

Chapter II

Employment, poverty and the new target of the first Millennium Development Goal

A. Overview of employment in the region: trends and structural problems

On average, 79% of household income in Latin America is derived from labour, with job creation and higher productivity being the main mechanisms through which economic growth translates into poverty reduction. The trend in Latin America has been positive since 2003, with continuous improvements in real wages in the formal sector and a steady decline in unemployment. The picture looks less encouraging for the longer term, however, with persistent structural problems such as the large size of the informal sector and the limited coverage of social welfare systems. The labour market remains a determining factor in the region's high levels of social inequality: labour income is responsible for between 71% and 92% of inequality as measured by the Gini coefficient.

1. The labour market: the link between economic growth and poverty reduction

Employment is a human right that plays a fundamental role in social integration, a meaningful life and active participation in society (ECLAC, 2007b). It is also the

driving force behind material progress for Latin American households, as labour earnings, particularly wages, are the main source of monetary income.

The labour market is the main link between economic growth and poverty reduction, as has been emphasized in a number of studies (ECLAC, 2000a, 2000b; United Nations, 2005). Job creation, increases in real wages (associated with higher productivity) and the coverage and characteristics of workers' social protection are the mechanisms through which growth is translated into higher incomes and greater well-being for households with economically active members. However, limited access to quality employment is a determining factor in poverty and social inequalities that are perpetuated over time and reflected in the persistently high levels of income concentration in the region (see chapter I) (ECLAC, 2007a and 2007b). Around 2005, with the exception of Uruguay, wage differentials accounted for between 70.5% (Panama) and 92% (Nicaragua) of overall inequality in the Latin American countries, as measured by the Gini coefficient (Medina and Galván, 2008).

Surveys taken around 2006 showed that 79% of total household income in urban areas in Latin America came from household members' participation in the labour market. Wages represent approximately two thirds of that amount, equivalent to 52% of total income.¹ In rural areas, wages are a much lower proportion of household income, representing approximately 38% of the total, although the proportion of total income corresponding to labour income (77%) is similar to that for urban areas.

Figure II.1 shows that in Uruguay, where labour income makes up the lowest proportion of overall income, only 63% of total urban household income is derived from labour income. In other countries with low levels of labour income as a proportion of total household income, such as Argentina, Brazil, Chile and Peru, the figure is no less than 70%. In the Bolivarian Republic of Venezuela, Ecuador, Nicaragua and Paraguay, labour income provides around 85% or more of total household income. Other sources of household income include property rent, transfers from social security systems and universal or targeted government social assistance programmes, and transfers from other households.

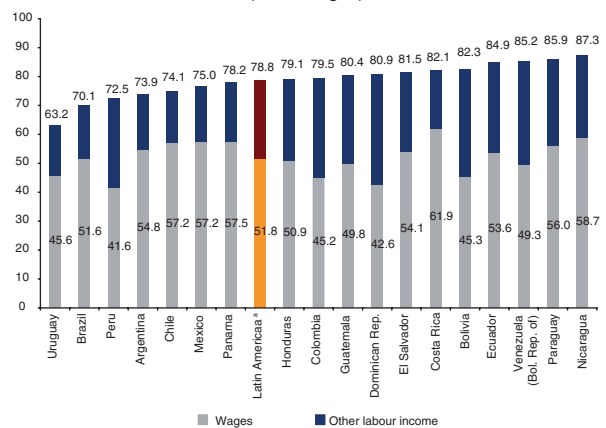
Transfers from other households include remittances sent by Latin American migrants working outside their home countries. After being a destination for immigrants for many years, the region is now a net exporter of labour owing to problems at home and the attractiveness of labour markets in developed countries. The migrant population from Latin America and the Caribbean in other regions is estimated at 4% of the region's total population.²

¹ Non-wage labour income is that of own-account workers and employers, in the case of the latter excluding profits.

² For 2005, this estimated percentage represents around 26 million people, most of whom (19.3 million) were living in the United States (CELADE, 2006).

Consequently, remittances play a considerable role in some countries, at both the micro- and macroeconomic levels. The *Social Panorama of Latin America, 2005* showed that remittances were equal to about a third of the current total income of households receiving such transfers.³ At the macroeconomic level, remittances make up a large proportion of GDP in several countries, particularly in Central America: close to 25% in Honduras, over 15% in El Salvador and Nicaragua, and 10% in Guatemala. Mexico receives the largest amount of remittances in absolute terms, with close to US\$ 24 billion in 2007, equivalent to 2.4% of the country's GDP (ECLAC, 2008b). The weight of remittances as a proportion of GDP is expected to decrease in 2008 as a result of the international financial crisis that began in the United States.

Figure II.1
LATIN AMERICA (18 COUNTRIES): LABOUR INCOME AND WAGES
AS A PROPORTION OF TOTAL INCOME IN URBAN AREAS,
AROUND 2006
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the relevant countries.

^a Simple average.

Social security transfers include pensions and retirement benefits, unemployment insurance, family allowances, and sickness or accident insurance payments (Beccaria, 2007). Unsurprisingly, the two countries where wages represent the lowest proportion of total household income (Brazil and Uruguay) also have the highest levels of public social spending on social security and welfare (over 12% of GDP).⁴ Conversely, countries

³ Calculation for an average of 11 countries around 2002 (ECLAC, 2006a).

⁴ In 2004-2005, social spending in this sector was 12.3% of GDP in Uruguay and 12% in Brazil. The country with the third-highest level of public social spending on social security and welfare (9.2% of GDP) was Argentina (ECLAC, 2008a). Medina and Galván (2008) found that in 2005, public and private transfers made up a quarter of household income in Uruguay and 20% in Brazil.

such as Ecuador or Paraguay, where non-labour income represents a low proportion of total household income,

allocate just 2.4% and 2.2% of GDP, respectively, to social security spending.⁵

2. Unemployment and labour participation

As indicated in chapter I, the past six years have been favourable in terms of economic growth and poverty reduction. The positive growth trend since 2003 has been accompanied by job creation, a situation reflected in the regional unemployment rate based on official figures from the countries, which dropped from 11.0% to 8.0% between 2002 and 2007.

The present period of growth not only shows higher and more stable growth rates over a number of years, but also reflects responsible macroeconomic management and better-quality growth compared with the recent past

(ECLAC, 2008e). However, the longer period analysed in this chapter (1990–2006) was not free from problems, as it included a number of economic crises affecting all or part of Latin America; among these were the Mexican crisis of 1994, the Asian crisis of 1997–1998, the Russian crisis in 1998, the major crisis that hit Argentina and Uruguay in 2001 and 2002, and a number of natural disasters, mainly in Central America and the Caribbean. Even though the region continued to grow in 2008, in 2009 the countries will feel the negative effects of the international financial crisis.

Table II.1
LATIN AMERICA (18 COUNTRIES): RATES OF UNEMPLOYMENT, PARTICIPATION, EMPLOYMENT, WAGE LABOUR AND INFORMAL EMPLOYMENT IN URBAN AREAS (BOTH SEXES, MALES, AND FEMALES), AROUND 1990, 2002 AND 2006^a

	Both sexes			Females			Males		
	1990	2002	2006	1990	2002	2006	1990	2002	2006
Unemployment ^b	6.2	10.5	8.6	6.9	12.5	10.4	5.8	9.1	7.1
Participation rate	60.3	64.4	65.8	43.0	51.4	54.2	79.8	78.9	78.9
Employment rate	56.6	57.6	60.2	40.0	45.0	48.6	75.2	71.8	73.3
Wage labour rate	67.5	66.3	67.4	63.9	67.6	68.2	69.7	65.4	66.8
Informal employment ^c	48.5	47.2	44.9	54.5	52.6	50.7	45.0	43.5	40.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the relevant countries.

^a Weighted average.

^b Unemployment rates based on household surveys in Colombia, Dominican Republic and Panama include hidden unemployment.

^c Percentage of employed persons working in low-productivity sectors. The weighted average does not include Colombia.

Data from household surveys show that, during the period of sustained economic growth between 2002 and 2006, unemployment rates dropped in the great majority of urban areas in the countries, following a widespread rise in unemployment during the 1990s (see figure II.2 (a)

and (b)).⁶ The most dramatic falls were seen in Argentina, Bolivarian Republic of Venezuela, Colombia, Panama and Uruguay, which had all experienced very high unemployment up to 2002. Unemployment in the Dominican Republic continued to rise steadily up to 2004, and the economic

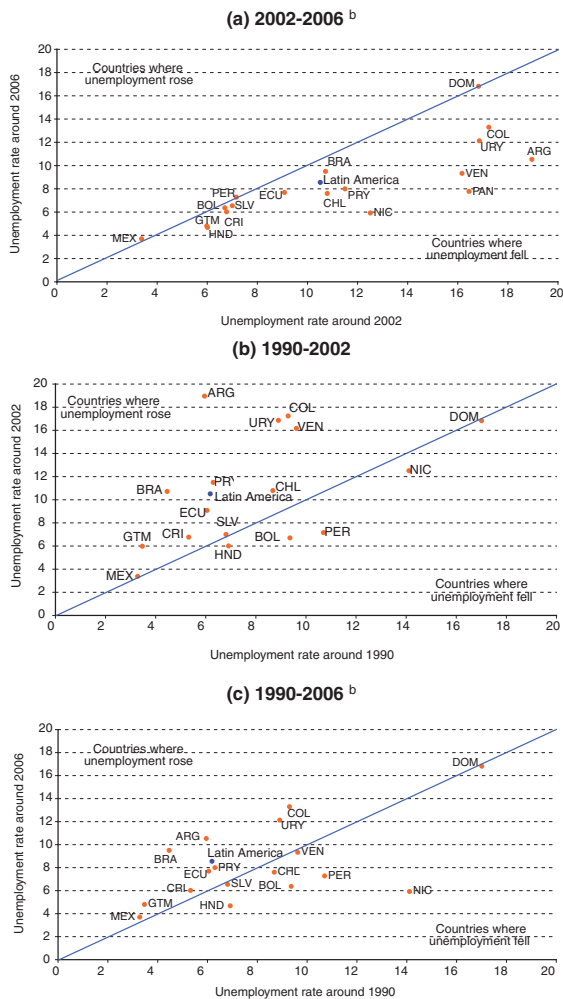
⁵ Figures for Paraguay correspond to the central government budget, which may have underestimated social security expenditure. No data are available for spending on social security and welfare in Nicaragua, the country with the lowest proportion of non-labour income in total household income.

⁶ Employment figures in the *Economic Survey of Latin America and the Caribbean* and the *Preliminary Overview of the Economies of Latin America and the Caribbean*, based on official data from the countries, may differ from figures published in the *Social Panorama*. The latter are calculated by ECLAC on the basis of multipurpose household surveys in order so that data can be broken down in various ways.

recovery of the following two years was not enough to bring down the high unemployment rate (16.8%).

In spite of the recovery in recent years, unemployment in Latin America remains high, partly because of the growth of labour participation, and according to data from household surveys it now stands 2.4 percentage points higher than in 1990. Present unemployment rates compared with those for 1990 show that the situation has worsened in nine countries, with significant rises in Argentina, Brazil, Colombia and Uruguay (see figure II.2 (c)).

Figure II.2
LATIN AMERICA (18 COUNTRIES): UNEMPLOYMENT RATES AMONG PEOPLE AGED 15 AND ABOVE, URBAN AREAS, 2002-2006 AND 1990-2006^a (Percentages)



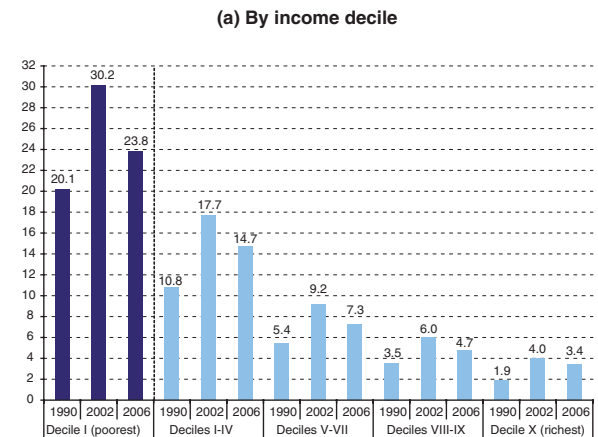
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries.

^a The regional total is a weighted average. Figures for Argentina refer to Greater Buenos Aires, for the Bolivarian Republic of Venezuela to the national total, for Bolivia to the eight main cities plus El Alto and for Paraguay to Asunción and the Central Department. Unemployment rates based on household surveys in Colombia, Dominican Republic and Panama include hidden unemployment.

^b The regional figure does not include Nicaragua because no information on that country was available for 2006.

The region's labour markets continue to exhibit structural problems in terms of equity, reflected in higher unemployment rates among women, young people, the poor and other specific social groups. Although unemployment rates in the poorest decile of households fell from 30.2% to 23.8% in 2002-2006, the gap in relation to the wealthiest decile is still over 20 percentage points. The reduction in urban unemployment has not reduced the discrepancies between males and females, with unemployment rates remaining higher among women. The two-point drop in unemployment for both sexes in 2002-2006 was more favourable to men, who had already enjoyed lower rates than those for women in 2002 (see figure II.3 (b)). Although youth unemployment declined significantly between 2002 and 2006, it is nonetheless higher than in other age groups and exceeds the level recorded in 1990 (see figure II.12).⁷ Unemployment rates among Afro-descendants and indigenous peoples are higher than those for the rest of the population in a number of countries, including Brazil, Chile, Ecuador and Uruguay (ILO, 2007b).⁸ A recent study on employment (ECLAC/UNDP/ILO, 2008) identified high levels of racial inequality in the Brazilian labour market: in 2006, the unemployment rate among Brazilian men of European origin was 5.6%, compared with 7.1% among male Afro-descendants and 12.5% among female Afro-descendants.

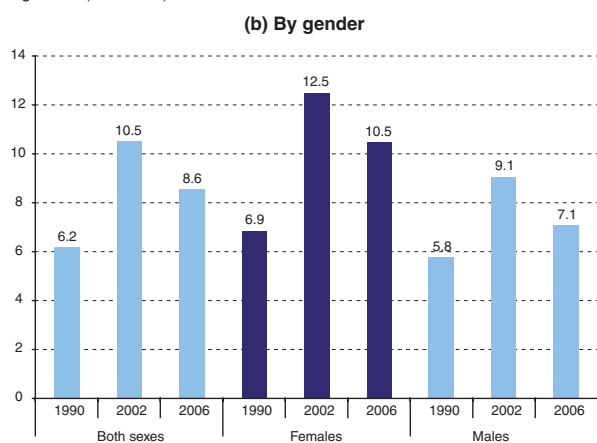
Figure II.3
LATIN AMERICA (18 COUNTRIES): UNEMPLOYMENT AMONG PEOPLE AGED 15 AND OVER, URBAN AREAS, BY GENDER AND INCOME DECILE, 1990, 2002 AND 2006^a (Percentages)



⁷ Section C of this chapter provides more detailed analysis of the problems faced by women and young people seeking to enter the labour market.

⁸ In Bolivia, Guatemala and Peru, however, the unemployment rate among indigenous people is lower than that of non-indigenous people (ILO, 2007b).

Figure II.3 (concluded)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries.

^a Weighted average. Data for 2006 do not include Nicaragua. Data on the Bolivarian Republic of Venezuela are nationwide figures. Unemployment rates based on household surveys in Colombia, Dominican Republic and Panama include hidden unemployment.

Labour participation is continuing to rise in the region owing to the growing numbers of women entering the

labour market. The participation rate for women climbed from 51.4% to 54.2% between 2002 and 2006, while the rate for men was unchanged at 78.9%. During the period 1990-2006, the participation rate for women increased by 11 percentage points, while the rate for men dropped by almost one percentage point. Although the gap between men and women is diminishing, the male participation rate is still 25 percentage points higher than that for females (see table II.1).

The growth of labour participation has played a key role in improving the incomes of poor households, many of which have succeeded in escaping from poverty since 2002 (see chapter I). Cultural factors related to the division of household labour, however, still play an important part in the persistent gap between the participation rates of men and women, especially in the poorest strata of the population. Around 2005, the participation rate for women in the poorest decile in Latin America was 37%, compared with 76% for men. This is why there is an urgent need to deal with the limitations that hinder women's participation in the labour market and their contribution to household incomes (ECLAC, 2008a).

3. Characteristics of job creation

(a) Low-productivity sectors

Apart from the trends related to unemployment and labour participation, the degree of quality and stability of jobs created in the region over the last five years

should be considered. Precarious employment is closely correlated with labour informality and employment in low-productivity sectors. Such jobs also tend to be of low quality, offer limited job security and low wages, and lack access to social security systems (see box II.1).

Box II.1

RECENT APPROACHES TO INFORMALITY

The concept of informality as first used by the International Labour Organization (ILO) in a report on poor workers in Kenya (*Employment, incomes and equity: a strategy for increasing productive employment in Kenya*, Geneva, 1972) has been modified a number of times over the last 35 years, leading to a range of analyses and policy proposals for the labour market. At the time, the concept of the informal sector was used to identify the large number of poor workers who survived, produced goods and conducted subsistence activities outside the legal framework. Over the years, various experts and international bodies have recognized that informality is a significant phenomenon in Latin America, where the labour market has failed to provide

productive, quality employment for the whole workforce without the implementation of targeted social and economic policies. There is general agreement regarding the problems faced by informal workers in developing countries, not only concerning low labour income, but also the lack of job security, labour rights and social protection and limited access to pensions, because Latin American workers must have formal work contracts in order to benefit from social welfare systems.

The measurement of informality, an issue of international concern, is closely linked to the conceptual debate. In 1993, the fifteenth International Conference of Labour Statisticians established that the enterprise was the appropriate unit of analysis. From

this viewpoint, the main factor in levels of informality is not compliance with the law, employment characteristics or the work relationship, but the productivity level of the unit. Informality is considered to result from the heterogeneity of the productive structure, which can be seen schematically as two sectors: one which is formal, has a medium to high production level, greater levels of investment, relatively high growth potential and effective social protection; and the other informal, with low levels of productivity, growth potential and social protection. Consequently, unskilled own-account workers, unpaid family workers or apprentices, owners and employees of micro-enterprises and domestic workers are all considered informal.

Box II.1 (concluded)

ILO has recently begun to consider that the “informal” category also includes workers subcontracted by formal companies, that is, firms with higher productivity levels. This is related to the introduction of the concept of decent work. In order to focus the discussion on the job rather than the company, the new conceptual framework of the “informal economy” has been proposed in order to complement that of the informal sector, given that informal activities are found in both low- and high-productivity sectors. This new approach includes waged workers in the formal sector whose working conditions are not covered by employment legislation, meaning that they have no access to the social protection or other benefits provided for by the labour laws in force in the country concerned. Accordingly, taking into account the recommendations of the Delhi Group (experts from different countries who study informal-sector statistics), the seventeenth International Conference of Labour Statisticians, held in 2003, approved a statistical definition of informal employment, defined by the total number of informal jobs regardless of whether they are in formal- or informal-sector companies.

ILO believes that the increasingly informal nature of the Latin American labour market is due to falling numbers of public-sector jobs as well as large corporations’ job-cutting measures in

the context of changes in the division of labour between countries. In response to this situation, priority should be placed on three areas: in the short term, working conditions should be improved by providing all workers with the right to protection and representation; in the medium-term, labour institutions should be improved in order to promote formalization of employment; and in the long term, greater numbers of decent and protected jobs should be provided for all.

