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The employment situation in Latin America and the Caribbean

Countercyclical policies for a sustained recovery in employment

Contents

"A special factor during the recent crisis was that greater efforts were made to support employment and income in the framework of policies implemented to soften its impact. The region now faces the challenge of institutionalizing a countercyclical approach throughout the economic cycle".

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Foreword

Latin America and the Caribbean experienced an unexpectedly vigorous economic recovery in 2010 after the output contraction of 2009. This upturn was reflected in the region's employment and unemployment rates, which resumed the positive trends that had been broken by the crisis, and formal wages rose slightly. The strength of the recovery and labour-market performance varied markedly across subregions and countries, however. The first part of this joint ECLAC/ILO publication on the employment situation in Latin America and the Caribbean looks at how labour markets have responded to the rapid economic upswing in 2010 and early 2011, highlighting both the significant advances achieved in the post-crisis period and the sharp differences evident across subregions and countries.

As well as tapping into the improved external conditions which followed upon the Asian-led global economic upturn, several Latin American countries were also able to contain the impacts of the crisis and underpin their own recovery with countercyclical policies, thanks to the leeway gained by their macroeconomic management during the run of growth from 2003 to 2008. These countries were in a position to implement expansionary fiscal and monetary policies, some of which channelled higher fiscal spending through labour-market policies or softened the impact of the crisis on employment and income, as discussed in previous ECLAC/ILO bulletins. Since the region is fairly new to the use of countercyclical policies, the second part of this document reviews the experiences arising from those policies and considers lessons for institutionalizing them.

Economic growth in the Latin American and Caribbean region has historically been marked by the volatility of its economic cycles, with high-growth periods being succeeded by deep crises. Volatility has conspired against the use of production resources over extended periods and short growth horizons have impeded investment in capital and labour. In the recent international crisis, the deployment of countercyclical macroeconomic policy helped to reduce the depth and duration of the impact and to leverage a more rapid recovery. It is therefore worth looking at the fundamentals of a long-term countercyclical macroeconomic policy which would provide the tools needed to deal with future crises and pave the way for economic growth that may be sustained over time.

A special factor during this crisis was that a greater effort was made to support employment and income. Several of the labour-market policy measures taken acted as vehicles for conveying increased fiscal spending to individuals, reflecting greater consideration for equality concerns. Indeed, these measures were aimed not only at stabilizing and strengthening domestic demand per se, but also at preventing the crisis from hitting lowest-income households the hardest, as had occurred in previous episodes. And —again unlike the pattern seen in previous episodes— inflation actually fell during the crisis as the high food and fuel prices seen in the run-up to it eased as a result of both existing macroeconomic policies and global conditions. This averted the surge in inequality so often seen in previous crises.

Two caveats must be added, however. First, not all the countries were in a position to deploy strong countercyclical policies. Many simply lacked the fiscal space to do so. Second, some countries took this sort of measure more as an ad hoc response to the crisis than as part of a clearly established countercyclical policy strategy. The challenge, then, is to institutionalize a countercyclical approach throughout the economic cycle.

Taking up this challenge is part of making economic growth more sustainable. This year —2011— was ushered in by rapid economic growth and substantial improvements in labour indicators. With the region's GDP projected to grow well over 4% this year, ECLAC and ILO estimate that the regional unemployment rate will fall substantially again, from 7.3% in 2010 to between 6.7% and 7.0% in 2011.

Elizabeth Tinoco
Assistant Director-General
Regional Director
Regional Office for Latin America and the Caribbean
International Labour Organization (ILO)

Alicia Bárcena
Under-Secretary-General of the United Nations
Executive Secretary
Economic Commission for Latin America
and the Caribbean (ECLAC)

Introduction

The first economic crisis to hit the whole of Latin America and the Caribbean since the debt crisis of the 1980s caused the significant labour improvements that had been taking place in the region during much of the past decade to be cut short in 2008-2009. The region's labour markets reacted to the economic slowdown triggered by the international economic and financial crisis and to the subsequent drop in labour demand with a series of adjustments affecting some countries more than others, including rising unemployment, a fall in labour participation owing to scarce job opportunities and the proliferation of informal activities.

However, the impact of the crisis on the region's labour markets was not as strong as initially forecast since the crisis was more short-lived than feared and countries experienced an economic recovery, albeit at different rates, from mid-2009. Moreover, the recovery was more robust than expected and the regional economic growth of around 6% in 2010 prompted improvements in the employment situation. The upturn was helped by the buoyancy of the global economy, especially the expansion of the Asian economies, and the countercyclical policies implemented in several countries.

The rapid upswing in growth was driven by the relatively positive performance of the labour market in certain countries during the crisis. In particular, formal employment contracted only slightly and real wages remained stable, largely thanks to falling inflation. Thus, the labour market helped stabilize domestic demand, which was a key factor in preventing a further shrinking of regional output in 2009 and facilitated the marked upturn in 2010.

National experiences varied, however, depending on the nature of each country's trade integration, the performance of its main trading partners and its fiscal and monetary space to implement countercyclical policies during the crisis. Consequently, labour market performance in 2010 also varied, largely reflecting the differences in macroeconomic performance.

The first part of this fifth joint publication on the region's employment situation examines the nature of the labour market recovery in the context of overcoming the economic crisis. After reviewing the main labour indicators at the regional level, it analyses the characteristics of the labour market recovery before giving a breakdown of labour trends in the first quarter of 2011, together with projections for the year as a whole.

The second part focuses on countercyclical economic policies, since the recent crisis and experiences involving the implementation of fiscal, monetary, trade, production, social and labour policies have highlighted the importance of instruments to minimize the impact of an economic crisis and encourage a rapid recovery.

A. Labour market performance during the 2010 upturn and 2011 trends

1. Main labour indicator trends

In 2010, the relatively solid recovery at the regional level led to an increase of 0.8 percentage points in the urban employment rate, not only compensating for the drop of 0.5 percentage points in 2009 but also setting a new record of 55.2%.

As indicated in figure 1, which shows the evolution of the participation and employment rates based on a four-quarter moving average (rolling 12-month period) for a group of nine countries in the region, the employment rate fell from the fourth quarter of 2008, stabilized in the fourth quarter of 2009 and began to rise sharply in the first quarter of 2010.

As explained in more detail below, however, the trend is not widespread and, of the 17 countries with comparable data, only nine recorded an increase in this indicator, while in one the rate remained stable and in seven it declined (see table A-3).

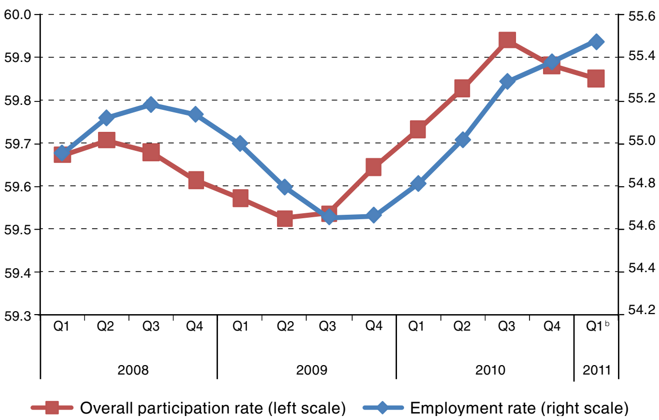
The participation rate also changed markedly in 2010, rising by 0.4 percentage points, the highest increase at the urban level since 2002. Given that in many countries labour supply behaves procyclically, the perception of greater job opportunities arising during the economic recovery may have contributed to that growth. The significant changes in labour supply are more noticeable when the focus is on the four-quarter moving averages shown in figure 1 rather than on the calendar year data. Based on the weighted average of nine countries, the participation rate dropped off in the period between the third quarter of 2008 and the second quarter of 2009. However, from the upturn in the fourth quarter of 2009 it began to rise again until, in the rolling year ending in the third quarter of 2010, it exceeded the rate for the rolling year ending in the fourth quarter of 2009 by 0.4 percentage points.

Thus, the participation rate behaved procyclically, preceding the trend in the employment rate by one quarter in both the upswing and downswing. For example, the participation rate fell in the third quarter of 2008 while the employment rate started to drop in the fourth quarter. The participation rate then stabilized in the third quarter of 2009 before beginning a sharp upturn, while the employment rate behaved in the same way but one quarter later.

Figure 1

LATIN AMERICA (9 COUNTRIES): OVERALL PARTICIPATION AND EMPLOYMENT RATES, FOUR-QUARTER MOVING AVERAGE, FIRST QUARTER OF 2008 TO FIRST QUARTER OF 2011[a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official country data.

[a] The data for each quarter represent the average value for the rolling year (four quarters) ending in that quarter.

[b] Preliminary estimates.

Since the fourth quarter of 2010, the participation rate has fallen year on year, as reflected in the decline noted for the rolling year covering that period. This could indicate:

- Public perceptions that the employment situation has deteriorated; or
- A fall in labour supply, especially among people less connected with the labour market, particularly young people.

The fact that the employment rate continued to rise in the fourth quarter of 2010 and the first quarter of 2011, albeit with less year-on-year variation than in mid-2010, would tend to indicate that it is mainly the second factor that is behind the sluggish growth in the participation rate. In several countries, including Argentina, the Bolivarian Republic of Venezuela, Brazil and Colombia, labour participation among young people fell more or rose less than among adults, owing partly to the long-term tendency for young people to remain in education longer. In other countries, however, such as Mexico and Peru, the labour participation rate of young people rose more than the adult rate, while in others still public perceptions of an economic slowdown may have caused the levelling off of labour supply.

In any case, in 2010, the increase in labour participation was not widespread and only around half of the countries with comparable data recorded an increase in urban participation, while in the other half the rate fell (see table A-2).

