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EMPLOYABILITY IN THE SOUTHERN CONE

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Executive Summary

1. There is a growing concern on the employability of certain groups of workers in Latin America. Although most economies managed to grow in the last two decades, employment problems have been pervasive. This has certainly been the case in the Southern Cone, where unemployment and labor informality have significantly increased over time. Labor difficulties have been particularly harsh for certain groups: the unskilled and the youth are among the most harmed groups by the labor market developments. There exists a perception suggesting that these groups find increasingly difficult to get and keep a job, and in particular a stable job with a reasonable wage and social protection rights. The “employability” of these groups is then of a great concern.
2. This document is aimed at discussing the concept of employability, characterizing the level, structure and trends of employment and unemployment in the Southern Cone, and suggesting policy directions to increase decent employment in the region. The paper is focused on the case of Argentina, with illustrations to the rest of the countries in the region: Bolivia, Brazil, Chile, Paraguay and Uruguay.

The concept of employability

3. The term *employability* is increasingly used in the economic and labor policy debate. People’s concerns on employability are related to the perception that certain groups of the population find difficult to get a stable decent job, or any job altogether. The high unemployment and informality levels of the Southern Cone countries have raised these concerns in the last decade.
4. Despite its widespread use, the term employability does not correspond to any unambiguous concept. In fact, that word is not included in standard Labor Economics textbooks. The most common notion of employability in Economics refers to the conditional probability of being employed given that the individual is in the labor force. The concern over employability extends to the “quality” of the job. In this study we implement a definition of *decent job* based on earnings (relative to the poverty line) and access to social security.

The labor markets in the Southern Cone

5. The region is composed by countries with substantially different labor markets. While Bolivia ranks first in LAC regarding the share of adults in the labor force, Chile and Uruguay rank in the last two positions. This gap is explained, among other factors, by the different degree of development of the education and pension systems, and by the share of the rural population.
6. Unemployment rates in the Southern Cone are among the highest in LAC. In all countries unemployment is much higher for the youth and relatively similar for the elderly than for adults. Unemployment tends to be significantly higher for women

than for men. Unemployment rates for highly-educated people are lower than for the unskilled in all countries with a high overall unemployment rate. Instead, in Bolivia, which is close to full employment, the unemployment rate of the skilled is higher.

7. Unemployment increased in many countries in the region driven by an increase in labor force participation combined with a sluggish increase or even a fall in employment. Although the increase in unemployment was particularly noticeable in the late 1990s when several macroeconomic crises hit the region, in some countries unemployment also rose along with economic growth during the early and mid 1990s.
8. The gaps in labor force participation and employment against women and the unskilled have been narrowing over time. Instead, the gap in employment rates between the youth and the rest of the population has widened over the last two decades in the region. There are also some signs of a widening unemployment gap in terms of gender and education, although changes have been milder.

Characterizing employability

9. We use repeated cross-sections in order to characterize patterns of individual employability. In order to study the impact of different individual characteristics on the likelihood of having a job (or a decent job) we estimate binary choice models. While the models for adults look robust, the results for men younger than 25 years are ambiguous. The information usually included in household surveys seems helpful for understanding adult's employment, but it is clearly insufficient for the case of the youth. Specific surveys are needed to increase our understanding of youth employment dynamics.
10. All the results for Argentina suggest a worsening in the employability status of individuals, without regard to their sex, age or educational background. This drop has been particularly harsh for the youth. While in 1992 the conditional probability of having a decent job for males aged 21 with primary education was 28%, in 2004 this probability fell to almost zero.
11. The poor labor performance of the youth both in absolute and relative terms is a worrisome fact of the labor markets in the Southern Cone. If the youth feel increasingly excluded from the labor market, social tensions may emerge. Even when the statistics suggest that they would have better employability levels when adults, that may not be enough for the youth to continue investing in human capital and social capital for the future.
12. In Argentina between 1992 and 2004 the mean employability of individuals has decreased and become more unequally distributed. The same is true for the probability of having a decent job. As expected, most of the individuals with a low probability of being employed have completed only primary school. Women are over-represented in the low-employability group.
13. The experience of Uruguay has been similar to that of Argentina. Also, in Brazil the likelihood of having both a job and a good quality job experienced a significant fall between the early 1990s and the early 2000s. Brazil is not the exception

regarding the youngsters' poor labor performance in the region. There was a weak increase in the chances of finding a job between 1993 and 2002 in Bolivia. Decent jobs are particularly scarce in that country, especially for the youth. The employability of males has decreased in Paraguay. The proportion of males employed and with a decent job living in the urban areas of Paraguay has decreased by 3 and 7 points respectively since the mid 1990s.

14. The experience of Chile contrasts in some dimensions to that of the rest of the region. In Chile there was a generalized increase in the probability of having a decent job. That increase was more intense for the urban unskilled workers. The availability of decent jobs also increased for the youth. While 14% of men younger than 25 years had a decent job in 1990, in 2003 that percentage went up to 23%. The experience of Chile vis-à-vis the rest of the region suggests the need to undertake a serious comparative analysis of the reasons of the Chilean performance. That would shed light on the factors behind the labor market failure of the other Southern Cone countries.
15. By estimating a pooled probit regression with Argentina's data we find that economic growth has a significant impact on the employability of individuals. More interesting, we find that the lower the educational level of an individual, the higher the impact of a change in the rate of economic growth on his/her probability of having a job. Both the probability of having a job and the probability of having a decent job for low-educated individuals are lower and more volatile over the business cycle than for the skilled. Similar results apply to the other Southern Cone countries with some observations: (i) in Uruguay employability of skilled youngsters is more volatile than for the unskilled; (ii) in Chile employability is more volatile for low educated individuals of urban areas than for all rural workers; (iii) in Brazil the semi-skilled are more similar to the unskilled than to the skilled regarding employability patterns, (iv) in urban Paraguay the probability of having a decent job is more volatile over the business cycle for semi-skilled workers.
16. In order to analyze changes in employability in Argentina we estimate a model that captures the relationship between capital accumulation, international trade and the labor market. There is some evidence pointing out that trade liberalization and physical capital investment over this period might have affected the employability of individuals in a non-uniform way across educational levels. In particular, capital investment seems to have raised the likelihood of having a decent job only for skilled workers, and hence has contributed to inequality in the labor market.

Panel data

17. In order to explore employment dynamics, we exploit the rotating panel structure of the Argentina's household survey. We find that adults have much higher employment stability than the youth. It is important to be cautious about the interpretation of these results, since the differences could be attributable to the normal functioning of the matching process, the lower opportunity costs of changing jobs for the youth, and the lower cost of their dismissal when they work in the formal sector.

18. In general, individuals with technical secondary school or college education are more likely to remain employed. While the probability of keeping a job is similar for primary and non-technical high school graduates, having a degree from a technical secondary school increases that probability in 0.045 points.
19. High-educated people seem to be the least vulnerable over the crisis periods. Youngsters show less stability not only in employment but also in the labor force. During the recent economic crisis there was a substantial increase in the transitions from both unemployment and employment to inactivity for men aged 16 to 24.
20. In general, the individuals that do not have a decent job in the base year of the panel do not get it in the next period. Moreover, the majority of the people that face unemployment-to-employment transitions find badly-paid jobs. On the other hand, among the employed in the first period, those with non-decent jobs face a higher risk of losing it than those with decent jobs. The situation got worse in the last years, especially during the recent economic crisis.
21. The capacity to keep a job or to get another one is clearly an important aspect of the individual employability. By estimating conditional regression models we find that individuals with technical secondary school or college education face a lower risk of losing their jobs, and particularly, a decent job. When we take a deeper look at non-decent-job to decent-job transitions, we also find that the individuals in better position are those with technical secondary school or college education. The result of the superior performance of those with technical high school education, which is robust to all specifications, calls for a revision of education policies in the region that have neglected the role of technical schools.

Public programs and employability

22. We analyze the impact on the individual employability of the largest workfare program in Argentina: the Programa Jefes de Hogar (PJH). We draw a comparison group from applicants still not receiving the program to estimate counterfactual outcomes. We find that beneficiaries earn the same than those non-beneficiaries who find a job, but work fewer hours, which could discourage them from seeking for a genuine job. The fact that the genuine jobs available for individuals that are similar to the beneficiaries involve working more to obtain approximately the same income (and likely a job as unstable as a workfare program) could explain why some participating individuals do not leave the program to get a genuine job.
23. There is a debate over the impact of the program on the employability of their beneficiaries. On the one hand, it is argued that by performing some activity, a beneficiary of a workfare program may increase her productivity, strength her work ethics, and get useful labor contacts that may increase her likelihood of finding a new job. Others, instead, argue that the design features of the program induce people not to look hard for a job, since finding one will increase the probability of losing the PJH transfer. Also they argue that people get used to a situation where they get benefits (transfer payments) in exchange of very little work, and hence preferences are changed toward a greater marginal utility of leisure. From the impact evaluations

results we conclude that the Programa Jefes de Hogar does not appear to have increased or decreased the capacity of beneficiaries to obtain a genuine job.

Employability: policy options

24. We survey the literature of labor policy, and assess their relevance for the employability problem in the Southern Cone countries. Labor policies are classified into five groups: (i) instruments aimed at reducing frictions in the matching process among workers and firms, (ii) policy measures devoted to increase the demand for labor keeping productivity constant, (iii) policies aimed at increasing labor productivity, (iv) policies affecting the wage/hours setting process, and (v) policies aimed at increasing the quality of a job (mainly labor benefits).
25. A key policy instrument to reduce frictions is the “labor intermediation services” which allow the government to provide information on shifts in labor demand across sectors or regions, and therefore helps to ease the transition. In a number of Southern Cone countries there exists a rather limited matching service provided by the public sector, that typically serves the lower strata of the work force. These services are in general not extensive and of a poor quality. We conclude that countries and international organizations should invest more in developing efficient instruments to reduce matching problems. Actions should be taken in order to use more modern technologies to spread information and improve matching. Unfortunately, to the extent of our knowledge, there are not studies that evaluate the few labor intermediation programs in LAC using econometric techniques.
26. Subsidies for private employment take the form of transfers to private firms to encourage them to hire certain type of labor. Wage subsidies are not widely used in the region. The mixed results obtained for developed countries and the still few results for the region suggest being cautious in using wage subsidies as a key policy instrument. More experimentation on the specific form the wage subsidy should take in order to avoid leakages and inefficiencies are in need.
27. Public employment has been a widespread form of active labor policy in many countries, including the Southern Cone. For the Trabajar Program Jalan and Ravallion (1999) find that the average gain is about half of the gross wage. In 2002 Trabajar was substituted with the much larger Programa Jefes de Hogar (PJH). Galasso and Ravallion (2003) note that there was substantial leakage to formally ineligible families, as well as incomplete coverage of those eligible. Using matching estimators they find that the program was able to reduce aggregate unemployment. However, the impact was less than expected mainly because the program attracted as many people into the labor force from inactivity as it did people who would have been otherwise unemployed. This conclusion adds to our results on the labor distortions generated by the PJH. Governments should be much more careful when implementing poverty-alleviation programs in order not to distort the incentives to work and look for formal jobs.
28. Formal education is the primary way to acquire skills and increase productivity. Focusing on US evidence, Card (1999) concludes that the average annual return to

education is around 10%. Returns to high school and college in the Southern Cone seem to be much higher. Education policy is hence a powerful labor policy able to increase employability of workers probably more than any other policy.

29. Labor market training is among the most active labor policies in the world. There is a widespread view that on-the-job-training programs usually provide little training. The evidence for developed countries suggests that it is unlikely that even a substantial increase in government-funded training services will significantly improve the skills in the work force. In LAC training programs have been used as a labor market policy but also as a mechanism to transfer income to the unemployed youth (mainly through scholarships). A pioneering training program in the region, Chile Joven, combines scholarships for classroom training with a paid apprenticeship in a private firm for a minimum of three months. It is estimated that the probability of employment increased by 20% for those in the treated group relative to those in the control group. Elias *et al.* (2004) present a careful evaluation of a similar program in Argentina (Plan Joven) and find that while wages increase on average 10%, the probability of finding a job was not affected by the program.
30. There is a high degree of heterogeneity in the level of the minimum wage in LAC. Minimum wages are in general lower in the Southern Cone. The stylized facts suggest that an increase in the minimum wage would, at least in the short run, decrease employment (of the less skilled) and increase wages over the whole distribution of income. Maloney and Nuñez-Mendez (2004) find that both covered and uncovered sectors (formal and informal sectors) respond in similar fashion to changes in wage minimums. They also find that there are substantial effects of minimum wages on wages far up in the distribution. Their study casts doubts on the claim that minimum wages are innocuous, even in countries with large informal sectors.
31. Governments may also regulate hours of work. They may prevent firms from hiring workers for more than a certain number of hours a day, forcing them to hire more workers in order to increase production, or they may regulate the overtime-pay premium. Unfortunately, to the extent of our knowledge, there is no study that assesses econometrically the effect of these constraints on employment and wages.
32. Trade unions affect the wage/hours setting process. In general, the outcome of the bargaining between unions and firms depends on their relative power, which can be affected by the government. There is a trade-off from empowering unions, as higher wages but lower employment are expected from the negotiations. The evidence suggests that—at least in recent decades—the legal mandate that requires the employer to bargain with a certified union has had little economic impact on employers, because unions have been somewhat unsuccessful at securing significant wage gains. Average union membership in LAC is around 18.3% of the workforce, which is less than the average of the world (24%). Union density is higher in the Southern Cone. Affiliation rates have declined in all Southern Cone countries.
33. A formal good-quality job includes a set of instruments known as *employment protection*: severance payments, firing taxes, advance notice dismissal, and administrative authorization to fire a worker, among others. All these benefits have a

complex effect on the labor market. In principle, they increase the quality of a job. However, mandated labor benefits may reduce market wages and employment. The evidence shows that while temporary contracts promote larger flows, they reduce firm attachment and the incentive of firms to invest in workers. Whereas non-wage labor costs in LAC are low relative to those of OECD countries, dismissal costs tend to be very high. These costs make Latin American labor markets less flexible than OECD markets and likely impair productivity and adaptation to new technology and trade patterns. As predicted by most theoretical models, the bulk of the empirical evidence confirms that less stringent job security tends to be associated with higher turnover and greater flexibility in the labor market.

34. From a program evaluation point of view, we can classify policies in three big groups. The first group is the “to-be-evaluated programs”. For many programs we could not find credible evaluations of the impact. For instance, labor intermediation policies and constraint on working hours has not, to the extent of our knowledge, been evaluated. A second group of policies have been evaluated using non-experimental data. A third group includes those policies evaluated via regression analysis that typically have ambiguous theoretical predictions about employability. There is some non-experimental evidence that suggest that temporary employment and training programs can successfully increase employability of workers. The effect of minimum wages on employability is ambiguous (it increase wages but reduces employment by a small amount). The effect of union is not clear and job security was found to decrease job reallocation (although it is not clear whether it also affects the level of employment). When compared to the literature in developed countries the LAC evidence is weak, at best. If governments, international organizations and academia want to really learn what type of programs work better, under what situations, and for what groups the impacts are larger, there needs to be a serious attempt to finance data gathering that is publicly available. It is the cost we need to pay to learn which policies work, and which ones do not work.

EMPLOYABILITY IN THE SOUTHERN CONE

Abstract

This Paper documents the employability of workers in the Southern Cone countries using data from households surveys. The paper focuses on the case of Argentina, but illustrates the different methodologies and results with examples for Bolivia, Brazil, Chile, Paraguay and Uruguay. In light of the empirical results of the paper and the existing literature, the document lists and discusses a range of policies to deal with employability problems.

Keywords: employability, labors markets, employment, Southern Cone, Argentina, Chile, Uruguay, Brazil, Paraguay, Bolivia.

1. Introduction

There is a growing concern on the employability of certain groups of workers in Latin America. Although most economies managed to grow in the last two decades, employment problems have been pervasive. This has certainly been the case in the Southern Cone, where unemployment and labor informality have significantly increased over time. Labor difficulties have been particularly harsh for certain groups: the unskilled and the youth are among the most harmed by the labor market developments. There exists a perception suggesting that these groups find increasingly difficult to get and keep a job, and in particular a stable job with a reasonable wage and social protection rights. The “employability” of these groups is then of a great concern.

This document is aimed at discussing the concept of employability, characterizing the level, structure and trends of employment and unemployment in the Southern Cone, and suggesting policy directions to increase decent employment in the region. The paper is focused on the case of Argentina, with illustrations to the rest of the countries in the region: Bolivia, Brazil, Chile, Paraguay and Uruguay.

Although widely used in policy discussions, the concept of employability is not well-defined in the academic literature. In section 2 we discuss the different uses of this term and their possible empirical implementations. We conclude that in most cases the word *employability* is used just to refer to the probability of employment, or employment in a decent job.

From section 3 to 6 we use several techniques to characterize employment and unemployment patterns of different socioeconomic groups. Each section applies a different methodology based on the structure of the data and the research question. We start in section 3 by briefly documenting the main characteristics and patterns of employment in the six countries of the region by presenting unconditional statistics.

In section 4 the probability of employment is estimated based on repeated cross-sections. The employability of different socioeconomic groups is analyzed under different economic scenarios. In particular we study the effects that trade liberalization and capital incorporation might have had on the employment perspectives of workers.

In section 5 we study the transitions across different labor situations, based on short panel data. We especially focus on certain low-employability groups, and study the persistence of their labor status.

Several countries in Latin America have recently implemented employment/transfer programs which may affect the employability of their beneficiaries. In section 6 we study that issue for the case of the Argentina’s Programa Jefes de Hogar by applying program evaluation techniques.

Finally, in light of the empirical results of the paper and the existing literature, in section 7 we list and discuss a range of policies to deal with employability problems in the region.

2. The concept of employability

The term *employability* is increasingly used in the economic and labor policy debate. People's concern on employability is related to the perception that certain groups of the population find difficult to get a stable decent job, or any job altogether. The high unemployment and informality levels of the Southern Cone countries have raised these concerns in the last decade.

Despite its widespread use, the term employability does not correspond to any unambiguous concept. In fact, the word employability is not included in standard Labor Economics textbooks (Ehrenberg and Smith, 2002, Borjas, 2002), and it is not mentioned in the Handbook of Labor Economics.

The term comes from the combination of two words - employ and ability – and in general it refers to the ability of an individual to get and keep a job. Two strands of the literature use this term frequently. On the one hand, for the labor relationships literature employability means the capacity to keep the employment under changes in the economic environment.¹ For instance, Grip *et al.* (1999) define employability as the “capacity and willingness to be and to remain attractive for the labor market, by anticipating changes in tasks and work environment and reacting on them”.

This literature applies employability indices drawn from usually *ad hoc* surveys, which are function of some variables, like the willingness to change employment and to move to other cities or countries, the willingness and capacity to participate in training activities, and the willingness and capacity to be functionally flexible. Aside of their theoretical and instrumental drawbacks, this literature cannot be implemented with the household surveys available in the region.

Another line of research, more related to mainstream Labor Economics, uses the term employability to refer to the probability of escaping unemployment. A common use of the terms makes reference to the probability of finding a job for a group of unemployed workers subject to a given treatment (*e.g.* a training program).²

The most common notion of employability in Economics refers to the conditional probability of being employed. The employability of an individual is revealed by the proportion of people of his own type that are employed. Regression or matching models can be used to empirically compute the conditional probability of employment.

Of course, the unobservability of some factors that define the “type” of worker generates some problems. In particular, we may confound people who are not willing to work at the current wage rate but who would easily find a job if wanted, with people who cannot find a job even after hardly looking for it. A possibility to deal with this

¹ See Campos Ríos (2003), and Formichella and London (2005) for recent surveys.

² See Card and Sullivan (1988), among others.

problem is to restrict the analysis to those people in the labor force. In this case we would avoid classifying people who can find a job but who do not want to work, as having low employability.

However, a problem arises with “discouraged” workers who do not actively look for a job (and then they are classified as out of the labor force) because they expect negligible chances of finding one. In an extreme case, if people can perfectly forecast whether the job search will be successful or not, only the lucky ones will look for a job and then employability will be very high as those with low employability will be out of the labor force.

These problems seem difficult to avoid, at least with the data usually at hand. In this paper we use the term employability as the conditional probability of being employed given that the individual is in the labor force. For the aggregate, this is just 1 minus the unemployment rate.

The concern on employability does not restrict to the low probability of being employed for some groups, but extends to the “quality” of the jobs. The concept of a good-quality job, also mentioned as a “decent” job, refers (in an ambiguous way) to the hourly wage, hours of work, job stability, and the access to labor and social protection. We implement a (necessarily arbitrary) definition of decent job based on earnings and formality. We basically check whether earnings are higher than the poverty line (PL), and whether the worker is entitled to pensions when retired. In particular, the job is considered to be decent if (i) it is formal and earnings are higher than the PL, or (ii) it is informal but earnings are “sufficiently” higher than the PL. We also consider a part-time worker to be in a decent job if despite earnings being lower than the PL, the hourly wage potentially allows him to earn more than that threshold, but (s)he declares not be willing to work more hours (see the Appendix for details).

Summarizing, the term employability is ambiguous and has not been used much by the Labor Economics literature. In this document we use it to refer to the conditional probability of being employed, and the conditional probability of having a “decent” job in terms of hourly wages and access to social security.

3. Employment in the Southern Cone

In this section we briefly document the main characteristics and patterns of employment and unemployment in the six countries of the region: Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay. The information is taken from the SEDLAC, the Socio-Economic Database for Latin America and the Caribbean constructed by CEDLAS and The World Bank.

The region is composed by countries with substantially different labor markets. Figure 3.1 shows differences in the labor force. While Bolivia ranks first in the share of adults in the labor force, Chile and Uruguay rank in the last two positions. Several reasons explain the gap. Chile and Uruguay have more developed educational and pension

systems, which imply that the youth enter later into the labor market and the elderly retire earlier. Table 3.1 for instance shows that while 55% of people older than 65 are in the labor force in Bolivia, that share is 17% in Argentina and Chile, and just 11% in Uruguay. Another reason for the different participation rates is related to the share of the rural population. Labor force participation and employment rates tend to be higher in the countryside. Economies with a larger share of their populations living in rural areas tend to have larger national labor forces.

Figure 3.2 shows that while Bolivia and Paraguay have relatively high employment rates, the share of adults employed is relative low in Argentina, Chile and Uruguay (in comparison with the rest of Latin America). Figure 3.3 documents a worrying fact: unemployment rates in the region are among the highest in LAC. Argentina, Chile, Brazil and Uruguay have unemployment rates around 10% and higher. As discussed above, in the aggregate employability is closely related to the unemployment rate.

Table 3.3 shows unemployment rates for different socioeconomic groups. In all countries/years unemployment is much higher for the youth, and relatively similar and often lower for the elderly than for prime-age adults. Unemployment tends to be significantly higher for women than for men in all countries of the Southern Cone.

In theory, the relationship between unemployment and education is not obvious. Although more educated people may find easier to get any job, the matching process may be more complicated and they may have more resources to wait for a better job, implying higher unemployment rates. In times of tight labor markets one expects more educated people to have lower unemployment rates. Instead, under full employment the matching argument is more relevant, and unemployment for the skilled might be higher. The evidence in table 3.3 is not inconsistent with this story. Unemployment rates for highly-educated people are lower in all countries with a high overall rate, and relatively higher in Bolivia that is close to full employment.

Table 3.4 and figures 3.4 to 3.7 show changes in labor force participation, employment and unemployment by different socioeconomic groups. Unemployment increased in many countries in the region driven by an increase in labor force participation combined with a sluggish increase or even a fall in employment. Although the increase was particularly noticeable in the late 1990s when several macroeconomic crises hit the region, in some countries unemployment also rose along with economic growth during the early and mid 1990s.

Figures 3.5 and 3.6 show that the gaps in labor force participation and employment against women and the unskilled have been narrowing over time. Instead, the youth have been participating less in the labor market. Figure 3.7 shows that the gap in unemployment rates between the youth and the rest of the population has widened over the last two decades in the region. There are also some signs of a widening unemployment gap in terms of gender and education, although changes have been milder.

4. Characterizing employability

In this section we make use of repeated cross-sections in order to characterize patterns of individual employability. We focus on the Argentina's case and comment some results for the other Southern Cone countries in boxes.

As discussed above we define individual employability as the probability of being employed conditional to be in the labor force. In the aggregate this is just 1 minus the unemployment rate. Mean employability has decreased in Argentina over the last decades (Table and figure 4.1). While in 1992 94% of men older than 25 years in the workforce were employed, that proportion decreased to 82% in 2001 and recovered afterwards, reaching 91% in 2004. That share however is affected by the implementation of the Programa Jefes de Hogar (PJH), whose beneficiaries doing some community work are officially considered employed.

Youngsters and women have witnessed a deeper decline in their employment opportunities. While the proportion of men younger than 25 years with a job decreased by around 20 points between 1992 and 2002 and 13 points between 1992 and 2004, the percentage of women older than 25 years with a job decreased by 7 points between 1992 and 2004. The assessment of the employment conditions is also negative when considering job quality. The percentage of men with a decent job decreased between 1992 and 2004 for both age groups considered. However, according to panel (b) of Figure 4.1, the proportion of men younger than 25 years with a decent job seems to have decreased more than that of men older than 25 years.

It is interesting to notice that the increase in the employment rate witnessed after 2002 is weaker when assuming that the individuals included in the PJH are unemployed. In fact, the employment rate of men older than 25 years in 2004 decreases by 5 points if we make this assumption. Notice that the decrease in the employment rate is significantly higher among women. However, it is likely that most of this decrease is explained by the fact that a large share of women who reported themselves as not being active in the labor market before the PJH reported being employed when they were included in the program.³

A conditional analysis

In order to study the impact of different individual characteristics on the likelihood of having a job (or a decent job) we estimate binary choice models. We include as independent variables a set of educational dummy variables (incomplete primary is the omitted category), age, squared age and a set of regional dummies (Greater Buenos Aires is the omitted category). We estimate such models for the probability of both having a job and having a decent job and for every year of the period 1992-2004. We

³ In fact, the share of inactive women in the 25 to 65 age group significantly decreased between 2001 and 2003.

also estimate separate models for men and for women in the 15 to 24 years old group and for men and for women in the 25 to 65 years old group. The results for men older than 25 years, which are shown in tables 4.2 and 4.3, suggest that an increase in education significantly raises the probability of having a job.⁴ At the same time, the age of the individual seems to be related in a non-linear fashion with her employability status, given that the coefficients associated to both age and squared age are in general significant.

In contrast, the results for men younger than 25 years are not so clear. As it can be seen in table 4.4, the coefficients are not statistically significant in most cases and their signs usually change from one year to another. It seems that a different model is required to better understand the forces behind the employability status of youngsters.

It is interesting to analyze whether individuals of different age but with similar level of education have different probabilities of having a job. Tables 4.6 to 4.9 show that the likelihood of having a job or a decent job decreased for individuals with complete primary education in each of the age groups considered. This drop has been particularly harsh for youngsters aged 18 and 21: while in 1992 the probabilities of having a decent job for men were 12% and 28% respectively, in 2004 these probabilities were close to zero for both groups. Figure 4.2 shows that men aged 40 and 50 have a higher likelihood of having a job or a decent job than those aged 30. Besides, this gap has increased over the period. According to Figure 4.3, men aged 21 and 24 have a higher probability of having a job than those aged 18 years.

Tables 4.6 and 4.7 show the probabilities of having a job or a decent job for individuals aged 40 with different levels of education. As expected, these probabilities are increasing in the educational level of individuals. The same results found above hold here: workers of very different characteristics experienced a fall in the likelihood of having a job. For example, while the probabilities of having a decent job in 1992 for men aged 40 years with primary and superior complete education were 48% and 81% respectively, in 2004 these probabilities decreased to 24% and 66% respectively. Figures 4.4 and 4.5 show the probabilities of having a job or a decent job for men with different educational levels, relative to those of men with complete primary education. The gap in the likelihood of having a job for men with different educational backgrounds was very unstable over the period. Specifically, it seems that this gap tends to increase during recessions (as it was the case in the year 1995 and the period 2000-2002) and to shrink during economic expansions. According to Figure 4.4, this gap is much wider when considering the probability of having a decent job.

Figure 4.5 shows the gap between the probabilities of having a job for men younger than 25 years. There is not a clear pattern in these results, since the relative probabilities

⁴ The models estimated for women are available from the authors upon request. The results are very similar to those of men, but the educational dummies are in general not significant in the equations estimated for women.

tend to fluctuate erratically around unity, perhaps because of the absence of a “good” model to explain the employability of youngsters.

In summary, all the statistics described in this section suggest a worsening in the employability status of individuals without regard to their sex, age or educational background.

A characterization of groups according to their employability status

Figure 4.6 depicts the distribution of the probabilities of both having a job and a decent job. The distribution of the probability of having a job has moved towards the left and flattened between 1992 and 2004, indicating that the average employability of individuals has decreased and become more unequally distributed. Accordingly, the fall in the average probability of having a decent job over the period can be appreciated in the second panel of Figure 4.6.

We classify individuals in three groups according to their employability status: low, medium and high. The first group includes those individuals in the lower 25% of the distribution, the second one includes those individuals in the middle part of the distribution, and the last one includes those individuals in the upper 75% of the distribution. Table 4.10 shows the demographic characterization of different employability groups. As expected, while most of the individuals with a low probability of having a job have only completed primary school, most of the individuals with a high probability of having a job have graduated from college. Most of the individuals with a low probability of having a job or a decent job in 2004 were women.

The employability of an individual can be determined not only by his own characteristics but also by aggregate factors over which he has no control. For example, as shown above, recessions seem to undermine the likelihood of having a job for all individuals, even for those with college education. Likewise, technological or international trade patterns changes can have a vast impact on the employability of the workforce. We analyze these issues in the next two sections.

Employability and economic activity

It is a well known fact that economic growth is usually accompanied by an increase in the employment rate. However, it is expected that the increase (decrease) in the demand for workers during economic expansions (recessions) be different for different kinds of workers. For example, it is natural to think that workers specialized in activities that largely depend on the level of domestic economic growth, such as the construction sector, experience a higher variance in their likelihood of having a job over the business cycle than those workers whose skills make them less vulnerable to the level of domestic economic activity.

In order to investigate these issues, we estimate probit models for the probability of both having a job and a decent job, pooling the observations for the 1992-2004 period and

including as independent variables interaction terms between the educational dummies and the rate of economic growth, in addition to those variables included in the models explained above. Formally,

$$\Pr(emp = 1) = \Phi \left(\sum_{g=2}^3 E_i^g \beta_g^E + \sum_{g=1}^3 E_i^g gdp_i \beta_g^m + ED_i T_i^t \beta_t^{ED} + ED_i^2 T_i^t \beta_t^{ED2} + cons \right)$$

where $\Pr(emp=1)$ is the probability of having a job (or a decent job) and Φ is the cumulative normal distribution. We consider three educational groups: high-school dropouts ($g=1$), high-school graduates ($g=2$), and college graduates ($g=3$). E_g is a dummy for each educational level g . The variable gdp_i denotes the annual economic growth rate. As these variables interact with the educational dummies, the model allows economic growth to have differential effects by skill. The regression also includes controls for age (ED) and regions.

If the coefficients associated to these interaction terms are significant and different from each other, then it can be thought that the impact of economic growth on employability depends on the educational background of each individual.

