Labour

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The employment situation in Latin America in the first decade of the 2000s

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1. Introduction

After at least two decades (1980s and 1990s) of great political instability, strong economic fluctuations and remarkable social deterioration in virtually all Latin American countries, the end of the first decade of the 2000s brought new life to the region in the political, economic and social dimensions.

Perhaps it was no coincidence that, after the great neoliberal wave with its uniform package of liberalizing reforms had generated poor results from an economic standpoint, a certain political-institutional change leftward of the electoral spectrum managed to reconcile the maintenance of price stability with the resumption of economic growth rates somewhat higher than the average for the period 1980-2000[1], amid an extremely favorable external environment for the region.

This combination of factors, which we call "democracy with political and institutional positions slightly leaning to the left", associated with the matching of the "resumption of some economic growth with the con-

1 The "economically favorable external environment" is understood as the situation in which the excess of foreign currency within the countries of the region, observed in general terms in the period 2000-2008 helps – in contexts of relatively flexible exchange rate policy and decreasing tariffs on imported goods – both to converge domestic prices to international prices, internally balancing the inflation rate, as to increase the purchasing power of domestic wages, which increases the domestic demand vector linked to household consumption against the national growth rate in each case. In turn, the "excess of foreign currency" (mainly U.S. dollars) in Latin America between 2000 and 2008 stemmed both from abundant international liquidity – which generates net inflows of external resources, either to be applied in the domestic stock exchange or to purchase government bonds in local currencies or even, finally, in the form of foreign direct investment – and positive export balance of foreign trade of each country, a fact resulting mainly from higher in-demand commodities prices or the influence of American and Asian growth (especially the "China effect") for the period.

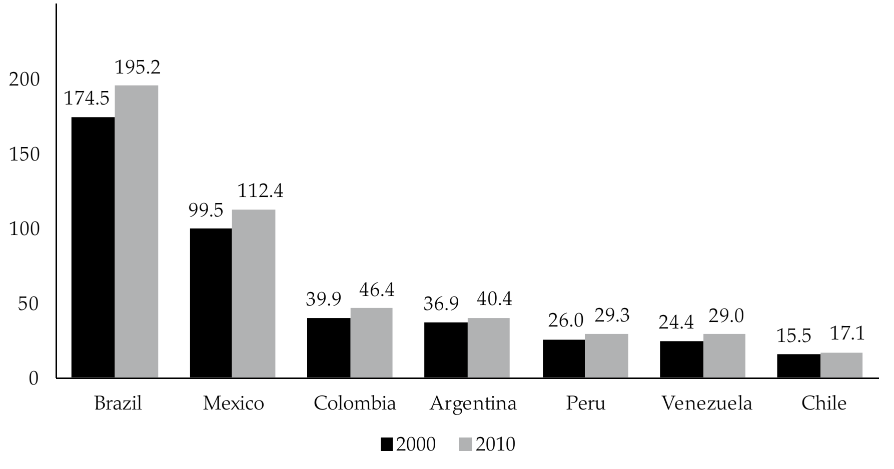
tinued stability of inflation" during practically all the first decade of the 2000s is what would have allowed some cooling or even reversal of social trends deleterious to the population of these countries. In particular, we must highlight some vigorous movement to restructure the labor market in almost all of Latin America, a movement that had been associated with phenomena related to the recovery, in general, of the workforce's employment, the formalization of employment contracts, the more than proportional increase of remuneration of the social pyramid base, with consequent distributive improvement within the working class.

Thus, this paper analyzes the employment situation in Latin America in the 2000s through the analysis of labor market indicators of some of its most populous countries, namely, Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela. We begin with a study of demographic aggregates, such as population and working-age population (WAP – people aged 15 and over). Next, we analyze labor aggregates, such as the economically active population (EAP – part of the WAP found in the labor market, employed or unemployed) and its components, relating to unemployment and employment. We then finalize with a somewhat more detailed study of the employed population, focusing on the employment structure in the region. The idea which pervades the text is that, in the 2000s, the labor market worked in a way to include with a greater quality broader population groups (with the partial exception of the Mexican population). In the final considerations, some hypotheses are raised to help explain this higher level (and best way) of labor inclusion in Latin America.

2. Population

Due to the variety of national realities in all Latin America, this analysis of the employment situation focuses on those countries that account for the largest portion of the population: Brazil, Mexico, Colombia, Argentina, Peru, Venezuela and Chile. This group accounts for over 80% of the total population of the 20 Latin American countries from 2000 to 2010 (Figure 1 and Table 1). Considering the extremes between these years, this group shows a population growth of 12.7%, which means an increase of 53.1 million inhabitants over the period. Some countries stand out for a more significant growth, such as Venezuela (19%) and Colombia (16.4%), where the demographic transition appears somewhat slower. On the other hand, this transition appears to be faster in other countries because they already show a less significant population growth, such as Argentina (9.4%). In turn, Brazil and Mexico, which have the greatest number of inhabitants in Latin America, are in an intermediate situation (11.8% and 12.9% growth from 2000 to 2010, respectively) (Figure 1 and Table 1).

Figure 1. Population of Latin American countries (from 2000 to 2010 – in millions)



Source: CELADE-ECLAC.

