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Structural Reforms in Latin America: What Has Been Reformed and How to Measure it

by

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Introduction[*]

Since the mid-1980s a profound change of direction in the structural policies of the region has taken place. The development model based on protecting national markets and state intervention was replaced by a set of policies aimed primarily at seeking to improve efficiency, facilitate the operation of markets, and reduce the distorting effects of state intervention in economic activities. An earlier version of this article (Lora, 1997) was prompted by the absence up to that time of measurements of progress in reforms. As was then argued, the lack of direct measurements of structural policies had stood in the way of adequately evaluating the effects of the reforms on economic growth and other variables. The few studies that had attempted to analyze the effects of the reforms had used *result* variables, such as the foreign trade ratio of the economy, or the size of public spending, or financial depth,[1] rather than *policy* variables, such as tariffs, tax rates, or reserve requirement ratios. The indices of reform that were proposed at that time served as the basis for various studies that analyzed the effects of the reforms and stimulated the construction of other reform indicators.[2]

This document is an update of the original study. The aim is to describe and measure the advance of the structural reforms, using for that purpose a *structural policies index* that summarizes the status of progress in policies in the trade, financial, tax, privatization, and labor areas. A parallel article uses this index to evaluate the effect of structural reforms on growth, productivity, and investment in Latin America.[3] The index is based directly on policy variables such as those mentioned. The index makes it possible to compare the status of different policy areas within the same country or of each policy between countries. On a scale of 0 to 1 the average index for all countries and all structural policy areas stood at 0.34 in 1985. At the close of the 1990s the average was approaching 0.58. This change means appreciable progress, but it also reflects the fact that significant potential remains untapped.

The first part of this document is devoted to describing the most important advances in the various areas of structural policy since the 1980s. The second part of the study presents the methodology for constructing the index and shows its overall evolution in each of the areas over time and by country.

[*] The author thanks Mauricio Olivera, who began updating the databases of this article, and Natalia Pérez, who completed this time-consuming task with patience and precision. Nevertheless, any error should be attributed to the author.

[1] These are some of the indicators used by Easterly, Loayza and Montiel (1997), who evaluate the effects of the reforms on growth.

[2] See Fernández-Arias and Montiel (1997), Londoño and Székely (1997), Lora and Barrera (1997), Morley, Machado and Pettinato (1999), Bonaglia, Goldstein and Richaud (2000) and Behrman, Birdsall and Székely (2000).

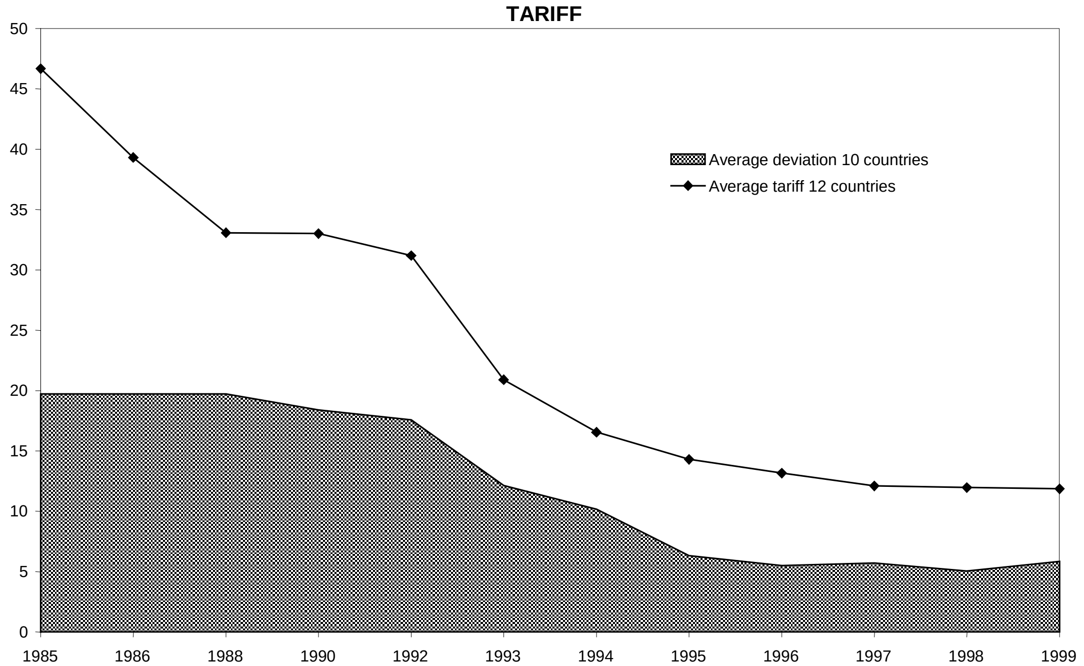
[3] Lora (2001), updating of Lora and Barrera (1997).

The Advance of the Reforms

Trade Liberalization and Exchange-Rate Unification

Between the mid-1980s and the beginning of the decade, almost all countries began programs to lift controls on their trade regimes, with reductions of at least 15 points in their average tariff rates. As a result, tariffs dropped from average levels of 48.9% in the pre-reform years to 10.7% in 1999, and the dispersion dropped notably (Figure 1). Currently, only two countries (of the 24 for which there is information) have an average tariff of over 15% (Figure 2). Non-tariff restrictions, which affected 37.6% of imports in the pre-reform period, declined to the point of affecting only 6.3% in the mid-1990s.[4]

Figure 1. Tariff Liberalization, Latin America

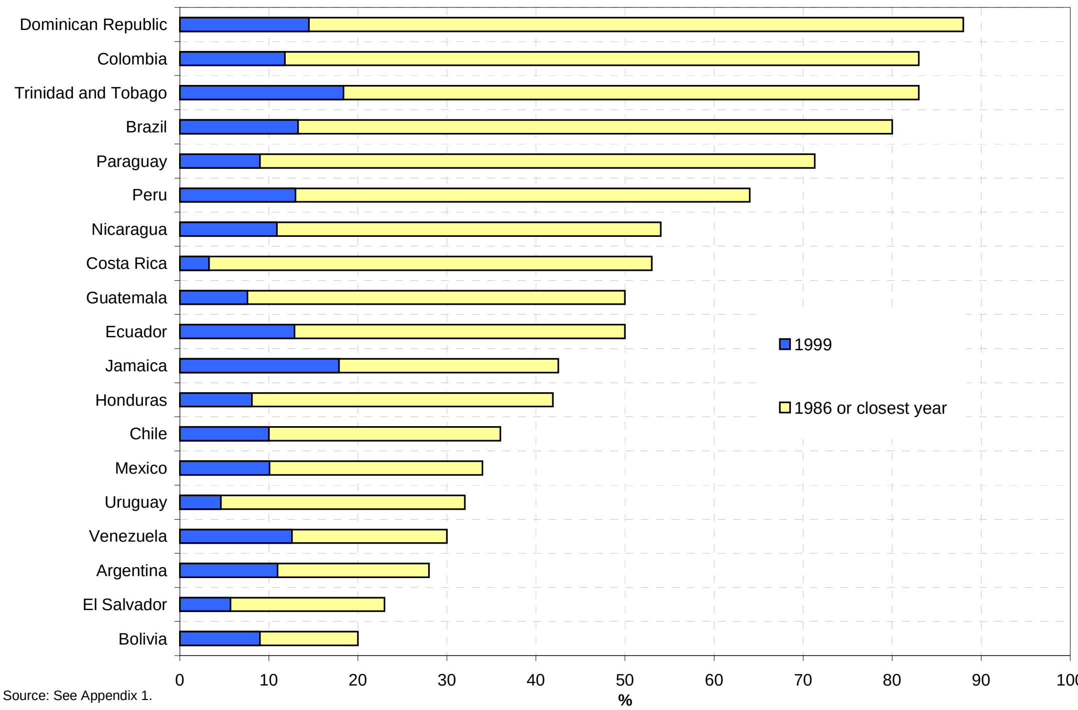


Note: The average of twelve countries includes Argentina, Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Peru, Uruguay and Venezuela. In calculating the deviation, Costa Rica and Guatemala are excluded for lack of data. The value of the tariff deviation for 1985 is assumed to be the same as that of the next year.

Source: See Appendix 1.

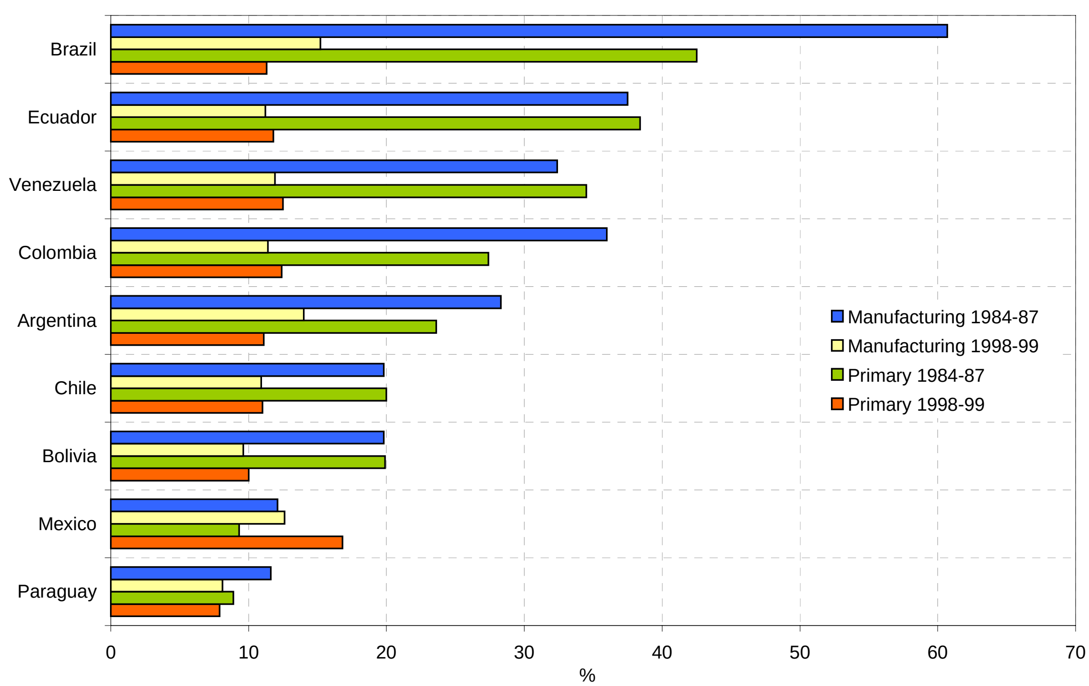
[4] For the 11 countries on which there is information. For a more detailed description see IADB (1996), Part Two.

Figure 2. Tariff Reduction in Latin America, 1999 vs. 1986



Source: See Appendix 1.

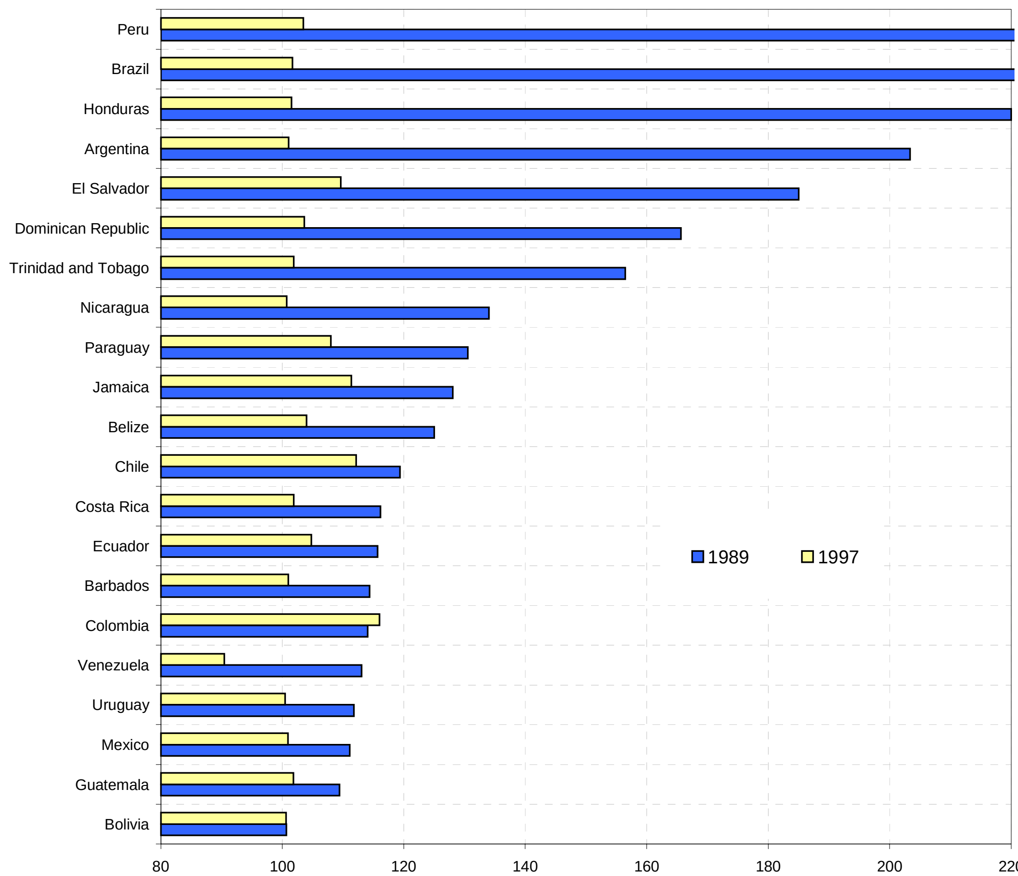
Figure 3. Tariff Structure by Type of Good



Source: World Development Indicators (2000) and Directory of Import Regimes, UNCTAD (1994).

Trading operations were also hindered during the 1980s by the presence of multiple exchange-rate markets, usually as the result of the effort by authorities to ration the use of foreign exchange through various devices, such as the effort to separate some markets from others, maintain foreign-exchange quotas for imports, or impose various levies and restrictions on certain foreign-exchange operations. The upshot was that differences between the freer and more regulated exchange rates were sometimes vast. For example, in Peru, Brazil and Honduras the gap between the free market or black market and the official one in 1988 was over 100%, and in another five countries it was between 50% and 100%. The exchange-rate differences reflected not only the presence of regulations, but also the existence of serious monetary imbalances. The reestablishment of capital flows to Latin America since 1989 and the adoption of fiscal and monetary stabilization policies led to the dismantling of these regulations and the reduction of exchange-rate premiums. In 1997 only Haiti had an exchange-rate differential of over 20%, and in 17 countries (out of 24 for which there is information) the differential did not exceed 5%—and it was negative in the case of Venezuela (see Figure 4).