Table 4.11 displays the estimation results. As expected, economic growth has a significant impact on the employability status of individuals. All the coefficients associated to the interaction terms between educational dummies and economic growth are positive and statistically significant. Increases in the rate of economic growth are associated to increases in the probability of having a job and a decent job, for both the youth and adults.

Figure 4.7 depicts the effect of a marginal change in the rate of economic growth on the probability of having a job and a decent job. In most cases the lower the educational level of an individual, the higher the impact of an increase in the rate of economic growth on his probability of having a job. Therefore, the probabilities of having a job or a decent job for low-educated individuals not only are lower than those of mid and high-educated individuals, but also exhibit a higher variability throughout the business cycle.

In summary, the educational level of an individual seems to play a major role in determining his employability. It determines not only his likelihood of having a job or a decent job but also the stability of this likelihood over the business cycle.

Employability, capital accumulation and international trade

Several papers study the relationship between capital accumulation, international trade and the labor market.⁵ Galiani and Sanguinetti (2003) and Gasparini and Acosta (2004)

⁵ See, for instance, Krusell *et. al.* (2000), Acemoglu (2002), Revenga (1992), Feenstra and Hanson (1999).

assess the effects of capital accumulation and import penetration on the observed wage gap between skilled and unskilled workers in the manufacturing sector in Argentina. In this section we use the same data set of Gasparini and Acosta (2004) on import penetration and equipment investment by industry for the period 1992-1999 and match these data to the EPH surveys for the same period of time.

In order to assess the impact of these aggregate forces on the employability of each individual, we estimate a probit model pooling the surveys for the time period mentioned above. We estimate the following model

$$\Pr(emp = 1) = \Phi \left(\sum_{g=2}^3 \sum_{t=92}^{99} E_i^g T_t^t \beta_{gt}^E + \sum_{g=1}^3 E_i^g m_i \beta_g^m + \sum_{g=1}^3 E_i^g k_i \beta_g^k + \sum_{t=92}^{99} (ED_i T_t^t \beta_t^{ED} + ED_i^2 T_t^t \beta_t^{ED^2}) + \sum_{t=92}^{99} T_t^t \beta_t^T + \sum_r R_i^r \beta_r^R + \sum_c C_i^c \beta_c^C \right)$$

where the variable m_i (k_i) denotes the logarithm of import penetration (capital accumulation) over value-added for the sector where individual i works. As these variables interact with the educational dummies, the model allows import penetration and capital accumulation to have differential effects by skill. The regression also includes several control variables. There are controls for age (ED) and gender (S). The coefficients for education, experience, age and gender are allowed to vary by year. Finally, this equation includes time (T), industry (R), and region (C) fixed effects.

If the coefficients associated to the interaction terms between the educational dummies and the aggregate variables are significant and different from each other, then there is some evidence pointing out that the import penetration and capital accumulation over this period might have affected the employability of individuals, and that this impact was not uniform across educational levels.

Table 4.12 shows the coefficients associated to these interaction terms. Some of them are significant only in the model in column (iii). According to these results, capital accumulation raises the likelihood of having a decent job only for those individuals with secondary and college education.

Box 1: Employability in Uruguay

The employability of males has decreased in Uruguay. In fact, as it can be seen in Table B1.1, the employment rate of males has decreased between 1992 and 2003 and significantly increased in 2004. Besides, the same table shows that the percentage of males with a decent job has decreased since 2001.

Tables B1.2 and B1.3 show that the probability of both having a job and a decent job is increasing with the age and educational level of individuals. Figure B1.1 shows the probabilities of having a job or a decent job for men of different age and educational groups, relative to those of men aged 30 and with complete primary education. The likelihood of having a decent job substantially increased for individuals with some secondary or superior education, when compared to that of individuals with complete primary education. Besides, the probability of having a job significantly increased for individuals with college education, relative to that of individuals with complete primary education.

Table B1.4 shows the probability of having a job for males aged 15 to 25 years. Notice that this probability has been lower for youngsters with complete superior education than for the remaining educational groups.

In order to study the relationship between employability and economic growth we have estimated a model similar to that estimated for Argentina. Table B1.5 shows the regression results while Figure B1.2 depicts the effect of a marginal change in the rate of economic growth on the probability of having a job and a decent job. Consistent with our results for Argentina, we find that the probability of having a job in Uruguay is more volatile over the business cycle for low-educated individuals than for those with some secondary or superior education. However, we find that the opposite happens for youngsters: the probability of having a job for youngsters with complete superior education varies more than that of youngsters with primary or secondary education over the economic cycle.

Box 2: Employability in Chile

The employment rate of men and women older than 25 years has remained stable in the urban areas of Chile since 1990. At the same time, the employment rate of youngsters slightly decreased over the same period of time. In contrast, the percentage of men and women (both adults and youngsters) with a decent job has substantially increased between 1990 and 2003. In fact, as it can be seen in Table B2.1 that percentage increased by 16 points for adults and by 10 points for youngsters who live in the urban areas of Chile.

Tables B2.2 and B2.3 show that the probability of both having a job and a decent job is increasing with the educational level of individuals. It is interesting to notice that while the conditional probability of having a job increased for all the educational groups, this probability significantly decreased in relative terms for the most educated individuals, when compared to those individuals with only primary education (see Figure B2.1). This means that the least educated individuals in the urban areas of Chile witnessed a rise in their chances of having a decent job larger than that experienced by the individuals with secondary and college education.

The increase in the probability of having a decent job was experienced not only by adults but also by youngsters. In fact, according to Table B2.4, while 14% of men younger than 25 years had a decent job in 1990, in 2003 that percentage went up to 23%. Besides, it seems that the least educated individuals are the ones who witnessed the greatest increase in their employability, in relative terms.

This improvement in the employability status of individuals living in urban areas was also experienced by their counterparts of rural areas. In fact, as it can be seen in Table B2.5 and Figure B2.2, the percentage of men with a decent job in rural areas displayed a significant increase. Besides, while in 1990 that percentage was lower in rural areas than in urban areas, in 2003 the difference is almost negligible.

It is interesting to study whether there is a relationship between employability and economic growth. In order to do this, we have estimated a model similar to that estimated for the other countries. Figure B2.3 depicts the effect of a marginal change in the rate of economic growth on the probability of having a job. As expected, we find that the probability of having a job in the urban areas of Chile is more volatile over the business cycle for low-educated individuals than for those with some superior education. It is interesting to notice that this probability is more volatile for low educated individuals of urban areas than for low and high educated individuals of rural areas. This means that low educated individuals living in urban areas of Chile have a lower stability in their employability status than those living in rural areas, regardless of their educational level.

Box 3: Employability in Brazil

In Brazil, as in several Southern Cone countries, the likelihood of having both a job and a good quality job experienced a fall between the early 1990s and the early 2000s. In the urban areas, the probabilities of being employed for young and adult men decreased by around 2.8 and 7.7 points respectively between 1990 and 2003 (see Table B3.1). The same pattern is observed when considering decent jobs, although the likelihood of having this kind of job shows a more cyclical behavior (see Figure B3.1).

Brazil is not the exception regarding the youngsters' poor labor performance. As Figure B3.1 shows, finding a job – especially a decent one – is harder for young people. On the other hand, as it can be seen in Table B3.2, we also find heterogeneous results when classifying adults according to their age. Particularly, the relation between the probability of being employed in a decent job and age is not linear: this likelihood is higher for those aged 40 and 50 than for those aged 30 and 60. Table B3.2 also shows the gaps in this probability for men with different educational levels.

In Figure B3.2 we analyze the differences in employability between urban and rural areas. One outstanding point is that whereas the chances of having a job are higher in the rural areas for both youngsters and adults, the opposite happens with the likelihood of having a decent job.

Figure B3.3 illustrates employment volatility of various educational groups. The results obtained for adult males that live in urban areas are similar to those obtained for other Southern Cone countries, like Argentina and Uruguay: higher education tends to reduce the employment volatility. However, it is interesting to notice that whereas in Argentina there exists a clear differentiation between all the educational categories analyzed and in Uruguay the individuals with intermediate educational levels are quite similar to the most educated individuals – i.e. a marginal increase of the GDP raises the probability of being employed for the individuals with intermediate educational levels in an amount comparable to that of the most educated – in Brazil the former are more similar to the least educated.

Box 4: Employability in Bolivia

There was a weak increase in the chances of finding a job between 1993 and 2002 in Bolivia for both youngsters and adults (see Table B4.1). On the other hand, it is important to point out that the aggregate level of employability is high in comparison with the rest of the countries of the Southern Cone when ignoring the aspects linked to job quality. However, the conclusions are different when analyzing decent jobs. Even though the results are not directly comparable to those obtained for the other countries, it seems that the likelihood of having a decent job is relatively low in Bolivia (see Table B4.1).

Table B4.2 shows that for adult people there are not significant differences in the probability of having a job between age groups. Likewise, the educational level does not seem to be related with the likelihood of being employed. Nevertheless, as Table B4.3 shows, more educated people tend to find a decent job with less difficulty. For example, in 2000 the probability of having a decent job for those with complete college education was five times higher than for those with incomplete primary school.

Box 5: Employability in Paraguay

The employability of males has decreased in Paraguay. In fact, as it can be seen in Table B5.1, the percentage of males employed and with a decent job living in the urban areas of Paraguay has decreased by 3 and 7 points respectively.

Tables B5.2 and B5.3 show that the probability of both having a job and a decent job is increasing with the age and educational level of individuals. Figure B5.4 shows the probabilities of having a job or a decent job for men of different age and educational groups, relative to those of men aged 30 and with complete primary education. It can be appreciated that the likelihood of having a job and a decent job substantially increased for individuals with some secondary or superior education, when compared to that of individuals with complete primary education.

Table B5.4 shows the probability of having a job for males aged 15 to 25 years. This probability has displayed a significant decrease since 1997. In fact, while in 1997 87.9% of male youngsters had a job, in 2003 that percentage was 80.4%. It can be noticed that the individuals who experienced the smallest drop in their employability are those with incomplete primary education.

Figure B5.2 depicts the effect of a marginal change in the rate of economic growth on the probability of having a job and a decent job. We find that the probability of having a decent job in urban Paraguay is more volatile over the business cycle for mid-educated individuals than for those with some primary or superior education.

5. Panel data

In the previous sections we have analyzed employability in a static framework. However, it is important to study this issue from a dynamic perspective for two main reasons. First, some authors link the notion of employability not only to the ability to get a job but also to the capacity to keep it or to get another one. Second, analyzing the transitions between employment and unemployment (or between decent jobs and non-decent jobs) allow us to characterize the individuals that lay near the “employability threshold”, *i.e.* those who are marginally employable and those who are marginally non-employable.

In order to explore these topics, we exploit the rotating panel structure of the Argentina’s household survey (EPH). In each round only 25% of the survey sample is replaced, thus a given individual can be followed for four rounds (one year and a half). Since the EPH panels are available to independent researchers from 1998 onwards, only five panels for 16 urban areas have been constructed. In order to study previous years we restrict the analysis to the Greater Buenos Aires (GBA).⁶ We use one-year panels (October to October) to avoid problems due to seasonality, with the exception of the 2002/2003 panel, which is a six-month panel because of the 2003 change from the EPH to the EPH-Continua.⁷ The results obtained from this panel are not directly comparable to those obtained from the remaining panels – for example, the probability of a transition from unemployment towards employment might be lower in the 2002/2003 panel because the individuals who are seeking for a job have a shorter period of time to find it – but they allow us to examine the dynamics of the labor market after the crisis. Due to the rotating panel feature of the EPH, just around 50% of the individuals remain in the sample after a year.

In the rest of the section, we use these panels to analyze the changes in an individual’s labor status between the base year and the final year, focusing mainly on the aspects linked to employability. Since the number of observations is significantly reduced when constructing panels, we restrict the analysis to men only.

Employment transitions

Table 5.1 presents the transitions between employment, unemployment and inactivity for young people and adults for all panels. Adults have much higher employment stability than the youth. For example, while more than 90% of the former who were employed in October 1998 remained employed in October 1999, that share is 78% for the latter. It is important to be cautious about the interpretation of these results. Even though they suggest that youngsters have a lower capacity to keep a job (and therefore

⁶ We use ten one-year panels for this area.

⁷ The last EPH was carried out in May 2003.

that they are less employable), the differences could be attributable to the normal functioning of the matching process, the lower opportunity costs of changing jobs for the youth, and the lower cost of their dismissal when they work in the formal sector.

Job stability seems to have a cyclical behavior. While the Tequila crisis harmed mainly the youth, as it is shown in figure 5.1, during the last crisis the employment stability of both groups worsened, although the younger group was again the most affected.⁸ The largest gap is observed in the 2000/2001 panel (table 5.1): youngsters were 20% more likely to lose their jobs. After the 2001-2002 crisis employment stability seems to have increased significantly for both groups. However, as mentioned before, this recovery could be partially attributed to the shorter time span of our last panel.

Figure 5.2 shows the employment-to-employment transitions by education. In general, individuals with technical secondary school or college education are more likely to remain employed than those with primary school or secondary school. On the other hand, high-educated people seem to be the least vulnerable over the crisis periods.

In the last years of our analysis the situation of the unemployed has worsened. Since the late 1990s there has been a sharp decrease in the probability of finding a job for unemployed people (figure 5.3). Whereas 60.5% of older people that were unemployed in 1998 found a job in the next period, that fraction was 47.3% for those that were unemployed in 2001. This pattern is similar for those younger than 25. On the other hand, the likelihood of leaving unemployment does not appear to be related to education (figure 5.4).

Youngsters show less stability not only in employment but also in the labor force. In all our panels the percentage of individuals who started in the labor force in the base year and were out of it one year later is higher for this group (figure 5.5). In particular, figure 5.6 shows that during the recent economic crisis there was a substantial increase in the transitions from both unemployment and employment to inactivity for men aged 16 to 24 – although the peak is in the 2000/2001 panel. That is one of the reasons why the unemployment rate of both age groups became more similar in those years.

Decent job transitions

In this section the transitions in the labor market are studied in more detail, taking into account the type of work in each period of time. With this goal in mind, we divide the category “employed” into 5 groups: wage earners with a decent job (WD), wage earners without a decent job (WwD), self-employed with a decent job (ED), self-employed without a decent job (EwD) and workers with zero income. In this classification, in general, a job is considered as decent if it fulfills the requirements mentioned above. However, to avoid noise in the analysis of transitions (*e.g.* produced by workers with a labor income in the main job that marginally exceeds the “minimum decent income” in

⁸ In the figures of this section, the final year of the panel is plotted on the horizontal axis.

the base year, and that is marginally inferior to that minimum in the final year) intervals of +/-10% the minimum income are implemented when computing the transitions. Therefore, a transition from a non decent job to a decent job is considered to happen when, in the final year, the worker's labor income is superior to the maximum limit of the interval and vice-versa.

Our transition matrixes have now seven labor categories – the previous five plus Out of labor force (OLF) and Unemployed (U). These matrixes are shown in table 5.2 for both age groups. The WD are usually the workers that show fewer transitions to other labor categories, although, as figure 5.7 shows, the stability in this type of job deteriorated during the last years (in particular over the crisis period).

The proportion of people with precarious labor situations is considerably high. In general, the individuals that do not have a decent job in the base year of the panel do not get it in the next period (figure 5.8) There is a high share of people that in both years of the panel remain unemployed or in low-wage jobs. Moreover, the majority of the people that face unemployment-to-employment transitions find badly-paid jobs. On the other hand, among the employed in the first period, those with non-decent jobs face a higher risk of losing it than those with decent jobs. The situation got worse in the last years, especially during the recent economic crisis (see figure 5.9 and 5.10). Figures 5.11 to 5.13 show the probabilities mentioned above by age and education.

The capacity to remain employed

The capacity to keep a job or to get another one is clearly an important aspect of the individual employability. We turn now to analyze this using two probit models: the first one is aimed at estimating the likelihood of being employed in both periods of the panel and the second one at estimating the likelihood of having a decent job in both years.⁹ The set of control covariates includes educational dummies, age, age squared, regional dummies, sector dummies and year dummies.

Columns (i) and (ii) of table 5.3 show the estimated coefficients. Individuals with technical secondary school or college education are more likely to keep a job.¹⁰ For instance, while the probability of keeping a job is similar for primary and high school graduates, having a degree from a technical secondary school increases that probability in 0.045 points. When considering decent jobs, a non-technical secondary school education becomes significant. However, having a technical degree increases the probability of keeping a decent job even further (marginal effect of 0.208). In both models we find an inverted U-shape relationship between age and the likelihood of remaining employed or with a decent job. On the other hand, we find that some sector

⁹ In the former model the dependent variable equals to 1 if the individual is employed in both the base year and the final year of the panel, while in the latter model the dependent variable is 1 if the individual has a decent job in both years.

¹⁰ Technical secondary schools are mostly “colegios industriales”.

dummies are highly significant. Particularly, working in the construction sector reduces considerably the employment stability.

Marginal employability

Individuals in the labor force can be classified into three groups based on their labor transitions. The first group is composed of workers that are employed in both years of the panel; another group is made up of individuals that cannot find a job either in the base year or in the final year; and the other group consists of those who oscillate between both labor statuses. We can further analyze the members of this last group so as to explore certain characteristics of the marginally employable individuals (the same reasoning is valid when considering the notion of decent job).

As mentioned above, employability is an unobserved variable. What can be observed is the individual labor status: when the employability exceeds a certain threshold, the individual is employed and vice-versa. According to this argument, we would expect the individuals who lie near that threshold to experience more transitions between employment and unemployment than those who are farther away, assuming that they differ only in their employability. Therefore, studying the profile of the individuals that face these transitions allows us to characterize the labor force with intermediate employability levels. Naturally, these transitions are not only related to this variable. An individual with high employability could easily face more transitions than an individual that is marginally employable. For example, the former could be informally employed in a cyclical activity and the latter could be a lucky civil servant.

This argument stresses the importance of controlling for multiple factors when analyzing these transitions. In order to do this, we estimate probit models which include, as in the previous models, sector dummies and, when the information is available, a formal/informal dummy and a small firm/large firm dummy as regressors, among other variables. The estimated models are shown in table 5.4 and 5.5.

In table 5.4 we study employment-to-unemployment and decent job-to-non decent job transitions. We find that individuals with technical secondary school or college education face a lower risk of losing their jobs, and particularly, a decent job. We also find a U-shape relationship between age and the likelihood of losing a job or a decent job. On the other hand, Manufacturing, Construction and Commerce are the sectors with less employment stability. Another interesting point is that, once we control for formal job, working in a small firm is not linked to the risk of losing a job. However, working in this kind of firms increases the chances of losing a decent job.

In table 5.5 we analyze unemployment-to-employment and non decent job-to-decent job transitions. It is important to point out that the analysis was restricted to recent unemployment (less than 3 months) and to unemployed people that were not fired when studying the former transitions. It is interesting to notice that only year dummies are significant in this case, which may be due to the small number of individuals facing these transitions. In the second column of table 5.5 we analyze non decent job-to-decent

job transitions for people that were employed in the first year of the panel. Again, the individuals in better position are those with technical secondary school or college education. Those with secondary school also are more likely to get a decent job in the next period. Besides, we also find an inverted U-shape relationship between age and the likelihood of these transitions, and that construction workers are less likely to experience these transitions. When considering non decent job-to-decent job transitions for people that were unemployed in the first year of the panel the conclusions are similar, except for the secondary school dummy, which becomes non significant.

6. Public programs and employability

In this section we analyze the impact on the individual employability of the largest workfare program in Argentina: the Programa Jefes de Hogar (PJH). The government introduced this program in January 2002 to mitigate the effects of rising poverty and unemployment. The PJH is mainly directed to unemployed household heads with at least one child under the age of 18, and provides a monthly benefit of \$150 in exchange for 20 hours of community work, training or employment in the private sector. Both the cash transfer and the counterpart activities were designed in this way for specific reasons. On the one hand, the counterpart work is used to target the program on the poor, assuming a higher opportunity cost of the time for the rich. On the other hand, the cash transfer was established below the average market wage for full-time unskilled workers to encourage people to seek for a genuine job provided that they are available.

There is a debate over the impact of the program on the employability of their beneficiaries. On the one hand, it is argued that by performing some activity, a beneficiary of a workfare program may increase her productivity, strength her work ethics, and get useful labor contacts that may increase her likelihood of finding a new job. According to this view the PJH would upgrade the individual employability. Others, instead, argue that the design features of the program induce people not to look hard for a job, since finding one will increase the probability of losing the PJH transfer. Also they argue that people get used to a situation where they get benefits (transfer payments) in exchange of very little work, and hence preferences are changed toward a greater marginal utility of leisure.

In this section, we contribute with some evidence to this controversy. In order to do this we use the EPH module for PJH beneficiaries carried out in October 2002. Since our main objective is to examine the evolution of the beneficiaries' work performance, we construct a six-month panel to follow individuals from October 2002 to May 2003. The main difficulty in an impact evaluation is obtaining a counterfactual value for the outcome of interest. Following Galasso and Ravallion (2003) we draw a comparison group from applicants still not receiving the program to estimate the counterfactual outcome.

PJH participants can be identified in the household surveys of Argentina since October 2002 onwards. However, since the best conditions for drawing a comparison group of

non-participants are given in October 2002, the analysis is restricted to those individuals receiving the plan in that month. The special module for participants carried out in that round allow us to identify people who have applied for the program but still have not obtained it. As Galasso and Ravallion (2003) point out, using these individuals as a source of a comparison group is convenient because, in a certain way, unobserved factors influencing participation are revealed by the applicants, although the differences in the application timing suggest differences in the characteristics of applicants and participants that can bias the results (for example, the crisis could have affected less the former, delaying the decision of application). We will address this problem later, using difference-in-difference estimators to reduce the bias due to unobservable heterogeneity.

In the October 2002 wave of the EPH 2,861 individuals claimed that they received the plan. Due to the rotating panel structure and to the attrition problems, only 1,359 of them remain in our panel. Similarly, just 673 out of 1,597 applicants still not receiving the program were surveyed six months later. If we restrict this group to those who fulfill the requirements “enforceable” by the government for receiving the plan (*i.e.* those without a formal job) and to those who do not obtain the program in the next period, the sample of applicants is reduced to 582 individuals

In table 6.1 we compute some basic statistics for both groups. When comparing the average applicant and beneficiary, it can be seen that they are similar in terms of age, marital status and years of education. However, there are some significant differences between them, particularly in terms of gender (beneficiaries are more likely to be females) and in terms of the age structure of the household (the average age of the members of the household is much lower for participants than for applicants). This suggests the importance of using matching methods for controlling for differences in observable characteristics when evaluating the program.

Table 6.1 also shows the differences in some of the outcomes of interest. One outstanding point is that participants are much more likely to be employed than applicants (taking those participants doing the counterpart work of the program as employed). Whereas 87% of the former were employed in October 2002, that fraction was only 37.2% for the latter. In the last row of the table we consider as employed only those individuals with “genuine jobs”. We consider that an individual has a genuine job if he/she works at least 10 hours per week in a job not related to a workfare program. Under this definition the conclusions are different: while the proportion of employed applicants does not change, the fraction of employed beneficiaries is reduced to 12.9%.

Notice that there are not significant differences in terms of decent jobs. If we consider a job as decent if it fulfills the requirements mentioned in the previous sections, only two individuals in the sample have a decent job. Therefore, we relax the definition, using the extreme poverty lines instead of the moderate poverty lines. In that case, around 3% of beneficiaries and applicants have a decent job.

The main obstacle for evaluating a workfare program is that we cannot observe what would have been the value of the outcome of interest if the beneficiaries had not

received the program. However, under certain conditions we can appropriately estimate a counterfactual outcome using matching techniques to draw a sub-sample of non-participants who have similar observable characteristics to the beneficiaries (except for not obtaining the plan). If the outcome is independent of assignment to treatment when controlling for pre-treatment covariates, matching methods can yield an unbiased estimate of the treatment impact (Deheijia *et al.* 2002). We use the Radius Matching method because it uses only good quality matches for impact evaluation, and does not consider those treatment units who are very different from the comparisons units. Nevertheless, we use Kernel Matching and Nearest Neighbor methods to assess the robustness of the estimates.

The top panel of table 6.2 shows the estimated impact of PJH on different dimensions using cross-sectional data for October 2002. The results suggest that participating in the program increases the likelihood of being employed and increases labor income (including the PJH cash transfer). We find that 47.6% of the beneficiaries would not have obtained a job if they had not participated in the program (column (i)). Likewise, their mean labor income would have been approximately \$80 lower.¹¹ This would be explained by the higher employment rate of the beneficiaries, since their labor income is not significantly different from that of the employed individuals in the comparison group (see column (iv)).

On the other hand, it is important to point out that employed beneficiaries earn the same but work fewer hours (column (v)), which could discourage them from seeking for a genuine job.¹² In fact, as column (vi) shows, a much higher percentage of beneficiaries would have obtained this type of job if they had not participated in the program. The fact that the genuine jobs available for individuals that are similar to the beneficiaries involve working more to obtain approximately the same income (and likely a job as unstable as a workfare program) could explain why some participating individuals do not leave the program to get this type of job. Nevertheless, since the government cannot control whether the participants have an informal job, it does not explain why the beneficiaries do not keep both the employment and the program. Obviously, this could be due to ethical reasons, but there are others possible explanations, for example, it may be due to a stigma effect of the workfare program, to a deterioration of their employability because of being out of the labor market or just to a disincentive effect.¹³

We now turn to the analysis of the impact of the program on these outcomes from a dynamic perspective. Our goal is to compare the evolution of the participants' performance with that of matched applicants during a period of strong economic recovery. Besides, using panel data has the advantage of reducing the bias due to time-invariant unobservable heterogeneity.

¹¹ These results are quite similar to those obtained by Galasso and Ravallion (2003)).

¹² Columns (v) and (vi) refer to workers who are employed in both periods of the panel.

¹³ In fact, approximately 30% of the participants who report that the program is their main job, state that they do not wish to work either more hours or in another job.

One outstanding point that can be seen in the bottom panel of table 6.2 is that whereas the employment rate of the beneficiaries decreased, the opposite happened for the applicants. Indeed, the employment rate gap was reduced in 9.5 percentage points. Moreover, the recovery in the labor income was higher for the latter group, and the differences are statistically significant. It is interesting to notice that the program does not appear to have increased the capacity to obtain a genuine job.

The same analysis was carried out for different sub-samples of beneficiaries. Firstly, we separately consider those beneficiaries that in October 2002 report doing the twenty-hour counterpart work. The results are shown on table 6.3. It is important to be cautious about the interpretation of them since, in practice, the government shows deficiencies in monitoring the work activities and, therefore, the fulfillment of these activities is subject in several cases to a beneficiary's decision. In other words, the sub-sample that did the counterpart work was not randomly drawn from participants' population, which could lead to a problem of selection bias.¹⁴

The results are, in general, similar to those of the complete sample of beneficiaries. Nevertheless, there is an important difference. The group that did the counterpart work experienced an increase in its genuine employment rate higher than that of the control group (the changes are not statistically significant for the complete sample).

As it can be seen in Table 6.4, the same analysis is carried out for the sub-sample of beneficiaries employed by a private firm. One interesting point is that, from static perspective, the difference in worked hours per week by employed individuals is lower (column (v)). Besides, the genuine job rates of the treatment and comparison group are not significantly different. Nevertheless, the other results are, in general, the same for this sub-sample and the whole sample. The same conclusions arise when using the Kernel Matching and Nearest Neighbor methods.

7. Employability: policy options

The previous chapters have shown that many workers in the Southern Cone countries face employability problems: they cannot find a decent job, or even any job altogether. Some groups are especially fragile: the unskilled, the youth, adults who have lost their jobs and those living in regions facing persistent negative shocks are among the most vulnerable.

Governments are usually concerned about labor market problems, and are often looking for policy options to increase employment and wages and to improve working conditions. In this chapter we survey the literature of labor policy, and assess their relevance for the employability problem in the Southern Cone countries. The goal is not

¹⁴ For instance, is likely that, on average, those individuals who decide to do the counterpart work have more free time. In fact, as is shown in column (vi) in table 3, the percentage of these sub-sample that have a genuine job is around 5 percentage points lower than the whole sample of beneficiaries.

to provide an exhaustive review of the literature, but to discuss some predictions from simple economic models, and review part of the evidence on those predictions. The empirical literature of the effect of labor market policies on labor outcomes is very large. Our goal here is to discuss the main findings in developed countries, and then review part of the research that has been done so far for the Latin American and Caribbean region, with emphasis on the Southern Cone countries.

Labor policies are classified into five groups. In section 7.1 we survey some instruments aimed at reducing frictions in the matching process among workers and firms. In section 7.2 we present policy measures devoted to increase the demand for labor, keeping productivity constant: subsidized private employment and public employment are extensively discussed. Section 7.3 deals with policies aimed at increasing labor productivity, mainly skill formation through formal training or general class and on-the-job training. Section 7.4 describes policies affecting the wage/hours setting process. In particular we analyze the effects of minimum wages, efficiency wages, constraint on hours worked, and the effect of unions. In section 7.5 we discuss policies aimed at increasing the quality of a job (mainly labor benefits). The chapter closes in section 7.6 with an assessment of the policies that are more likely to affect employability in the Southern Cone, and the challenges in their implementation.

7.1 Policies aimed at reducing frictions

In a dynamic environment there might be vacancies along with unemployment. A person may not find a job at the current wage structure in the short run, because there are many “frictions” that impede the instantaneous matching among unemployed workers and vacancies. These frictions could be due to workers having low ability for finding appropriate employment or by the existence of limitations in the information about job openings. They could also be caused by mismatches between the skills workers have and the skills employers require. One could also think of this mismatch as a “location mismatch” in which firms in a specific region demand certain types of skills that are scarce among the workers that live in that location.

In the long run, these mismatches should disappear. On the one hand workers retrain, search and/or move to other places. On the other, firms switch to other technologies (to adapt to the available skill composition) or move to other places where the skill-mix is more appropriate for their current production techniques. It is uncertain though how long this process takes.

Busso and Micco (2004) show that workers who become unemployed in Latin America tend to leave unemployment accepting lower quality jobs and/or lower real wages. They conclude that some type of social insurance could help reducing workers’ transition period and accelerating the process of finding another job of the same quality more easily.

The role of public policy is to reduce these frictions so that unemployment spells last for shorter periods of time, reducing the individual, family and social cost of

unemployment and underemployment. Moreover, those instruments may not only reduce frictional unemployment but also improve the quality of the matching, and then increase the number of “good” jobs. This would mean that the worker would fit the job better, she would be more productive, and also likely to stay in the job longer. Knowing this, the firm would have more incentives to invest in specific on-the-job training.

A key policy instrument to reduce those frictions is the “labor intermediation services” which allow the government to provide information on shifts in labor demand across sectors or regions and therefore helps to ease the transition. It can even encourage migration from the low-labor-demand region to the high-labor-demand region by offering subsidies to migrate, housing, or public services in newly developed areas.

Mazza (2001) classifies labor intermediation services in six groups. The main two types of information policies are job search assistance and job placement. *Job search assistance* can help the jobseeker to find a new employment through coaching and counseling, resume preparation, development of a job search strategy, occupational information, and contacts with employers. *Job placement*, on the other hand, seeks to match specific vacancies with specific applicants. This last service implies having an up-to-date database of job openings and the required qualifications.

