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The employment situation in Latin America and the Caribbean

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Crisis in the labour markets and countercyclical responses

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“In this second bulletin, ECLAC and ILO show how the impact of the crisis has deepened in labour markets in the region in the first half of the year.”

Foreword

As predicted in the first bulletin, produced jointly by the Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), the impact of the economic crisis continued to be felt in Latin America and the Caribbean during the second quarter of 2009. Regional exports of goods and services contracted in response to sluggish demand on international markets, while remittances and foreign direct investment flows continued to fall, credit lost its buoyancy and the total wage bill diminished, owing mainly to job losses. As a result, the growth forecasts of many countries had to be adjusted downwards. Since the end of 2008, the countries of the region had started to implement countercyclical policies —albeit with significant differences— in an effort to use public spending to counter flagging investment and consumer-spending levels and boost aggregate demand.

In this second bulletin, ECLAC and ILO show how the impact of the crisis has deepened in labour markets in the region in the first half of the year and examine existing options and the outcome of public-infrastructure and emergency employment programmes designed to mitigate the impact of the crisis on the labour market.

The unemployment rate has risen in practically all countries compared with the previous year and this situation worsened further in the second quarter, when urban unemployment exceeded the rate of the corresponding period in 2008 by 1 percentage point (to stand at 8.5%, up from 7.5%), while in the first quarter, the variation was 0.6 of a percentage point. Labour indicators also point to an increase in informality, a decline in employment with social protection and a decrease in full-time employment.

Labour-market trends observed in the first half-year, together with the forecast for a 1.9% decline in regional GDP in 2009, suggest that the average annual rate of urban unemployment in the region will be close to 8.5%. This forecast is slightly less pessimistic than the estimate given in the first bulletin; this is attributable to the fall in the participation rate in the first half-year to levels that are expected to remain low for the rest of the year. Without this reduction in the labour supply, due largely to the “discouragement effect”, the annual average urban unemployment rate would stand at between 8.8% and 8.9%. Thus, the open urban unemployment figure would increase by 2.5 million and if the “discouraged job-seekers” are included, then the number of additional persons not finding a niche in the urban labour market would climb to 3.2 million.

In the region, as in the rest of the world, there are signs that the crisis may have reached bottom in the middle of the year. In many countries, production levels have ceased their decline and there are indications of an incipient recovery leading to cautious optimism that there may be a moderate upturn in labour markets in the fourth quarter. The pace of recovery will vary from one country to the next and is expected to be gradual at best.

Even with the return to a growth path, there should be no illusion that the labour problems will immediately disappear. First, the recovery in employment is expected to lag behind the upturn in economic activity. Second, since economic growth is

likely to remain moderate in the short term and well below the rates recorded between late 2003 and mid-2008, demand for labour and consequently the generation of good-quality jobs will continue to be weak. Thus, countries should not relax their efforts to defend and create decent jobs, but rather should take steps to improve the effectiveness and efficiency of available instruments. In this way, the region will be in a better position not only to confront the challenges of economic recovery, but also to strengthen the foundations for social inclusion and for advancing under more favourable conditions towards fulfilment of the Millennium Development Goals

Jean Maninat
Director
ILO Regional Office for
Latin America and the Caribbean

Alicia Bárcena
Executive Secretary
Economic Commission for
Latin America and the Caribbean (ECLAC)

Introduction

The second quarter of 2009 saw a continuation of the signs of economic decline described in the first Bulletin on the employment situation in Latin America and the Caribbean, prepared jointly by the Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO). One such sign was the worsening of the labour market's main employment and underemployment indicators as a result of the crisis.¹ However, the first suggestions of a recovery in the labour markets may be perceptible in the last few months of the year, partly as a result of the countercyclical policies implemented in many of the region's countries.

This second ECLAC/ILO Bulletin seeks to describe the impact of the economic decline on labour markets, beginning with a brief review of urban employment and unemployment trends in the first and second quarters of 2009. The Bulletin then presents a more detailed review of the main changes in the labour market in the first half of 2009, in relation to the first half of 2008. The final section highlights progress in the execution of public investment and emergency employment programmes, as part of countercyclical policy packages.

In the second quarter, job creation capacity (according to seasonally adjusted measurements) again fell in most countries (which is why employment rates are lower in most cases than in the second quarter of 2008). As a result, the urban unemployment rate showed a more dramatic year-on-year increase in the second quarter than in the first.

Indicators for countries that carry out monthly surveys show that the main cost of economic decline in the first half of 2009 has been a reduction in labour demand, with a slowdown in the growth of waged work in practically all countries with information available. The open unemployment rate has therefore risen to 8.5% (compared with 7.7% in the year-earlier period). This rise would have been larger, had the participation rate not dipped slightly as a result of reduced labour participation among young people, while the long-term upward trend of labour participation among women continued.

However, this has not been the only adverse effect on employment and decent work conditions, as there are signs of a deterioration in job quality. This is reflected in less dynamism of social-security protected employment and in what seems to be a trend towards more informal employment, which can also be seen in a rise in own-account working in response to the decline in waged employment.

An additional cost of economic decline has been the losses in terms of working time, which can be seen in increased underemployment resulting from an insufficient number of hours for people working a short day (but wishing to work more hours).

Young people have paid a high cost in the crisis or economic downturn, as youth unemployment has shot up. It seems that this is discouraging young people from seeking work, as their participation rates have dropped, although clearly this may also result in more young people staying on in the education system.

Although the rise in unemployment has been greater among men, unemployment rates nonetheless remain higher among women. The data also show a continuation in the long-term upward trend in the female participation rate, while the male participation rate decreased.

In the context of a crisis that originated abroad to affect all the region's countries in varying ways, there are significant differences both in the labour impacts of this crisis, and the outlook for the coming months. This is clearly demonstrated by a comparison between the region's two largest economies: Brazil and Mexico. Owing to its high level of integration with the United States economy, the labour market in Mexico has been hit the hardest and the most quickly by the crisis, and there is no sign of imminent recovery according to the information on economic growth or labour data from the second quarter. For Brazil, on the other hand, the crisis had a more limited impact on the labour market. In the first half of the year, the number of waged workers and social-security protected employment continued to grow year-on-year, and recent data indicate that production is on the road to recovery stimulated, in part, by countercyclical fiscal and monetary policies.

For the year as a whole, the unemployment rate in the region is estimated to rise from 7.5% in 2008 to 8.5% in 2009. This projection is slightly less pessimistic than in the first ECLAC/ILO Bulletin for two reasons. The main adjustment is due to the fall in the participation rate during the first half of the year, the extent of which was not predicted. Indeed, were it not for this fall (which may be largely due to scarce job opportunities discouraging jobseekers), the unemployment rate would be between about 8.8% and 8.9%. The second, smaller adjustment relates to the employment rate, which was previously forecast to fall by 0.9 percentage points. In the first half of the year, the year-on-year decrease was 0.7 percentage points and estimates suggest that the decrease could be larger in the third quarter. However, the fourth quarter is expected to see a smaller fall, as a result of the following two factors. First, the regional economy has stabilized and is entering a recovery partly thanks to the countercyclical policies introduced in many countries, which

¹ The urban employment situation is analysed using most indicators for a group of nine Latin American countries that carry out monthly or quarterly surveys and that represent almost 95% of regional GDP and 89% of the urban economically active population (EAP). For some variables, information was also available for three Caribbean countries.

has a positive effect on the outlook for job creation.² Second, the region's labour markets had already been hit by the crisis in the fourth quarter of 2008, which has an impact on the levels for comparison. As a result of the smaller reduction in the rate during the fourth quarter, the employment rate is expected to fall by an average of 0.8 of a percentage point for the year as a whole.

Section (c) of the Bulletin describes progress in implementing countercyclical policies that impact employment, specifically public investment and emergency employment programmes. Such investments and programmes can both be extremely powerful tools if certain aspects of their design, implementation and assessment are taken into account.

Many of the region's countries have used public investment to tackle the crisis and create jobs by allocating additional resources, introducing administrative measures to ensure a faster

pace of implementation and taking concrete steps to increase labour intensiveness in the projects being carried out. As for emergency employment programmes, in several countries they have played a less significant role in this crisis than in previous ones. As a response to the effects that the crisis has on the labour market, the advantages of these programmes are that a high percentage of resources is used for labour hiring and they make it possible to target the most needy workers.

Continued improvements in the design and application of public-investment and emergency-employment programmes are therefore a key element in better moderating the impact of the current crisis, as well as in tackling future crises. Furthermore, the institution-building that is focused upon during times of crisis would also be beneficial during boom times, so as to deal with structural weaknesses in the labour market and to ensure a smoother execution of public investment.

A. In the second quarter of 2009, the impact of the crisis on labour markets deepens

The fall in economic activity observed since late 2008 continued to make itself felt in the worsening of labour conditions in the region's countries in the second quarter of 2009.

The economic decline has become more visible for all economies under consideration since the first quarter of 2009, with an average estimated decrease in GDP of -2.6% (following a slight increase of 1.2% in the final quarter of 2008). Out of the nine countries on which this Bulletin includes detailed information, the following four posted negative economic growth rates: Brazil, Chile, Colombia and Mexico. The most dramatic decline was in Mexico (-8.0%), while Argentina, the Bolivarian Republic of Venezuela, Ecuador, Peru and Uruguay recorded slightly positive growth rates.

