise. This reflects the de-regulation of working hours and is moving in the opposite direction to international trends toward shorter and more flexible working hours for economic reasons, that is an attempt to boost the number of people employed to deal with high unemployment rates, and to better reconcile work and family life” (SERNAM, 1999).

Both issues reflect a concern underlying public debate for some years: the tension between the tendency for working hours to grow longer and household life. Thus, among the current public policy objectives regarding the family, there is a call for the need to adopt measures to balance the quality of work and family life.

Based on the data from the CASEN 2000 survey for average hours worked and employment quality for the heads of single- and two-parent households, some interesting points arise. First, given that the average hours worked by the household head is very high for every economic stratum, the tension between time at work and with the family is widespread throughout the country. In fact, the average hours worked by high-income household heads in good and fair jobs is more than the 48 hours per week required by law. Given that they average ten hours per day at work, plus two hours more to commute, around half their day goes to work-related activities and this therefore consumes more than 50 hours per week.

Secondly, tension between time at work and with the family occurs independently of employment quality. The data reveal that decent work is associated with 45 hours or more of work per week, for every income quintile. Those working in good jobs work more than 48 hours per week, whether they belong to middle- or high-income sectors. Thus, *decent work still involves lengthy hours of work*.

A third aspect worth considering is that average hours worked by the head of a two-parent household are much higher than in a single-parent household (50.2 and 44.8 hours per week, respectively). *This means that in terms of time available for the family, two-parent families find themselves in a more critical situation than single-parent families*.

The “traditional” two-parent family, that is, in which “both parents live with their children, the mother is a full-time housekeeper and the father earns the daily bread” would seem to be caught in a crisis apparent on many fronts. One of the most significant changes is the rise in women’s participation in the labour market, which has increased the number of families in which both parents work. The participation rate for the spouse of the household head in two-parent families stands at about 40.5%, higher than women’s overall participation in the labour force (about 35%). Moreover, it has been proven that the main impact of women’s participation in wage-paying work involves changes in the way family time is distributed among the spouses, the redistribution of domestic activities, and the crisis in gender roles in the household, which has had a particularly marked effect on traditional male identity (Peiró, 1993).

In short, today the family experiences enormous tension due to time limitations, which affect workers differently according to their socio-economic level (income stratum). Moreover, the time factor is independent of employment quality, in that decent work also involves lengthy hours of work. Finally, time restrictions affect families differently, with two-parent families more affected than single-parent families.

Family space

What happens with quality of life in terms of the physical space available to the different family members? To deal with this issue, the unit of reference used was the space available for each family member. The number of household members per room was estimated using the CASEN 2000 survey. This indicator used only those spaces belonging to individuals (Figure 3d). To evaluate family conditions using this indicator, *an acceptable quality of family life was defined as up to two people per room*; more than two people per bedroom was considered overcrowding.

If we compare the number of people per room to income quintile and family type, three elements stand out. First, for all families, overcrowding is low: 82.8% of households have less than two people per room, thus indicating a reasonable amount of physical space is available; 13.1% have two to three people per room, which does involve overcrowding; and 4.2% of households have more than three people per room.

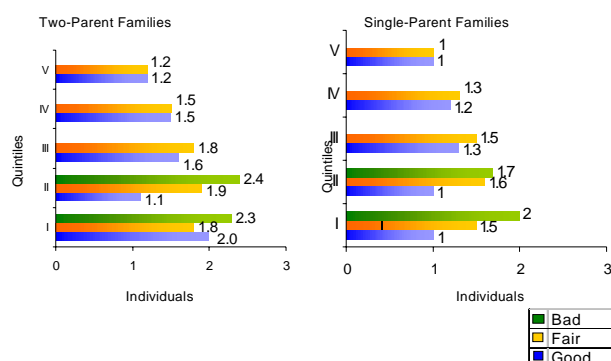
Low overcrowding rates may reflect the average family size used for this analysis. The average number of people per two-parent household is 4.2 while for single-parent households it is 3.5, less than the national total. In other words, the actual rate of overcrowding for the country would be more than for the two-parent and single-parent families considered in this study.

Secondly, the data reveal that overcrowding occurs primarily among lower income families, in particular those where the household head holds a precarious job. In contrast, overcrowding does not affect middle- and high-income families, or those where the household head has a good to fair job.

Finally, by family type, average overcrowding is greater for two-parent than single-parent families, which is consistent with their larger size. The data on the physical space available demonstrate that for two-parent families belonging to low-income sectors whose household heads have precarious jobs, their living conditions are worse than those of single-parent families.

FIGURE 3d

CHILE: AVERAGE OVERCROWDING BY INCOME QUINTILE AND FAMILY TYPE. 2000 (average)



Family Possessions

Material well-being, understood as access to a series of domestic goods necessary for family life is another factor influencing the quality of home life. To deal with this issue, the

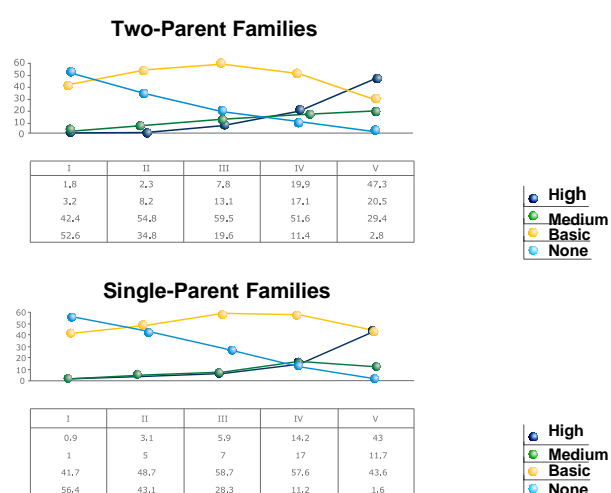
concept of family possessions was used as the unit of measure, based on data from the CASEN 2000 survey, which register the possession of durable goods such as: automatic washing machine, refrigerator, fixed telephone, video-recorder, computer, microwave oven, mobile telephone, Internet connection.

The family's level of material well-being was evaluated based on ownership of five goods selected for this purpose: refrigerator, fixed telephone, automatic washing machine, video-recorder and computer (Figure 4d). Family quality of life was defined as follows:

- *High*. Families with all the selected goods: automatic washing machine, refrigerator, fixed telephone, video-recorder and computer.
- *Medium*. Families with all the goods but a computer.
- *Basic*. Families with only a refrigerator and/or fixed telephone.

FIGURE 4d

FAMILY POSSESSION LEVEL BY INCOME QUINTILES AND FAMILY TYPE. 2000
(percentages)



Source: ILO's own calculation, based on the national socio-economic household survey (CASEN) 2000.

Data for family possessions by income quintile and family type reflect (Figure 4d), first, the marked inequality in terms of this benchmark. In fact, distribution of family possession is very concentrated among the high income sectors: 67.8% of families in the fifth quintile have high or medium family possession. This share declines with family income (just 5% of 1st quintile families have medium and/or high possessions).

Secondly, middle-income sectors have a poor situation as regards their possessions. In the 3rd quintile, just 20% of families have high and/or medium possession, while 80% have low possessions or none at all. Low family possessions in this sector should be noted, since it has been assumed that the middle class had managed to gain a better foothold than other sectors within the consumer society. Moreover, in this type of society almost all the goods included in this classification are considered “basic”.

TABLE 2d

CHILE: CLASSIFICATION OF FAMILIES BY QUALITY OF FAMILY LIFE. 2000
(percentages)

Quality of Life	Total	Criteria for classification		
	%	Possessions	Overcrowding	Hours Worked
High	14.8			
Upper	10.0			
	4.8	5	< 2	≤ 2
	5.2	5	< 2	46-48
Lower	4.8			
	0.3	5	2	≤ 45
	0.3	5	2	46-48
	0.1	5	> 2	≤ 45
	0.1	5	> 2	46-48
	4.0	4	< 2	≤ 45
Medium	51.5			
Upper	29.1			
	6.3	5	< 2	> 48
	0.6	5	2	> 48
	0.1	5	> 2	> 48
	4.5	4	< 2	46-48
	6.5	4	< 2	> 48
	0.6	4	2	≤ 45
	0.9	4	2	46-48
	9.6	3	< 2	≤ 45
Lower	22.4			
	1.4	4	2	> 48
	0.4	4	> 2	≤ 45
	0.7	4	> 2	46-48
	0.6	4	> 2	> 48
	11.5	3	< 2	46-48
	3.1	3	2	≤ 45
	4.7	3	2	46-48
Low	33.7			
Upper	20.0			
	14.8	3	< 2	> 48
	5.2	4	> 2	> 48
Lower	13.7			
	5.5	3	2	> 48
	3.2	3	> 2	≤ 45
	5.0	3	> 2	46-48
Total	100.0			

Source: ILO's own calculation, based on the national socio-economic household survey (CASEN) 2000.

If family type is examined, *while both single- and two-parent families have similar equality distribution, the former are clearly at a disadvantage in this sense.* Data for equality distribution reveal that only a small number of single-parent families have high and/or medium equality in each income quintile.

THE RELATIONSHIP BETWEEN DECENT WORK AND QUALITY OF FAMILY LIFE

This analysis focuses on two aspects. The first involves identifying the main levels of families' quality of life (using an average for single and two-parent families). The second examines different qualities of life for families ("high", "medium", "low") compared to employment quality ("high", "medium" and "low").

Family groups by quality of life

To identify different family groups by quality of life, indicators representing time, space and equality as defined above are used to identify families with "high", "medium" and "low" quality of life. Moreover, the "highest" and "lowest" levels within each group are also identified (Table 2d).

Families with high quality of life (14.8% of the total) enjoy high levels of material well-being, since members have a space of their own and/or suitable space and the household head's working hours permit time spent on family life. In this group, the "top level" represents the ideal situation, to which just 10% of all families have access. The "low high" level (4.8% of the total), while it has a good quality of life, also involves more heterogeneous conditions in terms of equality.

At the opposite extreme are families with poor quality of family life (33.7% of the total). They have poor material conditions, including households with three or fewer of the selected goods. Families in this group live in conditions of overcrowding (more than two people per room). Moreover, the working hours for the heads of households in this group are lengthy, thus limiting their time with the family. Within this group, the "low-high" segment represents 20% of the total and the "low-low", which includes families in very precarious conditions, accounts for 13.7% of the rest.

The families with medium quality of life make up 51.5% of the total and a broader range of conditions than the two groups examined above. In this group, the "medium-high" segment (29.1% of the total) includes families with good levels of material wellbeing, without overcrowding, but with heads of households working long hours. The "low-low" segment", which includes 22.4% of families, is the most heterogeneous group of all.

Decent work and quality of family life

What is the quality of family life for workers with good (decent work), fair and precarious quality jobs? Is there enough evidence to demonstrate that there is a high positive correlation between the quality of work and family life?

TABLE 3d

SIZE OF GROUPS BY QUALITY OF EMPLOYMENT AND FAMILY LIFE IN CHILE. 2000 (percentages)

Type of Work		Quality of Family Life	
Decent	29.4	High	14.8
Fair	53.0	Medium	51.5
Precarious	17.6	Poor	33.7
Total	100.0	Total	100.0

Source: ILO's own calculation, based on the national socio-economic household survey (CASEN) 2000.

The data on employment quality and family life (Table 3d) reveal no perfect correlation between decent work and quality of life (Table 3d and Figure 5d).

Families at the “high” level show an imbalance between percentages for both factors: although 29.4% of those employed in this group had a job defined as decent work, only 14.8% of families had access to high quality family life. This suggests that just half of workers with decent work enjoy high quality family life (Figure 5d). The opposite situation occurs in the case of families at the “low” level, in that the percentage of people with poor quality family life (33.7%) is almost double the percentage of workers with precarious employment (17.6%). Finally, “middle” level families have a certain balance between employment quality and family life.

These data reveal, for example, that part of those employed in decent work have medium quality family life, while a percentage of those with fair quality jobs have poor family life. To analyse this type of relationship, a matrix was developed to correlate the different levels of quality of work and family life (Table 4d).

The figures for total correspondence between quality of work and quality of family life are posted in the diagonal of the matrix (Table 4d and Figure 5d). The figure at the top upper left-hand corner of the matrix indicates the percentage of those employed who hold decent work and enjoy good quality family life (8.4%). Similarly, at the bottom right-hand corner of the matrix we find the percentage of those employed in precarious conditions and with poor quality of family life (8.1%). Household heads with jobs of fair quality receive similar treatment.

There is a certain correlation between quality of employment and family life. The highest degree of correspondence appears in families with fair quality of life and fair quality of employment, which represent 28.2% of the total. Families combining decent work and a high quality of life show a correlation of 8.4% (Table 4d).

Among those with *decent work*, there is a wide range in terms of quality of family life (Figure 6d). Only 26% of household heads with decent work have access to a high quality of life, 56% to a medium and 18% to a low quality of life.

Two situations appear with regard to household heads with *precarious employment*. First, most have a low quality of family life (59%). This is the “classic” situation, in which poverty reflects economic factors. Secondly, a significant fraction of household heads, even those with precarious employment, achieve a medium quality of family life (40%).

TABLE 4d

MATRIX OF RELATIONSHIP BETWEEN QUALITY OF WORK AND FAMILY LIFE IN CHILE. 2000
(percentages)

Type of Work	Quality of Family Life			
	High	Medium	Low	Total
Decent	8.4	17.8	5.9	32.1
Fair	6.2	28.2	19.7	54.1
Precarious	0.2	19.7	8.1	13.8
Total	14.8	54.1	33.7	100.0

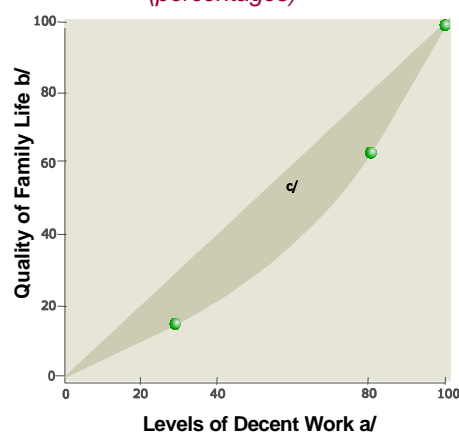
Source: ILO’s own calculation, based on the national socio-economic household survey (CASEN) 2000.

Finally, in families with *fair quality work*, a higher percentage of household heads had a medium quality of family life (52%). In this group, the percentage of family heads with fair jobs and low quality of life reached 36% of the total (Figure 6d). Moreover, in families whose heads of household had fair quality jobs, 12% had a high quality of family life.

In summary, the data suggest that there is a partial correlation between decent work and quality of family life. This is because among household heads with access to decent work, only one of four has a high quality of life. For the rest, one of every two has a medium quality of life and one of five a low quality of life.

FIGURE 5d

CORRELATION CURVE BETWEEN DECENT WORK AND QUALITY OF FAMILY LIFE IN CHILE 2000
(percentages)



Source: ILO's own calculation based on data from Table 3d.

a/ Families have been organized from the graph's point of origin (0.0), in accumulative fashion, starting with those household heads holding decent work (29.4%), followed by those with jobs of fair quality (53.0%) and, finally, those with precarious jobs (17.6%).

b/ Families have been organized from the graph's point of origin (0.0), in accumulative fashion, starting with those with high quality of life (14.8%), followed by medium (51.5%) and ending with low quality of life (33.7%).

c/ The shaded area shows the difference between levels of decent work and quality of family life.