The World Bank considers that the existence of the informal economy is largely due to high labour costs and excessively complex bureaucracy, which make it difficult to conduct economic activity formally and in accordance with labour law. Faced by this situation, economic agents use cost-benefit analysis to decide whether they will conduct their activities wholly or partly in the informal sector. This supposes that self-employment is voluntary, since some workers who decide to transfer from the waged to the own-account labour market do so for financial reasons. Using the same analytical approach, the Inter-American Development Bank (IDB) believes that many own-account workers, if not all, have voluntarily chosen to work informally. Accordingly, informality is characteristic of a labour-market dynamic: the decision to leave the waged market and prefer self-employment. Whether this concept of informality is appropriate for the study of employment situations in Latin

America is questioned by IDB, given that the status of “informal worker” would not allow the quality of such employment to be assessed.

Lastly, ECLAC links the term “informality” to that of low-productivity sectors, but does not yet take into account aspects such as social protection and subcontracting. Given that low productivity implies low incomes and limited investment capacity, ECLAC proposes that the informal sector should also be defined by its characteristic insecurity. It also argues that the heterogeneity of production mechanisms generates and maintains the informal sector. Priority must therefore be given to production convergence, together with measures to improve labour institutions and social policies. From this structuralist viewpoint, labour informality is a serious problem that should be dealt with by governments, owing to its negative influence on both economic development and social cohesion in the countries concerned.

In short, the definition and measurement of informality, along with identification of its main causes, strongly influences public policy and labour legislation, even though the lack of social protection and labour rights for workers is a common denominator in the different analyses. This, then, is an issue that governments should not overlook when attempting to improve the workings of the labour market.

Source: Alejandro Portes and William Haller, “La economía informal”, *Políticas sociales* series, No. 100 (LC/L.2218-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2004. United Nations publication, Sales No. S.04.II.G.138; Inter-American Development Bank (IDB), *Economic and Social Progress in Latin America, 2004 Report. Good Jobs Wanted: Labor Markets in Latin America*, Washington, D.C., 2004; Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2006* (LC/G.2326-P), Santiago, Chile, 2007. United Nations publication, Sales No. E.06.II.G.133; Ricardo Infante, “América Latina: informalidad y heterogeneidad estructural: los desafíos de la convergencia productiva”, unpublished, 2008; International Labour Organization (ILO), *2006 Labour Overview. Latin America and the Caribbean*, Lima, Regional Office for Latin America and the Caribbean, 2006; International Labour Organization (ILO), *2007 Labour Overview. Latin America and the Caribbean*, Lima, Regional Office for Latin America and the Caribbean, 2007; International Labour Office, *Report VI: Decent work and the informal economy*, International Labour Conference, 90th Session, Geneva, 2002; Guillermo Perry and others, *Informality: Exit and Exclusion*, Washington, D.C., World Bank, 2007; Victor Tokman, “Informalidad, inseguridad y cohesión social en América Latina”, *Políticas sociales* series, No. 130, Santiago, Chile, 2007. United Nations publication, Sales No. S.07.II.G.45 and *De la informalidad a la modernidad*, International Labour Organization (ILO), Santiago, Chile, 2001.

In urban areas of Latin America, almost half of all workers are employed in low-productivity sectors. Between 2002 and 2006, the percentage of informal workers dropped from 47.2% to 44.9%, and this situation has been improving gradually since the early 1990s, when the figure stood at 48.5%. In all countries except Chile, 40% or more of employed people are own-account workers or domestic workers or are employed in low-productivity and low-income micro- or small enterprises, with little or no social security coverage.⁹ Of particular concern is the

high proportion of women living in urban areas who work in low-productivity sectors (50.7%) compared with men (40.5%) (see tables II.1 and II.10); this reflects how the labour force is strongly divided, with women occupying the most precarious and worst-paid jobs (ECLAC, 2004a).

(b) Wage labour

Another indicator to be considered when analysing employment quality is the proportion of wage earners among

⁹ In eight countries in the region (Bolivarian Republic of Venezuela, Dominican Republic, El Salvador, Guatemala, Honduras,

Paraguay and Peru) fewer than 5% of those employed in low-productivity sectors contribute to social security systems (see table II.14).

the total number of employed persons. The generation of wage employment may be considered a reflection of an economy's buoyancy, while shortfalls in this area encourage own-account work and small-business start-ups, and also result in less competitive sectors moving into the informal sector, particularly as regards workers' contractual status.

In 2002-2006, wage labour in urban areas increased by one percentage point to 67.4%, recovering its level of the early 1990s (see table II.1). Differences in the proportion of urban wage labour by country highlight the diverse conditions found in the Latin American labour market. While more than 70% of the urban employed are wage earners in Argentina, Brazil, Chile, Costa Rica, Mexico, Panama and Uruguay, the figure stands at around 50% in Bolivia, Colombia and Peru.

(c) Formal hiring in wage employment

An additional element of employment quality is the presence of a formal contract, generally involving a set of legal obligations on the part of the employer such as payment for overtime, assistance in case of job loss, and annual-leave entitlement. In the urban areas of those countries for which information is available on hiring with formal or written contracts, formal employment increased by 1.4 percentage points between 2002 and 2006. In 2006, around 59% of the wage workers in 12 Latin American countries had formal contracts and more than half had long-term contracts. Informal employment is not exclusive to low-productivity sectors, where 70.5% of wage workers have no formal contract, for 30.8% of wage workers in medium- and high-productivity sectors are also in that position. Moreover, 63.7% of male wage workers have formal contracts compared with 61.8% of women, although a slightly lower proportion of men have long-term contracts (see table II.11).

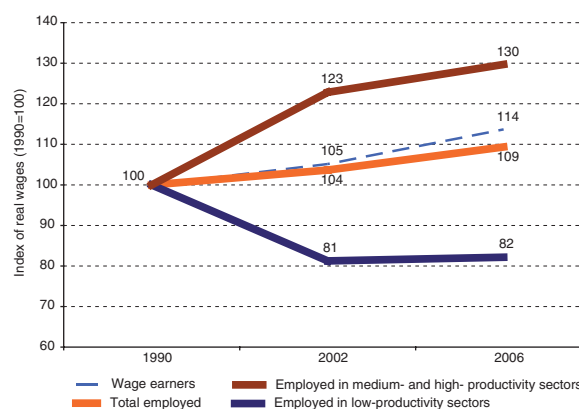
(d) Wage trends

Employment income is a key indicator of job quality and plays a fundamental role in poverty reduction. Its variations are linked to the behaviour of human capital and patterns of productivity, the competitiveness of the sectors providing the employment, and the level of protection and negotiating power of workers, which in turn is related to factors such as the degree of unionization and the possibility of collective bargaining. Trends in real wages can be negatively affected by inflationary surges, such as those observed in the subregion since 2007.

Household surveys show that the labour income of workers in urban areas increased slightly in real terms in 2002-2006, with the regional average rising from US\$ 377

to US\$ 397 per month at 2000 prices (an annual increase of 1.3%). Average monthly salaries increased more (annual growth of 2%), rising from US\$ 350 to US\$ 378 at 2000 prices.¹⁰ These increases did not match the expansion of per capita GDP in the region for the same period, which was around 3.3% per annum. These trends are the result of highly divergent levels and rates of variation among the region's countries, although they all showed labour-income and wage gaps between men and women, between the formal and informal sectors, and between the working population with and without social security coverage. Between 1990 and 2006 in particular, the labour income of urban workers in low-productivity sectors fell from US\$ 345 to US\$ 283 at 2000 prices, widening the gap with formal-sector workers, whose incomes averaged US\$ 493 in 2006 (see table II.12 and figure II.4).

Figure II.4
LATIN AMERICA (18 COUNTRIES): TRENDS IN REAL WAGES,
URBAN AREAS, AROUND 1990, 2002 AND 2006^a



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the relevant countries.

^a In the years falling between the periods considered above, some wage levels dropped as a result of various crises.

(e) Social security coverage

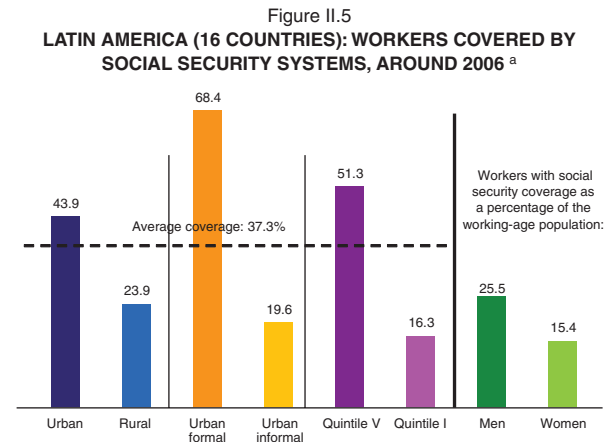
To have social protection —access to health-care systems, health insurance and social security coverage— is a fundamental right of workers. According to recent household surveys, around 37% of workers nationwide and 44% of those in urban areas reported that they were enrolled in and contributing to social security systems;

¹⁰ A recent report by the International Labour Organization (ILO) states that, between 1995 and 2006, trends in real wages in 11 of the region's countries were fairly unsatisfactory, increasing in some cases and falling in others: in Argentina, Brazil, Panama, Paraguay and Uruguay wages declined to varying degrees, while in the Bolivarian Republic of Venezuela, Chile, Costa Rica, Mexico and Peru there were slight increases. Honduras was the only country to post significant wage increases during the period of the study (ILO, 2008).

these figures have been fairly stable since 2002. These averages conceal major differences among the region's countries: around 2006 in Bolivia, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay and Peru, a third or less of urban workers were contributing to social security systems, while in Chile and Costa Rica, coverage was above two thirds of employed persons. In practically all the countries, increases in coverage were slight (see table II.13).

These data clearly show that the region's labour markets have not fulfilled their role of providing universal access to social protection systems. The situation is particularly difficult in rural areas and for informal workers, although this is not to say that urban workers in formal employment automatically enjoy protection. Furthermore, although percentages of contributing workers are similar among men and women, a significant gender gap is revealed when the total working-age population is included rather than only the employed: only 15% of women are affiliated to social security systems, compared with 25% of men. There are clear gender differences when both active and inactive population groups are taken into account, owing to women's long contribution gaps during periods spent caring for children, the elderly and the disabled. There is also a strong correlation in all the countries between levels of household income and social security coverage: workers belonging to the richest quintile of income distribution

recorded systematically higher rates of contributions and coverage than those belonging to the poorest quintile (see figure II.5) (ECLAC, 2006b). Also, the lower the income level the higher the percentage of own-account workers; this partly explains the lower affiliation to social security systems among the lower income groups.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the relevant countries.

^a Employed workers aged 15 and above who declared labour income. In the case of Argentina and the Bolivarian Republic of Venezuela, the figure corresponds to wage earners. Simple average.

4. Formal workers and their dependants

The strong economic growth witnessed in recent years has been accompanied by persistent structural problems of informality and limited social protection. It is important to understand how difficult it is for social security systems which are financed by contributions from formal workers to cover the needs of population groups that have no direct access to the social services linked to such funding mechanisms.

This can be achieved by using the indicator for the number of dependants per formal worker presented in the *Social Panorama of Latin America, 2007*.¹¹ This indicator refers to the ratio between workers actively employed in the formal sector of the economy and the rest of the population, which has considerable difficulties in obtaining access to the social protection system.¹² The indicator identifies the degree of labour market segmentation in each country, which directly affects the capacity to respond to social protection needs and demands; it also allows countries

to be grouped together according to the maturity of their labour markets and their stage of demographic transition.

Figure II.6 shows that countries with high levels of formal dependency also show lower levels of per capita income, and government tax revenues available for meeting social protection needs are also lower. The first group of countries, with more than five dependants per formal worker, consists of Bolivia (which has the highest level in the region, with around 10 dependants per formal worker), followed by the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru. The second group, with four to five dependants per formal worker, includes the Bolivarian Republic of Venezuela, Mexico and Panama. In the third group, consisting of Argentina, Brazil, Chile, Costa Rica and Uruguay, there are three to four dependants per formal worker. A decline in the average number of those dependent on formal workers was recorded in 2006 compared

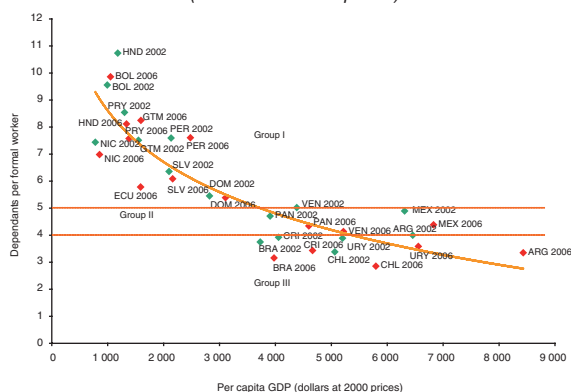
¹¹ See chapter II, section C, pages 115-118. See also Uthoff, Vera and Ruedi (2006).

¹² The indicator corresponds to the number of dependents (children under 15, non-workers between 15 and 59 years, adults aged over 60,

along with the unemployed and workers in low-productivity sectors aged 15 to 59) for each medium- or high-productivity sector worker aged 15 to 59.

with 2002 (from 6.1 to 5.6 dependants); Honduras registered the best improvement in this indicator, with a decrease from 10.7 to 8.1 dependants per formal worker.

Figure II.6
LATIN AMERICA (17 COUNTRIES): NUMBER OF DEPENDANTS
PER FORMAL WORKER AND PER CAPITA GDP,
AROUND 2002 AND 2006
(In dollars at 2000 prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the relevant countries.

Countries in group I show the highest levels of informality, linked to both lower wages and social security contributions and higher rates of poverty among wage earners (see table II.16). The percentages of wage earners among the employed for groups I, II and III are 49%, 63% and

72%, respectively; the percentages of wage earners in each group making welfare contributions are 38%, 61% and 71%, respectively; and the percentages of wage earners classified as poor stand at 38%, 18% and 12%, respectively.

In all countries, particularly in groups I and II, the weight of employment problems (measured by unemployment and informal work) in the indicator for dependence on formal workers is the second largest after that of children under the age of 15.¹³ Nonetheless, although informality levels are higher in the region's poorest countries (reaching 65%, 53% and 41% of the total employed population in groups I, II and III), unemployment among people aged 15 to 59 shows a positive correlation with per capita GDP (6%, 7% and 9%, respectively).¹⁴

These stylized facts demonstrate that low social security coverage in the region's countries is strongly influenced by the level of formality in labour markets. Policies should therefore be implemented to create formal jobs for workers who are responsible for dependants with no access to social protection.

Social policies should counterbalance constraints imposed by inequalities and budgetary restrictions. The different levels of maturity of the Latin American countries' labour markets, which determine the numbers of workers affiliated to contributory social protection systems, and their stages of demographic transition, which affect the numbers and categories of dependants, will determine the nature of the challenges involved in fulfilling this task (ECLAC, 2008a).

Box II.2

EMPLOYMENT INDICATORS: BASIC CONCEPTS AND DEFINITIONS

Unemployed: people aged 15 and over who are, during the reference period: (1) without work; (2) available for work in waged or own-account employment; and (3) actively searching for a job, having taken specific measures to find work during a recent, specified period.

Employed: people aged 15 and over who, during a brief reference period such as one week or day: (1) have had a waged job, working for a wage or salary, or have a job but are not working owing to a temporary absence, but maintain a formal link with their job; (2) have an own-account job, working independently to gain benefits or a family income (includes unpaid family members), or who are not

working on an own-account basis owing to a temporary absence.

Economically active population (EAP) (or labour force): people aged 15 and over who meet the requirements for the employed or unemployed category (that is, the total of all employed and unemployed persons).

Working age population (WAP): people aged 15 and over, corresponding to the potentially active working population.

Unemployment rate (open unemployment): number of people unemployed over the economically active population (EAP). This figure does not include the discouraged, meaning those persons who wish to work but are

no longer searching for a job and have become resigned to it.

Employment rate (gross employment rate or employment-to-population ratio, in accordance with the definition used for the Millennium Development Goals indicators): number of people employed divided by the working age population (WAP).

Net employment rate: number of employed persons divided by the number of economically active persons (EAP).

Overall employment rate: number of employed persons over the total population.

Participation rate: Economically active population (EAP) over the working age population (WAP).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of S. Cecchini and A. Uthoff, "Reducción de la pobreza, tendencias demográficas, familias y mercado de trabajo en América Latina", *Políticas sociales* series, No. 136 (LC/L.2775-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2007. United Nations publication, Sales No. S.0X.II.G.110.

¹³ The unemployed and informal workers make up 30.1% of total formal dependants in group I, 27.6% in group II and 25.2% in group III.

¹⁴ This is because the main labour market adjustment mechanisms in the poorest countries are voluntary underemployment (few hours worked in the reference period) and self-employment in informal activities.

B. The new employment target of the first Millennium Development Goal and its indicators

In 2008, the United Nations announced a new Millennium target, “to achieve full and productive employment and decent work for all, including women and young people”, as part of the first Millennium Development Goal to eradicate extreme poverty and hunger. Although no quantitative levels were established to be reached by a certain date, the new target illustrates the need for countries to focus on improving the labour market as the best way of reducing poverty. Since 1990, regional trends for three of the four indicators for monitoring the target have been favourable: labour productivity and the employment rate have risen and poverty has declined among the employed. However, workers’ vulnerability —measured as the proportion of own-account and unpaid family workers in total employment— has remained stable. Moreover, additional indicators for monitoring the employment target in Latin America, such as the percentage of workers covered by social security and labour income trends among the poor and indigent, show that the labour market’s contribution to poverty reduction has not been entirely satisfactory.

1. Achievement of full and productive employment and decent work

Latin American citizens consider unemployment to be one of the main problems in their respective countries and this view has been consistently confirmed in opinion polls for more than a decade (Corporación Latinobarómetro, 2008).¹⁵ In addition, in order to overcome absolute poverty, it is necessary to create a sufficient number of jobs of acceptable quality, since most of Latin American households’ resources for meeting the basic needs of their members come from labour income (see section A).

The relevance of employment to poverty reduction was recently confirmed at the United Nations in a new Millennium target (target 1.B), “to achieve full and productive employment and decent work for all, including

women and young people”. The target was proposed in 2006 by the Secretary-General of the United Nations, following discussions at the 2005 World Summit held during the sixtieth session of the United Nations General Assembly. The employment target came into effect in 2008 and was included in the first Millennium Development Goal, “to eradicate extreme poverty and hunger”, in order to illustrate the close relationship existing between the labour market and improvement of the material aspects of people’s well-being.¹⁶ Although this is not a quantitative target with levels to be reached by a certain date, the message for the region’s countries is clear: efforts should be focused on improving the functioning of the labour market in order to generate quality employment, as this represents the main means of reducing poverty and inequality. Indeed,

¹⁵ In 2008, for the first time since 1995, crime emerges as the main problem in the region, in 17% of responses to the Latinobarómetro poll, with unemployment in second place (15%). As the economic situation in the region improved and unemployment declined, crime has acquired more importance as the main problem.