Generally speaking, much of the economic downturn was the result of the decline in external demand and the resulting transmission to the domestic market. The domestic market has been affected in terms of investment and private consumption, as the financial crisis and the loss of confidence invaded the capital markets and went on to adversely affect the expectations of households. In some of the region's countries, the slowdown in private consumption is going hand in hand with a reduction in migrant remittances (with a decline of between 13% and

19% in the second quarter of 2009 in Colombia, El Salvador, Guatemala and Mexico).

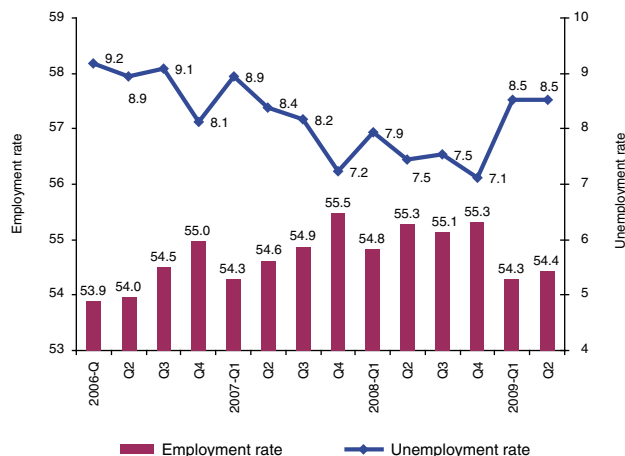
As a result, most countries recorded falls in industrial production, both for foreign markets (such as maquila) and domestic markets. Construction, which has been one of the most buoyant sectors in previous years, also contracted severely. Certain countries, especially those in Central America, the Caribbean and Mexico, saw tourist activity decrease as a result of shrinking international demand, as well as the influenza A(H1N1) epidemic.

The partial information available for the second quarter of 2009 shows that the decline is ongoing in many countries. Annual variations in GDP for the second quarter show falls of 0.8% for Argentina, 2.4% for the Bolivarian Republic of Venezuela, 1.2% for Brazil, 4.5% for Chile, 0.5% for Colombia, 10.3% for Mexico and 1.1% for Peru while the Uruguayan economy expanded slightly, 0.2%. Nevertheless, the region's leading economy, Brazil, which had undergone a dramatic slowdown in the fourth quarter of 2008 and the first quarter of 2009, showed a recovery in output during the second quarter of the year (in relation to the previous quarter).

Given that activity did not pick up in the second quarter, and that several countries posted even lower year-on-year growth rates, it should come as no surprise that job creation was not as buoyant as it usually is at this time of year in these countries as a whole for seasonal reasons. Indeed, between the first and second quarters the employment rate only edged up slightly by 0.1 percentage points and the unemployment rate remained constant at 8.5% (see figures 1 and 2).

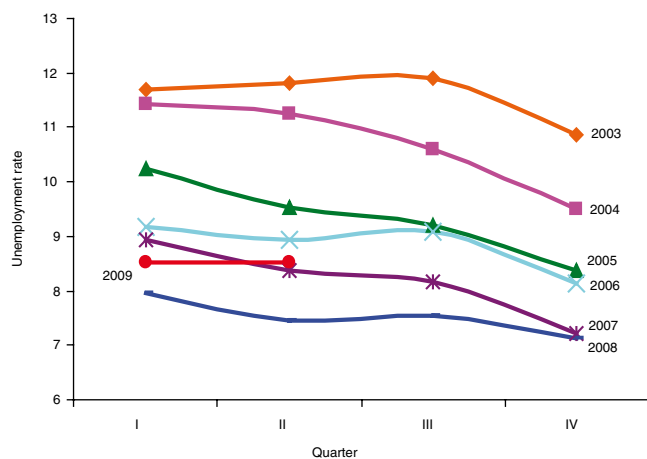
² The Employment Outlook Survey on hiring and layoffs carried out by the company Manpower (2009) shows a clear improvement in the hiring outlook of the seven Latin American countries covered for the fourth quarter (in relation to the previous quarter), although the year-on-year comparison remains largely negative.

Figure 1
LATIN AMERICA (9 COUNTRIES): EMPLOYMENT AND UNEMPLOYMENT RATES, FIRST QUARTER OF 2006 TO SECOND QUARTER OF 2009
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from household surveys conducted in the relevant countries.

Figure 2
LATIN AMERICA (9 COUNTRIES): UNEMPLOYMENT RATE BY QUARTERS, FIRST QUARTER OF 2003 TO SECOND QUARTER OF 2009^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

According to seasonally adjusted measurements, only three of the nine countries under consideration (Bolivarian Republic of Venezuela, Colombia and Peru) recorded increases in their employment rates between the first and second quarters of 2009, whereas Argentina, Brazil, Chile, Ecuador, Mexico and Uruguay posted falls in the employment rate, as a result of weak labour demand that reflected the decrease in economic activity (see table 1). The year-on-year decline in the unemployment rate therefore worsened, with a reduction of 0.5 of a percentage point in the first quarter of 2009 and 0.9 of a percentage point in the second.

Table 1
LATIN AMERICA (9 COUNTRIES): URBAN EMPLOYMENT AND UNEMPLOYMENT RATES, SEASONALLY ADJUSTED, FOURTH QUARTER OF 2008 TO SECOND QUARTER OF 2009

	Urban employment rate			Urban unemployment rate		
	Q4-2008	Q1-2009	Q2-2009	Q4-2008	Q1-2009	Q2-2009
Argentina ^a	54.7	54.8	53.5	7.8	7.9	8.7
Brazil	52.8	52.2	52.0	7.8	8.4	8.2
Chile	51.7	50.7	50.4	7.9	9.1	9.8
Colombia ^b	54.8	55.4	56.4	11.8	12.7	12.8
Ecuador ^b	54.8	55.1	54.6	7.6	7.8	8.7
Mexico	56.4	56.3	55.9	5.5	5.9	7.2
Peru	61.8	61.2	62.7	8.4	8.5	8.4
Uruguay	58.9	58.5	57.6	7.5	7.6	8.2
Venezuela (Bol. Rep. of)	60.0	60.1	60.4	7.1	7.4	7.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

Note: Seasonal adjustment is carried out with monthly data for the Bolivarian Republic of Venezuela, Brazil, Chile, Mexico, Peru and Uruguay, and with quarterly data for Argentina and Ecuador.

^a The employment rate for the second quarter of 2009 is an estimate.

^b Includes hidden unemployment.

The worsening of the labour situation in the second quarter can be seen clearly in the seasonally adjusted unemployment rate. In seven of the nine countries, this rate increased, with the only exceptions being Brazil and Peru (where the rate dipped slightly by 0.2 and 0.1 percentage points, respectively). The largest increases in the seasonally adjusted unemployment rate were in Mexico (1.3 percentage points), Argentina (0.8 of a percentage point), Chile (0.7 of a percentage point) and Uruguay (0.6 of a percentage point).

The year-on-year comparison shows that, unlike the first quarter, which saw some countries maintain or even reduce their unemployment levels,³ in the second quarter of 2009 the unemployment rate rose across the board. As a result, the regional year-on-year increase in the unemployment was greater in the second quarter of 2009 (+1.0 percentage points) than in the first quarter (+0.6 percentage points).

³ In the first quarter of 2009, Argentina and Peru posted the same unemployment rate as in the year-earlier period, while the Bolivarian Republic of Venezuela and Uruguay posted a decrease and the rate rose in all other countries. See ECLAC/ILO (2009).

B. General overview for the first half of 2009

Data from the first six months of the year flesh out the difficult situation in labour markets, which is the result of the decline in economic activity in most of the region's countries. Unemployment is up among women, men and young people

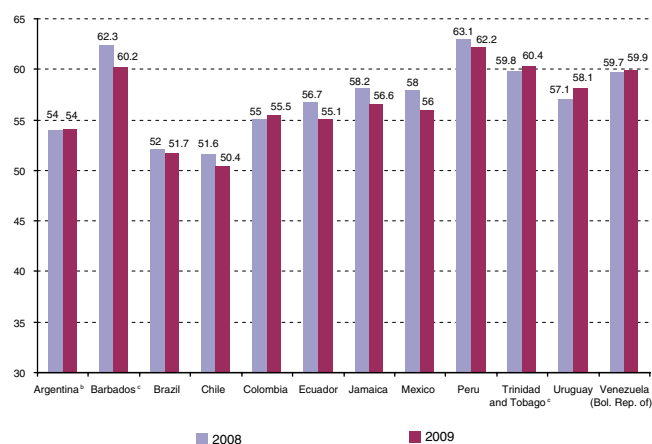
of both sexes; these are losses in working hours because of market factors; formal job creation is weak; social protection is becoming scarcer; and there are differential trends in worker wages and income.