There are also auxiliary services that include: (1) *Skills Assessments*: Jobseekers can find better job matches if her skills and requirements are better analyzed beforehand. In this sense, skills testing and profiling can improve the quality of the match; (2) *Training Referral*: This function implies referring clients to appropriate training. Today there is an increasing demand for skilled workers; therefore the incorporation of training intermediation into a national labor intermediation service is increasingly critical in assuring a more fluid movement between work, education, and training; (3) *Labor Market Information*: Labor intermediation services can also provide a more sophisticated labor market information system of wider use in analyzing and monitoring labor market trends. The U.S. Department of Labor, for instance, contracts with local employment services for a wide range of data collection used in national statistics including employment surveys, employment statistics, occupational and wage data; (4) *Referral to other services*: For Latin America and the Caribbean, where advertising of social programs is limited, it is also important to link incoming clients with social services that they are eligible for like self-employment or micro-enterprise programs.

In a number of LAC countries there exists a rather limited matching service provided by the public sector, that typically serves the lower strata of the work force. These services are typically administered by either the Ministry of Labor or by a state-based national training institute, and concentrate on the core functions of job search and job placement.

However, they are in general not extensive and have a lower investment level than their counterparts in developed countries.¹⁵

Labor market intermediation services have the challenge to deal with three salient characteristics of the labor market in the region:

- The proportion of informal jobs and self-employment is larger than in developed countries, therefore labor intermediation services should also include matching and referrals to programs in micro-enterprise, self-employment, and small business development.
- The region has a high reliance on informal networks (personal contacts) that tends to reinforce and perpetuate discrimination (due to race, ethnicity, gender, or economic class).
- The national employment services have had a reputation of being politicized by local and regional authorities. This has discouraged private sector from working more directly with the offices.

There are currently a number of public employment services in Latin America that typically concentrate the functions both of job search assistance and placement. There is a clear trend to put new technologies to work in improving the performance of labor intermediation systems. Two good examples of these are the National Service of Training and Employment¹⁶ (NSTE) in Chile and ChambaNet in Mexico both depending on the Labor Department.

Part of the NSTE's mission is to improve worker's employability through training and labor intermediation (*i.e.*, facilitate matching). There are currently 183 municipal employment agencies that aim to provide information about vacancies and applicants. These agencies use a central information system (the Bolsa Nacional de Empleo) that gathers information from firms regarding the type of vacancies that are open and also collects resumes from jobseekers.¹⁷

ChambaNet uses the world wide web to match employers and jobseekers. The first ones can advertise job vacancies (specifying responsibilities of the job, skill requirements, wage offer, etc.) and the latter can upload their resumes. The system currently includes approximately 140,000 jobseekers and 27,000 vacancies.

There are also a series of actions being taken to improve the performance, output, and client base of Latin American and Caribbean systems, including the introduction of job fairs and a decision to decentralize part of the system.

¹⁵ This is due in part to the fact that the majority of countries in the region do not have unemployment insurance, so potential cost savings in the administration of the unemployment insurance system is not a motivation to reform the national employment service.

¹⁶ Servicio Nacional de Capacitación y Empleo (www.sence.cl).

¹⁷ www.bolsadeempleo.cl

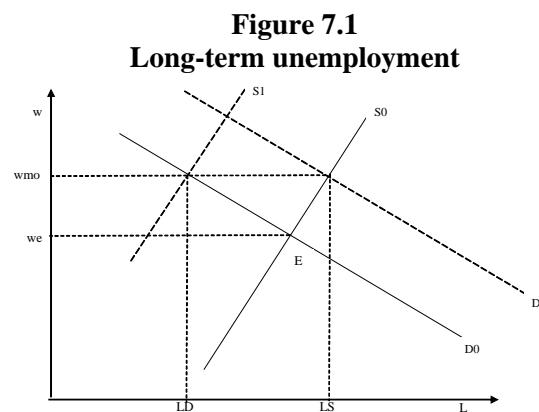
Job Fairs are expanding to offer a range of services more akin to the “one stop shop” concept. For example, in the case of Panama, job fairs include technical assistance to micro-enterprise; career information; resume workshops, information on training programs and needs, and assessments of job seekers work skills in addition to interviews with employers.

There is also a more limited trend in the region towards decentralization of labor intermediation services to local municipalities. Chile has decentralized local employment offices to a network of municipal employment agencies. Mediation services are provided free to workers in these offices. The NSTE, in turn, provides technical support to the network as well as plans and supervises training programs and institutions and monitors the performance of the tax rebate plan for enterprise-based training.

Unfortunately, to the extent of our knowledge, there are not studies that evaluate labor intermediation programs using econometric techniques. Marquez (2004) highlights three key areas to increase efficiency in labor matches: (1) introducing and expanding information systems, (2) fostering partnerships with the private and non-profit sectors and (3) expanding the client base.

7.2. Policies aimed at increasing/shifting labor demand

Unemployment or bad employment may be structural, that is, it can prevail even in the absence of frictions (e.g. in the long run). Figure 7.1 illustrates the case of long-term unemployment by showing supply and demand for a given type of labor. In a given period t_0 the full employment equilibrium implies a wage w_e . Suppose that for some reason (minimum wages, unions, efficiency wages) the wage cannot drop beyond w^m_o . In that case there will be an excess supply of labor (*i.e.* involuntary unemployment) of $L_S - L_D$. There are three ways of eliminating unemployment: (i) increasing the demand for this type of labor from D_0 to D_1 , (ii) allowing the wage to drop to w_e , and (iii) reducing the supply from S_0 to S_1 . This section and the next one deal with strategies to increase labor demand.



Labor demand for a particular type of labor may increase for many reasons. Wage cuts and increases in labor productivity can increase labor demand. We will postpone the discussion of these two channels for later and focus now on other “exogenous” demand shifters.

Firms demand labor to produce and sell goods and services. If the conditions in these markets get better, firms may demand more labor at the same wage rate. Increases in aggregate or sectoral demand often translate into shifts in the demand for labor. The policies that can affect aggregate or sectoral demand are not usually considered as labor policies, although they may have a tremendous impact on the labor market. They include fiscal, monetary, trade and other macro policies, along with a set of laws and institutions that are key to the functioning of the economy (Judicial system, the police, private property laws, among them).

There is though a set of policies which are particularly devoted to increase employment for given types of labor. The most usual labor policies in this group are (i) subsidies for private employment, and (ii) public employment.

Subsidies for private employment take the form of transfers to private firms to encourage them to hire certain type of labor. Two widespread instruments are employment tax credits and wage subsidies that, by reducing the cost of labor, seek to stimulate employment.

In the US these types of policies have a long tradition (although they are usually coupled with other programs like capital tax credits). In the early 1980s many states started implementing geographically target tax and expenditure programs aimed at developing inner cities (depressed and poor areas usually located inside large cities). These programs typically include as a major component an employment tax credit that allows firms located in these areas to reduce the labor cost of workers who live in the same area. Busso and Kline (2006) evaluate the largest of these programs, the Federal Empowerment Zone program, and conclude that it had a positive impact in terms of employment and poverty.

As part of the Trabajar program in Argentina, Ravallion *et al.* (2005) study a quasi-experiment in which one group was given a voucher that entitled an employer to receive a sizeable wage subsidy. Another sample received voluntary skill training. A third group was retained as control group. They find that voucher recipients had a significant higher probability of employment after 18 months, although their incomes were not higher (the impact was substantially larger on women and younger workers).

Chile also has a wage-subsidy program that aims to finance on-the-job training. This program gives the employer a subsidy of 40% of minimum wage per new worker for the first twelve months that the employer is in the firm.

Precisely because wage subsidies target a particular group of people (e.g., youth, women, and older workers, people living in certain areas) they change the relative prices of different type of labor and thus introduce market distortions: firms have incentives to substitute away non-subsidized for subsidized workers. For this reason, a

standard practice is to grant the subsidy only for new net hires. Wage subsidies, however, are not widely used in the region.

Public employment on the other hand, has been a widespread form of active labor policy in many countries, including the Southern Cone. In principle, there are two types of public employment: temporary and permanent.

Temporary public employment tries to cushion labor problems after a negative shock. They can also have a rationale during normal times: temporary public employment may help disadvantaged people (e.g. the youth) to acquire skills, labor experience and job references, and then to ease their incorporation into the labor market.

One of the most important examples of temporary public employment in LAC is the Trabajar Program of Argentina. As a reaction to the sharp increase in unemployment during the 1990s Argentina implemented a program aimed at providing short-term work of about 30 to 40 hours a week, on socially useful projects in poor areas paying relatively at low wages. The projects were proposed by local organizations (both governmental and non-governmental). Workers could not join the program unless they were recruited to an approved project. These projects were supposed to last a maximum of six months, but a worker was not prevented from switching to a new project on the same basis. By providing short-term work at relatively low wages, the program aimed to self-select unemployed workers from poor families.

Jalan and Ravallion (1999) use propensity score matching to estimate the net income gains of families of workers participating in Trabajar. They find that the average gain is about half of the gross wage and those gains are concentrated among the poor.

Critics of the program focus on the lack of transparency in the allocation of benefits. Ronconi (2002) claims that the way in which the benefits are distributed, both among provinces, and also among projects and beneficiaries within the provinces, suggests that a significant part of the resources are utilized with an exclusively political end and electoral goals.

In 2002 Trabajar was substituted with the Plan Jefes de Hogar (PJH) that aims to protect the living standards of those families most adversely affected by the crisis by providing direct income support of about one half of the mean per capita household income per month. To qualify for the program the individuals should be unemployed household heads with dependents (children aged less than eighteen year old or incapacitated). In order to enroll, the potential participants had to request participation through the local municipality or through local offices of the Ministry of Labor. Jefes was supposed to be a universal program much larger than Trabajar.

Galasso and Ravallion (2003) note that there was substantial leakage to formally ineligible families, as well as incomplete coverage of those eligible. Using matching estimators, they find that the program was able to reduce aggregate unemployment. The impact was less than expected mainly because the program attracted as many people into the labor force from inactivity as it did people who would have been otherwise

unemployed. Yet the program did partially compensate many losers from the crisis and reduced extreme poverty.

Permanent public employment is more of a manifestation of the role for the public sector in the economy chosen by the society than a labor policy program. That is, it is more an “institution” (that may change over time), than a “policy”. It can have, however, an impact on the welfare of workers.

Panizza (2001) using data of public-private wage differentials for a sample of seventeen Latin American countries (that cover 88 percent of the population in the region) concludes that on average, Latin American countries are characterized by a public sector wage premium which tends to be higher for women, and for workers with low education.

He also finds that public sector wage inequality tends to be lower than private sector wage inequality. Despite this lower wage inequality, there is no consensus on the redistributive effects of public sector employment. On the one hand, Rodrik (1997) points out that public sector employment is less affected by the business cycle than is private sector employment and can thus play an important role in reducing income risk. On the other, IDB (1999) shows that public sector employment is often a regressive aspect of public spending and therefore can worsen the distribution of income. Panizza (2001) argues that, since there is positive correlation between the degree of meritocracy of the public sector and bureaucratic quality, even if public sector employment is not regressive, lower wage inequality within the public sector may be associated with low bureaucratic quality.

7.3. Policies aimed at increasing labor productivity

An important group of policies are aimed at increasing labor productivity, and therefore employability, either by improving the probability of finding a job, or attaining a wage gain.

Formal education is the primary way to acquire skills and increase productivity. Once again, a policy not usually considered as belonging to the group of labor policies may greatly affect labor market outcomes in general, and employability of workers in particular.

Card (1999) surveys the recent literature on the causal effect of education on earnings. Focusing on US evidence, he concludes that the average annual return to education is not much below the estimate that emerges from a standard human capital earnings function estimated by OLS, which is around 10%. He also shows that a consistent finding among studies that uses instrumental variables based on institutional changes in the education system, is that the estimated returns to schooling are 20-40% above the corresponding OLS estimates. Part of the explanation for this finding may be that returns to schooling for certain subgroups that provide the exogenous variation to identify the parameter of interest, typically disadvantaged groups with low education

outcomes, are higher than the average returns to education in the population as a whole. For LAC countries, Gasparini (2003) finds that returns to high school are around 38%-40% (in Argentina, Brazil, Chile and Uruguay). Thus, the payoffs of having a formal education are in general really high.

The direct costs and the opportunity costs of acquiring this formal education increase with age. Going back to school, implies for older workers, to reduce the hours spent at work or with their families. Therefore for people that have already exit the formal education system, short-run labor market training could be a way of improving their employability.

In fact, labor market training is among the most active labor policies in the world. They are usually targeted to some groups: The youth, the unemployed, workers threatened with job loss, the handicapped. And they span for a short period of time, usually less than a year.

Training programs can be classified in three categories: classroom training, temporary work experience, and on-the-job training.

Classroom training takes place in places separate from the place of work and basically focuses on general knowledge, mostly on vocational training. In US these programs typically last three months and are relatively standardized and therefore less tailored to the requirements of the firms and the market in general.

Temporary work-experience programs usually targets low-skill youth or adults with bad employment histories and provides them with a job lasting three to twelve months in the public or the non-profit sector. The goal is to ease the transition from unemployment into regular jobs and help the worker learning about the world of work and develop good working habits like perseverance, responsibility, and in general work ethics which are also relevant in determining the employability of workers.

On-the-job-training at private firms usually implies transfers of money to firms so that they provide training. Usually firms are encouraged to hire the trainee on a permanent basis. In the US employers receive a 50% wage subsidy for up to six months. There is, however, a widespread view that these programs usually provide little training (Breen, 1988). Survey responses by employers who have used on-the-job training programs suggest that they value the program for its help in reducing the costs of hiring and retaining of suitable employees more than for the opportunity to increase the skills of the new workers (Begg et al., 1991).

The evidence regarding the effect of training programs is ambiguous. European studies find that training programs have a significant effect on the employment rate of the beneficiaries (Main and Shelly, 1990 and Björklund, 1994). The effect on wages is more ambiguous. Using English data Dolton (1994) estimates a large positive effect on male wages and a large negative effect on female wages. Westergard-Nielsen (1993) finds that these type of programs increase wages by 1%. However, we should be cautious when reading these results since they are likely to be biased because of

selection (i.e. for instance, more motivated people are the ones that look for training and they are also likely to earn higher wages).

Heckman, Lalonde and Smith (1999) survey the literature on program evaluation with a specific analysis of the impact of active labor market policies in general, and training programs in particular. They conclude that the evidence for developed countries suggests that it is unlikely that even a substantial increase in government-funded training services will significantly improve the skills in the work force. This is hardly surprising because most of these programs cost only a few thousand dollars or less per participant: To expect such programs to raise participants' subsequent annual earnings by several thousand dollars would imply that these social investments consistently have an extraordinary rate of return. Recall that the return to formal education is around 10%. Even when having that rate of return, a thousand dollars invested in a poor person would only raise annual earnings by \$100 per year.

In LAC training programs have been widely used as a labor market policy but also as a mechanism to transfer income to the unemployed youth (mainly through scholarships). Some of these programs have also been evaluated finding in general positive results.

A pioneering training program in the region, Chile Joven, combines scholarships for classroom training with a 250 hours paid apprenticeship in a private firm for a minimum of three months. The program was targeted to young people (between 16 and 30 years old), that were poor and unemployed, underemployed or looking for the first job. It is estimated that the probability of employment increased by 20% for those in the treated group relative to those in the control group (Sence, 1996).

Using Chile Joven as a model, Argentina implemented during the 1990s a very similar policy also called Plan Joven. Elias et al. (2004) present a careful evaluation of the program and find that while wages increase 10% on average the probability of finding a job was not affected by the program.

In Colombia, the Servicio Nacional de Aprendizaje (SENA) implements a public training program. Some of the programs include: training to help young workers to make the transition to the labor market by matching their profile to the market needs; advice and training for workers to help them adapt to innovation and change (this is geared to public sector workers laid off during restructuring processes) and help to displaced workers including training, advice for employers and job promotion. Medina and Núñez (2005) evaluate this program using propensity score matching and find basically no effect on labor income.

Finally, Mexico has one of the largest training programs in the region. The Programa de Becas de Capacitación para Trabajadores (PROBECAT) is a countercyclical program (it expands in the recessions and contracts in the booms) that provides scholarships for the beneficiaries. Using matching techniques Revenga et al. (1994) compare the post-training labor market experiences of trainees with those of a comparison group. The results suggest that participation in PROBECAT reduced the mean duration of

unemployment for both men and women trainees and increased the monthly earnings of men, but not of women.

Note that all these evaluations rely on non-experimental data. Lalonde (1986) concluded that policymakers should be aware that non-experimental evaluations of training programs may contain large and unknown biases resulting from specification errors. Some people interpret this claim as having proved that conventional econometric program evaluation and model selection procedures are unreliable and cannot be used to produce valid program evaluations. Heckman, Lalonde and Smith (1999) find that once certain basic principles of data quality are satisfied, selection bias, rigorously defined, is only a small contributor to the bias from using non-experimental data. An important issue, not addressed in the studies for LAC countries mentioned above, refers to the quality of the data used.

7.4. Policies aimed at affecting the wage/hours setting process

Governments have instruments not only to affect the supply and demand for labor but to affect the wage/hours market setting process. The typical policy in this group is the minimum wage, although the set of measures is larger. Union regulation, will also affect the wage setting process. A less commonly used measure is to constraint (and enforce) a maximum number of hours of work per day.

Minimum wage

Figure 7.1 illustrates a case of a minimum wage set at a level w^m higher than the market equilibrium w^e . A minimum wage has two clear effects: on the one hand it implies a wage increase for those workers who remain employed, but on the other hand it implies a reduction in employment, as labor demand adjusts to the wage increase. In other words, after a minimum wage increase there will be fewer but better jobs. Employability is then affected in two opposite directions. If the government is concerned with unemployment, a minimum wage is certainly not a good policy. In fact, long-term unemployment is closely related to downward-wage rigidity. If wages were fully flexible a person could always offer her labor for less than her productivity and be accepted for a job. There are many reasons why wages may be rigid and minimum wages is one of the main ones. But as noted above, policies that reduce unemployment by allowing wages to fall are not necessarily compatible with increasing employability in a “good” job.

There are two types of minimum wages. The most common is one in which the government forces the private sector to comply with certain wage rates. The second type is a minimum wage that firms decide to impose on themselves as a profit maximizing behavior (efficiency wages) and that can cause the labor market not to clear.

Regulated Minimum Wage

The empirical evidence for the US is conclusive: minimum wages have no effect on employment and do affect the wage distribution. Brown (1999) argues that in time series studies, the minimum-wage effect on employment is small (zero is hard to reject). Recent case studies on the US fast-food industry seem broadly consistent with this conclusion. Card and Krueger (1994) study the effect of an increase of the minimum wage from \$4.25 to \$5.05 in New Jersey in 1992. They survey a large number of fast-food restaurants that, given the low-skill requirements of the job, are likely to hire employees for the minimum wage. These restaurants are located in New Jersey (treated group) and Pennsylvania (control group). They find that the increase in minimum wage generated no effect on employment.

This finding in the US literature is surprising given that the textbook prediction is a reduction in employment. One possible explanation is that minimum wage coverage is incomplete, and compliance among covered employers may be imperfect. A second possibility is that small effects on employment mask a perverse substitution of more- for less-skilled workers.

However, while the effects of the minimum wage on employment remain controversial, the effects of the minimum wage on the distribution of wages seem to be more settled. The minimum wage does have a visible effect on the wage distribution, particularly for the youth. The literature usually finds a spike at the minimum wage and therefore concludes that a significant fraction of those affected do receive wage increases up to the minimum (at least in the short term, when they cannot be substituted out).

In LAC the evidence is not as conclusive as in US. First of all, there is a high degree of heterogeneity of the level of the minimum wage in the region. Pages and Lora (2004) present some estimates showing that whereas in Venezuela, Colombia and Nicaragua the minimum wages are over 70% of the median wage of the economy, in some other countries like Bolivia, Paraguay and Uruguay the minimum wage is less than 30% of the median wage.

The stylized facts show that an increase in minimum wage would, at least in the short run, decrease employment (of the less skilled) and increase wages over the whole distribution of income. Maloney and Nuñez (2005) find that in Colombia a 1% increase in the minimum wage is associated to a 0.15% decrease in employment. Fajnzylberg (2006) finds that in Brazil this elasticity is 1.6% for low income workers but on the other hand, those low income workers who do not lose their jobs experience an increase in wage of about 1.4%. Cowan et al. (2003) find that wage employment declined by 6% due to increases in minimum wages in Chile. Those most affected were the unskilled and inexperienced workers. Finally, Gindling et al. (2005) show that in Honduras an increase in the minimum wage of 10% would decrease private wage employment in 7.5% and increase wages by 2%.

Maloney and Nuñez-Mendez (2004) present novel estimates of the impact of minimum wages on wage distributions and employment. Their evidence suggests that minimum wages are binding in most Latin American countries and have substantial effects on

employment and wage distributions. An important finding in their analysis is that both covered and uncovered sectors (formal and informal sectors) respond in similar fashion to changes in wage minimums. The informal sector does not show the downward wage flexibility that traditional models of labor market dualism predict. Another important finding is that minimum wages percolate much more widely across wage distributions in Latin America than they do in the U.S. There are substantial effects of minimum wages on wages far up in the distribution of wages. Their study casts doubts on the claim that minimum wages are innocuous, even in countries with large informal sectors.

Montenegro and Pagés (2004) study the effects of minimum wages on the distribution of employment in Chile. They find that, like job security provisions, minimum wages reduce the employment probabilities of the young and the unskilled relative to older and more skilled workers. Not surprisingly, as suggested in other studies for developed countries, their results indicate that minimum wages are particularly binding for young unskilled workers. However, their results also indicate an adverse effect of the minimum wage on prime-age unskilled workers. Minimum wages adversely affect disadvantaged workers of all ages.

Efficiency wages

There are several reasons why firms may not want to pay wages lower than a given rate, even when market conditions allow them to do so. The traditional arguments why firms do not accept lower wages include the need for a minimum consumption of calories (and therefore a minimum wage) to perform a job, the view of wages below a certain level as socially unacceptable, and the belief that low wages promote shirking and other behaviors detrimental to labor productivity that cannot be easily monitored (due to some form of information asymmetry). If the “efficiency” wage that minimizes the labor cost per unit of effective labor is higher than productivity, a situation of involuntary unemployment may arise.

The government cannot always help to alleviate this problem. In the case in which efficiency wages reflect the existence of asymmetries of information within the firm, the government cannot in general modify the situation. However, in cases in which efficiency wages reflect the need of a minimum consumption of calories, the government can help transferring income to the poor through social assistance programs.

Constraint on hours

Governments may also regulate hours of work. They may prevent firms from hiring workers for more than a certain number of hours a day, forcing them to hire more workers in order to increase production. Or they might regulate the overtime-pay premium. By increasing the cost of the over-time work, firms may consider increasing employment.

The idea is to force an expansion of the extensive rather than the intensive use of labor. This policy affects employability in two opposite directions: it increases the probability of finding a job, but reduces the quality of the available jobs, as the restriction on hours implies a reduction in total labor income.

In general formal jobs are regulated a maximum number of hours worked. In Argentina workers have the right to work a maximum of 48 hours a week. Any hour of work beyond that is considered “supplemental” and is paid more than the standard hourly wage (up to 13 hours more the increase of 50% of the wage, and beyond that, the increase is of 100%). Chile has a similar system. In 2005 they reduced the maximum hours of work from 48 to 45 hours a week. Worked hours beyond the limit of 45 implies an increase in the (extra) hourly wage of around 50% of the average hourly wage.

Unfortunately, to the extent of our knowledge, there is no study that assesses econometrically the effect of these constraints on employment and wages.

Unions

Trade unions affect the wage/hours setting process. In general, the outcome of the bargaining between unions and firms depends on their relative power, which can be affected by the government. There is a trade-off from empowering unions, as higher wages but lower employment are expected from the negotiations. Thus, the effect of employability is ambiguous. In some cases, unions can improve the quality of the job by helping enforce certain laws (like the maximum number of hours worked per day/week, safety condition in the work place, etc). In that sense, unions can improve employability of the already employed workers.

The government can affect the outcome of the bargaining by setting the level at which collective bargaining takes place (firm, sector or the whole economy). A more decentralized bargaining reduces workers bargaining power, especially those in small firms but can help firms achieving a wage contract that is sustainable (i.e. that does not increase the probability of bankruptcy). The government can also affect bargaining power of each side by regulating the type of contracts workers and firms should discuss. It can also affect the outcome by giving unions the right to go on strike.

There is a very large literature on unions in the US. Farber (1986) surveys part of it and concludes that labor unions weight employment relatively heavily compared to wages in reaching an agreement. An alternative interpretation is that employers resist union wage demands successfully, resulting in what appears to be a relatively high weight on employment when, in fact, the union would have preferred higher wages and less employment.

More recently, using multiple establishment-level data sets, DiNardo and Lee (2004) use a regression discontinuity design to estimate the impact of unionization on some economic outcomes. Basically, they compare outcomes for employers where unions *barely* won the election (e.g., by one vote) with those where the unions *barely* lost. The

analysis finds small impacts of unionization on business survival, employment, output, productivity, and wages. The evidence suggests that—at least in recent decades—the legal mandate that requires the employer to bargain with a certified union has had little economic impact on employers, because unions have been somewhat unsuccessful at securing significant wage gains.

In Latin America unionization is moderate. According to Forteza and Rama (2002) average union membership in LAC is around 18.3% of the workforce, which is less than the average of the world (24%). Union density as a percentage of nonagricultural employment is higher (above 22%) in Brazil, Mexico, Argentina and Nicaragua and smaller in the rest of the Latin American countries. In general, union affiliation tends to be higher in countries where collective bargaining is more centralized.

In most cases, the government intervenes in union registration and accreditation as well as in the process of collective bargaining. The government authorizes only certain unions to have representation authority (e.g. Argentina, Mexico, Peru, Brazil), and intervenes in the resolution of conflicts and the arbitration process (e.g. Argentina, Mexico). Only in Brazil and Argentina collective bargaining is highly centralized at the sector level, while in Nicaragua and Colombia, sector level bargaining coexists with firm-based negotiation.

Heckman and Pagés (2003) find that the influence that collective bargaining exerts on wage and employment conditions, measured by affiliation rates, is declining over time in the region. Affiliation rates have declined in all of the countries of the region. This decline has been especially large in Mexico, Argentina, Venezuela, Costa Rica and Uruguay.

In the case of Brazil, Menezes-Filho *et al.* (2002) show that unions reduce firm profitability, whereas the relationship between union density and productivity, employment and average wages follows an inverted U-shape relation: These performance indicators first rise with union density up to a certain density level (usually about 50 percent) and then start to decline. This indicates that some unionism may be good for the plants' economic performance, although too much unionism may start having negative effects.

Saavedra and Torero (2002) find similar effects in the Peruvian case. Using a panel of firms in the manufacturing sector for the period 1994-1996, they find a negative impact of unions on profits for all firm sizes (after controlling for firm and sector characteristics and firm fixed effects). There is some evidence that this effect diminishes over time, consistent with the reduction in union density during that period, but the reduction is not robust to different specifications. Labor productivity is negatively related to having a union in the firm, but the negative effect disappears once we control for firm characteristics.

On the other hand, Cassoni *et al.* (2002) examine the effects of unionization in Uruguay for the period 1988 to 1995 and find that unionization increases wages and employment and promotes investment due to firms substituting labor by capital. According to that

study, unions tend to organize in those plants with highest rates of profits, but promote increases in productivity and prevent profitability increases. The mechanism that explain these results seems to be that firms moved to more capital-intensive technologies, hence increasing the rate of growth of labor productivity and reducing that of profitability. Given the negative effect of unionization at the industry level on the rate of growth of profitability of firms, results also suggest that unions tended to organize and to be stronger in those sectors in which extra rents were higher due to monopoly power.

7.5. Policies aimed at increasing the quality of a job

A job relation is not only characterized by the type of activity performed in the job, its wage and the required hours of work. A job is also defined by a list of benefits attached to the labor position. Most of these benefits are insurance services against various risks. The most widespread insurance benefits among formal workers are the right to pensions, health insurance, insurance against accidents, and unemployment insurance.

A formal good-quality job includes a set of instruments known as *employment protection*: severance payments, firing taxes, advance notice dismissal, administrative authorization to fire a worker. It also includes the right to have vacations, and sick-and maternity leaves.

All these benefits have a complex effect on the labor market. In principle, they increase the quality of a job. However, mandated labor benefits may reduce market wages and employment.

In a standard long run static competitive market equilibrium, labor supply is perfectly elastic and therefore all the cost of these regulations will be bared by the employer. Employment, however will go down (do to the increase in labor cost). In the shorter run, with a positively sloped labor supply, part of the cost will be paid by the workers in terms of lower wages (and lower employment). If employability refers only to the number of jobs and their wages, then employability will decrease. If the concern is also on the number or the quality of jobs, then employability could increase.

Bentolila and Bertola (1990) develop a dynamic equilibrium model to assess how a firm's firing and hiring decisions are affected by dismissal costs. In the face of a given shock, the optimal employment policy of a firm involves one of three state-contingent responses: (i) dismissing workers, (ii) hiring workers or (iii) doing nothing. In the face of a negative shock and declining marginal value of labor, a firm might want to dismiss some workers. However, it faces a dismissal cost in most regulatory regimes in LAC. This cost has the effect of discouraging firms from adjusting their labor force, resulting in fewer dismissals than the number of dismissals that would occur in a scenario in the absence of such costs. Conversely, in the face of a positive shock, firms might want to hire additional workers but would take into account that it would be costly for some workers to be fired if future demand declines. This potential cost acts as a hiring cost, effectively reducing the creation of new jobs in a relatively healthy economy. The net

result is lower employment rates in expansions, higher employment rates in recessions and lower turnover rates as firms hire and fire fewer workers than they would in the absence of adjustment costs

Regulations regarding types of contracts

Throughout Latin America, labor codes determine the types of contracts, the lengths of trial periods, and the conditions of part-time work. Regulations favor full-time, indefinite contracts over part-time, fixed-term or temporary contracts. As a form of worker protection, labor codes mandate a minimum advance notice period prior to termination, specify which causes are considered justified causes for dismissal, and establish compensation to be awarded to workers depending on the reason for the termination. In contrast, temporary contracts can be terminated at no cost provided that the duration of the contract has expired.

To prevent firms from exclusively hiring workers under temporary contracts, in most countries the use of such arrangements is severely restricted. Labor codes also limit trial periods, that is, the period of time during which a firm can test and dismiss a worker at no cost if his or her performance is considered unsatisfactory.

Hopenhayn (2004) discusses the impact of temporary contracts on the Argentine labor market. He finds that these contracts induce an increase in hiring and a substitution away from long term employment toward short-term employment. So, in the short-run, these contracts remove one barrier from the labor market. At the same time, they tend to promote turnover. The average hazard rate for the first three months out of employment increased by 30 percent and for tenure above three months by 10 percent. While temporary contracts promote larger flows, they reduce firm attachment and the incentive of firms to invest in workers.

Payroll Contributions and other Mandatory Benefits

As in most industrial countries, in LAC many social protection programs, such as old-age pensions, public health systems, unemployment subsidies, and family allowances are funded from payroll contributions. In addition, regulations mandate other employee paid benefits such as occupational health and safety provisions, maternity and sick leave, overtime pay and vacations.