CONCLUSIONS

These data suggest the following conclusions:

The quality of family life varies considerably by type of family. 14.8% of two-parent families and single-parent families achieve a high quality of family life, 51.5% a medium and 33.7% a low quality. This is because the modernization processes that have swept the country in recent decades do not seem to have had a positive impact on the quality of family life. Similarly, one of every three two-parent and single-parent families have low quality of life, something which should be dealt with more in public policy debates.

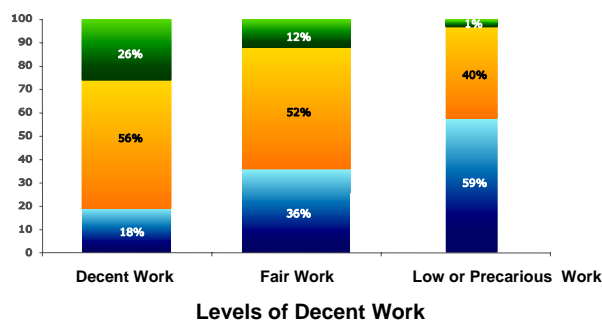
Decent work is scarce, as is precarious work among those employed. 29.4% enjoy decent working conditions, 53.0% work in fair conditions and 17.6% are employed in precarious conditions. However, this situation varies widely by family income. For example, about 55% of those employed belonging to the wealthiest quintiles (4th and 5th quintiles) enjoy decent working conditions. This contrasts with the fact that all (100%) of the workers from the poorest households (1st and 2nd quintiles) work in precarious conditions.

A small number of families manage to combine decent work with good quality of life (8.4% of the total). To gain access to a good quality job and at the same time a good quality

of life is perhaps the main aspiration of men and women living in families. Today, almost one of every ten families has managed to achieve this aspiration. The question that arises from the above conclusions is whether rapid modernization processes such as those currently affecting society work against achieving a better quality of life.

FIGURE 6d

CHILE: DECENT WORK AND QUALITY OF FAMILY LIFE 2000
(percentages)



Source: ILO's own calculation, based on statistics, Table 9.

The levels for families' quality of life appear in the following colours:

- High
- Medium
- Low

Access to decent work only partially explains the quality of family life. This analysis reveals that there is some correspondence between levels of employment quality and family life in 44.7% of families and “mismatches” in 55.3% of situations. As a result, the assertion that quality of work directly and positively affects the quality of life is only partly valid, because while it does explain a significant percentage of family situations, it leaves most unexplained.

Long working hours are among the factors negatively affecting the quality of both work and family life. The average number of hours worked by household heads is very high in every socio-economic group and is independent of the quality of work. The average number of hours worked by those holding decent work is more than 48 hours per week, which certainly conspires against good quality family life. The issue of long working hours associated with productive modernization should be included in public policy debate.

Figures on decent work and quality of family life reveal significant differences by family type. In two-parent families, the associations between quality of work and quality of life are very similar to the general average. Single parents post a distribution of each level of decent work that is diametrically opposed to the average. Among workers from single-parent families with decent work, a somewhat higher than average percentage has a high quality of life (28.5% and 26.1% of the general average, respectively) and medium (57.4% and 52.1% of the general average, respectively). However, overall workers from these families have a low quality of life (36.2% and 58.8% of the general average, respectively). This leads to the conclusion that single-parent families have a better quality of life than do two-parent families.

It is necessary to improve knowledge of the main factors influencing the relationship between work and family, to design and apply policies that improve people's chances of having decent work and a good family life. In this sense, it is essential to study other socio-economic factors that determine the relationship between work and family. The results

of this study should be combined with the analysis of other factors, such as: identification of the number of family members receiving income; income from employment other than the main job; families' accumulated equality, which does not depend on their current income; and work carried on in the household of workers from all socio-economic strata that, as a result, does not constitute "family time". With further studies, the ability of socio-economic factors to explain the relationship between work and family life would improve, thus enriching these results on the correlation between decent work and the quality of family life.

Similarly, it is important to include other variables regarding the quality of family life in this analysis. An indicator that goes beyond the minimum objective conditions of family life to deal with intra-family violence, especially that affecting women and children, is necessary. Other issues are equally important, among them the relationships between parents and their children, education and the environment. Including these aspects could help not only to explain differences in figures for quality of employment and family life, but also to design policies making it possible for a growing number of households to obtain decent work and, at the same time, a good quality of family life.

LATIN AMERICA AND THE CARIBBEAN INTERNATIONAL MIGRATION AND THE GLOBAL LABOUR MARKET

The lack of work or the poor quality of most of the jobs available in Latin America and the Caribbean has influenced the recent resurgence of a phenomenon that has not received enough attention, and is the focus of this study: international migration of workers toward more developed countries in search of new and better job opportunities and a better quality of life.

Unlike the 1970s and 1980s, when the labour market adjusted to economic crises by increasing the number of those unemployed and working in informal sectors involving low productivity and income, since the last decade, the labour market has also adjusted through an exponential rise in emigrants. This has revealed the depth and seriousness of the crisis, since it suggests that in many countries the informal sector, which traditionally had been the refuge of workers unable to find employment in the formal sector, now operates with such a low income level that most of those who previously would have switched to the informal sector are now preferring to emigrate in search of work, even where that involves doing so illegally, to countries with higher incomes

(Globalization and decent work in the Americas, Report of the General-Director to the Fifteenth American Regional Meeting, ILO, 2002).

This section thus concludes that some very significant challenges remain in terms of labour standards, social protection, participation and representation for unskilled foreign and migrant workers, for which the ILO's Decent Work Agenda could play an important role in global, regional and national debate. In particular, a strategy for improving employment quality and social protection for these workers involves challenges for both developed countries, in terms of ensuring the suitable labour and social participation of immigrants, and countries with net emigration, such as those of this region, which need to reduce the basic decent work deficit.

GLOBALIZATION AND MIGRATORY PATTERNS

International labour markets play an important role in globalization and economic interdependence among countries and regions. Historically, the first wave of globalization, 1870-1913, brought with it considerable international movement of migrants, complementary to the freer circulation of goods and capital under the gold standard and low tariffs regime. This process was interrupted by the crisis in the globalization process, 1914-1945, affected by wars, high inflation in the 1920s, and economic depression and political instability during the 1930s. These events interrupted the burgeoning economic ties within the world economy and opened the way to a lengthy period of more restrictive migration policies. The second wave of globalization, in the late 20th century, significantly boosted capital mobility (Solimano, 2002). Although today's world is characterized by high global mobility and few restrictions on those with high human and financial capital levels (experts in information technologies, international executives and investors, among others) international labour markets remain segmented and limit the international migration of poor and unskilled workers.

In this region, the patterns of international migration are associated with cyclic and political changes in the global economy. Latin America's main economies, for example Argentina and to some degree Brazil, received important migratory flows toward the end of the 19th and during the early 20th centuries. The foreign labour force and capital moved together toward countries such as Argentina, making the most of the economic opportunities offered by untouched resources. In the second half of the 20th century, however, particularly from the 1980s on, economic growth in that country stagnated, while Latin America failed to develop to its potential. Similarly migration from Europe fell significantly, virtually ending during the

1950s and 1960s. In contrast, as a result of enormous per capita income disparity among border countries, intra-continental migratory movements occurred. At the same time, Latin America, headed by Mexico, became the main source of emigrants from the region to the United States, a trend that increased during the 1980s and 1990s.

While international migration operated without restriction during the first globalizing wave (1870-1913), international labour markets globalized in line with goods and capital markets, whose integration rose steadily under the gold standard regime. The process concluded with the exhaustion of the drive toward globalization from 1914 until the second half of the 1940s, which included two world wars, causing macroeconomic instability during the 1920s and economic depression and political turbulence in the 1930s. All this generated a climate that limited international migration even more, particularly during the second wave of globalization, from the 1970s onward.

In every period, the migratory process was characterized by regimes limiting the movements of unskilled workers and offering more liberal treatment to skilled and highly specialized individuals (professionals, information technology experts, foreign investors), who became increasingly mobile, thanks to the rising globalization of goods and capital markets. This segmentation has greatly limited developing countries, who suffer a constant “brain drain” due to the emigration of highly skilled workers.

THE MAIN CAUSES OF INTERNATIONAL MIGRATION

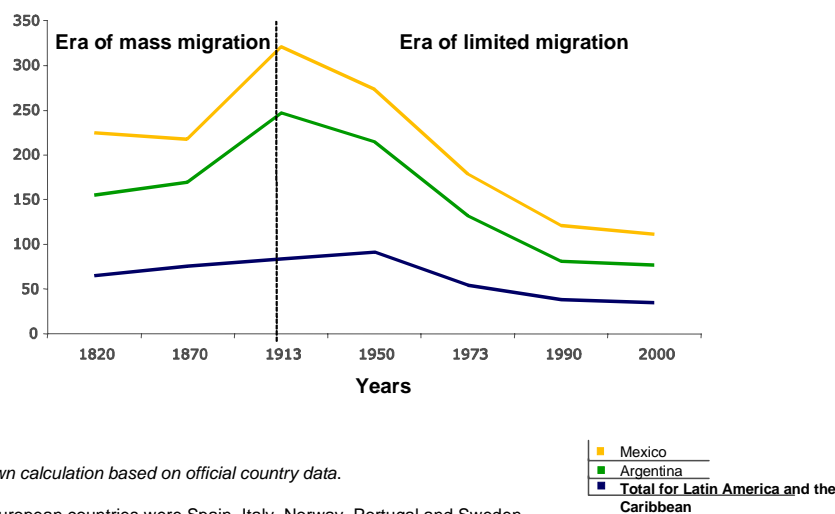
As regards of development and international migration, there are new concerns and areas for study have arisen, among them: the role of relative income among countries as a factor driving international migratory flows; the important impacts of migrant networks; the impact of political regimes on decisions regarding migration; the segmentation of globalized labour markets among unskilled and poor migrants, on one hand, and international investors, technical experts, scientists and professionals on the other; the importance of the “brain drain” and remittances from migrant workers. One fundamental aspect is establishing to what degree labour standards and rights, social protection, foreign workers’ representation and participation are respected, according to the ILO Decent Work Agenda.

Economic factors decisive to international migration

The main reasons for emigration are economic, associated with workers’ hopes for receiving higher income abroad than in their countries of origin. However, other variables of a different nature also play a role, among them wars, racial, social or cultural discrimination, and political persecution in their country of origin. The choice of destination countries is usually influenced by the presence of networks formed by family and friends who previously emigrated to the same place. The size and direction of international migration often respond to the following factors, some long-term and others of a cyclical nature:

FIGURE 1e

RELATION BETWEEN LATIN AMERICA AND THE CARIBBEAN'S PER CAPITAL GDP AND THAT OF SELECTED EUROPEAN COUNTRIES 1820-2000 a/
(percentages)



Source: ILO's own calculation based on official country data.

a/ The selected European countries were Spain, Italy, Norway, Portugal and Sweden.

Differences in per capita income or disparities between real wages in the country of origin and the receiving country, for a specific skills level: net immigration flows (immigration minus emigration) correlate positively with the real per capita wage (or real wage) in the destination country and per capita income in the receiving country. Given the uncertainty and the long-term horizon involved in the decision to emigrate, the main factor influencing this decision is the wage expected in the receiving country, compared to the wage in the country of origin. In the case of using a dynamic specification, the current value of comparable wage flows that migrants hope to obtain would be the relevant variable. Thus, for example, Argentina went from being a country of net immigration in the 19th and early 20th centuries to being a country of net emigration after 1920 (Figure 1e).

The point in the economic cycle and prospects in countries of origin and receiving countries. Rapid economic growth processes that trigger a labour shortage in receiving countries increase the likelihood of emigrants finding work. In contrast, during periods of slower growth and higher unemployment, this likelihood declines. While the decision to emigrate depends largely on the differences in real wages for different countries, the opportunity to emigrate seems to be associated with the point in the economic cycle of the country of origin and the destination country.

Social services, especially health care and education. Even when emigrants know that at least at first the jobs achieved will pay less than employment in their home country, the decision to emigrate may be based on the hope of receiving suitable health care coverage in the receiving country, along with free and better quality education for their children, better access to professional training, etc. This means that the decision is influenced not only by individual and personal hopes for better work and wages, but also the possibility of offering the family a better life, through access to better social services.

Friendship and/or family support networks. An empirical study of migratory flows (Hatton and Williamson, 1998; Borjas, 2001) indicates that migrants tend to attribute enormous value to the presence of friends or relatives, as an important factor in selecting the receiving country. In fact, family, friends and networks based on ethnic origin or nationality that are the product of ongoing waves of emigrants, initially attracted by wage differentials, offer significant support to migrants, helping them to obtain information on job opportunities and other characteristics of the receiving country and thus contribute to individual and family adaptation after migration.

Immigration policies in receiving countries that do not encourage migrants' entry, which try to discourage it, although not completely, to the degree that the possibility of emigrating illegally to some countries always exists.

The cost of emigrating. The decision to immigrate involves different costs, such as air fare, transportation and subsistence, as well as searching for a job in receiving countries. Often, poor and unskilled migrants are affected by these costs, since they can become a major factor in discouraging the international migration of the poor.

Geographic distance or proximity. In general, immigration to border countries (or others nearby) tends to be greater than immigration to distant countries. Thus geography plays an important role in the direction and size of migratory flows.

The labour force, market factors and international migration

The labour market plays a key role in how macroeconomic shocks affect migratory decisions. Major economic turbulence creates labour market imbalance that must be corrected using different mechanisms, such as changing wages, increasing the number of those employed in the informal sector, or the emigration of workers in search of better opportunities abroad. Most studies focus on the national impacts of corrections to the labour market, in terms of unemployment and under-employment in each country.

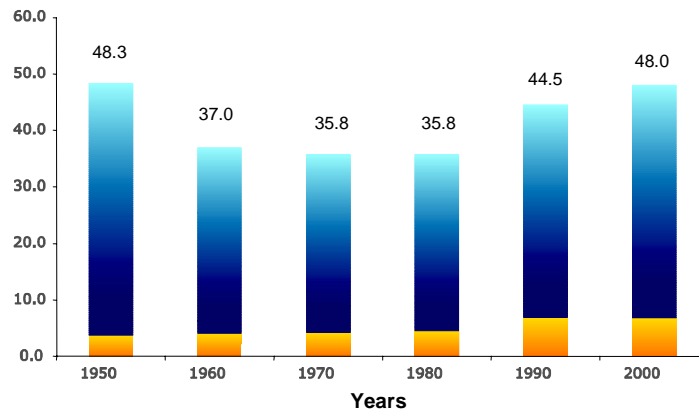
In Latin America and the Caribbean the imbalance in the labour market is structural, in the sense that it functions with a high percentage of the labour force either unemployed or working in low productivity activities of an informal nature. The figures show that the basic deficit in decent work (unemployment plus informal employment over the region's total, economically active population) fell from 48.3% in 1950 to 35.8% in 1980, before rising again to 48% in 2000, as a result of countries' reforms and more open border policies (Figure 2e). The increase in the basic decent work deficit caused a significant rise in international immigration of the region's unskilled or semi-skilled labour, especially to the United States. Current estimates suggest that 10 million workers from Latin America and the Caribbean are currently in that country, the equivalent of 4.6% of the region's total, economically active population. In other words, the decent work deficit, which is already high, would be even higher if not for rising contingents of emigrants.

This international aspect to labour market correction is undoubtedly important. International migration is a mechanism that affects the supply of labour in international labour markets. Emigration reduces the domestic labour supply in the country of origin, giving way for example to contracting demand. Similarly, immigration increases the supply of labour in the receiving country. Large migratory flows toward Latin American countries in the second half of the 19th century and early in the 20th were associated with a shortage of labour and the abundance of lands and natural resources in receiving countries.