1. Employment plummets dramatically

At the regional level, the employment rate fell from 55.1% in the first half of 2008 to 54.4% in the same period of 2009 (see table A-3). The pattern varied across countries. The most dramatic year-on-year falls were observed in Barbados, Chile, Ecuador, Jamaica and Mexico, while the reductions were smaller in Brazil and Peru, and the rate is estimated to have remained constant in Argentina. On the other hand, the employment rate rose in the Bolivarian Republic of Venezuela, Colombia, Trinidad and Tobago and Uruguay (see figure 3).

in the unemployment rate. As in previous periods, in most of the countries that observed a fall in their overall participation rate, this was linked to a sharp decline in the participation rate among men, while the female participation rate either dropped by less or even increased. Indeed, in terms of the weighted average for countries with information on the first half of the year, the male participation rate dropped by 0.5 percentage points, while the female participation rate rose by 0.1 percentage points.⁴ These results show a continuation of the long-term trend of a narrowing gap between male and female labour participation (see table A-4 in the statistical annex).

Figure 3
LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): URBAN EMPLOYMENT RATE, FIRST HALF OF 2008 AND 2009^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries (table 3-A of the statistical annex).

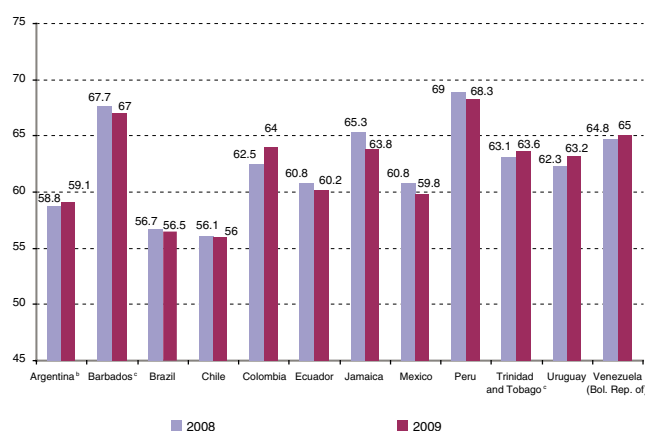
^a For Barbados, the Bolivarian Republic of Venezuela, Chile, Jamaica and Trinidad and Tobago, the national total is used.

^b Estimates for the first half of 2009.

^c First quarter.

The participation rate also differed among countries, with rises in Argentina, the Bolivarian Republic of Venezuela, Colombia, Trinidad and Tobago and Uruguay, whereas the rate decreased in Barbados, Ecuador, Jamaica, Mexico and Peru, and also to a lesser extent in Brazil and Chile (see figure 4). The slight drop in labour participation at the regional level reduced the increase

Figure 4
LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): URBAN PARTICIPATION RATE, FIRST HALF OF 2008 AND 2009^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries (table 2-A of the statistical annex).

^a For Barbados, the Bolivarian Republic of Venezuela, Chile, Jamaica and Trinidad and Tobago, the national total is used.

^b Estimates for the first half of 2009.

^c First quarter.

⁴ Owing to a lack of data, this calculation does not include Argentina. The data are therefore not completely compatible with the overall participation rate calculated for all nine countries.

Furthermore, in the few countries with information for the participation rate disaggregated by age group, labour participation among young people has dropped. In Brazil and Peru, for instance, the fall in the participation rate recorded in the first half of 2009 was due to reduced youth participation, while adult participation increased. In Mexico, youth and adult labour participation both fell, with a larger decrease among the former than the latter. These trends were observed even in countries where the total participation rate rose, such as the Bolivarian Republic of Venezuela, where the youth participation rate dropped and the adult rate increased.

2. Unemployment rises in almost all countries

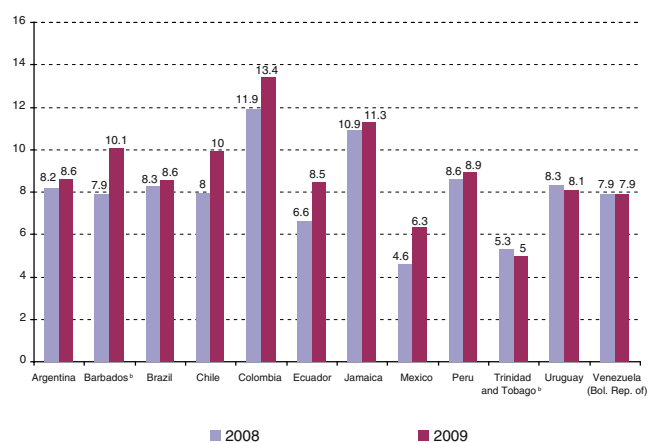
The pattern of employment trends and labour supply has generated an urban unemployment rate that has risen from 7.7% in the first half of 2008 to 8.5% in the first six months of 2009. The unemployment rate thus rose in nine of the twelve countries with information available, while in Trinidad and Tobago and Uruguay the rate dipped slightly and in the Bolivarian Republic of Venezuela the six-monthly rate remained the same (see figure 5).⁵ Indeed, in Barbados, Brazil, Chile, Ecuador, Jamaica, Mexico and Peru, open unemployment rose mainly on the back of weak job creation, although the impact was offset by a reduced labour supply. In Argentina and Colombia, the rises in the unemployment rate were the result of increased labour supply, as the employment rate did not vary in the former, and did not rise enough in the latter to offset the increase in supply. In Trinidad and Tobago and Uruguay, unemployment dropped because the increase in employment was slightly larger than the rise in labour supply. In the Bolivarian Republic of Venezuela, the unemployment rate was the same in the first half of 2009 as in the first six months of 2008, as labour participation and employment expanded to the same extent.

In the eight Latin American countries with unemployment information by sex for the first half of 2009, the female unemployment rate was 1.4 times higher than the rate among men (with the largest gap in Uruguay (1.8 times higher) and the smallest in Mexico (0.9 times higher)). Despite these differences, in the current labour situation men tend to experience greater increases in unemployment than women. In countries where total unemployment has risen, the rate increased by more among men in Brazil, Chile, Mexico and Peru. In Ecuador, on

In summary, the data suggest that, within the current labour situation, the regional participation rate is determined by two opposing trends: reduced labour participation among young people and increased labour participation among women. Although more information is required to confirm this, in the case of young people, such trends may be due to their being discouraged from seeking work given the more limited opportunities available. It would also be vital to check whether more young people are remaining longer within the education system. In the case of women, the long-term upward trend is maintained.

the other hand, the increase was greater among women. In the Bolivarian Republic of Venezuela, Jamaica and Uruguay, the male unemployment rate rose and female unemployment dropped (see figure 6). In the weighted average of these countries, men's unemployment rate rose from 6.4% to 7.4%, while the rate among women increased from 9.7% to 10.2%.

Figure 5
LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): URBAN UNEMPLOYMENT RATE, FIRST HALF OF 2008 AND 2009^a
(Percentages)



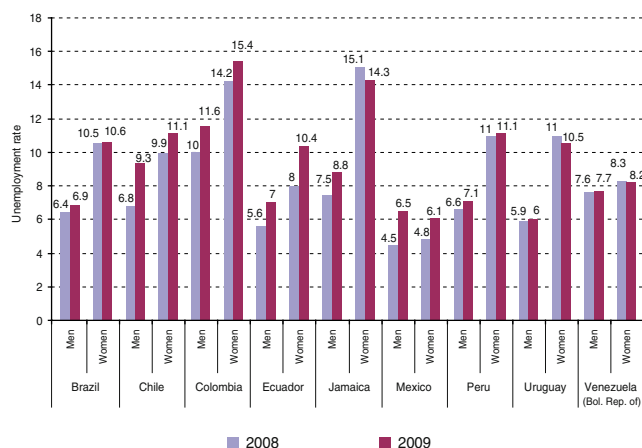
Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries (table 1-A of the statistical annex).

^a For Barbados, the Bolivarian Republic of Venezuela, Chile, Jamaica and Trinidad and Tobago, the national total is used.

^b First quarter.

⁵ In the Bolivarian Republic of Venezuela and Uruguay, the year-on-year comparison showed a decrease in unemployment for the first quarter of 2009, but in the second quarter the unemployment rate was higher than in the year-earlier period.

Figure 6
LATIN AMERICA AND THE CARIBBEAN (9 COUNTRIES):
URBAN UNEMPLOYMENT RATE, MEN AND WOMEN,
FIRST HALF OF 2008 AND 2009^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

^a For the Bolivarian Republic of Venezuela, Chile and Jamaica, the national total is used.