¹⁶ For more details on the redefinition of the targets of the Millennium Development Goals, see box I.5 in chapter I.

the Heads of State and Government, meeting at the Fourth Summit of the Americas in November 2005, stated in the Mar del Plata Declaration their commitment to decent employment in order to tackle poverty.¹⁷

The topic of employment was included in the goals set out in the Millennium Declaration in September 2000 and is covered by target 16 of the Millennium Development Goals: “in cooperation with developing countries, develop and implement strategies for decent and productive work for youth”, which came under Goal 8, “Develop a global partnership for development”. The target on youth unemployment has now been incorporated in target 1.B, which has also required some changes in the indicators.¹⁸

The measurement of complex concepts such as full and productive employment and decent work (see box II.3),

which are part of the new Millennium target, is a very challenging task. The official indicators for monitoring the new employment target proposed by the International Labour Organization (ILO) and the Inter-agency and Expert Group on Millennium Development Goal Indicators (IAEG) are four in number and two of them focus on the component of income as part of decent work:

- 1.4 Growth rate of GDP per person employed
- 1.5 Employment-to-population ratio (employment rate)
- 1.6 Proportion of employed people living below \$ 1 (PPP) per day
- 1.7 Proportion of own-account and contributing family workers in total employment

Box II.3

THE CONCEPT OF DECENT WORK

The concept of decent work, introduced in 1999 by the International Labour Organization (ILO), reflects the broad goal of providing men and women with opportunities to obtain “productive work in conditions of freedom, equity, security and human dignity”.

Although the ethical meaning is the one conveyed most strongly by the term “decent work”, its various dimensions show what this basic human activity should be and provide guidance for analysing the labour market:

- “opportunities for productive work” refers to the need for all persons who want work to be able to find work, allowing workers and their families to achieve an acceptable level of well-being;

- “employment in conditions of freedom” underlines the fact that work should be freely chosen and not forced on individuals; it also means that workers have the right to participate in the activities of trade union groupings;

- “employment in conditions of equity” means that workers need to have fair and equitable treatment in work, without discrimination and with the ability to balance work with family life;

- “employment in conditions of security” refers to the need to safeguard the health of workers and to provide them with adequate pensions and social protection;

- “employment in conditions of human dignity” requires that workers be treated with respect and be able to participate in decision-making about working conditions.

In particular, decent work should enable people to earn enough to pull themselves out of poverty with their families on a lasting basis. Decent employment is therefore covered by social security and guarantees protection under labour laws, as well as the possibility of making one’s voice heard through freely elected workers’ organizations.

This concept was based on the conviction that only decent employment

—and not any type of employment— will enable people to avoid or overcome poverty. Decent work is thus an alternative for a large number of people who are working, sometimes for long hours and in bad conditions, in low-productivity jobs that do not enable them to emerge from poverty.

Each of the dimensions of the concept of decent work is among the topics that have been the subject of recommendations and mandates of ILO since its creation nine decades ago. What is new is that the idea of decent work places the various dimensions of work within a single framework. It is also necessary to stress that this is a universal concept, covering all workers—and not only certain groups— which represents a departure from the traditional role of ILO, which was initially concerned with workers in the organized sector, with those who were already employed or those who were protected by specific rules and regulations.

Source: Richard Anker and others, “Measuring decent work with statistical indicators”, *Policy Integration Paper*, No. 1, Geneva, International Labour Organization (ILO), 2002; María Estela Lanari, *Trabajo decente: significados y alcances del concepto. Indicadores propuestos para su medición*, Buenos Aires, Office of the Under-Secretary for Technical Programming and Labour Studies, Ministry of Labour, Employment and Social Security, Argentina, 2005; International Labour Organization (ILO), “Report of the Director-General: Decent Work”, Eighty-seventh session of the International Labour Conference, Geneva, June 1999; “Key Indicators of the Labour Market (KILM), Fifth Edition” [online] <http://www.ilo.org/public/english/employment/strat/kilm/download.htm> 2007 and A. Sen, Speech at the eighty-seventh session of the International Labour Conference, Geneva, 15 June 1999.

¹⁷ On that occasion, the Heads of State and Government agreed to implement active policies to generate decent work and to create the conditions for quality employment (ILO, 2006).

¹⁸ Indicator 45, used to monitor former target 16, “Unemployment rate of 15-to-24-year-olds”, is no longer one of the official indicators for monitoring the Goals, although the United Nations database on indicators for the Millennium Development Goals retains it as a “contextual” indicator, together with “Ratio of youth unemployment rate to adult unemployment rate”, “Share of youth unemployed to total unemployed” and “Share of youth unemployed to youth population” (United Nations, Millennium Development Goals Indicators [online] <http://mdgs.un.org/unsd/mdg/Data.aspx>).

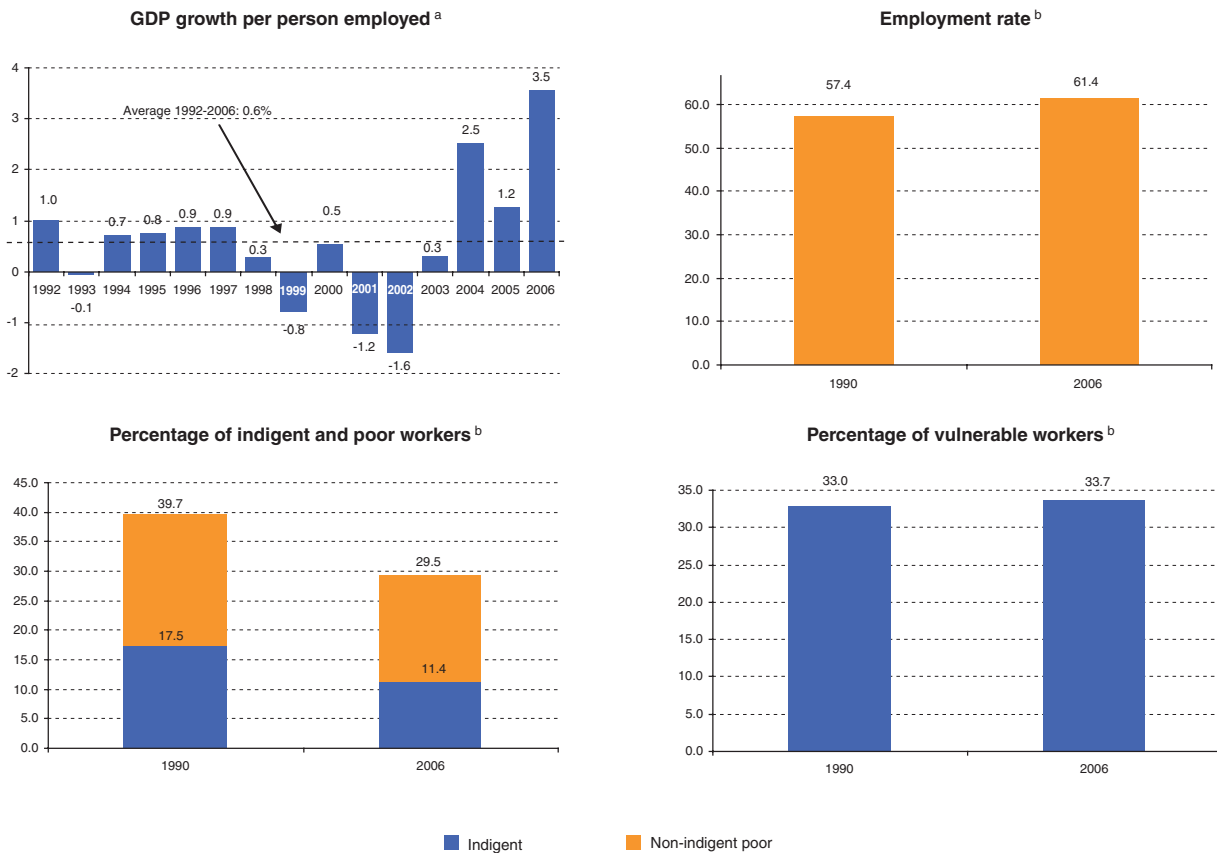
Tables II.2, II.4, II.5 and II.6, and the section on the Millennium Development Goals in the statistical annex, give data for each of the four indicators for monitoring target 1.B. The data on labour productivity (indicator 1.4) are calculated by ILO and reflect the official data contained in the United Nations database on the Millennium Development Goals, while the data for the other three indicators were calculated by ECLAC on the basis of household surveys. For indicator 1.6, therefore, the calculation used not the “one dollar a day” line but the indigence lines of each country based on the method of the cost of the basket of basic foodstuffs of the population of the countries of the region used by the Commission.

It should also be noted that two of the four official indicators used for monitoring the employment target

—employment rate and percentage of vulnerable workers— may be disaggregated by sex and by age group, showing the different results in each case.

Results and trends for each indicator are discussed below and some additional indicators are suggested that may help to clarify the picture regarding full and productive employment and decent work in Latin America. As shown in figure II.7, since 1990 the regional trend for three of the four indicators used for monitoring the target has been positive: labour productivity and the employment rate have risen and poverty has declined among the employed. However, workers’ vulnerability —measured as the proportion of own-account and unpaid family workers in total employment— has remained stable.

Figure II.7
LATIN AMERICA: TRENDS IN INDICATORS USED FOR MONITORING THE NEW EMPLOYMENT TARGET OF THE FIRST MILLENNIUM DEVELOPMENT GOAL, 1990-1992, 1990 AND 2006
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries, and United Nations, Millennium Goals Indicators [online] <http://mdgs.un.org/unsd/mdg/>.

^a Simple average.
^b Weighted average.

2. Labour productivity

Productive employment is one of the elements that make up the concept of decent work (see box II.3), and is a fundamental factor in poverty reduction. The first indicator for monitoring the new employment target of the first Millennium Development Goal is therefore GDP growth rate per person employed, which can be used to assess whether a country's economic conditions are able to generate and sustain opportunities for decent work with fair and equitable wages. Countries that succeed in increasing productivity can expect to see less poverty, and this correlation will be even closer in countries with more equitable income distribution, where the impact of increased production should reach low-income groups much more quickly (ILO, 2007a).

In Latin America, however, low labour productivity growth since the early 1990s failed to spur reduction of extreme poverty. Between 1992 and 2006, value added per job grew at an annual average rate of 0.6% for the 18 countries of Latin America. This average conceals widely differing situations, ranging from the success story of Chile—with annual growth of 4.1%—to Paraguay, where productivity declined by an annual average of 1.9%. It is also noteworthy that, while prior to 2002 productivity hardly increased at all, during the period 2003-2006 it climbed at an annual rate of 1.9% (see table II.2).

Table II.2
LATIN AMERICA (18 COUNTRIES): GROWTH RATE OF GDP PER PERSON EMPLOYED
 (MILLENNIUM DEVELOPMENT GOALS INDICATOR 1.4)
 (Percentages)

Country	1992-2002	2003-2006	1992-2006
Argentina	0.1	4.6	1.3
Bolivia	-0.3	1.0	0.0
Brazil	0.2	2.0	0.7
Chile	3.8	4.9	4.1
Colombia	-0.8	1.3	-0.3
Costa Rica	1.4	2.1	1.5
Dominican Rep.	3.3	1.9	3.0
Ecuador	-1.6	0.9	-1.0
El Salvador	1.5	0.9	1.4
Guatemala	1.6	0.6	1.3
Honduras	-1.2	-2.5	-1.6
Mexico	0.1	1.9	0.6
Nicaragua	-1.4	-0.1	-1.1
Panama	0.2	3.8	1.1
Paraguay	-2.2	-1.0	-1.9
Peru	0.3	3.8	1.2
Uruguay	-0.4	5.4	1.1
Venezuela (Bol. Rep. of)	-2.2	2.8	-0.9
Latin America^a	0.1	1.9	0.6

Source: United Nations, Millennium Development Goals [online] <http://mdgs.un.org/unsd/mdg/>.

^a Simple average.

The data on the various regions of the world show that in 1996 the productivity of Latin America and the Caribbean—corresponding to GDP per person employed of about 17,500 dollars in purchasing power parity (PPP)—was above the world average and that there was a wide gap compared with other poorer regions. Ten

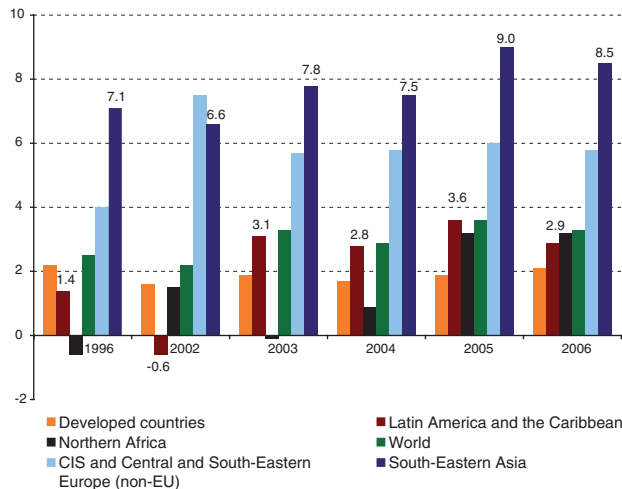
years later, because of the low rate of labour productivity growth, the region—with GDP per person employed of 18,900 dollars PPP—was below the world average (19,800 dollars PPP) and Eastern Asia—the developing region most successful in reducing extreme poverty—is catching up (see table II.3 and figure II.8).

Table II.3
LABOUR PRODUCTIVITY AND ANNUAL GDP GROWTH RATE PER PERSON EMPLOYED, 1996-2006
(In 2000 constant PPP dollars and percentages)

Region	Labour productivity (GDP per person employed)		Compound average annual growth rate of GDP per person employed						
	1996	2006	1996	2002	2003	2004	2005	2006	1996-2006
Eastern Asia	6 347	12 591	7.1	6.6	7.8	7.5	9.0	8.5	7.1
Central and South-Eastern Europe (excluding European Union) and Commonwealth of Independent States	11 787	18 121	4.0	7.5	5.7	5.8	6.0	5.8	4.4
Southern Asia	5 418	7 998	2.3	4.9	6.7	5.9	6.2	5.8	4.0
World	15 824	19 834	2.5	2.2	3.3	2.9	3.6	3.3	2.3
Developed economies and European Union	52 876	62 952	2.2	1.6	1.9	1.7	1.9	2.1	1.8
South-Eastern Asia and Pacific	8 068	9 419	2.3	3.9	4.0	2.3	3.9	3.5	1.6
Northern Africa	12 967	14 751	-0.6	1.5	-0.1	0.9	3.2	3.2	1.3
Sub-Saharan Africa	4 490	5 062	0.4	1.3	2.8	2.7	2.6	3.2	1.2
Latin America and the Caribbean	17 652	18 908	1.4	-0.6	3.1	2.8	3.6	2.9	0.7
Middle East	22 130	21 910	-0.5	1.3	2.8	2.7	2.6	3.2	-0.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), "Key Indicators of the Labour Market (KILM), Fifth Edition" [online] <http://www.ilo.org/public/english/employment/strat/kilm/download.htm>.

Figure II.8
ANNUAL RATES OF VARIATION IN LABOUR PRODUCTIVITY, 1996, 2002-2006
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), "Key Indicators of the Labour Market (KILM), Fifth Edition" [online] <http://www.ilo.org/public/english/employment/strat/kilm/download.htm>.

In this connection, ECLAC (2007c) has identified certain factors connected with the structure of the workforce that may explain the different rates of growth of value added per person employed between Asia and Latin America. In the case of Asia, the greater importance of the manufacturing sector explains productivity gains. In addition, a middle class has emerged with sufficient purchasing power to boost the national services market, which also increased its labour productivity. In contrast, in Latin America there was a premature reduction in the manufacturing sector's share of total value added (ECLAC,

2008e) and, starting in the early 1990s, many of the new jobs were created in the sector of trade and services,¹⁹ where many of the jobs are of low quality, since they are informal and own-account jobs.

¹⁹ In the 1990s, 27% of new jobs were created in the trade sector and 43% in the services sector, broken down into: financial services, 13%; social services, 19%; personal services, 5%; and domestic service, 6% (ECLAC, 2004b).

3. Employment rate

The link between increased productivity and poverty reduction is even stronger when the productivity gain goes hand in hand with job creation.²⁰ The second indicator for monitoring target 1.B is therefore the employment rate (or employment-to-population ratio), defined as the proportion of the working-age population that is employed. This measures both labour-market participation and the economy's capacity to absorb the workforce. A high ratio means that a large proportion of a country's working-age population is employed, while a low ratio means that many of them are not directly involved in market-related activities, either because they are unemployed or because they are completely outside the workforce.

In countries which have high unemployment rates or where job-seekers, in many cases, become discouraged and give up the search, it is desirable for the employment

rate to rise. However, very high employment rates could reflect situations in which low-quality jobs are found in abundance, as is the case in the poorer countries. In terms of absolute values, there is thus no "correct" value for the employment-to-population ratio; for example, no clear correlation is found between a country's per capita GDP and its employment rate. In addition, an upward movement of this indicator is not necessarily positive as regards poverty reduction. In any case, the employment rate in Latin America climbed between 1990 and 2006, primarily because more women entered labour markets and found work.

As can be seen in table II.4, employment rates are consistently higher for men than for women and for the average active population than for young people. However, since 1990 employment rates have decreased for men and increased for women, as more women enter the labour market.

Table II.4
LATIN AMERICA (18 COUNTRIES): EMPLOYMENT RATE (MILLENNIUM DEVELOPMENT GOALS INDICATOR 1.5),
NATIONAL TOTAL, AROUND 1990, 2002 AND 2006
(Percentages)

Country	Both sexes (aged 15 and above)			Women (aged 15 and above)			Men (aged 15 and above)			Young people of both sexes (15-29 years old)		
	1990	2002	2006	1990	2002	2006	1990	2002	2006	1990	2002	2006
Argentina ^a	52.5	49.0	57.0	35.8	38.4	45.2	71.4	61.2	71.1	53.4	40.8	49.5
Bolivia ^b	53.5	61.5	63.4	42.4	52.7	54.2	66.2	71.8	73.9	42.0	47.7	50.8
Brazil	61.1	60.8	63.2	42.6	47.7	51.6	81.0	74.9	75.8	62.6	56.8	59.6
Chile	47.7	50.1	53.1	29.4	35.1	39.2	67.9	66.3	68.3	41.9	38.3	40.8
Colombia	58.6	56.2	57.5	38.8	43.0	43.8	80.9	71.1	73.0	53.1	48.2	48.7
Costa Rica	54.7	55.9	57.1	30.7	38.0	39.7	79.2	74.9	75.6	54.5	49.8	50.9
Dominican Rep.	52.9	53.3	54.1	31.0	35.4	37.0	76.0	71.5	71.6	46.3	43.7	44.7
Ecuador ^c	57.1	60.6	62.7	39.2	45.8	48.7	76.6	75.9	77.6	46.4	49.1	52.0
El Salvador	55.8	56.1	55.5	39.4	42.2	42.4	75.1	72.6	70.8	49.1	49.8	49.1
Guatemala	56.5	66.5	61.2	27.5	46.8	41.0	88.4	88.1	83..	53.7	63.9	56.4
Honduras	56.1	57.8	58.1	30.6	35.9	38.2	83.9	82.0	80.4	50.8	52.5	51.5
Mexico	52.1	59.2	62.2	28.8	41.9	47.2	77.3	78.4	79.3	47.2	51.8	54.2
Nicaragua	49.6	58.3	60.4	32.7	40.2	41.5	67.9	77.6	80.7	42.7	52.3	54.7
Panama	48.1	54.1	58.8	29.6	36.7	42.8	67.2	71.6	75.3	39.8	44.2	49.7
Paraguay ^d	61.4	59.9	64.3	46.4	50.4	54.9	79.0	71.7	75.4	56.7	52.8	55.1
Peru	67.9	64.5	66.2	56.7	54.8	57.2	79.9	74.6	75.7	60.1	55.4	58.6
Uruguay ^e	52.6	50.2	52.4	38.9	39.6	42.6	69.2	62.4	64.0	52.3	45.1	47.8
Venezuela (Bol. Rep. of)	51.6	58.0	59.5	32.3	44.4	45.0	71.3	71.6	74.1	41.6	47.5	47.9
Latin America^e	57.4	59.0	61.4	38.1	44.7	48.2	78.3	74.6	75.8	54.3	52.6	54.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Greater Buenos Aires.