Figure 4. Exchange Rate Premium, 1988 vs. 1997



Note: The exchange rate premium is the relative value of the United States dollar on the free or black market (the value on the official market equals 100).
Source: Currency Data & Intelligence Inc., and *World Development Indicators*, World Bank (2000).

Financial Liberalization

The primary aims of the financial reforms adopted in the countries of the region have been to grant greater operating freedom to financial intermediaries and to strengthen prudential regulation mechanisms and oversight. Liberalization has consisted of lowering reserve ratios, eliminating controls on interest rates, and dismantling mechanisms for obligatory investments and mandated lending. Between 1990 and 2000, real reserve requirements were reduced in 15 countries (out of a total of 22 for which there is information), and in five countries these reductions were of 20 points or more. As a result, a total of 13 countries have reserve requirements that do not exceed 20% of demand deposits. Overall, controls on interest rates were dismantled in all countries before 1995. With very few exceptions, however, different forms of state intervention in various aspects of lending agreements are still in place. The more usual forms of intervention have to do with systems for calculating and paying interest, maximum levels of interest on certain types of loans, and repayment periods for some kinds of loans. In the 1995-1999 period, only Argentina was completely free of any of the six kinds of intervention considered in Table 1, while in Colombia and Ecuador there was intervention in five of the six dimensions considered. The systems of obligatory investments and mandated lending existing in the 1980s were eliminated or substantially reduced in all countries. Nevertheless, there are obligatory investments (distinct from reserve requirements) in seven countries, and requirements for lending to specific sectors in five countries (of the 21 included in Table 1).

Table 1. Freedom of Financial Contracts

	Year of widespread liberalization of interest rates	Authorities have intervened in the following aspects of financial contracts						Obligatory investments other than reserve requirement	Minimum proportion of mandated lending
		Currency in which loans are denominated	Period of loans	Arrangement for repayment of principal	Arrangement for interest payment	Maximum level of lending interest rate	Max. Interest rate for delinquent loan repayment		
Argentina	1989								
Belize	1995	Yes							
Bolivia	1990				Yes				
Brazil	1989	Yes	Yes			Yes	Yes		Yes
Chile	1985				Yes	Yes			
Colombia	1992		Yes	Yes	Yes	Yes	Yes	Yes	Yes
Costa Rica	1995		Yes				Yes		
Dominican Rep.	1999								
Ecuador	1994		Yes	Yes	Yes	Yes	Yes	Yes	
El Salvador	1990		Yes		Yes		Yes	Yes	
Guatemala	1995	Yes	Yes	Yes				Yes	
Honduras	1990		Yes		Yes	Yes	Yes		
Jamaica	1998								
Mexico	1988		Yes	Yes	Yes			Yes	Yes
Nicaragua	1990				Yes			Yes	
Panama	Before 1985				Yes	Yes			
Paraguay	1990					Yes			
Peru	1991				Yes	Yes	Yes		
Trin. Tobago	Before 1985								Yes
Uruguay	1985			Yes	Yes				
Venezuela	1989		Yes		Yes	Yes		Yes	Yes

Source: The year of interest rate liberalization comes from country reports by the Economist Intelligence Unit, various years. The remaining information comes from a joint IDB and Felabán survey, and refers to 1996-2000.

The establishment of modern prudential regulation systems has spread to most countries in this wave of financial reforms in the region. Currently, the 22 countries in the region on which there is information from the *Economist Intelligence Unit* have adopted the minimum capital requirements weighted by risk established by the Basle Accord on prudential regulation. Nevertheless, the application of other prudential regulations guaranteeing adequate capital coverage is much more uneven. Argentina and Mexico require banks to adjust their minimum capital requirements depending on market risk, and they demand that losses caused by delinquent loans, changes in the value of portfolio investments or exchange-rate fluctuations be discounted from capital. In contrast, none of these requirements applies in Honduras, El Salvador, or Venezuela. Table 2 shows the heterogeneity among countries in the application of these standards in the 14 countries of the region for which standardized information is available.[5] Although there is no systematic information on other aspects of regulation and oversight, it is quite certain that there is also a great diversity among countries, largely as a reflection of the differences in the quality of public administration.

Table 2. Rigor of Prudential Regulation

	Year as of which a minimum level of capital adequacy is required in line with the Basle Accord.	Minimum level of the proportion of capital to assets varies by market risk	Market value of unrealized losses from loans on the books is deducted	Unrealized losses from share portfolio are deducted	Unrealized losses from the foreign exchange market are deducted	INDEX OF RIGOR OF PRUDENTIAL REGULATION*
	(1)	(2)	(3)	(4)	(5)	(6)
Argentina	1991	Yes	Yes	Yes	Yes	1.00
Mexico	1994	Yes	Yes	Yes	Yes	1.00
Bolivia	1995		Yes	Yes	Yes	0.75
Colombia	1992		Yes	Yes	Yes	0.75
Jamaica	1997		Yes	Yes	Yes	0.75
Peru	1993		Yes	Yes	Yes	0.75
Chile	1989			Yes	Yes	0.50
Trin. Tobago	1994		Yes		Yes	0.50
Brazil	1995	Yes				0.25
Guatemala	1995				Yes	0.25
Panama	1998				Yes	0.25
El Salvador	1993					0.00
Honduras	1998					0.00
Venezuela	1993					0.00

* Calculated as the sum of columns (2) to (5) divided by 4.
Source: Barth *et al*. (2001), Banco de la República de Colombia, and IADB (2001).

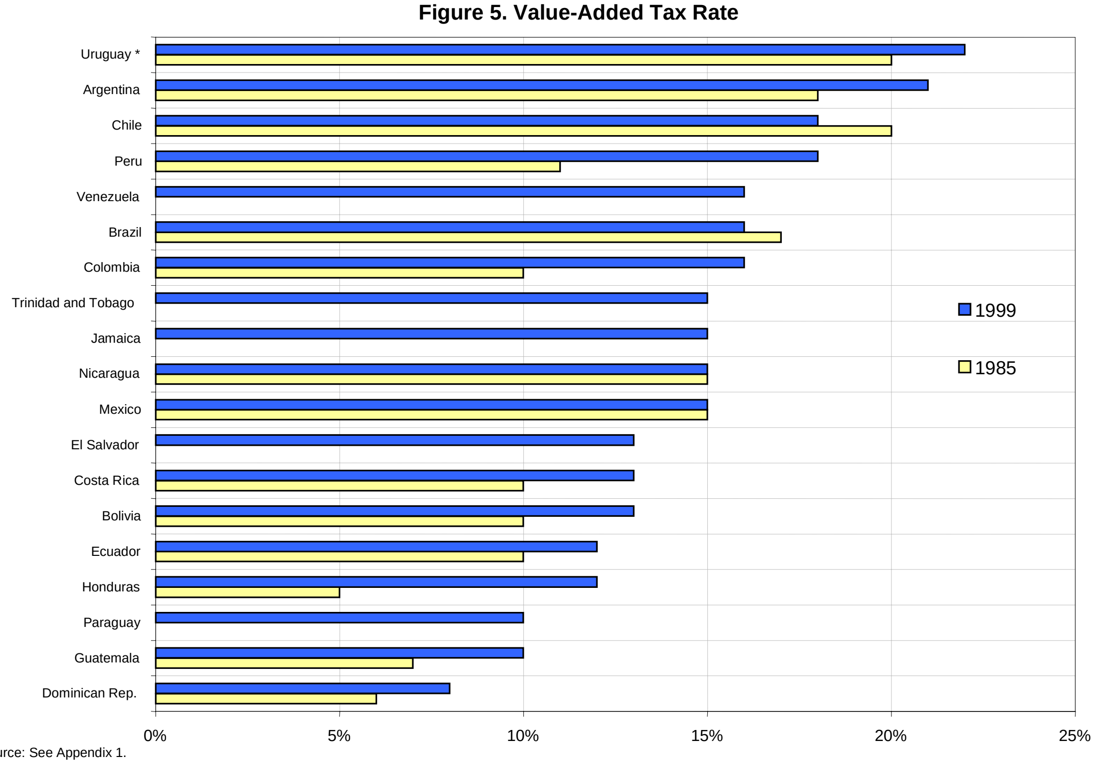
[5] According to Barth et al. (2001), along with the Colombian case according to information from that country's Central Bank.

Other notable aspects of the financial reform process have been the privatization of government banks (see below), the opening of the sector to foreign investment, and the transition toward universal banking systems, with fewer restrictions on the services and activities allowed to banks and other financial intermediaries. In all these aspects the process is still quite uneven among countries.[6]

Tax Reforms

Reforms have also been deep in the tax area. Their most common features have been the search for neutrality, legal and administrative simplification, and increased collections. Taxes on foreign trade, which in 1980 represented 18% of the tax revenues of the countries in the region, were partially replaced by greater domestic collections; by the mid-1990s they were generating only 13.7% of revenue collected.[7] In order to moderate the distorting effects of taxation on production and saving decisions, 23 countries have adopted value-added tax systems so as to tax consumption. The basic rates of this tax go from leves lower than 10% in Panama and the Dominican Republic to over 20% in Argentina and Uruguay (Figure 5). Nevertheless, the VAT collection rates (as a proportion of domestic demand, that is, the GDP minus exports and plus imports) are much lower than the statutory rates due to the exclusion of many final goods and services from the tax bases and problems of administration and oversight, all of which still limit the neutrality of this tax (Figure 6).

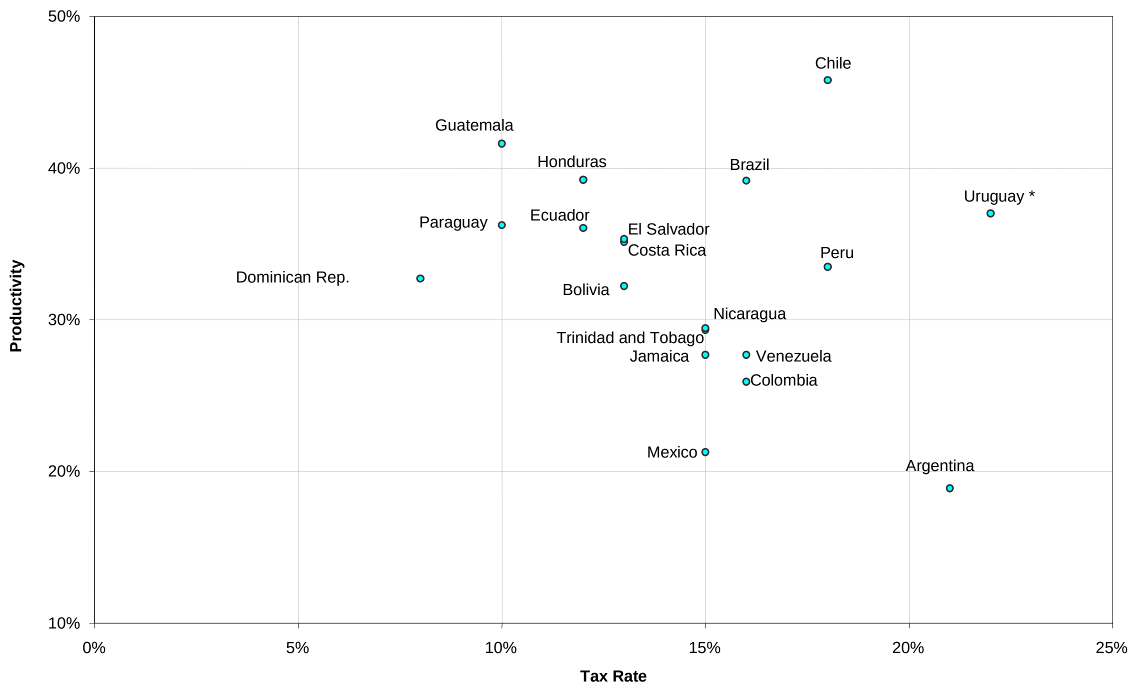
Figure 5. Value-Added Tax Rate



Source: See Appendix 1.

[6] See IADB (2001), Chapters 5 and 6.
[7] Calculations based on World Development Indicators, World Bank (2000).

Figure 6. Productivity of VAT, 1999



*Notes: Collection in Uruguay also includes selective consumption tax.
Productivity is defined as (VAT revenue/GDP+imports – exports)/Tax rate
Source: See Appendix 1.

The extremely high marginal rates that applied to personal incomes in the past have been reduced. Only Chile, Belize and Barbados have maximum rates of 40% or more. The most frequent rates are 30% and 25%, which are in effect in seven and five countries, respectively (Figure 7). Aiming at progressivity, these maximum rates only begin to be applied at income levels that in some countries are extremely high in relation to average income levels. Reduced differential rates are applied to lower incomes, and in most countries there is also a minimum limit of taxable income (which in some counties is nevertheless several times the average income, as shown in Table 3). These mechanisms severely limit the effectiveness of the personal tax in countries in the region.[8]

[8] For a more detailed analysis of the distributive impact of taxes see IADB (1998/99), Chapter 8.