A significant proportion of the cost of increased joblessness is being paid by young people, as youth unemployment has surged upwards. The rise in employment in the first half of 2009 in relation to the year-earlier period was more than

3. Employment quality falls

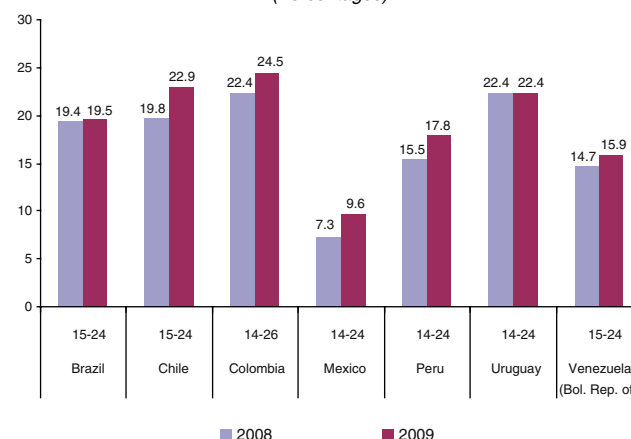
One of the expected effects of the decline in activity is weaker growth of waged work, particularly in the private sector. A comparison between the first half of 2008 and the first six months of 2009 therefore reveals a slowdown in the growth of waged work in five of the six countries with information available (see table 2). In Chile, Colombia (nationwide) and Peru, the growth rate is negative —although in Colombia this trend is more a reflection of a fall in waged employment in the public sector than in the private sector.

At the same time, the growth in own-account working tended to partially offset the slower growth in waged work, particularly in countries such as the Bolivarian Republic of Venezuela, Chile, Colombia and Peru. Nonetheless, the growth rate of own-account working did fall in most countries with information available for comparing the first six months of 2009 with the year-earlier period.

These changes in the growth of employment by occupational category could point towards a certain trend towards

two percentage points in countries such as Chile, Colombia, Mexico and Peru, and levels remained unchanged in Uruguay only (see figure 7). In the few countries with information on the unemployment rate by age group, the youth unemployment rate is almost triple the adult unemployment rate (which is similar to what was observed before the crisis).

Figure 7
LATIN AMERICA AND THE CARIBBEAN (7 COUNTRIES): URBAN YOUTH
UNEMPLOYMENT RATE, FIRST HALF OF 2008 AND 2009^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

^a For the Bolivarian Republic of Venezuela, Chile and Mexico, the national total is considered.

informalization of the labour market (on the assumption that a large proportion of informal businesses or enterprises are run by own-account workers).

There also seems to be an increasing lack of job security, judging by the fact that growth in social-security protected employment has slowed down in all countries with information available, with Costa Rica and Mexico even showing negative year-on-year variations in protected employment in recent months (see figure 8).

From the sectoral perspective, in countries with information available the manufacturing industry has been the most affected by the decline in employment in the first half of 2009, with falls in the number of employed in Brazil, (-2.0%), Chile (-1.4% at the national level), Colombia (-0.9 in 13 metropolitan areas), Mexico (-7.0%) and Peru (-2.7%). The number of employed has also dropped in the construction sector in the Bolivarian Republic of Venezuela (-5.3%), Chile (-4.2%) and Mexico (-2.4%) and in commerce in Chile (-1.0%), Mexico (-0.8%) and Peru (-3.1%).

Table 2
LATIN AMERICA (6 COUNTRIES) YEAR-ON-YEAR RATES OF VARIATION IN EMPLOYMENT, BY EMPLOYMENT CATEGORY AND SECTOR OF ECONOMIC ACTIVITY, FIRST HALF OF 2008 AND 2009
(Percentages)

Country	Occupational categories						Sector of economic activity									
	Employed		Waged		Own-account		Manufacturing industry		Construction		Commerce		Agriculture, livestock and fishing		Other ^a	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Brazil (six metropolitan regions)	3.6	0.7	3.6	1.2	1.1	-1.0	3.3 ^b	-2.0 ^b	3.3	1.4	3.4	0.6	...	...	3.8	1.5
Chile (national)	2.8	-0.8	5.7	-1.2	-3.4	2.4	0.5	-1.4	7.2	-4.2	5.1	-1.0	-0.8	-4.7	2.7	1.2
Colombia																
National	3.7	4.0	-6.2	-0.1	16.5	5.9	2.9	4.7	1.4	8.4	4.9	6.4	2.5	4.2	4.1	1.5
13 metropolitan areas	4.1	2.6	-4.0	1.1	16.5	4.4	3.5	-0.9	-0.1	5.3	3.9	6.7	...	...	4.9	1.2
Mexico (national)																
National	2.2	-1.1	3.2	0.1	1.0	1.1	-0.2	-7.0	0.5	-2.4	2.3	-0.8	-0.6	-2.9	4.4	1.9
32 urban areas	2.4	-1.0	2.9	0.1	2.9	0.0	0.9	-7.9	-1.1	-2.6	1.7	-1.2	...	...	2.9	1.8
Peru (Metropolitan Lima)	1.5	0.4	5.6	-0.1	5.1 ^c	2.0 ^c	1.1	-2.7	5.3	2.4	4.3	-3.1	...	...	0.5	3.1
Venezuela (Bol. Rep. of) (national)	3.7	2.5	4.0	0.8	8.2	3.8	3.5	0.1	9.8	-5.3	6.1	1.9	-3.3	5.7	2.0	4.5

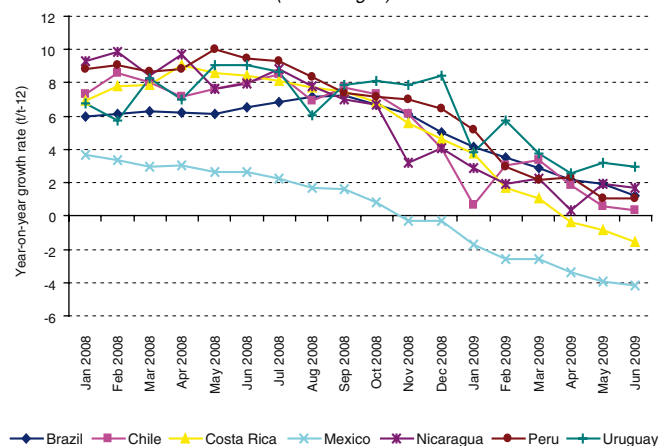
Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

^a Includes mining, electricity, gas and water, transport and communications, financial services, community and social services.

^b Includes the extractive and processing industries and the production and distribution of electricity, gas and water.

^c Includes all non-wage workers.

Figure 8
LATIN AMERICA AND THE CARIBBEAN (7 COUNTRIES): RATE OF VARIATION IN EMPLOYMENT COVERED BY SOCIAL SECURITY, JANUARY 2008 TO JUNE 2009
(Percentages)

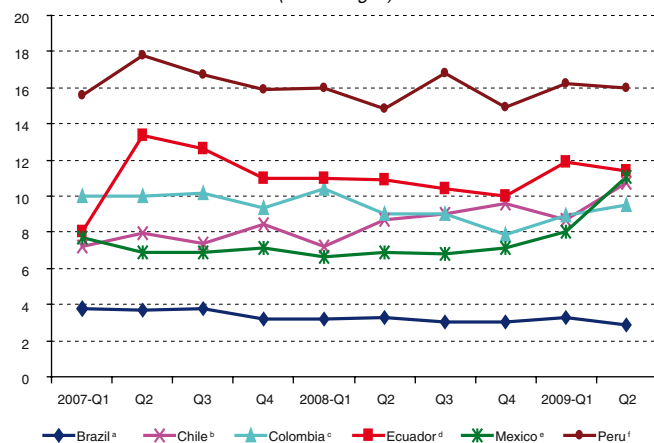


Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

One additional cost of the labour market decline is the loss in working hours, which is reflected in an insufficient number of hours worked, and this pushes up the proportion of the employed population working a shorter workday (while wanting to work more hours). The information available for six countries shows that underemployment due to an insufficient number of hours worked in the first few months of 2009 was higher than in the year-earlier period, with the trend being more acute in Mexico and variable across the other countries.

This is to be expected as declining aggregate demand would understandably result in companies in the formal sector first adjusting the workday by reducing it, before reviewing wage levels or reducing staffing levels (see figure 9).

Figure 9
LATIN AMERICA (6 COUNTRIES): UNDEREMPLOYMENT RATE DUE TO INSUFFICIENT HOURS, FIRST QUARTER OF 2007 TO SECOND QUARTER OF 2009
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

^a Employed who work less than 40 hours a week and wish to work more (six metropolitan regions).

^b Employed who work less than 35 hours a week and wish to work more (national total).

^c Employed who work less than 48 hours a week and wish to work more (13 metropolitan areas).

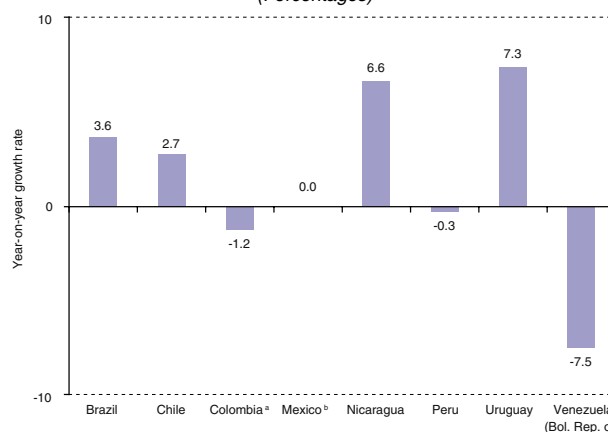
^d Employed who work less than 40 hours a week and wish to work more (national urban figures).