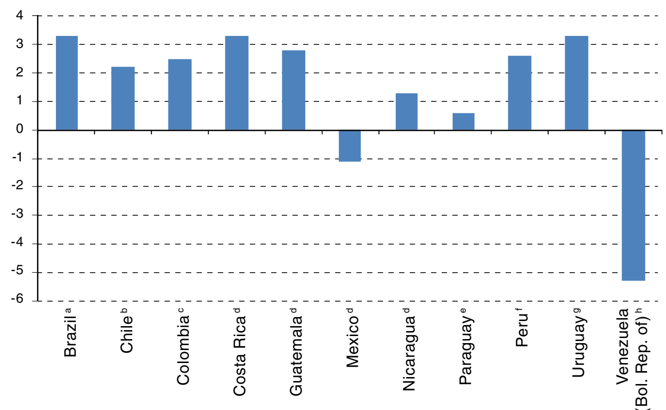
The rapid growth in labour supply lessened the impact of the marked rise in the employment rate on the urban unemployment rate (see table A-1), which declined from 8.1% to 7.3% to equal the rate set in 2008, the lowest in 20 years. In absolute terms, the number of people employed in the region's urban areas rose by 6.9 million in 2010, while the number of unemployed fell by 1.3 million, with total urban unemployment standing at 16.1 million.

In 2010, trends in real wages were interrupted by a spike in inflation causing the increases to be generally smaller than in 2009. Thanks to the economic recovery, however, real wages rose by around 2%, helping to strengthen domestic demand and aid recovery (see figure 2).

Figure 2

LATIN AMERICA (SELECTED COUNTRIES): REAL-WAGE VARIATION IN THE FORMAL SECTOR, 2009-2010

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official country data.

[a] Private-sector wage earners covered by social and labour legislation.

[b] General hourly wage index.

[c] Manufacturing industry workers.

[d] Average wages reported by workers covered by social security.

[e] Wage and salary index for non-agricultural activities.

[f] Private-sector workers in the Lima metropolitan area.

[g] Average wage index.

[h] General wage index.

A similar trend is noted with regard to minimum wages which, based on the median value of the variations in 19 countries, edged up by just short of 2% in real terms after increasing significantly in 2009. In this case, however, there are more disparities, reflecting the different income policies implemented in the various countries. For example, some countries do not adjust the real minimum wage each year, as a result of which the wage can sometimes drop significantly in real terms in years with no nominal increase, while others pursue a strategy of significant regular increments in the real wage and others still apply annual increases in line with or slightly above the inflation index.

2. Characteristics and differences in the labour market recovery

With regard to labour integration by sex, women continue to enter the labour market as part of a firm long-term trend that was not even interrupted by the 2009 crisis. Based on the average of 16 countries, the urban participation rate of women rose by 0.4 percentage points in 2010, matching the growth in the rate for men (see table A-4).

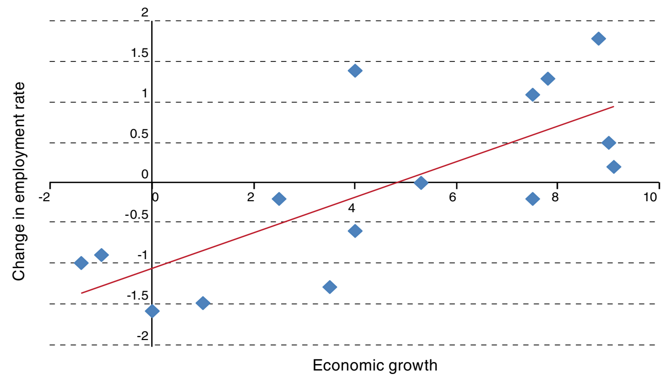
Given that the economic crisis mainly affected male employment, impacting significantly on male-dominated activities such as construction, the economic upturn was expected to favour male employment in particular. While this was the case in some countries, such as Argentina and Brazil, where the male employment rate rose more than the female rate, this was not a widespread trend. Based on the weighted average of 16 countries, the movements in both the employment and unemployment rates were very similar for men and women.

The patterns relating to job creation varied significantly at the subregional level. Among the South American countries, the urban employment rate (simple average of eight countries with comparable data) rose by 0.5 percentage points, while in the northern countries of Latin America (six countries) it rose by 0.3 percentage points and in the English-speaking Caribbean (three countries) it fell by 1.3 percentage points. These figures reflect the differences in the economic growth patterns of 2010.[1]

There was also significant variation at the country level. In contrast to 2009, when there were considerable disparities between the various countries in terms of the link between economic growth and the employment rate variation, in 2010 there was a marked positive correlation between the two variables (see figure 3).

In many countries recording a sharp rise in the employment rate, however, the increase was largely the result of the growth in self-employment, particularly in Colombia, Peru[2] and the Dominican Republic (see table 1). In Honduras, where the employment rate remained stable, and in the Bolivarian Republic of Venezuela where it contracted, there was a restructuring of employment towards a larger share of this category in the occupational structure. The situation was different in Brazil for example, where the sharp rise in the employment rate coincided with a marked increase in wage employment and, within that category, of formal employment. By contrast, in some countries (Costa Rica, Ecuador and Panama), the employment rate fell but wage employment grew.

Figure 3
LATIN AMERICA AND THE CARIBBEAN (15 COUNTRIES): ECONOMIC GROWTH AND VARIATION IN THE URBAN EMPLOYMENT RATE, 2010
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official country data.

The data on formal employment trends strongly reflect the recovery in economic activity. In Brazil, Chile, Nicaragua and Uruguay, formal employment rose by around 6%, while in Costa Rica, Mexico, Panama and Peru it was up by between 3% and 5%. This sharp increase in formal employment is somewhat surprising given that after a crisis companies tend to step up working hours before recruiting new workers, which normally causes a delay between the resumption of economic growth and job creation. There are two possible explanations for this result, although it is most likely a combination of the two:

- If towards the end of 2008 and in 2009 companies believed that the crisis that had struck the region would be relatively short-lived and that economic growth would resume soon, that projection would have led many of them not to make major job cuts. As noted previously, in most of the countries with information available, formal employment did not contract significantly (ECLAC/ILO, 2010).
- The increase in formal employment may partly be the result of the formalization of pre-existing jobs, since several countries in the region are implementing programmes to that end.

The notable surge in formal employment was most likely the result of both an immediate response to the economic recovery by many companies, which recruited more staff, and the formalization of pre-existing jobs.

The trend towards formalization within the high- and medium-productivity sectors is also reflected in the fact that, in 2010, in a group of five countries for which information is available (Colombia, Ecuador, Mexico, Panama and Peru), the proportion of jobs in formal companies that are not based on formal contractual relations shrank.[3] However, as mentioned previously, in some countries the formal jobs created did not match the growth in labour supply and there was an upsurge in informal labour.

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1 Preliminary estimates from late 2010 indicated that in 2010 South America grew by 6.6%, Mexico and Central America by 4.9% and the English- and Dutch-speaking Caribbean by 0.5% (ECLAC, 2010).

2 With regard to total urban employment in Peru, for which no absolute data are available nor the rates of variation in the different occupational categories, the participation of self-employed workers in employment in 2010 rose by half a percentage point, while the participation of wage earners fell by 0.6 percentage points.

3 See International Labour Organization, 2010.

Table 1

LATIN AMERICA (SELECTED COUNTRIES): YEAR-ON-YEAR RATES OF VARIATION IN EMPLOYMENT, BY EMPLOYMENT CATEGORY AND SECTOR OF ECONOMIC ACTIVITY, 2009 AND 2010

(Percentages)

Country	Employed		Employment categories				Sectors of economic activity									
			Wage earner		Self-employed		Manufacturing industry		Construction		Commerce		Community, social and personal services		Agriculture, livestock and fishing	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Argentina (31 urban areas)	1.1	1.2	0.4	2.9	3.9	-2.1	-4.5	1.2	1.6	-2.1	-1.1	2.7	4.1	0.2	...	...
Brazil (six metropolitan regions)	0.7	3.5	0.9	4.3	0.6	1.3	-2.0 [a]	3.5 [a]	1.9	5.8	0.5	1.3	1.4	3.7	...	...
Colombia (national)	5.6	4.3	0.4	2.4	8.0	5.9	4.4	1.5	9.0	7.9	6.1	5.7	3.8	3.3	8.1	3.5
Costa Rica (national)	-0.1	1.2	1.3	3.5	2.1	-5.8	-2.8	4.0	-15.8	-10.0	3.8	-2.3	6.0	1.4	-1.5	1.4
Ecuador (national)	1.7	-0.7	-1.1	3.0	7.5	2.8	-3.7	3.5	4.5	-6.0	0.7	-0.5	-1.3	3.4	3.9	-4.4
Honduras (national) [b]	8.1	3.8	4.3	-2.3	12.2	7.4	-3.5	-0.1	3.8	-18.5	13.1	7.3	-2.7	0.2	17.9	5.2
Mexico (national) [c]	0.4	2.0	-0.6	1.8	5.1	0.6	-5.1	4.1	-3.8	-0.8	1.9	3.2	3.1	1.9	0.0	1.8
Panama (national)	1.3	1.0	-0.2	3.5	6.2	-1.4	2.1	-3.9	1.1	1.4	-1.6	0.4	0.3	3.8	2.1	-2.4
Dominican Republic (national)	-1.7	4.5	-2.6	3.9	2.4	7.0	-21.6	3.9	-10.6	5.9	-0.1	3.4	4.1	5.6	-2.6	2.0
Venezuela (Bolivarian Republic of) (national)	2.2	0.5	0.5	-1.0	5.9	2.1	0.5	-2.7	-4.8	-0.4	2.9	0.1	4.7	-0.6	0.1	4.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official country data.