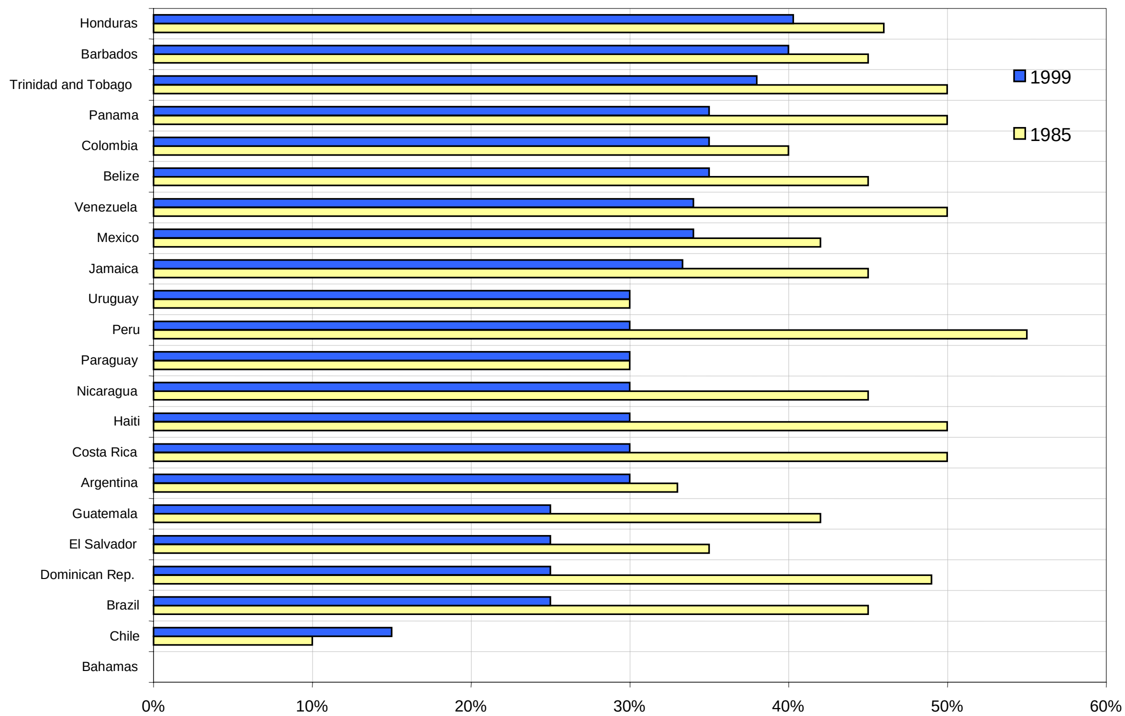
Table 3. Redistributive Elements of Personal Income Taxes in Latin America, 1997

	Taxable minimum (times per capita income)	Increasing marginal rates? (Percentages)	Maximum applicable starting at (times per capita income)	Differential treatment depending on sources of income?	Other deductions (for dependents, education, health, housing)
Argentina	1.6	6-33%	19.4	No	Yes
Bahamas [a]					
Barbados	0.3	25-40%	1.8	No	Yes
Bolivia		13%		No	No
Brazil	3.5	15-25%	6.9	No	Yes
Chile	0.2	5-45%	1.9	No	No
Colombia	1.5	0-35	23.5	No	Yes
Costa Rica	1.3	10-25%	12.0	Yes	Yes
Ecuador	9.1	10-25%	45.7	No	No
El Salvador	2.0	10-30%	18.2	No	Yes
Guatemala	11.8	15-30%	32.8	No	Yes
Guyana		33.33%		Yes	No
Honduras	5.9	10-30	118.7	No	Yes
Jamaica	1.4	0-25%		No	No
Mexico	0.1	3-35%	7.2	No	Yes
Nicaragua	9.3	7-30%	42.0	Yes	No
Panama	1.1	4-30%	15.2	No	Yes
Paraguay [a]					
Peru		15-30%	24.2	No	Yes
Trin. and Tobago	1.9	28-35%		No	
Uruguay [a]					
Venezuela		6-34%	6.8	Yes	Yes

[a] These countries do not have taxes on personal income.
Source: Price Waterhouse, *Individual Taxes: A Worlwide Summary* (according to information as of January 1997).

Taxes on company profits were also reduced; with only two exceptions (Honduras and Barbados) they are now under 40%. The most common rates are also 30% and 25%, which are in effect in seven and four countries, respectively (Figure 8). Although the reforms may have improved tax neutrality, most countries still have tax incentives by activities, sectors, or regions. The most common incentives are those aimed at the mining, forestry and tourism (Table 4).

Figure 8. Maximum Tax Rate, Corporate Income Tax



Source: See Appendix 1.

Table 4. Fiscal Incentives for Production and Investment

	Horizontal tax incentives	Tax incentives to specific sectors	Tax incentives to specific regions
Argentina		Mines and forest products	
Bahamas	X [a]	Hotels, financial services, alcoholic beverages and beer	
Barbados	X [b]	Financial services, insurance, and information technology	
Belize	X	Mines	
Bolivia		Mines	
Brazil			X [c]
Chile	X [d]	Forest products, petroleum, natural materials	X
Colombia			X [e]
Costa Rica		Tourism, forest products	
Rep. Dominicana		Tourism, agro-industry	
Ecuador		Mines, tourism	
Guyana		Agro-industry	
Haiti	X [f]		
Jamaica		Film industry, tourism, bauxite, aluminum, industrial construction	
Mexico	X [g]	Forest products, film industry, air and sea transport, publishing industry	
Nicaragua		Tourism	
Panama		Tourism, forest products	
Paraguay	X [h]		X [i]
Peru		Tourism, mines, petroleum	X [j]
Trin. and Tobago	X [k]	Hotels, construction	
Uruguay	X [l]	Hydrocarbons, printing, freight, forest products, military industry, airlines, newspapers, broadcasting, theaters, film industry	
Venezuela	X [m]	Hydrocarbons and other primary sectors [n]	

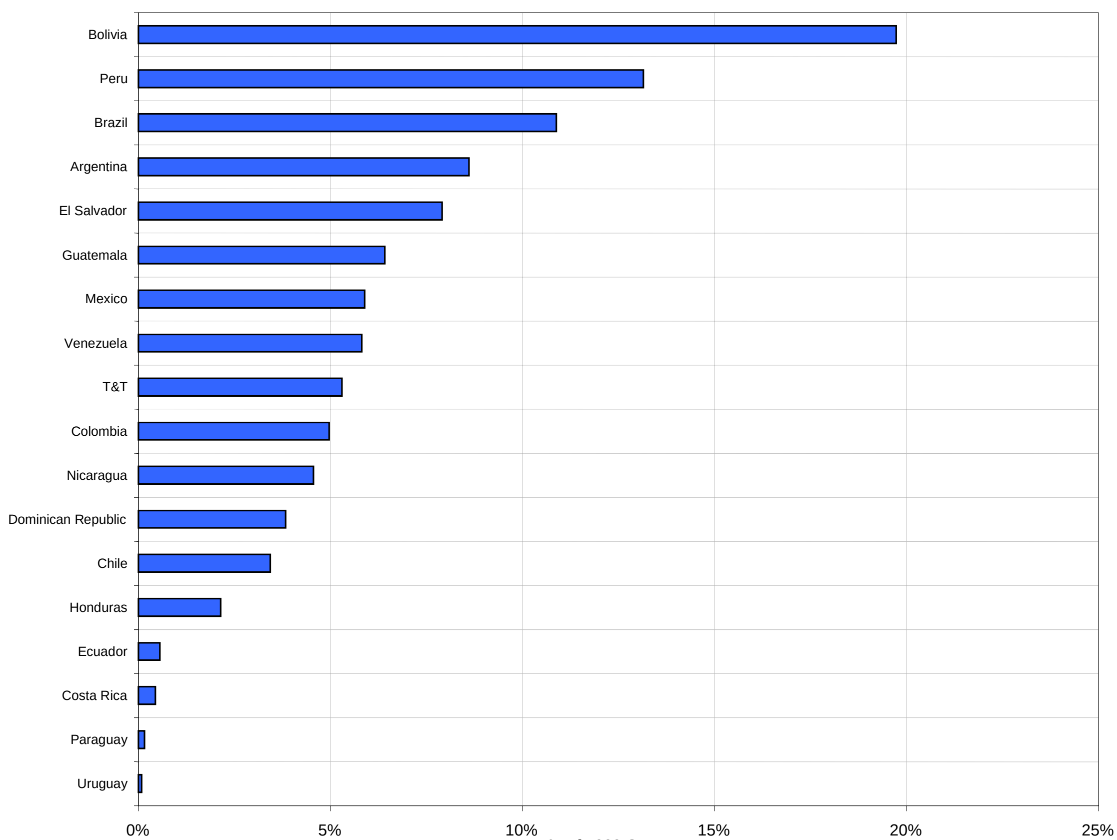
Notes:
[a] Income is tax-free and imports to be used in investment projects are duty-free.
[b] The tax incentive is for foreign investors. Offshore companies are taxed at a significantly lower rate than local companies.
[c] There are federal tax incentives for investment in the Northeast regions and the Amazon.
[d] There are two main horizontal kinds of tax incentives for investment (including reinvestment of profits): 1) acclereated depreciation guaranteed for new fixed assets; 2) taxes on personal incomes and additional taxes are applied only when the profits have been distributed.
[e] There are two special regimes favoring particular regions recently affected by natural disasters: the Paez law and the Quimbaya law. The former applies in areas affected by the flooding of the Paez River in 1995 and the latter in the coffee producing regions affected by the January 1999 earthquake.
[f] Haiti has a temporary tax exemption scheme.
[g] Through the Sector Promotion Program (PROSEC), companies in 22 manufacturing sectors may import at a preferential rate goods to be used in their sectors to produce final goods for both the domestic and the foreign market.
[h] Paraguay has temporary five-year exemptions for new investments.
[i] The tax exemption mentioned in j is for 10 years if the company invests in the departments of Guairá, Caazapá, Ñeembecú or Concepción, or in the Eastern region.
[j] Businesses in the manufacturing sector operating in border provinces and in the Amazon regions are exempt from the income tax, the VAT, and indirect taxes.
[k] Trinidad and Tobago guarantees temporary tax exemptions for up to 10 years.
[l] There is a tax exemption on re-invested profits for manufacturing, agricultural, and hotel companies. In addition, there is partial relief on taxes on capital by calculating the tax value of industrial machinery at 15%.
[m] New investments in the manufacturing, agricultural, fish-farming, cattle, and tourism industries receive a 20% reimbursement. In addition, profit tax on capital is 1%.
[n] New investments in hydrocarbon production receive an 8% reimbursement. Purchase of machinery and services for new investments in petroleum and its byproducts, mining, agricutlure, and fishing, is exempt from sales tax.
Source: Melo (2001).

Privatization

Recent progress in the field of privatization has also been noteworthy, although quite uneven among countries. The 396 sales and transfers to the private sector made in Latin America between 1986 and 1999 represent over half of the value of privatization operations in developing countries.[9] Brazil and Argentina have carried out the largest amounts of privatization: US$61 billion and US$25 billion, respectively. Three countries have carried out cumulative privatizations representing over 10% of the GDP of their economies in 1999 (Figure 9), and a total of 17 countries have carried out privatizations in some year for over 1% of GDP.

Fifty-seven percent of the value of the privatizations in the region during the 1990s has taken place in the infrastructure sectors, which were traditionally closed to private participation and where the potential for obtaining productivity and efficiency gains is greater. Another 11% has come from the sale of banking and similar entities, thereby strengthening tendencies toward financial reform. The composition of privatizations by sectors has differed notably between countries. In the Dominican Republic, Colombia, El Salvador, Argentina, and Bolivia, the electricity sectors have absorbed over half, whereas in Venezuela, Uruguay and Mexico, practically no privatizations have taken place in this sector. The most active sector in Guatemala, Panama, Peru and Venezuela, has been telecommunications, whereas in Mexico and Uruguay it has been the financial sector.

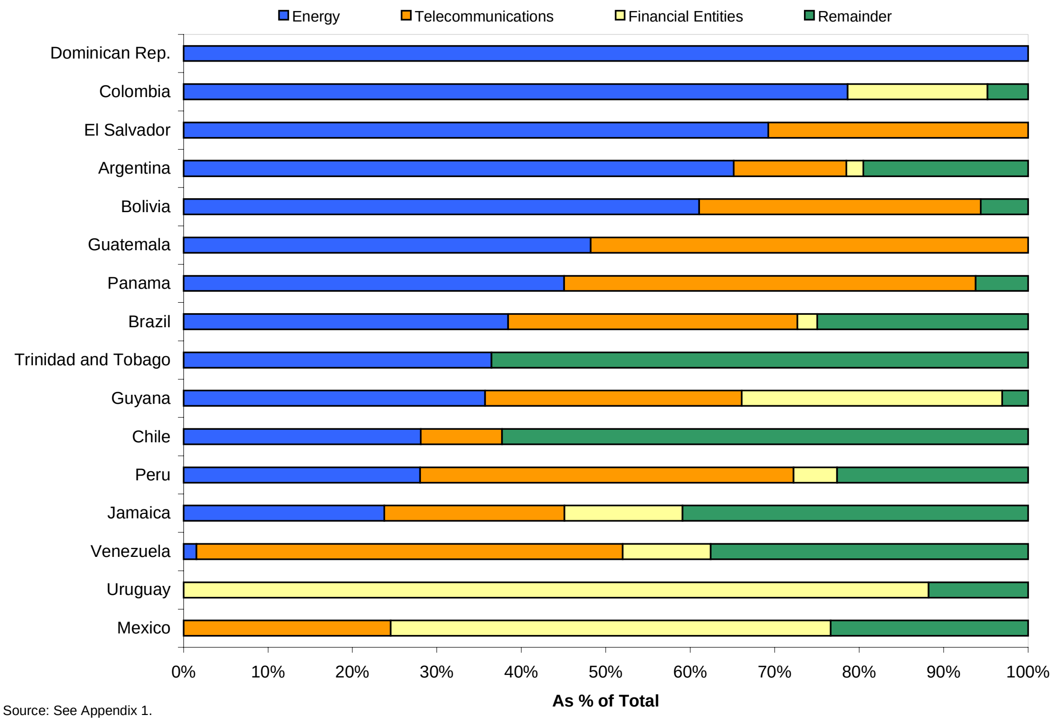
Figure 9. Privatizations: Cumulative Value, 1988-1999



Source: See Appendix 1.

[9] Except for those carried out through massive distribution of coupons in Eastern European countries.

Figure 10. Composition of Privatizations, 1990-99



Source: See Appendix 1.

One of the more favorable and tangible effects of privatization has been the increase of foreign investment in the region. Until the late 1980s, many countries placed obstacles to the entry of foreign capital into various sectors and limited the remittance of profits and capital to the headquarters abroad. These restrictions were dismantled at the same time as new investment possibilities were opened through privatization. Foreign investment for privatization represented 36% of foreign direct investment in the 1990s. Its total amount was far higher than that of the previous decade, both in absolute value ($136 billion, as opposed to only $2.5 billion in the 1980s), and as a proportion of the region's GDP (rising from 0.3% of GDP in 1989 to 6.9% in 1999). Privatization may have triggered other foreign investment as well, in order to capitalize the privatized companies or invest in complementary activities, which privatization has made more attractive.[10]

Labor Reforms

As Dani Rodrik has observed, a number of countries in Latin America adopted more trade and financial liberalization policies and more privatizations in a short period than the East Asian countries did in three decades.[11] Even in the tax area, where advances have been very uneven, progress in the reforms has been noteworthy. In contrast with the four previous reform areas, in

[10] Sader (1993) calculated that until the early 1990s, for every dollar of foreign direct investment for privatization another 88 cents in foreign investment were received. Our own calculations for the 1986-99 period indicate that each dollar in privatization generates 1.16 dollars of foreign investment (although the value is not statistically different from 1). The calculation comes from the ratio of a panel regression where the dependent variable is the amount of foreign investment by country and year, the independent variable is the amounts of privatization by country and year, and there are fixed effects by year and by country.