Unlike changes in labor codes that tend to be infrequent events, changes in the level of contributions to these programs occur often. In addition, during the 1990s, many countries implemented reforms, which transformed pay-as-you-go systems into full or partial capitalization systems. One of the advantages of such schemes is that they tend to increase the link between contributions and benefits. However, at the same time, many countries, most noticeably Colombia, El Salvador, Mexico, Uruguay, and Brazil, increased the level of payroll taxes to reduce the actuarial imbalances present in their social security systems.

It should be noted though that these regulations are included, by definition, only in formal jobs. For instance, around 35% of all wage employees do not have any social security benefits in Argentina and in Brazil. This number is smaller in Chile (23%), but it is still important.

Maternity protection.

Regulations in this area include paid leave and job security recognition meaning that employment stability of pregnant women is guaranteed (if the period between confinement and return to work does not exceed a certain amount of time, usually a year). In Argentina, the paid leave period (with full wages) is of 90 days, 45 pre and 45 post confinement, with a minimum of 30 days. If an extension is required, then remuneration and benefits are similar to those in case of illness. In Brazil women were allowed to be on leave for 12 weeks, four before and eight after confinement, until 1988 when it was raised to 120 days, 28 before and 92 after confinement.

Job Security Provisions

Dismissal costs and other regulations not only increase labor costs, but also alter firms firing and hiring decisions. According to Heckman and Pagés (2003), whereas non-wage labor costs in LAC are low relative to those of OECD countries, dismissal costs tend to be very high. These costs make Latin American labor markets less flexible than OECD markets and likely impair productivity and adaptation to new technology and trade patterns as they do in Europe.

Other literature has also emphasized the possible impact of job security regulations on the composition of employment. Kugler (2002) proposes a model in which job security regulations provide incentives for high turnover firms to operate in the informal sector. This decision would entail producing at a small, less efficient scale in order to remain undetected by tax and labor authorities. In this framework, high job security costs paid by formal sector firms would likely increase informality rates. Pagés and Montenegro (1999) develop a model in which job security provisions, which depend on tenure, bias employment against young workers and in favor of older ones. As severance pay increases with tenure, and tenure tends to increase with age, older workers become more costly to dismiss than younger ones. If wages do not adjust appropriately, negative shocks result in a disproportionate share of layoffs among young workers. Therefore, job security based on tenure results in lower employment rates for the young relative to older workers because it reduces hiring and increases layoffs for young workers.

As predicted by most theoretical models, the bulk of empirical evidence confirms that less stringent job security tends to be associated with higher turnover and greater flexibility in the labor market. Kugler (2002) analyzes the impact of the 1990 labor market reforms in Colombia. She finds that a reduction in job security costs reduces average tenure and increases employment exit rates. Saavedra and Torero (2004)

conduct a similar study, evaluating the impact of the 1991 reform in Peru. Like the reform in Colombia, the 1991 Peruvian reform considerably reduced the cost of dismissing workers. Their analysis shows a consistent decline in average tenure from 1991 onward, suggesting higher exit rates from employment. As in the Kugler's study, the decline is significantly more pronounced in the formal sector than it is in the informal sector.

A typical problem in identifying the effect of job security on labor outcomes is endogeneity (when analyzing cross-sections) or low power, due to the reduce variation (when analyzing time series). Micco and Pages (2004) examine the empirical relation between employment protection regulation and gross job flows in a sample of developed and developing countries. They use a difference-in-difference estimator to avoid endogeneity problems to test the hypothesis that job security regulations are more binding in some sectors of economic activity than in others depending on sector-specific characteristics such as product demand volatility or factor specificity. Unlike most of the rest of the literature, their analysis indicates that more stringent job security regulations slow down job reallocation. This is more so in sectors that require higher labor flexibility. These effects occur within the sample of developed and developing countries and are large in magnitude: job reallocation in an industry in the 90th percentile of flexibility requirement relative to an industry in the 10th percentile is 5.8 percentage points lower in a country with high employment protection than in a country with low employment protection (in the 10th percentile). These are large numbers if we consider that the average level of job turnover in the sample is 22%.

7.6. An assessment

What have we learnt in this chapter? We have reviewed the theoretical implications of active labor market policies and we have provided empirical evidence regarding the observed effect of those instruments on employability. From a program evaluation point of view, we can classify policies in three big groups.

The first group is the “to-be-evaluated programs”. For many programs we could not find credible evaluations of the impact. For instance, labor intermediation policies and constraint on working hours has not, to the extent of our knowledge, been evaluated.

A second group of policies have been evaluated using non-experimental data, usually through the use of propensity score matching and include policies that can unambiguously increase employability of workers.

- A good example is the Argentine temporary employment program Plan Trabajar. Ravallion and coauthors, in a series of papers, found interesting results: (1) voucher recipients (to work in private firms) had significantly higher probability of employment, although their incomes were not higher; (2) the average gain of participants is about half of the gross wage and those gains are concentrated among the poor and (3) there was substantial leakage to formally ineligible families in that same program.

- Another good example are training programs. Elias present a careful evaluation of the program Joven in Argentina and find that while wages increase 10% on average the probability of finding a job was not affected by the program. Medina and Núñez on the other hand find that Colombia's training program has no effect on labor income. Finally, Revenga's study of Mexico's PROBECAT suggests that participation reduces the mean duration of unemployment and increased monthly earnings.

A third group includes those policies typically evaluated via regression analysis that typically have ambiguous theoretical predictions about employability.

- This is the case of the effect of minimum wages. Maloney find that in Colombia a 1% increase in the minimum wage is associated to a 0.15% decrease in employment. Fajnzylberg finds that in Brazil this elasticity is 1.6% for low income workers but on the other hand, those low income workers who do not lose their jobs experience an increase in wage of about 1.4%. Montenegro and Pagés find that in Chile minimum wages reduce the employment probabilities of the young and the unskilled relative to older and more skilled workers.
- In the case of unions Menezes-Filho show that unions in Brazil reduce firm profitability, whereas the relationship between union density and productivity, employment and average wages follows an inverted U-shape relation. Saavedra and Torero find similar effects in the Peruvian case. On the other hand, Cassoni find that unionization in Uruguay increases wages and employment and promotes investment due to firms substituting labor by capital.
- Finally, contract type and job security regulations have also been analyzed through regression analysis. Hopenhayn finds that the introduction of short term contracts induces an increase in hiring and a substitution away from long term employment. Micco and Pages find that more stringent job security regulations slow down job reallocation.

To sum up, there is some non-experimental evidence that suggest that temporary employment and training programs can successfully increase employability of workers. The effect of minimum wages on employability is ambiguous (it increase wages but reduces employment by a small amount). The effect of union is not clear and job security was found to decrease job reallocation (although it is not clear whether it also affects the level of employment).

When compared to the literature in developed countries this evidence is weak, at best. Moreover, there is a complete absence of experimental evidence, which tend to provide the most credible evidence of all.

If governments, international organizations and academia want to really learn what type of programs work better, under what situations, and for what groups the impacts are larger, there needs to be a serious attempt to finance data gathering that is publicly available so that more scholars can use them.

Heckman, Lalonde and Smith (1999) make a very good point regarding this matter. It is usually argued that non-experimental evaluations are significantly less expensive than experimental evaluations. But the low cost of previous non-experimental evaluations resulted from reliance on existing data sources! The importance of high quality data for constructing comparison groups means that credible non-experimental evaluations are likely to be as expensive as experimental evaluations. Note that existing general survey data and administrative data, which are inexpensively obtained, often contain either too few participants or non-participants, or contain too little information on demographic characteristics or on labor force dynamics. This information has been shown to be important for conducting better non-experimental evaluations and is usually obtained only by collecting costly new survey data. The high cost of previous social experiments results not from administering randomization, but from data collection, careful documentation of the implementation of the program, analysis, and dissemination of reports. These costs are not unique to social experiments, but arise in any careful program evaluation. It is the cost we need to pay, to learn which policies work, and which ones do not work.

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Appendix

Decent job: empirical implementation

Consider the following definitions: z = poverty line for the country/year, y^l = earnings in the main activity, w = hourly wage in main activity, $b = 1$ if worker has access to labor and social benefits (formal worker), $d = 1$ if worker is looking for another job or increasing hours of work (under-employment), $k > 1$ = factor that captures the monetary value of having a formal job. The main labor activity is considered *decent* if any of the following conditions is met.

- i. $y^l \geq z, b=1$
- ii. $y^l \geq k.z, b=0$
- iii. $z < y^l < k.z, b=0, w.160 \geq k.z, d=0$
- iv. $y^l < z, w.160 \geq z, d=0, b=1$
- v. $y^l < z, w.160 \geq k.z, d=0, b=0$

Table 3.1
Labor force
Share of adults in labor force

	Total	Age			Gender		Adults (25-64)			Area	
		(15-24)	(25-64)	(65 +)	Female	Male	Education			Rural	Urban
							Low	Medium	High		
Argentina											
EPH-15 cities											
1992	0.560	0.492	0.685	0.113	0.483	0.914	0.608	0.708	0.841	.	0.685
1993	0.568	0.494	0.698	0.116	0.507	0.912	0.618	0.714	0.854	.	0.698
1994	0.565	0.504	0.698	0.095	0.508	0.910	0.618	0.714	0.856	.	0.698
1995	0.573	0.502	0.712	0.095	0.533	0.913	0.643	0.730	0.856	.	0.712
1996	0.575	0.506	0.714	0.103	0.530	0.916	0.638	0.729	0.843	.	0.714
1997	0.583	0.496	0.727	0.121	0.550	0.920	0.651	0.739	0.863	.	0.727
1998	0.584	0.463	0.735	0.137	0.563	0.929	0.659	0.742	0.873	.	0.735
EPH - 28 cities											
1998	0.571	0.450	0.722	0.129	0.545	0.923	0.652	0.729	0.854	.	0.722
1999	0.577	0.444	0.730	0.138	0.563	0.919	0.648	0.745	0.858	.	0.730
2000	0.581	0.439	0.736	0.138	0.571	0.920	0.663	0.752	0.842	.	0.736
2001	0.569	0.417	0.733	0.119	0.565	0.921	0.660	0.739	0.852	.	0.733
2002	0.580	0.414	0.749	0.125	0.600	0.915	0.684	0.752	0.849	.	0.749
2003	0.577	0.414	0.744	0.135	0.596	0.909	0.662	0.760	0.844	.	0.744
EPH-C											
2003-II	0.614	0.482	0.776	0.152	0.641	0.929	0.708	0.781	0.855	.	0.776
2004-I	0.616	0.479	0.774	0.164	0.641	0.927	0.714	0.776	0.849	.	0.774
2004-II	0.618	0.471	0.780	0.161	0.646	0.930	0.720	0.789	0.862	.	0.780
2005-I	0.610	0.456	0.769	0.172	0.629	0.928	0.707	0.776	0.856	.	0.769
Bolivia											
Urban											
1993	0.614	0.446	0.747	0.253	0.593	0.917	0.727	0.748	0.814	.	0.747
1997	0.597	0.383	0.752	0.293	0.605	0.918	0.719	0.755	0.795	.	0.752
2002	0.662	0.440	0.812	0.356	0.700	0.936	0.776	0.838	0.850	.	0.812
National											
1997	0.701	0.520	0.811	0.561	0.680	0.952	0.820	0.777	0.823	0.896	0.762
2000	0.699	0.512	0.819	0.522	0.700	0.948	0.821	0.824	0.808	0.871	0.793
2002	0.718	0.542	0.831	0.551	0.716	0.953	0.819	0.848	0.854	0.866	0.812
Brazil											
1990	0.643	0.653	0.693	0.200	0.482	0.921	0.658	0.779	0.886	0.698	0.692
1992	0.685	0.672	0.740	0.286	0.573	0.921	0.714	0.801	0.884	0.831	0.718
1993	0.682	0.664	0.741	0.278	0.575	0.920	0.714	0.801	0.884	0.833	0.719
1995	0.683	0.652	0.751	0.267	0.597	0.919	0.725	0.804	0.887	0.841	0.730
1996	0.661	0.626	0.733	0.243	0.574	0.907	0.702	0.794	0.879	0.801	0.717
1997	0.670	0.631	0.743	0.250	0.589	0.910	0.712	0.802	0.881	0.825	0.724
1998	0.669	0.630	0.743	0.251	0.593	0.906	0.711	0.802	0.878	0.814	0.727
1999	0.677	0.633	0.754	0.255	0.613	0.907	0.723	0.808	0.874	0.834	0.736
2001	0.670	0.618	0.751	0.241	0.613	0.901	0.715	0.806	0.878	0.827	0.738
2002	0.678	0.630	0.760	0.240	0.629	0.903	0.722	0.815	0.882	0.831	0.748
2003	0.678	0.627	0.761	0.240	0.635	0.900	0.723	0.813	0.881	0.833	0.749
Chile											
1990	0.520	0.391	0.629	0.145	0.385	0.902	0.549	0.654	0.839	0.573	0.641
1994	0.545	0.410	0.657	0.157	0.420	0.918	0.572	0.688	0.836	0.576	0.672
1996	0.547	0.374	0.673	0.173	0.445	0.920	0.577	0.699	0.851	0.584	0.689
1998	0.559	0.376	0.687	0.177	0.474	0.920	0.591	0.710	0.840	0.588	0.703
2000	0.556	0.342	0.693	0.175	0.489	0.914	0.593	0.715	0.839	0.589	0.710
2003	0.570	0.361	0.711	0.171	0.522	0.914	0.618	0.730	0.841	0.604	0.726
Paraguay											
1997	0.674	0.607	0.756	0.349	0.554	0.959	0.711	0.842	0.919	0.713	0.787
1999	0.665	0.560	0.758	0.375	0.570	0.949	0.717	0.831	0.896	0.734	0.775
2001	0.691	0.611	0.777	0.390	0.617	0.946	0.747	0.816	0.890	0.769	0.783
2002	0.696	0.636	0.769	0.398	0.593	0.946	0.743	0.809	0.878	0.765	0.772
2003	0.684	0.586	0.781	0.380	0.623	0.944	0.746	0.817	0.904	0.778	0.783
Uruguay											
1989	0.586	0.609	0.715	0.117	0.549	0.913	0.638	0.793	0.889	.	0.715
1992	0.587	0.585	0.735	0.115	0.586	0.914	0.658	0.806	0.879	.	0.735
1995	0.600	0.625	0.749	0.117	0.606	0.915	0.662	0.817	0.883	.	0.749
1998	0.616	0.608	0.772	0.111	0.645	0.915	0.682	0.829	0.889	.	0.772
2000	0.599	0.593	0.776	0.101	0.657	0.912	0.693	0.826	0.891	.	0.776
2001	0.617	0.596	0.787	0.117	0.677	0.916	0.702	0.837	0.897	.	0.787
2002	0.602	0.552	0.785	0.097	0.674	0.913	0.701	0.828	0.896	.	0.785
2003	0.592	0.525	0.786	0.094	0.684	0.905	0.710	0.824	0.887	.	0.786
2004	0.595	0.527	0.783	0.110	0.672	0.911	0.696	0.824	0.887	.	0.783

Source: SEDLAC (2005).

Table 3.2
Employment rate
Share of adults employed

	Total	Age			Gender		Adults (25-64)			Area	
		(15-24)	(25-64)	(65 +)	Female	Male	Education			Rural	Urban
							Low	Medium	High		
Argentina											
EPH-15 cities											
1992	0.522	0.424	0.651	0.107	0.459	0.869	0.572	0.672	0.816	.	0.651
1993	0.516	0.397	0.651	0.113	0.466	0.861	0.567	0.669	0.816	.	0.651
1994	0.495	0.389	0.632	0.083	0.451	0.835	0.550	0.640	0.812	.	0.632
1995	0.476	0.353	0.618	0.080	0.451	0.806	0.538	0.632	0.796	.	0.618
1996	0.473	0.341	0.617	0.090	0.446	0.804	0.529	0.632	0.769	.	0.617
1997	0.501	0.371	0.645	0.107	0.476	0.831	0.565	0.652	0.801	.	0.645
1998	0.509	0.354	0.660	0.122	0.496	0.846	0.570	0.670	0.823	.	0.660
EPH - 28 cities											
1998	0.500	0.344	0.652	0.115	0.484	0.842	0.568	0.662	0.807	.	0.652
1999	0.497	0.332	0.649	0.123	0.493	0.825	0.561	0.662	0.791	.	0.649
2000	0.495	0.318	0.649	0.120	0.498	0.819	0.564	0.662	0.784	.	0.649
2001	0.464	0.283	0.621	0.103	0.485	0.774	0.532	0.622	0.777	.	0.621
2002	0.476	0.275	0.641	0.108	0.516	0.780	0.565	0.641	0.762	.	0.641
2003	0.487	0.275	0.655	0.121	0.533	0.793	0.572	0.658	0.779	.	0.655
EPH-C											
2003-II	0.519	0.327	0.688	0.131	0.558	0.836	0.608	0.690	0.785	.	0.688
2004-I	0.526	0.331	0.691	0.145	0.561	0.840	0.630	0.685	0.778	.	0.691
2004-II	0.540	0.341	0.707	0.147	0.575	0.857	0.643	0.709	0.808	.	0.707
2005-I	0.533	0.331	0.698	0.154	0.559	0.855	0.635	0.699	0.796	.	0.698
Bolivia											
Urban											
1993	0.577	0.401	0.711	0.250	0.572	0.866	0.699	0.705	0.768	.	0.711
1997	0.580	0.364	0.734	0.290	0.593	0.894	0.710	0.731	0.773	.	0.734
2002	0.622	0.396	0.772	0.349	0.658	0.899	0.745	0.794	0.796	.	0.772
National											
1997	0.691	0.508	0.802	0.560	0.674	0.939	0.816	0.759	0.804	0.895	0.746
2000	0.669	0.467	0.794	0.519	0.673	0.926	0.804	0.790	0.766	0.867	0.757
2002	0.689	0.508	0.803	0.547	0.685	0.928	0.800	0.809	0.802	0.859	0.772
Brazil											
1990	0.613	0.597	0.671	0.198	0.464	0.894	0.638	0.746	0.868	0.691	0.665
1992	0.641	0.592	0.707	0.284	0.542	0.886	0.683	0.755	0.861	0.823	0.680
1993	0.641	0.587	0.710	0.276	0.547	0.888	0.685	0.760	0.862	0.825	0.683
1995	0.642	0.577	0.720	0.264	0.568	0.886	0.696	0.763	0.866	0.832	0.695
1996	0.616	0.547	0.697	0.240	0.539	0.872	0.668	0.750	0.855	0.789	0.677
1997	0.618	0.540	0.702	0.245	0.548	0.871	0.673	0.749	0.852	0.813	0.678
1998	0.609	0.521	0.698	0.245	0.546	0.862	0.667	0.745	0.846	0.798	0.675
1999	0.611	0.517	0.703	0.251	0.560	0.858	0.675	0.741	0.839	0.817	0.677
2001	0.608	0.508	0.701	0.237	0.561	0.854	0.667	0.746	0.847	0.812	0.682
2002	0.617	0.517	0.712	0.235	0.578	0.858	0.677	0.755	0.852	0.817	0.694
2003	0.612	0.508	0.709	0.235	0.580	0.851	0.673	0.749	0.847	0.819	0.691
Chile											
1990	0.477	0.328	0.590	0.135	0.358	0.849	0.511	0.612	0.805	0.544	0.600
1994	0.509	0.346	0.626	0.153	0.395	0.881	0.543	0.652	0.814	0.552	0.640
1996	0.516	0.327	0.644	0.165	0.422	0.884	0.549	0.667	0.827	0.566	0.658
1998	0.504	0.296	0.634	0.167	0.433	0.854	0.535	0.655	0.797	0.552	0.647
2000	0.499	0.269	0.634	0.166	0.442	0.842	0.535	0.649	0.796	0.552	0.647
2003	0.514	0.284	0.654	0.164	0.472	0.853	0.567	0.668	0.789	0.573	0.667
Paraguay											
1997	0.639	0.545	0.729	0.343	0.528	0.932	0.686	0.813	0.891	0.700	0.751
1999	0.621	0.493	0.721	0.366	0.539	0.907	0.681	0.785	0.873	0.718	0.723
2001	0.639	0.527	0.736	0.382	0.579	0.901	0.707	0.770	0.847	0.747	0.727
2002	0.621	0.518	0.710	0.378	0.537	0.884	0.685	0.736	0.841	0.740	0.691
2003	0.629	0.496	0.740	0.364	0.582	0.902	0.708	0.765	0.867	0.759	0.727
Uruguay											
1989	0.540	0.476	0.683	0.115	0.513	0.885	0.608	0.755	0.855	.	0.683
1992	0.538	0.457	0.698	0.113	0.541	0.886	0.622	0.762	0.855	.	0.698
1995	0.539	0.473	0.701	0.113	0.551	0.877	0.614	0.762	0.855	.	0.701
1998	0.554	0.459	0.722	0.107	0.587	0.874	0.629	0.775	0.860	.	0.722
2000	0.517	0.411	0.704	0.095	0.575	0.851	0.616	0.753	0.838	.	0.704
2001	0.523	0.391	0.704	0.106	0.577	0.853	0.614	0.749	0.837	.	0.704
2002	0.500	0.342	0.687	0.091	0.565	0.828	0.599	0.723	0.824	.	0.687
2003	0.493	0.325	0.688	0.086	0.572	0.824	0.604	0.722	0.816	.	0.688
2004	0.518	0.353	0.713	0.104	0.590	0.854	0.623	0.746	0.839	.	0.713

Source: SEDLAC (2005).

Table 3.3
Unemployment rate
Unemployed/labor force

	Total	Age			Gender		Adults (25-64)			Area	
		(15-24)	(25-64)	(65 +)	Female	Male	Education			Rural	Urban
							Low	Medium	High		
Argentina											
EPH-15 cities											
1992	0.068	0.137	0.050	0.056	0.051	0.049	0.058	0.051	0.030	.	0.050
1993	0.092	0.197	0.066	0.029	0.081	0.057	0.082	0.062	0.045	.	0.066
1994	0.123	0.227	0.094	0.130	0.112	0.083	0.110	0.104	0.052	.	0.094
1995	0.169	0.297	0.132	0.159	0.154	0.118	0.163	0.133	0.070	.	0.132
1996	0.177	0.326	0.137	0.122	0.158	0.123	0.171	0.133	0.089	.	0.137
1997	0.141	0.253	0.112	0.114	0.135	0.097	0.132	0.119	0.071	.	0.112
1998	0.128	0.236	0.101	0.108	0.119	0.089	0.135	0.097	0.057	.	0.101
EPH - 28 cities											
1998	0.125	0.235	0.097	0.108	0.111	0.087	0.129	0.092	0.055	.	0.097
1999	0.139	0.253	0.111	0.107	0.124	0.102	0.134	0.112	0.078	.	0.111
2000	0.148	0.275	0.117	0.131	0.129	0.110	0.149	0.120	0.069	.	0.117
2001	0.184	0.322	0.153	0.138	0.141	0.160	0.194	0.159	0.088	.	0.153
2002	0.179	0.335	0.145	0.136	0.140	0.148	0.174	0.148	0.102	.	0.145
2003	0.157	0.335	0.119	0.100	0.106	0.128	0.136	0.134	0.078	.	0.119
EPH-C											
2003-II	0.154	0.322	0.114	0.138	0.130	0.101	0.141	0.116	0.082	.	0.114
2004-I	0.146	0.309	0.107	0.118	0.124	0.094	0.118	0.117	0.084	.	0.107
2004-II	0.126	0.276	0.093	0.090	0.111	0.079	0.107	0.102	0.063	.	0.093
2005-I	0.125	0.274	0.092	0.104	0.110	0.078	0.103	0.100	0.070	.	0.092
Bolivia											
Urban											
1993	0.060	0.101	0.047	0.009	0.035	0.056	0.039	0.056	0.056	.	0.047
1997	0.029	0.049	0.024	0.010	0.020	0.027	0.012	0.032	0.027	.	0.024
2002	0.059	0.100	0.049	0.017	0.060	0.040	0.039	0.052	0.064	.	0.049
National											
1997	0.014	0.023	0.012	0.002	0.010	0.014	0.005	0.023	0.023	0.001	0.020
2000	0.042	0.087	0.031	0.007	0.039	0.024	0.021	0.041	0.052	0.005	0.045
2002	0.040	0.063	0.034	0.008	0.044	0.026	0.023	0.046	0.060	0.008	0.049
Brazil											
1990	0.047	0.085	0.032	0.009	0.036	0.029	0.031	0.042	0.021	0.011	0.038
1992	0.064	0.119	0.044	0.009	0.054	0.038	0.043	0.057	0.025	0.010	0.054
1993	0.060	0.115	0.041	0.008	0.049	0.035	0.040	0.051	0.025	0.009	0.049
1995	0.060	0.114	0.041	0.011	0.049	0.035	0.041	0.051	0.023	0.011	0.049
1996	0.068	0.126	0.048	0.012	0.061	0.039	0.049	0.055	0.028	0.014	0.056
1997	0.077	0.144	0.054	0.022	0.070	0.043	0.054	0.066	0.032	0.014	0.064
1998	0.089	0.172	0.061	0.022	0.080	0.048	0.061	0.071	0.036	0.019	0.072
1999	0.096	0.183	0.068	0.017	0.086	0.054	0.067	0.082	0.040	0.020	0.080
2001	0.093	0.179	0.066	0.017	0.086	0.052	0.068	0.074	0.034	0.018	0.076
2002	0.091	0.180	0.063	0.019	0.081	0.049	0.063	0.074	0.034	0.016	0.072
2003	0.097	0.190	0.069	0.022	0.087	0.055	0.069	0.079	0.039	0.017	0.078
Chile											
1990	0.083	0.162	0.062	0.070	0.070	0.058	0.070	0.064	0.040	0.051	0.064
1994	0.067	0.155	0.047	0.029	0.059	0.041	0.051	0.051	0.026	0.040	0.048
1996	0.057	0.124	0.043	0.046	0.053	0.038	0.048	0.047	0.028	0.031	0.045
1998	0.101	0.215	0.079	0.057	0.090	0.073	0.096	0.080	0.053	0.063	0.081
2000	0.104	0.217	0.086	0.052	0.098	0.079	0.099	0.094	0.051	0.063	0.089
2003	0.100	0.215	0.081	0.045	0.100	0.069	0.085	0.087	0.063	0.054	0.084
Paraguay											
1997	0.053	0.103	0.035	0.020	0.046	0.028	0.036	0.034	0.031	0.019	0.046
1999	0.066	0.119	0.049	0.024	0.055	0.045	0.050	0.055	0.025	0.022	0.067
2001	0.076	0.138	0.054	0.022	0.062	0.048	0.054	0.057	0.049	0.029	0.071
2002	0.107	0.186	0.077	0.051	0.096	0.065	0.078	0.090	0.041	0.033	0.105
2003	0.079	0.153	0.053	0.040	0.066	0.044	0.051	0.065	0.041	0.025	0.072
Uruguay											
1989	0.079	0.217	0.045	0.016	0.066	0.031	0.048	0.048	0.038	.	0.045
1992	0.084	0.218	0.050	0.020	0.076	0.031	0.056	0.055	0.027	.	0.050
1995	0.101	0.244	0.064	0.034	0.091	0.042	0.073	0.067	0.032	.	0.064
1998	0.100	0.245	0.065	0.032	0.090	0.044	0.078	0.066	0.032	.	0.065
2000	0.135	0.307	0.093	0.057	0.125	0.067	0.112	0.089	0.060	.	0.093
2001	0.152	0.344	0.106	0.093	0.147	0.069	0.124	0.106	0.067	.	0.106
2002	0.169	0.380	0.125	0.063	0.162	0.093	0.146	0.127	0.080	.	0.125
2003	0.168	0.382	0.124	0.093	0.164	0.089	0.149	0.124	0.080	.	0.124
2004	0.131	0.330	0.090	0.054	0.122	0.063	0.106	0.094	0.055	.	0.090

Source: SEDLAC (2005).

Table 3.4
Changes in labor force participation, employment and unemployment

	Change in labor participation rate						Change in employment rate						Change in unemployment rate					
	Gender			Education			Gender			Education			Gender			Education		
	All	Female	Male	Low	Medium	High	All	Female	Male	Low	Medium	High	All	Female	Male	Low	Medium	High
Argentina																		
1992-1998	2.4	7.9	1.5	5.1	3.4	3.2	-1.3	3.7	-2.3	-0.2	-0.2	0.8	6.0	6.8	4.0	7.6	4.6	2.7
1998-2002	0.8	5.6	-0.7	3.2	2.3	-0.5	-2.4	3.2	-6.2	-0.3	-2.1	-4.5	5.4	2.9	6.1	4.5	5.7	4.7
2003-2004	0.4	0.5	0.1	1.2	0.8	0.8	2.1	1.7	2.1	3.5	1.8	2.3	-2.8	-2.0	-2.2	-3.4	-1.5	-1.9
Bolivia																		
1993-1997 (urban)	-1.6	1.2	0.1	-0.8	0.8	-1.9	0.3	2.1	2.8	1.1	2.6	0.5	-3.1	-1.5	-2.9	-2.6	-2.4	-2.9
1997-2002 (urban)	6.4	9.5	1.8	5.7	8.2	5.5	4.2	6.5	0.5	3.5	6.3	2.3	3.1	4.0	1.3	2.7	2.0	3.6
1997-2002 (national)	1.7	3.6	0.1	-0.2	7.1	3.1	-0.2	1.1	-1.1	-1.6	5.0	-0.2	2.6	3.4	1.2	1.7	2.3	3.7
Brazil																		
1992-1995	-0.2	2.4	-0.2	1.0	0.4	0.3	0.1	2.6	0.0	1.2	0.9	0.5	-0.5	-0.5	-0.3	-0.3	-0.6	-0.2
1995-1999	-0.6	1.6	-1.2	-0.2	0.4	-1.3	-3.1	-0.8	-2.9	-2.1	-2.2	-2.7	3.7	3.7	1.9	2.7	3.1	1.6
1999-2003	0.2	2.2	-0.7	0.0	0.5	0.7	0.1	2.0	-0.7	-0.2	0.7	0.8	0.1	0.0	0.0	0.2	-0.3	-0.1
Chile																		
1990-1994	2.5	3.5	1.6	2.3	3.4	-0.3	3.2	3.7	3.1	3.2	4.1	0.9	-1.6	-1.1	-1.7	-1.8	-1.3	-1.4
1994-1998	1.4	5.4	0.2	1.9	2.2	0.4	-0.5	3.8	-2.7	-0.7	0.2	-1.8	3.4	3.1	3.3	4.5	2.8	2.7
1998-2003	1.1	4.8	-0.6	2.7	2.0	0.1	1.0	3.8	-0.1	3.2	1.3	-0.8	-0.1	1.1	-0.5	-1.2	0.8	1.0
1997-1999	-0.9	1.6	-1.0	0.6	-1.1	-2.3	-1.7	1.0	-2.5	-0.4	-2.8	-1.8	1.3	0.9	1.6	1.4	2.1	-0.6
1999-2002	3.0	2.3	-0.3	2.6	-2.2	-1.8	0.0	-0.2	-2.2	0.4	-4.9	-3.2	4.1	4.0	2.0	2.8	3.4	1.6
2002-2003	-1.2	3.0	-0.2	0.3	0.9	2.6	0.8	4.5	1.7	2.3	2.8	2.5	-2.8	-3.0	-2.1	-2.7	-2.5	0.0
Uruguay																		
1989-1995	1.3	5.7	0.2	2.4	2.4	-0.6	-0.1	3.8	-0.8	0.6	0.8	0.0	2.2	2.5	1.2	2.5	1.9	-0.7
1995-2000	-0.1	5.1	-0.3	3.1	1.0	0.7	-2.2	2.4	-2.5	0.2	-0.9	-1.8	3.4	3.4	2.4	3.9	2.2	2.8
2000-2004	-0.3	1.6	-0.1	0.3	-0.3	-0.4	0.0	1.6	0.2	0.7	-0.7	0.1	-0.5	-0.3	-0.4	-0.6	0.6	-0.5

Source: Own calculation based on SEDLAC (2005).