It is necessary, therefore, to recognize the balancing effect of migratory processes, to the degree that imbalances in the labour market, which create migratory currents, often bring with them imbalances or turbulence affecting other factors, such as the capital market or agricultural properties, which indirectly affect the labour market. Thus, an increase in the supply of capital (possibly a rise in capital flows) can cause more demand for labour, which in turn can be satisfied through immigration. Argentina is one example of this, in the context of the first globalizing wave in the late 19th century, when it received capital and labour from abroad thanks to its supply of attractive opportunities for work and business. In contrast, at other points in history, especially the 1960s, 1970s, 1980s and early in 2000, Argentina suffered economic crises that generated flows of both human migration and capital. In analytical terms, the correlation between the return on capital and wages depends on the complementary relationship and substitution of capital, labour and the availability of land, which plays a key role in studying international migration.

FIGURE 2e

LATIN AMERICA AND THE CARIBBEAN
CHANGES IN THE BASIC DECENT WORK DEFICIT 1950-2000 a/
(percentages of the GDP)



Source: ILO's own calculation based on official country data.

a/ The basic decent work deficit is calculated as the percentage of all those unemployed and employed in informal sector jobs over the total, economically active population.

■ Informal Sector
 ■ Unemployment

Growth, inequality and international migration

The relationship between economic growth and international migration can vary enormously. In this sense, it is common for rapid growth, expanding opportunities, technological developments and the availability of land in the receiving country to precede immigration. This is what occurred in Argentina and other countries in Latin America toward the end of the 19th century. At the same time, immigration played an important role, by supporting and reinforcing dynamics that enhanced growth and prosperity. A wide range of mechanisms allow migration to play a positive role in economic growth in receiving countries (Solimano, 2001).

On the one hand, the immigration of persons with entrepreneurial abilities and willingness to take risks has historically played an important contribution to economic development, mobilizing resources, settlement and innovation, all factors that stimulated economic growth in the region's countries during the first wave of globalization. Similarly, the arrival of unskilled workers can help to boost and support growth in receiving countries, by keeping wage increases moderate and profits high, thus improving the yield on investment and speeding growth.

International migration can also contribute to reducing regional and global economic inequality, to the degree that people move from countries with low per capita income to others with higher per capita rates. Empirical evidence demonstrates that the convergence between Europe and Latin America during the pre-1914 era of mass migration was driven by international migration that contributed to reducing wage gaps. In contrast, the characteristics of today's world are associated with enormous inequalities and more restrictive international migratory regimes.

Political regimes and international migration

The decision on whether to emigrate or immigrate does not depend solely on economic considerations in originating or receiving countries. Political regimes based on authoritarian or democratic rule in both originating and receiving countries are also influential. Potential migrants prefer to live in countries where individuals' civil rights and freedoms are respected

(freedom of expression and association, access to justice, religious freedom, the right to elect public authorities, etc.), along with economic rights. This tends to occur more in democracies than dictatorships, where individual rights are limited and repression occurs.

In the classic study by Albert Hirschman, *Exit, Voice and Loyalty*, the author makes a useful distinction between the economic and political causes behind decisions involved in migration. While the freedom that an individual must have to enter or leave the country tends to be economically based, freedom of expression belongs to the sphere of collective, or political, action. This framework suggests that where exercising freedom of expression is ineffective in changing things, individuals who are unhappy with political and economic conditions prevailing in their countries of origin, may choose to emigrate. This voluntary migration, which is different from the forced migration that affects refugees and asylum seekers, also reflects a decision influenced by political conditions considered unsuitable by citizens and foreign residents. This suggests there is a direct relationship between the emigration of citizens (or the repatriation of foreigners) and the existence of authoritarian regimes that suffocate political rights and civil liberties.

Latin America has several examples to offer in this respect: military regimes in Argentina, during the 1970s and 1980s, which suppressed civil liberties and intervened in universities (suffocating academic freedoms) were followed by the massive migration of professionals and scientists, which produced a brain drain with serious consequences for that country. Similar events affected Brazil in the 1960s and 1970s and Chile in the 1970s and 1980s. In these cases, emigration (which often involved individuals gifted with valuable human capital) became an individual response to authoritarian regimes that trampled civil rights.

It should be noted that from the 1990s on, all Latin American countries restructured their political systems based on democratic regimes. However, during this decade, migratory flows out of Latin America have increased as a result of complications affecting most countries' economies. This has led to widespread disenchantment with democratic regimes, making it vital to correctly apply economic policies to avoid a pendulum effect that would turn around the region's political progress.

Dual international labour markets: unskilled workers and human capital

In the era of globalization, international labour markets are segmented and immigration laws applied by industrial countries to poor and unskilled immigrants are different from those covering foreign professionals, scientists and business people.

Labour is not a homogenous production factor. Unskilled workers emigrating to countries with high per capita income to work in agriculture or services (for example, restaurants, gardening, domestic service), come from different social backgrounds than highly skilled immigrants. Immigrants lacking in labour skills tend to face migratory restrictions that are not applied to highly skilled immigrants or investors who move to a foreign country. In Germany and other European Union countries, and in the United States, there are programmes that provide special visas to attract information technology experts and other specialists, who work for three to five years in receiving countries. In contrast, poor and unskilled workers, who often exceed the demand for labour visas, may enter legally and remain for years in receiving countries, awaiting regularization of their legal situation.

In contrast, the decision by scientists and professionals to emigrate usually entails some specific conditions that must be mentioned. These people leave their countries of origin for many reasons: the possibility of acquiring knowledge and a high quality education in the world's best educational centres (educational stage); interest in meeting internationally renowned individuals; having a successful career abroad (residency stage). Researchers working individually benefit from interacting with a critical mass of other researchers and scientists involved in the same field. Intellectual creation is seldom the result of a purely

individual effort, because interaction with peers is often a key ingredient in the creative process. As a result, the productivity of human capital positively depends on its availability; in other words, the creation of knowledge generates growing returns. As a result, competition, complementarity and high yields are an essential part of the history of human capital migration.

However, this can lead to “poverty traps” as well as virtuous circles. Receiving countries may initiate a powerful cycle of creation and application of knowledge, attracting the most talented foreigners for inclusion in a solid base of pre-existing knowledge in the host country. At the same time, countries of origin may see their scientific, technological and knowledge-based development stagnate, because of the emigration of talents, while the shrinking critical mass of scientists and technicians impoverishes the environment where knowledge is generated and assimilated in developing countries that generate migratory flows. The massive emigration of Argentine professionals in the 1960s and 1970s, the result of economic hardship and political repression against intellectuals, provides eloquent evidence of this.

The circulation of brains: the cycle of emigration and the return of human capital

The effect on countries of the emigration of human capital depends on whether this is a permanent (brain drain) or temporary situation. Evidence from the National Science Foundation in the United States on foreign students who remain to work in that country after graduation, suggests the combination of a *brain drain* with a *talent cycle*. An NSF study found that almost 47% of foreign students with temporary visas, who completed doctorates in 1990 and 1991, were still working in the United States in 1995. The information available on return rates for emigration to the region’s countries is scarce, but better in the case of Asia. Most foreigners receiving doctorates between 1990-1991 from India (79%) and China (88%) still worked in the United States in 1995. In contrast, just 11% of South Koreans completing doctorates in science and engineering in the United States in 1990-1991 were still working there in 1995. The study adds that students with doctorates in sciences and engineering, still working in the United States 10 or 20 years later, tended to remain there (there has been no strong net return of migrants). This suggests that there is a *return cycle for emigrating human capital*, whose configuration (duration of residency abroad) varies by country of origin.

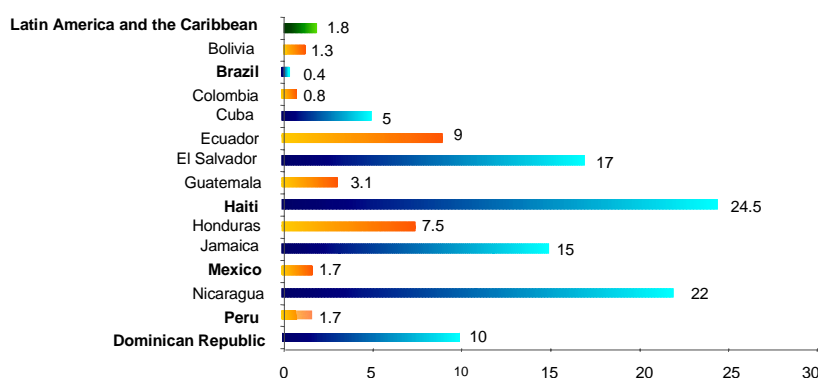
Monetary remittances

The counterpoint to the physical movement of people abroad (emigration) are the remittances of the product of their labour or profits, which migrants send home to their countries of origin. This reveals that net emigration is not in and of itself a mere cost for the country of origin. Remittances represent a benefit of migration that should be compared to its costs.

FIGURE 3e

REMITTANCES SENT TO THE COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN 2001

(percentages of the GDP)



Source: ILO's own calculation, based on official country data.

Foreign currency remittances are tremendously important in Latin America (Figure 3e). The total involved in remittances from 14 Latin American countries represents more than 75% of regional GDP, that is about US\$23 billion (Orozco, 2001). To place this figure in context, it should be kept in mind that the total amount of capital flows into Latin America in 2001 was almost US\$70 billion, while official donations received in the region amounted to about US\$3 billion (ECLAC, 2002). The average share of remittances over regional GDP for these 14 Latin American countries was 1.8%, although there were enormous variations among countries. In Haiti, remittances accounted for 24.5% of GDP, 17% in El Salvador, 15% in Jamaica and 9% in Ecuador. In contrast, remittances from migrants represented less than 3% of GDP in Peru, Colombia, Mexico and Brazil. It should be noted that the real amounts involved in remittances could be higher, because these tend to be transmitted along informal channels that do not register transactions (for example, personal movement by friends or family). In this sense, the macroeconomic impact and the incidence of remittances on some countries' saving and investment is bound to rise.

Similarly, figures indicate that the net return on migrant workers is significant in terms of the income of the poorest sectors in Latin America and the Caribbean. Because the net return of foreign currency from unskilled workers amounts to some 0.9% of regional GDP and the poorest sector's share reaches 13% of the same, these remittances represent a 7% improvement on the income of the region's poorest sectors.

MIGRANT WORKERS AND THE ILO'S DECENT WORK AGENDA

The inclusion of foreign migrants in the labour market of another country and society in general raises some important questions about the effectiveness of labour rights, social protection, participation and representation of migrant workers in the foreign country.

Labour rights and social protection of migrant workers

How protected labour rights are and access to social benefits and services are closely entwined with the migrant's legal status. There is a big difference between being a "legal" or "illegal" migrant. Often, illegal migrants work without contracts and therefore have no protection from adverse contingencies; they lack social support networks and tend to be ignored by social welfare services. Their legal rights do not differ too much from those of workers in the informal sector in developing countries, although their income is obviously higher. Moreover, they may become legal residents and/or acquire citizenship in the

receiving country. This description clearly applies more to poor, unskilled migrants; those with a high amount of human and financial capital normally can avoid these legal obstacles and social risk to which the former are exposed.

Efforts to regularize the labour and social protection conditions affecting migrant workers include the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, adopted by the United Nations General Assembly in 1990. This instrument recognizes and is based on existing ILO conventions, whose purpose is to ensure equality of opportunity and treatment for migrant workers, with no discrimination between these and domestic workers on the basis of nationality, race, religion or sex (ILO, 1949 and 1975). In many cases, the UN convention goes beyond the regulations included in ILO Convention 143 (on migrant workers), because it extends to migrant workers (and their families) entering or residing illegally in the country where they are employed the rights that previously were limited only to those people migrating legally for reasons of employment. Although the long-term objective of the UN Convention is to discourage and eventually eliminate clandestine migration, at the same time it attempts to protect the fundamental rights of migrants trapped in these currents, taking into consideration their particularly vulnerable situation. Other significant aspects of this Convention is that the ratifying States cannot exclude any category of migrant workers from its application due to the “indivisible” nature of this instrument, along with the fact that every type of migrant worker is included, including those excluded from ILO instruments.

In Latin America and the Caribbean, regional regulations are more related to the human rights filed, particularly the American Declaration of the Rights and Duty of Man (1948), of the Organization of American States, along with the American Convention on Human Rights, 1969, which condemns discrimination. In Latin America, the Southern Common Market (Mercosur) adopted an agreement in 1995 to regulate migration within the region, while the Commission of the Cartagena Agreement approved the Andean Labour Migration Instrument through Decision 116, 1977 and later, in Decision 397, 1996, created the Andean Migration Card (*Tarjeta Andina de Migración, TAM*), to facilitate migration within the sub-region. The North American Free Trade Agreement (NAFTA) only deals with the question of migration indirectly, in its North American Agreement on Labour Cooperation. The NAFTA allows a specific quota of investors, highly skilled individuals and executives from multinational firms to enter the signing States.

THE CHALLENGES: QUALITY JOBS AND SOCIAL PROTECTION FOR MIGRANT WORKERS

In summary, sizeable challenges arise from the issues studied here, in terms of labour regulations and rights, social protection, participation and representation, which are tremendously important to foreign workers and unskilled migrants. All this makes the ILO's Decent Work Agenda an important vehicle for raising these issues at the global, regional and national levels.

In this context, countries should reflect on a strategy for improving employment quality and the social protection of migrant workers. In this sense, the actions proposed are of three types (Reyneri, 2001). First, developed countries must effectively recognize that they are countries of immigration and with this in mind, institutionalize their own labour markets, wherein decent work still coexists with jobs generated by the underground economy. Secondly, these same countries must expressly apply an open border policy, allowing a volume of immigration of workers that effectively covers the demand for employment.

Finally, and perhaps the most difficult of these tasks, requires that countries characterized by net emigration must significantly reduce their basic decent work deficit. By reducing this deficit, they could contribute significantly to an appropriate incentives policy for making social

use of remittances, if for example, cheap systems for providing health care and pensions for the families of emigrants in their countries of origin could be developed, to which emigrants could contribute with a portion of the money they send home. This would permit progress toward the goal of *decent work and social protection for all*.