^e Employed who are willing and able to work more hours than their current job allows (national total).

^f Employed who work less than 35 hours a week and wish to work more (Metropolitan Lima).

Information for eight countries of Latin America shows that the patterns of real wages in formal employment remain variable, in a context of downward inflation. Despite weak labour demand, the purchasing power of real wages rose steadily in Nicaragua and Uruguay, and more moderately in Brazil and Chile. This seems to be because wages do not usually decrease in nominal terms and are indexed to past inflation in a context of falling inflation (not to mention the impact of the rise in minimum wages). Nevertheless, this pattern does not appear to have influenced many of the wage agreements in Colombia, Mexico, Peru and, above all, in the Bolivian Republic of Venezuela, where inflation remains relatively high and the purchasing power of wages continued to fall (see figure 10).

Figure 10
LATIN AMERICA (8 COUNTRIES): YEAR-ON-YEAR VARIATION IN AVERAGE REAL WAGES FOR FORMAL EMPLOYMENT, FIRST HALF OF 2009
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

^a Pay in the manufacturing industry (including coffee threshing).

^b Pay in the manufacturing industry.

C. Public investment and emergency employment programmes as a means of tackling the crisis

In crisis situations such as the current regional context, public investment has become a key component of countercyclical packages that seek to partially offset the fall in economic activity within the private sector. Many countries have increased the amounts allocated and executed in relation to years prior to the crisis.⁶ In response to the crisis, the region's countries are estimated to have increased the allocations for public investment by an average of 20%.⁷ What is more, certain countries are attempting to prioritize those investments that have the greatest effect on job creation and/or to replace machinery with labour in a given project.

At the same time, emergency employment programmes are being used to tackle the crisis, although many countries are making less use of them than in previous crises. These programmes involve creating temporary jobs for the unemployed, usually in the form of work to build or maintain social utility infrastructure,⁸ hence their similarity with programmes based on "pure" public investment.

The experiences of the region's countries in terms of public investment and emergency employment programmes can be used to identify examples of good practice, as well as to pinpoint some key issues for programme design and execution.

⁶ See ECLAC (2009).

⁷ See Schwartz, Andres and Dragoiu (2009).

⁸ See Reinecke (2005) for definitions and a classification of emergency employment programmes implemented in some of the region's countries in the 1990s and at the beginning of this decade. In this Bulletin, the analysis of emergency employment programmes is limited to direct job creation programmes, and does not include indirect programmes such as hiring subsidies.

1. Increasing public investment and the challenge of execution

In response to the crisis, most of the region's countries have implemented countercyclical economic policy packages that have usually included measures designed to reduce taxes while increasing spending and investment.⁹ According to the relevant international literature, increasing public spending tends to have a greater impact on job creation and economic recovery than lowering taxes.¹⁰ In many cases, increasing spending can also produce more favourable results from the viewpoint of social justice. However, measures to raise spending and public investment face greater challenges than tax-reduction measures in terms of the speed of implementation.

The pace at which jobs can be created through public investment or emergency employment programmes depends on institutional capacities and earlier experience in those areas (i.e., it is easier to add resources to an existing programme than to create a new one).

Several countries have found it relatively easy to allocate more resources, as they have been able to allocate both their own resources (available as a result of a prudent fiscal policy implemented in the recent boom times that in some cases led to a build-up of reserves) and resources from loans granted by financial cooperation institutions.¹¹

Since before the crisis, indeed, since 2007, Brazil had started to implement the Growth Acceleration Programme (PAC), which includes a large public investment component. One of the responses to the crisis was to allocate more resources to the Programme, by bringing forward to 2009 certain investments scheduled for 2010-2011. Paraguay also allocated increased resources to public investment, mainly through additional credit from international financial cooperation institutions (including the World Bank and the Inter-American Development Bank (IDB)). Similarly, Peru allocated more resources to public investment as part of its economic stimulus plan.

In Argentina, the "Plan of Public Works for all Argentinians" provides for an increase in resources for infrastructure works in response to the crisis. The 2009 budget estimated outlays of US\$ 8.5 billion, to which US\$ 6.2 billion have been added. Public investment programmes in roads and other strategic sectors have been launched in several Caribbean countries such as the Bahamas, Belize, Jamaica and Trinidad and Tobago.

Nonetheless, in the short term it is much easier to allocate additional resources than execute them. This is why several

countries (including Chile, Paraguay and Peru) specifically mention the streamlining of public tender procedures as part of the set of measures to combat the crisis. As a result, several countries have managed to significantly increase public investment, although the original level was extremely low in some cases (see table 3).¹²

Table 3
LATIN AMERICA (6 COUNTRIES): CENTRAL GOVERNMENT CAPITAL EXPENDITURE, FIRST HALF OF 2008 AND 2009
(Percentage of GDP)

	1 st half of 2008	1 st half of 2009 ^a	Real year-on-year 1 st half of 2009 - 1 st half of 2008
Argentina ^b	2.0	3.0	54.3
Brazil ^c	4.8	5.4	13.3
Chile ^c	3.4	4.6	31.4
Mexico ^d	2.2	4.0	66.8
Peru ^c	1.4	2.9	97.3
Uruguay ^e	1.6	2.4	50.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures from the relevant countries.

Note: Although government capital expenditure covers not only gross capital formation but also transfers such as those to decentralized governments and public enterprises, it is used as a proxy for public investment.

^a Estimate.

^b National non-financial public sector.

^c Central Government.

^d Public sector.

^e Non-financial public sector.

Some examples will better illustrate the progress made in executing public investment resources and the effects on employment. The experience of Paraguay shows that the average effective execution of public investment in 2008 and previous year was barely above 50% of what was budgeted, and the main short-term challenge is therefore the full execution of available resources rather than the allocation of additional resources. As a result, the Minister of Public Works and Communications and the Minister of Finance announced special efforts to speed up execution, without any legal changes to the regulatory framework within which the resources are executed. These efforts have resulted in a 34% increase in public investment execution (which amounted to US\$ 103.7 million) between January and June 2009 compared with the year-earlier period. If this result is projected for the entire year, the effect of increased execution (with no additional projects or increased use of labour in investment)

⁹ See ECLAC (2009).

¹⁰ See Jha (2009).

¹¹ However, many Central American and Caribbean countries did not have much fiscal room for manoeuvre or easy access to external financing, and this made it difficult for them to implement countercyclical fiscal policies.

¹² Data coverage varies by country.

would be to create around 6,500 jobs over the year as a whole. If the 2009 budget were implemented in its entirety, 16,000 more jobs would be created than in 2008 (which is the equivalent of almost 10% of the unemployed at the end of that year).

Chile also successfully increased public investment execution. In the first half of 2008, 47.6% of the budget was executed, whereas this figure rose to 55% for the first six months of 2009. Chile therefore has one of the best records for

executing allocated resources. The Chilean authorities estimate that around 125,000 jobs are directly linked to the execution of public investment.¹³ In Brazil, execution in the first quarter of 2009 was 20% higher than in the first quarter of 2008. Similarly, although execution remains relatively low in Peru compared with resources budgeted, the volume of public investment executed in that country between January and April was 72% higher than in the same period of 2008.

2. Choosing works that are more labour-intensive

For the purposes of job creation, it is clearly not only a matter of how much investment is executed, but also the percentage of the investment used to hire labour. In this sense, some countries have announced their intention to prioritize labour-intensive public investments (such as Argentina, the Dominican Republic and El Salvador).

The challenge of using a high percentage for labour is that most countries do not yet have explicit mechanisms or criteria for prioritizing more labour-intensive public works in times of crisis. As a result, works are often carried out in sectors that have strategic importance for future economic development (such as investments in the petroleum sector as part of Brazil's Growth Acceleration Programme or the modernization of the international airport in the Bahamas), and are more intensive in capital goods than in labour. Activities such as road maintenance, on the other hand, have a major effect on job creation, as up to 90% of resources are used to hire labour.¹⁴

Furthermore, works in developing countries tend to be executed with more machinery and less labour than would be socially desirable, especially in a crisis that includes labour-market problems. This is why ILO is providing assistance to governments to increase the participation of micro-enterprises and job creation through improvements to project design, bidding procedures and the regulatory framework for public tenders. The impact on the local economy and employment can also be increased through the use of locally produced inputs, such as tiles instead of zinc (calamine), breeze blocks rather than bricks and wood instead of iron, etc. In the short term, it is usually difficult to develop the institutional capacity required if this was not a concern prior to the crisis.

One possible measure is to execute public investment in a decentralized way, through departmental, provincial or municipal governments. Decentralized public investment has advantages over execution carried out by central government ministries. Some of these advantages are particularly relevant in times of crisis. First, decentralized decision-making processes usually make the local population more committed to the works and the proper use and maintenance thereof. Second, the works undertaken are usually on a smaller scale and involve less expensive tenders, which means there is less need for heavy machinery and greater job creation for the amount invested. Third, decentralized tenders are more likely to be executed by local firms using workers from the area, and this will boost the local economy.

The main obstacle to tapping into the potential of executing public investment in a decentralized way is the limited management capacity that often characterizes territorial institutions, compared with central government ones. The budgetary execution rules are frequently complex, which means that decentralized institutions often need training to make proper use of resources.