Table 1. Population of Latin American countries (from 2000 to 2010)

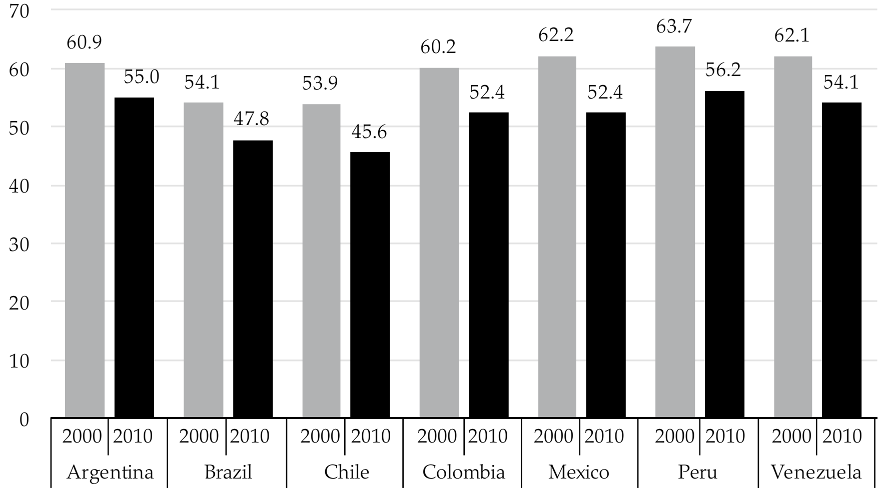
(In millions)	2000	2010	Var.2010-2000 (Millions)	Var.2010-2000 (%)
Brazil	174.5	195.2	20.6	11.8
Mexico	99.5	112.4	12.8	12.9
Colombia	39.9	46.4	6.5	16.4
Argentina	36.9	40.4	3.5	9.4
Peru	26.0	29.3	3.3	12.6
Venezuela	24.4	29.0	4.6	19.0
Chile	15.5	17.1	1.7	11.0
Subtotal (A)	416.7	469.8	53.1	12.7
Total L.A. (B)	509.8	577.3	67.6	13.3
(A) / (B) (%)	81.7	81.4	-	-

Source: CELADE-ECLAC/UNPD.

In the analyzed countries, population growth occurs in between the demographic transition, with significant aging of the age structure. This can be seen in the fluctuation of the partial components of the total dependency ratio, which decreases in Argentina (from 60.9% to 55%), Brazil (from 54.1% to 47.8%), Chile (from 53.9% to 45.6%), Colombia (from 60.2% to 52.4%), Mexico (from 62.2% to 52.4%), Peru (from 63.7% to 56.2%) and Venezuela (from 62.1% to 54.1%). If the total dependency ratio decrease in all countries it is only due to the lower weight of children and youth up to 14 years of age in the population, because the weight of the elderly follows a reverse trend from 2000 to 2010. The elderly dependency ratio, which reflects the population aged 65 or older, increases in Argentina (from 16% to 16.4%), Brazil (from 8.5% to 10.2%), Chile (from 11.2% to 13.4%), Colombia (from 7.6% to 8.6%), Mexico (from 8.5% to 9.9%), Peru (from 7.9% to 9.4%) and Venezuela (from 7.4% to 8.7%).

From the labor market standpoint, the declining total dependency ratio currently translates into a greater possibility of economic growth of Latin American countries, with more people involved in the production and distribution of goods and services. However, from the perspective of frameworks that rely on the labor market and has the labor market as its cost base, such as social security and health structures, the increased elderly dependency ratio poses some challenges for the future, since it will probably mean a greater need for disbursements, either in terms of cash transfers or in terms of service delivery (Figure 2 and Table 2).

Figure 2. Age dependency ratio in Latin American countries (Total ratio – from 2000 to 2010 – in %)



Obs: Children and Youth Group: up to the age of 14. Elderly Group: aged 65 or over.

Source: CELADE-ECLAC.

Table 2. Age dependency ratio (children and youth, elderly and total) of Latin American countries (from 2000 to 2010 – in %)

		Ratio – C / Y	Ratio – Elderly	Ratio – Total	Ratio – Total (Var. 2010-2000 (%))
Argentina	2000	44.9	16.0	60.9	-
	2010	38.5	16.4	55.0	-6.0
Brazil	2000	45.6	8.5	54.1	-
	2010	37.6	10.2	47.8	-6.2
Chile	2000	42.8	11.2	53.9	-
	2010	32.2	13.4	45.6	-8.3
Colombia	2000	52.6	7.6	60.2	-
	2010	43.8	8.6	52.4	-7.8
Mexico	2000	53.7	8.5	62.2	-
	2010	42.5	9.9	52.4	-9.8
Peru	2000	55.8	7.9	63.7	-
	2010	46.8	9.4	56.2	-7.6
Venezuela	2000	54.7	7.4	62.1	-
	2010	45.4	8.7	54.1	-8.0

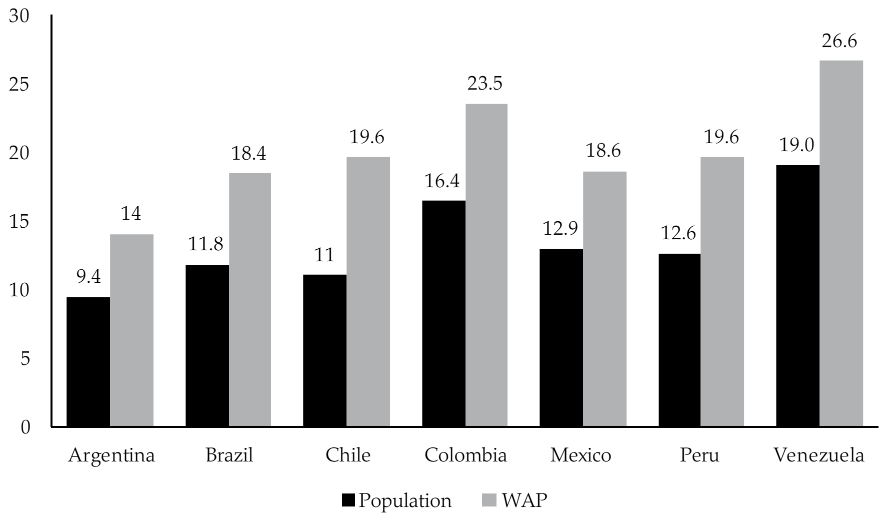
Obs: Children and Youth Group: up to the age of 14. Elderly Group: aged 65 or over.