[a] Includes the extractive and processing industries and the production and distribution of electricity, gas and water.

[b] Month of May.

[c] The 2010 rates refer to the growth in the average of the first three quarters.

Whereas in 2009 the weak growth in the number of employed occurred mainly in the tertiary sector and agriculture, with a drop in employment in manufacturing and construction, in 2010 the situation was more balanced (see table 1). Many countries saw an upturn in employment in the manufacturing industry and construction. In addition, agricultural employment continued to grow in many countries, so that the previous downtrend in employment in this sector did not reoccur. Moreover, in the tertiary sector, where the largest branches are commerce and community, social and personal services, employment grew in line with the long-term trend towards an increasing presence of this sector in the region's occupational structure.

The disparities in labour trends in 2010 are reflected in the different performances of the region's two largest countries: Brazil and Mexico. In comparative terms, Brazil's performance stood out in 2010, as it benefited from a favourable external context and buoyant domestic demand. In its six main metropolitan areas, the employment rate rose by 1.1 percentage points while the participation rate crept up by 0.2 percentage points, causing a drop in the unemployment rate of 1.[4] percentage points to 6.7%, well below the regional average.4 Visible underemployment also shrank to its lowest level since the change in the methodology used to measure labour in 2002. In addition, there was a notable improvement in the composition of employment, since in the six metropolitan areas the proportion of the employed working as wage earners covered by the social and labour legislation rose from 49.4% in 2009 to 51% in 2010. At the same time, the percentage of informal wage earners fell from 19% to 18% while the proportion of self-employed and unpaid family workers dropped from 19.5% to 19%. At the national level the number of workers covered by the social and labour legislation rose by 6.5% between December 2009 and December 2010. At the same time, in the six metropolitan areas, the average real wage of formal private wage earners rose by 2%. Employment income rose by 4.4% as an average for for all those employed, and both employment and employment earnings contributed significantly to the buoyancy of domestic demand, largely driving the economic growth of 2010.

Owing to its close economic ties with the United States, Mexico was severely hit by the crisis of 2008-2009 and its recovery was slower. In 2010 the employment rate remained stable at both the national level and across the main urban areas, and average unemployment for the year dropped slightly by 0.1 percentage points at the national level and 0.2 percentage points at the urban level, only in response to a slight drop in the participation rate. The proportion of workers registered with the Mexican Social Security Institute (IMSS) rose throughout the year to 5.4% in the last quarter, bringing the annual average to 3.8%. Real wages of formal workers fell slightly for both IMSS-registered workers (-1.1%) and manufacturing workers (-0.8%).

[4] Practically throughout the decade of the 2000s, the unemployment rate in Brazil was above the regional average.

3. Labour market trends in the first quarter of 2011 and outlook for the year

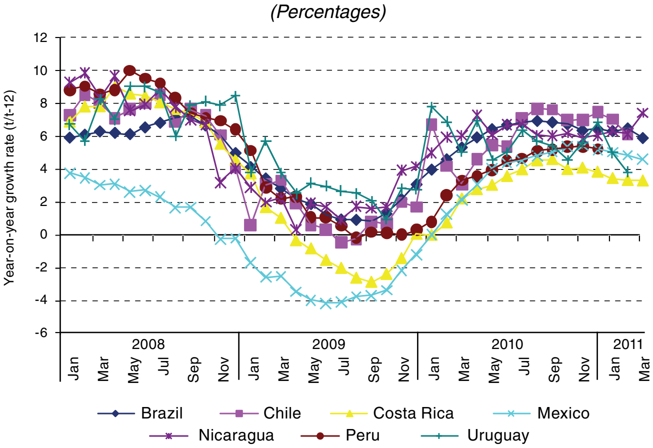
At the start of 2011, the region as a whole remains very buoyant in terms of job creation and the reduction of unemployment. Based on the weighted average of nine countries, the employment rate continues to rise significantly, by 0.4 percentage points (according to the year-on-year comparison. Although this is well below the rate set in the post-crisis recovery, it is facilitating the continued significant growth in the moving average regional rate (see figure 1). Given that the participation rate is tailing off slightly, as it did in the fourth quarter of 2010, this increase is having a marked impact on the unemployment rate which, for this group of countries, has dropped by 0.7% in the year-on-year comparison (see table A-1).

The employment growth continues to be linked to the solid creation of jobs in the formal sector, as indicated in figure 4. Although the year-on-year rates fall short of the records —generally set in the third or fourth quarter of 2010— formal employment is growing in several countries by around 4% or more, largely reflecting the high rates of economic growth at the start of the year.

Figure 4

LATIN AMERICA (SELECTED COUNTRIES): YEAR-ON-YEAR GROWTH IN EMPLOYMENT COVERED BY SOCIAL SECURITY, JANUARY 2008 TO MARCH 2011[a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official country data.
[a] The data for Peru refer to employment trends in companies with 10 or more employees.

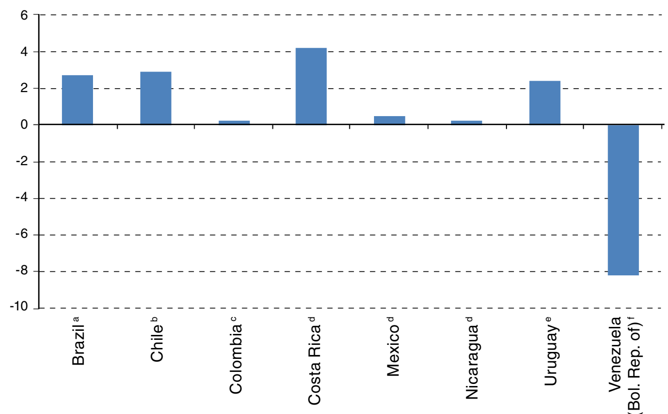
Translation of figure 4 above: Year-on-year growth rate (t/t-12)

In 2011, real wages were hit by a spike in inflation, caused mainly by rising food and fuel prices, but this is taking place in a context of high labour demand, falling unemployment rates, a temporary shortage of specialized workers and increased labour productivity. As a result, at the start of 2011, real wages continue to rise in several countries, with similar rates to those in 2010 (see figure 5). In Chile, Costa Rica and Mexico, year-on-year variation in the first quarter of 2011 was slightly higher than the rate for 2010 as a whole, while in Brazil, Colombia, Nicaragua and Uruguay the year-on-year rise was more moderate. Lastly, in the Bolivarian Republic of Venezuela the year-on-year fall in average real wages accelerated, owing mainly to the significant drop in real wages in the public sector.

Figure 5

LATIN AMERICA (SELECTED COUNTRIES): VARIATION IN FORMAL-SECTOR REAL WAGES, FIRST QUARTER OF 2010 TOFIRST QUARTER OF 2011

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official country data.
[a] Private-sector wage earners covered by the social and labour legislation.
[b] General hourly wage index.
[c] Manufacturing industry workers.
[d] Average wages reported by workers covered by social security.
[e] Average wage index.
[f] General wage index.

In the first half of 2011, several countries have been implementing measures to tackle inflationary pressures originating mainly from hikes in international food and fuel prices, which could trigger a slowdown in growth throughout the year. For the year as a whole, however, the regional economy is expected to be relatively buoyant and the employment rate is set to rise by between 0.3 and 0.4 percentage points. If labour supply remains sluggish —as shown in the first quarter of the year by the slight drop in the participation rate— the rise in employment levels would result in another relatively sharp fall in the regional urban unemployment rate. Depending on labour participation trends, urban unemployment could dip from an annual average of 7.3% to somewhere between 6.7% and 7%.

B. Business cycle, crisis and policy responses

1. The need for countercyclical macroeconomic policies

(a) Conceptual issues

The structural characteristics of the Latin American and Caribbean economies make them prone to frequent shocks, and these can have lasting repercussions on economic activity, poverty levels and patterns of income distribution (ECLAC, 2008; Aguiar and Gopinath, 2004).

The region is subject to much greater macroeconomic volatility than the developed countries.[5] Given the adverse effects of this volatility on economic performance, in particular on growth and socio-economic conditions in individual countries, one of the principal tasks for policymakers in the region is to curb the fluctuations in GDP, consumption and investment (ECLAC, 2008; Catão, 2007; Fanelli and Jiménez, 2009; Loayza and Hnatkovska, 2005).

Following the crises of the 1980s and 1990s, policymakers in the region have tended to adopt concepts and practices designed to achieve sustainable fiscal accounts, ensure nominal stability and strengthen their financial systems. As a result of these efforts, the region posted positive macroeconomic results and, in recent years, has reined in inflation, recorded unprecedented rates of growth, and built financial systems in which cases of insolvency are rare.

With the recent global financial crisis, however, many policymakers, not just in the region, but throughout the world, realized that efforts to achieve balanced fiscal accounts and more stable financial systems and to curb inflation are necessary, but by no means sufficient for warding off a crisis. Thus, new instruments, both anticyclical and countercyclical, would have to be used to avert, or limit the spread of, economic crises. Tools would also be needed to enable them to identify crises when they were still in the making. Anticyclical instruments are those measures designed to avoid or attenuate cyclical variations ex ante, while countercyclical measures are those applied during specific phases of the cycle.

Anticyclical instruments include policies for ensuring public debt sustainability, so as to reduce the risk of a crisis originating in the public sector; policies for prudential supervision of the financial sector, thus averting banking crises and overindebtedness of the private sector; and diversification of production to limit the cyclical impact due to price fluctuations arising from a highly concentrated export structure.

Countercyclical policies, on the other hand, would help to attenuate the reaction of agents to cyclical fluctuations in economic activity and thus avoid overheating of the economy due to excess consumption or investment (whether public or private) during an expansionary phase, such as might add to inflationary pressures or generate unsustainable levels of indebtedness. These measures should also cushion the fall in household consumption and investment when the business cycle is in a recessionary phase.