^b Eight main cities and El Alto.

^c Urban areas.

^d Asunción and Central Department.

^e Weighted average.

²⁰ Indeed, there could be a situation in which GDP per person employed (the indicator used to measure productivity) increases while its denominator (number of employed in a country) decreases.

Among young people, the percentage of persons employed increased very slightly between 1990 and 2006, as a result of two contrasting trends: fewer men employed and higher employment rates for young women. The decrease for young men is not necessarily

a matter for concern, since it is due to the fact that they remain longer in the education system, and the increase in employment among young women is explained by the fact that their participation rates were still low (see section II.C).

4. Poor and indigent workers

The proportion of employed people living on less than US\$ 1 (PPP) per day reflects a key element of the lack of decent work worldwide. If workers do not even generate enough income to pull themselves and their families out of extreme poverty, their jobs can hardly be called “decent” (ILO, 2007a). It should be noted, however, that being a poor or indigent worker does not necessarily mean having a low labour income, since a worker with a good labour income may also fall below the poverty or indigence line if there are a large number of dependants in the household (IDB, 2007).

The indicator used for monitoring the new employment target worldwide is calculated by ILO as the weighted average of: (i) the product of the incidence of extreme poverty (measured by the World Bank using the line of US\$ 1 (PPP) per day) and the population aged 15 years and above, and (ii) the product of the incidence of extreme poverty and the workforce aged 15 and over.²¹ In Latin America and the Caribbean the percentage of workers living on less than one dollar per day calculated using this methodology declined by more than three percentage points, from 11.6% in 1997 to 8.0% in 2007. In contrast, Eastern Asia—where in 1997 18.8% of workers were indigent—succeeded in decreasing the proportion of employed people earning less than US\$ 1 per day by about 10 percentage points, so that today this region has a percentage of extremely poor workers (8.7%) similar to that of Latin America and the Caribbean (ECLAC, 2008f).

Following the traditional method used in the *Social panorama of Latin America*, in order to measure indigence

and poverty—instead of using the lines of one or two dollars per day—lines obtained for each individual country are used, and table II.5 gives data on the incidence of indigence and poverty among employed people using ECLAC country lines.²² It can thus be shown that the existing operation of the labour market in the region still does not enable broad segments of workers to lift themselves out of poverty. In Latin America, between 7% (Chile) and 63% (Honduras) of the employed live in conditions of poverty and between 1% (Chile) and 40% (Honduras) in conditions of indigence.

Since 1990, however, the regional trend has been positive, with a decrease in the percentage of working poor from 39.7% to 29.5% in 2006 and a reduction in the percentage of working indigents from 17.5% to 11.4%. Reflecting the regional trend, in most countries the percentage of working poor declined over the period 1990-2006; the most striking declines were in Chile (18 percentage points) and in Brazil and Mexico (14 percentage points each). The exceptions were Argentina and Uruguay, where there was a slight increase in poverty among employed people, and Bolivia and Paraguay, where poverty among employed people increased by about four percentage points (see figure II.9).

The figures on working poor and working indigents show that the situation is more serious in rural than in urban areas. However, in all countries with available data, poverty declined among rural employed people since 1990, while in the urban areas of Argentina, Bolivia, Paraguay and Uruguay it increased (see figure II.10).

²¹ This method of calculation is an approximation, made by averaging estimates of (i) an upper limit and (ii) a lower limit of the actual percentage of extremely poor employed people. The estimate of the lower limit is based on the assumption that all poor persons aged 15 years and over who are part of the economically active

population are employed (United Nations, Millennium Development Goals Indicators [online] <http://mdgs.un.org/unsd/mdg/>).

²² Unlike the methodology used by ILO to calculate the official indicator, in this case working indigence and working poverty are calculated directly using microdata from household surveys.

Table II.5
LATIN AMERICA (18 COUNTRIES): EMPLOYED PEOPLE LIVING IN INDIGENCE (MILLENNIUM DEVELOPMENT GOALS INDICATOR 1.6) AND IN POVERTY, NATIONAL TOTAL, URBAN AND RURAL, AROUND 1990, 2002 AND 2006
(Percentages)

Country	Indigence (National)			Indigence (Urban areas)			Indigence (Rural areas)			Poverty (National)			Poverty (Urban areas)			Poverty (Rural areas)		
	1990	2002	2006	1990	2002	2006	1990	2002	2006	1990	2002	2006	1990	2002	2006	1990	2002	2006
Argentina	...	...	...	1.6 ^a	10.5 ^a	3.2 ^a	...	...	...	...	...	...	9.9 ^a	27.3 ^a	10.5 ^a	...	...	...
Bolivia	...	33.8	30.5	12.1 ^b	13.7 ^b	12.9 ^b	...	60.1	54.2	56.7	57.3	43.3 ^b	39.2 ^b	39.7 ^b	43.3 ^b	...	76.7	75.2
Brazil	15.8	8.0	5.3	9.8	5.0	3.0	36.6	21.4	15.3	27.6	24.0	20.1	31.1	23.5	20.1	62.2	46.1	41.1
Chile	6.5	2.4	1.2	6.2	2.0	1.2	7.9	4.9	1.4	26.0	7.3	6.5	25.3	15.6	6.5	26.1	11.4	7.4
Colombia	18.7	15.8	13.0	12.0	14.9	11.2	28.1	17.9	18.3	45.8	36.4	35.0	41.1	39.5	35.0	52.2	40.4	40.3
Costa Rica	4.5	3.4	2.8	2.4	1.9	2.1	6.2	5.8	3.9	15.6	10.9	9.9	14.5	8.8	9.4	16.5	14.2	10.7
Dominican Rep.	5.9	8.4	10.4	4.1	6.4	8.0	8.7	12.5	15.0	21.8	29.0	30.3	20.5	26.7	27.9	23.8	33.8	35.1
Ecuador	...	...	11.0	16.9	12.2	7.9	...	...	16.9	...	...	33.6	50.4	38.1	30.0	...	...	40.3
El Salvador	13.4	14.5	11.9	8.7	8.8	8.4	20.6	24.3	18.4	41.1	37.4	36.2	34.0	29.1	30.9	52.1	51.8	45.7
Guatemala	30.4	19.7	...	16.3	10.0	...	40.1	26.4	...	57.6	47.6	...	41.1	33.1	...	68.8	57.6	...
Honduras	49.6	45.3	40.8	31.5	27.7	21.4	64.2	62.6	59.5	71.9	69.5	63.1	59.0	57.7	49.3	82.4	81.0	76.5
Mexico	12.9	8.7	6.0	8.1	4.4	2.7	21.7	16.3	12.3	38.5	31.2	24.3	33.0	24.5	19.8	48.4	43.0	33.0
Nicaragua	34.4	31.2	...	22.9	22.1	...	50.0	45.2	...	61.2	59.5	...	51.7	53.3	...	74.0	68.9	...
Panama	11.4	12.1	7.3	4.6	3.6	1.9	19.8	27.3	17.3	30.3	25.8	19.3	18.1	15.1	10.1	45.7	44.9	36.7
Paraguay	...	24.9	24.0	6.8 ^c	4.7 ^c	9.1 ^c	...	42.6	36.4	...	50.3	50.2	32.0 ^c	31.6 ^c	36.5 ^c	...	65.0	59.9
Peru	19.5	21.6	18.4	5.9	7.6	6.4	45.2	45.6	37.9	38.9	49.8	47.4	24.6	36.0	34.0	65.9	73.6	69.2
Uruguay	...	...	...	1.7	1.3	2.2	...	...	...	...	...	...	11.3	10.0	12.7	...	...	...
Venezuela (Bol. Rep. of)	5.4	11.5	4.0	4.4	...	...	11.3	...	...	22.9	34.1	17.9	21.7	...	...	30.2	...	...
Latin America^d	17.5	14.3	11.4	10.5	9.5	6.8	35.1	28.3	24.1	39.7	35.6	29.5	32.9	29.1	24.8	58.3	51.1	45.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

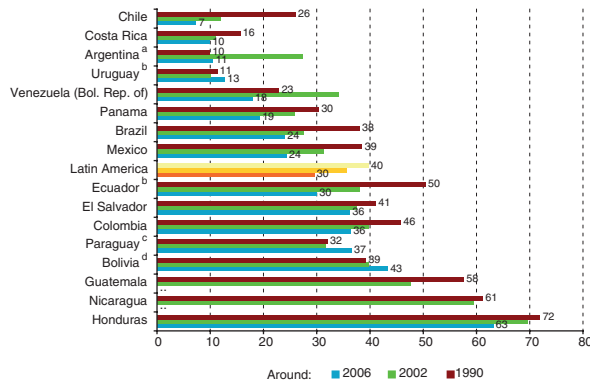
^a Greater Buenos Aires.

^b Eight main cities and El Alto.

^c Asunción and Capital Department.

^d Weighted average.

Figure II.9
LATIN AMERICA (16 COUNTRIES): INCIDENCE OF POVERTY
AMONG EMPLOYED PEOPLE, NATIONAL TOTAL,
AROUND 1990, 2002 AND 2006
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

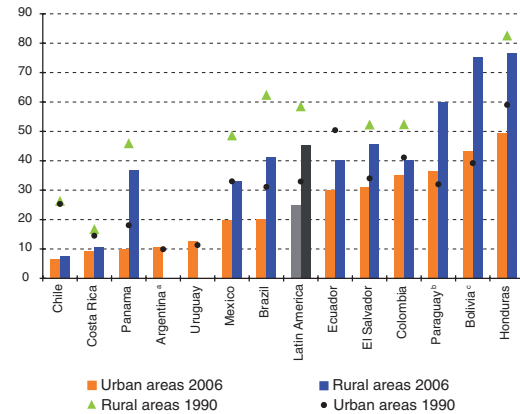
^a Greater Buenos Aires.

^b Urban areas.

^c Asunción and Central Department.

^d Eight main cities and El Alto.

Figure II.10
LATIN AMERICA (13 COUNTRIES): INCIDENCE OF POVERTY
AMONG EMPLOYED PEOPLE, URBAN AND RURAL AREAS,
AROUND 1990 AND 2006
(Percentage of poor workers)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Greater Buenos Aires.

^b Asunción and Central Department.

^c Eight main cities and El Alto.

5. Vulnerable workers

The proportion of own-account and unpaid family workers within the total employed population can be a useful means of identifying persons in a vulnerable employment situation, as workers in these categories are less likely to have access to social protection. The link with poverty exists because vulnerable workers have no social protection system or safety net to protect them when labour demand is slack, and they are often unable to save enough money to see themselves through such situations (ILO, 2007a).²³

The percentage of vulnerable workers in Latin America climbed from 33.0% in 1990 to 33.7% in 2006 (the largest increase, to 35.0%, occurred between 1990 and 2002 but there was a subsequent decline). Vulnerable forms of employment increased among both men and women. In most Latin American countries (the exceptions are Brazil, Chile, Colombia, Panama and Uruguay), the percentage of own-account and unpaid family workers is higher among women than among men (see table II.6).

From the viewpoint of gender equity, a fundamental cause of working women's vulnerability is the fact that they have no income of their own. This is true not only for unpaid women workers in family businesses—a phenomenon included in indicator 1.7 for monitoring the employment target of the first Millennium Development Goal—but above all for the vast number of women who work at home without pay, looking after children and the elderly and performing domestic chores. Around 2005, between 40% (urban areas) and 53% (rural areas) of women aged 15 and above had no income of their own (ECLAC, 2007d).

The data provided in the statistical annex (see tables 19 and 20) show that the national average for vulnerable workers conceals vast geographical differences. In rural areas of Latin American countries—where own-account and unpaid family workers generally represent over 50% of the employed—this phenomenon is much more widespread than in urban areas, where the percentage of vulnerable workers is about 30%.

²³ The statistical appendix to this edition of *Social Panorama of Latin America* shows in greater detail the various occupational categories, distinguishing between own-account workers with professional or technical skills and unskilled workers.

Table II.6
LATIN AMERICA (18 COUNTRIES): OWN-ACCOUNT AND UNPAID FAMILY WORKERS (MILLENNIUM DEVELOPMENT GOALS INDICATOR 1.7), NATIONAL TOTAL, AROUND 1990, 2002 AND 2006
(Percentage of total employment)

Country	Both sexes			Women			Men			Young people (aged 15-29)		
	Around:			Around:			Around:			Around:		
	1990	2002	2006	1990	2002	2006	1990	2002	2006	1990	2002	2006
Argentina ^a	25.6	22.3	19.3	27.0	16.1	16.7	24.8	26.8	21.3	15.9	15.0	10.3
Bolivia ^b	43.7	46.0	43.0	54.1	57.7	56.1	36.0	36.1	32.1	34.2	36.1	33.9
Brazil	28.9	32.7	31.0	30.0	31.9	30.5	28.3	33.2	31.4	22.0	24.4	22.3
Chile	24.5	21.1	21.3	20.7	19.4	20.9	26.3	22.0	21.5	17.2	13.3	11.8
Colombia	44.6	44.9	44.1	35.2	44.6	43.8	49.7	45.2	44.3	36.8	36.6	35.5
Costa Rica	24.3	23.6	21.4	20.4	24.5	21.4	25.8	23.1	21.4	17.0	15.7	13.0
Dominican Rep.	41.7	43.5	42.6	32.2	30.0	29.0	45.8	50.3	49.8	34.9	35.6	35.1
Ecuador ^c	35.6	34.2	40.6	40.5	40.1	50.9	32.9	30.6	33.9	27.8	23.9	31.9
El Salvador	36.2	37.3	35.3	45.8	45.5	45.0	30.2	31.6	28.6	25.5	29.4	25.8
Guatemala	48.0	45.3	47.2	47.1	56.8	56.5	48.3	38.5	42.2	42.5	40.0	41.2
Honduras	49.6	49.3	48.9	50.4	49.2	50.3	49.3	49.3	48.1	41.6	39.6	37.6
Mexico	29.4	29.6	28.2	30.8	35.8	35.9	28.8	26.0	23.0	21.7	21.3	19.0
Nicaragua	46.5	42.2	44.9	44.8	48.4	49.4	47.4	38.7	42.4	39.8	37.4	38.6
Panama	33.8	34.7	31.6	15.9	26.0	28.5	41.9	33.5	36.4	33.4	31.6	28.0
Paraguay ^d	22.9	26.8	28.8	30.8	30.9	33.2	17.4	23.3	25.1	12.1	16.4	17.4
Peru	52.4	53.6	56.3	62.5	63.1	64.9	44.6	46.4	49.5	44.5	44.9	49.7
Uruguay ^c	20.1	25.8	24.3	21.8	20.8	20.5	18.9	29.5	27.2	12.9	19.5	16.8
Venezuela (Bol. Rep. of)	25.7	39.3	37.0	22.1	42.2	37.6	27.4	37.5	36.6	19.2	33.9	29.5
Latin America	33.0	35.0	33.7	34.1	37.0	35.9	32.5	33.6	32.1	25.7	27.2	25.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Greater Buenos Aires.

^b Eight main cities and El Alto.

^c Urban areas.

^d Asunción and Central Department.

6. Monitoring of the employment target in Latin America: additional indicators and methodology of analysis of the employment-poverty relationship

Although the four official indicators for monitoring the new Millennium target identify important elements of the concept of decent work, in Latin America other indicators can be added to enhance the analysis of the prerequisites for decent work, such as:

- percentage of workers in low-productivity sectors;²⁴

- percentage of workers covered by social security, and
- ratio between women's and men's wages.

These additional indicators reveal persistent features of Latin American labour markets, such as informality, low levels of social protection and wage inequalities between men and women. As far as trends between 1990 and 2006

²⁴ This indicator, which refers to informal work, differs from the indicator on vulnerable workers. Although both include unpaid family workers and own-account workers, in the calculation of the informality

rate own-account workers with professional or technical skills are excluded. In addition, the percentage of workers in low-productivity sectors includes domestic work and workers in micro-enterprises.

are concerned, the situation improved slightly, since the national average of workers in low-productivity sectors dropped from 55.1% to 52.3%, and women's wages rose from 76.0% to 78.1% of men's wages. Of the eight countries for which data for social security coverage can be compared among the employed between 1990 and 2006, six (Argentina, Bolivia, Brazil, Costa Rica, Ecuador (urban areas) and Nicaragua suffered a decrease in coverage and only two (Chile and México) experienced slight increases (see table II.13).

These indicators have been used for some time in ECLAC analyses and, together with others, have been used by countries in the region in the national reports on the Millennium Development Goals or as an instrument for monitoring their social and labour policies for achieving decent work.²⁵ In 2003, an additional Goal was proposed at the national level in Argentina—before the United Nations adopted the new employment target—on promotion of decent work, which includes the target of increasing social protection coverage (Argentina, Office of the President, 2003). In Brazil, where in 2006 the Government adopted a National Decent Work Agenda with strong emphasis on the creation of better jobs with equal opportunities and conditions, the ratio between the hourly wage of employed women and that of employed men was incorporated (Brazil, Office of the President, 2007). In Chile, wage disparities between men and women are monitored (Chile, Government of, 2008). And in Peru dignified work is a priority of social policy and improvement of income and permanent employment are pillars of the “CRECER” national strategy (IAS, 2008).

The methodology described in *Social Panorama of Latin America, 2007* (see box I.6 of section I.C) may be useful for monitoring the employment target in the region. This methodology shows that the way in which growth is reflected in changes affecting the monetary resources available to members of poor households depends on the quantity and quality of the jobs created and on the increase in wage income, as well as in non-wage income and in the resources which the State may transfer to households through social programmes.²⁶

²⁵ ECLAC/UNDP/ILO (2009); in the case of Brazil, these bodies recently proposed a series of 28 indicators for monitoring conditions of decent work. In addition, important indicators which link the topic of employment with social cohesion have been proposed by ECLAC/EUROsocial (2007d).

²⁶ Consideration is also given to other components of household monetary income that are not directly dependent on the rate of GDP growth, such as remittances received by households from abroad and revenue from unearned income, retirement plans and pensions.

This quantifies the relative importance of the three main factors associated with increase in the per capita income of households, of which the first two are directly related to Millennium target 1.B: ratio of employed persons to total number of household members (or “overall employment rate”),²⁷ labour income per employed person (a measurement that approximates labour productivity) and income from other non-labour sources of income.²⁸ This analysis can also take into account demographic changes and changes in patterns of behaviour of persons and families, which also have a major influence on the amount of resources available to households. These changes influence household size, the number of members of working age and the number of members actually participating in the labour market.

In the most recent edition of *Social Panorama*, this methodology was used to analyse how these factors affected poverty (including indigence) reduction between 1990 and 2005. The same method is being used on this occasion, this time applied to changes in indigence, using data for the period 1990-2006.

The results summarized in table II.7 show that, throughout the period 1990-2006, the main factors contributing to the increase in the per capita income of households living in indigence were the ratio of employed people to total household members and non-labour income.²⁹ Since 1990, labour income per person employed, which is related to productivity, increased in indigent households only in Chile, Brazil and urban areas of Ecuador, and declined or remained constant in the other countries. This is explained by the poor performance of the labour market in the period 1990-2002, during which average remuneration of wage earners and independent (own-account) workers in indigent households declined in almost all countries except Brazil or at best was maintained (León, 2008).

²⁷ The overall employment rate is different from the employment rate (or “gross employment rate”) because the number of employed people is divided by the total population and not only by the working-age population (see box II.2).