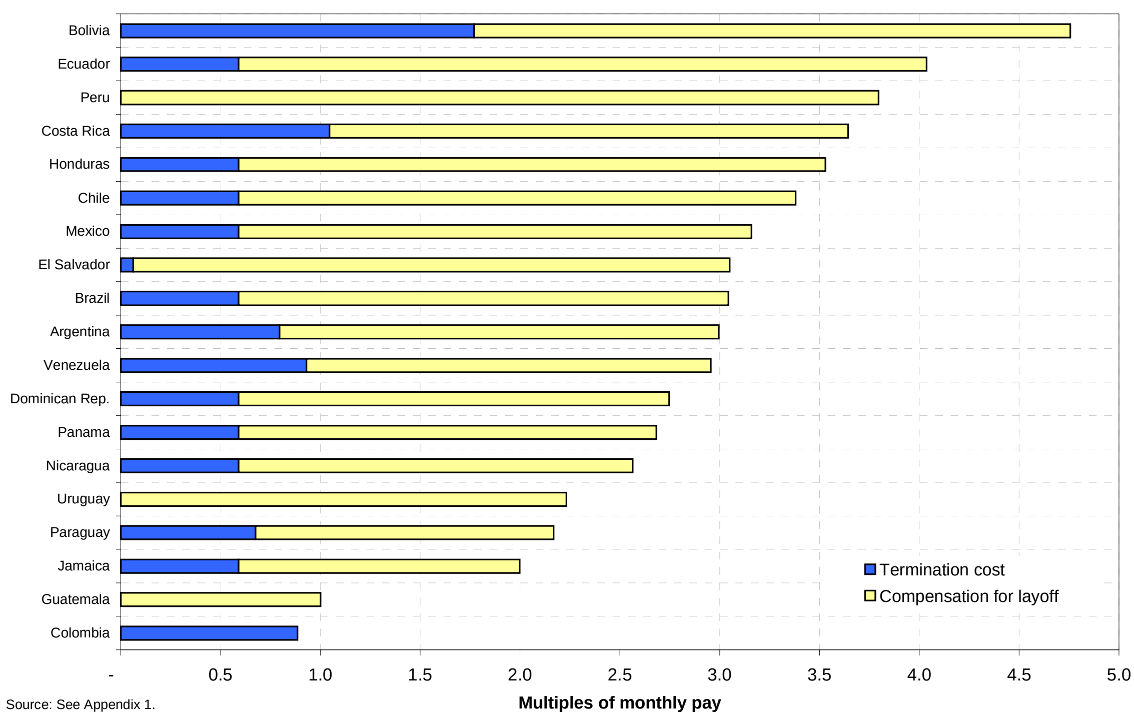
[11] See Rodrik (1996).

the labor area the changes have been few and smaller in scope. Only six countries have made substantial labor reforms between the mid-1980s and 1999: Argentina (1991), Colombia (1991), Guatemala (1990), Panama (1995), Peru (1991) and Venezuela (1998).

Reforms in the labor area have been focused on moderating layoff costs and facilitating temporary hiring of workers. Given the absence of universal social protection systems in most countries, the regulations that have traditionally covered labor activity were issued with the aim of securing labor stability and protecting workers from the risks inherent in unemployment, sickness, old age, and so forth. However, these objectives have not always been met, because these restrictions have lessened job creation and encouraged informal employment.[12]

In the countries of the region, except for Colombia and Guatemala, the cost of laying off a worker is at least one month's pay. In Bolivia and Ecuador, the cost is over four months' pay, and in another 15 countries it is between two and four months' pay (Figure 11). The six countries that made reforms amended the rules regulating the costs of dismissal, lowering their sums and/or converting layoff compensation into predictable annual payments.

Figure 11. Expected Cost of Laying off a Worker, 1999



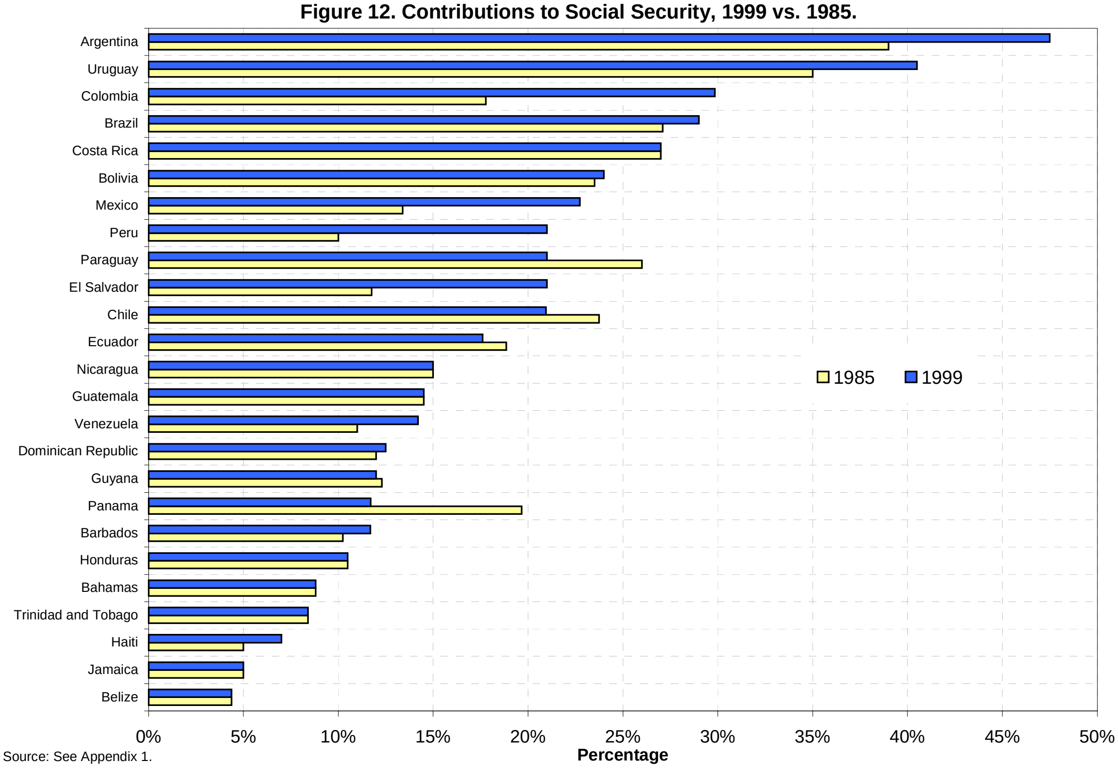
Source: See Appendix 1.

In order to encourage stable employment, 14 countries have traditionally imposed restrictions on temporary hiring, severely or completely limiting this kind of labor relationship, thereby restricting the labor flexibility that may be needed by certain types of companies due to the unstable characteristics of their demand or their production processes. Only four countries (Argentina, Colombia, Ecuador and Peru) have applied partial correctives to this situation.

[12] See Heckman and Pagés (2000).

In most countries in the region non-salary costs are very high, as a result of payments charged to companies and workers for various social security programs in pensions, health, family compensation, and unemployment (aside from other non-salary costs for contributions to education or training programs, for payment of vacations, premiums, bonuses, etc.). In Argentina and Uruguay costs for contributions to these programs is over 40% of direct wage cost, and in nine other countries they are between 20% and 30% (Figure 12). Some counties have introduced corrective measures to address this situation, either through reductions in contribution rates, or by linking individual contributions more closely to the benefits of social security systems, thereby reducing their taxational nature. But in many countries greater corrective measures are needed to keep the contributions to security programs from being a disincentive to formal employment.

Figure 12. Contributions to Social Security, 1999 vs. 1985.



Source: See Appendix 1.

A Structural Reforms Index

Various studies have tried to analyze the effects of the structural reforms on growth, investment, and other economic variables.[13] The main difficulty that they have encountered has been how to measure the magnitude of the reforms. The reason is that the more usual economic statistics have to do with economic *results*, such as growth, inflation, or foreign trade, rather than with the *policies* that impact on those results. Even variables that are usually considered to be policy indicators, such as the fiscal deficit or the financial depth of the economy, are really result variables that are influenced not only by policy decisions but also by a variety of other internal and external phenomena, such as the business cycle, the terms of trade, or foreign interest rates. The area where greatest efforts have been made to measure policy variables directly has been that related with import and export regimes.[14] Nevertheless, even in this area there are serious impediments to obtaining relevant policy variables.[15]

The lack of accurate information on the magnitude of the reforms has been an obstacle to assessing the relative importance of the different reform areas, and distinguishing between the effects of the structural reforms per se and those resulting from macroeconomic stabilization. Due to these deficiencies, empirical studies are often unable to offer sufficiently precise recommendations on matters so disputed and crucial as the sequence and pace of the reforms or on the complementarity between the different areas of reform and between reform and macroeconomic stability.

With a view to making up for these deficiencies, in an earlier version of this study a structural policies index was constructed with annual frequency for the 1985-1995 period for most Latin American countries. We now present this index extended to 1999, with slight methodological modifications. The index reflects the movement of the five reform areas indicated above: (i) trade policy, (ii) financial policy, (iii) tax policy, (iv) privatization, and (v) labor legislation. The index attempts to reflect the degree of neutrality of economic policies in these five areas, in a range from 0 to 1 for each policy variable (usually there is more than one policy variable in each of the areas) based on the worst and the best observation of this variable in the entire sample of countries and years. The total structural policies index is the simple average of the indices of the five areas, which are in turn the simple average of the indices for the policy variables considered.

[13] For Latin America, see, for example, Easterly, Loayza and Montiel (1997). Edwards (1995) discusses various reform areas in Latin America and indicates the research that evaluates their main effects. On a world scale, see Sachs and Warner (1995) and Thomas and Wang (1995).

[14] See Dollar (1992), Lee (1993), Edwards (1993 and 1998), Sachs and Warner (1995), and Wacziarg (1998).

[15] Rodriguez and Rodrik (2000) have analyzed in detail the measurement problems of the policy indicators of the most influential studies in this area, reaching the conclusion that these indicators do not provide an adequate empirical base to support the hypothesis that trade liberalization policies are crucial for productivity and growth.

It should be noted that the index seeks only to measure the neutrality of policies. This is based on the assumption that the primary objective of structural reforms in the economic realm has been the pursuit of greater efficiency in the allocation of productive resources by eliminating or reducing the distortions caused by policies that limit the operation of markets or that impose costs on transactions or productive activities. The index does not seek to measure other aspects of the quality of economic policies. For example, it does not take into account that an objective of labor legislation may be to provide protection and stability, or that tax policies reflect needs for tax collection and may pursue redistribution purposes. Only in the area of financial policies are regulatory aspects considered because, as is widely recognized, these kinds of government intervention are required to avoid, or at least to moderate, the *inefficiencies* to which an inadequately monitored financial system may give rise.[16]

The policy variables that have been considered in each of the areas are the following (for greater detail, see Appendix 1).

Trade policy: The indicators used in this area are only average tariffs (including surcharges) and tariff dispersion. Unfortunately there are no adequate measurements of non-tariff trade restrictions. Nor are there continuous series with common methodologies, and hence it has been necessary to combine various sources.

Financial policy: This area combines three indicators: (i) reserve requirement measured as the ratio of bank reserves to bank demand deposits; (ii) interest rate freedom and other dimensions of lending agreements (on a scale of 0 to 1, where 0 means widespread control of interest rates and where the values between 0 and 1 correspond to the amount of the dimensions of the lending agreements where government intervenes), (iii) quality of regulation of capital adequacy (on a scale of 0 to 1, where 0 corresponds to cases where minimum Basle criteria are not applied, and where the intermediate values reflect the application of other desirable criteria.). It should be noted that the index considers lower reserve requirements desirable because it is based on the criteria of market operating freedom. Nevertheless, this criterion may be in conflict with objectives of financial stability. It should also be kept in mind that the interest-rate-freedom indicator takes the zero value up to the most recent year of liberalization, even in intermediate periods in which there may have been temporary interest-rate freedom.

[16] A similar argument would justify introducing elements of regulation in the area of privatization. Such an effort has not been attempted, due to limits of information and lack of consensus on the desirable characteristics of regulatory systems in privatized sectors. For the case of electric power, see Millán, Lora and Micco (2001). See also IADB (2001), Part IV, for the ports, electric power, and telecommunications sectors.

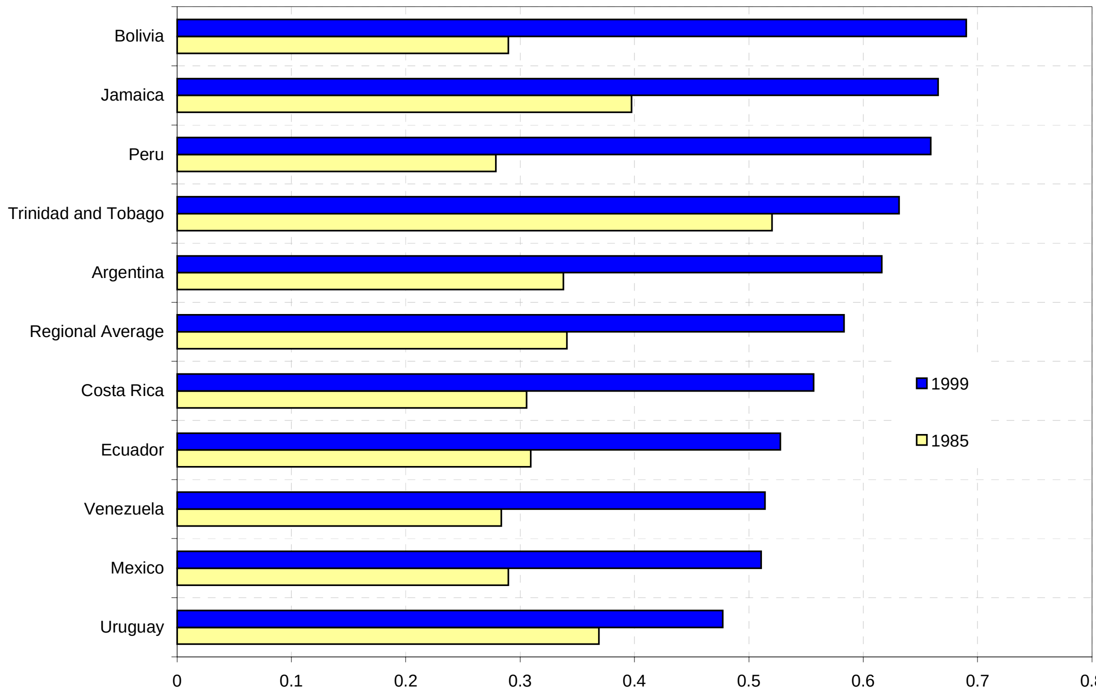
Tax policy: This area combines the following policy indicators: (i) maximum marginal income tax rate on companies, (ii) maximum marginal income tax rate on persons, (iii) productivity of taxes on income (measured as the ratio between the average of the two previous tax rates and the collection of direct taxes as a proportion of GDP), (iv) basic rate of the value-added tax, and (v) productivity of the value-added tax (defined as the relationship between the basic rate and collection expressed as a proportion of the sum of GDP plus imports minus exports). We have chosen the maximum marginal rather than average rates because they are the ones that influence labor and investment decisions. We consider the productivity rates of taxes as indicators of the degree of neutrality of the taxes. As a result of this set of indicators, the best grades for tax policy go to countries that have the tax rates that are lowest, flattest, and most effective in their collection. The indicators used refer only to the taxes of national governments. That can be a major deficiency in federal countries, such as Brazil, where states have major roles in taxation.