Table 4.1
Employability

	Males				Females			
	Adults		Youngsters		Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs	Employment	Decent Jobs	Employment	Decent Jobs
1992	0.943	0.517	0.848	0.304	0.942	0.392	0.838	0.261
1993	0.934	0.500	0.824	0.306	0.908	0.369	0.740	0.252
1994	0.906	0.478	0.786	0.293	0.875	0.373	0.720	0.238
1995	0.880	0.448	0.712	0.212	0.839	0.327	0.663	0.156
1996	0.875	0.440	0.696	0.199	0.832	0.312	0.626	0.147
1997	0.899	0.449	0.778	0.205	0.861	0.333	0.688	0.181
1998	0.904	0.462	0.774	0.227	0.873	0.340	0.721	0.171
1999	0.884	0.447	0.753	0.202	0.861	0.347	0.717	0.168
2000	0.879	0.428	0.755	0.175	0.862	0.342	0.682	0.156
2001	0.819	0.378	0.676	0.147	0.849	0.327	0.645	0.108
2002	0.829	0.216	0.648	0.050	0.840	0.185	0.631	0.034
2003	0.877	0.265	0.681	0.057	0.850	0.202	0.595	0.044
2004	0.906	0.330	0.717	0.085	0.874	0.231	0.658	0.049
2003*	0.823	0.265	0.633	0.056	0.718	0.198	0.503	0.043
2004*	0.860	0.329	0.692	0.083	0.740	0.227	0.595	0.048

* Assuming that all the individuals included in the “plan jefes y jefas” are unemployed.

Table 4.2
Probit Estimates
Employment
Males aged 25-65

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Complete Primary	0.399***	-0.031	0.061	0.224**	0.227**	0.1	0.241***	0.273***	0.255***	0.170**	0.046	0.076	0.119
	[0.109]	[0.111]	[0.103]	[0.087]	[0.089]	[0.094]	[0.093]	[0.092]	[0.091]	[0.085]	[0.120]	[0.127]	[0.100]
Incomplete Secondary	0.474***	0.087	0.091	0.321***	0.327***	0.304***	0.344***	0.292***	0.384***	0.308***	0.121	0.161	0.217**
	[0.124]	[0.119]	[0.113]	[0.096]	[0.098]	[0.104]	[0.099]	[0.097]	[0.098]	[0.092]	[0.128]	[0.127]	[0.105]
Complete Secondary	0.469***	0.215*	0.187	0.407***	0.504***	0.267**	0.424***	0.442***	0.446***	0.423***	0.242*	0.194	0.192*
	[0.130]	[0.128]	[0.119]	[0.103]	[0.104]	[0.105]	[0.106]	[0.103]	[0.100]	[0.093]	[0.132]	[0.125]	[0.106]
Incomplete Superior	0.635***	0.239	0.262*	0.716***	0.489***	0.299**	0.536***	0.458***	0.536***	0.552***	0.23	0.241*	0.254**
	[0.169]	[0.158]	[0.143]	[0.136]	[0.121]	[0.123]	[0.128]	[0.120]	[0.119]	[0.109]	[0.148]	[0.135]	[0.116]
Complete Superior	0.715***	0.522***	0.551***	0.774***	0.800***	0.703***	0.880***	0.593***	0.829***	0.912***	0.616***	0.522***	0.516***
	[0.164]	[0.175]	[0.160]	[0.128]	[0.125]	[0.138]	[0.140]	[0.126]	[0.129]	[0.120]	[0.154]	[0.135]	[0.118]
Age	0.086***	0.028	0.078***	0.057***	0.066***	0.108***	0.044**	0.117***	0.071***	0.096***	0.050**	0.104***	0.091***
	[0.027]	[0.027]	[0.023]	[0.020]	[0.020]	[0.020]	[0.020]	[0.020]	[0.019]	[0.018]	[0.025]	[0.020]	[0.018]
Age2	-0.001***	0	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001***
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
NOA	0.143**	0.098	0.193***	0.149**	0.204***	0.049	0.106*	0.110*	0.064	0.186***	0.128**	0.057	-0.004
	[0.069]	[0.064]	[0.066]	[0.058]	[0.057]	[0.060]	[0.062]	[0.059]	[0.056]	[0.053]	[0.062]	[0.056]	[0.057]
Patagonia	-0.130*	-0.002	0.113**	0.102*	0.268***	0.122**	0.168***	0.123**	0.115**	0.307***	0.133**	0.262***	0.321***
	[0.068]	[0.063]	[0.057]	[0.056]	[0.058]	[0.059]	[0.059]	[0.058]	[0.056]	[0.054]	[0.061]	[0.074]	[0.076]
Cuyo	0.138*	0.345***	0.411***	0.177***	0.368***	0.310***	0.464***	0.301***	0.310***	0.291***	0.323***	0.363***	0.561***
	[0.084]	[0.084]	[0.078]	[0.063]	[0.066]	[0.067]	[0.072]	[0.066]	[0.076]	[0.065]	[0.074]	[0.079]	[0.093]
Pampeana	0.125*	0.002	0.084	-0.073	0.03	-0.082	-0.039	0.029	0.061	0.054	0.036	0.016	0.038
	[0.068]	[0.062]	[0.057]	[0.050]	[0.052]	[0.055]	[0.055]	[0.056]	[0.055]	[0.051]	[0.061]	[0.051]	[0.051]
Constant	-0.511	0.85	-0.325	-0.326	-0.611	-1.058**	0.074	-1.388***	-0.608	-1.423***	-0.2	-1.043***	-0.737*
	[0.572]	[0.568]	[0.497]	[0.425]	[0.421]	[0.427]	[0.429]	[0.414]	[0.406]	[0.374]	[0.529]	[0.400]	[0.378]
Observations	9969	11388	11115	11799	11472	11324	10616	9381	8603	8499	7262	8643	9153
Pseudo R2	0.03	0.01	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.02	0.03	0.02

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4.3
Probit Estimates
Decent jobs
Males aged 25-65

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Complete Primary	0.346*** [0.082]	0.177** [0.077]	0.348*** [0.082]	0.337*** [0.081]	0.350*** [0.082]	0.476*** [0.082]	0.578*** [0.084]	0.449*** [0.087]	0.341*** [0.088]	0.566*** [0.097]	0.624*** [0.177]	0.267** [0.125]	0.427*** [0.090]
Incomplete Secondary	0.585*** [0.088]	0.558*** [0.083]	0.600*** [0.088]	0.539*** [0.086]	0.613*** [0.088]	0.658*** [0.086]	0.818*** [0.086]	0.657*** [0.090]	0.572*** [0.091]	0.799*** [0.101]	0.768*** [0.180]	0.553*** [0.123]	0.625*** [0.092]
Complete Secondary	0.847*** [0.091]	0.644*** [0.086]	0.645*** [0.090]	0.940*** [0.088]	0.906*** [0.088]	0.989*** [0.088]	1.022*** [0.089]	0.893*** [0.091]	0.888*** [0.092]	1.157*** [0.100]	1.316*** [0.178]	1.030*** [0.121]	1.013*** [0.091]
Incomplete Superior	0.953*** [0.109]	0.746*** [0.104]	0.795*** [0.108]	1.155*** [0.102]	1.020*** [0.103]	1.117*** [0.099]	1.525*** [0.102]	1.257*** [0.102]	1.058*** [0.102]	1.332*** [0.110]	1.684*** [0.188]	1.351*** [0.128]	1.343*** [0.098]
Complete Superior	1.278*** [0.104]	0.971*** [0.100]	1.082*** [0.103]	1.135*** [0.098]	1.251*** [0.097]	1.200*** [0.097]	1.427*** [0.098]	1.235*** [0.100]	1.449*** [0.101]	1.660*** [0.109]	2.059*** [0.182]	1.700*** [0.124]	1.563*** [0.095]
Age	0.069*** [0.018]	0.081*** [0.018]	0.050*** [0.018]	0.083*** [0.017]	0.063*** [0.017]	0.087*** [0.016]	0.063*** [0.016]	0.092*** [0.016]	0.079*** [0.016]	0.103*** [0.017]	0.141*** [0.027]	0.111*** [0.017]	0.113*** [0.014]
Age2	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]
NOA	-0.410*** [0.042]	-0.387*** [0.041]	-0.308*** [0.045]	-0.319*** [0.044]	-0.308*** [0.043]	-0.423*** [0.044]	-0.454*** [0.045]	-0.349*** [0.045]	-0.418*** [0.046]	-0.342*** [0.047]	-0.265*** [0.065]	-0.328*** [0.050]	-0.347*** [0.045]
Patagonia	0.091*** [0.045]	0.217*** [0.041]	0.291*** [0.040]	0.399*** [0.043]	0.371*** [0.042]	0.295*** [0.042]	0.284*** [0.042]	0.287*** [0.043]	0.351*** [0.043]	0.442*** [0.044]	0.611*** [0.058]	0.641*** [0.054]	0.654*** [0.050]
Cuyo	-0.417*** [0.049]	-0.051 [0.047]	-0.086* [0.047]	-0.315*** [0.046]	-0.227*** [0.046]	-0.272*** [0.046]	-0.221*** [0.046]	-0.182*** [0.046]	-0.198*** [0.054]	-0.311*** [0.056]	-0.105 [0.073]	-0.216*** [0.061]	-0.125** [0.055]
Pampeana	-0.264*** [0.042]	-0.166*** [0.041]	-0.164*** [0.042]	-0.099** [0.040]	-0.063 [0.041]	-0.136*** [0.042]	-0.208*** [0.041]	-0.180*** [0.044]	-0.197*** [0.044]	-0.132*** [0.045]	-0.130** [0.063]	-0.087** [0.043]	-0.063 [0.039]
Constant	-1.860*** [0.377]	-1.981*** [0.374]	-1.492*** [0.371]	-2.503*** [0.352]	-2.151*** [0.352]	-2.639*** [0.342]	-2.263*** [0.339]	-2.713*** [0.339]	-2.523*** [0.346]	-3.370*** [0.337]	-5.116*** [0.355]	-3.958*** [0.596]	-3.825*** [0.303]
Observations	9969	11388	11115	11799	11472	11324	10616	9381	8603	8499	7262	8645	9153
Pseudo R2	0.06	0.05	0.04	0.07	0.06	0.06	0.08	0.07	0.08	0.1	0.17	0.14	0.11

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4.4
Probit Estimates
Employment
Males aged 16-24

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Complete Primary	0.076 [0.206]	-0.124 [0.229]	0.323 [0.211]	-0.127 [0.191]	-0.085 [0.203]	-0.07 [0.213]	0.369* [0.198]	0.178 [0.231]	-0.185 [0.229]	0.005 [0.222]	-0.421 [0.300]	0.560* [0.286]	-0.073 [0.203]
Complete Secondary	0.314 [0.196]	0.031 [0.220]	0.254 [0.199]	-0.151 [0.185]	-0.103 [0.196]	0.148 [0.207]	0.386** [0.187]	0.048 [0.221]	-0.131 [0.217]	-0.096 [0.210]	-0.252 [0.274]	0.576** [0.269]	0.052 [0.185]
Complete Superior	0.239 [0.232]	0.053 [0.252]	0.283 [0.230]	0.088 [0.215]	-0.216 [0.218]	0.094 [0.231]	0.577*** [0.215]	0.18 [0.242]	0.034 [0.236]	0.106 [0.228]	-0.366 [0.299]	0.435 [0.281]	-0.093 [0.198]
Age	-0.056 [0.382]	-0.486 [0.363]	0.651* [0.339]	0.202 [0.308]	0.325 [0.313]	0.275 [0.330]	-0.705** [0.347]	-0.14 [0.347]	0.058 [0.371]	-0.723** [0.362]	0.634 [0.535]	-0.054 [0.338]	-0.26 [0.321]
Age2	0.003 [0.010]	0.014 [0.009]	-0.013 [0.008]	-0.001 [0.008]	-0.005 [0.008]	-0.004 [0.008]	0.020** [0.009]	0.005 [0.008]	0 [0.009]	0.019** [0.009]	-0.013 [0.013]	0.005 [0.008]	0.008 [0.008]
NOA	-0.119 [0.097]	-0.037 [0.095]	0.113 [0.099]	0.086 [0.092]	0.047 [0.089]	-0.399*** [0.092]	-0.003 [0.096]	-0.176* [0.091]	-0.273*** [0.091]	-0.013 [0.094]	-0.009 [0.120]	0.162* [0.091]	0.042 [0.088]
Patagonia	-0.112 [0.104]	-0.158* [0.094]	-0.106 [0.090]	0.002 [0.091]	0.135 [0.092]	-0.061 [0.097]	-0.047 [0.098]	0.197* [0.101]	-0.001 [0.098]	0.287*** [0.097]	0.004 [0.113]	0.104 [0.118]	0.310*** [0.110]
Cuyo	-0.018 [0.120]	-0.163 [0.104]	0.124 [0.107]	0.137 [0.099]	0.434*** [0.104]	-0.039 [0.103]	0.366*** [0.114]	0.203* [0.105]	-0.024 [0.121]	0.156 [0.116]	0.148 [0.137]	0.443*** [0.122]	0.227** [0.113]
Pampeana	0.049 [0.095]	-0.019 [0.088]	0.028 [0.084]	-0.148* [0.078]	-0.076 [0.078]	-0.136 [0.087]	-0.071 [0.088]	-0.155* [0.087]	-0.227** [0.091]	0.055 [0.088]	-0.086 [0.108]	0.138* [0.082]	0.216*** [0.080]
Constant	0.586 [3.780]	4.933 [3.611]	-7.226** [3.380]	-2.847 [3.090]	-3.796 [3.137]	-3.251 [3.318]	6.249* [3.498]	1.378 [3.518]	-0.376 [3.792]	7.323** [3.689]	-7.066 [5.507]	-0.994 [3.416]	2.283 [3.259]
Observations	2828	2909	2989	3058	2825	2798	2590	2349	2007	1960	1568	2214	2214
Pseudo R2	0.03	0.03	0.05	0.06	0.03	0.05	0.05	0.02	0.02	0.01	0.03	0.05	0.02

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4.5
Probit Estimates
Decent jobs
Males aged 16-24

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Complete Primary	-0.114 [0.205]	0.248 [0.251]	0.09 [0.259]	-0.119 [0.260]	-0.056 [0.340]	0.165 [0.348]	0.801* [0.456]	0.482 [0.379]	0.803** [0.356]	0.441 [0.459]	-0.265 [0.327]	4.176 [8.179]	1.105** [0.448]
Complete Secondary	0.25 [0.190]	0.295 [0.241]	0.055 [0.248]	0.054 [0.250]	0.443 [0.326]	0.721** [0.336]	0.962** [0.446]	0.706* [0.369]	1.050*** [0.343]	0.903** [0.442]	0.29 [0.298]	4.719 [8.181]	1.317*** [0.360]
Complete Superior	0.497** [0.214]	0.399 [0.257]	0.349 [0.265]	0.375 [0.268]	0.832** [0.334]	1.376*** [0.344]	1.587*** [0.453]	1.178*** [0.375]	1.524*** [0.352]	1.274*** [0.448]	1.175*** [0.316]	5.353 [8.185]	1.938*** [0.363]
Age	1.380*** [0.453]	1.380*** [0.409]	0.568 [0.387]	0.284 [0.442]	0.219 [0.483]	0.635 [0.518]	0.965** [0.492]	1.252** [0.621]	0.191 [0.698]	1.218* [0.664]	0 [1.395]	0.485 [0.773]	-0.106 [0.494]
Age2	-0.030*** [0.011]	-0.030*** [0.010]	-0.01 [0.009]	-0.003 [0.011]	-0.001 [0.011]	-0.012 [0.012]	-0.017 [0.012]	-0.026* [0.015]	0 [0.016]	-0.023 [0.016]	0.004 [0.032]	-0.008 [0.018]	0.007 [0.012]
NOA	-1.053*** [0.111]	-0.983*** [0.103]	-0.907*** [0.108]	-0.774*** [0.128]	-0.708*** [0.128]	-1.046*** [0.145]	-0.942*** [0.148]	-0.979*** [0.145]	-0.977*** [0.148]	-0.769*** [0.155]	-0.133 [0.272]	-0.225 [0.163]	-0.391*** [0.148]
Patagonia	0.096 [0.091]	-0.07 [0.084]	0.158* [0.082]	0.325*** [0.090]	0.277*** [0.095]	0.213** [0.096]	0.05 [0.100]	0.234** [0.102]	0.258** [0.104]	0.449*** [0.107]	0.647*** [0.202]	0.532*** [0.209]	0.932*** [0.173]
Cuyo	-0.769*** [0.110]	-0.561*** [0.099]	-0.660*** [0.103]	-0.468*** [0.111]	-0.467*** [0.114]	-0.582*** [0.121]	-0.519*** [0.118]	-0.425*** [0.113]	-0.996*** [0.226]	-0.670*** [0.184]	0.089 [0.305]	-0.09 [0.209]	-0.02 [0.173]
Pampeana	-0.482*** [0.092]	-0.365*** [0.084]	-0.466*** [0.087]	-0.177* [0.093]	-0.169* [0.099]	-0.334*** [0.106]	-0.231** [0.105]	-0.244** [0.106]	-0.483*** [0.121]	-0.334*** [0.121]	0.094 [0.126]	-0.295** [0.211]	-0.210* [0.135]
Constant	-16.127*** [4.642]	-16.293*** [4.215]	-7.914** [3.972]	-5.698 [4.542]	-5.658 [5.056]	-9.724* [5.356]	-14.366*** [5.138]	-16.466** [6.553]	-6.172 [7.447]	-17.274** [7.121]	-4.429 [14.957]	-13.249 [0.000]	-3.711 [5.305]
Observations	2828	2909	2989	3058	2825	2798	2590	2349	2007	1960	1568	2214	2214
Pseudo R2	0.11	0.08	0.09	0.1	0.14	0.16	0.18	0.12	0.14	0.15	0.21	0.15	0.15

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4.6
Employment
Males aged 25-65

Males													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
30	0.939	0.913	0.888	0.847	0.826	0.871	0.879	0.868	0.845	0.740	0.789	0.851	0.879
40	0.954	0.920	0.908	0.872	0.861	0.905	0.894	0.903	0.871	0.799	0.810	0.887	0.911
50	0.947	0.917	0.894	0.868	0.861	0.892	0.888	0.885	0.861	0.793	0.797	0.872	0.905
60	0.909	0.903	0.835	0.833	0.825	0.817	0.861	0.793	0.808	0.718	0.746	0.791	0.858
<i>Education</i>													
Incomplete Primary	0.901	0.925	0.897	0.819	0.805	0.887	0.843	0.848	0.810	0.748	0.797	0.872	0.890
Complete Primary	0.954	0.920	0.908	0.872	0.861	0.905	0.894	0.903	0.871	0.799	0.810	0.887	0.911
Incomplete Secondary	0.961	0.936	0.913	0.891	0.882	0.935	0.911	0.906	0.896	0.836	0.829	0.903	0.925
Complete Secondary	0.960	0.951	0.927	0.906	0.913	0.930	0.923	0.929	0.907	0.863	0.858	0.908	0.922
Incomplete Superior	0.973	0.953	0.937	0.948	0.911	0.935	0.938	0.931	0.921	0.889	0.856	0.916	0.931
Complete Superior	0.977	0.975	0.965	0.954	0.951	0.972	0.970	0.947	0.956	0.943	0.926	0.951	0.959
TOTAL	0.943	0.934	0.906	0.880	0.875	0.899	0.904	0.884	0.879	0.819	0.829	0.877	0.906
<i>Females</i>													
<i>Age</i>													
30	0.939	0.847	0.835	0.809	0.772	0.811	0.790	0.799	0.759	0.763	0.781	0.741	0.819
40	0.946	0.880	0.857	0.805	0.787	0.854	0.818	0.810	0.793	0.809	0.803	0.815	0.870
50	0.951	0.903	0.869	0.813	0.790	0.881	0.836	0.821	0.825	0.836	0.837	0.833	0.880
60	0.954	0.919	0.872	0.833	0.783	0.898	0.844	0.831	0.856	0.850	0.879	0.801	0.855
<i>Education</i>													
Incomplete Primary	0.950	0.862	0.838	0.773	0.799	0.798	0.825	0.859	0.813	0.814	0.850	0.806	0.857
Complete Primary	0.946	0.880	0.857	0.805	0.787	0.854	0.818	0.810	0.793	0.809	0.803	0.815	0.870
Incomplete Secondary	0.912	0.902	0.784	0.765	0.758	0.808	0.825	0.808	0.808	0.791	0.785	0.862	0.829
Complete Secondary	0.934	0.904	0.870	0.823	0.843	0.832	0.885	0.829	0.849	0.818	0.789	0.835	0.871
Incomplete Superior	0.948	0.868	0.854	0.804	0.827	0.856	0.870	0.847	0.862	0.859	0.833	0.854	0.894
Complete Superior	0.974	0.952	0.963	0.917	0.896	0.928	0.936	0.914	0.943	0.917	0.871	0.924	0.938
TOTAL	0.942	0.908	0.875	0.839	0.832	0.861	0.873	0.861	0.862	0.849	0.840	0.850	0.874

Table 4.7
Decent jobs
Males aged 25-65

Males													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
30	0.432	0.402	0.421	0.313	0.300	0.337	0.343	0.328	0.281	0.228	0.058	0.084	0.149
40	0.484	0.452	0.448	0.386	0.357	0.411	0.400	0.399	0.348	0.303	0.120	0.146	0.236
50	0.473	0.425	0.427	0.392	0.367	0.413	0.405	0.391	0.354	0.303	0.141	0.169	0.264
60	0.400	0.324	0.358	0.331	0.327	0.342	0.358	0.307	0.298	0.228	0.103	0.139	0.219
<i>Education</i>													
Incomplete Primary	0.350	0.383	0.316	0.265	0.237	0.242	0.203	0.240	0.232	0.140	0.036	0.093	0.126
Complete Primary	0.484	0.452	0.448	0.386	0.357	0.411	0.400	0.399	0.348	0.303	0.120	0.146	0.236
Incomplete Secondary	0.579	0.603	0.549	0.465	0.459	0.483	0.495	0.481	0.436	0.389	0.151	0.221	0.301
Complete Secondary	0.678	0.636	0.566	0.623	0.576	0.614	0.575	0.575	0.562	0.530	0.314	0.385	0.447
Incomplete Superior	0.715	0.673	0.624	0.701	0.620	0.662	0.756	0.710	0.628	0.599	0.454	0.511	0.578
Complete Superior	0.814	0.750	0.727	0.694	0.704	0.692	0.724	0.702	0.763	0.718	0.602	0.647	0.662
TOTAL	0.517	0.500	0.478	0.448	0.440	0.449	0.462	0.447	0.428	0.378	0.216	0.265	0.330
Females													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
30	0.197	0.167	0.157	0.131	0.101	0.078	0.097	0.105	0.076	0.066	0.014	0.015	0.023
40	0.243	0.211	0.207	0.154	0.131	0.117	0.120	0.126	0.103	0.096	0.030	0.041	0.049
50	0.238	0.218	0.212	0.163	0.141	0.141	0.142	0.140	0.135	0.132	0.043	0.058	0.066
60	0.185	0.186	0.171	0.157	0.126	0.138	0.160	0.147	0.171	0.174	0.044	0.049	0.060
<i>Education</i>													
Incomplete Primary	0.212	0.169	0.114	0.086	0.086	0.062	0.059	0.087	0.084	0.045	0.011	0.013	0.011
Complete Primary	0.243	0.211	0.207	0.154	0.131	0.117	0.120	0.126	0.103	0.096	0.030	0.041	0.049
Incomplete Secondary	0.370	0.337	0.297	0.230	0.171	0.199	0.186	0.208	0.188	0.141	0.054	0.066	0.101
Complete Secondary	0.580	0.507	0.544	0.450	0.416	0.455	0.454	0.437	0.392	0.387	0.199	0.196	0.238
Incomplete Superior	0.700	0.541	0.655	0.539	0.511	0.576	0.559	0.501	0.517	0.478	0.221	0.352	0.378
Complete Superior	0.671	0.640	0.648	0.586	0.596	0.654	0.621	0.628	0.650	0.626	0.496	0.527	0.559
TOTAL	0.392	0.369	0.373	0.327	0.312	0.333	0.340	0.347	0.342	0.327	0.185	0.202	0.231

Table 4.8
Employment
Males aged 16-24

Males													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
18	0.767	0.733	0.716	0.578	0.600	0.648	0.673	0.732	0.687	0.641	0.448	0.543	0.591
21	0.829	0.791	0.839	0.738	0.729	0.774	0.754	0.779	0.747	0.647	0.621	0.689	0.665
24	0.890	0.895	0.880	0.853	0.808	0.855	0.902	0.843	0.800	0.766	0.699	0.831	0.780
<i>Education</i>													
Incomplete Primary	0.786	0.801	0.710	0.732	0.721	0.760	0.579	0.702	0.786	0.629	0.728	0.419	0.662
Complete Primary	0.808	0.764	0.810	0.689	0.692	0.738	0.715	0.761	0.728	0.631	0.574	0.639	0.635
Complete Secondary	0.866	0.809	0.790	0.680	0.685	0.804	0.721	0.718	0.745	0.592	0.639	0.645	0.681
Complete Superior	0.849	0.815	0.799	0.760	0.644	0.788	0.781	0.761	0.795	0.668	0.596	0.591	0.628
TOTAL	0.517	0.500	0.478	0.448	0.440	0.449	0.462	0.447	0.428	0.378	0.216	0.265	0.330
Females													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
18	0.785	0.622	0.605	0.602	0.463	0.548	0.449	0.520	0.473	0.553	0.630	0.545	0.428
21	0.862	0.754	0.761	0.696	0.588	0.638	0.646	0.616	0.551	0.611	0.668	0.704	0.578
24	0.813	0.850	0.818	0.821	0.758	0.807	0.756	0.738	0.740	0.838	0.768	0.797	0.705
<i>Education</i>													
Incomplete Primary	0.918	0.823	0.808	0.506	0.714	0.492	0.718	0.713	0.739	0.484	0.890	0.418	0.808
Complete Primary	0.852	0.714	0.722	0.660	0.539	0.597	0.590	0.580	0.511	0.568	0.647	0.659	0.530
Complete Secondary	0.888	0.656	0.710	0.596	0.563	0.633	0.687	0.714	0.560	0.508	0.526	0.510	0.564
Complete Superior	0.889	0.793	0.733	0.680	0.595	0.712	0.772	0.688	0.698	0.598	0.628	0.525	0.651
TOTAL	0.838	0.740	0.720	0.663	0.626	0.688	0.721	0.717	0.682	0.645	0.631	0.595	0.658

Table 4.9
Decent jobs
Males aged 16-24

Males													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
18	0.116	0.172	0.180	0.057	0.025	0.028	0.031	0.035	0.029	0.007	0.001	0.002	0.010
21	0.276	0.372	0.340	0.149	0.084	0.084	0.153	0.143	0.096	0.062	0.003	0.011	0.032
24	0.296	0.402	0.464	0.290	0.211	0.145	0.311	0.213	0.237	0.151	0.015	0.030	0.105
<i>Education</i>													
Incomplete Primary	0.267	0.235	0.258	0.136	0.064	0.044	0.019	0.040	0.011	0.013	0.004	0.000	0.001
Complete Primary	0.231	0.318	0.288	0.112	0.058	0.062	0.102	0.103	0.067	0.036	0.002	0.007	0.022
Complete Secondary	0.355	0.335	0.276	0.148	0.141	0.163	0.133	0.150	0.105	0.090	0.008	0.027	0.035
Complete Superior	0.451	0.373	0.382	0.235	0.246	0.372	0.314	0.285	0.217	0.167	0.066	0.099	0.118
TOTAL	0.273	0.291	0.287	0.187	0.178	0.183	0.202	0.184	0.161	0.143	0.050	0.056	0.083
Females													
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Age</i>													
18	0.093	0.044	0.016	0.010	0.001	0.021	0.003	0.017	0.003	0.001	-	0.004	0.005
21	0.207	0.191	0.066	0.039	0.015	0.057	0.018	0.064	0.009	0.017	-	0.021	0.006
24	0.359	0.252	0.102	0.121	0.064	0.138	0.061	0.117	0.044	0.051	-	0.097	0.015
<i>Education</i>													
Incomplete Primary	0.165	0.127	0.013	0.051	0.002	0.061	0.000	0.002	0.000	0.000	-	0.000	0.015
Complete Primary	0.164	0.139	0.047	0.026	0.007	0.041	0.011	0.046	0.006	0.008	-	0.012	0.005
Complete Secondary	0.221	0.245	0.238	0.100	0.071	0.115	0.098	0.098	0.071	0.030	-	0.003	0.025
Complete Superior	0.336	0.334	0.348	0.193	0.182	0.283	0.247	0.240	0.186	0.113	-	0.036	0.060
TOTAL	0.261	0.252	0.238	0.156	0.147	0.181	0.171	0.168	0.156	0.108	0.034	0.044	0.049

Table 4.10
Employability groups

Employment rate									
<i>Educational level</i>	1992			1997			2004		
	<i>Employability</i>			<i>Employability</i>			<i>Employability</i>		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
Low	70.5	69.1	28.9	64.6	64.5	30.0	52.5	62.4	24.2
Medium	26.1	29.9	28.7	34.6	29.9	30.2	44.9	33.5	26.9
High	3.4	1.1	42.5	0.8	5.7	39.8	2.6	4.1	48.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Female	37.7	45.1	24.5	61.2	37.6	24.2	54.3	46.2	33.0
Male	62.4	54.9	75.5	38.8	62.4	75.8	45.7	53.8	67.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Age	26.3	40.4	39.5	27.6	39.1	41.4	24.3	41.0	42.1
Decent jobs									
<i>Educational level</i>	1992			1997			2004		
	<i>Employability</i>			<i>Employability</i>			<i>Employability</i>		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
Low	90.5	69.2	8.4	90.4	65.2	2.2	80.4	59.2	2.7
Medium	9.1	24.9	55.7	9.4	31.6	52.1	19.4	37.9	43.7
High	0.4	5.8	36.0	0.2	3.2	45.7	0.3	3.0	53.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Female	67.4	27.0	31.1	67.0	30.5	32.8	73.9	34.0	37.8
Male	32.6	73.0	68.9	33.0	69.5	67.3	26.1	66.1	62.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Age	33.5	36.8	39.4	31.7	37.6	40.3	31.2	37.6	42.1