²⁸ The per capita income (Y/N) of households living below the indigence line is analysed using the following formula: $\frac{Y}{N} = \left(\frac{O}{N} \times \frac{YL}{O} \right) + \frac{YNL}{N}$, in which O/N is the overall employment rate, YL/O is labour income per person employed and YNL/N is per capita non-labour income. In order to analyse per capita income trends over time—for example, between 1990 and 2006—the following formula is used: $\frac{Y}{N}(2006) - \frac{Y}{N}(1990) = \left[\frac{YL}{O}(2006) \times \left(\frac{O}{N}(2006) - \frac{O}{N}(1990) \right) \right] + \left[\frac{O}{N}(1990) \times \left(\frac{YL}{O}(2006) - \frac{YL}{O}(1990) \right) \right] + \left(\frac{YNL}{N} \right)_{(2006)} - \left(\frac{YNL}{N} \right)_{(1990)}$ (see ECLAC, 2008a; Cecchini and Uthoff, 2008).

²⁹ The changes in these two factors, and in labour income per person employed, refer to the deciles that were below the indigence line at the beginning of the period.

Table II.7
LATIN AMERICA (16 COUNTRIES): TRENDS IN THE OVERALL EMPLOYMENT RATE, LABOUR INCOME PER EMPLOYED PERSON (PRODUCTIVITY) AND NON-LABOUR INCOME IN DECILES THAT INCLUDE INDIGENT HOUSEHOLDS, AROUND 1990-2006

Countries ^a	Indigence around 1990 ^b	Overall employment rate (O/N)	Labour income per person employed (YL/O, productivity)	Non-labour income (YNL/N)	Indigence around 2006 ^b
Chile	12.9	+	+	+	3.2
Brazil	23.3	+	++	++	9.0
Ecuador ^c	26.0	+	++	+	12.8
Mexico	18.6	++	-	+	8.7
Panama	19.2	+	= / +	+	11.7
Guatemala	43.4	++	-	++	31.5
Costa Rica	9.8	= / +	= / +	+	7.2
Colombia	25.8	= / +	= / +	+	20.2
Dominican Republic	14.8	+	--	-	22.0
El Salvador	21.6	+	--	++	19.0
Bolivia ^c	22.8	++	-	= / +	18.5
Honduras	60.6	++	--	++	49.2
Venezuela (Bol. Rep. of)	14.6	++	= / +	-	9.9
Paraguay ^d	12.7	= / +	-	+	15.2
Uruguay ^c	3.4	= / +	-	+	4.2
Argentina ^d	5.2	+	--	+	6.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

Key:

++	Significant progress	+	Progress	= / +	No change / progress and setback
-	Setback	--	Significant setback		

^a Countries are shown in order of the annual reduction in indigence, estimated on the basis of the following formula: $ARI = ((FP-IP) / IP) * 100 / y$, where ARI = annual reduction in indigence, FP = final percentage of indigence, IP = initial percentage of indigence and y = number of years in the period.

^b These percentages may not correspond to those appearing in chapter I, owing to a different treatment of domestic service. For Guatemala, adjustments were made in the way the data were processed in order to compensate for the lack of measurements that included the population under the age of 10 in 1989. In addition, because of issues related to the years in which surveys were conducted, 1990 and 2006 are not included in the poverty figures of all countries.

^c Urban areas.

^d Metropolitan area.

With few exceptions, the overall employment rate helped to increase the per capita income of indigent households. However, the increase in this rate cannot be seen solely as the result of a growing capacity to create quality jobs in the economies of the region. The increase in the number of employed persons per household member among the distribution deciles consisting of indigent persons was also due to factors connected with demographic transition and to changes in individuals' behaviour and in average family size. The decline in the overall fertility rate, the change in the population age structure and the trend towards smaller families reduced the number of members (the rate denominator) of households with low per capita income. In addition, the change in the population age structure (see chapter IV) increased the

number of people of working age in households, and the entry of more women into the labour market increased the average number of employed persons per household (the rate numerator).

It is therefore vital to improve the quality of integration in the labour market of broad sectors of the workforce, particularly the poorest. This means guaranteeing adequate wages, stable contracts, safe working conditions (as regards work-related accidents and illness), access to health systems and affiliation and contribution to social security schemes. The achievement of full and productive employment and decent work in the countries of Latin America is crucial in order to reduce poverty and income inequality, which are profoundly rooted in the functioning of the labour market.

C. Employment situation of young people and women

Young people and women are openly discriminated against in the labour market, although there was a gradual improvement between 2002 and 2006 in various indicators relating to their integration into the labour market. As regards the Millennium target of full employment and decent work for young people and women, there has been scant progress and actual setbacks in some regards. Their unemployment rates dropped between 2002 and 2006, but are still higher than they were in the early 1990s. Young people, and especially young women, are entering low-productivity sectors and taking up low-quality jobs (mostly as independent workers), indicating that Latin American labour markets are structurally unable to create wage work. The quality of employment continues to decline, with a proliferation of hiring practices considered unorthodox, and the decline continues in the percentage of employed people affiliated with social security and health schemes.

Young people and women are groups that are specially vulnerable to difficulties in finding a place in the labour market, as well as to various forms of discrimination within that market, resulting in their accepting low-quality, low-income jobs.

Although the situation of women was mentioned in the third Millennium Development Goal, and although the eighth Goal already took into account youth unemployment, employment and the functioning of the labour market, these aspects were not very prominent in the system of development targets defined at the Millennium Summit in September 2000. The recommendation made at the 2005 World Summit to explicitly include an employment target in the first Millennium Development Goal gave greater prominence to this aspect and it has thus been recognized that employment is one of the main mechanisms for achieving well-being and for overcoming poverty and related problems. In addition, the emphasis on the importance of monitoring employment indicators, especially among young people and women, is an acknowledgement of the relevance of both groups as regards their economic and productive contribution to our societies and of their disadvantaged position in regard to employment.

Employment issues of concern to young people and women share common features but are also different. Both groups are affected by higher unemployment rates and the need to accept low-quality jobs and lower wages, to mention the most striking features. However, some of the characteristics of their employment, as well as trends over time, are different. The root causes of the problems of incorporation and retention in the labour market are also different.

Youth is a transition marking the beginning of a person's involvement in productive activity. The difficulties facing young people in the labour market are thus often temporary in nature, since the problems affecting youth as such disappear or change when the person moves on to become part of the adult world. On the other hand, women face various barriers to entry into the labour market; when they do succeed in entering it, they are discriminated against compared with their male counterparts. And womanhood does not disappear with age.

The following pages briefly analyse the situation of young people and women as regards entry into and characteristics of integration into the labour market, in the light of the target and the indicators recently proposed under the first Millennium Development Goal.

1. Youth and female employment

Youth and employment. It is now increasingly clear that, at least in our region, young people represent a development opportunity. For this reason, 2008 was declared Ibero-American Youth Year and the central theme of the Eighteenth Ibero-American Summit of Heads of State and Government was youth and development.

This is not a purely rhetorical recognition, but is based on the fact that today's young people are the ones in the best position to tackle in a positive manner the important social and productive changes resulting from the process of globalization and the introduction of new technologies in various world spheres (ECLAC/OIJ, 2004). In Latin America, young people currently represent a launching pad for development, not only for the reason given above but also because of the actual features of demographic transition in the region. With some country differences, we are today enjoying a demographic dividend or bonus, consisting of a temporary window of low levels of dependency. In other words, people of productive age outnumber people of potentially inactive ages (children and older persons) who therefore represent an economic burden on the family and the State (see chapter IV).

Already in 1995, the United Nations explicitly acknowledged the importance of young people and of improving the various situations affecting them and that idea was embodied in the World Programme of Action for Youth to the Year 2000 and Beyond. This plan indicates the measures to be adopted in various areas such as education, employment, hunger and poverty, health, environment, drug abuse, juvenile delinquency, leisure-time activities, girls and young women, as well as the full and effective participation of youth in the life of society and in decision-making (United Nations, 1995).

Education and employment are priority areas, since they lay the foundation for improvement in other areas. Education develops the skills of children and young people, preparing them for an ever-changing world. However, this development must have as a corollary the existence of opportunities to use the skills, mainly—but not exclusively—in the world of work. It is through participation in work that one can unleash creative and innovative potential, live a full life, participate in the countless areas of social life, achieve material and symbolic well-being, be a responsible member of society and thus sever the chains of poverty replication that today afflict our societies (ECLAC/OIJ, 2008).

Women and work. The recent report *Millennium Development Goals 2006: a Look at Gender Equality*

and Empowerment of Women in Latin America and the Caribbean (ECLAC, 2007d) estimates that poverty in the region would be more than 10 percentage points higher without women's wage labour. Despite the importance of women's wage labour in family economies, employment is one of the areas in which there are still the widest gender gaps, reflected in lower remuneration, low returns on education and predominance of informal and low-productivity work (ECLAC, 2007d). In this sense, the inclusion of the employment target in the Millennium Development Goals represents a significant step forward. It is thus recognized that the creation of quality jobs and equality between men and women are central goals of the development agenda and, at the same time, a prerequisite for the attainment of the other Goals (ECLAC, 2007a).

The Millennium Development Goals originated in a series of earlier international mandates and commitments concerning human rights and development (United Nations, 2005). The most significant were the adoption in 1979 by the United Nations General Assembly of the Convention on the Elimination of All Forms of Discrimination against Women and the holding of the International Conference on Population and Development (ICPD) in Cairo in 1994. The ICPD marked the transition from a strictly demographic approach to a new vision of development and of women's rights. Together with the world conferences on women held since 1975, and in particular the Fourth World Conference on Women (Beijing, 1995), these are the most striking events in the process of building gender-sensitive public policies. At the latter conference, agreement was reached on an agenda in which the link between public policies, the rights-based approach and gender equality appears most prominently and 12 critical areas of concern were defined, including: women and poverty; education and training of women; women and the economy; and human rights of women (Milosavljevic, 2007).

For a long time, women were considered as a workforce that was "secondary"³⁰ and more costly to recruit, which justified labour practices that today, in the light of the above-mentioned international instruments,

³⁰ The theories of labour market segmentation and sexual dualism (Piore and Berger, 1980; Piore and Doeringer, 1985; ILO, 1979) noted the existence of a labour market with primary and secondary segments. Thus, the workforce in "secondary" occupations would be composed of groups whose social identity and roles are defined outside the labour market, such as women, adolescents, apprentices, interns and temporary migrants, who enter and leave the workforce frequently (Piore and Berger, 1980).

are considered to be openly discriminatory. Although neo-classical theories recognized the existence of gender gaps, these were mainly attributed to alleged lower female productivity, women's professional preferences and non-wage costs of recruitment. The theory of human capital already clearly recognized discriminations in the labour market, resulting from cultural conditioning related to the traditional assignment of family caregiver roles to women (Becker, 1971; Becker, 1985).

More recent studies also note that, in the context of the various family and cultural transformations in western

societies, women have acquired growing importance in the labour market and as contributors to the family income. This has led to the recognition that, for a significant number of women, work cannot be considered as a secondary and optional activity (Geldstein and Delpino, 1994; Abramo and Todazo, 1998; Abramo, 2004). It must therefore be recognized that monitoring the situation of female employment not only reveals the position of women in the labour market but also reflects the recognition by our societies of their rights and of their crucial importance both in the home and for overall economic growth.

2. Participation of young people and women in the world of work

The entry of young people into the labour market is usually described as having unstable features because it is sensitive not only to seasonal factors but also to movements in the business cycle. For example, in periods of slowdown or economic crisis, young people go in search of work in order to supplement the income of their households, even if this is detrimental to their participation in the education system. This behaviour, which also used to be attributed to women, was allegedly part of what during the 1960s and 1970s was called “survival strategies” for dealing with marked deteriorations in the well-being of families. These strategies included taking children and young people out of school and mobilizing them—together with the other household members—in informal economic activities, often of a family nature.

At the end of the cyclical downturn, those still of an age to do so would leave the labour market and re-enter the education system, thus resuming their main role of students. By this reasoning, young people and women are seen as belonging to the so-called “secondary” workforce, which fits into a segment of the labour market characterized by greater instability, precarious working conditions, low wages and low status.

The information analysed in this chapter gives some idea of the degree of stability of labour market participation by young people between 15 and 29 years of age and by women, comparing the behaviour of different age cohorts. It should also be noted that the general trends described below are not found in all countries.

Firstly, it is noteworthy that, as was to be expected, the average employment rate among young people is much lower (54.7%) than that of adults between 30 and 64 years of age (72.3%). However, between 1990 and 2006, the employment rate among young people increased slightly, since in the earlier period it involved 54.3% of young people

of both sexes, whereas the percentage of adult employed persons grew by almost seven percentage points.

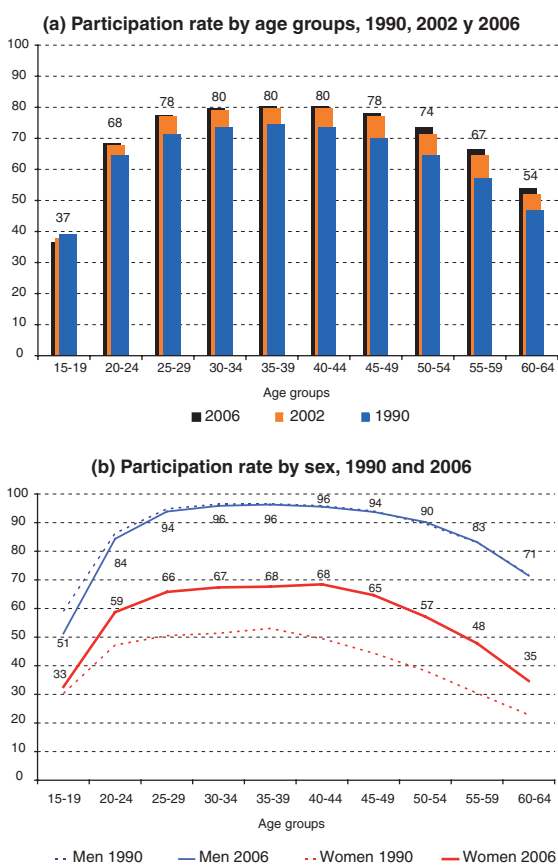
There are various reasons for this moderate increase. Firstly, the rate of participation of young people grew steadily between 1990 and 2006 and the trend remained constant as of 2002, except for young people between 15 and 19 years of age, whose participation in the workforce declined in the two comparative periods considered, as shown in figure II.11 a). This seems to be due mainly to the expansion of education systems, their greater retention rates for younger students and the return of those still of an age to attend secondary school (ECLAC, 2008a). Nevertheless, the youth employment rate continued to increase in the Bolivarian Republic of Venezuela, Bolivia (eight main cities and El Alto), Ecuador (urban areas), Mexico and Nicaragua. In the first and last of these countries, there was a considerable increase in participation around 2002 and then a marked drop, but to levels still higher than those of 1990.

As can be seen from figure II.11 b), the increase in youth participation in the labour market combines two trends: a slight decrease (3.3 percentage points) in the participation of young men and a strong increase (9.7 percentage points) in the participation of young women, mainly after age 20, when they leave the education system. The latter situation reflects the general trend towards a gradual rise in the participation of women in the labour market, which between 1990 and 2006 increased from 40.7% to 53.2% throughout the region. This trend was particularly marked in Argentina, Bolivarian Republic of Venezuela, Brazil, Guatemala and Mexico but insignificant or negative in El Salvador, Peru and Uruguay.

However, participation in the labour market does not always mean immediate job placement. Unemployment rates for young people tend to be high and increase considerably in times of crisis, coinciding with their mobilization in

the labour market in order to supplement family income. This is partly because of the job losses that are common in periods of recession but also because of discrimination in the hiring of young people—even more in the case of young women—because they have less work experience and spend less time in jobs. The latter reason reflects the fact that they may work for a while and then resume their studies, seek better jobs or jobs better suited to their skill levels, or start a family.

Figure II.11
LATIN AMERICA (18 COUNTRIES): PARTICIPATION RATES BY AGE GROUPS AND SEX, NATIONAL TOTAL, AROUND 1990, 2002 AND 2006^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

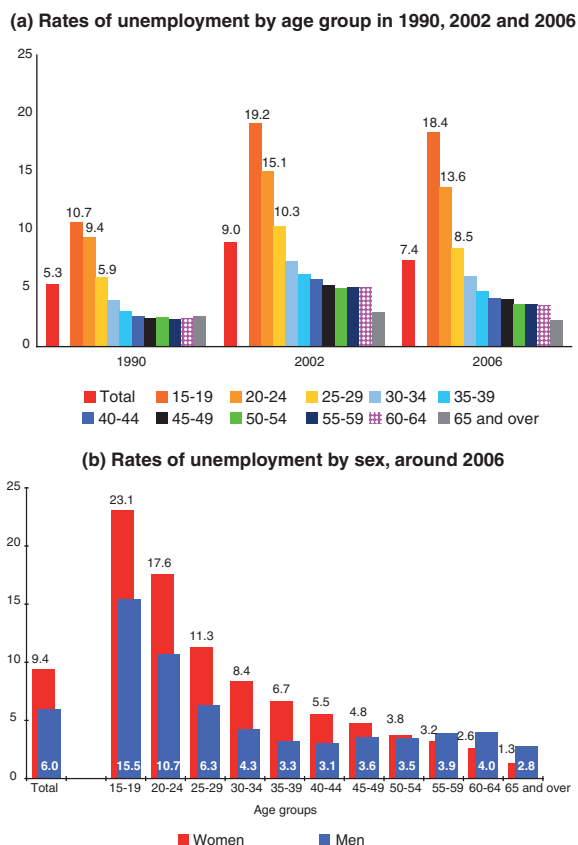
^a Weighted average of countries at the national level. The figures for Argentina correspond to Greater Buenos Aires, for Bolivia to eight main cities and El Alto, for Ecuador and Uruguay to urban areas and for Paraguay to Asunción and Central Department.

There are major disparities between levels of youth unemployment and levels of adult unemployment and in crisis periods these disparities tend not to increase (and even slightly decrease) because young people leave the workforce and because most of the jobs lost were filled by adults (ECLAC/OIJ, 2004). This is not the case for female

unemployment, which tends to increase more than male unemployment in periods of contraction of economic activity and to decrease more slowly in periods of recovery.

Despite the large increase in youth unemployment between 1990 and 2002, from 8.6% to 14.4%, the doubling of the rate of adult unemployment (persons from 30 to 64 years of age) in the same period meant that the gap between the former and the latter decreased, from a youth/adult unemployment ratio of 2.9 to 2.4. When overall unemployment dropped around 2006, the rate of youth unemployment was 2.9%, which was 2.9 times higher than adult unemployment, and this disparity was the same as that found in the early 1990s. The highest unemployment rates are among the younger people (15 to 19 years of age) and are four times those of the adult population (see figure II.12 a)).

Figure II.12
LATIN AMERICA (18 COUNTRIES): RATES OF UNEMPLOYMENT BY AGE GROUP, NATIONAL TOTAL, AROUND 1990, 2002 AND 2006^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Weighted average of countries at the national level. The unemployment rates reported on the basis of household surveys in Colombia, Panama and the Dominican Republic included hidden unemployment. The figures for Argentina correspond to Greater Buenos Aires, for Bolivia to eight main cities and El Alto, for Uruguay to urban areas and for Paraguay to Asunción and Central Department.

On the other hand, unemployment does not affect all young people equally. As reported in a recent study by ECLAC and the Ibero-American Youth Organization (OIJ) on the current situation of young people (ECLAC/OIJ 2008), it is precisely the poorest young people who are most affected by unemployment: around 2005, the average rate of unemployment among young people between 15 and 29 years of age belonging to the poorest per capita income quintile was slightly over 24%, a percentage which decreases gradually to reach 6.6% among young people in the richest quintile.