Statistical Appendix

Table 1-A
LATIN AMERICA AND THE CARIBBEAN: OPEN URBAN UNEMPLOYMENT. 1985-2002
(average annual rate)

Country	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001 2002	
														16.4	21.5 m/
Argentina a/	6.1	6.1	5.9	7.0	9.3	12.2	16.4	17.3	14.9	12.9	14.3	15.1	17.4	16.4	21.5 m/
Bolivia a/	5.7	7.2	5.9	5.5	5.9	3.1	3.6	4.0	4.3	4.1	7.2	7.5	8.5	8.5	--
Brazil b/	5.3	4.3	4.8	4.9	5.4	5.1	4.6	5.4	5.7	7.6	7.8	7.1	6.2	6.2	7.3 n/
Chile c/	17.0	7.4	7.1	6.2	6.4	7.8	6.6	5.4	5.3	6.4	9.8	9.2	9.1	9.5	9.3 n/
Colombia d/	13.8	10.5	10.2	10.2	8.6	8.9	8.8	11.2	12.4	15.2	19.4	20.2	16.9	17.4	16.8 n/
Costa Rica a/	7.2	5.4	6.0	4.3	4.0	4.3	5.2	6.2	5.7	5.6	6.0	5.2	6.1	6.1	6.8 n/
Ecuador e/	10.4	6.1	8.5	8.9	8.9	7.8	7.7	10.4	9.3	7.0	10.9	9.7	7.9	8.4	6.3 n/
El Salvador a/	--	10.0	7.5	6.8	--	7.0	7.0	5.8	7.5	7.6	6.9	6.5	7.0	7.0	6.2 n/
Honduras a/	11.7	6.9	7.1	5.1	5.6	4.0	6.6	6.6	5.2	5.8	5.2	--	6.3	--	--
Mexico f/	4.4	2.8	2.7	2.8	3.4	3.7	6.2	5.5	3.7	3.2	2.5	2.2	2.4	2.4	2.8 n/
Nicaragua a/	3.2	7.6	--	14.4	17.8	17.1	16.9	16.0	14.3	13.2	10.7	9.8	11.3	--	--
Panama a/	15.7	20.0	20.0	18.2	15.6	15.8	16.4	16.9	15.4	15.6	13.6	15.3	17.0	16.6	16.1 n/
Paraguay g/	5.1	6.6	5.1	5.3	5.1	4.4	5.3	8.2	7.1	6.6	9.4	10.0	7.6	--	--
Peru h/	10.1	8.3	5.9	9.4	9.9	8.8	7.9	7.9	8.4	8.2	8.3	7.0	9.2	9.4	9.7 n/
Dominican Republic i/	--	--	19.6	20.3	19.9	16.0	15.8	16.5	15.9	14.3	13.8	13.9	16.4	--	--
Uruguay a/	13.1	9.2	8.9	9.0	8.4	9.2	10.8	12.3	11.6	10.2	11.8	13.6	15.3	15.4	16.5 n/
Venezuela a/	14.3	11.0	10.1	8.1	6.8	8.9	10.3	11.8	11.4	11.3	14.9	13.9	13.5	13.9	15.8 o/
Latin America j/	9.5	8.1	8.5	8.6	8.8	8.5	9.2	9.8	9.3	9.1	10.1	10.4	10.5	10.6	11.3
k/	8.3	5.7	5.6	5.7	6.3	6.6	7.4	7.9	7.5	8.1	8.9	8.5	8.3	8.1	9.2
The Caribbean l/															
Barbados	18.7	15.0	17.3	23.0	24.3	21.9	19.7	15.6	14.5	12.3	10.4	9.2	9.9	--	--
Jamaica	25.0	15.3	15.7	15.4	16.3	15.4	16.2	16.0	16.5	15.5	15.7	15.5	15.0	--	--
Trinidad and Tobago	15.7	20.0	18.5	19.6	19.8	18.4	17.2	16.2	15.0	14.2	13.1	12.1	10.8	--	--

Source: ILO, using information from country household surveys.

a/ National urban.

b/ Six metropolitan regions.

c/ Country total.

d/ Seven metropolitan areas, from 1985 to 1999 annual average. Since 2000, the universe has been 13 metropolitan areas.

e/ Country total through 1998. From 1999 includes only Quito, Guayaquil and Cuenca.

f/ 39 urban areas.

g/ Asuncion.

h/ Metropolitan Lima. From 1996 to 2000, national urban. Figures from on are for Metropolitan Lima.

i/ Includes hidden unemployment.

j/ Simple average.

k/ Weighted average.

l/ Not included in the average, because the methodology used in the Caribbean countries to measure open unemployment is different from that applied in other countries in the region.

m/ Average for the first half of the year.

n/ Average for the first three quarters.

o/ Average January-August.

TABLE 2-A
LATIN AMERICA AND THE CARIBBEAN: UNEMPLOYMENT BY SEX, 1990-2002
(annual rates)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Latin America													
Argentina a/	7.3	5.8	6.7	10.1	12.1	18.8	18.4	15.7	12.9	15.1	15.4	17.4	21.5 m/
Men	7.4	5.6	6.5	8.5	10.7	16.5	16.8	13.4	12.2	16.9	17.2	17.9	23.2
Women	7.3	6.2	7.1	12.7	14.5	22.3	20.9	19.2	15.2	13.8	14.0	17.7	20.1
Bolivia b/	7.2	5.9	5.5	5.9	3.1	3.6	4.2	4.4	--	7.2	7.5	8.5	--
Men	6.8	5.7	5.5	6.5	3.4	3.3	3.9	4.5	--	6.2	6.2	7.5	--
Women	7.8	6.3	5.6	5.3	2.9	4.0	4.5	4.4	--	8.5	9.0	9.7	--
Brazil c/	4.3	4.8	4.9	5.4	5.1	4.6	5.4	5.7	7.6	7.7	7.1	6.2	7.3 n/
Men	--	4.8	5.6	5.2	4.8	4.5	5.0	5.3	7.1	7.1	6.5	5.8	6.9
Women	--	4.9	6.0	5.6	5.5	4.8	6.1	6.3	8.3	8.3	8.0	6.8	8.0
Chile d/	7.4	7.1	6.2	6.4	7.8	6.6	5.4	5.3	6.4	9.7	9.2	9.1	9.3 n/
Men	6.6	6.1	5.0	5.3	6.5	5.5	4.8	4.7	5.7	9.3	8.7	8.9	9.0
Women	9.2	9.4	8.9	8.8	10.3	8.9	6.7	6.6	7.6	10.5	10.0	9.7	10.0
Colombia e/	11.0	9.8	9.2	7.8	7.6	8.7	12.0	12.1	15.0	20.1	20.5	16.9	17.5 o/
Men	8.3	7.4	6.5	5.3	4.9	6.8	9.6	9.8	12.5	17.2	16.9	16.0	16.3
Women	14.7	13.1	12.6	11.0	11.2	11.3	15.1	15.1	18.0	23.3	24.5	20.7	22.0
Costa Rica b/	5.4	6.0	4.3	4.0	4.3	5.7	6.5	5.9	5.4	6.0	5.3	6.1	6.8 n/
Men	4.9	1.8	1.2	0.9	3.8	5.4	6.0	5.4	4.6	4.9	4.6	5.5	6.2
Women	6.2	13.3	9.9	9.7	5.1	6.2	7.6	6.8	6.7	8.2	6.4	7.0	7.7
Ecuador f/	6.1	8.1	8.9	8.3	7.1	6.9	10.4	9.3	8.5	--	--	8.5	--
Men	4.3	5.4	6.0	6.2	5.8	5.5	--	7.4	--	--	--	5.4	--
Women	9.1	13.2	13.2	11.5	9.3	8.8	--	12.1	--	--	--	12.8	--
El Salvador b/	9.9	7.5	8.7	9.9	7.7	7.6	7.7	7.5	7.6	8.0	6.6	7.0	6.2 n/
Men	10.1	8.3	9.0	11.8	8.4	8.7	8.4	9.0	9.6	9.9	9.9	8.7	7.4
Women	9.8	6.6	8.3	6.8	6.4	5.9	6.5	5.5	6.1	5.8	3.7	4.9	3.4
Honduras b/	6.9	7.1	5.1	5.6	4.0	6.6	6.6	5.2	5.8	3.7	--	6.3	--
Men	9.6	13.1	9.8	5.9	5.9	10.7	11.8	5.9	6.3	3.7	--	7.0	--
Women	5.2	4.1	3.0	5.1	3.1	4.1	4.4	4.3	5.1	3.8	--	5.4	--
Mexico g/	2.7	2.7	2.8	3.4	3.7	6.3	5.5	3.7	3.3	2.5	2.2	2.4	2.8 n/
Men	2.6	2.5	2.7	3.2	3.6	6.1	5.3	3.5	3.0	2.4	2.1	2.4	2.7
Women	3.0	2.9	3.2	3.9	4.0	6.5	5.9	4.2	3.7	2.6	2.4	2.5	2.8
Panama h/	--	20.0	18.2	15.6	15.8	16.4	17.0	15.4	15.5	11.6	15.3	17.0	16.1 n/
Men	--	12.8	10.8	9.7	10.7	10.8	11.0	13.3	12.4	8.8	12.0	15.1	13.9
Women	--	22.6	22.3	20.2	20.4	20.1	20.0	18.2	19.7	16.7	18.1	19.8	19.3
Paraguay i/	6.6	5.1	5.3	5.1	4.4	5.6	9.2	6.4	13.9	9.4	10.0	7.6	--
Men	6.6	5.4	6.4	5.5	4.9	5.5	9.1	4.7	11.1	9.6	9.9	6.8	--
Women	6.5	4.7	3.8	4.5	3.7	5.7	9.3	8.2	11.7	9.3	10.2	8.9	--
Peru j/	8.5	5.8	9.4	9.9	8.8	7.9	7.9	8.4	8.2	8.3	7.0	9.2	9.7 n/
Men	6.5	4.8	7.5	8.4	7.0	6.0	7.2	7.1	6.4	7.6	6.9	8.2	8.5
Women	11.4	7.3	12.5	12.2	11.8	8.7	9.1	10.1	9.6	9.2	7.1	10.6	11.1
Dominican Republic b/	--	19.6	20.3	19.9	16.0	15.8	16.7	15.9	14.3	--	15.3	16.4	--
Men	--	12.5	11.7	11.4	10.0	10.2	10.2	--	--	--	9.8	10.9	--
Women	--	33.1	34.9	34.8	26.9	26.2	28.7	--	--	--	22.8	24.2	--
Uruguay k/	9.2	8.9	9.0	8.4	9.2	10.8	12.4	11.6	10.2	11.8	13.9	15.5	16.6 n/
Men	7.3	7.1	6.7	6.3	6.9	8.4	10.5	9.2	8.1	9.8	10.9	11.6	13.5
Women	11.8	11.3	11.9	11.0	12.0	13.7	14.5	14.5	12.7	14.0	17.2	15.4	19.9
Venezuela b/	11.0	10.1	8.1	6.8	8.9	10.3	11.8	11.4	11.3	14.9	13.9	15.1	15.8 p/
Men	11.4	9.5	8.1	7.1	8.2	8.9	10.3	10.3	9.9	13.6	13.2	13.6	14.5
Women	10.4	8.6	5.9	5.5	9.6	12.9	14.5	14.2	13.6	17.1	14.8	17.4	17.8

(continues)

TABLE 2-A (continued)
LATIN AMERICA AND THE CARIBBEAN: UNEMPLOYMENT BY SEX, 1990-2002
(annual rates)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
The Caribbean I/													
Barbados	15.0	17.3	23.0	24.3	21.9	19.7	15.6	14.5	12.3	10.4	9.2	9.9	--
Men	10.1	13.2	20.2	21.3	17.6	16.5	12.4	11.3	8.4	7.7	7.3	8.3	--
Women	20.3	21.4	26.1	27.7	26.4	23.0	18.9	17.8	16.4	13.3	11.7	11.4	--
Jamaica	15.3	15.4	15.7	16.3	15.4	16.2	16.0	16.5	15.5	15.7	15.5	15.0	--
Men	9.1	9.4	9.5	10.9	9.6	10.8	9.9	10.6	10.0	10.0	10.2	10.3	--
Women	20.4	22.2	22.8	22.4	21.8	22.5	23.0	23.5	22.1	22.4	22.3	21.0	--
Trinidad & Tobago													
Tobago	20.0	18.5	19.6	19.8	18.4	17.2	16.2	15.0	14.2	13.1	12.1	10.8	--
Men	17.8	15.7	17.0	17.6	16.1	15.1	13.2	12.3	11.3	10.9	10.2	8.6	--
Women	24.2	23.4	23.9	23.4	22.3	20.6	21.0	19.4	18.9	16.8	15.2	14.4	--

Source: ILO, based on information from country household surveys.

a/ Greater Buenos Aires.

b/ National urban.

c/ Six metropolitan areas.

d/ Total national.

e/ Seven metropolitan areas, September of each year. From 2000 on, 13 metropolitan areas. 2002, first quarter.

f/ Three metropolitan regions.

g/ 43 urban areas.

h/ Metropolitan region.

i/ Asuncion.

j/ Metropolitan Lima. From 1996 to 2000, national urban. Figures starting in 2000 are for Metropolitan Lima.

k/ Montevideo. Moving average.

l/ The methodology used in the Caribbean countries to measure open unemployment is different from that applied in other countries in the region.

m/ Average for the first half.

n/ Average for the first three quarters.

o/ Average January-March.

p/ Average January-August.

TABLE 3-A
LATIN AMERICA AND THE CARIBBEAN: YOUTH UNEMPLOYMENT, 1990-2002
(annual rates)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Latin America														
Argentina a/														
15-19	21.7	16.3	16.4	26.8	32.3	46.6	44.3	39.7	35.0	35.9	39.5	37.6	46.1	n/
15-24	15.2	12.3	13.0	--	21.2	30.1	31.1	27.2	24.4	26.4	--	--	--	
Bolivia b/														
10-19	13.3	13.1	8.3	8.6	4.9	5.0	7.0	--	--	--	--	--	--	
20-29	9.5	7.3	7.0	8.2	4.5	5.4	--	--	--	--	--	--	--	
Brazil c/														
15-17	--	11.6	14.4	12.2	11.9	11.0	13.0	14.3	18.8	17.8	17.8	14.8	17.0	o/
18-24	--	9.1	11.2	10.3	9.6	9.3	10.5	11.4	14.0	14.5	14.7	12.5	14.7	
Chile d/														
15 - 19	15.9	13.7	12.6	13.0	16.8	15.8	15.0	19.9	20.8	27.6	26.1	29.0	28.1	o/
20 - 24	12.0	12.4	10.3	10.2	11.9	10.1	12.2	13.6	15.1	19.8	20.1	18.9	20.7	
Colombia e/														
12-17	--	23.8	20.7	18.4	19.1	21.0	31.8	29.1	33.3	42.2	44.7	35.6	31.8	p/
18-24	--	18.4	18.0	15.7	14.5	16.6	22.0	23.7	29.2	36.3	34.8	33.1	33.4	
Costa Rica d/														
12-24	10.4	14.1	9.3	10.2	9.8	13.5	13.9	13.1	12.8	14.9	10.9	14.0	13.8	o/
Ecuador f/														
15-24	13.5	18.5	17.3	15.7	14.9	15.3	20.0	19.4	22.6	--	17.4	14.8	--	
El Salvador d/														
15-24	18.6	14.6	14.3	14.4	13.5	13.3	13.1	14.6	15.0	13.9	14.3	13.2	--	
Honduras d/														
10-24	10.7	12.3	6.6	9.7	6.7	10.2	9.7	8.7	10.0	10.0	--	--	--	
Mexico g/														
12-19	7.0	5.0	6.9	7.3	8.3	13.1	11.5	8.4	7.0	5.7	5.4	5.6	6.7	o/
20-24	--	--	4.4	5.7	6.0	9.9	8.8	6.5	5.9	4.5	4.1	4.6	5.2	
Panama h/														
15-24	--	38.8	37.0	31.6	31.1	31.9	34.8	31.5	31.7	29.5	32.6	35.4	--	
Paraguay i/														
15-19	18.4	9.0	14.1	9.8	12.3	10.8	29.1	13.7	--	21.2	--	15.3	--	
20-24	14.1	9.5	7.3	8.8	5.5	7.8	12.6	12.7	--	13.4	--	12.3	--	
Peru j/														
14-24	15.4	11.2	15.8	16.1	13.7	11.2	14.9	14.5	14.1	15.7	17.1	14.6	15.1	o/
Uruguay k/														
14-24	26.6	25.0	24.4	23.3	25.5	25.5	28.0	26.8	26.1	27.1	31.7	36.2	38.4	o/
Venezuela l/														
15-24	18.0	15.8	13.4	13.0	15.9	19.9	25.4	23.1	21.9	26.6	25.3	23.2	26.4	q/
The Caribbean m/														
Barbados														
15-24	--	33.8	36.4	43.2	41.7	37.8	27.5	28.9	27.4	21.8	18.5	23.6	--	
Jamaica														
15-24	30.7	29.2	28.3	29.5	28.9	34.1	34.4	34.2	33.3	34.0	32.1	33.0	--	
Trinidad and Tobago														
15-24	36.4	34.2	34.8	38.9	39.9	31.0	28.5	35.3	25.8	23.7	23.2	22.6	--	

Source: ILO, using information from country household surveys.

a/ Greater Buenos Aires.

b/ National urban. 1996 (15-25 years).

c/ Six metropolitan areas.

d/ Total national.

e/ Seven metropolitan areas, September of each year. As of 2001, 13 metropolitan areas.

f/ National Urban.

g/ 41 urban areas.

h/ Metropolitan region.

i/ Asuncion

j/ Metropolitan Lima. From 1996 to 2000, national urban. As of 2001, Metropolitan Lima. (annual rates)

k/ Montevideo

l/ National Urban

m/ The methodology used in the Caribbean countries to Unemployment is different from that applied in other Region.

n/ Average for the first half of the year.

o/ Average for the first three quarters.

p/ Average first quarter.