Privatizations: In this area the only indicator used is the privatization effort measured as the cumulative value of the sales and transfers of companies (starting in 1986) as a proportion of GDP for the year in question. We take *cumulative* privatizations rather than flow, because we are interested in measuring how much of an area has been opened to private enterprise, just as, in tariffs, for example, levels rather than changes in levels are considered. The ideal measurement would be the percentage of productive activities of a country that are held and operated by the private sector, but this information is not available.

Labor legislation: In this area the flexibility of legislation is considered under four aspects: (i) ease of hiring (on a discrete scale which takes the values 0, 0.5 and 1), (ii) ease of layoff, measured according to the expected cost of layoff (in months of pay), (iii) flexibility of work day, measured according to extra cost for extra work days and hours (on a similar discrete scale), and iv) social security contributions (as a proportion of salaries). It is important to point out that rigidities due to minimum pay legislation are not considered. In some countries they are a very significant restriction on job creation, especially, although not only, in the formal sector.

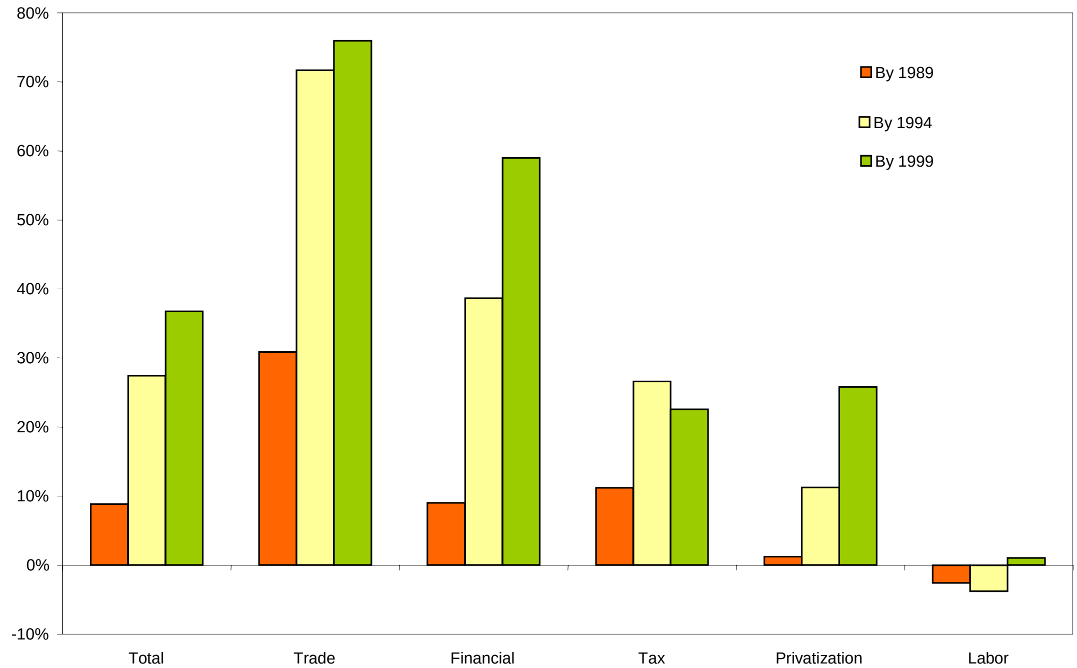
The total structural reforms index, which combines these five policy areas for 16 Latin American countries, rose from 0.34 in 1985 to 0.58 at the end of the 1990s. This advance means a significant increase, even though a very wide range of structural reforms remains unexploited. The most dynamic reform period was between 1989 and 1994, when 0.13 points were obtained out of the total 0.24 improvement over the whole period. Nevertheless, there has been progress every year, and the improvements have encompassed all countries, although at different rates, and in some countries with minor reversals that have turned out to be temporary. Figure 13 compares the state of the reforms in 1985 and 1999 for the countries with the best and worst indices in 1999. The five countries with the best indicators are Bolivia, Jamaica, Peru, Trinidad and Tobago and Argentina, all having final values of the index of over 0.6, and with improvements of at least 0.2 points over their initial situation in four of the five countries. The five countries farthest behind in the reform process are (starting with the worst) Uruguay, Mexico, Venezuela, Ecuador and Costa Rica, with indices situated between 0.48 and 0.55. Nevertheless, even in this group of countries there are noteworthy advances over the initial situation, and all of them reach levels above the regional average at the beginning of the period.

Figure 13. Structural Reform Index
(countries with best and worst indices in 1999)



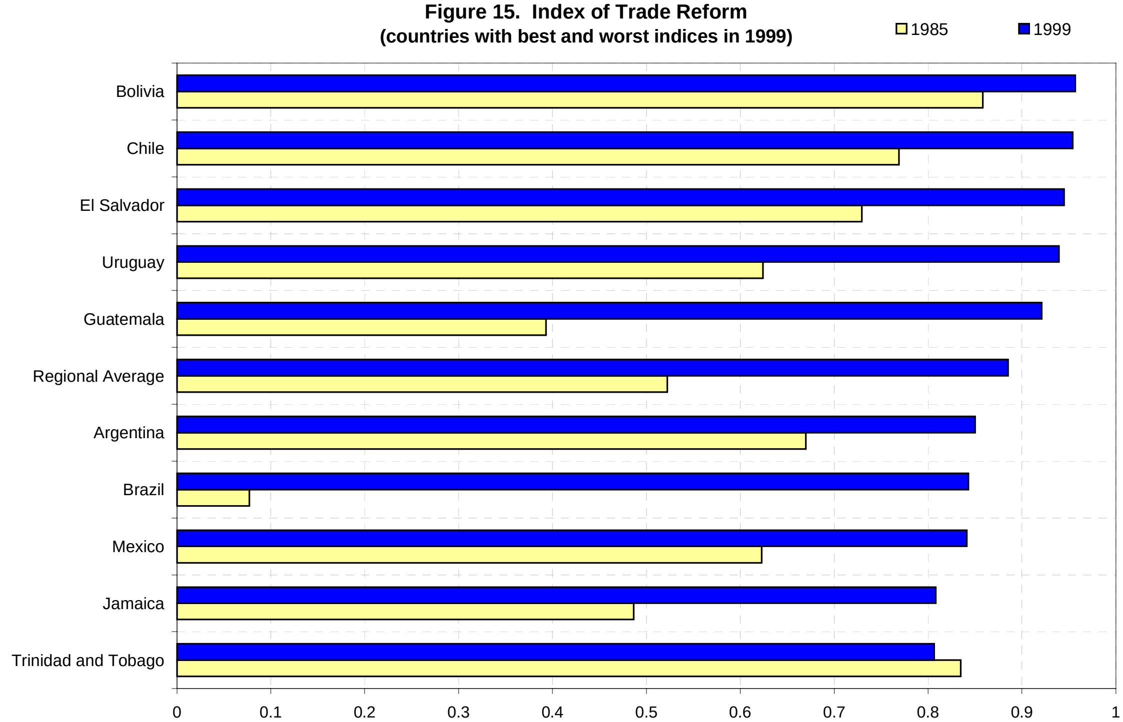
The advance of the reforms has been more uneven among areas of reform than among countries. Figure 14 shows what the degree of advance has been for the total and by areas (measured against the average level of each index in 1985). The liberalization potential existing in 1985 has been most notably exploited in the areas of trade and finance. In both areas the reform process was very intense between 1989 and 1995, but it has continued subsequently. In the area of trade reform, all countries have reached indices of at least 0.8, and the five most advanced countries in this area (Bolivia, Chile, Uruguay, Peru, and Paraguay) have indices of over 0.9 (see Figure 15). In the area of financial reform, all the countries have reached levels of over 0.49, and the five countries with the highest indices (Argentina, Bolivia, Jamaica, Dominican Republic and Mexico) have reached levels of over 0.75 (Figure 16).

Figure 14. Advance of Reforms in Latin America
(margin of reform utilized)



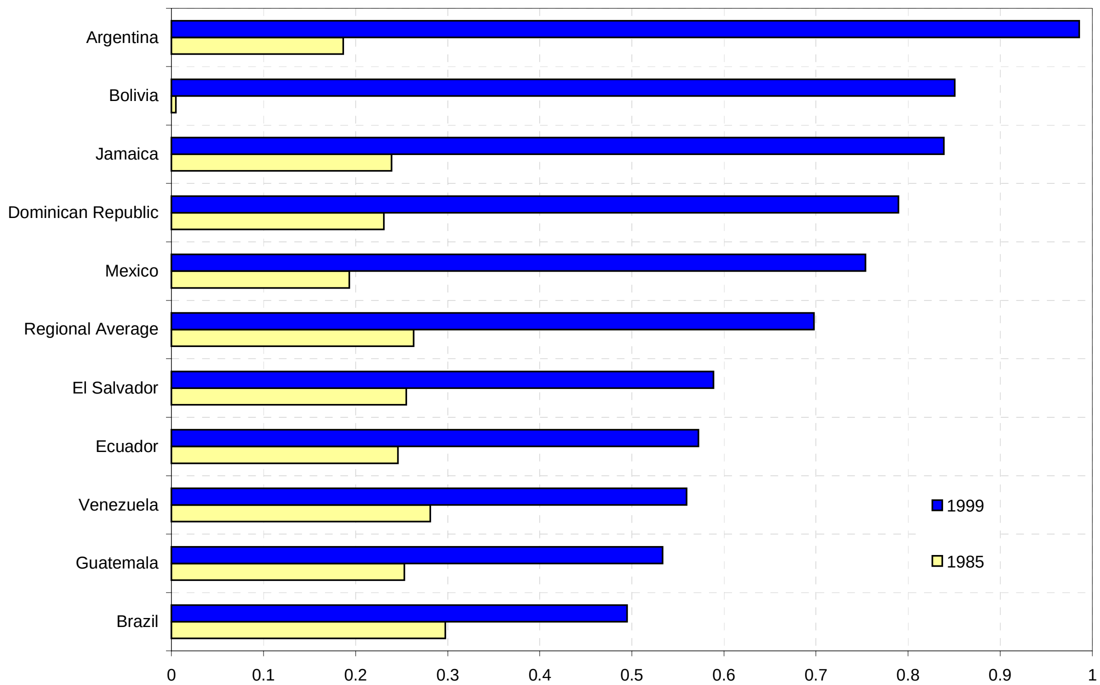
Note:The advance of the reforms is measured as the margin for reform existing in 1985 that has been utilized by 1989, 1994 and 1999.
Source: See Appendix 1.

Figure 15. Index of Trade Reform
(countries with best and worst indices in 1999)



Source: See Appendix 2 .

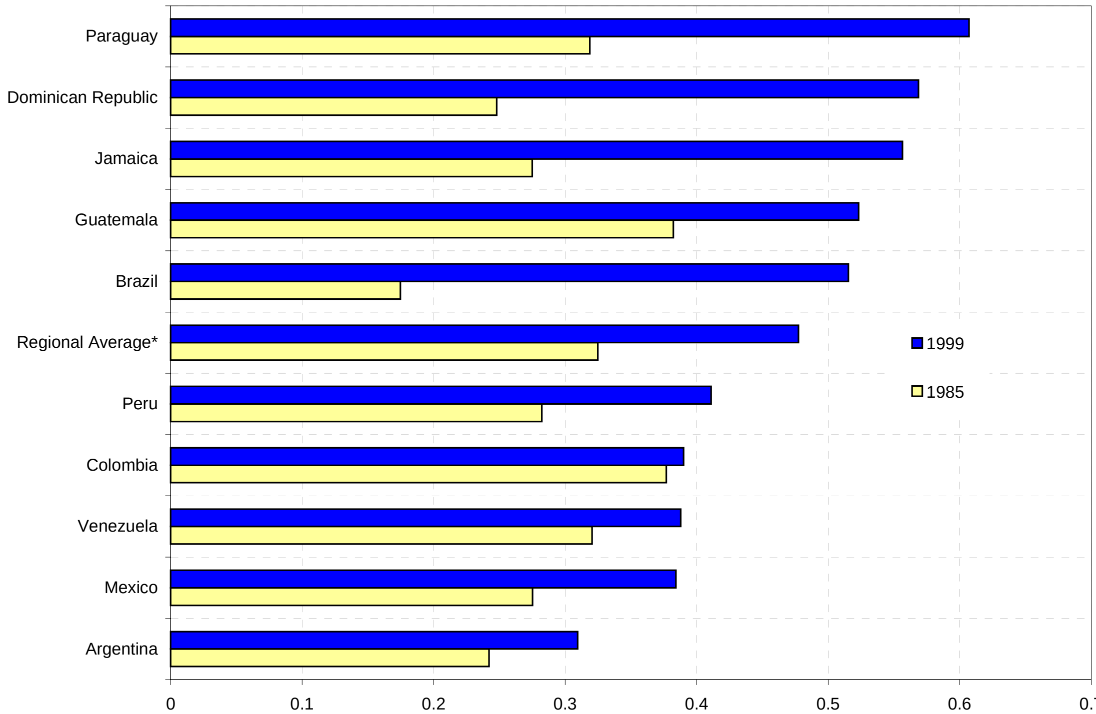
Figure 16. Index of Financial Reform
(countries with best and worst indices in 1999)



Progress has not been so deep in the other areas. Due to the heterogeneity of some aspects of tax structures in the countries[17] and the different needs for tax resources in different countries (for historic reasons or because of the existence of other sources of tax revenue), it is difficult to make progress in this index comparable to those in trade and financial policies. The main room for future progress lies in making collection more effective and in broadening the bases of some taxes, which in some countries may also make it possible to reduce current tax rates. The countries with the highest tax reform indices (Paraguay, Dominican Republic, Jamaica, Guatemala and Brazil) have levels that are no higher than 0.6, whereas the cases with the least progress in this area (Argentina, Mexico, Venezuela, Colombia and Peru) have very low indices, between 0.3 and 0.41 (see Figure 17).