Source: CELADE-ECLAC.

3. WAP AND EAP

In the group of seven countries, WAP shows a higher growth when compared with the total population. Between 2000 and 2010, the former increases 19.1%, which represents 56.9 million people, against 12.7% of the general population. Again, this indicates an improvement in demographic transition, with an aging age structure in Latin America. The most significant WAP growth, as in the case of the total population, can be seen in Venezuela (26.6%) and Colombia (23.5%), while the least significant is the case of Argentina (14%). Brazil and Mexico remain in intermediate positions in terms of increased WAP throughout the period (18.4% and 18.6%, in that order) (Figure 3 and Table 3).

Figure 3. Comparison of population and WAP evolution in Latin American Countries (from 2000 to 2010 – in %)



P.S.: WAP: aged 15 and over.

Source: CELADE-ECLAC.

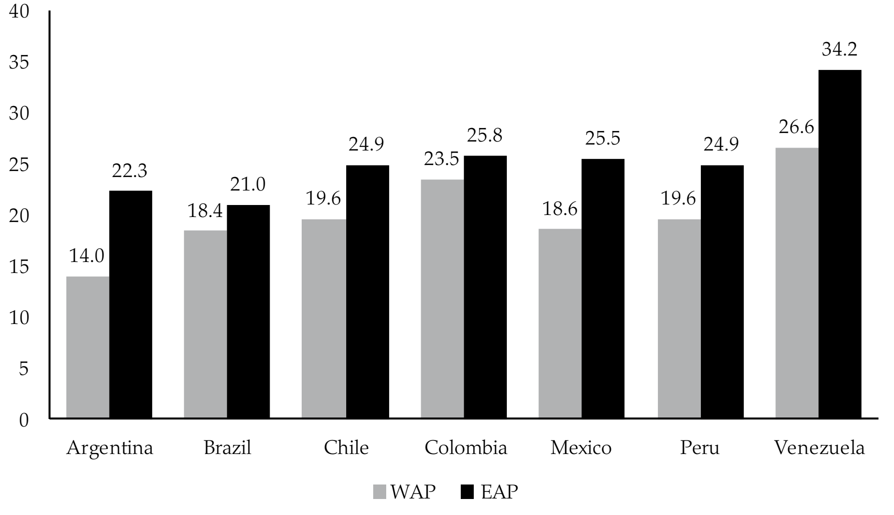
Table 3. Working Age Population of Latin American countries (aged 15 and over – from 2000 to 2010 – in millions and %)

(In millions)	2000	2010	Var.2010-2000 (millions)	Var.2010/2000 (%)
Argentina	26.6	30.3	3.7	14.0
Brazil	122.9	145.5	22.6	18.4
Chile	11.2	13.4	2.2	19.6
Colombia	26.8	33.1	6.3	23.5
Mexico	77.2	91.6	14.4	18.6
Peru	17.1	20.5	3.4	19.6
Venezuela	16.2	20.5	4.3	26.6
Total	298.0	354.8	56.9	19.1
(In %)	**2000**	**2010**	**Var.2010-2000 (%)**	**Var.2010/2000 (%)**
Argentina	8.9	8.5	-0.4	-
Brazil	41.2	41.0	-0.2	-
Chile	3.7	3.8	0.0	-
Colombia	9.0	9.3	0.3	-
Mexico	25.9	25.8	-0.1	-
Peru	5.8	5.8	0.0	-
Venezuela	5.4	5.8	0.3	-
Total	100.0	100.0	0.0	-

Source: CELADE-ECLAC.

With regard to the EAP, its growth is even higher than the WAP. In all the countries studied, the EAP increased by 23.6% between 2000 and 2010 (which means 43.7 million people), compared with 19.1% by the WAP. With the exceptions discussed next, this EAP increase can be interpreted as an indicator of a better functioning of the Latin American labor market, as well as an indicator of greater level of "inclusion" of the population in the primary income distribution mechanisms over the period. EAP's growth is particularly strong in Venezuela (34.2%) and slightly less prominent in Brazil (21%) and Argentina (22.3%). Other countries are in an intermediate situation, around 25% EAP growth between 2000 and 2010 (Figure 4 and Table 4).

Figure 4. Comparison of WAP and EAP evolution in Latin American countries (15 years and over – from 2000 to 2010 – in %)



Source: CELADE-ECLAC.

Table 4. Economically active population of Latin American countries (15 years and over – from 2000 to 2010 – in millions and %)

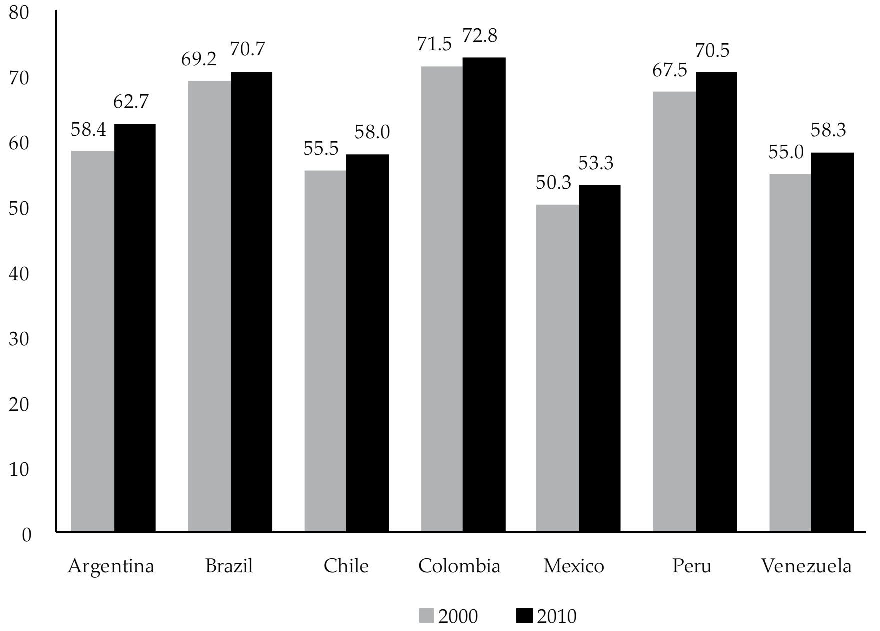
(In millions)	2000	2010	Var.2010-2000 (millions)	Var.2010-2000 (%)
Argentina	15.5	19.0	3.5	22.3
Brazil	85.0	102.9	17.9	21.0
Chile	6.2	7.7	1.5	24.9
Colombia	19.2	24.1	4.9	25.8
Mexico	38.9	48.8	9.9	25.5
Peru	11.6	14.5	2.9	24.9
Venezuela	8.9	11.9	3.0	34.2
Total	185.3	228.9	43.7	23.6
(In %)	**2000**	**2010**	**Var.2010-2000 (%)**	**Var.2010-/2000 (%)**
Argentina	8.4	8.3	-0.1	-
Brazil	45.9	44.9	-0.9	-
Chile	3.3	3.4	0.0	-
Colombia	10.3	10.5	0.2	-
Mexico	21.0	21.3	0.3	-
Peru	6.2	6.3	0.1	-
Venezuela	4.8	5.2	0.4	-
Total	100.0	100.0	-	-