The instruments traditionally used as automatic stabilizers, especially in the developed world, are income tax, unemployment benefits and the legal reserve requirement established for the banking sector. These types of tools enable the cycle to "self-regulate", since, as a rule, in an expansionary period, tax collection will increase and bank reserves will expand, while unemployment benefits will decrease, so that the additional boost to available income and credit does not generate any further increase in aggregate demand.

Since the region is highly vulnerable to extraordinary, non-stationary shocks and lacks well-established automatic stabilizers, authorities frequently respond by adopting discretionary public policies. In recent years, it has been suggested that in their bid to mitigate cyclical trends, political authorities and especially fiscal authorities would do well to resort to predetermined rules (see Perry, 2002).

In practice, this means refraining from adopting special measures for managing the impacts of extraordinary events; indeed, whenever macroeconomic circumstances are deemed extraordinary, especially when the specific episode is not just the downphase of a business cycle around a trend growth but indeed a pronounced crisis, the action of policymakers should be limited to modifying the rules. Consequently, some countries in the region have adopted schemes such as structural balance (Chile), multi-year budget frameworks (Peru), and stabilization and savings funds (Bolivarian Republic of Venezuela, Brazil, Chile and Colombia). In the interests of flexibility, fiscal regulation has included escape clauses in these schemes for extraordinary cases. In terms of monetary policy, the definition of price stability as a fundamental objective of central banks and the adoption of inflation targets are the monetary equivalent of defining rules for policy management.

However, the current situation has demonstrated the need to strengthen both the anti- and the countercyclical instruments that policymakers in the region have at their disposal. In the following section, emphasis is placed on the countercyclical instruments. In the most recent crisis, policymakers used different instruments and policies, combining some that were

[5] Measured in terms of the variation in growth between 1951 and 2008, volatility is 50% higher in Latin America than in Europe and the United States (Fanelli and Jiménez, 2009)

similar to automatic stabilizers with other more discretionary instruments designed to compensate for the shortcomings of the former.

(b) Macroeconomic policy in response to the crisis

Fiscal policy

The stabilization function of fiscal policy and its ability to operate countercyclically are hampered in the region by a series of intrinsic elements and characteristics, which also determine the number of instruments that may be used. These elements are examined below.

On the income side, the automatic countercyclical stabilizer par excellence is income tax. However, since this tax is relatively low in the region —at around 5.6% of GDP compared with 15.3% of GDP in the countries of the Organization for Economic Cooperation and Development (OECD)[6]— its impact as a business cycle stabilizer is sharply reduced. Moreover, royalties from the exploitation of natural resources in the region account for a high proportion of total revenues. In its effort to correct the procyclical bias of these revenues, the region has made substantial headway in setting up and implementing stabilization funds, which support the countercyclical function of fiscal policy by saving whenever the price moves above the benchmark price and allowing expenditure to be made whenever it falls below.

On the expenditure side, the main countercyclical instrument in the developed countries is the unemployment benefit. As discussed in the section of this document that deals with labour market policies, this automatic stabilizer does not play a very significant role in the region. Furthermore, the response capacity of fiscal policy is reduced by the practice of pre-allocating funds for specific items of expenditure and by other rigidities (defined as institutional constraints that limit the capacity to modify the level or structure of the public budget over a given period (Cetrángolo, Jiménez y Ruiz del Castillo, 2009)).

In short, fiscal policies designed to stabilize the business cycle and thus boost long-term growth are seriously undermined by a number of factors: the lack and limited composition of fiscal resources in the region; the underdevelopment of instruments that can act as automatic stabilizers; budgetary rigidities; the competition between the stabilization function of fiscal policy and other functions and objectives demanded by society; access to procyclical financing; and the persistence of shocks and crises.

During the recent crisis, each country's reaction was determined by the resources at its disposal, and its capacity for management and implementation. Thus, those countries that managed to expand their fiscal space in the pre-crisis period, were better able to apply vigorous countercyclical policies to mitigate the impact of the crisis.

Two types of fiscal measures were used to counter the impact of the crisis: (i) measures applicable to tax systems; and (ii) measures applicable to fiscal expenditure. In addition, several countries relaxed their existing macroeconomic frameworks. Of particular interest are the reduction of the fiscal deficit target in the Fiscal Responsibility Act in Brazil; the new structural balance target in Chile; the reduction in the primary deficit target in Colombia, Panama and Peru; and the changes in fiscal rules by subnational governments in Argentina.

The tax measures ranged from income tax adjustments, either through changes in the tax base (deductions, exemptions or accelerated depreciation systems) or in nominal rates, to reforms to the goods and services tax (value added tax (VAT), specific taxes or tariffs). The fiscal expenditure measures consisted mainly of increases in investment in infrastructure, housing programmes, support programmes for small and medium-sized enterprises (SMEs) and small farmers, and various social programmes (ECLAC, 2009). A third set of measures has also been adopted; these are more structural in nature and are aimed at improving the efficiency of government administration and revenue collection or at boosting consumption.

Monetary policy

During the recent global financial crisis, the Latin American and Caribbean countries used various monetary instruments to stimulate aggregate demand (including releasing funds to finance corporate and household expenditure), protect domestic saving and ensure the proper functioning of the system of payments.

In many cases, the measures were geared to correcting the imbalances and mismatches which financial institutions in the region were reportedly facing as a result of conditions in international financial markets and the state of global aggregate demand. The set of measures sought to make use of available automatic stabilizers, reserve requirements and fund management, and was complemented by a different type of more discretionary, ad hoc measures in order to avoid systemic risk, due to the slump in domestic credit availability, and serious problems in the region's system of payment.

In particular, several central banks in the region reduced their benchmark monetary policy rates so as to trigger a reduction in the structure of market rates available for investors and consumers and thus revive aggregate demand.

In addition to reducing monetary policy rates, the various financial institutions were provided with more abundant liquidity to tide them over the crisis in view of the reduction in external financing and the increase in their non-performing loan portfolios.

The governments in the region also injected resources into development banks and other specialized entities to enable them to respond to the borrowing requirements, especially of the vulnerable socio-economic sectors.

[6] Data taken from Gómez-Sabaini, Jiménez and Podestá (2009)

In a number of countries, the monetary authorities reduced the legal reserve requirement established for financial institutions to enable them to release funds for loans.

Other measures such as public debt prepayment and the creation of credit facility entities that act as intermediaries between the central bank and private financial institutions were also used by some economies in the region to increase the levels of liquidity in their payment systems.

During the financial crisis, policymakers also sought to guarantee the proper functioning of the system of payments and to protect savers' funds. A series of measures were used in the region: formal agencies were set up to improve monitoring of the system of payments; savers were provided with increased coverage; and savings guarantee funds were strengthened. Similarly, in order to guarantee an effective and opportune intervention by authorities in case of problematic situations in some financial institutions, various countries expanded their supervisory agencies' ability to bail out insolvent institutions or promote mergers and acquisitions, as appropriate.

In some cases, stricter regulations were put in place to increase the net worth of financial institutions and steps were taken to improve the transparency of institutions for supervisors and users.

Box 1

MONETARY MEASURES APPLIED IN LATIN AMERICA DURING THE GLOBAL CRISIS

The following are some of the measures implemented by monetary authorities to address the financial crisis:

(1) Legal reserve adjustments

- Reduction in the cash reserve for deposits in local and/or foreign currency:
  - Argentina, Brazil, Colombia, El Salvador, Honduras, Paraguay, Peru and Plurinational State of Bolivia (deposits in local currency only).
  - Conversely, Jamaica increased the legal reserve requirement in order to absorb the excess liquidity circulating in the economy at the start of the crisis.
- Easing of reserve requirement regulations:
  - Chile, Dominican Republic and Guatemala.
  - The Plurinational State of Bolivia created a Liquid Asset Requirement Fund (RAL) for additional deposits in hard currency and raised the base on which this reserve is applied in order to avoid dollarization of liabilities in the banking system.

(2) Provision of liquidity in local currency

- Repurchase of public debt instruments:
  - Argentina, Barbados, Brazil, Chile, Colombia, Dominican Republic, Guatemala, Mexico, Nicaragua, Paraguay, Plurinational State of Bolivia and Uruguay.
- Increase and creation of lines of credit for the commercial banks:
  - Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Mexico, Nicaragua (although they were not used) and Paraguay.
- Other measures for providing liquidity:
  - Reduction in the supply of central bank instruments
  - Increase in loans targeting specifically the productive sectors of the economy.
  - Increase in liquidity by the central government.
  - Purchase by the central bank of high-risk loan portfolios held by the commercial banks .
  - Loan rescheduling
  - Capitalization of the State-owned banks in Costa Rica.
  - Lowering of the risk rating of the banking system in Peru, thus expanding access to more financial entities.
  - Cash swaps for tax return certificates in Uruguay.

(3) Changes to the monetary policy rate

- Reduction in the rate:
  - Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Dominican Republican, Guatemala, Haiti, Honduras, Jamaica, Mexico, Paraguay, Peru, Trinidad and Tobago and Uruguay
- Increase in the rate:
  - Honduras[a] and Jamaica.[b]

(4) Other measures

To ensure financial stability, certain countries in the region opted for the following:

- Increasing safeguards for savers and depositors;
- Stepping up control of financial agents;
- Creating institutions to ensure financial stability;
- Granting greater power to the central bank;
- Measures such as those taken in the Caribbean countries following the decision to bail-out the CLICO financial group in Trinidad and Tobago in order to avoid contagion to other institutions and the collapse of the financial system.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO).

[a] After declining at the end of 2008 and beginning of 2009, the rate had to be raised to avert pressure on the international reserves.