In response to the crisis, the central government of Paraguay is opting for labour-intensive investment projects in municipal infrastructure through two decentralized public investment programmes in addition to the decentralized investment that is already being executed with municipal or local government resources. First, agreements were signed between the binational energy entities Itaipú and Yaciretá and the Ministry of Finance and the governments of six departments to allocate a total of US\$ 6 million (US\$ 1 million per department). Under these agreements, the Government will develop projects that require a

¹³ See Ministry of Finance and Ministry of Labour and Social Security (2009).

¹⁴ See Schwartz, Andres and Dragoiu (2009). It is precisely on routine road maintenance that ILO has focused its technical support to optimize job creation as part of public investment execution, at the same time as improving road management with obvious benefits for the population (especially in rural areas).

massive work force, such as the construction of loose surfaces, paving, bridges, sewers, retaining walls, urban constructions and similar works, including repairs that generate a large labour demand. Second, as part of additional loans that the Ministry of Finance arranged with the World Bank, US\$ 34 million is being allocated to decentralized public investment in each of the country's 17 departments (US\$ 2 million per department). Implementing these two decentralized programmes over a 12-month period would create around 4,800 jobs a year.

In Argentina, the National Strategic Investment Plan for Development includes a classification of works where the management system varies according to their type and size. This ensures that most small- and medium-scale works are executed in a decentralized way, with special emphasis on labour intensity in the smaller scale projects.

In its first few days in office in El Salvador, the Government of President Mauricio Funes announced a counter-crisis plan that, for the purposes of intensive job creation, includes plans to extend and improve public services and basic infrastructure in terms of water and sanitation, rural roads, risk mitigation works, electricity, schools, health centres and the construction and improvement of low-cost housing. The intention is to step up public investment to generate jobs and promote local development, as well as to boost local micro- and small enterprises by giving them access to State procurement and tenders, combined with access to credit, training and technical assistance. In El Salvador as elsewhere, ILO has been providing technical assistance to devise a policy for intensive job creation in public investment and to design and implement a pilot project in which micro-enterprises carry out routine road maintenance.

In this context, works executed as part of emergency employment programmes are usually at the opposite extreme, in other words the percentage of resources allocated to machinery and materials is so low that there can be problems in terms of the suitability, quality and sustainability of work carried out if steps are not taken to ensure an appropriate use of materials and proper oversight.

Although emergency employment programmes have been used less during this crisis than in other crises that occurred in the region over the past few decades, they do play an important role in certain countries. For instance, Mexico had a temporary employment programme even before the crisis, and this was modified and expanded in the light of the current climate. The changes included extending the territorial coverage (to include urban areas) and increasing the volume of resources invested and the number of places. Between January and July 2009, 505,808 men and women benefited from the programme. In most cases, the project duration is shorter than the maximum six months allowed.¹⁵ The operating rules of the programme set the percentage of the budget used for labour at 65%, while 28% is

allocated for machinery and materials and 7% for administration and assessment.¹⁶ This ensures a balance between the need to channel a high percentage into the workforce to make an impact on the labour market during the crisis, and the availability of machinery and materials to enable high-quality works to be produced.

Chile also opted for direct job creation programmes, and has increased the number of places in programmes that existed before the crisis. In June 2009, 41,605 people were participating in direct employment programmes, compared with 25,222 in the same month of 2008. The most important programme, Investment in the Community (which comes under the Department of Transport), accounts for around a half of beneficiaries.

As a result of the summit on national unity in the face of the world economic crisis, organized by the Government of the Dominican Republic in early January 2009, the country approved a temporary employment programme,¹⁷ whose aim is to generate productive temporary jobs (of between three and six months), with priority given to male and female heads of household in poor communities, to carry out works and social services of interest to communities. Efforts are also under way to devise and implement an emergency employment programme, so as to encourage public and private investment in construction.¹⁸

El Salvador's counter-crisis plan provides for income protection under the temporary income programme, which is being designed with the support of the World Bank to combine work and training. The aim of the programme is to help temporarily protect the income of the most vulnerable urban households by providing monetary support to beneficiaries in exchange for participation in training and work experience. Over a period of 18 months, the programme is expected to benefit between 25,000 and 30,000 participants in urban municipalities selected on the basis of poverty and precariousness. The scope and scale of the programme may be extended in the future.¹⁹

Despite some weaknesses that are inherent to direct employment programmes, they nonetheless complement the increase in investment through traditional public investment channels and help countries to tackle the consequences of the crisis for the labour market. The contribution made by these programmes is particularly valuable when there is a lack of mechanisms to increase the workforce used in public investment through a prioritization system that includes employment as a variable or mechanisms that encourage the use of labour instead of machinery in tendering and execution of works.

¹⁶ See *Diario Oficial de la Federación* (2008).

¹⁷ The project to create temporary employment in Santiago province with support from the World Bank is in the final phase of formulation. Implementation should begin at the end of the year and will generate around 4,200 temporary jobs (lasting three to six months), and may subsequently be expanded to other areas.

¹⁸ For more information on the summit in the Dominican Republic see [online] <http://www.cumbre2009.com.do/> (Spanish only).

¹⁹ Besides the cases mentioned here, different forms of emergency employment programmes also exist in Argentina, Costa Rica, Peru, the Plurinational State of Bolivia and Uruguay.

¹⁵ In some cases, the same beneficiaries re-register or others leave because they find employment.

3. The challenge of targeting

Programmes based on increasing public investment and emergency employment programmes all face targeting challenges in reaching the intended beneficiaries. Whereas in boom times the public sector's efforts are concentrated on population groups with difficulties finding a job (such as young people and women with certain educational and socio-economic backgrounds), in a crisis public support must target a much wider section of the population. The aim is generally to prioritize the employment situation of male and female heads of household, while for young people the best strategy during a crisis may be to encourage them to stay in education and enter employment in better conditions once the crisis is over.²⁰ There is also a need for territorial targeting, to ensure that programmes reach those areas most affected.

In traditional public investment programmes, the targeting options are often limited, as those executing the works tend to be private enterprises that make their decisions separately from government authorities. In any event, simply prioritizing the execution of investment projects in the areas most affected by the crisis constitutes an important means of targeting.

Women risk being underrepresented in such recruitment, as construction is traditionally considered a "male" sector. However, there are many tasks related to public investment in which there is no objective reason to prefer men over women. For instance, many women work for the road maintenance micro-enterprises operating in several of the region's countries (Ecuador, Honduras, Paraguay, Peru and the Plurinational State of Bolivia). Equitable access by men and women is an important issue in the light of the impact that investment has on job creation.

For emergency employment programmes, the challenges of targeting are different, as the authorities have more of an opportunity to set the eligibility criteria of beneficiaries, although the implementation capacity is largely dependent on the institutional capacities of the authorities in charge, and on the level of formalization of the labour market. In Chile, the Unemployment Contingency Programme includes a geographical targeting

mechanism, so that when an area's unemployment rate exceeds 10%, resources from the fund are automatically allocated to finance additional places on employment programmes.²¹ In addition, the Labour Department has developed a rapid monitoring system that assesses the labour situation in small and medium-sized communes for which the National Employment Survey does not provide reliable unemployment data.

There is a major debate surrounding self-targeting through the amount of the benefit paid. In the recent debate, self-targeting by means of less attractive conditions and remuneration for people already working elsewhere has played an essential role. This would also limit the risk of distorting the labour market. Self-targeting appears particularly attractive in countries with weak institutional capacity to identify beneficiaries. However, in some cases self-targeting may result in remuneration too low to survive on.

As for the inclusion of women, unlike in investment programmes many women participate, especially when work is part time and relatively low paid. In Chile, for example, around 80% of the beneficiaries of the direct emergency employment creation programme Investment in the Community are women (which is a much higher percentage than the figure for female participation in the Chilean workforce as a whole).

Another significant challenge in the use of public investment and emergency employment programmes as a means of tackling the crisis is the availability of administrative data in a format that makes it possible to monitor and assess ongoing improvement actions. Indeed, the relevant authorities often have very little data on the number of beneficiaries, without sufficient information on their socio-economic profile (sex, employment status, position in household, geographical location, participation in other State programmes, etc.) to know whether they fit the profile of the target population. In the case of public investment, progress has been made in implementing an employment monitoring system as part of the post-winter-2008 reconstruction programme being implemented by the Ministry of the Coastal Region in Ecuador.

²⁰ This may be exactly what is happening, as the participation rate of young people has been dropping during the crisis, although there is not yet enough disaggregated data to confirm this (see section B above).

²¹ This mechanism functions during crises and during normal situations. A significant proportion of beneficiaries under the Investment in the Community programme are in certain areas of the Eighth Region in the south of Chile where unemployment rates were high even before the crisis (owing to economic restructuring).

D. Conclusions

Public investment can undoubtedly be a powerful tool for creating jobs and boosting the economy in times of crisis. In addition, emergency employment programmes complement this and their advantages include the fact that a higher percentage of resources can be spent on labour. Both types of response to the crisis can complement each other to ensure appropriate targeting, and especially equitable access to benefits for men and women.