Source: CELADE-ECLAC.

The largest progress of the EAP compared to the WAP is the increased rate of activity or participation of the population in the labor market in Latin America. Observing all the seven countries, the rate increases from 62.2% to 64.5% between 2000 and 2010. Focusing on each country separately, the rate grows across the board, without exception. Some have activity rates in higher levels, above 70% of the WAP, such as Brazil (70.7%), Colombia (72.8%) and Peru (70.5%). Others show lower rate levels, such as Argentina (62.7%), Chile (58%), Mexico (53.3%) andVenezuela (58.3%). However, these rates grow during the period in all countries (Figure 5 and Table 5).

The increased rate of activity in Latin America is mainly due to the greater presence of women in the labor market. On the one hand, only three countries (Argentina, Peru and Venezuela) recorded a growth rate among the male population, and even so, in small percentages (up to 1.4%). On the other hand, in all seven countries analyzed, a rate increase was reported among the female population with percentages of 7% (Argentina), 3.2% (Brazil), 5.2% (Chile), 3.2% (Colombia), 5.9% (Mexico), 4.5% (Peru) and 6.3% (Venezuela). In other words, deepening a movement originated in past decades, women increased their participation in the labor market, which can also be comprehended as an indicator of a greater level of "inclusion" of this segment in the period 2000-2010, albeit with the caveats presented later (Figure 6 and Table 6).

Figure 5. Participation/activity rate of Latin American countries (15 years and over – from 2000 to 2010 – in %)



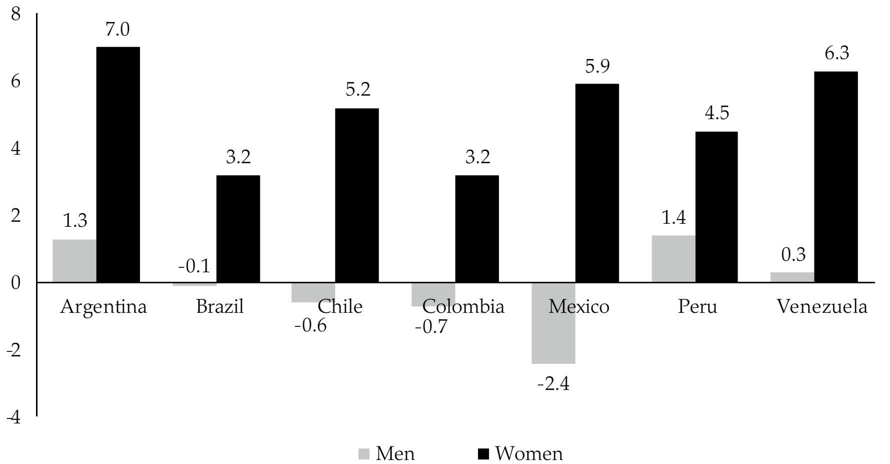
Source: CELADE-ECLAC.

Table 5. Participation/activity rate of Latin American countries (15 years and over – from 2000 to 2010 – in %)

(In %)	2000	2010	Var.2010-2000 (%)
Argentina	58.4	62.7	4.2
Brazil	69.2	70.7	1.5
Chile	55.5	58.0	2.4
Colombia	71.5	72.8	1.3
Mexico	50.3	53.3	2.9
Peru	67.5	70.5	3.0
Venezuela	55.0	58.3	3.3
Total	62.2	64.5	2.3

Source: CELADE-ECLAC.

Figure 6. Participation/activity rate evolution in Latin American countries per sex (from 2000 to 2010 – in %)



Source: CELADE-ECLAC.

Table 6. **Participation/activity rate in Latin American countries per sex (15 years and over – from 2000 to 2010 – in %)**