[b] The first step taken by Jamaica to address the crisis was to raise the monetary policy rate in order to rein in the excess liquidity in the economy. Once this was under control, the authorities lowered the rate, thus falling in line with the trend adopted by the other countries of the region.

(c) Macroeconomic policy challenges in terms of business cycle management and averting crises

At the macroeconomic level, the challenge for the region is to strengthen its capacity to carry out anticyclical actions and continue to foster sustainable development, based not only on commodity exports but on the generation of more and better-quality jobs and a better quality of life for its population.

The construction of this policy space is not problem-free, however. The policy space dimension available to the government for fulfilling the stabilization function depends on three key determinants: the amount of resources available for financing countercyclical initiatives, the number of independent instruments for complying with the proposed objectives and the effectiveness of alternative policies that compete with countercyclical ones for resources and instruments (Fanelli and Jiménez, 2009). The consensus is that, in times of crisis, countercyclical management of macroeconomic policy is indeed timely and effective; in growth periods, however, it competes with other important and necessary objectives in the region, such as poverty reduction and improving income distribution.

The reconstruction of anti- and countercyclical mechanisms as part of a strategy for coping with development challenges is a multi-dimensional, public-policy exercise. As ECLAC has stated on several occasions, a new social pact and a new fiscal covenant will have to be put in place if the region's development needs are to be progressively met and the size and composition of the tax burden improved to support spending programmes. (ECLAC, 2010)

In the developed world and the emerging economies alike, policymakers have recognized the need to introduce tools for avoiding the generation and spread of crises, in particular in financial markets. To this end, it is recognized that "macroprudential" mechanisms must be adopted to complement the existing "microprudential" schemes. Some countries have already taken steps in this direction and macroprudential regulations are being introduced in regional regulatory systems (Argentina),[7] but a great deal still remains to be done.

These changes in credit regulation would mean incorporating mechanisms that have both anti- and countercyclical dimensions, since they would ensure that the required reserves, the loan portfolio funds and capital requirements are sufficient for that phase of the business cycle, and that the credit dynamic does not jeopardize the solvency and sustainability of financial institutions. It would also be necessary to moderate the excessive expansions and contractions, thus preventing shocks in financial markets from seriously destabilizing the country's economic performance.

2. The contribution of labour market policies to the countercyclical approach

The foregoing sections demonstrate how important it is to have countercyclical policies not only for cushioning the fall in times of crisis but also for laying the foundations for more sustainable growth. The relevant labour market policies that can contribute to this objective must be identified along with the most appropriate way of implementing them.

During the recent crisis, automatic stabilizers played a vital role in the developed countries. The main instrument in this category is unemployment insurance. Its use is relatively limited in the expansionary phases of the cycle and therefore funds tend to build up, whereas, in the recessionary phases, when unemployment rises sharply, the number of beneficiaries and, of course, the cost also increase. Unemployment insurance is therefore a typically countercyclical instrument and one that does not require an administrative decision in order to function, since it is triggered automatically by changes in the business cycle.

A less well-known stabilizer, which may be described as "semi-automatic" and which gained prominence in the recent crisis is the job-retention subsidy paid for job-sharing programmes. Companies in difficulty, are encouraged to avoid laying off their workers and to offer them instead the option of sharing the working day and receiving partial compensation through a subsidy. The countries where this instrument is institutionalized confirm that it functions as a typically countercyclical instrument. It is legally established and properly funded. When there is an upturn in activity, the companies withdraw from the programme and the workers resume their full-time jobs. Unlike unemployment insurance, this instrument does not function automatically; indeed, it is not a benefit triggered by an event, since the difficulties facing the company have to be assessed and the company and union must come to an agreement.

These automatic and semi-automatic stabilizers are not yet fully developed in the region, although they do exist, and their contribution to an countercyclical strategy should not be dismissed a priori. Indeed, there have been some notable advances in the region with respect to unemployment insurance and some attempts at job-sharing that deserve to be examined.

Apart from these "automatic and semi-automatic" responses, some labour market policies with a clear countercyclical bias have been applied in the region, and public spending was increased in some areas to make up for job losses in the private sector.[8] Thus, it is a good point at which to review the different policies applied and to identify possible practical improvements for enhancing their impact.

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7 See BIS (2010).

8 See ECLAC/ILO, The employment situation in Latin America and the Caribbean, numbers 1, 2 and 3 [online] http://www.cepal.org/cgi-bin/getProd.asp?xml=/de/agrupadores_xml/aes690.xml&xsl=/agrupadores_xml/agrupa_listado-i.xsl&base=/de/tpl/top-bottom.xslt.

(a) Labour market policies and economic cycles

In terms of anticyclical and countercyclical macroeconomic policy, it goes without saying that if the economy is to function properly over the long term, the frequency of crisis-generating economic shocks must be reduced and sharp cyclical fluctuations must be mitigated. Steps must also be taken to avoid huge increases in idle capacity as these act as a strong disincentive to the investment necessary for achieving or increasing trend growth. Similarly, in the labour market, it is important to attenuate cyclical fluctuations so that companies do not lose their human capital in times of crisis and workers do not find themselves forced into long periods without a job, with a major loss of income and increasing difficulty in re-entering the labour market.

Once it is clear that the difficulties faced by companies are short-term and not structural, it would be wise for governments to support initiatives agreed between workers and companies to enable the latter to continue to employ their workers, albeit for a shorter workday. Generally speaking, the reduction in the workday implies a partial loss of income, a State subsidy and a portion financed by the company. Thus, these formulas minimize the loss of income for all workers of a company (instead of some maintaining 100% and others going on unemployment), and thus all workers remain active.

Even in countries where this option is available, it may not be appropriate in all cases. When there is loss of employment, it is always desirable to maintain some income for a reasonable time to enable the worker to seek employment and eventually find a place once again in the labour market. This is the rationale for unemployment insurance, which, as already stated, acts as an automatic countercyclical stabilizer.

In Latin America and the Caribbean, there are only seven countries that have unemployment subsidies or insurance (Argentina, Barbados, Bolivarian Republic of Venezuela, Brazil, Chile, Ecuador and Uruguay), and even in these, the coverage may be considered insufficient in relation to the challenge in times of crisis, since a significant number of jobholders find themselves in a highly precarious position. In the region, the traditional response to such situations has been to implement emergency employment programmes, mainly for low-paid, unskilled workers. The primary role of such programmes is to provide a job and a basic income to workers that have no form of insurance.

Most countries have programmes of this kind that cater for highly vulnerable populations or, for example, that cope with specific situations such as natural disasters. While these programmes are not applied automatically, they can, provided the fiscal resources are available, be stepped up in times of crisis, since the practical experience of managing such schemes already exists. Admittedly, there may be some lag in implementing these programmes on a vast scale, but emergency employment programmes remain a relatively rapid alternative to countercyclical employment policy.

Public works usually follow a procyclical trend, since in recessionary periods, they normally are scaled back to match the expected fall in revenue collections. In the recent international crisis, however, many countries reacted to the slump in private construction by boosting expenditure on public works in order to generate employment. In a crisis situation, this strategy does have a countercyclical profile, but it is not implemented automatically and the time lags can be considerable. Moreover, often, there is not sufficient information on the impact on employment of the different public works under way or in the pipeline.

In view of this experience, the employment variable of project evaluation criteria should always be factored in, so that in times of crisis labour-intensive projects that are in the pipeline or under way can be given priority over capital-intensive projects. The countercyclical approach could thus mean postponing the execution of more capital-intensive projects and stepping up or prioritizing that of more labour-intensive ones. Thus, even without increasing expenditure, it would be possible to enhance the impact on employment by reordering priorities towards more labour-intensive projects. One of the restrictions of this approach, however, is that such jobs would only be suitable for jobless workers with certain skills and experience in construction.

The incentive programmes for new hiring are eminently procyclical. When aggregate demand declines and there is net job loss, no subsidy should be expected to generate genuine new jobs. On the contrary, when these subsidies are applied during periods of crisis, the risk is that the substitution effect will predominate. When the recovery is still incipient, this type of programme can lead some companies to bring forward the decision to hire new employees. Once the economy is on the upswing and employment is picking up, these programmes are only relevant if they target groups that have had experienced major difficulties in finding a place in the labour market.

Clearly, the implementation of entrepreneurial initiatives is subject to the phase of the business cycle. In recessionary periods marked by a contraction in demand, such initiatives will be more difficult to implement successfully. Thus, services that promote small businesses, whether technical or financial, are directly impacted by economic fluctuations and may be described as procyclical, since the risk of failure will be greater in recessions, while the chances of success will be greater in growth periods. There will always be some scope in an economy that has its own dynamic, as well as advantageous projects even in difficult periods, so that these lines of action should be sustained, albeit on a smaller scale, during crises.

Employment services are not a countercyclical policy instrument per se. However, they also suffer the repercussions of economic cycles, but mainly in the type of services that they provide. In the growth phases with net job generation, employment services can act as a labour market intermediary as long as there is a demand for workers from the business sector. On the other hand, during recessions, the number of users facing unemployment will be higher, but since these services will be handling much fewer vacancies and unable to match the labour supply, they must, in addition to their role of intermediation, become an important vehicle for public policy implementation in the country.

Lastly, training is not of itself an area that is related to the business cycle. In growth periods, the tendency is for training to be closely linked to the poles responsible for the generation of new jobs, while in the downswing, it can be one option whereby the long-term unemployed can avoid losing touch with the labour market. For example, workers who have lost their job in an area that has undergone a structural contraction and who are unlikely to find another job in this same area can retrain in new skills. Training can also be a way of mitigating high unemployment among young people. Normally, however, training costs per beneficiary are relatively high. In some cases, the beneficiary receives a small subsistence or travel grant, but the bulk of the costs relate to the requirements of the training institution (whether private or public). In recessions, therefore, this point must be taken into account.