Increasing public investment as a means of job creation during a crisis involves a lag inherent in the cycle of formulating and approving projects, as well as the subsequent tendering and execution. In the short term, the most important variable is therefore not the quantity of additional resources allocated, but rather the pace of execution of existing resources.

It is also clear that the positive effects increase in direct proportion with the capacity to: execute investments in a decentralized way; measure the impact on employment for

the purposes of prioritization, monitoring and assessment; and strengthen institutions to speed up the execution of investments on the basis of the economic situation. One useful mechanism in this regard would be a project portfolio constantly maintained and updated at the decentralized level (with technical support from central government if necessary), to ensure rapid execution when the implementing institution receives additional resources, during a crisis for example.

Institutional improvements for the management of public investment and emergency employment programmes will not only enable the region's countries to tackle future crises even more effectively, but they will also provide many benefits during favourable economic times, both to deal with structural weaknesses in the labour market, as well as to ensure a smoother execution of allocated resources and a resulting improvement in public infrastructure for the population.

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Statistical annex

Table A-1
LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT, 2000-2009
(Average annual rates)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	2009
										1 st half	
Latin America											
Argentina ^a	15.1	17.4	19.7	17.3	13.6	11.6	10.2	8.5	7.9	8.2	8.6
Bolivia (Plur. State of) ^b	7.5	8.5	8.7	...	6.2	8.2	8.0	...	...	...	...
Brazil ^c	7.1	6.2	11.7	12.3	11.5	9.8	10.0	9.3	7.9	8.3	8.6
Chile ^d	9.7	9.9	9.8	9.5	10.0	9.2	7.8	7.1	7.8	8.0	10.0
Colombia ^e	17.3	18.2	17.6	16.6	15.3	13.9	12.9	11.4	11.5	11.9	13.4
Costa Rica ^f	5.2	5.8	6.8	6.7	6.7	6.9	6.0	4.8	4.8	...	...
Cuba ^d	5.4	4.1	3.3	2.3	1.9	1.9	1.9	1.8	1.6	...	...
Dominican Republic ^g	13.9	15.6	16.1	16.7	18.4	17.9	16.2	15.6	14.1	...	...
Ecuador ^h	9.0	10.9	9.2	11.5	9.7	8.5	8.1	7.3	6.9	6.6	8.5
El Salvador ^f	6.7	7.0	6.2	6.2	6.5	7.3	5.7	5.8 ⁱ	5.5 ⁱ	...	...
Guatemala ^f	2.9	...	5.1	5.2	4.4	...	...	...	...	...	...
Honduras ^f	...	5.5	5.9	7.4	8.0	6.1	4.6	3.9	4.2	...	...
Mexico ^g	3.4	3.6	3.9	4.6	5.3	4.7	4.6	4.8	4.9	4.6	6.3
Nicaragua ^k	7.8	11.3	12.2	10.2	8.6	7.0	7.0	6.9	8.0	...	...
Panama ^l	15.3	17.0	16.5	15.9	14.1	12.1	10.4	7.8	6.5	...	...
Paraguay ^f	10.0	10.8	14.7	11.2	10.0	7.6	8.9	7.2	7.4	...	...
Peru ^m	7.8	9.2	9.4	9.4	9.4	9.6	8.5	8.5	8.4	8.6	8.9
Uruguay ^f	13.6	15.3	17.0	16.9	13.1	12.2	11.4	9.6	7.9	8.3	8.1
Venezuela (Bol. Rep. of) ^g	13.9	13.3	15.9	18.0	15.3	12.3	10.0	8.4	7.3	7.9	7.9
Caribbean											
Bahamas ^g	...	6.9	9.1	10.8	10.2	10.2	7.7	7.9	12.1	...	...
Barbados ^g	9.3	9.9	10.3	11.0	9.6	9.1	8.7	7.4	8.1	7.9 ⁿ	10.1 ⁿ
Belize ^g	11.1	9.1	10.0	12.9	11.6	11.0	9.4	8.5	8.2	...	...
Jamaica ^g	15.5	15.0	14.3	10.9	11.4	11.2	10.3	9.8	10.7	10.9	11.3
Trinidad and Tobago ^g	12.1	10.9	10.4	10.5	8.3	8.0	6.2	5.5	4.6	5.3 ⁿ	5.0 ⁿ
Latin America and the Caribbean^o	10.5	10.4	11.4	11.4	10.5	9.2	8.8	8.1	7.5	7.7	8.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official information from countries' household surveys.

^a Gradual incorporation up to 31 urban areas. New measurement from 2003; data not comparable with previous years.

^b Urban area. Data from 2004 based on the survey carried out between November 2003 and October 2004. Preliminary figures from 2005 onwards.

^c Six metropolitan areas. New measurement from 2002; data not comparable with previous years.

^d National total.

^e Thirteen metropolitan areas. Includes hidden unemployment.

^f National urban figures.

^g National total. Includes hidden unemployment.

^h National urban figures, 2000 (November), 2001 (August) and 2003 (December). From 2004, average for four quarters. Includes hidden unemployment.

ⁱ Data not comparable with previous years.

^j Thirty two urban areas.

^k National urban figures. New measurement from 2003; data not comparable with previous years.

^l National urban figures. Includes hidden unemployment.

^m Metropolitan Lima. New measurement from 2002; data not comparable with previous years.

ⁿ First quarter.

^o Weighted average. Data adjusted by new series from Argentina, Brazil, Chile and Mexico; and by the exclusion of hidden unemployment in Colombia, Ecuador, Panama and the Dominican Republic.

Table A-2
LATIN AMERICA AND THE CARIBBEAN: URBAN PARTICIPATION RATES, 2000-2009
(Average annual rates)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	2009
										1 st half	
Latin America											
Argentina ^a	56.4	56.1	55.6	60.3	60.2	59.9	60.3	59.5	58.8	58.8	59.1 ^b
Bolivia (Plur. State of) ^c	56.1	60.6	58.0	...	58.6	55.7	58.7	...	...	...	...
Brazil ^d	58.0	56.4	56.7	57.1	57.2	56.6	56.9	56.9	57.0	56.7	56.5
Chile ^e	54.4	53.9	53.7	54.4	55.0	55.6	54.8	54.9	56.0	56.1	56.0
Colombia ^f	63.5	64.4	64.8	65.0	63.6	63.3	62.0	61.8	62.6	62.5	64.0
Costa Rica ^g	54.8	56.8	56.4	56.8	56.3	58.2	58.2	58.5	58.6	...	...
Cuba ^e	69.9	70.7	70.9	70.9	71.0	72.1	72.1	73.7	74.7	...	...
Dominican Republic ^h	55.2	54.3	55.1	54.3	56.3	55.9	56.0	56.0	55.6	...	...
Ecuador ⁱ	57.3	63.1	58.3	58.9	59.1	59.5	59.1	61.3	60.1	60.8	60.2
El Salvador ^g	54.5	54.8	53.1	55.4	53.9	54.3	53.9	63.6 ^j	64.1 ^j	...	...
Guatemala ^g	58.2	...	61.7	61.6	58.4	...	...	...	...	...	...
Honduras ^g	...	53.4	52.4	53.5	52.7	50.3	52.1	51.7	52.7	...	...
Mexico ^k	58.7	58.1	57.8	58.3	58.9	59.5	60.7	60.7	60.4	60.8	59.8
Nicaragua ^l	52.6	49.8	49.4	53.0	52.6	53.7	52.8	50.5	53.8	...	...
Panama ^m	60.9	61.4	63.4	63.5	64.2	63.7	62.8	62.6	64.4	...	...
Paraguay ^g	60.6	60.6	60.5	59.2	62.4	60.4	57.9	59.6	61.5	...	...
Peru ⁿ	63.4	67.1	68.5	67.4	68.0	67.1	67.5	68.9	68.1	69.0	68.3
Uruguay ^g	59.6	60.6	59.1	58.1	58.5	58.5	60.9	62.7	62.6	62.3	63.2
Venezuela (Bol. Rep. of) ^h	64.6	66.5	68.7	69.1	68.5	66.2	65.5	64.9	64.9	64.8	65.0
Caribbean											
Bahamas ^h	...	76.2	76.4	76.5	75.7	...	...	...	...	...	...
Barbados ^h	69.3	69.5	68.5	69.2	69.4	69.6	67.9	67.8	67.6	67.7 ^o	67.0 ^o
Belize ^h	...	...	57.3	60.0	60.3	59.4	57.6	61.2	59.2	...	...
Jamaica ^h	63.2	62.9	65.7	64.4	64.5	64.2	64.7	64.9	65.4	65.3	63.8
Trinidad and Tobago ^h	61.2	60.7	60.9	61.6	63.0	63.7	63.9	63.5	63.5	63.1 ^o	63.6 ^o
Latin America and the Caribbean^p	58.4	58.0	58.8	59.1	59.2	58.8	59.1	59.2	59.4	59.4	59.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official information from countries' household surveys.

^a Gradual incorporation up to 31 urban areas. New measurement from 2003; data not comparable with previous years.