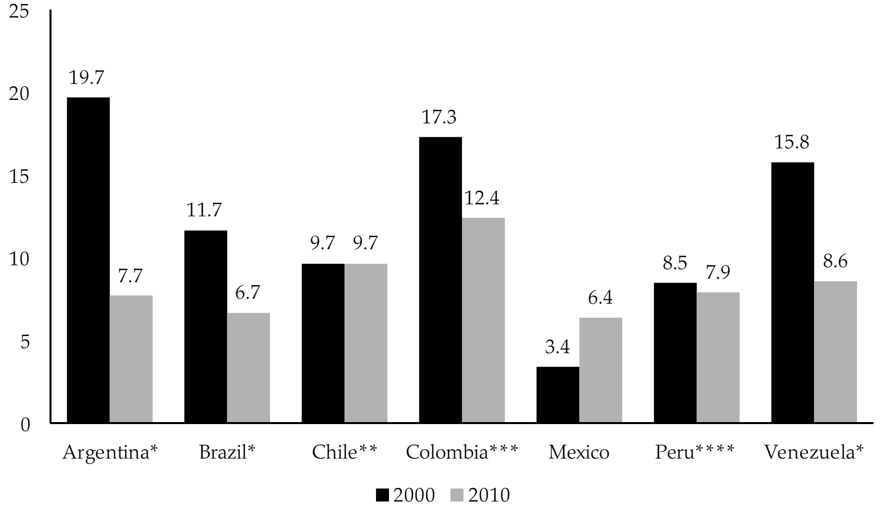
Men	2000	2010	Var.2010-2000 (%)
Argentina	73.6	74.8	1.3
Brazil	83.1	82.9	-0.1
Chile	74.0	73.4	-0.6
Colombia	86.4	85.7	-0.7
Mexico	80.1	77.7	-2.4
Peru	78.7	80.1	1.4
Venezuela	72.8	73.1	0.3
Women	2000	2010	Var.2010-2000 (%)
Argentina	44.3	51.3	7.0
Brazil	56.0	59.2	3.2
Chile	37.8	43.1	5.2
Colombia	57.5	60.7	3.2
Mexico	37.7	43.6	5.9
Peru	56.5	61.0	4.5
Venezuela	37.2	43.5	6.3

Source: CELADE-ECLAC.

4. Unemployment

By analyzing the EAP, the first thing that strikes the eye is the increased level of employment along with the unemployment level decrease throughout the 2000s in Latin America. In most countries studied, the unemployment rate falls sharply, especially in Argentina (from 19.7% to 7.7%), Brazil (from 11.7% to 6.7%), Colombia (from 17.3% to 12.4%) and Venezuela (from 15.8% to 8.6%). The rate shrinks slightly in Peru (8.5% to 7.9%) and remains stable in Chile (9.7%); Mexico is the only country reporting a rate increase, almost doubling the earlier value (from 3.4% to 6.4%). Thus, if in the majority of countries the activity rate increases between 2000 and 2010, this occurs through higher employment and lower unemployment. This can be understood as indicating a greater level of "inclusion" of the Latin American labor market. If more people flock to this market, more and more people do so under an employment status, except for the Mexican case, for reasons discussed ahead (Figure 7 and Table 7).

Figure 7. Open unemployment rate (average annual rate) in urban areas in Latin American countries (early and late 2000s – in % of EAP)



* 2000 data is in fact from 2002. ** 2010 data is in fact from 2009.

*** Includes hidden unemployment. **** Data is from Metropolitan Lima.

Source: CELADE-ECLAC.

Table 7. Open unemployment rate (average annual rate) in urban areas in Latin American countries (early and late 2000s – in % of EAP)

	2000	2010	Var.2010-2000 (%)
Argentina*	19.7	7.7	-12.0
Brazil*	11.7	6.7	-5.0
Chile**	9.7	9.7	0.0
Colombia***	17.3	12.4	-4.9
Mexico	3.4	6.4	3.0
Peru****	8.5	7.9	-0.6
Venezuela*	15.8	8.6	-7.2

* 2000 data is in fact from 2002. ** 2010 data is in fact from 2009.

*** Includes hidden unemployment. **** Data is from Metropolitan Lima.

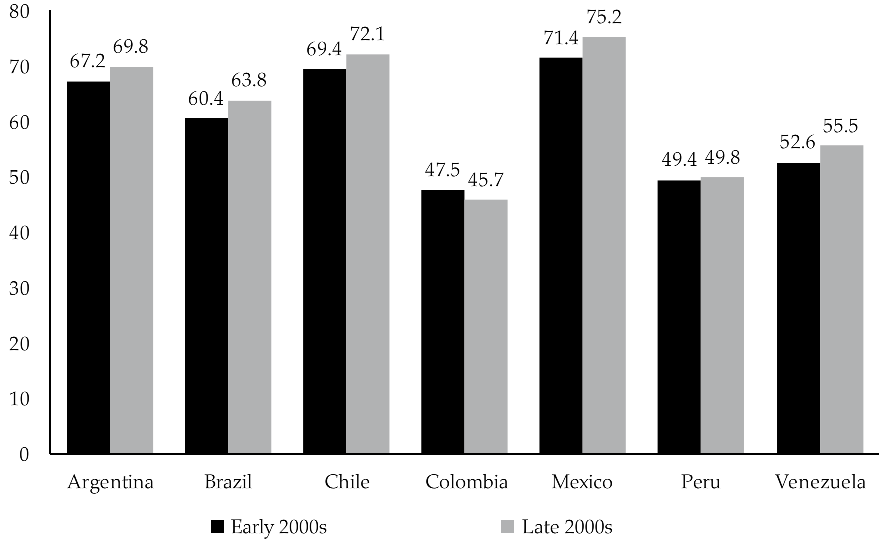
Source: CELADE-ECLAC.

5. Employment

Another aspect that stands out in the analysis of the EAP is the greater level of organization of the occupational structure in most of the seven countries studied, which can be somehow translated into the increased presence of employees in this structure. Some countries have higher wage rates, such as Argentina (69.8%), Chile (72.1%) and Mexico (75.2%). Others have intermediate rates, such as Brazil (63.8%), or lower rates, such as Colombia (45.7%), Peru (49.8%) and Venezuela (55.5%). But in the 2000s, wage advances in almost all the countries studied – except for the case of Colombia, that shrinked 1.8%, and Peru, where it remained stable.

Although this contingent still has much to grow in Latin America, the greater presence of employees in the occupational structure, concomitant with the lower presence of self-employed workers and other types of workers, can be seen as an indicator of a more efficient labor market. After all, in most countries, employees, at least those registered by the State, have a number of labor and non-labor protections that other types of workers do not get. Protections related to employment stability, wage guarantee, fixed working hours, protection against accident/illness, guaranteed retirement, and so on. (Figure 8 and Table 8).