Table 4.11
Employability and Economic Activity
Probit Estimates

	Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs
Complete Primary	0.163*** [0.028]	0.392*** [0.026]	0.025 [0.067]	0.226** [0.100]
Incomplete Secondary	0.259*** [0.030]	0.604*** [0.027]		
Complete Secondary	0.338*** [0.031]	0.896*** [0.027]	0.046 [0.064]	0.413*** [0.096]
Incomplete Superior	0.407*** [0.037]	1.126*** [0.031]		
Complete Superior	0.688*** [0.038]	1.339*** [0.030]	0.064 [0.070]	0.824*** [0.099]
Incomplete Primary*Growth	0.022*** [0.004]	0.029*** [0.004]	-0.001 [0.011]	0.042*** [0.013]
Complete Primary*Growth	0.024*** [0.003]	0.022*** [0.002]	0.021*** [0.005]	0.032*** [0.005]
Incomplete Secondary*Growth	0.024*** [0.003]	0.026*** [0.002]		
Complete Secondary*Growth	0.020*** [0.003]	0.019*** [0.002]	0.024*** [0.003]	0.031*** [0.003]
Incomplete Superior*Growth	0.019*** [0.005]	0.014*** [0.003]		
Complete Superior*Growth	0.017*** [0.005]	0.012*** [0.003]	0.017*** [0.006]	0.024*** [0.005]
Age	0.080*** [0.006]	0.089*** [0.005]	-0.018 [0.097]	0.491*** [0.142]
Age2	-0.001*** [0.000]	-0.001*** [0.000]	0.003 [0.002]	-0.008** [0.003]
NOA	0.103*** [0.017]	-0.370*** [0.013]	-0.058** [0.026]	-0.836*** [0.038]
Patagonia	0.156*** [0.017]	0.367*** [0.012]	0.059** [0.028]	0.245*** [0.028]
Cuyo	0.323*** [0.021]	-0.227*** [0.014]	0.154*** [0.032]	-0.526*** [0.036]
Pampeana	0.02 [0.016]	-0.145*** [0.012]	-0.036 [0.024]	-0.306*** [0.029]
Constant	-0.668*** [0.125]	-2.789*** [0.100]	-0.255 [0.973]	-8.147*** [1.483]
Observations	129224	129226	32309	32309
Pseudo R2	0.03	0.08	0.03	0.11

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4.12
Employability, Import penetration, Capital Accumulation
Probit Estimates
Interaction terms

	Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs
C. Primary * Import penetration	0.198 [0.139]	-0.064 [0.117]	-0.1 [0.296]	-0.252 [0.191]
C. Secondary * Import penetration	0.205 [0.150]	-0.095 [0.122]	-0.19 [0.301]	-0.232 [0.196]
C. Superior * Import penetration	0.145 [0.188]	-0.057 [0.147]	-0.101 [0.328]	-0.162 [0.216]
Age * Import penetration	-0.016 [0.011]	0.012 [0.008]	-0.032 [0.046]	0.044 [0.040]
Age2 * Import penetration	0 [0.000]	0 [0.000]	0.001 [0.001]	-0.001 [0.001]
C. Primary * Capital Acc.	0.078 [0.077]	0.081 [0.069]	-0.073 [0.173]	-0.243* [0.134]
C. Secondary * Capital Acc.	0.072 [0.080]	0.122* [0.071]	-0.102 [0.171]	-0.127 [0.125]
C. Superior * Capital Acc.	-0.065 [0.107]	0.167** [0.076]	-0.056 [0.184]	-0.14 [0.137]
Age * Capital Acc.	-0.005 [0.004]	-0.005 [0.004]	0.017 [0.019]	0.022 [0.016]
Age2 * Capital Acc.	0 [0.000]	0 [0.000]	0 [0.001]	-0.001 [0.001]

Table 5.1
Labor status transitions
Argentina

JOVENES					ADULTOS				
1998/1999					1998/1999				
$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL	$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL
ocupado	78.1	12.4	9.5	100.0	ocupado	91.0	6.6	2.4	100.0
desocupado	51.5	34.3	14.2	100.0	desocupado	60.5	29.8	9.7	100.0
inactivo	19.6	10.1	70.4	100.0	inactivo	18.8	7.3	73.9	100.0
TOTAL	49.3	14.2	36.5	100.0	TOTAL	83.1	8.5	8.4	100.0
1999/2000					1999/2000				
$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL	$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL
ocupado	78.3	15.5	6.2	100.0	ocupado	90.6	7.2	2.2	100.0
desocupado	49.7	34.8	15.5	100.0	desocupado	50.1	36.5	13.4	100.0
inactivo	20.7	10.4	68.9	100.0	inactivo	11.3	7.8	80.9	100.0
TOTAL	49.8	16.1	34.1	100.0	TOTAL	80.3	10.4	9.3	100.0
2000/2001					2000/2001				
$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL	$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL
ocupado	67.3	18.4	14.3	100.0	ocupado	86.8	10.3	2.9	100.0
desocupado	48.0	39.3	12.7	100.0	desocupado	47.3	46.1	6.6	100.0
inactivo	17.3	13.8	68.9	100.0	inactivo	18.3	11.9	69.8	100.0
TOTAL	42.5	18.8	38.8	100.0	TOTAL	78.3	13.8	7.9	100.0
2001/2002					2001/2002				
$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL	$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL
ocupado	70.6	20.5	8.9	100.0	ocupado	86.8	9.9	3.3	100.0
desocupado	37.9	40.1	22.0	100.0	desocupado	49.1	40.4	10.5	100.0
inactivo	17.1	14.9	68.0	100.0	inactivo	16.4	16.6	67.0	100.0
TOTAL	38.0	21.0	41.0	100.0	TOTAL	75.4	15.0	9.7	100.0
2002/2003					2002/2003				
$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL	$\begin{matrix} T=1 \\ \diagdown \\ T=0 \end{matrix}$	ocupado	desocupado	inactivo	TOTAL
ocupado	78.5	14.4	7.1	100.0	ocupado	92.0	5.7	2.3	100.0
desocupado	43.4	41.6	15.0	100.0	desocupado	46.9	41.1	12.0	100.0
inactivo	11.2	15.9	72.9	100.0	inactivo	13.5	16.7	69.8	100.0
TOTAL	38.6	20.4	41.1	100.0	TOTAL	79.6	11.5	9.0	100.0

Source: Own calculation based on microdata of the Argentina's EPH.

Table 5.2
Labor status transitions
Decent employment
Argentina

JOVENES

1998/1999

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	71.8	10.2	1.5	11.7	0.0	1.8	2.9	100.0
desocup.	15.3	37.0	13.5	29.3	0.6	3.8	0.6	100.0
asal. decente	4.6	12.8	66.1	16.3	0.1	0.1	0.0	100.0
asal. no decente	9.6	12.8	10.3	63.6	0.1	3.2	0.4	100.0
auton. decente	4.5	29.8	0.0	4.5	3.7	57.5	0.0	100.0
auton. no decente	17.0	17.1	16.0	36.0	0.2	13.6	0.0	100.0
sin salario	55.6	2.7	3.9	4.3	0.0	0.0	33.5	100.0
TOTAL	39.4	15.0	12.8	27.9	0.2	3.0	1.8	100.0

1999/2000

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	70.3	10.6	1.3	15.2	0.7	0.9	1.0	100.0
desocup.	16.7	37.6	7.9	30.8	0.0	6.5	0.5	100.0
asal. decente	1.1	13.3	64.6	18.4	0.3	2.3	0.0	100.0
asal. no decente	8.5	17.9	8.7	58.6	0.9	5.3	0.0	100.0
auton. decente	0.0	26.7	7.6	8.5	57.3	0.0	0.0	100.0
auton. no decente	4.3	4.4	20.9	42.1	0.6	27.7	0.0	100.0
sin salario	2.5	23.3	0.0	39.3	0.0	0.0	35.0	100.0
TOTAL	36.9	16.8	10.9	29.4	1.1	3.8	1.2	100.0

2000/2001

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	70.3	14.1	2.1	10.6	0.1	2.7	0.2	100.0
desocup.	14.1	43.7	2.3	31.5	0.0	6.5	1.9	100.0
asal. decente	0.1	17.4	71.5	10.7	0.0	0.3	0.0	100.0
asal. no decente	17.6	22.5	3.9	49.6	0.0	6.1	0.2	100.0
auton. decente	0.0	0.0	0.0	0.0	100.0	0.0	0.0	100.0
auton. no decente	14.7	20.6	0.2	23.7	1.1	38.3	1.5	100.0
sin salario	44.6	0.0	0.0	35.8	0.0	8.2	11.4	100.0
TOTAL	41.6	20.0	8.5	23.7	0.3	5.3	0.5	100.0

2001/2002

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	69.5	15.3	0.3	10.9	0.3	3.1	0.8	100.0
desocup.	22.5	40.9	0.4	25.9	0.0	10.1	0.2	100.0
asal. decente	3.3	16.4	43.6	30.3	0.0	0.6	5.9	100.0
asal. no decente	7.7	18.8	1.0	62.0	0.0	10.6	0.0	100.0
auton. decente	9.2	49.9	0.0	0.0	11.0	30.0	0.0	100.0
auton. no decente	23.0	33.5	0.0	32.3	0.0	11.2	0.0	100.0
sin salario	21.2	33.2	0.0	38.5	0.0	0.0	7.1	100.0
TOTAL	43.6	21.4	3.0	25.0	0.2	5.9	0.8	100.0

2002/2003

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	74.1	16.1	0.0	7.1	0.0	2.0	0.8	100.0
desocup.	15.9	44.1	1.3	34.6	0.0	4.1	0.1	100.0
asal. decente	3.1	0.0	93.3	3.5	0.0	0.0	0.0	100.0
asal. no decente	8.7	12.4	2.7	69.9	0.1	6.2	0.0	100.0
auton. decente	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
auton. no decente	4.0	19.1	6.6	52.3	0.0	18.1	0.0	100.0
sin salario	57.8	10.2	4.2	9.8	0.0	0.0	18.1	100.0
TOTAL	43.8	20.6	2.7	28.6	0.0	4.0	0.4	100.0

ADULTOS

1998/1999

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	76.9	7.5	3.2	5.7	0.3	5.3	1.1	100.0
desocup.	10.4	32.1	13.1	23.5	3.5	17.4	0.1	100.0
asal. decente	1.9	2.5	80.4	9.1	4.5	1.7	0.0	100.0
asal. no decente	3.4	11.5	15.8	57.9	1.7	9.6	0.1	100.0
auton. decente	1.4	5.0	9.7	1.9	67.0	15.0	0.0	100.0
auton. no decente	5.5	12.8	3.0	19.3	7.6	50.9	1.0	100.0
sin salario	0.0	0.0	0.0	48.3	0.0	45.6	6.1	100.0
TOTAL	9.6	8.8	37.8	20.7	10.9	12.0	0.2	100.0

1999/2000

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	82.9	7.9	1.6	2.8	1.5	3.3	0.0	100.0
desocup.	15.2	41.1	3.9	22.2	0.2	17.5	0.0	100.0
asal. decente	0.5	3.3	81.8	8.2	4.0	2.0	0.3	100.0
asal. no decente	4.0	12.9	14.4	54.4	1.3	13.0	0.0	100.0
auton. decente	2.4	5.3	14.0	3.3	61.7	12.3	1.0	100.0
auton. no decente	4.5	13.7	3.7	15.0	13.5	49.5	0.2	100.0
sin salario	16.3	9.3	44.2	0.5	13.2	2.9	13.6	100.0
TOTAL	10.8	11.4	36.8	18.7	9.1	12.8	0.3	100.0

2000/2001

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	72.8	12.4	1.1	4.4	2.5	6.8	0.0	100.0
desocup.	7.2	50.5	2.2	15.1	2.2	22.8	0.0	100.0
asal. decente	2.5	5.3	77.8	8.9	4.4	1.1	0.0	100.0
asal. no decente	1.9	16.5	11.8	58.1	1.5	9.7	0.4	100.0
auton. decente	1.3	9.2	8.8	2.6	69.7	8.4	0.0	100.0
auton. no decente	7.2	19.1	1.7	17.8	8.8	45.5	0.0	100.0
sin salario	33.1	22.9	16.6	22.4	1.2	1.7	2.2	100.0
TOTAL	9.1	15.0	33.6	20.2	10.3	11.7	0.1	100.0

2001/2002

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	67.9	16.8	0.2	6.0	0.8	7.8	0.5	100.0
desocup.	11.1	43.0	4.1	23.6	0.0	18.2	0.0	100.0
asal. decente	2.8	8.0	60.2	25.1	2.8	1.0	0.1	100.0
asal. no decente	4.5	10.5	4.8	63.9	0.1	16.1	0.1	100.0
auton. decente	1.3	2.3	7.3	12.1	55.6	21.5	0.0	100.0
auton. no decente	3.8	17.1	2.3	22.0	1.5	52.2	1.1	100.0
sin salario	0.0	87.2	0.0	6.9	0.0	5.9	0.0	100.0
TOTAL	11.0	16.3	20.3	29.5	5.4	17.2	0.3	100.0

2002/2003

T=0 \ T=1	inactivo	desocup.	asal. decente	asal. no decente	auton. decente	auton. no decente	sin salario	TOTAL
inactivo	72.6	17.4	1.4	2.9	1.4	4.2	0.2	100.0
desocup.	13.3	45.7	0.3	19.6	1.8	18.6	0.9	100.0
asal. decente	1.7	1.6	85.2	7.4	3.4	0.8	0.0	100.0
asal. no decente	2.7	6.5	7.9	70.9	0.7	11.0	0.3	100.0
auton. decente	2.5	4.8	10.9	0.8	76.8	4.2	0.0	100.0
auton. no decente	3.5	8.3	1.1	20.5	4.6	61.4	0.6	100.0
sin salario	4.3	4.9	9.2	1.5	0.0	67.9	12.2	100.0
TOTAL	10.8	13.0	17.6	34.2	5.5	18.6	0.4	100.0

Source: Own calculation based on microdata of the Argentina's EPH.

Table 5.3
Models of transitions
Argentina

	Employed (i)	Decent Job (ii)
Secondary school	0.022 [0.044]	0.519*** [0.047]
Technical secondary school	0.159*** [0.060]	0.613*** [0.059]
College education	0.277*** [0.056]	1.247*** [0.053]
Age	0.127*** [0.009]	0.183*** [0.011]
Age squared	-0.001*** [0.000]	-0.002*** [0.000]
NOA	0.155*** [0.036]	-0.387*** [0.038]
Patagonia	0.196*** [0.038]	0.500*** [0.036]
Cuyo	0.289*** [0.048]	-0.342*** [0.050]
Pampeana	0.087** [0.035]	-0.118*** [0.036]
Primary sector	-0.287* [0.153]	-0.317*** [0.096]
Manufacturing sector	-0.286*** [0.057]	-0.188*** [0.053]
Services	-0.181*** [0.064]	-0.160*** [0.058]
Construction	-0.932*** [0.057]	-1.147*** [0.069]
Wholesale and retail trade, Hotels and Rest.	-0.151*** [0.055]	-0.508*** [0.053]
Year 1999	-0.144*** [0.052]	-0.117** [0.051]
Year 2000	-0.239*** [0.051]	-0.153*** [0.051]
Year 2001	-0.411*** [0.056]	-0.628*** [0.059]
Year 2002	-0.289*** [0.055]	-0.993*** [0.058]
Constant	-1.325*** [0.183]	-4.258*** [0.206]
Observations	17915	17831
Pseudo R2	0.1	0.25

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Marginal effects

	Employed (i)	Decent Job (ii)
Secondary school	0.006 [0.013]	0.164*** [0.016]
Technical secondary school	0.045*** [0.016]	0.208*** [0.022]
College education	0.077*** [0.014]	0.432*** [0.019]
Age	0.037*** [0.003]	0.054*** [0.003]
Age squared	-0.000*** [0.000]	-0.001*** [0.000]
NOA	0.043*** [0.010]	-0.098*** [0.009]
Patagonia	0.053*** [0.010]	0.171*** [0.013]
Cuyo	0.076*** [0.012]	-0.088*** [0.012]
Pampeana	0.025** [0.010]	-0.033*** [0.010]
Primary sector	-0.093* [0.054]	-0.082*** [0.021]
Manufacturing sector	-0.090*** [0.019]	-0.053*** [0.014]
Services	-0.056*** [0.021]	-0.045*** [0.015]
Construction	-0.325*** [0.021]	-0.236*** [0.009]
Wholesale and retail trade, Hotels and Rest.	-0.046*** [0.017]	-0.132*** [0.012]
Year 1999	-0.044*** [0.016]	-0.033** [0.014]
Year 2000	-0.074*** [0.017]	-0.044*** [0.014]
Year 2001	-0.134*** [0.020]	-0.149*** [0.011]
Year 2002	-0.089*** [0.018]	-0.246*** [0.011]

Source: Own calculation based on microdata of the Argentina's EPH.

Table 5.4
Models of transitions
Argentina

	Employment-to- Unemployment (i)	Decent Job-to-non decent job (ii)
Secondary school	0.025 [0.060]	-0.449*** [0.083]
Technical secondary school	-0.146* [0.079]	-0.458*** [0.099]
College education	-0.219*** [0.076]	-0.716*** [0.091]
Age	-0.069*** [0.013]	-0.098*** [0.020]
Age squared	0.001*** [0.000]	0.001*** [0.000]
NOA	-0.123** [0.050]	0.234*** [0.069]
Patagonia	-0.120** [0.052]	-0.191*** [0.062]
Cuyo	-0.176*** [0.066]	0.378*** [0.089]
Pampeana	-0.127** [0.050]	-0.051 [0.064]
Primary sector	-0.174 [0.132]	-0.231 [0.148]
Manufacturing sector	0.197** [0.080]	0.312*** [0.087]
Services	0.150* [0.090]	0.230** [0.104]
Construction	0.642*** [0.086]	0.721*** [0.126]
Wholesale and retail trade, Hotels and Rest.	0.132* [0.080]	0.363*** [0.083]
Formal wage earner	-0.415*** [0.065]	-0.252*** [0.085]
Small firm	-0.084 [0.065]	0.187** [0.088]
Year 1999	0.053 [0.072]	0.001 [0.085]
Year 2000	0.296*** [0.068]	0.063 [0.084]
Year 2001	0.262*** [0.078]	0.765*** [0.092]
Year 2002	-0.089 [0.082]	-0.086 [0.134]
Constant	0.125 [0.253]	1.485*** [0.411]
Observations	15016	6439
Pseudo R2	0.09	0.13

Robust standard errors in brackets
* significant at 10%; ** significant at 5%; *** significant at 1%

Marginal effects

	Employment-to- Unemployment (i)	Decent Job-to-non decent job (ii)
Secondary school	0.004 [0.008]	-0.094*** [0.015]
Technical secondary school	-0.019* [0.009]	-0.090*** [0.016]
College education	-0.028*** [0.009]	-0.154*** [0.018]
Age	-0.009*** [0.002]	-0.023*** [0.005]
Age squared	0.000*** [0.000]	0.000*** [0.000]
NOA	-0.016** [0.006]	0.061*** [0.019]
Patagonia	-0.015** [0.006]	-0.041*** [0.013]
Cuyo	-0.021*** [0.007]	0.105*** [0.027]
Pampeana	-0.016*** [0.006]	-0.012 [0.015]
Primary sector	-0.021 [0.014]	-0.048* [0.027]
Manufacturing sector	0.030** [0.013]	0.080*** [0.024]
Services	0.022 [0.014]	0.059** [0.029]
Construction	0.123*** [0.021]	0.221*** [0.046]
Wholesale and retail trade, Hotels and Rest.	0.019 [0.012]	0.095*** [0.027]
Formal wage earner	-0.057*** [0.009]	-0.062*** [0.022]
Small firm	-0.012 [0.009]	0.046** [0.022]
Year 1999	0.008 [0.010]	0 [0.020]
Year 2000	0.046*** [0.012]	0.015 [0.020]
Year 2001	0.042*** [0.014]	0.230*** [0.033]
Year 2002	-0.012 [0.011]	-0.02 [0.029]

Source: Own calculation based on microdata of the Argentina's EPH.

Table 5.5
Models of transitions
Argentina

	Unemployment-to-employment (i)	Non decent job-to-decent job (1) (ii)	Non decent job-to-decent job (2) (ii)
Secondary school	-0.131 [0.156]	0.380*** [0.089]	0.399 [0.259]
Technical secondary school	0.069 [0.230]	0.418*** [0.112]	0.673** [0.320]
College education	0.182 [0.245]	0.974*** [0.115]	1.317*** [0.339]
Age	0.027 [0.034]	0.080*** [0.020]	0.119** [0.058]
Age squared	0 [0.000]	-0.001*** [0.000]	-0.001* [0.001]
NOA	0.035 [0.139]	-0.302*** [0.068]	-0.845** [0.369]
Patagonia	0.055 [0.136]	0.180** [0.072]	0.350* [0.204]
Cuyo	0.326 [0.205]	-0.066 [0.085]	-0.378 [0.372]
Pampeana	-0.123 [0.128]	-0.148*** [0.072]	-0.228 [0.254]
Primary sector	-0.721 [0.478]	0.223 [0.219]	-0.789 [0.529]
Manufacturing sector	-0.201 [0.229]	-0.185 [0.113]	0.125 [0.333]
Services	0.279 [0.258]	-0.006 [0.122]	-0.019 [0.400]
Construction	0.216 [0.203]	-0.424*** [0.122]	-0.329 [0.372]
Wholesale and retail trade, Hotels and Rest.	0.224 [0.228]	-0.165 [0.107]	0.011 [0.326]
Year 1999	-0.344* [0.205]	0.034 [0.097]	-1.305*** [0.325]
Year 2000	-0.344* [0.200]	-0.257*** [0.100]	-0.990*** [0.317]
Year 2001	-0.306 [0.204]	-0.843*** [0.142]	-1.198*** [0.314]
Year 2002	-0.448** [0.213]	-0.678*** [0.101]	-1.426*** [0.285]
Formal wage earner		0.258*** [0.090]	
Small firm		0.001 [0.092]	
Constant	0.216 [0.604]	-2.922*** [0.395]	-3.006*** [0.990]
Observations	921	7340	843
Pseudo R2	0.04	0.12	0.21

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Notes:

(1) Employed

(2) Unemployed

Marginal effects

	Unemployment-to-employment (i)	Non decent job-to-decent job (1) (ii)	Non decent job-to-decent job (2) (iii)
Secondary school	-0.051 [0.061]	0.061*** [0.016]	0.035 [0.026]
Technical secondary school	0.027 [0.087]	0.075*** [0.024]	0.080** [0.054]
College education	0.069 [0.090]	0.225*** [0.036]	0.233** [0.103]
Age	0.01 [0.013]	0.012*** [0.003]	0.009** [0.005]
Age squared	0 [0.000]	-0.000*** [0.000]	-0.000* [0.000]
NOA	0.013 [0.053]	-0.036*** [0.008]	-0.034*** [0.011]
Patagonia	0.021 [0.052]	0.029** [0.012]	0.036 [0.025]
Cuyo	0.119* [0.070]	-0.009 [0.011]	-0.021 [0.015]
Pampeana	-0.048 [0.050]	-0.020** [0.009]	-0.015 [0.015]
Primary sector	-0.28 [0.172]	0.038 [0.042]	-0.030*** [0.011]
Manufacturing sector	-0.079 [0.099]	-0.025* [0.014]	0.01 [0.029]
Services	0.104 [0.092]	-0.001 [0.018]	-0.001 [0.030]
Construction	0.082 [0.076]	-0.051*** [0.012]	-0.023 [0.023]
Wholesale and retail trade, Hotels and Rest.	0.084 [0.084]	-0.023 [0.014]	0.001 [0.025]
Year 1999	-0.135* [0.081]	0.005 [0.014]	-0.053*** [0.014]
Year 2000	-0.135* [0.079]	-0.033*** [0.011]	-0.047*** [0.013]
Year 2001	-0.12 [0.081]	-0.076*** [0.008]	-0.050*** [0.013]
Year 2002	-0.175** [0.083]	-0.091*** [0.012]	-0.079*** [0.017]
Formal wage earner		0.040*** [0.015]	
Small firm		0.000 [0.013]	

Source: Own calculation based on microdata of the Argentina's EPH.

Table 6.1

	Applicants	Beneficiaries
Demographic characteristics		
Age	36.6	35.0
Male	41.2	29.8
Household Head	39.4	43.8
Single	27.1	22.3
Married	61.7	63.6
Years of education	8.3	8.3
Share 0-5 years	12.1	15.9
Share 5-17 years	22.3	28.7
Share 17-64 years	57.0	49.2
Labor status:		
Employed	37.2	87.0
Unemployed	29.2	3.5
Inactive	33.6	9.5
Hours Worked- All	13.1	19.8
Hours Worked- workers	36.2	22.8
Labor income- All*	61.0	143.1
Labor Income- workers*	153.8	163.4
Formal wage earners	0.0	0.0
Decent job	3.1	3.7
Employed 2	37.2	12.9

* It includes PJH's cash transfer for those beneficiaries who realize the counterpart work

Table 6.2
ATTR estimation for all beneficiaries

	employed (i)	Labor income (ii)	Worked hours per week (iii)	Labor income (workers) (iv)	worked hours per week (workers) (v)	Genuine job (vi)	Formal Salaried workers (vii)	Decent job (viii)
Oct-02								
Beneficiaries	86.9	143.0	19.9	165.4	23.1	13.0	0.9	3.7
Comparison Group	39.3	64.1	13.4	168.5	35.2	39.3	0.0	3.1
Difference	47.6 (18.479)	78.9 (13.881)	6.5 (5.562)	-3.1 (-0.276)	-12.1 (-5.444)	-26.4 (-10.238)	0.9 (3.479)	0.6 (0.527)
May-03								
Beneficiaries	81.1	148.1	20.2	180.1	25.0	20.3	2.1	5.3
Comparison Group	43.1	82.8	15.6	201.3	38.6	42.4	1.0	7.9
Difference	38.1 (14.166)	65.3 (9.587)	4.6 (3.848)	-21.2 (-1.717)	-13.6 (-6.170)	-22.1 (-8.195)	1.0 (1.284)	-2.6 (-1.371)
Variation	-9.5 (-3.416)	-13.6 (-2.072)	-1.8 (-1.550)	-18.1 (-1.435)	-1.5 (-0.757)	4.3 (1.534)	0.1 (0.134)	-3.5 (-1.720)

t-statistic in brackets

Table 6.3
ATTR estimation for sub-sample “counterpart work”

	employed (i)	Labor income (ii)	Worked hours per week (iii)	Labor income (workers) (iv)	Worked hours per week (workers) (v)	Genuine job (vi)	Formal Salaried workers (vii)	Decent job (viii)
Oct-02								
Beneficiaries	100.0	160.8	23.0	161.9	23.1	8.1	0.9	1.2
Comparison Group	39.3	64.1	13.4	168.5	35.4	39.3	0.0	3.1
Difference	60.7 (25.425)	96.7 (17.775)	9.6 (8.447)	-6.6 (-0.591)	-12.2 (-5.555)	-31.2 (-12.256)	0.9 (2.839)	-1.9 (0.527)
May-03								
Beneficiaries	87.7	153.9	21.5	174.2	24.5	17.3	2.3	3.8
Comparison Group	43.1	82.8	15.6	201.4	38.6	42.4	1.1	7.9
Difference	44.6 (16.711)	71.0 (10.432)	5.9 (4.880)	-27.2 (-2.224)	-14.2 (-6.431)	-25.1 (-8.195)	1.2 (1.422)	-4.1 (-2.209)
Variation	-16.0 (-5.835)	-25.6 (-3.845)	-3.7 (-3.078)	-20.6 (-1.638)	-1.9 (-0.954)	6.2 (2.181)	0.3 (0.392)	-2.2 (-1.379)

t-statistic in brackets

Table 6.4
ATTR estimation for sub-sample “private work with wage subsidy”

	employed (i)	Labor income (ii)	Worked hours per week (iii)	Labor income (workers) (iv)	Worked hours per week (workers) (v)	Genuine job (vi)	Formal Salaried workers (vii)	Decent job (viii)
Oct-02								
Beneficiaries	100.0	184.5	30.7	191.2	30.7	44.1	1.3	7.3
Comparison Group	39.3	64.0	13.4	168.6	35.7	39.3	0.0	3.1
Difference	60.7 (25.581)	120.5 (15.083)	17.2 (10.540)	22.6 (1.782)	-5.1 (-2.058)	4.8 (1.294)	1.3 (2.010)	4.2 (2.297)
May-03								
Beneficiaries	84.6	170.3	24.9	199.3	29.5	39.2	2.3	6.0
Comparison Group	42.7	82.7	15.4	202.1	38.6	42.1	1.1	8.0
Difference	41.9 (13.138)	87.6 (9.634)	9.5 (6.067)	-2.8 (-0.208)	-9.2 (-3.869)	-2.9 (-0.793)	1.2 (1.117)	-2.0 (-2.209)
Variation	-18.8 (-5.772)	-33.0 (-3.356)	-7.8 (-4.238)	-25.4 (-1.746)	-4.1 (-1.827)	-7.7 (-1.984)	-0.1 (-0.068)	-6.2 (-1.379)

t-statistic in brackets

Table B1.1
Employability in Uruguay

	Males			
	Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs
1992	0.969		0.821	
1995	0.958		0.798	
1998	0.956		0.799	
2000	0.934		0.738	
2001	0.931	0.409	0.721	0.088
2002	0.907	0.355	0.684	0.066
2003	0.910	0.282	0.665	0.027
2004	0.937	0.255	0.724	0.020

Table B1.2
Employability in Uruguay

Males	1992	1995	1998	2000	2001	2002	2003	2004
<i>Age</i>								
30	0.931	0.918	0.925	0.896	0.906	0.842	0.852	0.893
40	0.969	0.948	0.952	0.928	0.942	0.887	0.908	0.932
50	0.977	0.956	0.959	0.934	0.950	0.904	0.919	0.940
60	0.970	0.949	0.951	0.918	0.938	0.901	0.895	0.921
<i>Education</i>								
Incomplete Primary	0.954	0.942	0.933	0.925	0.920	0.885	0.901	0.933
Complete Primary	0.969	0.948	0.952	0.928	0.942	0.887	0.908	0.932
Incomplete Secondary	0.980	0.964	0.958	0.945	0.944	0.908	0.919	0.946
Complete Secondary	0.984	0.966	0.965	0.950	0.957	0.929	0.946	0.939
Incomplete Superior	0.983	0.967	0.971	0.941	0.942	0.923	0.915	0.949
Complete Superior	0.993	0.987	0.996	0.970	0.977	0.962	0.970	0.980
TOTAL	0.969	0.958	0.956	0.934	0.931	0.907	0.910	0.937

Table B1.3
Employability in Uruguay

Males	2001	2002	2003	2004
<i>Age</i>				
30	0.236	0.175	0.086	0.062
40	0.338	0.270	0.185	0.146
50	0.377	0.319	0.236	0.202
60	0.344	0.306	0.202	0.189
<i>Education</i>				
Incomplete Primary	0.227	0.156	0.094	0.068
Complete Primary	0.338	0.270	0.185	0.146
Incomplete Secondary	0.467	0.401	0.307	0.265
Complete Secondary	0.617	0.539	0.475	0.367
Incomplete Superior	0.635	0.567	0.509	0.456
Complete Superior	0.698	0.640	0.599	0.604
TOTAL	0.409	0.355	0.282	0.255

Table B1.4
Employability in Uruguay

Males	1992	1995	1998	2000	2001	2002	2003	2004
<i>Age</i>								
18	0.780	0.713	0.667	0.643	0.643	0.635	0.588	0.668
21	0.865	0.829	0.792	0.784	0.780	0.747	0.718	0.797
24	0.934	0.903	0.890	0.868	0.851	0.866	0.831	0.901
<i>Education</i>								
Incomplete Primary	0.803	0.805	0.822	0.677	0.746	0.667	0.656	0.681
Complete Primary	0.838	0.795	0.753	0.744	0.743	0.707	0.675	0.755
Complete Secondary	0.842	0.793	0.765	0.752	0.725	0.652	0.642	0.694
Complete Superior	0.779	0.738	0.727	0.644	0.593	0.524	0.482	0.573
TOTAL	0.821	0.798	0.799	0.738	0.721	0.684	0.665	0.724

Table B1.5
Models of employability in Uruguay

	Adults Employment	Youngsters Employment
Complete Primary	0.050* [0.027]	0.092** [0.044]
Incomplete Secondary	0.141*** [0.027]	
Complete Secondary	0.225*** [0.034]	0.052 [0.038]
Incomplete Superior	0.195*** [0.031]	
Complete Superior	0.587*** [0.041]	-0.221*** [0.045]
Incomplete Primary*Growth	0.015*** [0.004]	0.005 [0.005]
Complete Primary*Growth	0.016*** [0.002]	0.012*** [0.004]
Incomplete Secondary*Growth	0.014*** [0.002]	
Complete Secondary*Growth	0.007* [0.004]	0.012*** [0.002]
Incomplete Superior*Growth	0.015*** [0.003]	
Complete Superior*Growth	0.017*** [0.005]	0.016*** [0.004]
Age	0.085*** [0.005]	0.078 [0.075]
Age2	-0.001*** [0.000]	0.001 [0.002]
Interior Norte	0.317*** [0.032]	0.264*** [0.041]
Interior Centro Norte	0.061** [0.025]	0.04 [0.033]
Interior Centro Sur	0.079*** [0.029]	0.021 [0.038]
Interior Centro Sur	0.031 [0.024]	0.094*** [0.031]
Constant	-0.562*** [0.112]	-1.368* [0.744]
Observations	80633	21640
Pseudo R2	0.03	0.04

Robust standard errors in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

Table B2.1
Employability in Chile. Urban areas.
Employment rates

	Males				Females			
	Adults		Youngsters		Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs	Employment	Decent Jobs	Employment	Decent Jobs
1990	0.964	0.344	0.832	0.136	0.928	0.232	0.810	0.097
1994	0.952	0.427	0.861	0.210	0.942	0.319	0.806	0.179
1996	0.957	0.490	0.895	0.267	0.947	0.385	0.829	0.220
1998	0.958	0.515	0.795	0.288	0.913	0.410	0.762	0.260
2000	0.953	0.496	0.774	0.240	0.901	0.392	0.752	0.232
2003	0.949	0.503	0.807	0.233	0.898	0.393	0.724	0.197

Source: Calculations by CEDLAS based on microdata from the CASEN.