^b Estimate.

^c Urban area. Data from 2004 based on the survey carried out between November 2003 and October 2004. Preliminary figures from 2005 onwards.

^d Six metropolitan areas. New measurement from 2002; data not comparable with previous years.

^e National total.

^f Thirteen metropolitan areas. Includes hidden unemployment.

^g National urban figures.

^h National total. Includes hidden unemployment.

ⁱ National urban figures, 2000 (November), 2001 (August) and 2003 (December). From 2004, average for four quarters. Includes hidden unemployment.

^j Data not comparable with previous years.

^k Thirty two urban areas.

^l National urban figures. New measurement from 2003; data not comparable with previous years.

^m National urban figures. Includes hidden unemployment.

ⁿ Metropolitan Lima. New measurement from 2002; data not comparable with previous years.

^o First quarter.

^p Weighted average. Data adjusted by new series from Argentina, Brazil, Chile and Mexico; and by the exclusion of hidden unemployment in Colombia, Ecuador, Panama and the Dominican Republic.

Table A-3
LATIN AMERICA AND THE CARIBBEAN: URBAN EMPLOYMENT RATES, 2000-2009
(Average annual rates)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	2009
										1 st half	
Latin America											
Argentina ^a	47.9	45.6	44.6	49.9	52.1	53.0	54.1	54.5	54.2	54.0	54.0 ^b
Bolivia (Plur. State of) ^c	51.9	55.4	53.0	...	55.0	51.2	54.0	...	...	...	...
Brazil ^d	53.9	53.0	48.9	50.1	50.6	51.0	51.2	51.6	52.5	52.0	51.7
Chile ^e	49.1	48.6	48.4	49.3	49.5	50.4	50.5	51.0	51.7	51.6	50.4
Colombia ^f	52.6	52.7	53.4	54.2	53.8	54.5	54.0	54.8	55.3	55.0	55.5
Costa Rica ^g	51.9	53.5	52.6	53.0	52.5	54.2	54.7	55.7	55.7	...	...
Cuba ^e	...	67.8	68.6	69.2	69.7	70.7	70.7	72.4	73.6	...	...
Dominican Republic ^e	47.5	45.8	46.2	45.2	46.0	45.9	46.9	47.4	47.7	...	...
Ecuador ^h	48.8	49.8	49.4	48.6	53.4	54.4	54.3	56.8	56.0	56.7	55.1
El Salvador ^g	48.9	51.0	49.8	52.0	50.4	50.3	50.8	59.9 ⁱ	60.6 ⁱ	...	...
Guatemala ^g	56.6	...	58.5	58.4	55.8	...	...	...	...	...	...
Honduras ^g	...	50.5	49.3	49.5	48.5	47.2	49.7	49.7	50.5	...	...
Mexico ^j	56.8	56.0	55.5	55.6	55.8	56.7	57.9	57.8	57.5	58.0	56.0
Nicaragua ^k	...	44.9	43.3	47.6	48.0	49.9	49.1	47.1	49.5	...	...
Panama ^g	51.6	51.2	53.2	53.4	55.1	56.0	56.3	57.7	60.2	...	...
Paraguay ^g	52.2	50.8	48.4	52.5	56.1	55.8	52.7	55.3	57.0	...	...
Peru ^l	59.7	60.9	62.0	61.2	61.6	60.7	61.8	63.0	62.4	63.1	62.2
Uruguay ^g	51.6	51.4	49.1	48.3	50.9	51.4	53.9	56.7	57.7	57.1	58.1
Venezuela (Bol. Rep. of) ^e	55.6	57.1	57.9	56.7	58.0	58.0	58.9	59.4	60.2	59.7	59.9
Caribbean											
Bahamas ^e	...	70.9	70.5	69.7	68.0	...	...	...	...	...	...
Barbados ^e	62.9	62.7	61.4	61.6	62.7	63.2	61.9	62.8	62.1	62.3 ^m	60.2 ^m
Belize ^e	...	...	51.5	52.3	53.3	52.8	52.2	56.0	54.3	...	...
Jamaica ^e	53.8	53.5	56.4	57.1	57.0	57.0	58.0	58.6	58.5	58.2	56.6
Trinidad and Tobago ^e	53.8	54.1	54.6	55.2	57.8	58.6	59.9	59.9	60.6	59.8 ^m	60.4 ^m
Latin America and the Caribbeanⁿ	51.8	51.9	51.7	52.3	52.2	53.4	53.9	54.4	55.0	55.1	54.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official data tabulated from household surveys conducted in the relevant countries.

^a Progressive incorporation of 31 conurbations. New measurement from 2003; data not comparable with those of previous years.

^b Estimate.

^c Urban area. Figure for 2004 on the basis of the survey conducted between November 2003 and October 2004. The figures for 2005 and subsequent years are preliminary.

^d Six metropolitan regions. New measurement from 2002; data not comparable with those of previous years.

^e National total.

^f Thirteen metropolitan areas.

^g Urban areas nationwide.

^h Urban areas nationwide, 2000 (November), 2001 (August) and 2003 (December). As of 2004, average for four quarters.

ⁱ Figure is not comparable with that of previous years.

^j Thirty-two urban areas.

^k Urban areas nationwide. New measurement as from 2003; the data are not comparable with those of previous years.

^l Metropolitan Lima. New measurement as from 2002; data not comparable with those of previous years.

^m First quarter.

ⁿ Weighted average. Data adjusted on the basis of new series for Argentina, Brazil, Chile and Mexico and for the fact that the figures for Colombia, Dominican Republic, Ecuador and Panama do not include hidden unemployment.

Table A-4
**LATIN AMERICA AND THE CARIBBEAN: (10 COUNTRIES): LABOUR FORCE PARTICIPATION RATE,
 EMPLOYMENT RATE AND OPEN URBAN UNEMPLOYMENT RATE BY SEX^a**
FIRST HALF 2008 AND 2009
(Percentages)

Country	Unemployment rate						Labour force participation rate						Employment rate					
	Total		Male		Female		Total		Male		Female		Total		Male		Female	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Total countries^b	7.7	8.5	6.4	7.4	9.7	10.2	59.4	59.3	71.4	70.9	49.3	49.4	55.1	54.4	66.8	65.6	44.4	44.3
Argentina^c	8.2	8.6	...	...	...	...	58.8	59.1	...	...	...	...	54.0	54.0	...	...	...	...
Brazil	8.3	8.6	6.4	6.9	10.5	10.6	56.7	56.5	66.5	66.1	48.2	48.3	52.0	51.7	62.2	61.5	43.1	43.2
Chile	8.0	10.0	6.8	9.3	9.9	11.1	56.1	56.0	72.0	71.4	40.8	41.1	51.6	50.4	67.1	64.8	36.7	36.6
Colombia																		
Nationwide	11.6	12.3	9.0	9.7	15.2	16.1	58.7	60.5	71.2	72.9	46.8	48.7	51.9	53.1	64.8	65.9	39.7	40.9
13 cities and metropolitan areas	11.9	13.4	10.0	11.6	14.2	15.4	62.5	64.0	71.8	73.1	54.2	55.9	55.0	55.5	64.7	64.6	46.4	47.3
Ecuador	6.6	8.5	5.6	7.0	8.0	10.4	60.8	60.2	71.8	71.1	50.2	49.9	56.7	55.1	67.7	66.1	46.2	44.7
Jamaica	10.9	11.3	7.5	8.8	15.1	14.3	65.3	63.8	73.9	72.0	57.2	56.1	58.2	56.6	68.4	65.6	48.6	48.1
Mexico																		
Nationwide	3.7	5.1	3.5	5.2	4.0	4.9	58.9	57.9	78.2	76.8	41.8	41.0	56.7	55.0	75.4	72.8	40.1	39.0
32 areas	4.6	6.3	4.5	6.5	4.8	6.1	60.8	59.8	76.9	75.6	46.5	45.8	58.0	56.0	73.5	70.6	44.3	43.0
Peru	8.6	8.9	6.6	7.1	11.0	11.1	69.0	68.3	78.6	77.1	59.9	60.0	63.1	62.2	73.4	71.6	53.3	53.3
Uruguay																		
Nationwide	8.0	7.7	5.5	5.6	10.9	10.3	62.2	62.9	72.7	73.7	53.2	53.6	57.2	58.0	68.7	69.6	47.4	48.1
Urban	8.3	8.1	5.9	6.0	11.0	10.5	62.3	63.2	72.3	73.4	54.0	54.8	57.1	58.1	68.0	68.9	48.0	49.0
Venezuela (Bol. Rep. of)	7.9	7.9	7.6	7.7	8.3	8.2	64.8	65.0	79.6	79.5	50.0	50.7	59.7	59.9	73.6	73.4	45.9	46.5

Source: International Labour Organization (ILO), on the basis of official information from household surveys conducted in the respective countries.

^a In the case of the Bolivarian Republic of Venezuela, Chile and Jamaica, the total refers to the nationwide figure.

^b In the case of Argentina, the estimates of the indicators by sex are not provided.

^c The data for the labour force participation rate and employment rate for the first half of 2009 are estimates.