Figure 8. Employees participation in urban employment (early and late 2000s – in % of total employment)



Source: CELADE-ECLAC.

Table 8. Urban employment structure per category (Early and late 2000s – in % of total employment)

		Employers	Employees	Self-em-ployed	Domestic work	Total
Argentina	**2002**	4.0	67.2	23.9	4.9	100.0
	2010	4.5	69.8	19.0	6.7	100.0
Brazil		**Employers**	**Employees**	**Self-em-ployed**	**Domestic work**	**Total**
	2001	4.7	60.4	26.2	8.7	100.0
	2009	4.8	63.8	23.0	8.4	100.0
Chile		**Employers**	**Employees**	**Self-em-ployed**	**Domestic work**	**Total**
	2000	4.5	69.4	19.7	6.4	100.0
	2009	3.1	72.1	19.8	5.0	100.0
Colombia		**Employers**	**Employees**	**Self-em-ployed**	**Domestic work**	**Total**
	2002	5.1	47.5	41.9	5.5	100.0
	2010	4.9	45.7	45.3	4.1	100.0

Mexico		Employers	Employees	Self-em-ployed	Domestic work	Total
	2000	4.5	71.4	21.0	3.1	100.0
	2010	7.3	75.2	13.8	3.7	100.0
Peru		**Employers**	**Employees**	**Self-em-ployed**	**Domestic work**	**Total**
	2007	6.2	49.4	39.6	4.8	100.0
	2010	6.2	49.8	39.9	4.1	100.0
Venezuela*		**Employers**	**Employees**	**Self-em-ployed**	**Domestic work**	**Total**
	2002	5.5	52.6	39.3	2.6	100.0
	2010	3.5	55.5	39.6	1.4	100.0

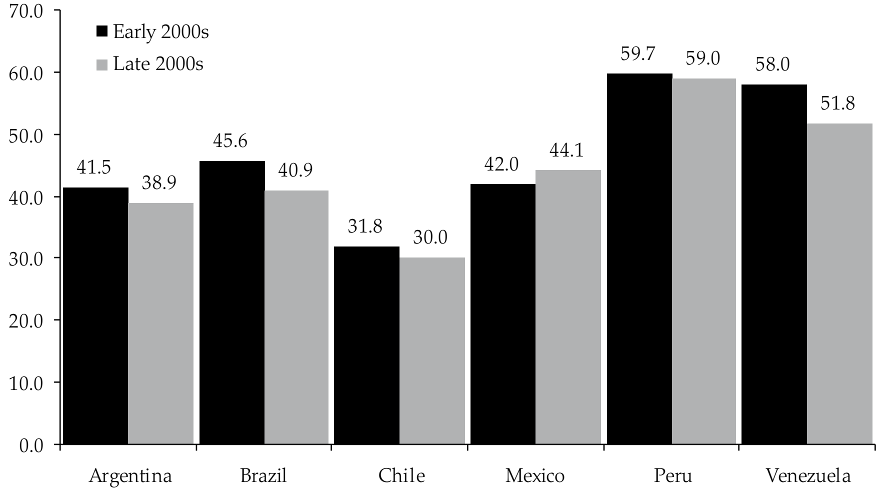
* Total employment (urban and rural).

Source: CELADE-ECLAC.

The highest level of organization of the occupational structure of the seven countries can also be observed in the lowest participation of workers in informal or low-productivity employment throughout the 2000s, according to ECLAC's categorization. It includes: i) employers and employees in microenterprises ii) unskilled self-employed workers; and iii) domestic employees. The burden of informal employment declines a little between 2000 and 2010 in countries that already showed a higher level of organization of their occupational structure, such as in Argentina (from 41.5% to 38.9%), Brazil (from 45.6% to 40.9%) and Chile (31.8% to 30%). The burden of informality also slightly declines in countries that showed a lower level of organization, such as Venezuela (from 58% to 51.8%).

Running counter these positive Latin American dynamic are Peru, where the burden of informal employment remains stable (around 59%), and especially Mexico, where such employment increases its share (from 42% to 44.1%). Anyway, informality in the employment structure decreases in most of the countries analyzed, which can be understood as an indicator of a better functioning labor market in Latin America. It is true that employment in microenterprises, in unskilled self-employed services and domestic services still have a very significant burden. However, the reduction of their relative importance in the 2000s is no less significant, because workers in these jobs seldom have the protections described above, related to the workplace and outside the workplace (Figure 9 and Table 9).

Figure 9. Urban employment in the informal sector (low productivity) (early and late 2000s – in % of total employment)



P.S.: There is no comparable information available for Colombia between early and late 2000s.

Source: CELADE-ECLAC.

Table 9. Urban employment in the informal sector (low productivity) (early and late 2000s – in % of total employment)

		Microenterprises - Employers	Microenterprises - Employees	Domestic Employees	Unskilled Self-employed workers	Total
Argentina	2002	2.9	15.2	4.9	18.5	41.5
	2010	3.2	14.3	6.7	14.7	38.9
Brazil		**Microenterprises - Employers**	**Microenterprises - Employees**	**Domestic Employees**	**Unskilled Self-employed workers**	**Total**
	2001	2.2	10.7	8.7	24.0	45.6
	2009	2.4	10.3	8.4	19.8	40.9
Chile		**Microenterprises - Employers**	**Microenterprises - Employees**	**Domestic Employees**	**Unskilled Self-employed workers**	**Total**
	2000	2.4	8.3	6.4	14.7	31.8
	2009	1.1	7.1	5.0	16.8	30.0