When youth unemployment rates are compared on the basis of educational level, unemployment is found to affect mainly those with more education, particularly those who have completed secondary education. According to various ECLAC studies, this is mainly due to the phenomenon of educational devaluation, since full secondary education was generalized in the last decade and no longer allows rapid access to the labour market in good conditions or guarantees escape from poverty (ECLAC/OIJ, 2008; ECLAC, 2004b; ECLAC, 2000b). Young people with university diplomas are also affected proportionately more, although this is mainly due to their greater willingness to hold out for jobs of appropriate quality suited to their skills (ECLAC, 2002).

One of the most striking disparities between young people as regards unemployment levels is undoubtedly

gender disparity. Gender criteria still play a very big role in staff selection. This affects women throughout the entire cycle of productive life (in 2006, the overall female unemployment rate was 56% higher than the male rate) but to a greater degree when they are young. The high rates of youth unemployment are largely explained by the even higher levels of unemployment among young women. On average, the difference in female and male unemployment levels is around 3.4 percentage points, but this doubles at the beginning of active life. This gap is narrowing slightly and is significantly smaller for persons aged 40 and above, coinciding with the phase of lower fertility. Upwards of age 55, female unemployment levels are lower than male levels, since as of the fifth decade of life their rate of withdrawal from the workforce increases more rapidly (see figures II.11 b) y II.12 b)).

In the absence of reasons connected with qualifications and work experience, one plausible explanation for the greater unemployment among women is that firms tend not to recruit women of child-bearing age both because of the higher turnover (frequent departures from the workforce) and because of the labour costs associated with child-bearing which, depending on national legislation, include maternity entitlements and resulting temporary replacements, paid leave to care for sick children and funding of day-care centres.

3. The position of young people and women in the labour market

Young people enter the market in lower-quality jobs than adults, as do women compared to men; most enter in low-productivity sectors, in low-paying jobs in precarious working conditions, often without health-care benefits or social security. One explanation for this situation is that the jobs are temporary in nature. In the case of young people, it is also noted that they start in low-productivity jobs because they are less qualified, and their pay reflects their lack of experience.

Public policies often try to ensure that young people remain longer in the education system, to upgrade work training systems, to give credit for work skills among those with more experience, and to encourage youth entrepreneurship, in order to take advantage of young people's innovative skills and to encourage independent work and creation of businesses. In the case of women, the growing pressure to achieve gender parity and equity has spurred development of public plans and programmes focused on monitoring

this type of inequality in national markets and sometimes on introducing gender quotas in government employment.

The incorporation in the first Millennium Development Goal of target 1.B on decent employment and the use of the percentage of own-account workers and unpaid workers as a monitoring indicator implicitly recognize that at least a large part of independent or own-account work is associated with inadequate working conditions and protection. It is also found that this type of employment may be related to inadequacies in the functioning of the labour market, principally as regards the creation of wage employment. This highlights a structural vision of the problems of the position of young people and particularly of young women in the labour market, since these difficulties would be attributed not so much to the unstable nature of the labour participation of both groups but to shortcomings in production systems related to their structural heterogeneity (Infante, 2008).

Women and young people employed on their own account

The proportion of own-account workers among young people has remained stable at around one in four employed young people, with a slight increase around 2002. The

same trend is observed in the adult population, with a smaller increase in the period of economic crisis and a subsequent decrease to levels somewhat below those of 1990. However, among women the proportion of independent workers increased slightly from 34.1% to 35.9%, even during the post-2002 recovery (see table II.8).

Table II.8
LATIN AMERICA (18 COUNTRIES): CHARACTERISTICS OF LABOUR FORCE INTEGRATION OF YOUNG PEOPLE DISAGGREGATED BY SEX AND SHOWING NATIONAL TOTAL, AROUND 1990, 2002 AND 2006^a
(Percentages and 2000 dollars)

	1990	2002	2006	1990	2002	2006	1990	2002	2006
	Vulnerable workers ^b			Employed persons covered by social security ^c			Labour earnings of employed persons		
15 to 29 years	25.7	27.2	25.4	48.1	44.5	45.5	181	206	220
30 to 64 years	36.5	37.3	35.7	55.8	52.5	53.5	345	395	412
Men aged 15 and above	32.5	33.7	32.1	51.7	48.5	49.8	323	379	400
Women aged 15 and above	34.1	37.0	35.9	52.1	49.3	49.5	186	238	257
Total	33.0	35.0	33.7	51.8	48.8	49.6	276	323	341
	Employed persons in low-productivity sector ^d			Wage earners covered by social security ^e			Wage earners		
15 to 29 years	49.2	50.3	46.6	61.3	52.3	53.2	197	224	242
30 to 64 years	54.0	51.9	49.8	73.9	66.1	67.3	341	397	422
Men aged 15 and above	51.3	50.4	47.3	65.1	59.9	61.8	296	355	382
Women aged 15 and above	57.7	57.4	55.5	74.2	61.4	61.7	225	278	300
Total	53.5	53.2	50.7	67.9	60.4	61.6	273	324	349

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Weighted average of countries. The figures for Argentina correspond to Greater Buenos Aires, for Bolivia to eight main cities and El Alto, for Ecuador and Uruguay to urban areas, and for Paraguay to Asunción and the Central Department.

^b Includes own-account workers and non-wage workers.

^c Includes eight countries with comparable information for the three periods: Bolivia (eight main cities and El Alto), Brazil, Chile, Costa Rica, Ecuador, El Salvador, Mexico and Nicaragua.

^d Excludes Colombia.

^e Includes nine countries with comparable information for the three periods: Argentina (Greater Buenos Aires), Bolivia (eight main cities and El Alto), Brazil, Chile, Costa Rica, Ecuador, El Salvador, Mexico and Nicaragua.

Although own-account employment has tended to remain stable over time, at the regional level this type of labour insertion involves 72 million workers, which is 60% more than in the early 1990s. The increase among young people between 15 and 29 years of age was slower, reaching one quarter of total employed persons of all ages in 2006, or just over 18 million young people. Among women, the number of workers practically doubled between 1990 and 2006 (currently amounting to almost 32 million) and in the same period 57% of new own-account workers were women. This shows that the barriers to entry into the wage employment market affect women to a greater extent, as they steadily increase their participation in the workforce.

The low-productivity sectors

Although there is no direct information on productivity in the different occupational groups, the indicator on

the proportion of employed persons engaged in low-productivity activities gives an indirect indication of the degree of structural heterogeneity of Latin American economies and of the different rates of development of their productive sectors.

Despite the slight tendency towards an increase in own-account employment and non-wage workers, the level of employment in low-productivity sectors decreased slightly between 1990 and 2006, for both men and women, and for employed adults. Around 2006, half of Latin American workers were employed in low-productivity sectors (51%), representing almost 67 million employed persons (see table II.8).

Social protection

There is a significant labour deterioration as regards social protection, in particular with respect to the decrease in the percentage of employed persons and wage earners

affiliated with various social security schemes. Informal hiring arrangements and use of unorthodox methods of hiring, in this case without including health and social security benefits, have become more common in countries of the region. In 2006, only 61.6% of the group of wage earners in nine countries had some form of coverage under such protection systems, compared with 67.9% in 1990. Young people were most affected by this deterioration in hiring conditions: between 1990 and 2006, the proportion of wage-earners between 15 and 29 years of age covered by social security decreased from 61.3% to 53.2%. Women were most affected, despite their greater need for this type of benefit, especially health benefits. Currently men and women have practically the same levels of protection, because there is more likelihood of voluntary affiliation among independent workers, which to some extent has prevented further deterioration in women's access to social protection.

Labour income

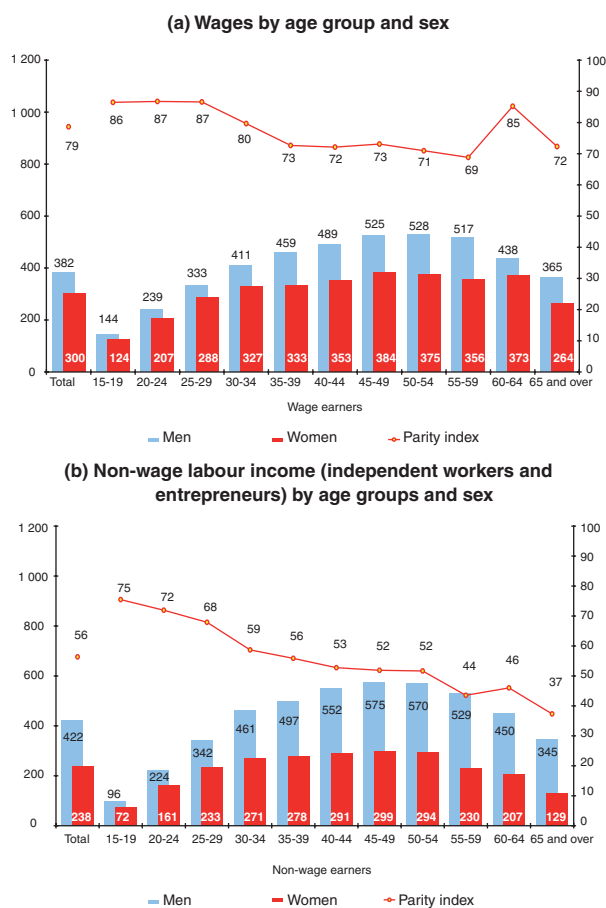
There have been some improvements in labour income in the region. Between 1990 and 2006, the labour income of employed persons aged 15 and above increased on average by about 23.6%; in the case of wage earners, the increase was greater, about 27.9%. These improvements helped young people somewhat, since they increased their labour income by 21.4 %, compared with 19.4% for adults. Women's income grew more than men's, especially among female non-wage workers (whose labour income increased by 38% at the regional level).

This resulted in a slight lessening of the large wage and income disparities between young people and adults and, somewhat more significantly, between men and women. In any case, large gender gaps still exist between wage earners, with average differences of 21%, which increase with age, as does the wage gap; among non-wage workers these gaps are even greater (44% according to the parity index shown in figure II.12 b)), and are widest when workers become adult.

In 1990, the labour income of young people was about 53% of adult labour income and 58% of the income of wage earners; in 2006, the former percentage increased to 58% and the latter remained constant. It is noteworthy that income gaps are very wide when young people start work: between 15 and 19 years of age, they earn wages that are about 32% of adult wages because they are inexperienced and unskilled; between the ages of 25 and 29, these gaps are still significant and wages are still 26% below the adult wage. It is often noted that earning differences, especially wage differences, reflect the importance of experience. While

it is argued that the starting wage explains the wage differences between young people and adults, the large differences found when young people and adults with mid-level and high-level skills are compared (disparities sometimes exceeding 60%) would indicate the existence of discriminatory, not to say abusive, practices applied to the former (ECLAC/OIJ, 2004).

Figure II.13
LATIN AMERICA (18 COUNTRIES): LABOUR INCOME BY AGE GROUP, SEX AND OCCUPATIONAL CATEGORY, NATIONAL TOTAL, AROUND 2006^a
(In 2000 dollars and wage parity index)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Weighted average for the countries at the national level. The figures for Argentina correspond to Greater Buenos Aires, for Bolivia to eight main cities, for Ecuador and Uruguay to urban areas and for Paraguay to Asunción and Central Department.

Furthermore, in relative terms women enjoy a better position as wage earners than as independent workers or entrepreneurs, judging by their income levels and the fact that they suffer fewer disparities throughout their life cycle compared with men. They also suffer progressively from discrimination in their earnings, and this is especially obvious in the case of independent workers.

4. Summary of trends in the employment of young people and women

The labour situation of young people and women improved gradually between 2002 and 2006, despite the fact that they were openly discriminated against in the labour market. Among young people, there were average increases in labour participation as a result of the growing entry of women into the labour market, which offset the slight decrease in the participation of men with the expansion of access to secondary education. Improvements also occurred in levels of youth unemployment, which declined but to levels considerably higher than those existing in the early 1990s (12.9% compared with 8.6% in 1990).

Among women, the minor improvements were also concentrated in gradual reduction of unemployment levels since 2002, which fell from 11% to 9.4% in 2006, both figures being higher than the 1990 levels (6.5%). In addition, there was some improvement in labour income,

but not in social protection. Most women had to enter low-productivity sectors, working on their own account, as wage earners in micro-enterprises or in domestic service. From the viewpoint of the new target on decent work in the first Millennium Development Goal, these achievements were clearly insufficient, because in general terms the quality of jobs deteriorated and deficiencies persist in the creation of productive jobs.

Nevertheless, there was a distinct improvement compared with the more critical situation in 2002, reflecting the fact that several years of growth have now been accumulated by the region. This has made it possible to some extent to regain the employment levels of the early 1990s, absorbing greater female participation. However, hiring considered unorthodox has proliferated and the proportion of employed persons affiliated with social security and health schemes is still declining.

Table II.9
LATIN AMERICA (18 COUNTRIES): RATE OF PARTICIPATION, UNEMPLOYMENT, EMPLOYMENT AND WAGE EARNING,
NATIONAL TOTAL, BOTH SEXES, MEN AND WOMEN, 1990-2006
(Percentages)

Country	Year	Participation rate (Percentage of the working-age population)			Unemployment rate (Percentage of the economically active population)			Employment rate (Percentage of the working-age population)			Wage earning rate (Percentage of total employed persons)		
		Both sexes	Women	Men	Both sexes	Women	Men	Both sexes	Women	Men	Both sexes	Women	Men
Argentina (Greater Buenos Aires)	1990	55.8	38.3	75.7	6.0	6.4	5.7	52.5	35.8	71.4	69.0	70.2	68.3
	2002	60.5	47.8	75.1	19.0	19.5	18.5	49.0	38.4	61.2	72.2	78.5	67.7
	2006	63.7	52.2	77.5	10.5	13.4	8.2	57.0	45.2	71.1	76.9	81.0	73.8
Argentina ^a	2002	57.9	45.6	72.2	17.9	18.0	17.8	47.6	37.4	59.4	72.1	79.3	66.9
	2006	61.5	49.7	75.2	9.5	11.7	7.8	55.7	43.9	69.4	75.9	80.4	72.7
Bolivia (eight main cities and El Alto)	1989	59.1	46.7	73.2	9.4	9.1	9.5	53.5	42.4	66.2	54.1	45.1	60.7
	2002	65.9	57.3	76.0	6.7	8.0	5.5	61.5	52.7	71.8	49.5	40.0	57.6
	2004	67.7	58.7	78.0	6.4	7.7	5.2	63.4	54.2	73.9	52.1	41.6	60.9
Bolivia	2002	72.1	61.6	83.3	4.4	5.8	3.2	68.9	58.1	80.6	33.0	26.3	38.2
	2004	73.1	63.8	83.3	4.2	5.0	3.6	70.0	60.7	80.3	37.4	27.8	45.4
Brazil	1990	63.5	44.1	84.3	3.8	3.5	3.9	61.1	42.6	81.0	60.9	54.1	64.8
	2001	67.0	54.1	81.0	9.3	11.9	7.5	60.8	47.7	74.9	63.0	65.6	61.2
	2006	69.0	58.0	81.0	8.4	11.0	6.4	63.2	51.6	75.8	64.4	66.7	62.8
Chile	1990	52.0	32.5	73.6	8.3	9.6	7.7	47.7	29.4	67.9	73.0	77.9	70.6
	2000	55.9	39.8	73.4	10.4	11.7	9.6	50.1	35.1	66.3	74.7	78.1	72.8
	2006	57.3	43.3	72.6	7.3	9.4	6.0	53.1	39.2	68.3	75.7	76.9	74.9
Colombia ^b	1991	63.2	43.8	84.9	7.2	11.4	4.8	58.6	38.8	80.9	48.6	57.5	43.8
	2002	66.7	53.6	81.5	15.7	19.8	12.7	56.2	43.0	71.1	50.0	52.5	48.3
	2005	65.2	51.9	80.2	11.8	15.7	9.0	57.5	43.8	73.0	50.6	53.1	48.8

Table II.9 (concluded)

Country	Year	Participation rate (Percentage of the working-age population)			Unemployment rate (Percentage of the economically active population)			Employment rate (Percentage of the working-age population)			Wage earning rate (Percentage of total employed persons)		
		Both sexes	Women	Men	Both sexes	Women	Men	Both sexes	Women	Men	Both sexes	Women	Men
Costa Rica	1990	57.3	32.5	82.5	4.5	5.8	4.0	54.7	30.7	79.2	70.3	77.7	67.4
	2002	59.8	41.2	79.3	6.4	7.9	5.6	55.9	38.0	74.9	68.5	70.9	67.2
	2006	60.7	43.5	79.0	5.9	8.7	4.3	57.1	39.7	75.6	70.8	73.9	69.1
Dominican Rep. ^b	1997	63.1	43.3	83.9	16.2	28.4	9.5	52.9	31.0	76.0	54.7	66.5	49.6
	2002	63.5	48.1	79.3	16.1	26.4	9.8	53.3	35.4	71.5	53.4	68.0	46.0
	2006	64.6	50.4	79.1	16.2	26.5	9.5	54.1	37.0	71.6	53.6	68.1	45.9
Ecuador ^a	1990	60.8	43.2	80.0	6.1	9.2	4.2	57.1	39.2	76.6	59.3	56.7	60.7
	2002	66.7	53.2	80.6	9.1	13.9	5.8	60.6	45.8	75.9	58.8	55.4	60.9
	2006	67.9	54.7	82.0	7.7	11.0	5.3	62.7	48.7	77.6	60.2	55.1	63.7
El Salvador	1995	60.1	41.8	81.8	7.2	5.6	8.1	55.8	39.4	75.1	57.0	51.2	60.6
	2001	60.3	44.5	79.1	7.0	5.3	8.2	56.1	42.2	72.6	58.0	51.6	62.4
	2004	59.6	44.1	77.5	6.8	3.9	8.7	55.5	42.4	70.8	60.3	52.2	65.9
Guatemala	1989	57.7	28.4	89.9	2.1	3.3	1.7	56.5	27.5	88.4	50.4	51.7	49.9
	2002	68.8	48.9	90.7	3.4	4.2	2.9	66.5	46.8	88.1	47.3	38.9	52.1
	2004	63.3	42.7	86.1	3.3	3.9	3.0	61.2	41.0	83.5	48.0	40.8	51.8
Honduras	1990	58.6	32.3	87.2	4.3	5.3	3.8	56.1	30.6	83.9	50.1	49.1	50.5
	2002	60.1	37.7	85.0	3.9	4.7	3.6	57.8	35.9	82.0	47.8	48.4	47.5
	2006	60.0	39.9	82.6	3.2	4.3	2.6	58.1	38.2	80.4	48.3	47.5	48.8
Mexico	1989	53.5	29.6	79.3	2.6	2.7	2.6	52.1	28.8	77.3	67.6	67.8	67.5
	2002	61.0	42.8	81.2	2.9	2.1	3.4	59.2	41.9	78.4	66.4	62.5	68.7
	2006	64.3	48.5	82.4	3.3	2.8	3.7	62.2	47.2	79.3	67.3	60.9	71.6
Nicaragua	1993	55.6	36.2	76.6	10.8	9.9	11.3	49.6	32.7	67.9	52.9	54.8	52.0
	2001	65.5	46.1	86.2	11.0	12.7	10.1	58.3	40.2	77.6	52.3	48.8	54.3
	2005	63.0	43.6	84.0	4.2	4.7	3.9	60.4	41.5	80.7	50.4	47.6	51.9
Panama ^b	1991	57.3	38.2	77.1	16.1	22.5	12.8	48.1	29.6	67.2	63.0	82.4	54.2
	2002	62.6	45.1	80.1	13.5	18.5	10.6	54.1	36.7	71.6	62.4	72.4	57.3
	2007	62.8	46.8	79.3	6.4	8.6	5.0	58.8	42.8	75.3	65.3	69.8	62.7
Paraguay (Asunción and Central Department)	1990	65.5	49.7	84.2	6.3	6.5	6.2	61.4	46.4	79.0	68.1	66.8	68.9
	2000	67.7	57.3	80.6	11.5	12.1	11.0	59.9	50.4	71.7	65.7	64.3	67.0
	2005	69.9	60.5	81.1	8.0	9.2	7.1	64.3	54.9	75.4	64.1	63.1	65.0
Paraguay	2000	69.2	53.5	85.3	7.6	8.9	6.1	63.9	48.7	79.6	45.8	45.1	46.1
	2005	70.7	56.3	85.4	5.8	7.2	4.8	66.6	52.3	81.3	47.7	49.0	46.8
Peru	1997	74.3	64.1	85.3	8.6	11.5	6.3	67.9	56.7	79.9	41.9	35.1	47.1
	2001	67.9	57.9	78.3	5.0	5.3	4.7	64.5	54.8	74.6	41.3	34.5	46.5
	2003	69.7	60.4	79.5	5.0	5.3	4.8	66.2	57.2	75.7	38.4	32.7	42.9
Uruguay ^a	1990	57.7	43.8	74.7	8.9	11.1	7.4	52.6	38.9	69.2	74.4	76.6	73.0
	2002	60.3	50.2	72.1	16.9	21.1	13.4	50.2	39.6	62.4	70.0	76.0	65.5
	2005	59.6	50.3	70.7	12.1	15.3	9.5	52.4	42.6	64.0	71.2	75.9	67.4
Venezuela (Bol. Rep. of)	1990	57.4	35.2	79.4	9.6	8.3	10.2	51.9	32.3	71.3	68.1	79.3	63.1
	2002	69.2	54.7	83.7	16.2	18.8	14.4	58.0	44.4	71.6	55.2	55.4	55.1
	2006	65.6	50.6	80.7	9.3	11.1	8.2	59.5	45.0	74.1	58.5	60.5	57.3
Latin America ^c	1990	60.6	40.7	82.2	5.3	6.5	4.7	57.4	38.1	78.3	60.1	57.5	61.4
	2002	64.9	50.3	80.7	9.0	11.0	7.6	59.0	44.7	74.6	60.4	60.5	60.4
	2006	66.3	53.2	80.7	7.4	9.4	6.0	61.4	48.2	75.8	61.7	61.3	62.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Urban areas.