Table B2.2
Employability in Chile. Urban areas
Adults. Employment

Males	1990 1994 1996 1998 2000 2003						Females	1990 1994 1996 1998 2000 2003					
	Age								Age				
30	0.916	0.936	0.956	0.872	0.869	0.894	30	0.912	0.892	0.926	0.871	0.861	0.878
40	0.948	0.959	0.972	0.912	0.902	0.935	40	0.945	0.938	0.957	0.914	0.908	0.907
50	0.952	0.962	0.973	0.922	0.912	0.942	50	0.960	0.960	0.974	0.938	0.932	0.926
60	0.934	0.949	0.957	0.909	0.904	0.923	60	0.964	0.968	0.984	0.950	0.941	0.938
<i>Education</i>							<i>Education</i>						
Incomplete Primary	0.934	0.957	0.958	0.884	0.874	0.908	Incomplete Primary	0.925	0.944	0.945	0.891	0.873	0.873
Complete Primary	0.948	0.959	0.972	0.912	0.902	0.935	Complete Primary	0.945	0.938	0.957	0.914	0.908	0.907
Incomplete Secondary	0.955	0.961	0.969	0.932	0.908	0.926	Incomplete Secondary	0.931	0.946	0.952	0.897	0.892	0.892
Complete Secondary	0.967	0.972	0.977	0.953	0.936	0.950	Complete Secondary	0.950	0.961	0.969	0.931	0.918	0.901
Incomplete Superior	0.968	0.974	0.980	0.948	0.946	0.950	Incomplete Superior	0.967	0.972	0.956	0.927	0.907	0.907
Complete Superior	0.983	0.986	0.985	0.971	0.964	0.965	Complete Superior	0.964	0.982	0.989	0.957	0.970	0.941
TOTAL	0.964	0.952	0.957	0.958	0.953	0.949	TOTAL	0.928	0.942	0.947	0.913	0.901	0.898

Source: Calculations by CEDLAS based on microdata from the CASEN.

Table B2.3
Employability in Chile. Urban areas
Adults. Decent jobs

Males	1990 1994 1996 1998 2000 2003						Females	1990 1994 1996 1998 2000 2003					
	Age								Age				
30	0.148	0.260	0.298	0.324	0.294	0.323	30	0.048	0.100	0.111	0.129	0.131	0.160
40	0.229	0.335	0.368	0.377	0.355	0.381	40	0.085	0.138	0.157	0.161	0.165	0.185
50	0.246	0.341	0.375	0.381	0.357	0.383	50	0.103	0.159	0.190	0.184	0.188	0.213
60	0.190	0.277	0.318	0.337	0.301	0.327	60	0.090	0.154	0.201	0.195	0.196	0.244
<i>Education</i>							<i>Education</i>						
Incomplete Primary	0.179	0.246	0.290	0.295	0.243	0.269	Incomplete Primary	0.034	0.068	0.103	0.116	0.120	0.127
Complete Primary	0.229	0.335	0.368	0.377	0.355	0.381	Complete Primary	0.085	0.138	0.157	0.161	0.165	0.185
Incomplete Secondary	0.341	0.422	0.478	0.490	0.436	0.435	Incomplete Secondary	0.171	0.187	0.276	0.260	0.191	0.208
Complete Secondary	0.507	0.593	0.670	0.673	0.615	0.614	Complete Secondary	0.315	0.438	0.511	0.503	0.474	0.432
Incomplete Superior	0.690	0.722	0.792	0.726	0.716	0.714	Incomplete Superior	0.623	0.634	0.755	0.680	0.630	0.628
Complete Superior	0.791	0.866	0.887	0.861	0.862	0.848	Complete Superior	0.663	0.799	0.859	0.837	0.830	0.809
TOTAL	0.344	0.427	0.490	0.515	0.496	0.503	TOTAL	0.232	0.319	0.385	0.410	0.392	0.393

Source: Calculations by CEDLAS based on microdata from the CASEN.

Table B2.4
Employability in Chile. Urban areas
Youngsters. Decent jobs

Males							Females						
	1990	1994	1996	1998	2000	2003		1990	1994	1996	1998	2000	2003
<i>Age</i>							<i>Age</i>						
18	0.016	0.075	0.069	0.062	0.064	0.051	18	0.007	0.046	0.019	0.066	0.101	0.044
21	0.061	0.138	0.258	0.195	0.170	0.136	21	0.008	0.083	0.086	0.202	0.196	0.134
24	0.131	0.224	0.333	0.287	0.295	0.287	24	0.046	0.168	0.123	0.253	0.282	0.215
<i>Education</i>							<i>Education</i>						
Incomplete Primary	0.042	0.114	0.195	0.149	0.130	0.100	Incomplete Primary	0.006	0.067	0.061	0.158	0.164	0.101
Complete Primary	0.042	0.114	0.195	0.149	0.130	0.100	Complete Primary	0.006	0.067	0.061	0.158	0.164	0.101
Complete Secondary	0.101	0.220	0.284	0.317	0.229	0.192	Complete Secondary	0.050	0.143	0.182	0.259	0.240	0.197
Complete Superior	0.250	0.418	0.456	0.365	0.287	0.237	Complete Superior	0.203	0.401	0.430	0.431	0.419	0.251
TOTAL	0.136	0.210	0.267	0.288	0.240	0.233	TOTAL	0.097	0.179	0.220	0.260	0.232	0.197

Source: Calculations by CEDLAS based on microdata from the CASEN.

Table B2.5
Employability in Chile. Rural areas
Adults. Decent jobs

Males						
	1990	1994	1996	1998	2000	2003
<i>Age</i>						
30	0.211	0.261	0.237	0.414	0.382	0.353
40	0.245	0.278	0.242	0.419	0.409	0.366
50	0.239	0.259	0.226	0.397	0.387	0.335
60	0.195	0.209	0.192	0.349	0.318	0.264
<i>Education</i>						
Incomplete Primary	0.208	0.222	0.205	0.360	0.363	0.287
Complete Primary	0.245	0.278	0.242	0.419	0.409	0.366
Incomplete Secondary	0.373	0.335	0.312	0.497	0.473	0.390
Complete Secondary	0.445	0.447	0.414	0.567	0.499	0.424
Incomplete Superior	0.656	0.626	0.600	0.539	0.533	0.536
Complete Superior	0.734	0.824	0.797	0.740	0.707	0.603
TOTAL	0.276	0.317	0.354	0.442	0.504	0.488

Source: Calculations by CEDLAS based on microdata from the CASEN.

Table B3.1
Employability in Brazil

	Males			
	Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs
1990	0.964	0.490	0.901	0.239
1992	0.952	0.421	0.877	0.193
1993	0.957	0.413	0.880	0.167
1995	0.958	0.468	0.881	0.233
1996	0.953	0.462	0.875	0.235
1997	0.949	0.466	0.858	0.241
1998	0.942	0.464	0.836	0.231
1999	0.934	0.434	0.818	0.204
2001	0.939	0.431	0.828	0.198
2002	0.943	0.429	0.830	0.193
2003	0.936	0.419	0.824	0.180

Source: Own calculation based on microdata of the Brazil's PNAD.

Table B3.2
Employment in Brazil
Males aged 25-65

	1990	1992	1993	1995	1996	1997	1998	1999	2001	2002	2003
<i>Age</i>											
30	0.956	0.944	0.958	0.954	0.958	0.946	0.939	0.932	0.943	0.951	0.945
40	0.973	0.958	0.971	0.965	0.968	0.960	0.950	0.948	0.958	0.963	0.959
50	0.980	0.966	0.979	0.971	0.972	0.965	0.954	0.953	0.962	0.966	0.964
60	0.982	0.972	0.983	0.973	0.972	0.964	0.953	0.948	0.958	0.962	0.962
<i>Education</i>											
Incomplete Primary	0.972	0.958	0.967	0.962	0.962	0.955	0.948	0.942	0.952	0.958	0.952
Complete Primary	0.973	0.958	0.971	0.965	0.968	0.960	0.950	0.948	0.958	0.963	0.959
Incomplete Secondary	0.975	0.960	0.967	0.959	0.964	0.950	0.960	0.933	0.955	0.956	0.958
Complete Secondary	0.978	0.964	0.978	0.972	0.973	0.967	0.962	0.952	0.968	0.967	0.965
Incomplete Superior	0.984	0.972	0.983	0.979	0.974	0.963	0.968	0.967	0.968	0.967	0.968
Complete Superior	0.990	0.976	0.986	0.985	0.986	0.978	0.981	0.974	0.985	0.981	0.982
TOTAL	0.964	0.952	0.957	0.958	0.953	0.949	0.942	0.934	0.939	0.943	0.936

Source: Own calculation based on microdata of the Brazil's PNAD.

Table B3.3
Decent job in Brazil
Males aged 25-65

	1990	1992	1993	1995	1996	1997	1998	1999	2001	2002	2003
<i>Age</i>											
30	0.492	0.383	0.354	0.393	0.422	0.402	0.384	0.364	0.362	0.315	0.323
40	0.560	0.445	0.413	0.438	0.453	0.438	0.412	0.407	0.420	0.372	0.385
50	0.540	0.413	0.390	0.409	0.415	0.401	0.378	0.374	0.399	0.349	0.371
60	0.431	0.293	0.289	0.311	0.312	0.298	0.286	0.272	0.302	0.253	0.285
<i>Education</i>											
Incomplete Primary	0.341	0.264	0.233	0.260	0.277	0.258	0.247	0.242	0.244	0.218	0.230
Complete Primary	0.560	0.445	0.413	0.438	0.453	0.438	0.412	0.407	0.420	0.372	0.385
Incomplete Secondary	0.596	0.498	0.452	0.476	0.489	0.458	0.447	0.438	0.453	0.408	0.417
Complete Secondary	0.720	0.605	0.579	0.590	0.580	0.579	0.561	0.547	0.576	0.534	0.550
Incomplete Superior	0.808	0.692	0.715	0.668	0.660	0.654	0.636	0.666	0.685	0.646	0.683
Complete Superior	0.847	0.747	0.743	0.715	0.716	0.690	0.696	0.689	0.738	0.724	0.719
TOTAL	0.490	0.421	0.413	0.468	0.462	0.466	0.464	0.434	0.431	0.429	0.419

Source: Own calculation based on microdata of the Brazil's PNAD.

Table B4.1
Employability in Bolivia

	Males			
	Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs
1993	0.943		0.898	
1997	0.977		0.957	
2000	0.963	0.284	0.892	0.075
2002	0.960	0.280	0.915	0.102

Source: Own calculation based on SEDLAC.

Table B4.2
Employment in Bolivia
Males aged 25-65

	1993	1997	2000	2002
<i>Age</i>				
30	0.929	0.976	0.903	0.896
40	0.937	0.979	0.927	0.908
50	0.944	0.979	0.919	0.915
60	0.950	0.974	0.874	0.918
<i>Education</i>				
Incomplete Primary	0.878	0.954	0.950	0.922
Complete Primary	0.937	0.979	0.927	0.908
Incomplete Secondary	0.914	0.927	0.927	0.865
Complete Secondary	0.863	0.942	0.971	0.933
Incomplete Superior	0.891	0.885	0.919	0.883
Complete Superior	0.882	0.943	0.959	0.934
TOTAL	0.943	0.977	0.963	0.960

Source: Own calculation based on SEDLAC.

Table B4.3
Decent jobs in Bolivia
Males aged 25-65

	1993	1997	2000	2002
<i>Age</i>				
30			0.104	0.110
40			0.161	0.148
50			0.174	0.135
60			0.134	0.081
<i>Education</i>				
Incomplete Primary			0.156	0.176
Complete Primary			0.161	0.148
Incomplete Secondary			0.181	0.212
Complete Secondary			0.292	0.287
Incomplete Superior			0.540	0.494
Complete Superior			0.746	0.705
TOTAL			0.284	0.280

Source: Own calculation based on SEDLAC.

Table B5.1
Employability in Paraguay. Urban areas.
Employment rates

	Males			
	Adults		Youngsters	
	Employment	Decent Jobs	Employment	Decent Jobs
1997	0.962	0.469	0.879	0.244
1999	0.941	0.479	0.845	0.196
2001	0.933	0.422	0.830	0.162
2002	0.903	0.312	0.755	0.109
2003	0.935	0.338	0.804	0.122

Source: Own calculations based on microdata from the EIH (1997/98 and 2000/01) and EPH (1999, 2002 and 2003).

Table B5.2
Employability in Paraguay. Urban areas
Adults. Employment

Males					
	1997	1999	2001	2002	2003
<i>Age</i>					
30	0.949	0.913	0.883	0.883	0.893
40	0.959	0.938	0.928	0.893	0.914
50	0.967	0.925	0.923	0.905	0.914
60	0.973	0.859	0.864	0.918	0.892
<i>Education</i>					
Incomplete Primary	0.903	0.928	0.942	0.803	0.915
Complete Primary	0.959	0.938	0.928	0.893	0.914
Incomplete Secondary	0.956	0.964	0.969	0.871	0.937
Complete Secondary	0.978	0.962	0.963	0.923	0.978
Incomplete Superior	0.985	0.976	0.973	0.922	0.952
Complete Superior	0.950	0.977	0.983	0.988	0.974
TOTAL	0.962	0.941	0.933	0.903	0.935

Source: Own calculations based on microdata from the EIH (1997/98 and 2000/01) and EPH (1999, 2002 and 2003).

Table B5.3
Employability in Paraguay. Urban areas
Adults. Decent jobs

Males					
	1997	1999	2001	2002	2003
<i>Age</i>					
30	0.361	0.305	0.277	0.108	0.164
40	0.400	0.361	0.333	0.145	0.213
50	0.366	0.337	0.332	0.157	0.201
60	0.268	0.241	0.275	0.139	0.135
<i>Education</i>					
Incomplete Primary	0.233	0.185	0.256	0.090	0.151
Complete Primary	0.400	0.361	0.333	0.145	0.213
Incomplete Secondary	0.478	0.418	0.444	0.270	0.304
Complete Secondary	0.552	0.605	0.512	0.384	0.533
Incomplete Superior	0.702	0.697	0.762	0.545	0.534
Complete Superior	0.838	0.800	0.809	0.635	0.759
TOTAL	0.469	0.479	0.422	0.312	0.338

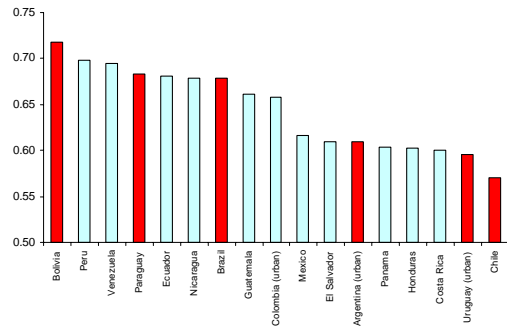
Source: Own calculations based on microdata from the EIH (1997/98 and 2000/01) and EPH (1999, 2002 and 2003).

Table B5.4
Employability in Paraguay. Urban areas
Youngsters. Employment

Males					
	1997	1999	2001	2002	2003
<i>Age</i>					
18	0.890	0.820	0.709	0.737	0.668
21	0.919	0.869	0.727	0.773	0.738
24	0.962	0.876	0.814	0.899	0.767
<i>Education</i>					
Incomplete Primary	0.897	0.804	0.738	0.719	0.884
Complete Primary	0.907	0.859	0.712	0.747	0.720
Complete Secondary	0.884	0.803	0.668	0.677	0.770
Complete Superior	0.904	0.815	0.803	0.770	0.772
TOTAL	0.879	0.845	0.830	0.755	0.804

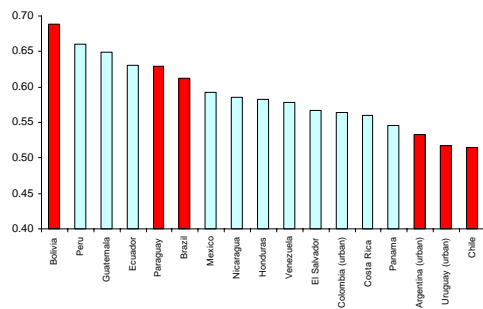
Source: Own calculations based on microdata from the EIH (1997/98 and 2000/01) and EPH (1999, 2002 and 2003).

Figure 3.1
Labor force
Share of adults in labor force



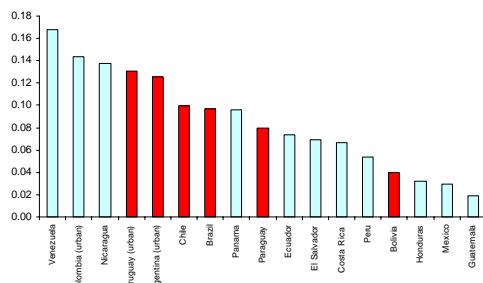
Source: Own calculations based on SEDLAC (2005).

Figure 3.2
Employment rate
Share of adults employed



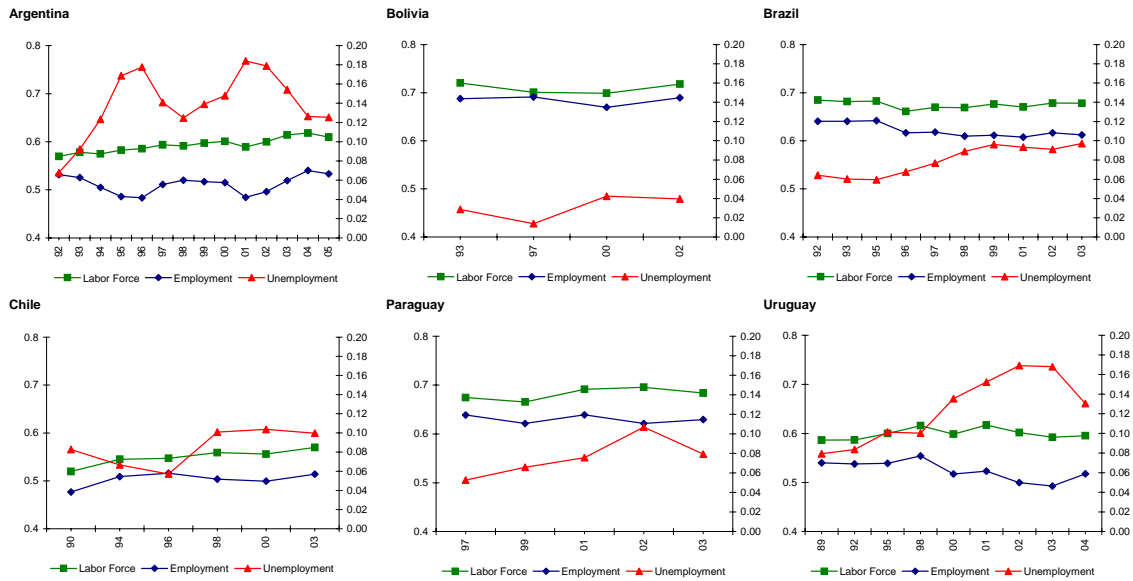
Source: Own calculations based on SEDLAC (2005).

Figure 3.3
Unemployment rate
Unemployed/labor force



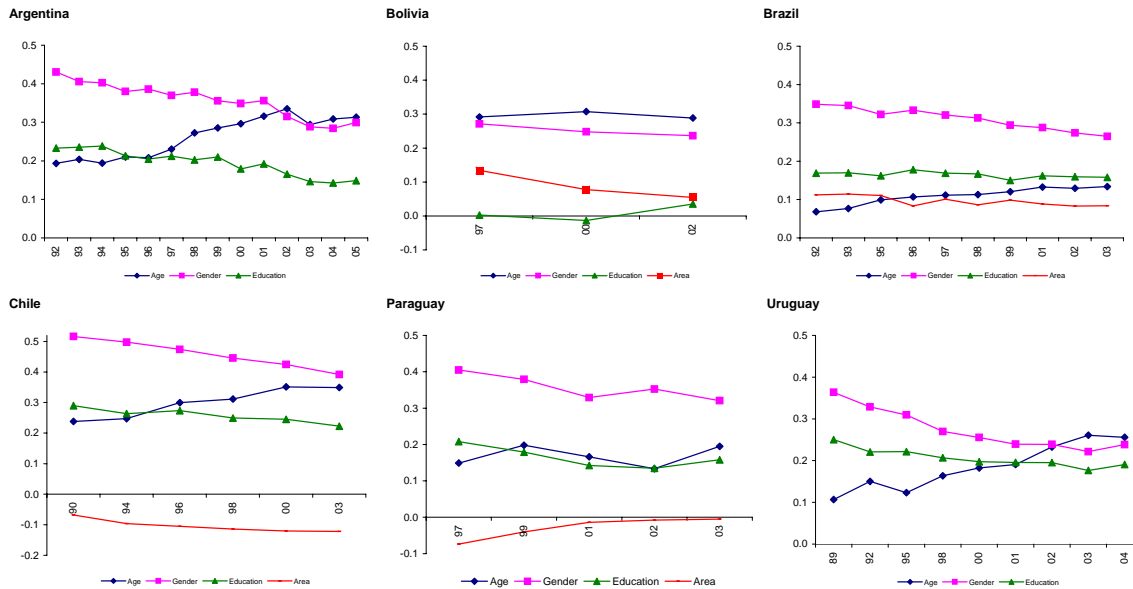
Source: Own calculations based on SEDLAC (2005).

Figure 3.4
Changes in labor force participation, employment and unemployment



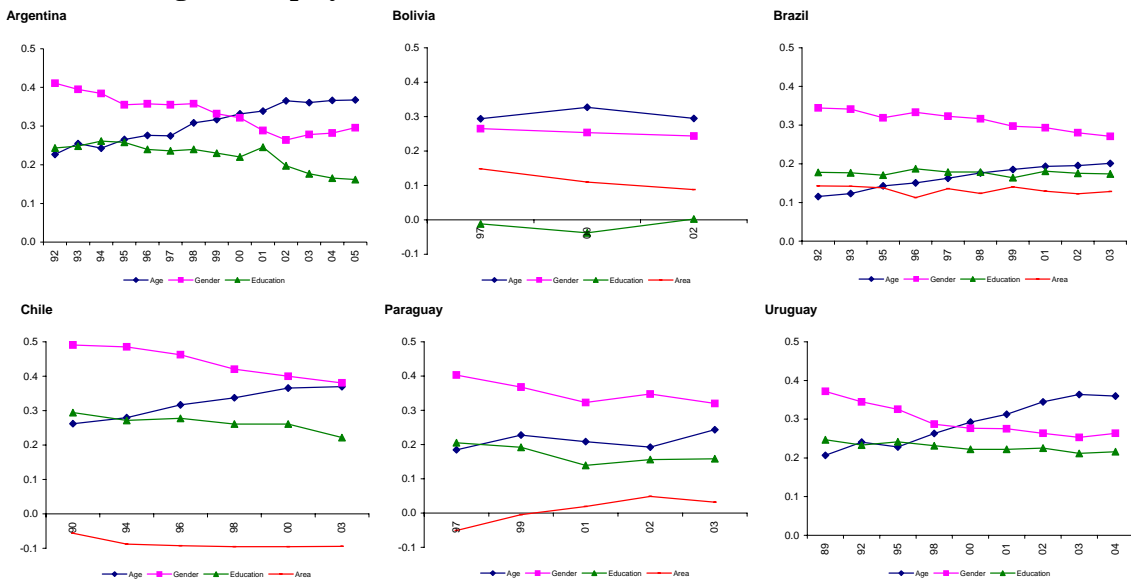
Source: Own calculations based on SEDLAC (2005).

Figure 3.5
Relative changes in labor force participation



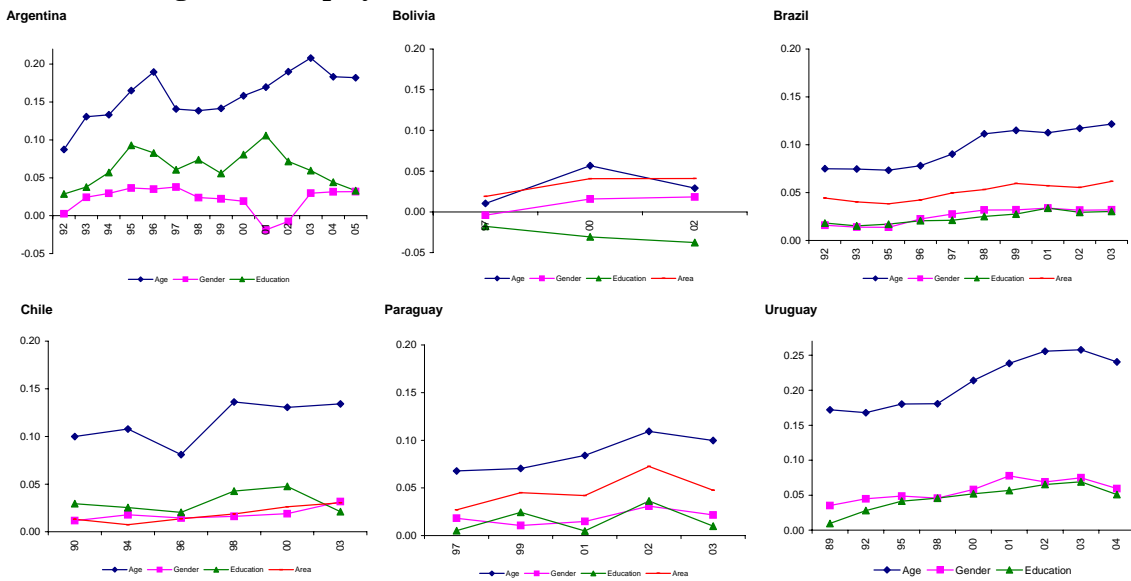
Source: Own calculations based on SEDLAC (2005).

Figure 3.6
Relative changes in employment rate



Source: Own calculations based on SEDLAC (2005).

Figure 3.7
Relative changes in unemployment rate



Source: Own calculations based on SEDLAC (2005).