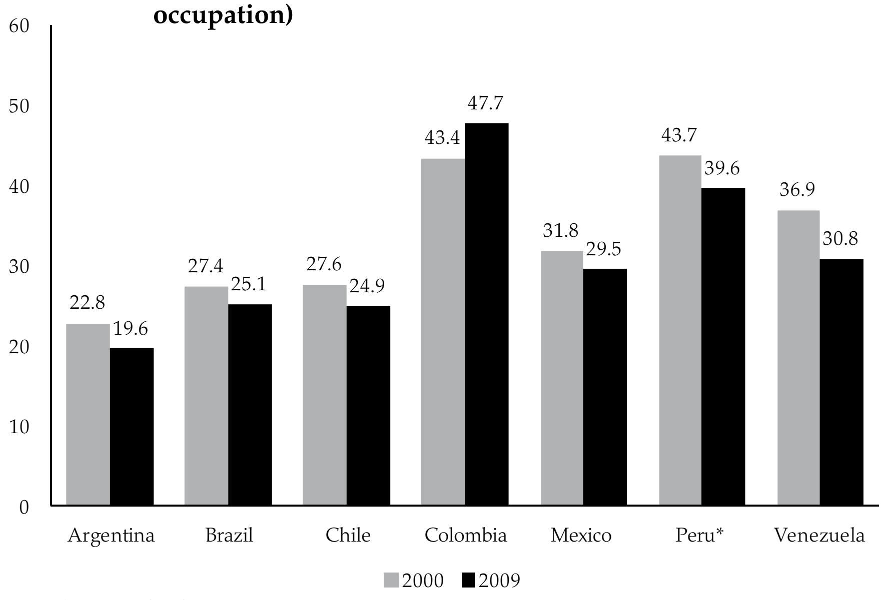
Colombia		Microenterprises - Employers	Microenterprises - Employees	Domestic Employees	Unskilled Self-employed workers	Total
	2002	-	-	5.5	38.8	44.3
	2010	4.1	10.8	4.1	40.7	59.7
Mexico		Microenterprises - Employers	Microenterprises - Employees	Domestic Employees	Unskilled Self-employed workers	Total
	2000	3.7	16.0	3.0	19.3	42.0
	2010	6.4	21.9	3.7	12.1	44.1
Peru		Microenterprises - Employers	Microenterprises - Employees	Domestic Employees	Unskilled Self-employed workers	Total
	2007	5.2	12.4	4.8	37.3	59.7
	2010	5.2	12.1	4.1	37.6	59.0
Venezue-la*		Microenterprises - Employers	Microenterprises - Employees	Domestic Employees	Unskilled Self-employed workers	Total
	2002	4.6	13.2	2.6	37.6	58.0
	2010	2.8	10.3	1.4	37.3	51.8

P.S.: There is no comparable information available for Colombia between early and late 2000s.

Source: CELADE-ECLAC.

Related to the previous points, the highest level of organization of the employment structure of Latin American countries over the 2000s can also be seen in the lower share of workers in vulnerable occupations. According to the World Bank's classification, these include self-employed workers and unpaid family workers. The burden of vulnerable jobs is decreasing in all countries, whether in those displaying a greater level of organization in their occupational structure, such as Argentina (from 22.8% to 19.6%), Brazil (from 27.4% to 25.1%) and Chile (from 27.6% to 24.9%), or in those showing a lower level of organization, such as Peru (from 43.7% to 39.6%) and Venezuela (from 36.9% to 30.8%). The only exception to this scenario is Colombia, where vulnerable jobs increased from 43.4% to 47.7% of all occupations between 2000 and 2009. Anyway, with the exception of Colombia's case, the employment structure's vulnerability is reduced in the other Latin American countries, which can also be understood as an indicator of a better functioning labor market (Figure 10 and Table 10).

Figure 10. Vulnerable urban employment (self-employment and unpaid family work) (early and late 2000s – in % of total occupation)



* 2009 data are in fact from 2008.

Source: World Bank.

Table 10. Vulnerable urban employment (self-employment and unpaid family work) (early and late 2000s – in % of total occupation)

	2000	2009	Var.2010-2000 (%)
Argentina	22.8	19.6	-3.2
Brazil	27.4	25.1	-2.3
Chile	27.6	24.9	-2.7
Colombia	43.4	47.7	+4.3
Mexico	31.8	29.5	-2.3
Peru*	43.7	39.6	-4.1
Venezuela	36.9	30.8	-6.1

* 2009 data are in fact from 2008.

Source: World Bank.

Finally, between 2000 and 2010, the distribution of employment by various economic sectors shows some variations in the seven countries studied. In most cases, employment in mining and processing industries shows a decrease, while commerce and services employment follows an opposite trend, with an increase in the number of workers. But the largest variations in the employment's sectoral structure are concentrated in two specific countries. First, in Mexico, where secondary sector workers shrink by no less than 5.3%, while those of the tertiary sector expand 5.1%. Then, they are concentrated in Chile, where industry workers fall 3.7% and those of trade/services increase by 3.2%. In the other countries, including Argentina, Brazil, Colombia and Peru, the sectoral structure suffers less pronounced fluctuations in the 2000s. Noteworthy is the case of Argentina, where employment in the secondary sector increases by 1%, while it decreases by 3.1% in the tertiary sector, against the dynamics observed in the other Latin American countries (Figure 11 and Table 11).

Figure 11. Non-agricultural urban employment structure evolution per economy sector (early and late 2000s – in %)

P.S.: There is no comparable information available for Venezuela between early and late 2000s.

Source: CELADE-ECLAC.