^b Unemployment rates include hidden unemployment.

^c Regional weighted averages were obtained for Argentina using data for Greater Buenos Aires, for Bolivia using data for eight major cities and for Paraguay using data for Asunción and Central Department.

Table II.10
LATIN AMERICA (17 COUNTRIES): PERSONS EMPLOYED IN LOW-PRODUCTIVITY SECTORS, NATIONAL TOTAL AND URBAN AREAS, BOTH SEXES, WOMEN AND MEN, AROUND 1990, 2002 AND 2006
(Percentages)

Country	Year	National total			Urban areas		
		Both sexes	Women	Men	Both sexes	Women	Men
Argentina (Greater Buenos Aires)	1990	...	...	...	44.2	47.8	42.1
	2002	...	...	...	42.1	39.9	43.7
	2006	...	...	...	39.7	42.8	37.5
Argentina	2002	...	...	...	42.3	39.5	44.3
	2006	...	...	...	40.8	43.3	39.1
Bolivia (eight major cities plus El Alto)	1989	...	...	...	61.0	73.0	52.2
	2002	...	...	...	64.1	75.5	54.5
	2004	...	...	...	68.5	76.9	61.5
Bolivia	2002	76.5	83.4	71.2	65.2	75.5	56.9
	2004	77.4	84.6	71.4	69.9	77.9	63.4
Brazil	1990	59.9	63.1	58.1	53.4	58.3	50.4
	2001	50.0	56.3	45.6	45.6	51.1	41.6
	2006	46.8	53.3	42.0	41.9	47.9	37.2
Chile	1990	42.2	48.5	39.2	38.9	47.6	34.1
	2000	33.8	39.8	30.4	31.8	39.1	27.1
	2006	32.2	38.6	28.2	30.6	38.2	25.6
Costa Rica	1990	45.8	44.7	46.2	36.6	39.8	34.9
	2002	46.8	49.6	45.3	40.2	45.1	37.0
	2006	44.4	48.2	42.3	39.5	43.9	36.6
Dominican Rep.	1997	55.7	50.9	57.8	49.6	48.2	50.4
	2002	54.7	48.5	57.8	46.2	43.6	47.8
	2006	55.8	51.1	58.4	49.5	46.8	51.2
Ecuador	1990	...	...	...	53.7	60.4	50.0
	2002	...	...	...	55.8	62.9	51.3
	2006	65.3	71.12	61.5	57.0	62.7	53.1
El Salvador	1995	56.8	63.4	52.6	50.6	60.4	42.5
	2001	61.5	66.5	58.0	53.5	61.4	46.5
	2004	60.0	66.0	55.7	54.3	62.2	47.3
Guatemala	1989	67.2	70.7	66.0	58.9	67.1	53.9
	2002	68.3	75.8	63.9	55.2	64.0	48.6
	2004	68.4	73.7	65.6	58.6	66.7	52.8
Honduras	1990	70.8	72.2	70.2	56.8	66.3	50.4
	2002	73.7	69.4	75.8	62.0	63.0	61.2
	2006	67.7	64.8	69.3	52.7	55.0	50.9
Mexico	1989	39.9	46.3	37.3	33.2	38.4	30.6
	2002	56.5	60.1	54.4	47.0	50.9	44.5
	2006	55.1	60.4	51.4	45.4	50.6	41.6
Nicaragua	1993	58.5	56.4	59.6	48.9	54.0	45.0
	2001	65.7	68.2	64.3	58.0	64.1	53.5
	2005	66.6	68.4	65.6	57.4	63.3	52.8
Panama	1991	53.2	44.2	57.3	40.6	39.8	41.2
	2002	51.4	47.2	53.5	38.2	39.0	37.6
	2007	48.6	49.1	48.4	36.3	39.2	34.3
Paraguay (Asunción and Central Department)	1990	59.2	70.2	51.6	59.2	70.2	51.6
	2000	52.4	61.7	44.4	52.4	61.7	44.4
	2005	54.8	61.9	48.8	54.8	61.9	48.8
Paraguay	2000	72.3	76.1	70.0	59.5	66.7	53.8
	2005	71.7	73.9	70.3	60.1	65.8	55.5
	2006	71.7	73.9	70.3	60.1	65.8	55.5
Peru	1997	69.8	77.1	64.2	60.3	69.0	53.5
	2001	72.0	79.4	66.4	63.0	71.6	56.3
	2003	73.1	80.1	67.5	63.6	71.4	57.4
Uruguay	1990	...	...	...	39.3	45.9	34.7
	2002	...	...	...	42.1	45.6	39.5
	2005	...	...	...	41.5	45.4	38.3
Venezuela (Bol. Rep. Of)	1990	47.9	47.0	48.3	44.7	45.4	44.4
	2002	55.9	56.0	55.8	...	...	...
	2006	51.0	49.0	52.2	...	...	...
Latin America^a	1990	55.1	60.1	52.5	48.5	54.5	45.0
	2002	54.4	59.4	51.7	47.2	52.6	43.5
	2006	52.3	57.4	48.6	44.9	50.7	40.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Weighted average of countries which have information for the periods considered.

Table II.11
LATIN AMERICA (12 COUNTRIES): PERCENTAGE OF WAGE EARNERS WITH FORMAL CONTRACTS, URBAN AREAS, 1990-2006^a
(Percentages)

	Year	Total wage earners		Wage earners in medium- and high-productivity sectors		Wage earners in low-productivity sectors		Female wage earners		Male wage earners	
Argentina (Greater Buenos Aires) ^b	2002	85.0	(97.0)	86.8	(96.9)	80.5	(97.3)	82.9	(95.5)	86.8	(98.2)
	2006	81.8	(87.1)	91.6	(89.7)	57.2	(76.5)	70.1	(86.6)	91.5	(87.4)
Argentina ^b	2002	83.5	(94.1)	85.5	(93.4)	78.2	(96.1)	81.4	(92.2)	85.3	(95.7)
	2006	82.0	(84.6)	91.9	(87.3)	57.4	(73.8)	70.4	(84.6)	91.5	(84.5)
Bolivia (eight major cities plus El Alto)	2002	39.5	(48.3)	56.3	(51.0)	9.4	(18.6)	38.9	(53.5)	39.9	(45.2)
	2004	33.9	(47.2)	57.0	(50.2)	5.9	(12.2)	36.0	(54.0)	32.7	(43.0)
Bolivia	2002	38.2	(49.3)	54.8	(52.1)	8.8	(18.1)	39.3	(55.8)	37.5	(45.3)
	2004	33.1	(49.0)	55.9	(52.0)	5.7	(13.4)	35.6	(56.2)	31.7	(44.5)
Brazil	1990	68.4	(33.7)	...	(33.7)	...	...	68.3	...	68.5	...
	2001	53.3	(39.3)	61.6	(34.6)	32.0	(62.4)	47.5	...	57.9	...
	2006	55.5	(40.6)	63.7	(36.4)	32.4	(63.9)	49.3	...	60.8	...
Chile	1990	83.4	(36.5)	87.4	(31.2)	70.1	(58.4)	81.5	...	84.5	...
	2000	76.2	(84.1)	82.5	(83.4)	49.8	(88.8)	73.6	(86.1)	78.0	(82.8)
	2006	77.4	(77.5)	83.9	(76.5)	45.4	(86.9)	72.5	(79.4)	80.7	(76.3)
Dominican Rep.	2002	41.1	(42.3)	48.3	(42.3)	8.6	(41.8)	38.7	...	43.0	...
	2006	37.5	(82.5)	46.5	(82.7)	4.8	(74.6)	34.7	(80.6)	39.9	(84.0)
Ecuador	2002	51.8	(47.8)	67.0	(46.0)	19.0	(61.5)	54.0	(45.0)	50.6	(49.5)
	2006	47.9	(47.5)	67.3	(45.5)	11.0	(70.6)	50.8	(44.4)	46.3	(49.4)
El Salvador	2001	29.9	...	41.1	...	2.9	...	31.2	...	29.1	...
	2004	25.5	...	35.1	...	1.8	...	25.3	...	25.7	...
Guatemala	2002	41.0	(86.2)	54.3	(86.7)	9.4	(79.6)	43.5	(84.1)	39.4	(87.7)
	2004	39.1	(86.2)	54.2	(86.4)	9.2	(83.8)	42.2	(84.5)	37.3	(87.2)
Honduras	2006	59.8	(92.0)	76.2	(92.2)	9.5	(88.9)	65.5	(92.5)	55.7	(91.6)
Mexico	1989	67.6	(80.9)	66.4	(79.8)	74.1	(86.7)	71.0	(83.2)	66.0	(79.8)
	2002	62.1	(79.8)	80.5	(80.9)	21.5	(71.5)	63.3	(79.3)	61.3	(80.2)
	2006	62.2	(74.1)	78.1	(76.1)	25.4	(60.0)	62.7	(76.9)	61.8	(72.3)
Panama	2002	82.6	(81.2)	93.9	(81.7)	39.2	(76.3)	79.3	(83.1)	85.1	(79.8)
	2007	83.1	(76.2)	94.1	(76.8)	35.8	(69.9)	79.3	(79.8)	86.0	(73.7)
Paraguay (Asunción)	2005	49.0	(61.0)	72.9	(63.0)	10.6	(38.7)	47.3	(61.1)	50.4	(60.9)
Paraguay	2005	44.4	(60.9)	70.6	(64.0)	9.9	(31.9)	43.2	(64.0)	45.4	(58.5)
Latin America^c	1990	69.1	(46.9)	88.3	(44.8)	15.9	(80.0)	71.0	(83.2)	66.0	(79.8)
	2002	57.5	(59.0)	68.3	(57.1)	30.2	(69.8)	65.6	(81.0)	64.1	(80.9)
	2006	58.9	(57.0)	69.2	(55.6)	29.5	(65.4)	61.9	(77.2)	63.7	(74.4)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Urban wage earners aged 15 years and over who declared labour income (not including unpaid workers). The percentage in parentheses is for wage earners with a formal permanent contract.

^b In this country, the type of employment by criteria of duration is used as an approximation of the existence of a contract.

^c Weighted average of the countries which have information for the periods considered.

Table II.12
**LATIN AMERICA (18 COUNTRIES): INCOME AND WAGES OF EMPLOYED PERSONS WITH DIFFERENT CHARACTERISTICS,
 URBAN AREAS, BOTH SEXES, WOMEN AND MEN, 1990-2006^a**
(In 2000 dollars)

Country	Year	Sector of activity of employed persons									Employed people who		Wage earners		
		Total employed			Low productivity			Medium and high productivity			Contribute	Do not	Both sexes	Women	Men
		Both sexes	Women	Men	Both sexes	Women	Men	Both sexes	Women	Men					
Argentina (Greater Buenos Aires)	1990	458	359	514	339	239	404	552	469	594	...	...	476	394	524
	2002	696	490	844	582	395	704	779	554	952	...	...	515	420	594
	2006	919	697	1087	821	520	1080	984	829	1091	...	...	742	598	861
Argentina	2002	614	439	741	534	356	649	672	493	814	...	...	461	377	535
	2006	890	665	1055	783	506	1010	963	787	1084	...	...	710	574	821
Bolivia (eight major cities plus El Alto)	1989	247	171	302	216	158	275	295	205	332	279	234	217	151	253
	2002	186	128	235	122	95	153	301	230	334	313	149	229	176	260
	2004	163	119	199	109	83	136	279	236	300	301	128	191	160	209
Bolivia	2002	173	122	215	118	91	147	277	218	304	285	142	212	169	238
	2004	157	113	192	110	81	138	266	228	286	285	124	184	155	201
Brazil	1990	302	200	365	290	165	378	317	248	352	386	161	285	236	310
	2001	312	234	368	203	134	264	403	339	442	419	190	291	238	333
Chile	2006	318	245	374	189	134	244	411	347	451	421	187	299	250	341
	1990	364	253	425	301	196	383	403	304	447	388	307	300	227	344
	2000	553	385	659	390	245	522	629	475	710	626	412	454	358	518
Colombia	2006	555	428	639	437	287	586	607	516	657	611	438	471	389	526
	1991	231	178	266	240	149	313	224	203	237	...	...	222	190	246
	2002	221	185	249	192	140	240	255	249	259	...	...	262	243	279
Costa Rica	2005	243	201	276	227	159	290	260	258	262	...	...	283	261	302
	1990	395	308	443	274	161	345	464	405	495	444	263	414	340	459
Dominican Rep.	2002	492	403	550	319	226	393	608	549	642	580	311	520	444	571
	2006	495	410	551	293	200	367	626	573	658	603	273	539	480	581
	1997	398	325	439	365	250	427	430	394	451	...	...	352	329	368
Ecuador	2002	398	308	455	348	241	409	441	360	497	...	...	330	291	362
	2006	410	288	487	443	277	538	377	297	432	317	463	251	216	281
	1990	127	90	148	91	61	112	169	136	183	176	98	144	109	162
El Salvador	2002	153	112	179	116	83	140	201	161	220	231	117	149	127	162
	2006	162	126	185	117	86	142	220	194	234	242	122	166	152	173
	1995	246	180	301	177	120	244	317	271	343	344	193	252	216	277
Guatemala	2001	265	221	305	183	152	220	359	330	378	390	185	286	270	297
	2004	232	201	259	181	151	216	293	283	299	320	180	252	238	262
Honduras	1989	260	197	298	226	151	283	308	291	316	...	...	224	198	239
	2002	274	182	344	192	131	254	375	274	429	350	241	265	219	293
Mexico	1990	231	161	279	166	97	227	318	287	332	...	...	252	214	273
	2002	182	151	205	150	114	179	232	214	246	...	...	212	191	226
	2006	182	157	201	109	83	132	263	249	273	296	127	221	212	227
Nicaragua	1989	510	320	602	678	331	887	427	313	476	497	528	403	319	443
	2002	554	381	664	458	256	604	639	510	711	596	282	482	396	534
	2006	549	388	666	401	257	529	672	522	764	642	334	501	414	558
Panama	1993	191	161	214	157	138	175	223	188	245	227	171	178	151	196
	2001	179	138	208	119	101	134	262	205	294	280	146	167	146	179
Paraguay (Asunción and Central Department)	1991	436	376	480	339	240	409	503	466	531	...	...	375	306	442
	2002	465	402	507	255	169	314	595	551	623	562	271	504	445	549
	2007	487	397	552	411	244	546	531	495	555	524	433	440	400	472
Paraguay	1990	303	205	370	290	192	383	321	237	357	...	...	215	159	253
	2000	300	244	349	205	152	270	404	392	411	452	250	297	259	329
Peru	2005	250	175	314	155	114	199	366	275	424	367	216	241	208	269
	2000	272	212	320	185	136	233	401	366	422	446	230	272	240	297
Uruguay	2005	224	162	275	149	108	188	338	265	385	361	190	223	191	249
	1997	208	145	258	146	103	191	303	239	336	...	...	244	203	269
	2001	187	142	223	133	108	159	279	227	306	358	148	219	183	243
Venezuela (Bol. Rep. of) ^b	2003	202	138	253	127	98	156	333	237	384	423	147	254	192	295
	1990	548	306	714	581	203	922	527	392	603	...	...	419	313	495
	2002	483	395	548	283	222	334	629	541	688	636	223	497	411	570
Latin America ^c	2005	417	341	477	240	184	294	542	471	592	562	188	423	363	478
	1990	872	644	989	887	573	1051	860	703	939	...	...	718	611	784
	2002	539	449	596	492	355	578	599	568	618	570	290	461	462	461
Latin America ^c	2006	646	553	704	568	412	658	728	688	754	746	591	614	597	625
	1990	363	242	436	345	193	455	380	299	421	405	261	333	273	365
	2002	377	276	447	280	178	365	467	388	514	472	208	350	291	392
	2006	397	300	470	283	188	370	493	416	542	479	218	378	318	425

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Employed persons aged 15 and over who declared labour income (not including unpaid workers).

^b National total.

^c Weighted average of the countries which have information for the periods considered. The figures for low- and high-productivity sectors do not include Colombia, which does not distinguish between firms of different sizes.