Table 2 shows the phase of the business cycle in which the different active labour market policies prove most effective.

Table 2

MORE EFFECTIVE ACTIVE POLICIES BY PHASE OF THE BUSINESS CYCLE

Type of programme	Phase of the business cycle		
	Decline	Recovery	Growth
Direct employment programmes	X		
Indirect employment programmes		X	
Job retention programmes	X		
Initiative support programmes			X
Labour training programmes			X
Employment services		X	X

Source: A. Marinakis and M. Velásquez, "Políticas activas y ciclo económico", Notas sobre la crisis, Santiago, Chile, International Labour Organization (ILO), 2011.

For a correct interpretation of the conclusions shown above, it should be noted that the blank cells in table 2 do not necessarily mean that the policies are totally ineffective in those phases or that they must not be applied. The foregoing analysis also suggests that all the policies considered may be effective in other phases of the cycle, provided that they are applied on a smaller scale, for certain target groups and in specific geographic areas.

Lastly, it should be borne in mind that the active labour market policies examined above can be more effective if they are integrated with passive policies, in particular unemployment insurance. It will then be possible to operate with identified beneficiaries and provide benefits and programmes or combinations thereof adjusted in line with each of the options and opportunities associated with the phases of the business cycle. This strategy is very often applied in European countries, but its use in Latin America and the Caribbean is limited since very few countries actually have unemployment insurance.

(b) Labour market policies in Latin America: advances and constraints

Some innovative policies were implemented during the recent crisis, and useful adjustments were made to existing policies that illustrate the advances achieved and constraints faced in the application of the countercyclical approach.

Although the area of automatic stabilizers is one of the least developed in terms of policies, it is precisely in this area that a series of worthwhile advances have been made. During the decade prior to the crisis, Chile joined the group of countries with an unemployment benefit system. Unemployment insurance was developed after the Asian crisis and reflected the need to strengthen the social protection system. Moreover, after functioning for a few years prior to the outbreak of the global financial crisis, a series of modifications to the existing regime was already being contemplated in order to increase coverage and improve benefits. Thus, Chile was better equipped to face this recent crisis than it was previously since it had an additional instrument of protection. This example proves that an employment protection system can be established within a short space of time.

Another change that took place during the recent crisis had to do with the duration of the unemployment benefit. Until then, all the countries had set a maximum period for the benefit, irrespective of the phase of the business cycle. In a recession, however, it is obvious that fewer vacancies are generated, so that opportunities for finding a job are more limited and workers may be expected to remain jobless for longer periods. Chile and Uruguay therefore decided to extend the unemployment benefit for two extra months to bring it more in line with the average period of joblessness. Both countries managed to generate a mechanism whereby this increase in the maximum period would automatically be linked to the average jobless rate of past years or else to the economic concept of recession (two consecutive quarters with negative GDP growth).

One of the most interesting innovations was the option for companies experiencing difficulties to offer their workers a shorter working day instead of redundancy. Programmes of this type were implemented especially in Argentina and Mexico , and to a lesser extent in Chile and Uruguay and are geared towards the more formal sectors of the economy and towards more skilled workers. Apart from practical differences in implementation, the use of these programmes seems to vary according to the degree of development of labour relations. An agreement between the company and the union is usually required for the activation of such programmes. However, apart from this requirement, which may be just a formality, the implementation of a shorter workday means that the work must be reorganized and that the parties need to renegotiate their respective contribution to the objective of job retention. The deeper the labour relationship, the more feasible this type of negotiation will be.

In the case of Uruguay, where a culture of social dialogue exists, limited use of the job-sharing formula (partial unemployment insurance) is linked to the possibility of suspending some of the workers for a maximum of four months under the unemployment insurance programme, without breaking the employment relationship, since at the end of this period, the workers are usually reinstated in their post. In practice, many companies implemented the suspension formula by rotating the workers in question for short periods of one month, in negotiation with the union. In this way, they maintained the labour relationship with all workers, those suspended were separated from service for a very short period during which they received the unemployment benefit, at the end of which they were reinstated in their job. Since the crisis was very mild in Uruguay and was concentrated mainly in a few sectors, this modality proved to fit in well with the needs of companies and was acceptable to the workers since no review of working conditions was necessary.

As regards emergency programmes, most countries already had a small-scale project in this category, which just needed to be expanded. The countries' wealth of experience in this area and the administrative system already in place for its management made it easy to implement this expansion quite rapidly. The mode of implementation in Chile is of particular interest as it contains an automatic trigger. When the unemployment rate exceeds 10 %, a Contingency Fund is activated which allocates resources to the implementation of active employment policies that can be used directly or indirectly. The implication is that it is socially unacceptable for unemployment rates to be so high, and therefore specific resources must be allocated to correct this situation. It is possible to check if the activation of this Fund starts at very high levels or not. Nevertheless, some degree of flexibility exists for implementing this system since unemployment rates at the level of the commune or region may be used as the benchmark instead of the national rate.

Clearly, the emergency employment programmes can be readily expanded in times of crisis provided that there are available resources, whereas it is not so easy to reduce them when the economy starts to pick up. While it is true that there is a lag in the adjustment of these programmes in the growth phase of the cycle, it is also true that if the upswing is dynamic in terms of generating new jobs, the number of beneficiaries will gradually decline. The problems will be more serious if the economic recovery is jobless or if it occurs within pockets of marginalization, as has often occurred in the past.

Since many countries had sufficient resources to react promptly to the recent crisis, the common initial response was to announce investment in infrastructure works as a palliative countercyclical measure. This was actually an unusual reaction since, normally, the tendency is to cut back on expenditure and in particular on investments in infrastructure. Implementing this decision did pose some difficulties, however. In particular, there were huge delays in implementation due to all the typical investment procedures. Other less obvious problems had to do with the low impact on employment. Only in a few countries is the employment variable well incorporated in the analysis of the public works portfolio. Furthermore, it was not always possible to obtain precise information on the main pockets of unemployment or on their main characteristics , so it was not always clear whether the benefits of the proposed public works would reach the right places or persons.

(c) Main components of a countercyclical labour market policy

The above analysis demonstrates that there are a number of labour market policies with a clear countercyclical bias, others that behave procyclically and, lastly, others which, while they register major changes in implementation throughout the cycle, cannot be said to have an impact in either direction. Thus, it is possible to determine which policies in a country's arsenal can be effectively harnessed in order to address a labour market crisis, which are lacking and whether they can be incorporated.

The first point is that having programmes is indeed important, but they must be part of a comprehensive policy system rather than a set of isolated initiatives. As mentioned above, in many developed countries, these policies hinge on the unemployment insurance. Public employment services may also serve to coordinate the implementation of various policies in the country. However, more important than determining which agency should act as policy coordinator is that this role should be developed further.

A second point has to do with the structure of the labour market in each country. Those countries that have a significant formal sector, for example, must consider the possibility of developing an unemployment insurance system, if they do not already have one, while those that do should review and strengthen it, bearing in mind that existing systems in the region still have limited coverage with very low benefits. Moreover, where the informal sector is predominant, there must be a mechanism for rapidly scaling up any existing emergency employment programmes, while minimizing the risks of their being perpetuated as mass programmes over time. The idea of having an unemployment threshold that justifies the implementation of a major emergency programme is useful, especially if it reflects a consensus on the social cost of high, long-term unemployment.

In terms of employment protection, early attempts at job-sharing based on public subsidy support opens up new perspectives in a region where to date, the dominant legal protection model was based on layoff costs. In addition to their role as a stabilizing element due to the countercyclical impact, these job-sharing arrangements have the advantage of being based on social dialogue for addressing complex situations in the workplace and attach special importance to employment protection. Unlike the developed countries, which have institutionalized work-sharing systems, the countries in

Latin America that have applied this concept have done so in specific cases and for a limited time. Those cases should be assessed in order to determine whether they enhance labour market performance.

It is clear that a countercyclical labour market policy is contingent on the availability of fiscal resources, but the choice of policy is crucial. In times of crisis, it is vital to have instruments for protecting employment and workers' incomes and when resources are relatively scarce, these objectives must be maximized. In this regard, the ministry of labour should draw up a shadow budget, which could be rapidly adjusted in the event of an economic crisis, depending on the gravity and the nature of the crisis and the relevant priorities of the countercyclical response. Thus, if a government decides to increase expenditure countercyclically, the authorities of the sector would already have a proposal based on employment and income protection. Countries that have specific funds for employment policy implementation should be able to reallocate the resources between different programmes depending on the needs of the business cycle. Furthermore, within the investment programmes of the public works portfolio, the employment variable should serve as a key factor for prioritizing more labour-intensive projects during crises when unemployment is on the rise. The social and technical value of such projects should be highly prized.