TABLE 4-A
LATIN AMERICA AND THE CARIBBEAN: URBAN PARTICIPATION RATES, 1990-2002
(percentage)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Latin America														
Argentina a/	53.6	53.8	54.5	54.9	54.6	55.2	55.0	55.8	56.1	56.7	56.4	56.0	55.0	k/
Bolivia a/	51.2	51.5	50.6	52.6	53.7	55.0	56.5	52.5	--	55.9	56.1	60.6	--	
Brazil b/	63.8	61.1	59.5	58.7	59.3	59.3	59.6	58.5	58.2	57.1	58.0	56.4	56.9	l/
Chile a/	53.0	53.0	54.3	56.0	56.0	54.9	54.5	54.4	55.1	54.4	53.7	52.9	52.3	l/
Colombia c/	58.4	59.5	60.8	60.1	60.0	59.9	59.7	59.9	62.2	63.1	63.3	63.9	63.9	l/
Costa Rica a/	53.2	51.8	50.4	51.7	53.3	54.5	52.2	53.8	55.3	54.8	54.8	56.8	56.4	l/
Ecuador d/	52.3	56.8	58.9	57.5	55.6	55.7	55.8	56.6	55.8	56.3	56.8	55.6	53.9	l/
El Salvador a/	55.0	52.6	54.2	54.6	55.5	54.1	52.9	53.0	55.7	54.0	54.5	54.8		
Honduras a/	50.1	48.9	50.7	49.7	50.1	51.5	54.7	55.6	54.8	56.5	--	54.8	--	
Mexico e/	51.8	53.3	53.8	55.2	54.7	55.0	55.4	56.2	56.6	55.8	56.3	55.6	55.2	l/
Nicaragua a/	--	--	--	48.8	48.3	48.7	46.9	52.2	48.8	--	--	49.8	--	
Panama f/	56.7	58.7	61.9	61.8	62.7	63.1	61.7	63.1	63.9	61.2	60.9	61.4	63.4	l/
Paraguay g/	60.9	62.2	61.0	62.9	63.9	70.5	66.0	63.7	60.6	58.5	62.9	60.5	--	
Peru h/	59.6	55.9	57.1	60.1	59.7	62.4	60.4	63.3	65.4	66.9	64.4	67.2	68.4	l/
Dominican Republic a/	--	55.0	58.9	57.4	53.3	51.9	53.2	54.1	52.6	56.5	55.2	57.0	--	
Uruguay i/	59.6	59.5	59.5	59.0	60.5	62.1	61.6	60.2	61.4	61.4	59.6	60.6	59.3	l/
Venezuela a/	59.4	59.8	59.3	57.9	59.0	61.6	62.2	63.8	65.1	66.8	64.5	66.5	68.5	m/
The Caribbean j/														
Barbados	67.3	65.2	66.2	66.3	67.4	68.2	67.4	67.5	67.7	67.7	68.5	69.9	--	
Jamaica	66.9	68.1	69.1	68.3	69.2	69.0	67.7	66.6	65.6	64.5	63.2	--	--	
Trinidad & Tobago	55.9	58.5	60.0	59.5	59.4	60.2	60.5	60.3	61.2	60.8	--	--	--	

Source: ILO, using information from country household surveys.

a/ Total national.

b/ Six metropolitan regions.

c/ Seven metropolitan regions. As of 2001, 13 metropolitan areas.

d/ Three metropolitan regions.

e/ 41 urban areas.

f/ Metropolitan region.

g/ Asuncion.

h/ Metropolitan Lima. From 1996 to 2000, national urban. As of 2001, Metropolitan Lima.

i/ Montevideo.

j/ The methodology used in the Caribbean countries to measure urban participation rates is different from that applied in other countries in the region.

k/ Average first semester.

l/ Average for the first three quarters.

m/ Average January-August.

TABLE 5-A
LATIN AMERICA AND THE CARIBBEAN: URBAN EMPLOYMENT RATES. 1990-2002
(percentage)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Latin America														
Argentina a/	50.3	50.6	50.7	49.8	47.9	46.1	45.5	47.5	48.9	48.6	47.9	46.3	43.2	k/
Bolivia a/	47.5	48.5	47.8	49.5	52.0	53.0	54.2	50.2	--	51.9	51.9	55.4	--	
Brazil b/	61.1	58.1	56.6	55.6	56.3	56.6	56.4	55.2	53.8	52.6	53.9	52.9	52.5	l/
Chile a/	49.1	49.3	50.9	52.4	51.6	51.2	51.6	51.5	51.6	49.1	48.8	48.1	47.5	l/
Colombia c/	52.3	53.4	54.6	55.0	54.6	54.6	53.0	52.5	52.7	50.9	50.5	52.5	52.3	l/
Costa Rica a/	50.3	48.7	48.2	49.6	51.0	51.7	49.0	50.7	52.2	51.5	52.0	53.8	52.6	l/
Ecuador d/	49.1	52.0	53.7	52.4	51.3	51.4	50.0	51.3	50.1	47.8	48.8	49.8	49.2	l/
El Salvador a/	49.5	48.7	50.5	--	51.6	50.3	49.8	49.0	51.5	50.3	48.9	51.0	--	
Honduras a/	46.6	45.4	48.2	46.9	48.1	48.1	51.1	52.7	51.6	53.6	--	51.3	--	
Mexico e/	50.3	51.8	52.3	53.3	52.7	51.6	52.4	54.1	54.7	54.4	55.1	54.3	53.7	l/
Nicaragua a/	--	--	--	40.1	40.0	40.5	39.4	44.7	42.4	--	--	44.9	--	
Panama f/	45.4	46.9	50.6	52.2	52.8	52.8	51.3	53.4	53.9	52.9	51.6	51.2	53.2	l/
Paraguay g/	56.9	59.0	57.8	59.7	61.1	66.8	60.6	59.2	56.6	53.0	56.6	55.9	--	
Peru h/	54.7	52.6	51.7	54.2	54.4	57.5	55.6	58.0	60.0	61.6	59.7	60.8	61.8	l/
Dominican Republic a/														
	--	44.2	46.9	46.0	44.8	43.7	44.4	45.4	45.1	46.1	47.6	47.6	--	
Uruguay i/	54.1	54.2	54.1	54.0	54.9	55.4	54.0	53.2	55.1	54.1	51.5	51.4	49.6	l/
Venezuela a/	52.8	53.7	54.5	54.0	53.8	55.3	54.8	56.5	57.8	56.8	55.5	57.1	57.6	m/
The Caribbean j/														
Barbados	54.7	55.4	54.7	51.1	51.0	53.3	54.1	57.0	57.9	59.4	57.2	58.4	--	
Jamaica	50.2	57.7	58.3	57.8	57.9	58.4	56.7	55.9	54.8	54.5	56.2	--	--	
Trinidad and Tobago	47.1	46.8	48.9	47.8	47.6	49.1	50.1	50.5	52.0	52.2	--	--	--	

Source: ILO, using information from country household surveys.

a/ Total national.

b/ Six metropolitan regions.

c/ Seven metropolitan regions. As of 2001, 13 metropolitan areas.

d/ Three metropolitan regions.

e/ 41 urban areas.

f/ Metropolitan region.

g/ Asuncion.

h/ Metropolitan Lima. From 1996 to 2000, national urban. As of 2001, Metropolitan Lima.

i/ Montevideo.

j/ The methodology used in the Caribbean countries to measure open urban participation rates is different from that applied in other countries in the region.

k/ Average for the first half of the year.

l/ Average for the first three quarters.

m/ Average January-August.

TABLE 6-A
LATIN AMERICA: STRUCTURE OF NON-FARMING EMPLOYMENT. 1990-2001
 (percentage)

Countries/Years	Informal Sector				Formal Sector			
	Total	Independent Worker a/	Domestic Service	Micro-Firm b/	Total	Public Sector	Private small, medium and large companies c/	
Latin America								
1990	Total	42.8	22.2	5.8	14.7	57.2	15.5	41.7
	Men	39.4	21.6	0.5	17.3	60.6		
	Women	47.4	23.2	13.8	10.4	52.6		
1995	Total	46.1	24.0	7.4	14.8	53.9	13.5	40.4
	Men	42.7	23.9	0.8	18.0	57.3		
	Women	51.0	24.1	17.0	9.9	49.0		
2000	Total	46.9	24.6	6.7	15.6	53.1	13.3	39.7
	Men	44.5	25.3	0.6	18.7	55.5		
	Women	50.3	23.7	15.4	11.2	49.7		
2001	Total	46.3	23.6	6.8	15.9	53.7	13.4	40.3
	Men	43.8	24.0	0.6	19.2	56.2		
	Women	49.7	23.0	15.4	11.3	50.3		
Argentina								
1991	Total	52.0	27.5	5.7	18.8	48.0	19.3	28.7
	Men	49.8	28.2	0.5	21.2	50.2		
	Women	55.5	26.5	14.3	14.7	44.5		
1998	Total	49.3	22.7	6.4	20.3	50.7	12.7	38.0
	Men	48.0	24.1	0.3	23.6	52.0		
	Women	51.4	20.4	15.8	15.2	48.6		
2001	Total	45.7	20.6	5.9	19.1	54.3	17.2	37.1
	Men	45.2	22.7	0.1	22.4	54.8	13.5	41.3
	Women	46.3	17.7	14.2	14.3	53.7	22.5	31.2
Brazil								
1990	Total	40.6	20.3	6.9	13.5	59.4	11.0	48.4
	Men	36.1	19.6	0.5	16.0	63.9		
	Women	47.6	21.3	16.7	9.6	52.4		
1995	Total	46.5	23.8	9.5	13.2	53.5	15.1	38.4
	Men	42.1	25.1	0.9	16.0	57.9	12.5	45.4
	Women	52.8	21.8	21.6	9.4	47.2	18.8	28.5
1999	Total	47.1	24.0	9.4	13.7	52.9	14.2	38.8
	Men	43.8	26.4	0.9	16.4	56.2	11.4	44.9
	Women	51.6	20.7	20.9	10.1	48.4	17.9	30.4
2001	Total	46.0	22.3	9.5	14.3	54.0	13.7	40.3
	Men	42.3	24.5	0.9	16.9	57.7	10.9	46.8
	Women	51.0	19.2	21.0	10.8	49.0	17.4	31.6
Chile								
1990	Total	37.9	20.9	5.4	11.7	62.1	7.0	55.1
	Men	33.5	21.3	0.2	12.0	66.5		
	Women	45.9	20.1	14.7	11.1	54.1		
1996	Total	38.8	18.9	7.1	12.8	61.2	11.8	49.4
	Men	34.0	19.9	0.3	13.7	66.0		
	Women	46.3	17.4	17.7	11.2	53.7		
2000	Total	38.0	19.7	5.9	12.5	62.0	10.8	51.2
	Men	34.3	20.8	0.1	13.5	65.7	8.6	57.0
	Women	44.5	17.8	16.0	10.7	55.5	14.6	40.9

(continues)

TABLE 6-A (continued)
LATIN AMERICA: STRUCTURE OF NON-FARMING EMPLOYMENT, 1990-2001
 (percentage)

Countries/Years	Informal Sector				Formal Sector			
	Total	Independent Worker a/	Domestic Service	Micro-Firm b/	Total	Public Sector	Private small, medium and large companies c/	
Colombia								
1990	Total	45.7	24.1	2.0	19.5	54.3	9.6	44.7
	Men	45.1	22.6	0.1	22.3	54.9		
	Women	46.6	26.3	5.0	15.2	53.4		
2000	Total	55.6	32.2	5.3	18.1	44.4	7.0	37.3
	Men	54.7	32.6	0.5	21.6	45.3	6.1	39.1
	Women	56.7	31.8	11.2	13.7	43.3	8.1	35.1
Costa Rica								
1990	Total	41.2	18.9	5.8	16.4	58.8	22.0	36.8
	Men	37.7	19.1	0.3	18.3	62.3		
	Women	47.5	18.6	15.8	13.1	52.5		
1995	Total	43.3	18.5	5.0	19.7	56.7	17.4	39.3
	Men	40.4	17.8	0.3	22.3	59.6		
	Women	48.3	19.9	13.3	15.1	51.7		
2000	Total	45.2	19.7	6.0	19.5	54.8	16.4	38.5
	Men	42.2	20.1	0.5	21.6	57.8	15.0	42.8
	Women	50.1	18.9	15.1	16.1	49.9	18.7	31.2
2001	Total	44.9	20.4	5.2	19.3	55.1	16.3	38.8
	Men	41.1	19.0	0.6	21.5	58.9	13.9	45.0
	Women	50.7	22.5	12.1	16.0	49.3	20.0	29.4
Ecuador								
1990	Total	55.6	35.4	5.0	15.3	44.4	18.7	25.7
	Men	51.7	32.6	0.7	18.4	48.3		
	Women	62.1	39.9	12.1	10.1	37.9		
1995	Total	63.7	33.6	5.2	25.0	36.3	14.2	22.0
	Men	60.0	29.6	0.7	29.8	40.0		
	Women	69.2	39.4	11.8	17.9	30.8		
2000	Total	51.6	31.0	5.3	15.3	48.4	17.6	30.7
	Men	51.1	31.6	0.9	18.6	48.9	14.1	34.8
	Women	52.4	30.1	11.8	10.5	47.6	22.8	24.8
2001	Total	57.4	34.7	5.5	17.2	42.6	10.4	32.1
	Men	52.3	29.2	1.0	22.0	47.7	10.1	37.6
	Women	64.6	42.3	11.7	10.5	35.4	10.9	24.6
Honduras								
1990	Total	57.6	37.3	7.1	13.3	42.4	14.9	27.5
	Men	45.1	25.7	0.5	18.9	54.9		
	Women	72.0	50.5	14.6	6.9	28.0		
1995	Total	57.1	35.5	5.6	16.0	42.9	12.6	30.2
	Men	49.1	25.2	0.9	23.1	50.9		
	Women	66.3	47.4	11.1	7.8	33.7		
1999	Total	60.7	39.6	5.5	15.6	39.3	10.1	29.2
	Men	53.3	28.6	0.7	23.9	46.7	9.4	37.3
	Women	67.6	49.8	9.9	7.9	32.4	10.6	21.7

(continues)

TABLE 6-A (continued)
LATIN AMERICA: STRUCTURE OF NON-FARMING EMPLOYMENT, 1990-2001
 (percentage)