Table II.13
LATIN AMERICA (17 COUNTRIES): SOCIAL SECURITY COVERAGE, AROUND 1990, 2002 AND 2006^a
(Percentages)

Country	Year	National total	Total urban areas	Total rural areas	Formal urban sector ^b	Informal urban sector wage earners ^c	Total women	Total men
Argentina ^d	1990 ^e	...	94.6	...	88.9	89.8	92.3	96.0
	2002 ^f	...	55.8	...	68.4	22.8	52.2	58.9
	2006 ^f	...	60.0	...	68.8	22.3	55.0	64.1
Bolivia	1989 ^g	...	28.5	...	56.0	11.4	27.6	29.2
	2002	15.1	21.9	5.7	42.7	7.2	15.7	14.7
	2004	15.6	20.2	9.0	44.4	6.0	16.6	14.8
Brazil	1990	53.3	62.8	20.0	97.7	29.0	51.0	54.5
	2001	46.7	53.4	16.5	78.0	34.2	45.9	47.2
	2006	49.5	56.0	20.5	78.7	35.1	48.3	50.4
Chile	1990	65.9	69.6	46.9	86.2	59.0	64.5	66.6
	2000	63.5	66.1	45.0	80.4	52.8	61.8	64.5
	2006	66.7	68.1	55.7	82.6	51.6	62.9	69.0
Costa Rica	1990	69.3	72.9	66.2	88.7	50.9	64.4	71.2
	2002	64.4	67.4	59.6	87.2	43.0	59.0	67.3
	2006	65.2	67.1	62.0	86.4	39.7	58.8	68.8
Dominican Rep.	2006	58.4	61.6	49.5	70.2	8.5	59.3	63.6
Ecuador	1990	...	37.5	...	67.8	17.6	35.8	38.4
	2002	...	32.1	...	57.5	13.0	31.4	32.6
	2006	28.7	33.1	20.4	59.6	14.9	30.4	27.6
El Salvador	1995	25.3	35.3	10.0	68.1	6.5	25.2	25.4
	2001	29.3	39.1	12.5	77.3	9.0	30.0	28.9
	2004	28.9	37.2	13.8	75.8	8.2	28.4	29.2
Guatemala	2002	17.1	30.2	8.2	63.4	9.9	15.9	17.8
	2004	17.7	27.1	7.9	61.2	7.5	16.3	18.4
Honduras	2006	19.8	32.6	7.4	65.6	5.7	25.8	16.6
Mexico	1989	50.4	56.4	39.4	61.9	67.6	58.9	47.0
	2002 ^d	54.8	64.5	31.2	81.7	25.5	59.2	52.5
	2006	52.1	61.3	29.1	78.1	23.4	54.6	50.6
Nicaragua	1993	25.3	35.7	11.2	58.7	14.5	30.0	22.8
	2001	17.6	24.3	7.2	53.2	7.2	21.1	15.6
	2005	17.4	25.7	5.7	58.6	3.2	22.0	14.8
Panama	2002	53.4	66.8	29.4	88.3	37.0	63.4	48.3
	2007	47.8	60.2	24.3	85.3	27.6	49.9	46.5
Paraguay	2000	13.0	19.7	4.7	45.9	4.0	13.6	12.7
	2005	14.1	20.0	6.0	46.5	4.4	15.3	13.4
Peru	2001	12.9	18.8	2.7	44.0	4.1	10.1	15.0
	2003	13.7	20.1	3.4	46.2	4.7	9.8	16.8
Uruguay	2002	...	63.0	...	84.9	44.3	63.1	63.0
	2005	...	61.1	...	82.7	40.5	60.7	61.5
Venezuela (Bol. Rep. of) ^{d,h}	2002	61.5	...	...	75.6	19.8	67.1	58.0
	2006	60.9	...	...	68.6	16.1	65.0	58.2
Latin Americaⁱ	2002	37.4	44.5	21.3	67.6	21.8	41.1	40.3
	2006	37.4	44.1	23.9	68.4	19.6	40.8	41.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household surveys in the respective countries.

^a The variables used to define the contribution to social security of employed persons aged 15 and above who declare labour income (not including unpaid workers) vary depending on the surveys in each country: contribution to or affiliation with a pension and/or health scheme (Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Mexico, Paraguay, Peru and Uruguay), a national social security scheme (Costa Rica, Ecuador, El Salvador, Guatemala, Nicaragua and Panama) and entitlement to social benefits (Bolivarian Republic of Venezuela). The totals for women and men refer to the national or urban total, depending on the characteristics of each country's survey.

^b The formal sector includes wage earners in the public sector and in firms with more than five employees, professional and technical staff working on their own account, and owners of firms with five or more employees.

^c The informal wage earners' sector includes wage earners in firms with less than five employees and in domestic service.

^d The rate corresponds to various social benefits of wage earners (vacations, allowances, bonuses, pension contributions and other statutory entitlements), excluding own-account workers, unpaid family members and owners of firms.

^e Greater Buenos Aires.

^f Urban areas.

^g Eight main cities and El Alto.

^h National total.

ⁱ Simple average of countries which have information around 2002 and 2006.

Table II.14
**LATIN AMERICA (16 COUNTRIES): EMPLOYED PERSONS WHO CONTRIBUTE TO SOCIAL SECURITY SCHEMES, NATIONAL TOTAL,
 BOTH SEXES, WOMEN AND MEN, 1990-2006^a**
 (Percentages)

Country	Year	Total employed persons			Sector of activity of employed persons					
		Both sexes	Women	Men	Medium and high productivity			Low productivity		
					Both sexes	Women	Men	Both sexes	Women	Men
Bolivia (eight main cities and El Alto)	1989	28.5	27.6	29.2	56.0	64.5	52.6	10.9	14.0	7.8
	2002	22.4	22.6	22.2	43.3	50.2	40.1	10.7	13.6	7.2
	2004	20.0	21.7	18.7	44.8	55.3	39.5	8.7	11.6	5.6
Bolivia	2002	15.1	15.7	14.7	40.6	50.5	36.1	7.3	8.8	6.0
	2004	15.6	16.6	14.8	42.0	54.9	36.3	7.9	9.6	6.1
Brazil	1990	53.3	51.0	54.5	96.3	96.7	96.1	24.4	24.3	24.5
	2001	46.7	45.9	47.2	74.2	79.7	71.2	19.1	19.7	18.6
	2006	49.5	48.3	50.4	75.6	79.8	73.1	20.0	20.8	19.2
Chile	1990	65.9	64.5	66.6	84.1	84.3	84.0	40.8	43.1	39.5
	2000	63.5	61.8	64.5	78.7	77.9	79.1	33.8	37.5	31.1
	2006	66.7	62.9	69.0	82.0	80.3	82.9	34.0	34.8	33.2
Costa Rica	1990	69.3	64.4	71.2	86.9	87.7	86.6	48.4	35.8	53.2
	2002	64.4	59.0	67.3	85.9	88.0	84.9	40.0	29.5	46.1
	2006	65.2	58.8	68.8	85.5	85.8	85.4	39.8	29.7	46.2
Dominican Rep.	2006	31.3	38.0	27.7	68.6	74.8	64.8	1.7	2.7	1.3
Ecuador	1990	37.5	35.8	38.4	67.8	72.8	65.6	11.3	11.6	11.2
	2002	32.1	31.4	32.6	57.5	65.0	54.0	11.9	11.5	12.3
	2006	33.1	35.5	31.5	59.6	67.8	55.2	13.0	16.3	10.5
El Salvador	1995	25.3	25.2	25.4	56.1	65.8	51.4	2.0	1.8	2.1
	2001	29.3	30.0	28.9	70.3	82.5	63.5	3.7	3.5	3.9
	2004	28.9	28.4	29.2	67.3	78.4	61.4	3.2	2.7	3.6
Guatemala	2002	17.1	15.9	17.8	51.0	60.8	47.1	1.4	1.6	1.3
	2004	17.7	16.3	18.4	52.5	59.5	49.7	1.6	0.9	2.0
Honduras	2006	19.8	25.8	16.6	57.8	69.6	50.6	1.7	2.1	1.5
Mexico	1989	50.4	58.9	47.0	57.6	67.8	54.1	39.5	48.6	35.0
	2002	54.8	59.2	52.5	76.1	82.0	73.0	18.1	20.0	17.0
	2006	52.1	54.6	50.6	73.6	77.7	71.3	17.1	18.7	16.2
Nicaragua	1993	25.3	30.0	22.8	50.1	55.3	47.2	7.7	10.5	6.3
	2001	17.6	21.1	15.6	46.8	60.8	39.9	2.3	2.6	2.1
	2005	17.4	22.0	14.8	50.4	67.6	41.6	0.8	0.8	0.8
Panama	2002	53.4	63.4	48.3	86.1	91.8	82.8	22.4	31.6	18.2
	2007	47.8	49.9	46.5	83.2	87.4	80.0	10.4	11.1	9.9
Paraguay	2000	24.6	21.8	27.1	49.0	54.7	45.6	2.5	1.4	3.9
	2005	22.6	21.3	23.8	46.6	52.1	43.1	2.9	2.3	3.5
Peru	2001	12.9	10.1	15.0	39.4	43.3	37.6	2.6	1.5	3.6
	2003	13.7	9.8	16.8	41.9	42.4	41.7	3.3	1.7	4.9
Uruguay	2002	63.0	63.1	63.0	84.9	86.3	84.0	33.0	35.5	30.8
	2005	61.1	60.7	61.5	82.7	84.3	81.6	30.7	32.3	29.2
Venezuela (Bol. Rep. of)	2002	61.5	67.1	58.0	75.6	80.4	72.5	19.8	26.9	15.5
	2006	35.7	39.3	33.4	68.6	72.2	66.2	4.1	5.2	3.5
Latin America^b	1990	51.8	52.1	51.7	79.9	85.5	77.4	27.2	28.3	26.5
	2002	48.8	49.3	48.5	74.1	79.6	71.2	18.4	19.4	17.7
	2006	49.6	49.5	49.8	74.6	78.8	72.2	18.6	19.6	17.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Employed persons aged 15 and over who declare labour income (not including unpaid workers).

^b Weighted average of the countries which have information for the periods considered.

Table II.15
**LATIN AMERICA (17 COUNTRIES): WAGE EARNERS WHO CONTRIBUTE TO SOCIAL SECURITY SCHEMES, NATIONAL TOTAL,
 BOTH SEXES, WOMEN AND MEN, 1990-2006^a**
(Percentages)

Country	Year	Total Wage earners			Sector of activity of wage earners					
		Both sexes	Women	Men	Medium and high productivity			Low productivity		
					Both sexes	Women	Men	Both sexes	Women	Men
Argentina (Greater Buenos Aires) ^b	1990	94.6	92.3	96.0	96.3	96.1	96.3	89.8	84.5	94.6
	2002	56.9	54.4	58.9	69.2	68.0	70.1	25.1	21.5	28.3
	2006	59.8	54.1	64.6	74.5	74.1	74.7	23.1	18.7	29.0
Argentina ^b	2002	55.8	52.2	58.9	68.4	66.0	70.4	22.8	19.1	26.4
	2006	60.0	55.0	64.1	75.2	74.7	75.6	22.3	19.0	26.3
Bolivia (eight main Cities and El Alto)	1989	42.7	42.9	42.6	59.8	67.3	56.6	11.4	13.0	10.2
	2002	31.7	32.5	31.2	45.7	51.6	42.9	6.5	8.6	4.6
Bolivia	2002	29.8	34.1	27.5	43.4	52.5	39.1	6.7	9.3	4.9
	2004	26.7	32.7	23.6	44.8	56.3	39.3	5.1	7.4	3.9
Brazil	1990	70.9	78.5	67.4	97.8	99.1	97.1	23.1	39.0	16.1
	2001	64.7	63.8	65.2	76.2	82.8	72.5	33.5	34.0	32.8
	2006	67.3	65.8	68.4	78.5	83.4	75.5	34.4	34.8	33.7
Chile	1990	78.7	75.0	80.6	86.1	86.3	86.0	56.9	55.7	58.0
	2000	77.0	73.6	79.1	83.5	84.0	83.3	51.9	50.9	53.4
	2006	79.8	75.4	82.6	85.8	85.6	85.9	52.0	48.6	57.3
Costa Rica	1990	78.2	76.0	79.3	88.2	89.1	87.8	50.0	46.7	52.0
	2002	75.8	74.2	76.7	88.5	90.5	87.5	43.0	40.6	44.8
	2006	75.3	71.8	77.5	88.0	88.6	87.6	40.1	37.5	42.4
Dominican Rep.	2006	58.4	55.8	60.4	73.7	78.7	70.5	7.7	6.4	9.7
Ecuador	1990	56.1	56.9	55.6	70.3	74.8	68.3	17.6	20.7	15.4
	2002	45.0	47.5	43.6	59.8	66.9	56.3	13.0	14.9	11.6
	2006	45.6	52.2	41.7	61.7	70.2	57.0	14.9	21.7	10.4
El Salvador	1995	43.2	48.4	40.4	58.2	67.0	53.7	4.0	5.2	3.2
	2001	48.3	55.9	44.0	72.3	83.6	65.8	6.0	7.1	5.3
	2004	46.2	53.0	42.4	69.0	79.7	63.2	5.3	6.1	4.9
Guatemala	2002	35.8	40.8	33.7	54.2	63.5	50.5	5.1	7.4	4.0
	2004	36.4	39.8	34.9	56.0	63.6	52.9	4.9	3.5	5.6
Honduras	2006	39.3	52.8	32.3	60.0	71.7	52.6	3.1	5.3	2.3
Mexico	1989	59.2	65.2	56.8	58.4	68.2	55.0	64.1	54.3	72.9
	2002	54.8	59.2	52.5	76.1	82.0	73.0	18.1	20.0	17.0
	2006	52.6	55.3	51.1	73.8	78.0	71.4	17.1	18.9	16.1
Nicaragua	1993	42.1	47.5	39.1	58.1	73.0	51.3	12.0	12.3	11.9
	2001	32.5	41.7	28.0	49.6	65.2	42.0	5.5	5.4	5.5
	2005	34.0	45.7	28.0	52.8	70.3	43.8	2.2	2.6	1.9
Panama	2002	73.2	75.6	71.6	87.7	92.5	84.8	30.2	33.9	27.2
	2007	69.8	69.4	69.4	85.1	90.6	83.5	21.5	22.4	22.8
Paraguay (Asunción and Central Department)	2000	36.9	33.6	39.7	55.2	62.4	51.0	4.8	2.8	8.0
	2005	34.8	33.2	36.1	53.1	58.2	49.7	5.5	4.1	7.2
Peru	2001	27.1	26.9	27.1	41.9	45.7	40.1	3.4	3.2	3.6
	2003	29.9	26.6	31.9	45.3	45.0	45.4	3.9	2.6	5.0
Uruguay	2002	76.6	73.2	79.4	90.4	93.3	88.5	44.3	43.1	46.2
	2005	73.7	71.1	76.0	88.1	90.7	86.2	40.5	40.4	40.6
Venezuela (Bol. Rep. of)	2002	61.5	67.1	58.0	75.6	80.4	72.5	19.8	26.9	15.5
	2006	60.9	65.0	58.2	73.1	76.1	71.1	16.1	20.5	13.6
Latin America^c	1990	68.1	74.0	65.3	82.0	87.8	79.5	32.5	43.8	26.3
	2002	60.6	61.8	59.9	75.5	81.3	72.3	26.3	29.0	23.7
	2006	61.9	62.2	61.6	76.7	81.2	74.0	26.2	29.0	23.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Wage earners aged 15 and over who declare labour income (not including unpaid workers).

^b The rate corresponds to various social benefits of wage earners (vacations, allowances, bonuses, pension contributions and other statutory entitlements).

^c Weighted average of the countries which have information for the periods considered.

Table II.16
LATIN AMERICA (17 COUNTRIES): COUNTRY ORDER ACCORDING TO FORMAL DEPENDENCY INDICATOR, AROUND 2006
(Percentages and 2000 dollars)

	Number of dependants per person employed in the formal sector		Government social spending				Composition of dependants				Formal workers per employed persons (15-59 years of age)		Contributors among total employed persons		Wage earners among employed persons	Poor wage earners	Informality rate	Unemployment rate	
	2006	2002	Per capita GDP	Percentage of GDP		Under 15 years of age	Inactive (15-59 years of age)	Over 60 years of age	Employment problems (15-59 years of age)		Total	Formal sector	Informal sector	Contributing wage earners					
				per capita	of GDP				Unemployed (15-59 years of age)	Informal (15-59 years of age)									
Group I																			
Bolivia	9.9	9.6	1 064	18.6	43.8	15.1	7.4	2.0	31.7	24.2	15.6	42.0	7.9	26.7	42.5	37.4	77.4	4.2	
Guatemala	8.2	7.5	1 614	100	6.3	20.4	7.0	1.3	24.3	33.3	17.7	52.5	1.6	36.4	40.0	48.0	68.4	3.3	
Honduras	8.1	10.7	1 363	120	11.6	22.6	8.3	1.3	23.6	34.3	19.8	57.8	1.7	39.3	51.5	48.3	67.7	3.2	
Peru	7.6	7.6	2 556	208	8.9	18.0	10.9	2.6	32.4	28.9	13.7	41.9	3.3	29.9	33.4	38.4	73.1	5.0	
Paraguay	7.58	8.5	1 398	108	7.9	16.8	8.8	2.9	31.3	29.7	14.1	45.9	1.6	29.0	40.4	47.7	71.7	5.8	
Nicaragua	6.98	7.4	864	90	10.8	40.9	22.3	1.9	26.4	35.2	17.4	50.4	0.8	34.0	34.7	50.4	66.6	4.2	
El Salvador	6.09	6.4	2 188	120	5.6	39.6	23.9	2.8	22.6	42.0	28.9	67.3	3.2	46.2	31.7	60.3	60.0	6.8	
Ecuador	5.78	...	1 608	96	6.3	36.9	18.2	3.4	29.5	37.0	28.7	55.0	14.7	39.8	28.2	53.4	65.3	6.3	
Dominican Rep.	5.39	5.5	3 240	204	7.1	36.9	21.1	11.5	22.0	45.8	31.3	68.6	1.7	58.4	35.3	53.6	55.8	16.2	
Average group I	7.29	7.90	1 766	137	9.2	40.6	19.8	9.5	27.1	34.5	20.8	53.5	4.0	37.7	37.5	48.6	67.3	6.1	
Group II																			
Mexico	4.39	4.9	6 952	618	10.2	38.1	11.3	1.7	25.5	47.2	52.1	73.6	17.1	52.6	24.3	67.3	55.1	3.3	
Panama	4.34	4.7	4 749	344	8.0	37.1	23.3	4.5	22.3	50.8	45.9	83.8	10.7	69.4	11.9	63.0	51.8	8.7	
Venezuela (Bol. Rep. of)	4.14	5.0	5 430	562	11.7	38.1	23.4	5.1	23.7	50.5	35.7	68.6	4.1	60.9	17.7	58.5	51.0	9.3	
Average group II	4.29	4.88	5 710	508	10.0	37.7	23.4	3.8	23.8	49.5	44.6	75.3	10.6	61.0	17.5	62.9	52.6	7.1	
Group III																			
Uruguay ^a	3.59	3.9	6 770	1 087	17.7	30.2	17.9	26.5	18.6	59.9	61.1	82.7	30.7	73.7	10.6	71.2	41.5	12.1	
Costa Rica	3.43	3.9	4 820	772	17.5	34.8	28.2	11.8	21.9	57.1	65.2	85.5	39.8	75.3	5.9	70.8	44.4	5.9	
Argentina ^a	3.35	4.2	8 733	1 521	19.4	32.6	24.1	18.5	19.4	60.6	45.6	68.8	11.9	60.0	12.9	76.0	40.8	9.5	
Brazil	3.16	3.7	4 021	860	22.0	34.2	21.0	13.4	25.8	55.1	49.5	75.6	20.0	67.3	20.8	64.4	46.8	8.4	
Chile	2.86	3.4	5 889	729	13.1	31.5	31.5	17.6	15.3	69.5	66.7	82.0	34.0	79.8	7.8	75.7	32.2	7.3	
Average group III	3.28	3.8	6 047	994	17.9	32.7	24.5	17.6	20.2	60.5	57.6	78.9	27.3	71.2	11.6	71.6	41.1	8.6	
Average 17 countries	5.6	6.1	3 721	454	11.9	37.8	21.8	12.2	24.5	44.8	35.8	64.8	12.0	51.7	26.4	57.9	57.0	7.0	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.
^a Urban areas.