Figure 4.1
Employability in Argentina

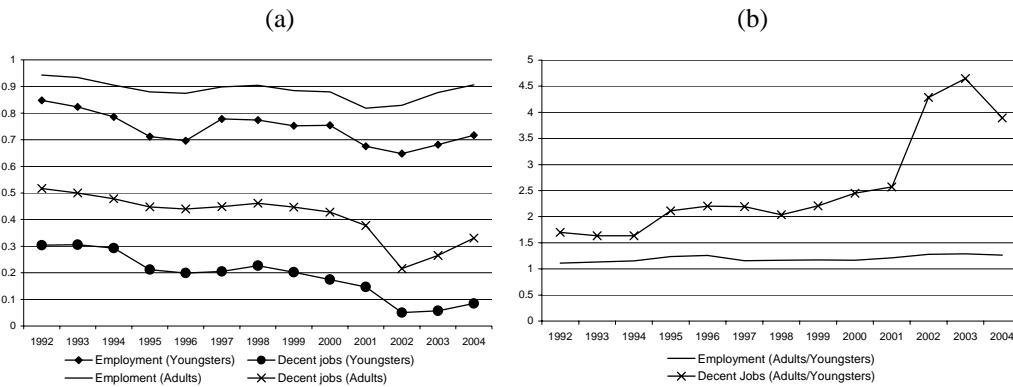


Figure 4.2
Employability by Age
Adults
Relative probabilities (Age 30=1)

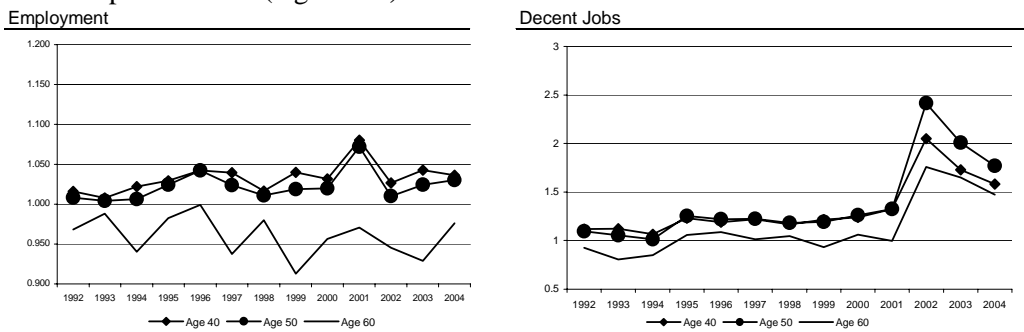


Figure 4.3
Employability by Age
Youngsters
Relative probabilities (Age 18=1)

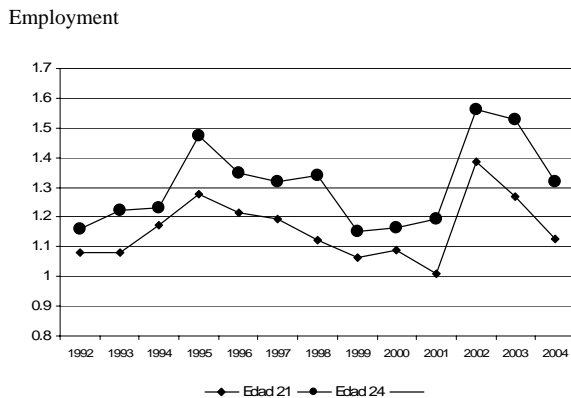


Figure 4.4
Employability by Education
Adults
 Relative probabilities (complete primary=1)

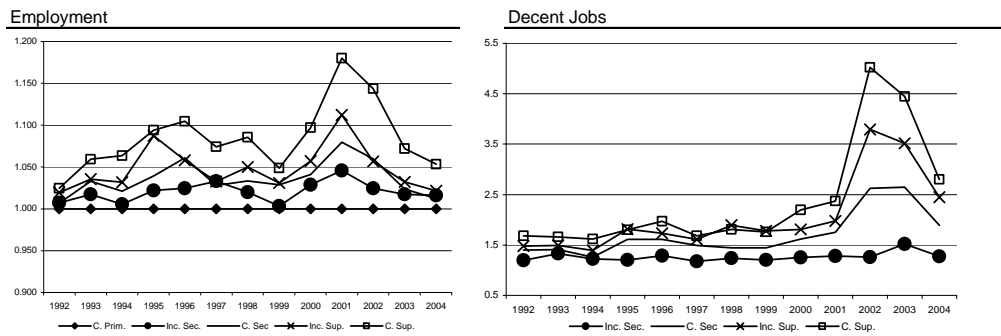


Figure 4.5
Employability by Education
Youngsters
 Relative probabilities (complete primary=1)

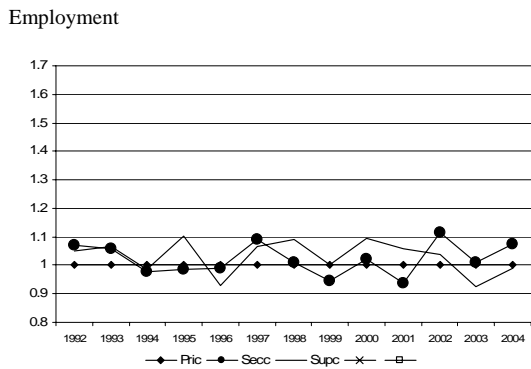


Figure 4.6
Distribution of "Employability"
Kernel density estimation

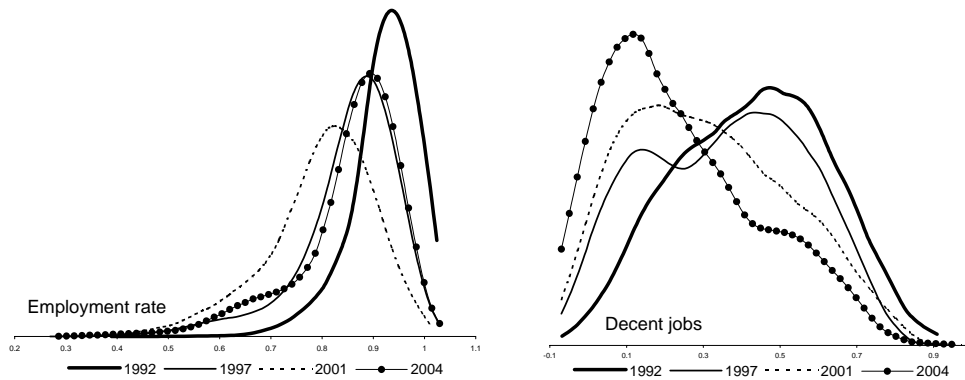


Figure 4.7
Employability and economic activity
Marginal effect of a change in the growth rate

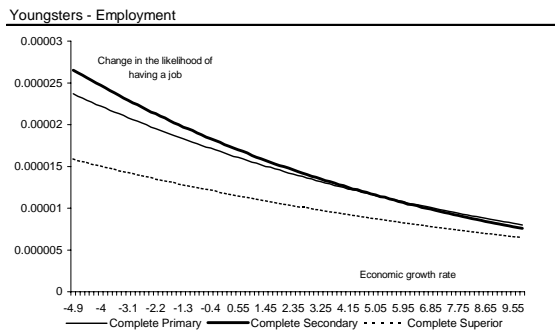
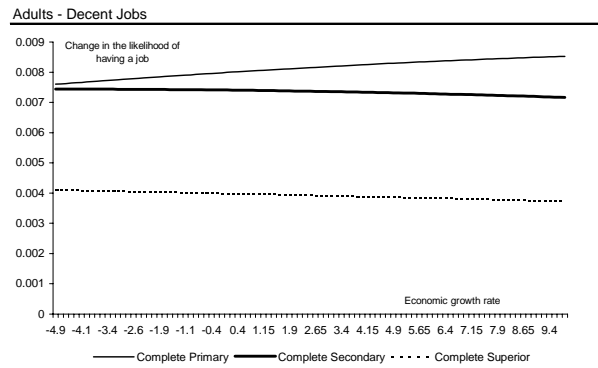
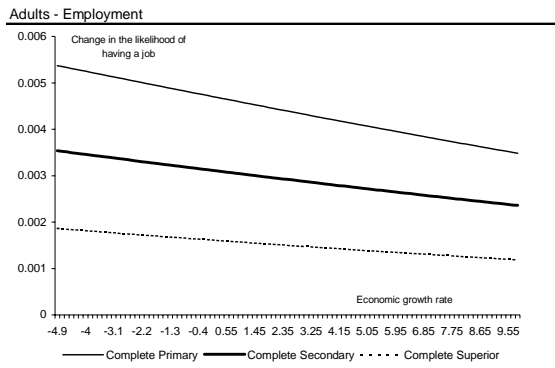
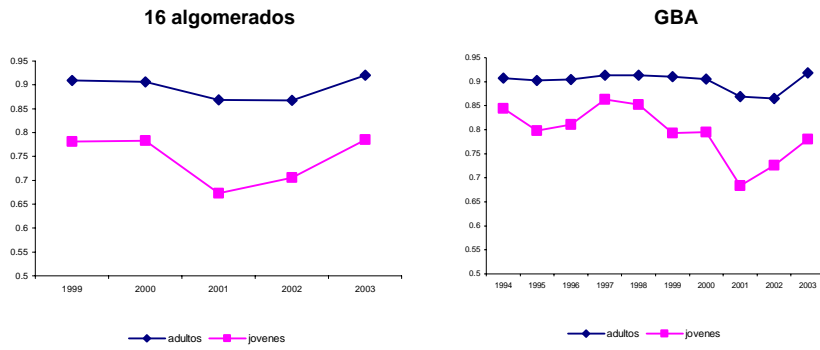
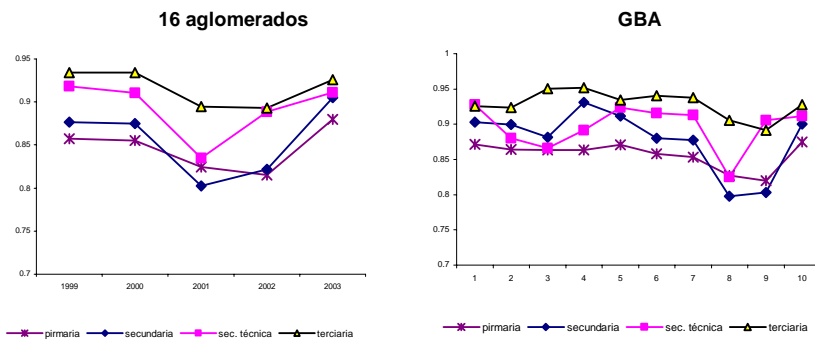


Figure 5.1
Employment-to-employment transitions by age



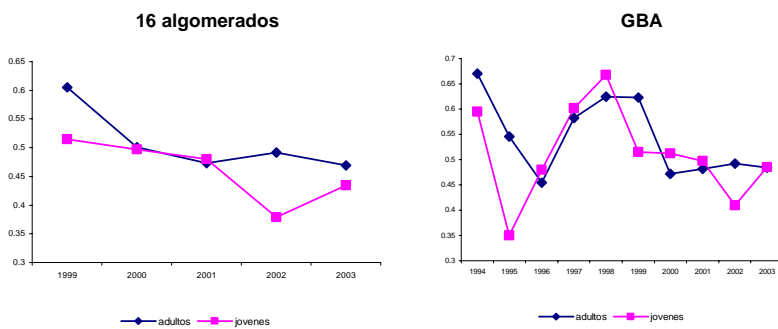
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.2
Employment-to-employment transitions by education



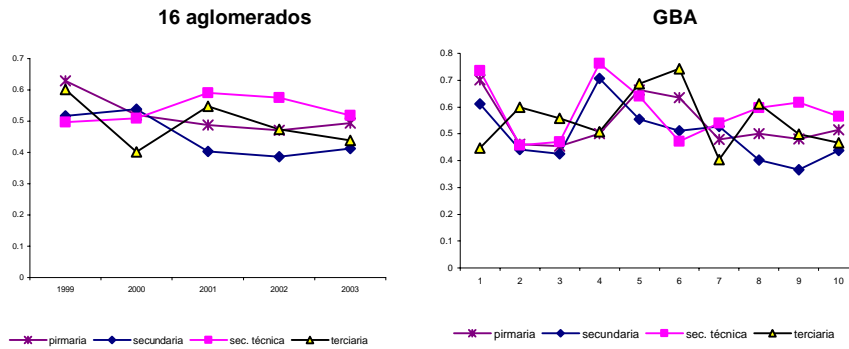
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.3
Unemployment-to-employment transitions by age



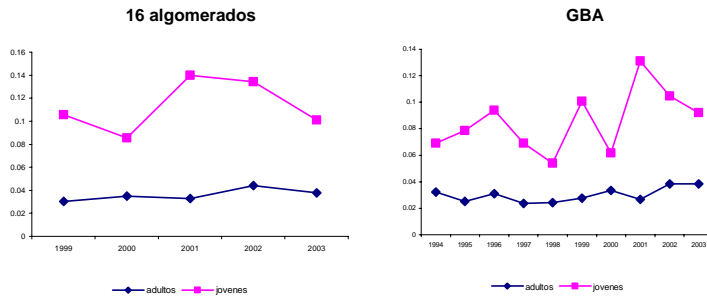
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.4
Unemployment- to – employment transitions by education



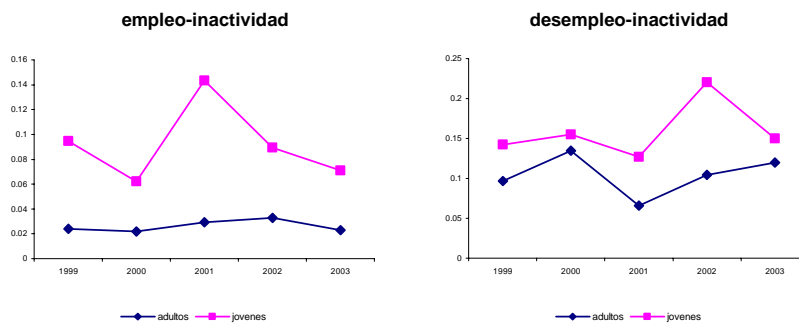
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.5
Labor force- to – inactivity transitions



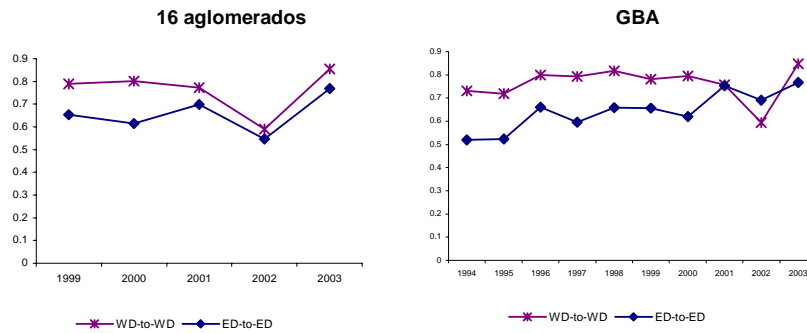
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.6
Employment-to-inactivity and unemployment-to-inactivity transitions



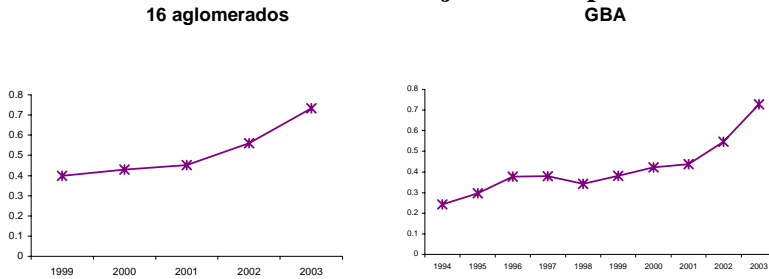
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.7
WD-to-WD and ED-to-ED transitions



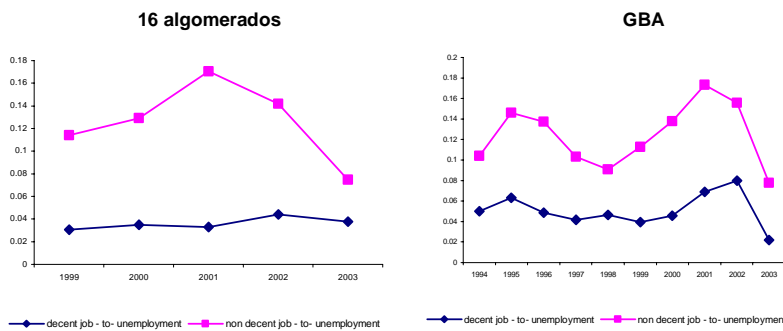
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.8
Share of labor force without decent job in both periods



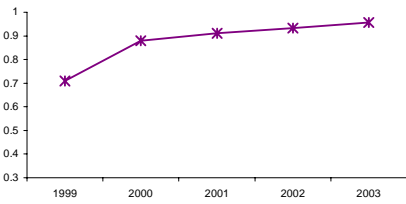
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.9
Employment-to-unemployment transitions by kind of work

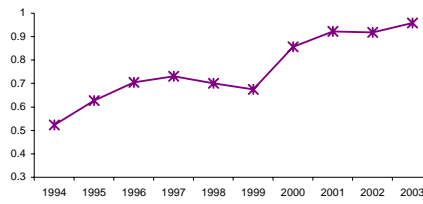


Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.10
Unemployment - to - non decent job transitions
 16 aglomerados

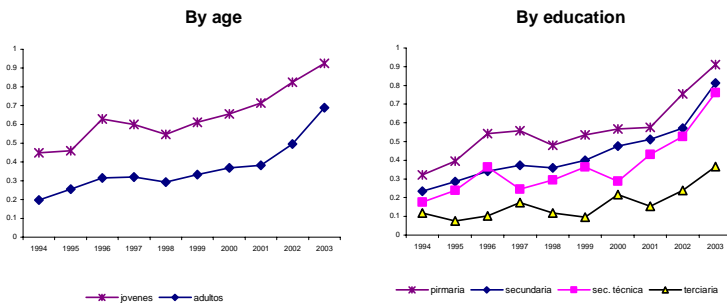


GBA



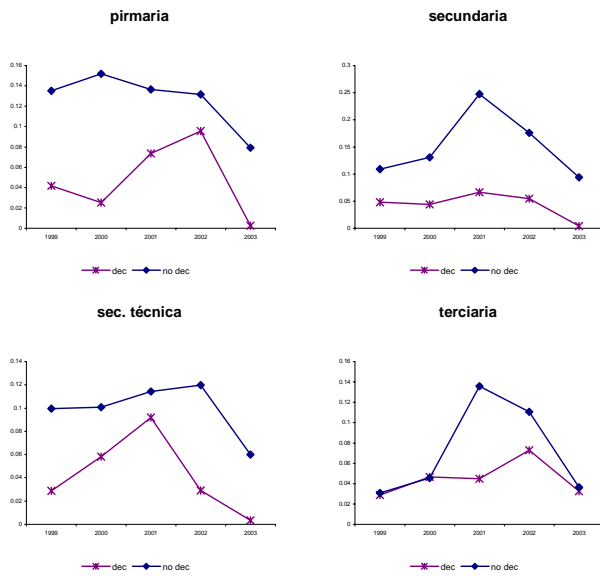
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.11
Share of labor force without decent job in both periods by age and education



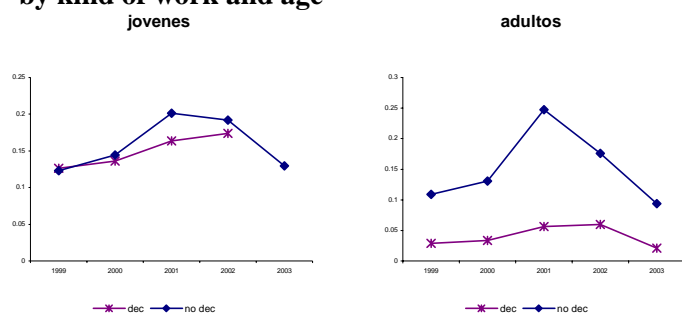
Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.12
Employment-to-unemployment transitions
 by kind of work and education



Source: Own calculation based on microdata of the Argentina's EPH.

Figure 5.13
Employment-to-unemployment transitions
by kind of work and age



Source: Own calculation based on microdata of the Argentina's EPH.

Figure B1.1
Employability in Uruguay

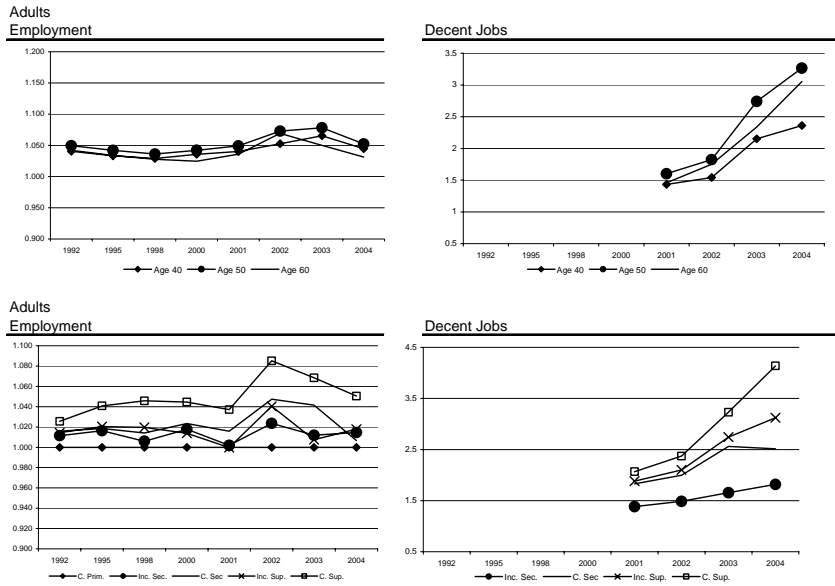


Figure B1.2
Employability in Uruguay

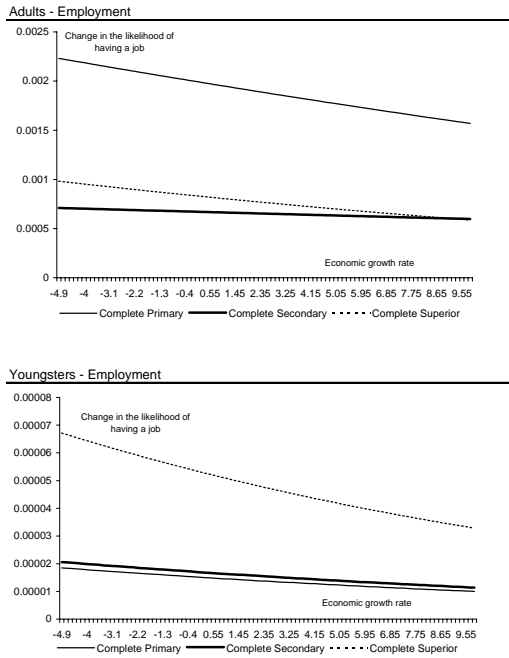
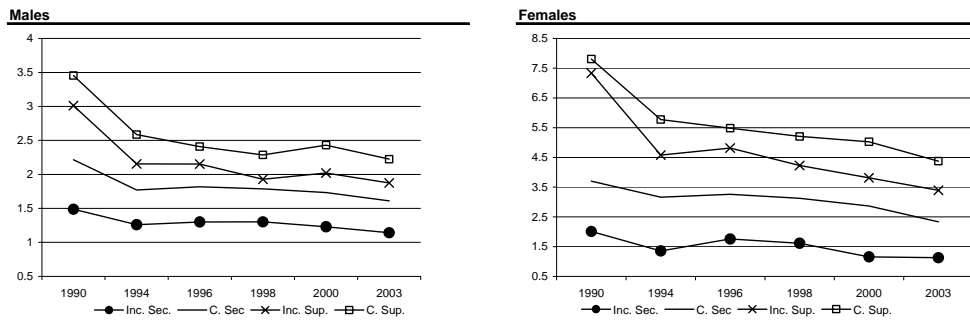
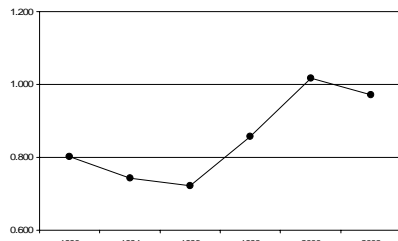


Figure B2.1
Employability in Chile. Urban areas
Adults. Decent jobs. Relative probabilities (complete primary=1)



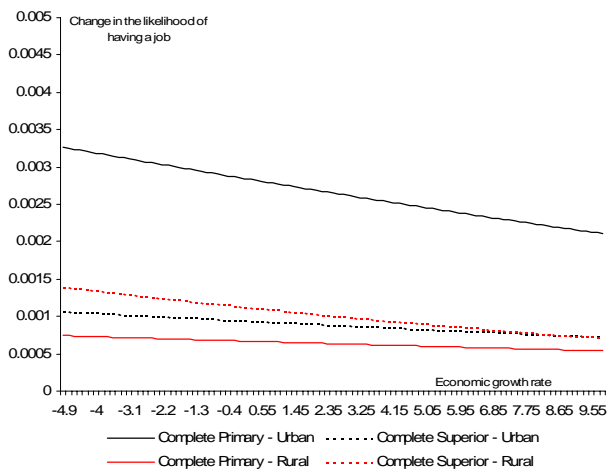
Source: Calculations by CEDLAS based on microdata from the CASEN.

Figure B2.2
Employability in Chile. Rural areas
Adults. Decent jobs. Relative probability (urban areas=1)



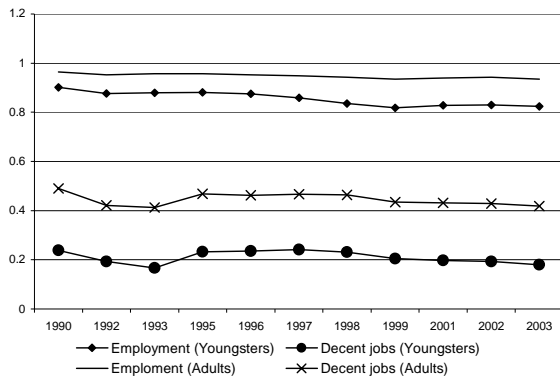
Source: Calculations by CEDLAS based on microdata from the CASEN.

Figure B2.3
Employability and Economic Activity in Chile
Marginal Effect of a change in the Growth Rate



Source: Calculations by CEDLAS based on microdata from the CASEN.

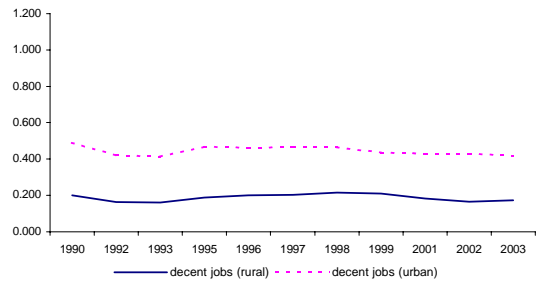
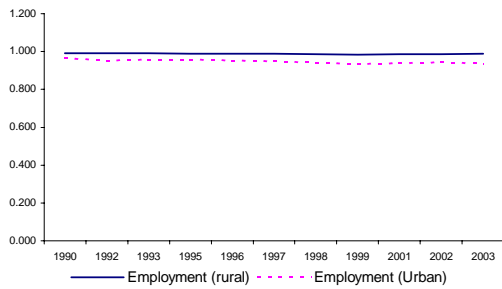
Figure B3.1
Employability in Brazil



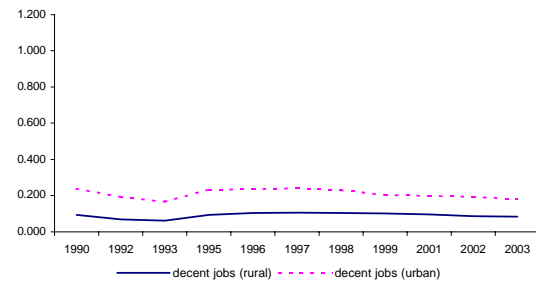
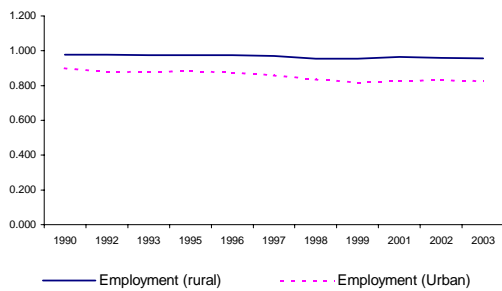
Source: Own calculation based on microdata of the Brazil's PNAD.

Figure B3.2
Employability by area in Brazil

Adults

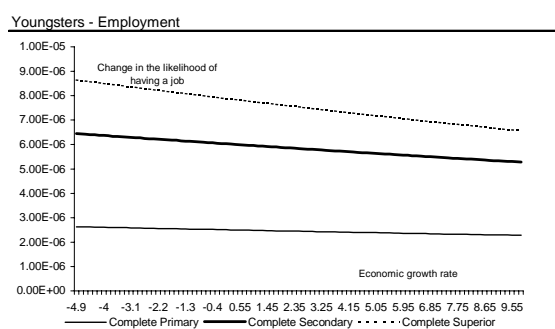
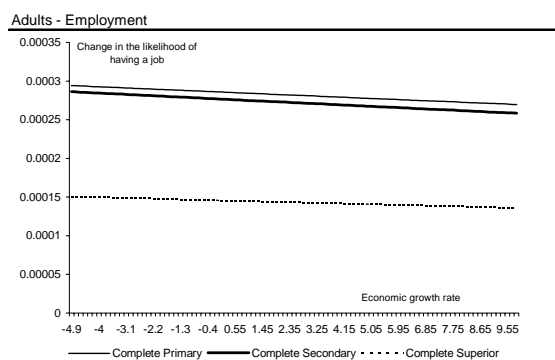


Youngsters



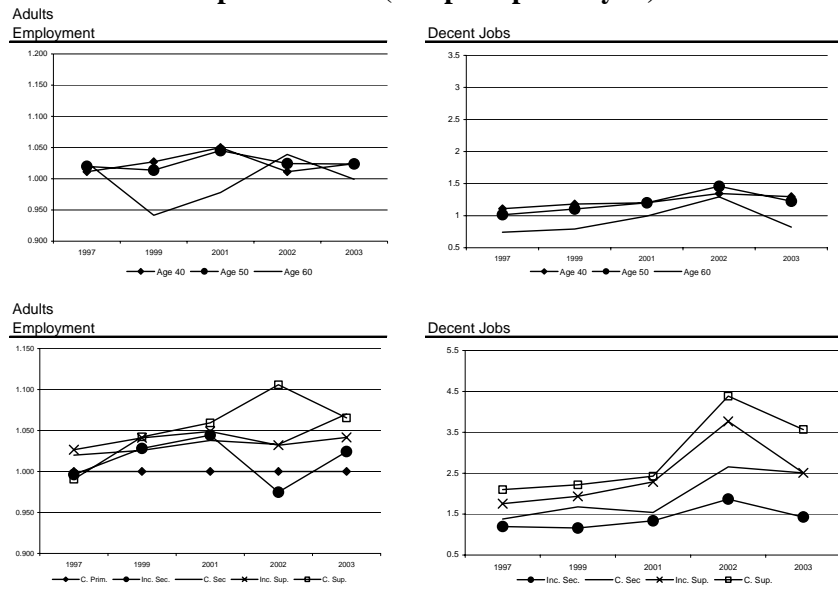
Source: Own calculation based on microdata of the Brazil's PNAD.

Figure B3.3
Employability and economic activity in Brazil
Marginal effect of a change in the growth rate



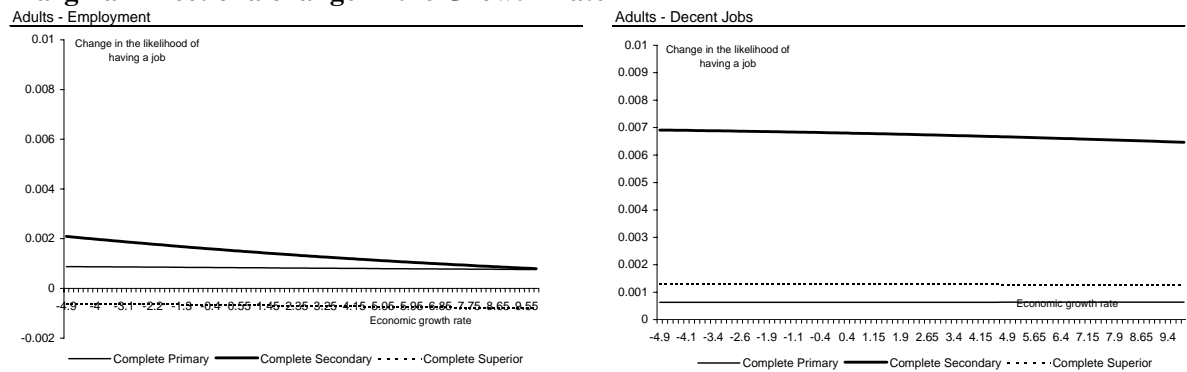
Source: Own calculation based on microdata of the Brazil's PNAD.

Figure B5.1
Employability in Paraguay. Urban areas
Adults. Relative probabilities (complete primary=1)



Source: Own calculations based on microdata from the EIH (1997/98 and 2000/01) and EPH (1999, 2002 and 2003).

Figure B5.2
Employability and Economic Activity in Paraguay
Marginal Effect of a change in the Growth Rate



Source: Own calculations based on microdata from the EIH (1997/98 and 2000/01) and EPH (1999, 2002 and 2003).