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Annex

Table A-1
LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT, 2000-2011
(Average annual rates)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011
												First quarter	
Latin America													
Argentina [a]	15.1	17.4	19.7	17.3	13.6	11.6	10.2	8.5	7.9	8.7	7.7	8.3	7.4
Bolivia (Plurinational State of) [b]	7.5	8.5	8.7	9.2	6.2	8.2	8.0	7.7	6.7	7.9	6.5 [q]	…	…
Brazil [c]	7.1	6.2	11.7	12.3	11.5	9.8	10.0	9.3	7.9	8.1	6.7	7.4	6.3
Chile [d]	9.7	9.9	9.8	9.5	10.0	9.2	7.8	7.1	7.8	9.7	8.2 [r]	9.0	7.3
Colombia [e]	17.3	18.2	17.6	16.6	15.3	13.9	12.9	11.4	11.5	13.0	12.4	13.7	13.4
Costa Rica [f]	5.2	5.8	6.8	6.7	6.7	6.9	6.0	4.8	4.8	8.5	7.1	…	…
Cuba [d]	5.4	4.1	3.3	2.3	1.9	1.9	1.9	1.8	1.6	1.7	1.6	…	…
Dominican Republic [g]	13.9	15.6	16.1	16.7	18.4	17.9	16.2	15.6	14.1	14.9	14.3	…	…
Ecuador [h]	9.0	10.9	9.2	11.5	9.7	8.5	8.1	7.3	6.9	8.5	7.6	9.1	7.0
El Salvador [i]	6.7	7.0	6.2	6.2	6.5	7.3	5.7	5.8	5.5	7.1	…	…	…
Guatemala [j]	2.9	…	5.1	5.2	4.4	…	…	…	…	…	4.8	…	…
Honduras [j]	…	5.5	5.9	7.4	8.0	6.1	4.6	3.9	4.2	4.9 [p]	6.4 [p]	…	…
Mexico [k]	3.4	3.6	3.9	4.6	5.3	4.7	4.6	4.8	4.9	6.6	6.4	6.4	6.0
Nicaragua [l]	7.8	11.3	12.2	10.2	8.6	7.0	7.0	6.9	8.0	10.5	9.7 [s]	…	…
Panama [m]	15.3	17.0	16.5	15.9	14.1	12.1	10.4	7.8	6.5	7.9	7.7	…	…
Paraguay [j]	10.0	10.8	14.7	11.2	10.0	7.6	8.9	7.2	7.4	8.2	7.6 [t]	…	…
Peru [n]	7.8	9.2	9.4	9.4	9.4	9.6	8.5	8.5	8.4	8.4	7.9	9.2	9.4
Uruguay [i]	13.6	15.3	17.0	16.9	13.1	12.2	11.4	9.6	7.9	7.7	7.1	7.6	6.4
Venezuela (Bolivarian Republic of) [g]	13.9	13.3	15.9	18.0	15.3	12.3	10.0	8.4	7.3	7.9	8.6	9.2	9.2 [s]
The Caribbean													
Bahamas [g]	…	6.9	9.1	10.8	10.2	10.2	7.7	7.9	8.7	14.2	…	…	…
Barbados [g]	9.3	9.9	10.3	11.0	9.6	9.1	8.7	7.4	8.1	10.0	10.8	…	…
Belize [g]	11.1	9.1	10.0	12.9	11.6	11.0	9.4	8.5	8.2	13.1	…	…	…
Jamaica [g]	15.5	15.0	14.3	10.9	11.4	11.2	10.3	9.8	10.6	11.4	12.4	…	…
Trinidad and Tobago [g]	12.1	10.9	10.4	10.5	8.3	8.0	6.2	5.5	4.6	5.3	5.8 [q]	…	…
Latin America and the Caribbean [o]	**10.3**	**10.2**	**11.2**	**11.2**	**10.3**	**9.1**	**8.6**	**7.9**	**7.3**	**8.1**	**7.3** [s]	**8.1** [u]	**7.4** [u]

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

[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. New measurement from 2009; data not comparable with previous years.
[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. New measurement from 2009; data not comparable with previous years.
[g] National total. Includes hidden unemployment.
[h] National urban figures for 2000 (November), 2001 (August) and 2003 (December). From 2004 on, average for four quarters. Includes hidden unemployment.
[i] National urban figures. New measurement from 2007 on; data not comparable with previous years.
[j] National urban figures.
[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 on; data not comparable with previous years.
[o] Weighted average. Data adjusted for methodological changes in Argentina (2003) and Brazil (2002) and for the exclusion of hidden unemployment in Colombia, the Dominican Republic, Ecuador and Panama. Does not include Guatemala.
[p] Data refer to May.
[q] First semester.
[r] Data correspond to new measurement and are not comparable with previous years.
[s] Preliminary data.
[t] Asunción and urban areas of the Central Department; data not comparable with previous years.
[u] Preliminary estimates. Include only those countries for which information is available.

Table A-2
LATIN AMERICA AND THE CARIBBEAN: URBAN PARTICIPATION RATES, 2000-2011
(Average annual rates)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011
												First quarter	
Latin America													
Argentina [a]	56.4	56.1	55.6	60.3	60.2	59.9	60.3	59.5	58.8	59.3	58.9	59.0	58.7 [u]
Bolivia (Plurinational State of) [b]	56.1	60.6	58.0	…	58.6	55.7	58.7	57.1	…	56.9	57.3 [q]	…	…
Brazil [c]	58.0	56.4	56.7	57.1	57.2	56.6	56.9	56.9	57.0	56.7	57.1	56.8	56.7
Chile [d]	54.4	53.9	53.7	54.4	55.0	55.6	54.8	54.9	56.0	55.9	58.5 [r]	57.7	59.7
Colombia [e]	63.5	64.4	64.8	65.0	63.6	63.3	62.0	61.8	62.6	64.6	65.7	65.0	65.8
Costa Rica [f]	54.8	56.8	56.4	56.8	56.3	58.2	58.2	58.5	58.6	62.3	60.7	…	…
Cuba [d]	69.9	70.7	70.9	70.9	71.0	72.1	72.1	73.7	74.7	75.4	76.7	…	…
Dominican Republic [g]	55.3	54.3	55.1	54.3	56.3	55.9	56.0	56.1	55.6	53.8	55.0	…	…
Ecuador [h]	57.3	63.1	58.3	58.9	59.1	59.5	59.1	61.3	60.1	58.9	56.9	59.1	55.5
El Salvador [i]	54.5	54.8	53.1	55.4	53.9	54.3	53.9	63.6	64.1	64.3	…	…	…
Guatemala [j]	58.2	…	61.7	61.6	58.4	…	…	…	…	…	…	…	…
Honduras [j]	…	53.4	52.4	53.5	52.7	50.3	52.1	51.7	52.7	53.1 [p]	53.7 [p]	…	…
Mexico [k]	58.7	58.1	57.8	58.3	58.9	59.5	60.7	60.7	60.4	60.2	60.1	59.6	59.5
Nicaragua [l]	52.6	49.8	49.4	53.0	52.6	53.7	52.8	50.5	53.8	52.1	…	…	…
Panama [m]	60.9	61.4	63.4	63.5	64.2	63.7	62.8	62.6	64.4	64.4	64.0	…	…
Paraguay [i]	60.6	60.6	60.5	59.2	62.4	60.4	57.9	59.6	61.5	62.3	62.8 [s]	…	…
Peru [n]	63.4	67.1	68.5	67.4	68.0	67.1	67.5	68.9	68.1	68.4	70.0	71.6	71.2
Uruguay [i]	59.6	60.6	59.1	58.1	58.5	58.5	60.9	62.7	62.6	63.4	63.7	63.8	64.2
Venezuela (Bolivarian Republic of) [g]	64.6	66.5	68.7	69.1	68.5	66.2	65.5	64.9	64.9	65.1	64.6	64.5	64.3 [t]
The Caribbean													
Bahamas [g]	…	76.2	76.4	76.5	75.7	…	…	…	…	…	…	…	…
Barbados [g]	69.3	69.5	68.5	69.2	69.4	69.6	67.9	67.8	67.6	67.0	66.6	…	…
Belize [g]	…	…	57.3	60.0	60.3	59.4	57.6	61.2	59.2	…	…	…	…
Jamaica [g]	63.2	62.9	65.7	64.4	64.5	64.2	64.7	64.9	65.5	63.5	62.4	…	…
Trinidad and Tobago [g]	61.2	60.7	60.9	61.6	63.0	63.7	63.9	63.5	63.5	62.7	61.5 [q]	…	…
Latin America and the Caribbean [o]	**58.4**	**58.0**	**58.8**	**59.1**	**59.2**	**58.8**	**59.1**	**59.2**	**59.3**	**59.3**	**59.7 [t]**	**59.7 [v]**	**59.6 [v]**

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

[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. New measurement from 2009; data not comparable with previous years.
[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. New measurement from 2009; data not comparable with previous years.
[g] National total. Includes hidden unemployment.
[h] National urban figures for 2000 (November), 2001 (August) and 2003 (December). From 2004 on, average for four quarters. Includes hidden unemployment.
[i] National urban figures. New measurement from 2007 on; data not comparable with previous years.
[j] National urban figures.
[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 on; data not comparable with previous years.
[o] Weighted average. Data adjusted for methodological changes in Argentina (2003) and Brazil (2002) and for the exclusion of hidden unemployment in Colombia, the Dominican Republic, Ecuador and Panama. Does not include the Bahamas, Belize, Bolivia or Cuba.
[p] Data refer to May.
[q] First semester.
[r] Data correspond to new measurement and are not comparable with previous years.
[s] Asunción and urban areas of the Central Department; data not comparable with previous years.
[t] Preliminary estimates.
[u] Estimate.
[v] Preliminary estimates; includes only countries for which information is available.