Countries/Years	Informal Sector				Formal Sector			
	Total	Independent Worker a/	Domestic Service	Micro-Firm b/	Total	Public Sector	Private small, medium and large companies c/	
Mexico								
1990	Total	38.4	19.0	4.6	14.8	61.6	19.4	42.3
	Men	37.6	19.1	0.7	17.8	62.4		
	Women	39.9	18.7	12.0	9.2	60.1		
1995	Total	43.2	20.9	5.3	17.0	56.8	16.1	40.7
	Men	42.1	19.9	1.1	21.1	57.9		
	Women	45.1	22.6	12.6	9.9	54.9		
2000	Total	39.2	18.3	3.7	17.2	60.8	14.5	46.4
	Men	38.4	17.5	0.2	20.7	61.6	12.5	49.1
	Women	40.5	19.6	9.6	11.3	59.5	17.9	41.6
2001	Total	39.6	18.6	3.7	17.2	60.4	14.2	46.2
	Men	39.3	18.1	0.2	21.1	60.7	12.2	48.4
	Women	39.9	19.5	9.7	10.7	60.1	17.7	42.4
Panama								
1991	Total	36.0	19.8	7.9	8.3	64.0	32.0	32.0
	Men	34.6	23.8	1.0	9.7	65.4		
	Women	38.0	14.0	17.8	6.3	62.0		
1995	Total	37.1	20.5	7.6	9.0	62.9	25.9	37.0
	Men	35.2	23.4	1.5	10.3	64.8		
	Women	40.0	16.1	16.9	7.0	60.0		
2000	Total	37.3	22.2	6.8	8.3	62.7	21.8	40.9
	Men	36.0	25.2	1.6	9.3	64.0	19.0	45.0
	Women	39.1	17.6	14.7	6.8	60.9	26.1	34.8
Peru								
1991	Total	52.7	33.4	4.9	14.5	47.3	11.6	35.7
	Men	46.3	28.9	0.6	16.9	53.7		
	Women	62.9	40.4	11.6	10.8	37.1		
1995	Total	55.1	33.0	4.8	17.3	44.9	9.3	35.6
	Men	48.8	26.9	0.5	21.4	51.2		
	Women	64.1	41.8	11.0	11.4	35.9		
2000	Total	59.2	36.4	5.4	17.4	40.8	7.8	33.0
	Men	53.2	31.6	0.4	21.0	46.8	7.8	39.0
	Women	67.0	42.4	11.9	12.7	33.0	7.9	25.1
2001	Total	59.5	34.0	6.6	18.8	40.5	9.8	30.8
	Men	54.4	29.3	0.9	24.3	45.6	9.2	36.3
	Women	65.8	40.1	13.8	11.9	34.2	10.5	23.8
Uruguay								
1990	Total	39.1	18.6	6.8	13.7	60.9	20.1	40.8
	Men	33.7	18.6	0.2	15.0	66.3		
	Women	46.6	18.5	16.2	11.8	53.4		
1995	Total	43.3	21.9	7.4	13.9	56.7	20.0	36.7
	Men	38.4	21.9	0.2	16.3	61.6		
	Women	49.7	21.9	17.0	10.8	50.3		
1999	Total	43.1	22.5	7.5	13.1	56.9	17.1	39.8
	Men	39.4	24.5	0.2	14.6	60.6	16.6	44.0
	Women	47.9	19.8	17.0	11.1	52.1	17.6	34.4
2001	Total	42.2	21.3	7.5	13.4	57.8	17.2	40.6
	Men	39.5	24.0	0.2	15.3	60.5	17.0	43.5
	Women	45.6	18.0	17.0	10.6	54.4	17.4	37.0

(continues)

TABLE 6-A (continued)
LATIN AMERICA: STRUCTURE OF NON-FARMING EMPLOYMENT. 1990-2001
 (percentage)

Countries/Years	Informal Sector				Formal Sector			
	Total	Independent Worker a/	Domestic Service	Micro-Firm b/	Total	Public Sector	Private small, medium and large companies c/	
Venezuela								
1990	Total	38.6	22.3	3.9	12.4	61.4	22.3	39.1
	Men	38.3	22.0	0.4	15.9	61.7		
	Women	39.3	22.8	10.4	6.1	60.7		
1995	Total	44.5	28.1	2.4	14.0	55.5	19.9	35.7
	Men	45.3	28.1	0.1	17.1	54.7		
	Women	43.0	28.0	6.4	8.6	57.0		
2000	Total	50.6	34.5	2.3	13.8	49.4	16.1	33.3
	Men	49.2	32.1	0.2	17.0	50.8	11.8	38.9
	Women	52.7	38.1	5.6	9.0	47.3	22.6	24.7
2001	Total	49.2	32.1	2.3	14.8	50.8	15.9	34.9
	Men	46.3	27.7	0.1	18.4	53.7	11.8	41.9
	Women	53.4	38.1	5.5	9.8	46.6	21.6	25.0

Source: ILO, based on country household surveys: Argentina (national urban), Brazil (urban area), Chile (country total), Colombia (10 metropolitan areas), Costa Rica (country total), Ecuador (urban area), Honduras (country total), Mexico (urban area), Panama (country total), Peru (Metropolitan Lima), Uruguay (country total) and Venezuela (urban area).

a/ Includes self-employed workers (except management, professionals and technicians) and family workers.

b/ Those employed correspond to firms with up to five workers.

c/ Includes workers with six or more employees.

TABLE 7-A
LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES
NON-FARMING EMPLOYMENT BY ECONOMIC ACTIVITY AND SEX. 1990-2001 a/
 (percentage)

Country and Period	Total	Goods sector b/	Manufacturing, mining, electricity and water	Construction	Service Sector c/	Wholesale and retail trades	Transports d/	Financial establishments e/	Services f/
Latin America									
1990 Total	100.0	28.8	21.7	7.1	71.2	24.0	5.7	5.0	36.2
Men	100.0	36.2	25.0	11.1	63.3	23.1	8.3	5.2	26.7
Women	100.0	16.9	16.3	0.6	83.0	25.4	1.4	4.7	51.4
2001 Total	100.0	25.4	19.2	6.2	74.6	25.4	6.6	3.9	38.6
Men	100.0	33.2	22.9	10.3	66.8	23.8	10.1	4.1	28.6
Women	100.0	14.4	13.8	0.5	85.6	27.7	1.7	3.7	52.4
Argentina									
1991 Total	100.0	26.4	18.2	8.2	72.1	21.7	5.6	6.9	37.9
Men	100.0	34.2	21.4	12.8	63.6	22.3	8.1	7.2	26.0
Women	100.0	13.4	13.0	0.4	86.1	20.8	1.4	6.3	57.6
2000 Total	100.0	23.9	16.8	7.2	76.1	20.9	9.1	11.7	33.7
Men	100.0	31.6	20.1	11.5	68.4	21.0	13.1	12.4	21.3
Women	100.0	12.4	11.8	0.6	87.6	20.8	3.1	10.6	52.3
2001 Total	100.0	22.1	14.7	7.4	77.9	21.1	8.2	9.4	38.9
Men	100.0	30.3	18.0	12.3	69.7	21.3	12.9	9.6	26.5
Women	100.0	10.3	9.9	0.4	89.7	20.9	2.5	9.1	56.8
Barbados									
1990	100.0	23.2	13.5	9.7	76.8	27.3	6.6	3.8	39.1
1996	100.0	18.7	10.4	8.3	81.3	25.5	4.2	8.0	43.5
Bolivia									
1990	100.0	23.9	17.1	6.8	76.1	26.4	7.9	3.1	38.6
1997	100.0	30.4	21.1	9.3	69.6	30.7	8.9	4.9	25.1
Brazil									
1990 Total	100.0	28.6	20.9	7.7	71.0	21.7	5.1	3.3	40.9
Men	100.0	37.9	25.5	12.4	61.6	22.2	7.8	3.5	28.1
Women	100.0	14.3	13.8	0.5	85.6	20.9	1.1	3.0	60.6
1995 Total	100.0	25.0	16.7	8.3	75.0	22.6	5.0	2.1	45.0
Men	100.0	34.8	20.9	13.9	65.2	23.3	7.8	2.2	31.3
Women	100.0	11.3	10.9	0.5	88.7	21.7	1.0	1.9	63.9
1999 Total	100.0	25.1	16.3	8.8	74.8	22.6	5.2	1.8	44.8
Men	100.0	34.9	20.3	14.6	65.2	22.8	8.2	1.8	31.7
Women	100.0	11.9	11.1	0.8	88.2	22.3	1.2	1.9	62.7
2001 Total	100.0	24.7	16.6	8.1	75.3	23.2	5.3	1.8	44.7
Men	100.0	34.5	20.8	13.8	65.5	23.1	8.4	1.8	31.7
Women	100.0	11.6	11.1	0.5	88.4	23.3	1.2	1.9	62.0
Chile									
1990 Total	100.0	31.3	20.9	10.4	67.6	21.7	8.4	6.6	30.9
Men	100.0	40.7	24.8	15.8	58.2	19.3	11.9	6.3	20.7
Women	100.0	15.2	14.1	1.0	83.6	25.7	2.6	7.1	48.3
1996 Total	100.0	28.0	17.7	10.3	72.0	22.6	8.5	7.5	32.9
Men	100.0	36.9	20.8	16.1	63.1	20.3	12.1	7.3	22.8
Women	100.0	13.9	12.8	1.1	86.1	26.3	2.8	7.8	48.7
2000 Total	100.0	28.1	18.8	9.4	71.9	22.0	8.6	8.5	32.8
Men	100.0	38.1	23.3	14.8	61.9	19.4	12.3	8.5	21.7
Women	100.0	12.9	11.9	1.1	87.1	25.9	2.9	8.5	49.8

(continues)

TABLE 7-A (continued)
LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES
NON-FARMING EMPLOYMENT BY ECONOMIC ACTIVITY AND SEX. 1990-2001 a/
 (percentage)

Country and Period	Total	Goods sector b/	Manufacturing, mining, electricity and water	Construction	Service Sector c/	Wholesale and retail trades	Transports d/	Financial establishments e/	Services f/
Colombia									
1992 Total	100.0	31.3	25.0	6.3	68.6	28.4	6.2	7.3	26.7
Men	100.0	34.6	24.8	9.8	65.4	26.1	9.2	7.6	22.4
Women	100.0	26.2	25.3	0.9	73.7	32.0	1.4	6.9	33.4
2000 Total	100.0	25.0	20.2	4.9	75.0	27.0	7.6	8.1	32.2
Men	100.0	29.3	20.9	8.4	70.7	25.4	11.8	9.0	24.4
Women	100.0	19.8	19.2	0.5	80.2	29.0	2.3	7.1	41.8
Costa Rica									
1990 Total	100.0	34.9	26.1	8.8	64.2	21.2	5.3	4.5	33.2
Men	100.0	39.8	26.4	13.4	59.2	20.5	7.8	5.6	25.3
Women	100.0	26.0	25.5	0.5	73.3	22.4	0.9	2.6	47.4
1995 Total	100.0	29.1	21.1	8.0	70.9	24.7	6.8	5.5	32.8
Men	100.0	33.3	21.0	12.3	66.7	23.5	9.5	6.5	25.9
Women	100.0	21.7	21.3	0.4	78.3	27.0	2.1	3.5	45.1
2000 Total	100.0	28.0	19.4	8.6	71.2	25.4	7.5	6.1	32.1
Men	100.0	34.3	20.9	13.4	64.7	24.1	10.7	6.8	23.1
Women	100.0	17.5	16.9	0.5	81.9	27.6	2.3	5.0	47.0
2001 Total	100.0	26.4	18.4	8.0	73.6	25.4	6.7	7.2	33.3
Men	100.0	32.0	19.2	12.9	68.0	24.5	10.0	8.5	23.9
Women	100.0	17.7	17.2	0.5	82.3	26.7	1.8	5.2	47.7
Ecuador									
1990 Total	100.0	28.1	20.3	7.7	71.9	29.4	6.1	5.0	31.4
Men	100.0	34.6	22.6	12.0	65.3	24.5	9.0	5.9	25.9
Women	100.0	17.2	16.6	0.6	82.8	37.6	1.2	3.5	40.5
1995 Total	100.0	22.2	15.6	6.6	77.8	34.0	5.9	4.8	33.0
Men	100.0	27.5	16.7	10.8	72.5	28.9	9.0	5.5	29.0
Women	100.0	14.5	14.0	0.5	85.5	41.4	1.3	3.9	38.7
2000 Total	100.0	26.1	18.4	7.7	73.9	33.8	6.8	5.6	27.7
Men	100.0	33.2	20.7	12.5	66.8	31.3	10.2	6.0	19.3
Women	100.0	15.6	14.9	0.7	84.4	37.6	1.8	5.0	40.1
2001 Total	100.0	28.7	20.7	8.0	71.3	34.1	7.0	4.9	24.6
Men	100.0	36.0	22.8	13.2	64.0	30.7	10.6	5.5	16.7
Women	100.0	18.6	17.8	0.8	81.4	38.8	1.8	4.1	35.7
El Salvador									
1990 Total	100.0	31.4	24.8	6.6	68.6	29.7	5.8	2.9	30.2
Men	100.0	33.6	26.3	7.3	66.4	28.0	6.0	2.2	30.2
Women	100.0	39.4	25.9	13.5	60.6	24.9	10.6	2.1	23.0
1995 Total	100.0	33.6	26.3	7.3	66.4	28.0	6.0	2.2	30.2
Men	100.0	39.4	25.9	13.5	60.6	24.9	10.6	2.1	23.0
Women	100.0	27.4	26.8	0.6	72.6	31.3	0.9	2.4	38.0
2000 Total	100.0	30.9	24.4	6.5	69.1	33.5	6.0	4.8	24.7
Men	100.0	36.5	23.6	12.9	63.5	27.1	11.1	6.6	18.7
Women	100.0	25.3	25.1	0.2	74.7	40.0	0.9	3.1	30.7
2001 Total	100.0	30.2	23.2	6.9	69.8	34.8	5.9	5.2	23.9
Men	100.0	37.2	23.7	13.4	62.8	27.4	10.4	6.5	18.5
Women	100.0	23.1	22.7	0.4	76.9	42.3	1.3	4.0	29.3

(continues)

TABLE 7-A (continued)
LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES
NON-FARMING EMPLOYMENT BY ECONOMIC ACTIVITY AND SEX. 1990-2001 a/
 (percentage)