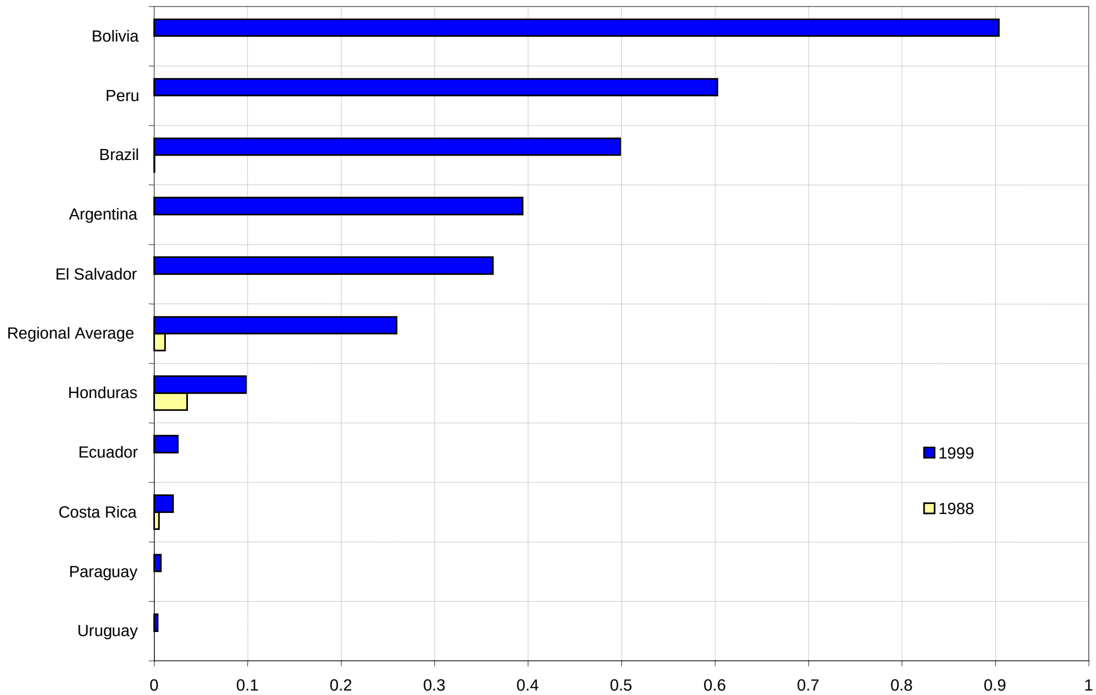
[17] For example, in terms of the highest personal income tax, the highest level is 73 percent (Dominican Republic in the 1980s) and the lowest is 0 percent (Paraguay and Uruguay currently), while the mode is 30 percent.

Figure 17. Index of Tax Reform
(countries with best and worst indices in 1999)



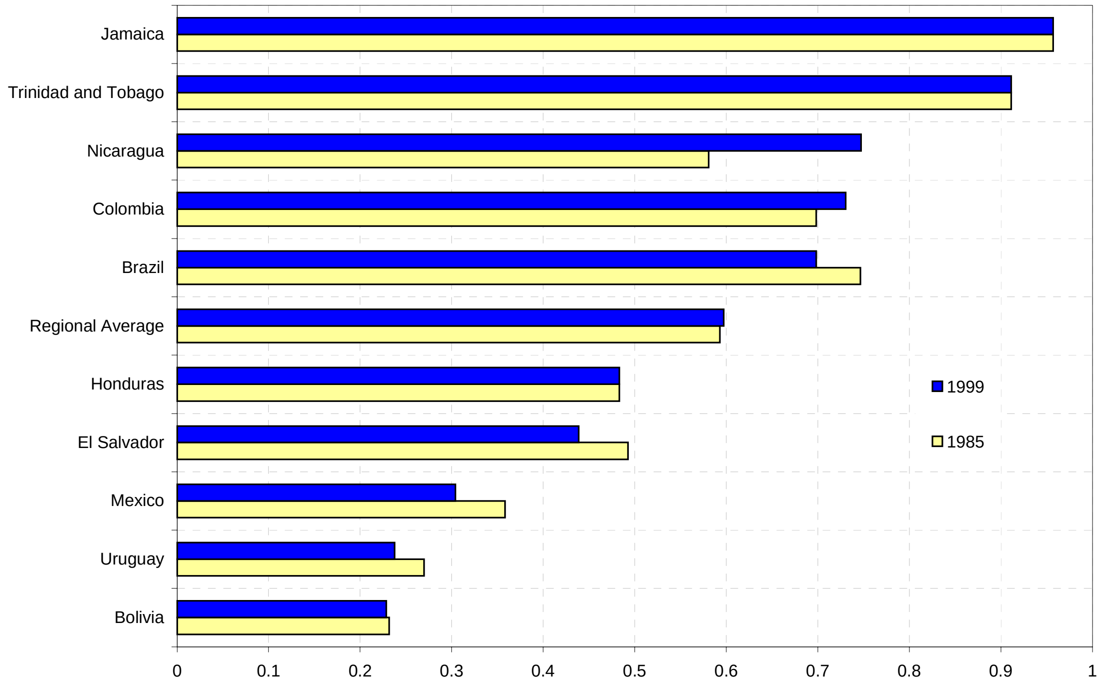
In the area of privatization, because the efforts have varied enormously from country to country, the region's progress has on average been limited. Nevertheless, this is the only area where the pace of reform was faster in the last five years than in the previous sub-periods. In this instance, the greatest advances were in Bolivia, Peru, Brazil, Argentina and El Salvador, with indices between 0.35 and 0.9, and the smallest were in Honduras, Ecuador, Costa Rica, Paraguay, and Uruguay, all under 0.1 (Figure 18).

Figure 18. Index of Privatization
(countries with best and worst indices in 1999)



Finally, practically no advantage has been taken of the potential that would exist in many countries to make labor regimes more flexible by allowing the labor market to operate. The most flexible labor markets are in Jamaica, Trinidad and Tobago, Nicaragua, Colombia, and Brazil, and the most rigid are in Honduras, El Salvador, Mexico, Uruguay, and Bolivia. However, neither group shows significant changes between the mid-1980s and late 1990s.

Figure 19. Index of Labor Reform
(countries with best and worst indices in 1999)



Conclusion

The aim of this document has been to bring together the advances in the main areas of structural economic reform in Latin America up to 1999, and to measure these advances through a set of indices that measure the quality of policies from the standpoint of their efficiency and neutrality. According to this indicator, the reforms have made it possible to appreciably raise the quality of policies, especially in the trade and finance areas, and to a lesser extent, in privatization and in the tax and labor areas. Because the pace of the reforms has varied not only among areas of structural policy, but also among countries, the database that is presented here and is included in the appendices to this work may lay the groundwork for discerning the effects that the different reforms have had from country to country.

Appendix 1

Sources of the Policies Index

The *structural policy efficiency index* is a simple average of indices of policies in the following five areas: (i) trade policy, (ii) financial policy, (iii) tax policy, (iv) privatization, and (v) labor legislation. Involved in each of these areas may be one or more basic indices, which are averaged out. Each of the basic indices may move in a range of 0 to 1, where 0 corresponds to the worst reading for any year and any country in the period and the countries considered, and 1 to the best. The basic indices that make up each area have been listed in the text. The details of the construction and the sources of information used were as follows:

Trade. Information for average tariffs (including surcharges) and their dispersion for 11 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela) comes from an OAS research project headed by José Echavarría, covering the years 1986, 1988 and 1990. Intermediate years were interpolated. For the eight remaining countries (Costa Rica, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Dominican Republic, and Trinidad and Tobago) information from the IDB, Department of Integration and Regional Programs, obtained from national sources and various studies, was used. Starting in 1992 information published by the World Bank in *World Development Indicators* was used. The tariff dispersion was estimated in many cases on the basis of quadratic regressions for the countries and years for which such information was available (in the table in Appendix 2 the estimated observations appear in bold).

Financial. In this area, the total index is the average of three standardized indicators on a scale of 0 to 1. The first is the reserve ratios indicator, which was calculated with information on bank reserves and demand deposits from *International Financial Statistics Yearbook,* International Monetary Fund, various issues.

The second is an indicator of interest-rate freedom and other dimensions of lending agreements. It is the product of multiplying a generalized control dummy variable by a variable of the freedom granted to the banks in eight dimensions of their lending operations: currency in which credit is denominated, loan repayment periods, amortization system, interest payment system, maximum level of ordinary interest rates on loans, maximum level of interest rate for overdue loans, obligatory investments (other than reserves), and minimum ratios of allocation of credit to specific sectors. Information reported in a survey by the IDB's Research Department of Central Banks and Superintendencies of Banks in Latin America and the Caribbean was used to construct the interest rate control variable. The dimensions of lending agreements in which governments intervene come from a survey of banking associations in the countries taken by the IDB and FELABAN in January 2000. The responses refer to the 1995-99 period (with no distinction by years).

The third component is a prudential regulation quality indicator, calculated as the product of a variable dummy of application of the Basle minimum criteria on capital requirements, by a variable of the application of four complementary norms: adjustment of capital requirements according to risk, deduction from capital of the value of defaulted loans, deduction from capital of the value of unrealized losses from portfolio investments, and deduction of capital of losses because of exchange rate fluctuations. The source of this information for 13 countries is Barth *et al*. (2001), completed for Colombia with information from the Banco de la República. For the remaining countries the year of application of the Basle minimum requirements comes from a survey of Central Banks and Superintendencies of Banks in Latin America carried out by the IDB's Research Department. In view of the lack of information on complementary norms, for these countries the average of the other 14 countries is used (figures in bold in Appendix 2).

Taxes. The source of tax rates for the 1985-89 period is Coopers and Lybrand, *International Tax Summaries*, various issues, and Price Waterhouse, *Individual Taxes: A World Wide Summary*, and *Corporate Taxes: A World Wide Summary*, several issues. For the 1990-95 period, the basic source is CIAT (Inter-American Centre for Tax Administrators), *Estructura y Administración de los Impuestos sobre Rentas* y *Ventas en Países Miembros del CIAT*. For the years after 1995 the links provided by Flinders University International Tax Index (http://commerce.flinders.edu.au/InternationalTax/) were consulted. The productivity indicators of direct taxes and the VAT were calculated using the data on collection in the *Government Financial Statistic Yearbook*, International Monetary Fund, various years.

Privatization. Dollar amounts of privatization come from data of the World Bank International Economics Department. The series was completed with the databases of the journal *Privatization International*. The cumulative amounts of privatization each year are expressed as a proportion of GDP in current dollars for that year. The GDP series were taken from the CD-ROM World Development Indicators (2000) published by the World Bank.

Labor. In this area, four indicators, standardized on a scale of 0 to 1, are combined. (i) The first component is an indicator of flexibility of legislation on hiring. This indicator takes the value of 1 when the legislation does not impose restrictions on temporary contracts, the value of 0.5 when only contracts with a limited duration and renewability are allowed, and 0 when temporary contracts are limited to temporary functions. The basis is the legislation of countries as reported in IDB (1996), and complemented for subsequent years with information from Labor Ministries. (ii) The second indicator is the expected cost of laying off a worker, which comes from Heckman and Pagés (2000), and has to do with a new worker who is facing a profile of probabilities of being laid off from the company which is assumed to be equal in all countries. The same methodology was applied to the other years not covered by these authors, using the legal information on the countries according to the IDB (1996) and Ministries of Labor. (iii) The third component is an indicator of work-day flexibility, which takes the value of 1 when extra charges for overtime are not over 50% and for holidays are not over 100%, and the value of 0 when both overtime and holidays have extra charges of over 100%, and the value of 0.5 in remaining cases. The sources are the same as the previous point. (iv) The last component is the cost of social security contributions in pensions, health, family compensation and unemployment (it does not include contributions to programs for labor training, which are typically 1% of payroll). The source is various issues of *Social Security Programs Throughout the World*, U.S Department of Health and Human Services.

Appendix 2

Structural Reforms Index

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.338	0.326	0.327	0.311	0.366	0.468	0.551	0.574	0.602	0.598	0.595	0.597	0.607	0.604	0.616
Bolivia	0.290	0.348	0.390	0.406	0.403	0.466	0.487	0.485	0.474	0.475	0.614	0.711	0.705	0.699	0.690
Brazil	0.259	0.301	0.301	0.344	0.419	0.430	0.431	0.449	0.468	0.489	0.515	0.530	0.551	0.580	0.610
Chile	0.488	0.512	0.513	0.549	0.580	0.570	0.572	0.564	0.565	0.570	0.577	0.586	0.585	0.585	0.606
Colombia	0.291	0.386	0.386	0.383	0.383	0.413	0.477	0.540	0.525	0.534	0.524	0.529	0.555	0.560	0.562
Costa Rica	0.306	0.387	0.428	0.421	0.420	0.425	0.420	0.440	0.446	0.453	0.536	0.533	0.542	0.557	0.557
Dominican Rep.						0.384	0.378	0.432	0.436	0.447	0.439	0.441	0.454	0.490	0.599
Ecuador	0.309	0.317	0.320	0.321	0.323	0.405	0.399	0.456	0.461	0.484	0.536	0.535	0.539	0.536	0.528
El Salvador	0.349	0.353	0.351	0.348	0.362	0.399	0.401	0.416	0.494	0.505	0.488	0.497	0.489	0.572	0.566
Guatemala	0.344	0.344	0.410	0.425	0.447	0.445	0.444	0.450	0.462	0.475	0.513	0.505	0.509	0.570	0.592
Honduras					0.354						0.489	0.500	0.490	0.540	0.511
Jamaica	0.397	0.410	0.494	0.495	0.498	0.500	0.524	0.549	0.539	0.545	0.554	0.557	0.586	0.652	0.666
Mexico	0.290	0.308	0.340	0.392	0.403	0.424	0.453	0.479	0.474	0.540	0.531	0.500	0.510	0.501	0.511
Nicaragua										0.574	0.574	0.580	0.623	0.617	0.598
Paraguay	0.355	0.351	0.350	0.348	0.371	0.437	0.510	0.542	0.555	0.562	0.563	0.562	0.564	0.563	0.566
Peru	0.279	0.313	0.308	0.295	0.286	0.335	0.399	0.459	0.526	0.590	0.598	0.632	0.625	0.643	0.659
Trin. and Tobago	0.520	0.515	0.521	0.533	0.538	0.567	0.548	0.539	0.540	0.628	0.640	0.640	0.626	0.625	0.631
Uruguay	0.369	0.346	0.345	0.363	0.361	0.372	0.375	0.434	0.437	0.442	0.451	0.452	0.460	0.460	0.477
Venezuela	0.284	0.270	0.270	0.265	0.289	0.343	0.370	0.384	0.461	0.480	0.477	0.504	0.501	0.516	0.514
*Regional average**	0.341	0.360	0.377	0.384	0.399	0.436	0.455	0.484	0.503	0.522	0.539	0.548	0.554	0.573	0.583

* The regional average does not include the Dominican Republic, Honduras and Nicaragua.