Table A-3

LATIN AMERICA AND THE CARIBBEAN: URBAN EMPLOYMENT RATES, 2000-2011

(Average annual rates)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011
												First quarter	
Latin America													
Argentina [a]	47.9	45.6	44.6	49.9	52.1	53.0	54.1	54.5	54.2	54.2	54.4	54.1	54.3 [s]
Bolivia (Plurinational State of) [b]	51.9	55.4	53.0	…	55.0	51.2	54.0	52.7	…	52.4	53.6 [o]	…	…
Brazil [c]	53.9	53.0	48.9	50.1	50.6	51.0	51.2	51.6	52.5	52.1	53.2	52.6	53.2
Chile [d]	49.1	48.6	48.4	49.3	49.5	50.4	50.5	51.0	51.7	50.5	53.7 [p]	52.5	55.3
Colombia [e]	52.6	52.7	53.4	54.2	53.8	54.5	54.0	54.8	55.3	56.2	57.6	56.1	57.0
Costa Rica [f]	51.9	53.5	52.6	53.0	52.5	54.2	54.7	55.7	55.7	57.0	56.4	…	…
Cuba [d]	66.1	67.8	68.6	69.2	69.7	70.7	70.7	72.4	73.6	74.2	75.5	…	…
Dominican Republic [d]	47.5	45.8	46.2	45.2	46.0	45.9	46.9	47.4	47.7	45.8	47.1	…	…
Ecuador [g]	48.8	49.8	49.4	48.6	53.4	54.4	54.3	56.8	56.0	53.9	52.5	53.8	51.6
El Salvador [h]	48.9	51.0	49.8	52.0	50.4	50.3	50.8	59.9	60.6	59.7	…	…	…
Guatemala [i]	56.6	…	58.5	58.4	55.8	…	…	…	…	…		…	…
Honduras [i]	…	50.5	49.3	49.5	48.5	47.2	49.7	49.7	50.5	50.5 [n]	50.3 [n]	…	…
Mexico [j]	56.8	56.0	55.5	55.6	55.8	56.7	57.9	57.8	57.5	56.2	56.2	55.8	55.9
Nicaragua [k]	…	44.9	43.3	47.6	48.0	49.9	49.1	47.1	49.5	46.6	…	…	…
Panama [i]	51.6	51.2	53.2	53.4	55.1	56.0	56.3	57.7	60.2	59.3	59.1	…	…
Paraguay [i]	52.2	50.8	48.4	52.5	56.1	55.8	52.7	55.3	57.0	57.1	58.1 [q]	…	…
Peru [l]	59.7	60.9	62.0	61.2	61.6	60.7	61.8	63.0	62.4	62.7	64.5	65.0	64.5
Uruguay [i]	51.6	51.4	49.1	48.3	50.9	51.4	53.9	56.7	57.7	58.6	59.1	58.9	60.1
Venezuela (Bolivarian Republic of) [d]	55.6	57.1	57.9	56.7	58.0	58.0	58.9	59.4	60.2	60.0	59.0	58.5	58.3 [r]
The Caribbean													
Bahamas [d]	…	70.9	70.5	69.7	68.0	…	…	…	…	…	…	…	…
Barbados [d]	62.9	62.7	61.4	61.6	62.7	63.2	61.9	62.8	62.1	60.3	59.4	…	…
Belize [d]	…	…	51.5	52.3	53.3	52.8	52.2	56.0	54.3	…	…	…	…
Jamaica [d]	53.8	53.5	56.4	57.1	57.0	57.0	58.0	58.6	58.5	56.3	54.7	…	…
Trinidad and Tobago [d]	53.8	54.1	54.6	55.2	57.8	58.6	59.9	59.9	60.6	59.4	57.9 [o]	…	…
Latin America and the Caribbean [m]	**52.5**	**51.8**	**51.7**	**52.3**	**52.9**	**53.4**	**53.9**	**54.4**	**54.9**	**54.4**	**55.2 [r]**	**54.8 [t]**	**55.2 [t]**

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

[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. New measurement from 2009; data not comparable with previous years.
[c] Six metropolitan areas. New measurement from 2002; data not comparable with previous years.
[d] National total.
[e] Thirteen metropolitan areas.
[f] National urban figures. New measurement from 2009; data not comparable with previous years.
[g] National urban figures for 2000 (November), 2001 (August) and 2003 (December). From 2004 on, average for four quarters.
[h] National urban figures. New measurement from 2007 on; data not comparable with previous years.
[i] National urban figures.
[j] Thirty two urban areas.
[k] National urban figures. New measurement from 2003; data not comparable with previous years.
[l] Metropolitan Lima. New measurement from 2002 on; data not comparable with previous years.
[m] Weighted average. Data adjusted for methodological changes in Argentina (2003) and Brazil (2002). Does not include the Bahamas, Belize, Bolivia and Cuba.
[n] Data refer to May.
[o] First semester.
[p] Data correspond to new measurement and are not comparable with previous years.
[q] Asunción and urban areas of the Central Department; data not comparable with previous years.
[r] Preliminary data.
[s] Estimate.
[t] Preliminary estimates. Includes only countries for which information is available.

Table A-4

LATIN AMERICA AND THE CARIBBEAN: (18 COUNTRIES): LABOUR FORCE PARTICIPATION RATE, EMPLOYMENT RATE AND OPEN URBAN UNEMPLOYMENT RATE BY SEX, 2009-2010 [a]

(Percentages)

Countries	Unemployment rate						Labour force participation rate						Employment rate					
	Total		Male		Female		Total		Male		Female		Total		Male		Female	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Total [b]	**8.1**	**7.3**	**7.1**	**6.4**	**9.7**	**8.8**	**59.3**	**59.7**	**70.9**	**71.3**	**49.3**	**49.7**	**54.4**	**55.2**	**65.9**	**66.7**	**44.6**	**45.3**
Argentina	8.7	7.7	7.8	6.7	9.9	9.2	59.3	58.9	72.1	72.3	48.0	47.0	54.2	54.4	66.5	67.5	43.3	42.7
Barbados	10.0	10.8	10.1	10.9	9.8	10.6	67.0	66.6	72.3	71.7	62.2	62.0	60.3	59.4	65.0	63.9	56.1	55.4
Bolivia (Plurinational State of) [c]	7.9	6.5	6.6	5.5	9.4	7.6	56.9	57.3	63.7	63.9	50.6	51.3	52.4	53.6	59.5	60.4	45.8	47.4
Brazil	8.1	6.7	6.5	5.2	9.9	8.5	56.7	57.1	66.0	66.5	48.6	49.0	52.1	53.2	61.7	63.0	43.8	44.9
Chile [d]	9.7	8.2	9.1	7.2	10.7	9.6	55.9	58.5	71.0	72.1	41.3	45.3	50.5	53.7	64.5	66.9	36.9	41.0
Colombia																		
National	12.0	11.8	9.3	9.0	15.8	15.6	61.3	62.7	73.3	74.2	49.8	51.8	53.9	55.3	66.5	67.5	41.9	43.7
Thirteen cities and metropolitan areas	13.0	12.4	11.3	10.7	15.0	14.4	64.6	65.7	73.5	74.0	56.6	58.3	56.2	57.6	65.2	66.1	48.2	49.9
Costa Rica																		
National	8.4	7.3	6.9	6.0	10.8	9.5	60.4	59.1	77.2	75.9	44.5	43.5	55.4	54.8	71.8	71.4	39.7	39.4
Urban	8.5	7.1	7.3	6.0	10.2	8.8	62.3	60.7	76.3	75.1	49.6	48.1	57.0	56.4	70.7	70.6	44.5	43.9
Cuba	1.7	1.6	1.5	1.4	2.0	1.8	75.4	76.7	88.4	89.9	61.0	62.0	74.2	75.5	87.1	88.6	59.8	60.9
Dominican Republic	14.9	14.3	9.8	9.8	23.2	21.4	53.8	55.0	67.2	68.0	40.1	42.0	45.8	47.1	60.8	61.1	31.0	33.3
Ecuador	8.5	7.6	7.1	6.3	10.4	9.3	58.9	56.9	70.0	68.0	48.4	46.6	53.9	52.5	65.1	63.7	43.4	42.2
Honduras [e]	4.9	6.4	4.6	5.9	5.2	7.1	53.1	53.7	65.5	64.3	42.9	44.8	50.5	50.3	62.5	60.5	40.7	41.6
Jamaica	11.4	12.4	8.5	9.2	14.8	16.2	63.5	62.4	71.8	70.4	55.7	54.8	56.3	54.7	65.7	63.9	47.4	45.9
Mexico																		
National	5.5	5.4	5.4	5.5	5.5	5.3	58.6	58.5	77.1	76.9	42.0	41.9	55.4	55.4	72.9	72.7	39.7	39.7
Thirty-two areas	6.6	6.4	6.7	6.5	6.5	6.3	60.2	60.1	75.7	75.6	46.3	46.2	56.2	56.2	70.6	70.7	43.3	43.3
Panama																		
National	6.6	6.5	5.1	5.3	8.9	8.5	64.1	63.5	80.9	80.4	48.3	47.5	59.9	59.4	76.8	76.1	44.0	43.5
Urban	7.9	7.7	6.3	6.5	9.9	9.3	64.4	64.0	78.6	78.3	51.7	51.1	59.3	59.1	73.6	73.2	46.6	46.3
Peru	8.4	7.9	6.7	6.5	10.4	9.6	68.4	70.0	77.2	79.0	60.2	61.7	62.7	64.5	72.0	73.9	54.0	55.8
Paraguay	8.2	7.6	...	...	...	...	62.3	62.8	...	...	...	...	57.1	58.1	...	...	...	...
Uruguay [b]																		
National	7.3	6.9	5.2	5.0	9.7	9.1	63.2	62.9	73.7	73.3	54.1	53.9	58.6	58.6	69.9	69.6	48.9	49.0
Urban	7.7	7.1	5.7	5.4	9.8	9.0	63.4	63.7	73.2	73.1	55.2	55.7	58.6	59.1	69.0	69.1	49.8	50.7
Venezuela (Bolivarian Republic of)	7.9	8.6	7.4	8.1	8.5	9.3	65.1	64.6	79.4	79.3	50.9	50.1	60.0	59.0	73.5	72.8	46.6	45.4

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

[a] For Barbados, the Bolivarian Republic of Venezuela, Chile, the Dominican Republic and Jamaica, the total refers to the nationwide figure.

[b] For the coverage of regional calculations, see the notes for tables A-1, A-2 and A-3. Estimates of indicators by sex do not include Cuba and Paraguay.

[c] Data for 2010 as at the first semester.

[d] Data for 2010 correspond to new measurement and are not comparable with the previous year.

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