Country and Period		Total	Goods sector b/	Manufacturing, mining, electricity and water	Construction	Service Sector c/	Wholesale and retail trades	Transports d/	Financial establishments e/	Services f/
Honduras										
1990	Total	100.0	33.8	25.1	8.7	66.2	29.4	4.3	2.3	30.2
	Men	100.0	42.0	26.0	16.0	57.8	24.0	7.4	2.9	23.5
	Women	100.0	24.2	23.9	0.3	75.7	35.4	0.7	1.6	38.0
1995	Total	100.0	35.6	28.0	7.6	64.4	28.7	3.9	3.0	28.8
	Men	100.0	41.6	27.6	14.0	58.4	22.8	6.4	3.9	25.3
	Women	100.0	28.8	28.5	0.3	71.2	35.4	0.9	2.0	32.9
1999	Total	100.0	33.1	25.9	7.1	66.9	32.2	3.7	3.2	27.8
	Men	100.0	39.8	25.2	14.6	60.2	24.3	6.9	4.3	24.7
	Women	100.0	26.8	26.6	0.2	73.2	39.4	0.8	2.3	30.7
Jamaica										
1991		100.0	25.0	16.0	8.9	75.0	26.1	5.5	6.2	37.3
1996		100.0	25.6	14.6	11.0	74.4	27.0	6.6	7.4	33.4
Mexico										
1990	Total	100.0	30.0	25.0	5.0	69.9	26.0	5.6	5.9	32.4
	Men	100.0	34.8	27.6	7.3	65.1	23.9	7.5	5.8	27.9
	Women	100.0	20.9	20.2	0.7	79.1	30.0	1.9	6.1	41.1
1995	Total	100.0	20.9	20.1	0.8	79.1	28.3	6.2	2.2	42.4
	Men	100.0	23.3	22.2	1.0	76.7	25.5	8.6	2.1	40.4
	Women	100.0	16.8	16.4	0.4	83.2	33.0	1.9	2.3	45.9
2000	Total	100.0	30.0	29.3	0.7	70.0	26.5	6.3	1.6	35.5
	Men	100.0	24.7	33.8	0.9	65.3	23.3	9.0	1.4	31.5
	Women	100.0	21.8	21.6	0.3	78.2	32.0	1.8	1.9	42.4
2001	Total	100.0	28.8	28.1	0.7	71.2	27.1	6.5	1.6	36.0
	Men	100.0	33.5	32.7	0.8	66.5	24.1	9.0	1.5	31.8
	Women	100.0	20.6	20.2	0.3	79.4	32.2	2.1	1.8	43.2
Panama										
1991	Total	100.0	19.2	14.8	4.4	80.6	27.1	9.4	5.7	38.4
	Men	100.0	25.2	17.8	7.4	74.8	29.5	13.9	5.7	25.7
	Women	100.0	10.9	10.7	0.2	89.1	23.8	3.1	5.7	56.5
1995	Total	100.0	21.3	13.5	7.8	78.7	26.2	9.3	6.9	36.3
	Men	100.0	28.4	15.6	12.7	71.6	26.6	13.2	6.6	25.2
	Women	100.0	10.6	10.2	0.3	89.4	25.6	3.2	7.3	53.4
2000	Total	100.0	20.9	12.0	8.8	79.1	27.5	9.2	8.2	34.3
	Men	100.0	28.5	14.4	14.1	71.5	27.7	12.7	7.6	23.5
	Women	100.0	9.2	8.5	0.8	90.8	27.2	3.7	9.1	50.8
Peru										
1991	Total	100.0	24.4	19.7	4.7	75.6	33.2	6.5	5.8	30.1
	Men	100.0	30.1	22.3	7.7	69.9	27.1	9.9	7.4	25.6
	Women	100.0	15.5	15.5	0.0	84.5	42.7	1.3	3.3	37.2
1995	Total	100.0	25.4	20.2	5.3	74.6	32.2	7.6	7.8	26.9
	Men	100.0	31.7	23.0	8.7	68.3	24.9	11.9	10.2	21.4
	Women	100.0	16.3	16.0	0.3	83.7	42.9	1.4	4.4	35.0
2000	Total	100.0	21.5	17.2	4.3	78.5	32.7	9.9	8.6	27.4
	Men	100.0	27.4	20.2	7.2	72.6	23.7	15.8	9.8	23.3
	Women	100.0	13.8	13.2	0.6	86.2	44.4	2.1	6.9	32.8
2001	Total	100.0	19.8	14.9	4.9	80.2	35.8	10.0	6.9	27.4
	Men	100.0	27.5	19.0	8.5	72.5	29.2	16.6	8.3	18.4
	Women	100.0	10.1	9.8	0.3	89.9	44.1	1.8	5.3	38.8

(continues)

TABLE 7-A (continued)
LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES
NON-FARMING EMPLOYMENT BY ECONOMIC ACTIVITY AND SEX. 1990-2001 a/
 (percentage)

Country and Period	Total	Goods sector b/	Manufacturing, mining, electricity and water	Construction	Service Sector c/	Wholesale and retail trades	Transports d/	Financial establishments e/	Services f/	
Trinidad and Tobago										
1991	100.0	28.9	15.4	13.6	71.1	20.1	8.1	8.3	34.6	
1996	100.0	25.0	13.6	11.4	75.0	21.2	8.0	9.5	36.3	
Uruguay										
1991	Total	100.0	31.3	24.2	7.1	68.7	18.7	5.8	5.2	39.0
	Men	100.0	37.3	25.6	11.8	62.7	19.4	8.6	5.5	29.2
	Women	100.0	22.7	22.3	0.4	77.3	17.8	1.9	4.8	52.8
1995	Total	100.0	26.3	19.0	7.3	73.7	20.3	6.2	6.5	40.7
	Men	100.0	34.1	21.6	12.5	65.9	20.3	9.3	6.6	29.8
	Women	100.0	16.0	15.6	0.5	84.0	20.4	2.1	6.3	55.1
1999	Total	100.0	24.4	16.0	8.4	75.6	20.4	6.4	7.6	41.2
	Men	100.0	33.3	18.8	14.5	66.7	20.7	9.2	7.6	29.3
	Women	100.0	13.0	12.5	0.5	87.0	20.0	2.7	7.6	56.6
2001	Total	100.0	25.5	16.8	8.7	74.5	20.8	6.7	9.8	37.3
	Men	100.0	35.3	19.6	15.7	64.7	21.1	10.3	10.9	22.5
	Women	100.0	13.8	13.3	0.4	86.2	20.5	2.4	8.4	54.9
Venezuela										
1990	Total	100.0	29.1	20.2	8.9	70.8	24.3	7.0	6.6	32.9
	Men	100.0	36.4	23.2	13.2	63.5	24.0	9.9	6.2	23.5
	Women	100.0	15.8	14.8	1.0	84.1	24.8	1.6	7.4	50.2
1995	Total	100.0	24.9	15.6	9.3	75.1	26.6	7.2	6.6	34.4
	Men	100.0	31.6	17.5	14.1	68.4	25.7	10.3	6.5	25.8
	Women	100.0	13.4	12.3	1.1	86.6	28.3	1.8	6.9	49.3
1999	Total	100.0	25.5	16.3	9.2	74.5	28.9	7.6	5.5	32.4
	Men	100.0	33.8	19.1	14.7	66.2	25.4	11.5	5.7	23.4
	Women	100.0	12.9	11.9	0.9	87.1	34.1	1.6	5.2	46.1
2001	Total	100.0	24.4	15.2	9.2	75.6	29.0	7.7	5.5	33.2
	Men	100.0	33.1	17.9	15.2	66.9	24.7	12.1	5.9	24.1
	Women	100.0	12.2	11.4	0.8	87.8	35.2	1.5	4.9	46.0

Source: ILO, based on country household surveys: Argentina (national urban), Barbados (country total), Brazil (urban area), Bolivia (9 main cities), Chile (country total), Colombia (10 metropolitan areas), Costa Rica (country total), Ecuador (urban area), El Salvador (country total), Honduras (country total), Jamaica (country total), Mexico (urban area), Panama (country total), Peru (Metropolitan Lima), Trinidad and Tobago (country total), Uruguay (country total) and Venezuela (urban area).

a/ Those employed in firms with up to five employees.

b/ Metropolitan Lima.

c/ Montevideo.

d/ Transport.

e/ Financial firms, insurance, real estate and services to companies; includes housing sub-sector.

f/ Includes community, social and personal services

TABLE 8-A

LATIN AMERICA: WAGE-EARNERS PAYING INTO SOCIAL SECURITY, BY SEX, OVER TOTAL.1990-2002
(percentage)

Countries/Year	Informal Sector			Formal Sector	Total	
	Total	Domestic Service	Small Firms a/			
Latin America						
1990	Total	29.2	17.6	34.7	80.6	66.6
	Men	32.5	35.5	32.5	79.1	68.4
	Women	27.0	16.6	39.5	82.8	65.1
1995	Total	24.2	19.1	28.3	79.3	65.2
	Men	25.4	32.0	24.8	78.2	66.6
	Women	24.0	18.0	37.5	81.1	65.7
2000	Total	27.2	23.2	29.4	79.6	64.6
	Men	26.6	31.9	26.6	78.4	66.0
	Women	27.9	22.7	37.6	81.5	62.9
2001	Total	27.7	23.9	28.6	80.3	65.3
	Men	26.7	34.4	25.9	79.3	66.7
	Women	28.9	23.4	36.1	81.9	63.6
Argentina						
1990	Total	24.9	7.8	38.1	86.2	61.9
	Men	34.8	25.5	35.0	83.0	70.0
	Women	24.9	6.8	34.3	86.2	61.9
2000	Total	21.7	6.3	26.4	70.9	55.8
	Men	25.9	0.0	26.0	71.3	59.1
	Women	17.3	6.4	27.2	70.3	51.4
2001	Total	21.0	2.8	26.7	71.5	56.5
	Men	26.2	0.0	26.3	71.3	59.4
	Women	15.5	2.8	27.6	71.8	52.8
Brazil						
1990	Total	38.7	24.9	45.8	86.1	74.0
	Men	43.9	44.0	43.9	85.4	76.9
	Women	33.8	24.1	50.6	87.5	69.5
1995	Total	27.7	20.5	34.4	82.9	66.5
	Men	30.8	39.5	30.0	81.6	70.9
	Women	25.6	19.1	44.6	85.0	61.0
1999	Total	32.3	27.1	36.8	82.0	67.0
	Men	32.5	44.0	31.4	80.2	69.8
	Women	32.0	25.8	48.6	84.7	63.7
2001	Total	33.6	28.9	37.4	83.1	68.4
	Men	32.4	44.6	31.5	81.7	71.2
	Women	34.3	28.0	48.8	85.4	65.1
Chile						
1990	Total	59.0	51.7	63.6	86.3	79.9
	Men	63.3	66.7	63.3	86.7	83.1
	Women	55.9	51.4	64.3	85.6	74.8
1996	Total	56.4	46.7	62.9	87.6	67.0
	Men	60.2	52.1	60.5	87.7	83.4
	Women	53.9	46.6	67.3	87.4	75.6
2000	Total	50.9	53.8	44.9	81.2	62.8
	Men	52.3	52.1	70.1	81.1	63.8
	Women	49.7	57.4	44.5	81.5	61.0

(continues)

TABLE 8-A

LATIN AMERICA: WAGE-EARNERS PAYING INTO SOCIAL SECURITY, BY SEX, OVER TOTAL.1990-2002
(percentage)

Countries/Year		Informal Sector			Formal Sector	Total
		Total	Domestic Service	Small Firms a/		
Colombia						
1990	Total	25.7	12.5	27.1	77.2	62.6
	Men	25.1	51.3	25.0	74.8	60.4
	Women	26.7	10.8	32.0	81.1	66.1
2000	Total	31.6	31.2	31.8	82.2	66.1
	Men	29.4	38.1	29.2	80.5	65.8
	Women	33.5	30.8	36.3	84.3	66.4
Costa Rica						
1990	Total	51.7	40.0	55.9	88.6	78.5
	Men	55.2	59.5	55.2	88.4	80.8
	Women	47.6	39.3	57.7	89.0	74.3
1995	Total	49.3	35.6	53.7	90.4	79.0
	Men	50.7	31.7	51.1	90.1	80.8
	Women	47.5	35.8	59.9	90.9	76.1
2000	Total	46.7	38.7	49.9	86.5	74.9
	Men	47.9	38.5	48.1	86.3	77.2
	Women	45.7	38.7	63.2	87.0	71.5
2001	Total	45.5	38.5	48.2	88.3	77.0
	Men	46.6	62.0	45.9	87.9	79.0
	Women	44.5	36.6	52.6	89.0	74.1
Ecuador						
1990	Total	17.7	17.8	23.6	72.1	55.1
	Men	16.3	20.8	16.1	71.1	55.5
	Women	19.7	17.5	32.8	74.4	54.2
2000	Total	14.1	17.1	12.9	48.9	39.2
	Men	12.0	31.1	10.9	47.5	38.3
	Women	16.6	15.5	18.0	50.9	40.4
2001	Total	13.9	16.1	13.0	56.2	42.2
	Men	13.2	26.7	12.4	53.9	41.6
	Women	14.9	14.8	14.9	60.3	43.3
Mexico						
1990	Total	12.7	4.2	15.3	72.9	58.5
	Men	12.9	20.7	12.6	70.7	57.6
	Women	12.3	2.5	25.0	77.2	60.3
1995	Total	16.2	16.1	16.3	80.7	69.1
	Men	14.0	23.6	13.4	79.3	64.5
	Women	19.3	15.0	25.6	83.0	78.1
2000	Total	14.1	11.7	14.8	82.1	66.4
	Men	12.4	14.7	12.3	81.5	66.4
	Women	16.6	11.6	21.6	83.1	66.4
2001	Total	15.0	16.8	14.5	81.9	66.4
	Men	12.5	24.5	12.4	81.9	66.4
	Women	18.6	16.6	20.7	81.8	66.3

(continues)

TABLE 8-A

LATIN AMERICA: WAGE-EARNERS PAYING INTO SOCIAL SECURITY, BY SEX, OVER TOTAL.1990-2002
(percentage)

Countries/Year	Informal Sector			Formal Sector	Total	
	Total	Domestic Service	Small Firms a/			
Panama						
2001	Total	29.6	30.8	29.0	87.6	74.5
	Men	25.3	36.3	24.5	85.2	73.3
	Women	34.6	30.2	46.1	91.5	76.3
Peru						
1990	Total	22.1	17.3	23.6	66.6	53.6
	Men	20.3	31.3	19.9	66.3	55.1
	Women	24.2	16.3	32.8	67.2	51.0
1995	Total	14.6	8.6	16.8	65.8	55.1
	Men	15.2	4.9	15.6	67.2	54.7
	Women	13.8	8.8	19.7	63.0	55.9
2000	Total	15.4	16.8	14.8	67.7	50.0
	Men	10.7	14.6	10.6	66.8	51.0
	Women	20.0	16.9	23.6	69.4	48.5
2001	Total	13.9	17.0	12.4	68.8	48.9
	Men	11.9	34.7	10.7	68.7	50.9
	Women	15.9	15.6	16.3	68.9	46.1
Uruguay						
1990	Total	63.6	44.8	73.0	88.9	82.6
	Men	70.0	42.1	70.2	88.5	85.0
	Women	58.8	44.8	77.8	89.7	79.1
1995	Total	92.4	92.4	92.4	97.5	96.2
	Men	90.8	91.7	90.8	97.1	96.0
	Women	93.4	92.4	95.2	98.0	96.4
1999	Total	94.4	95.2	93.8	97.8	97.0
	Men	92.5	96.5	92.5	97.4	96.6
	Women	95.5	95.2	95.9	98.4	97.4
2001	Total	94.2	-	-	97.6	96.7
	Men	92.9	-	-	97.3	96.4
	Women	95.0	-	-	98.1	97.0
Venezuela						
1995	Total	22.7	17.6	23.6	81.0	70.6
	Men	20.7	29.8	20.6	78.2	64.9
	Women	26.9	17.1	35.4	85.8	81.7
2000	Total	28.1	30.3	27.6	81.3	69.9
	Men	23.5	42.4	23.2	78.2	66.9
	Women	34.6	29.8	38.2	86.1	74.5

Source: ILO, based on country household surveys: Argentina (national urban), Brazil (urban area), Chile (country total), Colombia (10 metropolitan areas), Costa Rica (country total), Ecuador (urban area), Mexico (urban area), Panama (country total), Peru (Metropolitan Lima), Uruguay (country total) and Venezuela (urban area).

a/ Those employed in firms with up to five employees.