Trade Index and its Components

Trade Index

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.669*	0.524	0.524	0.487	0.487	0.787	0.839	0.857	0.893	0.871*	0.862	0.865	0.867	0.853	0.850
Bolivia	0.858*	0.834	0.846	0.887	0.897	0.908	0.948	0.951	0.961	0.948	0.948	0.948	0.949	0.939	0.956*
Brazil	0.077*	0.198	0.334	0.385	0.551	0.579	0.650	0.716	0.815	0.846	0.862	0.840	0.852	0.841	0.843
Chile	0.768*	0.880	0.880	0.920	0.920	0.922	0.945	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.954
Colombia	0.168*	0.531	0.531	0.514	0.514	0.702	0.875	0.871	0.871	0.871	0.880	0.871	0.871	0.873	0.872
Costa Rica	0.355*	0.752*	0.811*	0.811*	0.811*	0.811*	0.811*	0.828*	0.869*	0.876*	0.846	0.876*	0.892*	0.916*	0.902
Dominican Rep.						0.752*	0.752*	0.752*	0.752*	0.794*	0.794*	0.794*	0.835*	0.817	0.835*
Ecuador	0.275*	0.275	0.275	0.289	0.289	0.564	0.564	0.878	0.889	0.871	0.877	0.872	0.872	0.872	0.864
El Salvador	0.729**	0.729*	0.752*	0.752*	0.816*	0.816*	0.816*	0.816*	0.852*	0.889*	0.863	0.888*	0.888*	0.944*	0.944*
Guatemala	0.393*	0.393*	0.704*	0.704*	0.816*	0.816*	0.816*	0.816*	0.816*	0.881*	0.854	0.873*	0.873*	0.850	0.920*
Honduras					0.493*						0.868	0.894*	0.894*	0.894*	0.873
Jamaica	0.486**	0.486*	0.775*	0.775*	0.766*	0.766*	0.762*	0.762*	0.775*	0.775*	0.775*	0.782	0.750*	0.750*	0.808
Mexico	0.622*	0.673	0.771	0.869	0.869	0.886	0.886	0.886	0.888	0.888	0.878	0.808	0.808	0.769	0.841
Nicaragua	0.343*		0.754*			0.916*				0.798*	0.863	0.897*	0.929*	0.893	0.863
Paraguay	0.712**	0.712	0.712**	0.712	0.760**	0.760	0.911	0.867	0.879*	0.875	0.878	0.875	0.879	0.882	0.873
Peru	0.299*	0.316	0.316	0.268	0.266	0.577	0.626	0.862	0.861	0.869	0.869	0.869	0.886	0.906	0.911
Trin. and Tobago	0.834**	0.834**	0.834**	0.834**	0.834*	0.834*	0.712	0.714	0.758*	0.758*	0.758*	0.758*	0.758*	0.758*	0.806
Uruguay	0.624*	0.569	0.604	0.677	0.677	0.761	0.770	0.838	0.845	0.859	0.875	0.870	0.874	0.848	0.939
Venezuela	0.476*	0.452	0.438	0.417	0.436	0.689	0.707	0.783	0.783	0.806	0.881	0.881	0.873	0.872	0.871
*Regional ave. ****	0.522	0.573	0.632	0.644	0.670	0.762	0.790	0.838	0.857	0.865	0.866	0.864	0.865	0.864	0.885

Notes: * Includes values attributed to tariff dispersion.
** In the cases of El Salvador, Jamaica, Paraguay and Trinidad and Tobago the figure is assumed to be equal to the next value available.
*** The regional average excludes the Dominican Republic, Honduras and Nicaragua.

Average Tariff (%)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	28.0	39.5	39.5	43.7	43.7	21.0	12.2	11.8	10.9	10.9	10.5	11.2	11.3	13.5	11.0
Bolivia	20.0	21.9	20.0	18.6	17.0	13.4	10.0	9.8	9.8	10.0	9.7	9.7	9.7	9.7	9.0
Brazil	80.0	74.1	51.0	50.6	42.2	31.8	25.1	20.7	14.2	11.9	12.0	12.2	11.9	14.6	13.3
Chile	36.0	20.2	20.2	15.1	15.1	14.9	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0
Colombia	83.0	46.4	46.4	47.6	47.6	23.2	6.7	11.7	11.7	11.8	13.3	11.7	11.7	11.7	11.8
Costa Rica	53.0	21.1	16.4	16.4	16.4	16.4	16.4	15.0	11.7	11.2	11.2	11.2	9.9	8.0	3.3
Dominican Rep.					88.0	21.1	21.1	21.1	21.1	17.8	17.8	17.8	14.5	14.5	14.5
Ecuador	50.0	41.4	41.4	39.9	39.9	33.0	33.0	11.3	9.3	11.8	12.3	11.4	11.4	11.3	12.9
El Salvador		23.0	21.1	21.1	16.0	16.0	16.0	16.0	13.1	10.1	10.2	10.2	10.2	5.7	5.7
Guatemala	50.0	50.0	25.0	25.0	16.0	16.0	16.0	16.0	16.0	10.8	12.0	11.4	11.4	8.4	7.6
Honduras					41.9						9.7	9.7	9.7	9.7	8.1
Jamaica		42.5	19.3	19.3	20.0	20.0	20.3	20.3	19.3	19.3	19.3	21.3	21.3	21.3	17.9
Mexico	34.0	27.8	11.3	10.6	10.6	13.1	13.1	13.1	13.0	13.0	12.6	13.1	13.1	13.3	10.1
Nicaragua	54.0		21.0			8.0				17.4	10.7	9.5	6.9	5.9	10.9
Paraguay	71.3	19.3		19.3		16.0	15.7	9.2	9.2	8.0	9.3	9.4	9.6	9.5	9.0
Peru	64.0	63.0	63.0	67.8	68.1	26.0	17.6	17.4	17.6	16.3	16.3	16.3	13.3	13.2	13.0
Trin. and Tobago				83.0	17.0	17.0	19.9	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.4
Uruguay	32.0	35.7	29.7	27.0	27.0	23.0	21.5	18.2	17.0	14.7	9.3	9.7	10.0	12.2	4.6
Venezuela	30.0	30.6	32.9	33.8	30.6	19.0	16.0	15.7	15.7	11.8	13.4	13.4	11.9	12.0	12.6

Tariff Dispersion (%)*

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	**14.5***	20.5	20.5	21.5	21.5	8.6	8.6	7.4	5.0	**6.7***	7.6	7.0	6.8	6.9	8.3
Bolivia	**3.5***	4.5	4.5	1.9	1.9	2.7	1.1	1.0	0.2	1.1	1.3	1.3	1.2	2.0	**1.1***
Brazil	**36.7***	30.0	30.0	26.2	17.2	19.8	17.3	14.2	**9.5***	8.2	6.9	8.5	7.7	7.3	7.8
Chile	**3.15***	1.7	1.7	1.0	1.0	0.9	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Colombia	**28.2***	16.8	16.8	17.6	17.6	14.2	8.3	6.3	6.3	6.3	4.9	6.3	6.3	6.2	6.2
Costa Rica	**27.4***	**11.2***	**8.8***	**8.8***	**8.8***	**8.8***	**8.8***	**8.1***	**6.4***	**6.2***	8.5	**6.2***	**5.5***	**4.6***	7.8
Dominican Rep.						**11.2***	**11.2***	**11.2***	**11.2***	**9.5***	**9.5***	**9.5***	**7.9***	9.2	**7.9***
Ecuador		39.0	39.0	38.6	38.6	20.4	20.4	6.0	6.0	6.3	5.6	6.4	6.4	6.4	6.3
El Salvador		**12.2***	**11.2***	**11.2***	**8.6***	**8.6***	**8.6***	**8.6***	**7.2***	**5.6***	7.6	**5.7***	**5.7***	**3.4***	**3.4***
Guatemala	**25.9***	**25.9***	**13.2***	**13.2***	**8.6***	**8.6***	**8.6***	**8.6***	**8.6***	**6***	7.5	**6.3***	**6.3***	9.5	**4.4***
Honduras					**21.8**						7.5	**5.4***	**5.4***	**5.4***	7.8
Jamaica		**22.1***	**10.3***	**10.3***	**10.6***	**10.6***	**10.8***	**10.8***	**10.3***	**10.3***	**10.3***	8.8	**11.3***	**11.3***	8.4
Mexico	**15.4***	14.3	14.3	7.0	7.0	4.5	4.5	4.5	4.4	4.4	5.4	10.6	10.6	13.5	9.4
Nicaragua	**27.9***		**11.2***			**4.6***				**9.3***	7.4	**5.3***	**4.0***	7.3	7.3
Paraguay		15.2	15.2	15.2	15.2	13.0	1.4	7.8	**6.8***	7.7	6.9	7.1	6.7	6.5	7.4
Peru	**26.8***	25.9	25.9	27.4	27.4	22.6	22.6	4.4	4.4	4.4	4.4	4.4	4.4	2.9	2.6
Trin. and Tobago					**6.7***	**6.7***	14.9	15.3	**11.9***	**11.9***	**11.9***	**11.9***	**11.9***	**11.9***	8.3
Uruguay	**16.2***	18.8	18.8	14.4	14.4	9.7	9.7	5.9	5.9	5.9	7.1	7.3	6.9	7.9	4.3
Venezuela	**28.6***	30.2	30.2	31.4	31.4	17.1	17.1	11.3	11.3	11.3	4.8	4.8	6.1	6.1	5.9

* Data in bold are attributed on the basis of regressions of the dispersion as a function of average tarfiffs for countries and years on which there is information.

Financial Index and its Components*

Financial Index

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Argentina	0.187	0.267	0.299	0.297	0.531	0.586	0.929	0.949	0.947	0.958	0.978	0.984	0.986	0.986	0.986	0.988
Bolivia	0.000	0.213	0.284	0.258	0.224	0.542	0.550	0.569	0.565	0.585	0.831	0.809	0.803	0.850	0.851	0.845
Brazil	0.297	0.272	0.126	0.290	0.421	0.406	0.417	0.427	0.429	0.400	0.498	0.502	0.479	0.498	0.495	0.500
Chile	0.536	0.544	0.549	0.551	0.727	0.729	0.721	0.715	0.719	0.716	0.723	0.727	0.735	0.729	0.731	0.733
Colombia	0.213	0.211	0.209	0.210	0.207	0.204	0.201	0.502	0.507	0.526	0.549	0.561	0.573	0.600	0.591	0.598
Costa Rica	0.210	0.208	0.204	0.190	0.191	0.188	0.162	0.179	0.188	0.183	0.614	0.647	0.684	0.695	0.710	0.727
Dominican Rep.	0.231	0.206	0.259	0.199	0.219	0.207	0.181	0.210	0.212	0.223	0.225	0.243	0.247	0.441	0.790	0.770
Ecuador	0.246	0.241	0.257	0.240	0.238	0.266	0.266	0.262	0.276	0.379	0.584	0.584	0.586	0.573	0.572	0.596
El Salvador	0.255	0.277	0.256	0.245	0.252	0.387	0.397	0.399	0.587	0.584	0.593	0.604	0.604	0.609	0.589	0.592
Guatemala	0.253	0.247	0.253	0.242	0.248	0.242	0.244	0.257	0.245	0.265	0.475	0.462	0.472	0.505	0.534	0.522
Honduras	0.303	0.306	0.311	0.303	0.296	0.468	0.457	0.450	0.470	0.463	0.453	0.443	0.405	0.614	0.626	0.630
Jamaica	0.239	0.200	0.215	0.205	0.192	0.204	0.232	0.210	0.221	0.224	0.220	0.239	0.480	0.815	0.839	0.833
Mexico	0.193	0.231	0.278	0.369	0.432	0.442	0.446	0.448	0.451	0.783	0.709	0.660	0.770	0.766	0.754	0.769
Nicaragua	0.224	0.249	0.232	0.127	0.224	0.390	0.418	0.658	0.686	0.696	0.695	0.699	0.710	0.718	0.731	0.729
Paraguay	0.167	0.151	0.140	0.134	0.183	0.512	0.726	0.725	0.728	0.727	0.716	0.722	0.727	0.724	0.737	0.739
Peru	0.141	0.177	0.196	0.206	0.255	0.228	0.454	0.434	0.689	0.683	0.685	0.679	0.682	0.705	0.709	0.705
Trinid. and Tobago	0.551	0.568	0.589	0.588	0.581	0.579	0.567	0.570	0.583	0.723	0.728	0.737	0.734	0.735	0.738	0.741
Uruguay	0.470	0.436	0.420	0.424	0.431	0.431	0.464	0.678	0.679	0.697	0.706	0.705	0.710	0.719	0.715	0.711
Venezuela	0.281	0.288	0.293	0.290	0.409	0.398	0.365	0.369	0.588	0.600	0.607	0.581	0.574	0.565	0.559	0.563
Regional average	0.263	0.279	0.283	0.283	0.329	0.390	0.431	0.474	0.514	0.548	0.610	0.610	0.629	0.676	0.698	0.700

* The financial index by country considers data attributed to the minimum Basle criteria.