Table 11. Non-agricultural urban employment structure per economy sector (early and late 2000s – in % of total employment)

		Industry	Construction	Trade/Services	Total
Argentina	**2002**	13.3	6.8	79.9	100.0
	2010	14.3	8.9	76.8	100.0
		Industry	**Construction**	**Trade/Services**	**Total**
Brazil	**2001**	17.1	8.4	74.6	100.0
	2009	16.4	8.9	74.7	100.0
		Industry	**Construction**	**Trade/Services**	**Total**
Chile	**2000**	17.7	9.2	73.1	100.0
	2009	14.0	9.7	76.3	100.0
		Industry	**Construction**	**Trade/Services**	**Total**
Colombia	**2002**	17.9	5.9	76.2	100.0
	2010	16.4	6.6	77.0	100.0
		Industry	**Construction**	**Trade/Services**	**Total**
Mexico	**2000**	22.9	8.2	68.9	100.0
	2010	17.7	8.4	74.0	100.0
		Industry	**Construction**	**Trade/Services**	**Total**
Peru	**2007**	16.3	5.7	78.0	100.0
	2010	15.3	7.1	77.6	100.0
		Industry	**Construction**	**Trade/Services**	**Total**
Venezuela	**2000**	-	-	-	-
	2010	-	-	-	-

P.S.: There is no comparable information available for Venezuela between early and late 2000s.

Source: CELADE-ECLAC.

6. Final considerations

Latin America has undergone significant transformations in the 2000s which also signaled a greater and also a better inclusion of the population in the primary income distribution circuits available in the labor market. This can be noted from the EAP growth, boosted by the participation of women. It can also be observed through the higher employment rate, concomitantly with the lowest level of unemployment in almost all countries. With specific regard to employment, a greater organization can be seen in its structure, due to higher wage-earning and lower informality in most countries. Thus, the meaning of transformation becomes clear, which was to increase quantitatively and improve qualitatively the inclusion of the Latin American population in the income distribution labor mechanisms.

The importance of this matter can only be assessed when recalling that, in the 1990s, the dynamic was the opposite. In countries like Argentina, Brazil, Colombia, Peru and Venezuela, involved in large economic, social and political changes, the labor market worked towards excluding various population groups. The employment level declined, while unemployment advanced and the occupational structure was disrupted, with lower wage-earning and higher informality, amid strong changes within the sectoral structure. And so we ask ourselves: which economic, social and political factors may account for the change in the dynamics of the Latin American labor market in the 2000s? Have these factors worked in the same way, in the same direction and with the same intensity in all countries or where there variations, on account of very different labor background between them? Some rather incipient and preliminary clues are available to help answer these questions.

Initially, it is necessary to separate the Mexican reality from the reality of South American countries; the Mexican reality is similar to that of Central American countries. Between 2000 and 2010, this country witnesses a progressive deterioration of its economic model of industrial export oriented to North America. This model has been built since 1986 in the wake of liberal reforms that included the easing of markets for goods, services and labor; the liberalization of trade, finance and technology flows; and the privatization of the State's roles. Such a model found a more defined shape with the adherence of Mexico to the North American Free Trade Agreement (NAFTA) in 1992, in which a new industrial economy emerged, different from the previously existing one, which was based on exporting manufactured goods to the U.S. through the sub-compensation of productive factors, especially labor, whose regulation was deconstructed. This economy has witnessed an accelerated growth of the Mexican GDP until the year 2000, but this growth has not been accompanied by redistribution effects in benefit of the population, due to insufficient and precarious state initiatives, both in labor, through unemployment insurance and minimum wage policies, and in the social sector, through education, health, social security and assistance policies.

It is worth noting that this insufficiency and precariousness of state initiatives has been correlated with the emptying of the Mexican State, occurred in the wake of liberal reforms. Finally, when the North American demand for manufactured products weakened after 2001, no other component was able to uphold the leverage of GDP growth (such as household consumption). Thereafter, and for much of the 2000s, the labor market indicators examined above began to reflect the deterioration of the industrial exporting model of Mexico, similar to what happened in some Central American countries.

A different reality was witnessed by South American countries. Since 1990, Brazil, Peru, Colombia and Venezuela have implemented liberal reforms, while Argentina and Chile enhanced those started some years earlier. Roughly speaking, the flexibility of markets, the liberalization of flows and privatization of state functions led to disorganization of the current economic model, which already showed signs of exhaustion since at least 1980, primarily due to the depletion of manufacturing as a dynamic source. This disruption transpired in the limited and unstable growth of GDP in the region, which, from a business perspective, was associated with reduced profitability and capital disinvestment, especially in manufacturing. From labor's perspective, it was linked to increased unemployment and falling labor compensation. It is worth noting that, in the midst of this process, several attempts were made to stabilize national currencies, based on restrictive policies from the monetary, foreign exchange, credit, fiscal and tax point of view, and the nature of these policies further contributed to the negative trend of GDP in South America. The situation began to change in the early 2000s, when national States started to abandon the more restrictive aspects of monetary stabilization initiatives, as could be seen in Brazil and Argentina. This abandonment was facilitated by the new economic model that began to emerge, East Asia-oriented primary exporter. Funds accumulated through this new model made it possible to maintain stable currencies, with a smaller monetary, foreign exchange, credit and fiscal contraction. And so they favored the accelerated and steady growth of GDP, also due to the great inflow of foreign direct investment, which flocked to South America with a less contracted economic scenario. From the corporate standpoint, this product's behavior meant more profitability and investment, whereas from the workers perspective, it resulted in more employment and remuneration, as it appears in labor indicators already examined. Finally, one aspect of the economic model that began to emerge in the early 2000s was the importance of state GDP redistribution initiatives through labor and social policies. A result of the successful democratic political transitions in the 1980s, or the failure of liberal economic transitions of the 1990s, the renewed importance of labor and social policies is an aspect that distinguishes the South American experience from the Mexican one in the latest period. This is because such policies mean that the national States bet on a multiplicity of components able to leverage GDP growth beyond exports of agricultural goods and minerals. And this bet, focused on components such as household consumption, proved to be important when the economic crisis started in 2008, when foreign demand shrank in North America and Europe (and to a lesser degree, also in Asia). Despite the crisis, a reciprocal and positive dynamic relationship between domestic consumption, social policy and labor market indicators was established in South American countries, as seen above.