TABLE 9-A
LATIN AMERICA AND THE CARIBBEAN
REAL WAGES IN MANUFACTURING. 1990-2002
(Index 1980 = 100)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Growth Rate		
													1990-2001	2001-2002 c/	
Argentina	75.0	76.0	77.0	75.7	76.5	75.6	75.5	75.1	74.9	76.2	77.4	77.7	0.3	-7.9 d/	
Barbados	99.0	92.0	89.0	90.0	88.0	87.0	98.7	101.2	--	--	--	--	--	--	
Bolivia	86.7	85.9	86.8	88.0	95.8	94.3	94.6	101.8	97.3	96.4	93.3	--	--	--	
Brazil	96.7	90.9	98.3	108.7	113.4	124.2	128.4	132.9	135.7	130.8	128.8	130.6	2.8	-2.1 e/	
Chile	105.8	112.9	118.2	122.4	128.5	133.1	142.6	146.0	149.9	153.4	155.5	158.0	3.7	2.3 e/	
Colombia	114.8	114.1	115.6	120.9	122.0	123.6	125.2	128.8	129.1	131.1	136.1	136.7	1.6	2.8 e/	
Costa Rica	109.7	106.1	106.8	123.0	125.7	122.9	120.9	126.2	130.7	136.3	150.3	150.5	2.9	--	
Ecuador	74.1	77.5	84.0	94.6	102.9	113.3	119.4	116.6	112.0	102.7	97.8	99.8	2.7	2.0 e/	
Honduras	73.4	71.9	82.7	105.4	79.9	73.9	68.9	70.8	73.2	87.7	--	--	--	--	
Mexico	59.6	61.9	67.6	69.6	72.4	63.5	59.1	59.1	61.1	62.0	65.4	68.1	1.2	2.7 e/	
Panama	--	97.8	106.6	105.0	104.4	99.7	110.4	107.2	114.0	118.8	135.3	136.4	3.4	--	
Paraguay	102.4	97.7	93.8	93.6	95.4	98.8	100.3	100.8	98.9	94.9	98.3	101.7	-0.1	--	
Peru	34.4	40.7	39.1	38.2	45.2	43.5	42.4	42.3	43.0	42.1	42.4	43.4	2.1	5.9 e/	
Uruguay	110.8	115.8	117.5	123.8	122.9	115.5	114.2	113.8	116.7	118.5	117.5	116.3	0.4	-8.6 e/	
Venezuela	57.0	52.1	49.6	46.8	48.9	46.0	38.8	48.7	51.3	46.5	48.0	47.8	-1.6	3.8 f/	
Average	a/	85.7	86.2	88.8	93.7	94.8	94.3	96.0	98.1	99.1	99.8	103.6	105.6	1.6	-0.7 g/
	b/	84.7	83.4	89.1	92.8	96.4	99.4	100.3	102.8	106.2	104.8	104.6	103.2	2.1	-1.4 h/

Source: ILO, based on official country information.

a/ Simple average.

b/ Weighted average.

c/ Preliminary figures.

d/ Average change, January-March 2002 over the same period in 2001.

e/ Average change, January-September 2002 over the same period in 2001.

f/ Average change, January-June 2002 over the same period in 2001.

g/ Simple average of countries with information.

h/ Weighted average of countries with information.

TABLE 10-A
LATIN AMERICA: URBAN REAL MINIMUM WAGES, 1990-2002
(index 1980 = 100)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Growth Rate	
													1990-2001	2001-2002
													d/	e/
Argentina a/	40.2	52.9	45.3	70.0	81.1	78.5	78.4	77.9	77.3	77.8	78.6	79.4	6.4	-16.4
Bolivia a/	16.1	26.3	26.4	28.8	31.7	31.1	31.3	32.2	37.5	41.1	43.6	48.4	10.5	-0.5
Brazil a/	55.4	64.8	56.5	63.9	60.8	67.1	68.9	73.2	75.7	76.8	79.0	87.7	4.3	5.7
Chile a/	73.3	79.9	83.4	87.5	90.8	94.8	98.8	102.3	108.3	113.1	122.2	126.9	5.1	3.1
Colombia a/	105.7	103.5	101.8	104.6	102.8	102.4	101.5	103.8	103.7	109.9	110.7	112.8	0.6	1.7
Costa Rica b/	127.2	123.3	125.4	130.6	134.6	129.9	130.3	135.0	139.4	143.0	142.1	143.0	1.1	1.1
Ecuador a/	33.9	30.9	33.0	37.8	41.1	49.5	52.3	50.5	46.8	44.1	40.0	41.1	1.8	-3.9 f/
El Salvador b/	33.9	34.6	29.2	35.9	37.3	36.8	33.5	32.0	33.1	33.8	33.1	31.9	-0.6	-1.7
Guatemala b/	--	80.1	83.2	73.4	72.2	83.0	82.2	75.2	79.0	82.0	85.7	92.5	1.4	-0.6
Haiti a/	78.3	73.5	61.1	47.0	33.8	63.6	52.7	45.3	40.2	37.1	32.7	33.7	-7.4	--
Honduras b/	81.9	83.5	100.1	100.9	82.8	80.2	79.5	78.3	79.0	76.7	79.0	80.9	-0.1	1.4
Mexico a/	42.0	39.6	38.3	37.8	37.7	33.3	30.5	30.1	30.1	29.8	31.2	31.4	-2.6	0.8
Panama b/	98.4	97.1	95.5	107.2	105.8	105.6	111.4	110.0	113.2	117.1	121.6	130.3	2.6	-0.9
Paraguay a/	132.1	125.7	114.7	110.2	113.2	112.8	103.6	107.0	105.2	101.8	106.2	103.9	-2.2	7.7
Peru a/	21.4	14.9	15.6	12.1	14.4	14.7	15.2	26.7	29.6	28.9	32.1	32.5	3.9	0.2
Dominican Republic a/	65.2	76.0	89.6	85.2	90.6	91.1	91.6	92.9	96.8	101.5	101.5	102.5	4.2	--
Uruguay a/	68.8	62.9	60.0	51.5	46.0	42.9	41.7	40.8	42.8	42.9	42.1	41.6	-4.5	-7.4
Venezuela a/	55.2	61.5	70.2	50.8	52.7	53.7	45.9	39.9	42.9	45.4	45.0	46.1	-1.6	-5.1
Average c/	68.4	69.3	67.5	68.4	67.8	70.8	69.9	70.0	71.1	72.4	73.7	75.9	1.3	-0.9

Source: ILO, based on country information.

a/ National minimum wage.

b/ Lowest minimum wage in manufacturing.

c/ Simple average.

d/ Annual change.

e/ Average change January-September 2001.

f/ As of April 2000, all wages were unified and dollarized.

TABLE 11-A
LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC PRODUCT. 1990-2002
 (annual change, percent)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 a/	1991-2001
Latin America													
Argentina	-1.4	10.0	8.9	5.8	8.3	-3.1	4.4	8.0	3.8	-3.4	-0.5	-3.8	4.0
Bolivia	4.6	5.4	1.7	4.3	4.8	4.7	4.5	4.9	5.2	0.5	1.8	0.0	3.7
Brazil	4.7	1.0	-0.3	4.5	6.2	4.2	2.5	3.5	0.1	0.7	4.5	1.7	2.6
Chile	3.7	8.0	12.3	7.0	5.7	10.6	7.4	7.4	3.6	-0.1	4.9	3.0	6.7
Colombia	3.8	2.0	4.1	5.2	6.1	5.2	2.1	3.4	0.8	-3.8	2.3	1.5	2.7
Costa Rica	3.5	2.3	8.6	5.9	4.8	3.9	0.6	5.6	8.2	8.0	1.7	0.3	4.8
Ecuador	3.2	5.0	3.0	2.2	4.4	3.0	2.3	3.9	1.0	-9.5	2.8	5.0	1.7
El Salvador	4.8	2.8	7.3	6.4	6.0	6.2	1.8	4.2	3.5	3.4	1.9	1.5	4.2
Guatemala	3.0	3.7	4.9	4.0	4.1	5.0	3.0	4.4	5.1	3.6	3.1	2.0	4.0
Haiti	-0.1	0.1	-13.8	-2.2	-8.3	5.0	2.8	1.5	3.2	2.6	1.3	-0.9	-1.0
Honduras	-0.8	2.7	5.8	7.1	-1.9	3.7	3.7	5.0	3.3	-1.5	4.8	2.5	3.2
Mexico	5.2	4.2	3.7	1.8	4.4	-6.1	5.4	6.8	5.1	3.7	7.0	-0.1	3.5
Nicaragua	-0.1	-0.4	0.8	-0.4	4.0	4.4	5.1	5.4	4.1	7.4	4.7	2.0	3.4
Panama	7.7	9.0	8.2	5.3	3.1	1.9	2.7	4.7	4.6	3.2	2.8	0.5	4.4
Paraguay	3.0	2.5	1.7	4.0	3.0	4.5	1.1	2.4	-0.6	-0.1	-0.7	1.5	1.7
Peru	-5.4	2.5	-0.9	5.7	13.6	8.6	2.3	6.8	-0.5	0.9	3.0	-0.5	4.0
Dominican Republic	-4.9	0.8	6.4	2.0	4.3	4.5	7.2	8.3	7.3	8.0	7.8	3.0	5.5
Uruguay	0.6	2.9	6.6	2.2	5.9	-1.9	5.0	5.4	4.3	-3.3	-1.7	-2.5	2.5
Venezuela	7.0	10.5	7.0	-0.4	3.7	5.9	-0.4	7.4	0.7	-5.8	4.0	2.8	2.4
The Caribbean													
Barbados	-3.0	-3.6	-5.5	1.0	3.5	2.6	3.3	2.8	5.3	3.1	3.0	-1.5	1.5
Belize	10.3	3.0	9.0	4.3	1.6	3.7	1.3	4.4	2.0	5.9	10.1	-2.0	4.4
Dominica	6.3	2.1	2.3	1.9	1.9	1.2	2.9	2.2	3.1	1.3	0.7	--	2.1
Guyana	-5.0	9.4	9.4	11.8	9.6	3.2	8.6	6.7	-2.2	3.9	3.0	1.0	6.1
Jamaica	5.4	0.3	2.5	1.8	1.9	1.8	-0.3	-2.2	-1.0	0.7	0.5	1.5	0.6
Trinidad and Tobago	1.4	3.5	-1.0	-1.2	4.2	4.2	4.4	4.0	5.3	7.8	5.0	1.0	3.5
Latin America and The Caribbean	-0.3	3.5	3.0	3.5	5.2	1.1	3.7	5.2	2.3	0.4	4.1	0.5	3.1

Source: ILO, based on ECLAC. Official figures were converted to dollars at constant prices from 1995.

a/ Preliminary figures.

TABLE 12-A
LATIN AMERICA: HALF-YEAR UNEMPLOYMENT RATE PROJECTIONS. 2002-2003 *
 (percentage)

	1999			2000			2001			2002			2003
	I	II	Annual	I	II	Annual	I	II	Annual	I	II	Annual	Annual
Latin America a/	9.1	8.8	8.9	8.8	8.2	8.5	8.3	8.2	8.3	9.2	9.4	9.3	8.6
Selected Countries	9.1	8.8	8.9	8.8	8.0	8.4	8.2	8.2	8.2	9.2	9.3	9.3	8.4
Argentina	14.5	14.2	14.3	15.4	14.7	15.1	16.4	18.4	17.4	21.5	22.5	22.0	19.0
Brazil	7.8	7.7	7.8	7.8	6.5	7.1	6.3	6.2	6.2	7.3	7.4	7.4	6.8
Chile	9.5	10.2	9.8	8.8	9.5	9.2	9.3	9.0	9.1	9.2	8.6	8.9	8.6
Colombia	19.7	19.1	19.4	17.3	16.7	17.0	17.8	16.0	16.9	16.9	16.8	16.9	16.5
Ecuador	10.6	11.2	10.9	10.8	8.7	9.7	8.7	7.2	7.9	6.6	6.2	6.4	6.1
Mexico	2.8	2.3	2.5	2.2	2.2	2.2	2.4	2.4	2.4	2.7	2.9	2.8	2.3
Uruguay	12.2	11.5	11.8	13.2	14.1	13.6	15.5	15.2	15.3	15.2	18.0	16.6	16.5
Venezuela	15.3	14.5	14.9	14.6	13.2	13.9	14.1	12.8	13.5	15.7	16.0	15.9	14.5
Other Countries b/	10.2	9.7	9.9	10.2	11.3	10.7	9.8	7.9	8.8	9.9	10.2	10.0	9.6

Source: ILO, based on the Employment and Unemployment Projection Model. Altogether, the economically active population for these selected countries represents 89% of the region's total urban economically active population.

a/ Weighted averages.

b/ Includes central American countries, Bolivia, Paraguay, Peru and the Dominican Republic. These countries represent 11% of the region's total, economically active population.

* Figures in bold are actual growth rates. The rest are projections for a "moderate" scenario. Altogether, the economically active population for these selected countries represents 89% of the region's total urban economically active population.

TABLE 13-A
LATIN AMERICA: PROJECTIONS FOR ANNUAL GDP GROWTH RATE. 2002-2003 *
(annualized percentage change)

	1999			2000			2001			2002			2003
	I	II	Annual	I	II	Annual	I	II	Annual	I	II	Annual	Annual
Latin America a/	-0.8	0.8	0.0	4.5	4.2	4.1	1.3	0.5	0.9	-2.2	0.6	-0.8	3.0
Selected Countries b/	-0.4	1.5	0.3	4.4	3.9	4.2	1.0	0.4	0.7	-2.6	0.0	-1.3	2.9
Argentina	-4.0	-2.0	-3.4	0.9	-1.9	-0.5	-2.2	-1.0	-1.6	-15.0	-12.0	-13.5	1.0
Brazil	0.2	2.1	0.7	3.8	5.2	4.5	2.2	0.6	1.4	0.2	2.8	1.5	3.0
Chile	-2.9	0.9	-1.0	5.8	5.0	5.4	3.2	3.2	3.2	1.7	2.1	1.9	3.5
Colombia	-6.2	-2.3	-5.0	2.9	1.7	2.3	2.1	2.3	2.2	1.4	1.8	1.6	2.0
Ecuador	-6.4	-8.2	-7.3	-0.1	4.8	2.4	6.4	2.6	4.5	2.9	4.1	3.5	3.5
Mexico	2.5	4.8	3.5	7.8	5.8	6.8	0.9	0.1	0.5	0.0	3.0	1.5	4.0
Peru	0.7	2.0	1.4	6.0	2.0	4.0	-1.7	2.1	0.2	4.1	4.3	4.2	3.0
Uruguay	-1.0	-5.6	-2.5	1.0	3.0	2.0	-1.3	0.5	-0.4	-7.8	-8.2	-8.0	-1.0
Venezuela	-8.2	-5.2	-2.5	1.5	3.6	2.5	3.0	3.4	3.2	-7.1	-5.9	-6.5	2.2
Other Countries c/	-3.4	-3.5	-1.7	4.6	5.9	3.8	2.6	1.3	2.0	0.4	4.5	2.4	3.7

Source: ILO, based on data and official estimates, IMF, ECLAC, WB, IIF and JP Morgan.

a/ Weighted averages.

b/ Altogether, the GDP for the selected countries represents 95% of the region's total GDP.

c/ Includes the Central American countries, Bolivia, Paraguay and the Dominican Republic. These countries represent 5% of the region's total GDP.

* Figures in bold represent actual growth rates. The other figures are projections for the "moderate" scenario for GDP growth rate.