Reserve Requirements (%)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	43%	20%	10%	11%	40%	24%	21%	15%	16%	12%	6%	5%	4%	4%	4%
Bolivia	98%	35%	15%	22%	32%	25%	22%	17%	18%	12%	13%	19%	21%	7%	7%
Brazil	11%	18%	61%	13%	11%	15%	12%	9%	9%	17%	13%	12%	18%	13%	14%
Chile	14%	11%	10%	10%	7%	6%	8%	10%	9%	10%	8%	7%	4%	6%	5%
Colombia	35%	36%	37%	36%	37%	38%	39%	36%	35%	29%	22%	19%	15%	7%	10%
Costa Rica	36%	37%	38%	42%	42%	43%	51%	45%	43%	44%	51%	41%	30%	27%	23%
Dominican Rep.	30%	37%	22%	39%	34%	37%	45%	36%	36%	33%	32%	27%	26%	28%	24%
Ecuador	26%	27%	22%	27%	28%	20%	20%	21%	17%	11%	10%	11%	10%	14%	14%
El Salvador	23%	17%	23%	26%	24%	33%	30%	30%	34%	35%	32%	29%	29%	28%	34%
Guatemala	24%	26%	24%	27%	25%	27%	26%	23%	26%	20%	32%	36%	33%	23%	15%
Honduras	9%	8%	6%	9%	11%	9%	13%	15%	9%	11%	14%	17%	28%	26%	23%
Jamaica	28%	39%	35%	38%	42%	38%	30%	36%	33%	32%	33%	28%	30%	30%	23%
Mexico	41%	30%	16%	26%	8%	5%	4%	3%	2%	3%	24%	39%	7%	8%	11%
Nicaragua	32%	25%	30%	61%	32%	57%	49%	38%	30%	27%	27%	26%	22%	20%	16%
Paraguay	49%	54%	57%	59%	44%	33%	30%	30%	30%	30%	33%	31%	30%	31%	27%
Peru	57%	46%	41%	38%	23%	31%	26%	32%	30%	32%	32%	33%	32%	26%	24%
Trin.and Tobago	22%	17%	10%	11%	13%	14%	17%	16%	13%	20%	19%	16%	17%	17%	16%
Uruguay	33%	43%	48%	47%	45%	45%	35%	32%	32%	26%	24%	24%	23%	20%	21%
Venezuela	15%	13%	12%	13%	14%	18%	27%	26%	22%	18%	16%	24%	26%	28%	30%

Freedom of Interest Rates and Creditors' Rights

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Argentina	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1
Bolivia	0	0	0	0	0	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875
Brazil	0	0	0	0	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
Chile	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Colombia	0	0	0	0	0	0	0	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Costa Rica	0	0	0	0	0	0	0	0	0	0	0.75	0.75	0.75	0.75	0.75	0.75
Dominican Rep.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Ecuador	0	0	0	0	0	0	0	0	0	0.25	0.25	0.25	0.25	0.25	0.25	0.25
El Salvador	0	0	0	0	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Guatemala	0	0	0	0	0	0	0	0	0	0	0.5	0.5	0.5	0.5	0.5	0.5
Honduras	0	0	0	0	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Jamaica	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Mexico	0	0	0	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
Nicaragua	0	0	0	0	0	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Paraguay	0	0	0	0	0	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875
Peru	0	0	0	0	0	0	0.625	0.625	0.625	0.625	0.625	0.625	0.625	0.625	0.625	0.625
Trin. and Tobago	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875
Uruguay	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Venezuela	0	0	0	0	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
Regional average	0.125	0.125	0.125	0.145	0.237	0.421	0.454	0.461	0.461	0.474	0.539	0.539	0.539	0.592	0.645	0.645

Basle Minimum Criteria*

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Argentina	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1
Bolivia	0	0	0	0	0	0	0	0	0	0	0.75	0.75	0.75	0.75	0.75	0.75
Brazil	0	0	0	0	0	0	0	0	0	0	0.25	0.25	0.25	0.25	0.25	0.25
Chile	0	0	0	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Colombia	0	0	0	0	0	0	0	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Costa Rica	0	0	0	0	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
Dominican Rep.	0	0	0	0	0	0	0	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**
Ecuador	0	0	0	0	0	0	0	0	**0**	**0**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
El Salvador	0	0	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
Guatemala	0	0	0	0	0	0	0	0	0	0	0.25	0.25	0.25	0.25	0.25	0.25
Honduras	0	0	0	0	0	0	0	0	0	0	0	0	0	0.61	0.61	0.61
Jamaica	0	0	0	0	0	0	0	0	0	0	0	0	0.75	0.75	0.75	0.75
Mexico	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1
Nicaragua	0	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
Paraguay	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
Peru	0	0	0	0	0	0	0	0	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Trin. and Tobago	0	0	0	0	0	0	0	0	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Uruguay	0	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
Venezuela	0	0	0	0	0	0	0	0	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**	**0.61**
Regional average	0	0	0	0	0.026	0.026	0.111	0.215	0.318	0.397	0.527	0.527	0.567	0.631	0.631	0.631

* Figures in bold are the average for the countries with data available.

Tax Index and its Components

Tax Index

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.242	0.246	0.243	0.204	0.272	0.369	0.343	0.305	0.338	0.341	0.301	0.308	0.305	0.304	0.309
Bolivia	0.358	0.463	0.589	0.651	0.669	0.657	0.681	0.649	0.633	0.629	0.499	0.565	0.569	0.569	0.511
Brazil	0.175	0.291	0.299	0.299	0.410	0.449	0.412	0.413	0.397	0.485	0.454	0.519	0.538	0.519	0.515
Chile	0.441	0.441	0.444	0.554	0.524	0.473	0.474	0.476	0.477	0.490	0.503	0.515	0.503	0.503	0.506
Colombia	0.377	0.487	0.493	0.492	0.495	0.463	0.501	0.523	0.440	0.430	0.419	0.394	0.404	0.389	0.390
Costa Rica	0.308	0.320	0.472	0.445	0.441	0.467	0.468	0.532	0.508	0.525	0.540	0.463	0.458	0.499	0.496
Dominican Rep.	0.248	0.269	0.284	0.287	0.298	0.300	0.296	0.536	0.586	0.591	0.549	0.542	0.563	0.565	0.569
Ecuador	0.362	0.408	0.400	0.409	0.421	0.527	0.533	0.509	0.511	0.513	0.525	0.524	0.546	0.540	0.505
El Salvador	0.267**	0.267	0.255	0.251	0.248	0.297	0.300	0.372	0.537	0.559	0.501	0.509	0.497	0.501	0.498
Guatemala	0.382	0.388	0.402	0.487	0.483	0.475	0.470	0.488	0.557	0.539	0.547	0.499	0.500	0.512	0.523
Honduras	0.432	0.429	0.436	0.439	0.457	0.512	0.471	0.479	0.479	0.462	0.502	0.546	0.550	0.606	0.474
Jamaica	0.275	0.378	0.433	0.439	0.443	0.456	0.532	0.633	0.608	0.613	0.610	0.599	0.543	0.549	0.556
Mexico	0.275	0.277	0.304	0.325	0.339	0.386	0.388	0.466	0.466	0.471	0.372	0.370	0.379	0.380	0.384
Nicaragua							0.196	0.417	0.476	0.471	0.389	0.400	0.420	0.432	0.439
Paraguay	0.319	0.318	0.322	0.320	0.319	0.318	0.318	0.521	0.571	0.600	0.615	0.608	0.611	0.607	0.607
Peru	0.282	0.402	0.407	0.379	0.291	0.252	0.294	0.273	0.340	0.389	0.397	0.409	0.416	0.413	0.411
Trin. and Tobago	0.305	0.262	0.268	0.333	0.362	0.509	0.549	0.500	0.446	0.465	0.535	0.536	0.483	0.479	0.459
Uruguay	0.480	0.455	0.444	0.457	0.438	0.403	0.400	0.417	0.421	0.419	0.430	0.443	0.475	0.490	0.489
Venezuela	0.320	0.267	0.276	0.277	0.296	0.325	0.323	0.328	0.504	0.559	0.504	0.547	0.497	0.379	0.388
Regional average*	0.325	0.354	0.376	0.392	0.400	0.424	0.431	0.468	0.490	0.504	0.489	0.494	0.491	0.489	0.477

Notes: * The regional average does not include Nicaragua and takes into account the values arbitrarily assigned to the indices of the VAT and its productivity for countries that adopted the VAT after 1985.
** Although there is no information for this year, the index is assumed to be the same as that of the following year.

Value-Added Tax Rate (%)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	18%	18%	18%	18%	15%	13%	16%	18%	18%	18%	21%	21%	21%	21%	21%
Bolivia	10%	10%	10%	10%	10%	10%	10%	13%	13%	13%	13%	13%	13%	13%	13%
Brazil	17%	17%	17%	17%	17%	18%	18%	18%	18%	18%	18%	16%	16%	16%	16%
Chile	20%	20%	20%	16%	16%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
Colombia	10%	10%	10%	10%	10%	12%	12%	12%	14%	14%	14%	16%	16%	16%	16%
Costa Rica	10%	10%	10%	10%	10%	10%	10%	10%	11%	10%	10%	15%	15%	13%	13%
Dominican Republic	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	8%	8%	8%	8%	8%
Ecuador	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	12%
El Salvador	*	*	*	*	*	*	*	10%	10%	10%	13%	13%	13%	13%	13%
Guatemala	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	10%	10%	10%	10%
Honduras	5%	5%	5%	5%	5%	5%	7%	7%	7%	7%	7%	7%	7%	7%	12%
Jamaica	*	*	*	*	*	*	10%	10%	13%	13%	13%	13%	15%	15%	15%
Mexico	15%	15%	15%	15%	15%	15%	15%	10%	10%	10%	15%	15%	15%	15%	15%
Nicaragua	15%			10%	10%	15%	15%	10%	10%	10%	15%	15%	15%	15%	15%
Paraguay	*	*	*	*	*	*	*	10%	10%	10%	10%	10%	10%	10%	10%
Peru	11%	6%	6%	11%	15%	16%	15%	18%	18%	18%	18%	18%	18%	18%	18%
Trinidad and Tobago	*	*	*	*	*	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Uruguay	20%	20%	21%	21%	21%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
Venezuela	*	*	*	*	*	*	*	*	10%	10%	13%	13%	17%	17%	16%

Note: * In cases where there was no VAT, the index for this item was assigned a value of 0.5 times the value of the index of the year when that tax was introduced.

Maximum Personal Tax Rate (%)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	45%	45%	45%	45%	36%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Bolivia	30%	30%	10%	10%	10%	10%	10%	10%	13%	13%	13%	13%	13%	13%	13%
Brasil	60%	60%	50%	50%	25%	25%	25%	25%	25%	25%	35%	30%	25%	25%	25%
Chile	50%	50%	50%	50%	50%	50%	50%	50%	50%	48%	45%	45%	45%	45%	45%
Colombia	49%	30%	30%	30%	30%	30%	30%	30%	38%	38%	35%	35%	35%	35%	35%
Costa Rica	50%	50%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Dominican Republic	73%	73%	73%	73%	73%	73%	73%	30%	27%	26%	25%	25%	25%	25%	25%
Ecuador	40%	40%	40%	40%	40%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
El Salvador	60%	60%	60%	60%	60%	50%	50%	60%	30%	25%	30%	30%	30%	30%	30%
Guatemala	48%	48%	48%	34%	34%	34%	34%	34%	25%	25%	30%	30%	30%	30%	30%
Honduras	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	30%	30%	30%	30%
Jamaica	58%	33%	33%	33%	33%	33%	33%	25%	25%	25%	25%	25%	25%	25%	25%
Mexico	55%	55%	55%	50%	45%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Nicaragua							60%	39%	30%	30%	30%	30%	30%	30%	30%
Paraguay	30%	30%	30%	30%	30%	30%	30%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	50%	48%	45%	45%	45%	45%	45%	45%	37%	30%	30%	30%	30%	30%	30%
Trinidad and Tobago	70%	70%	70%	50%	45%	35%	35%	35%	40%	40%	38%	35%	35%	35%	35%
Uruguay	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	45%	45%	45%	45%	45%	45%	45%	30%	30%	30%	34%	34%	34%	34%	34%

Maximum Business Tax Rate (%)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	33%	33%	33%	33%	33%	20%	20%	30%	30%	30%	30%	30%	30%	30%	30%
Bolivia	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	25%	25%	25%	25%	25%
Brazil	45%	45%	45%	45%	45%	40%	40%	40%	40%	25%	25%	25%	25%	25%	25%
Chile	10%	10%	10%	10%	10%	10%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Colombia	40%	30%	30%	30%	30%	30%	30%	30%	35%	35%	35%	35%	35%	35%	35%
Costa Rica	50%	50%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Dominican Republic	49%	49%	49%	49%	49%	49%	49%	30%	27%	26%	25%	25%	25%	25%	25%
Ecuador	40%*	40%*	40%*	40%*	40%*	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
El Salvador	35%*	35%*	35%	35%	35%	30%	30%	35%	25%	25%	25%	25%	25%	25%	25%
Guatemala	42%	42%	42%	34%	34%	34%	34%	34%	25%	25%	25%	25%	25%	25%	25%
Honduras	46%	46%	46%	46%	46%	46%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Jamaica	45%	45%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Mexico	42%	42%	36%	36%	37%	36%	35%	35%	35%	34%	34%	34%	34%	34%	34%
Nicaragua	45%	45%	..	..	..	..	50%	36%	30%	30%	30%	30%	30%	30%	30%
Paraguay	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Peru	55%	40%	35%	35%	35%	35%	35%	35%	30%	30%	30%	30%	30%	30%	30%
Trinidad and Tobago	50%	50%	50%	50%	45%	40%	40%	40%	45%	45%	38%	38%	38%	38%	38%
Uruguay	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Venezuela	50%	50%	50%	50%	50%	50%	50%	50%	30%	30%	34%	34%	34%	34%	34%

Note: * These data were calculated based on regressions of the maximum tax rate on businesses as a function of other components of the tax index for countries and years for which information was available.

Productivity of VAT

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	12.6%	13.1%	11.4%	3.3%	4.7%	8.2%	8.8%	13.3%	19.8%	18.7%	16.9%	18.6%	17.6%	17.3%	18.9%
Bolivia	5.6%	3.8%	16.2%	26.2%	27.5%	26.3%	30.4%	30.1%	32.2%	38.7%	35.3%	49.0%	49.0%	48.7%	32.2%
Brazil	3.6%	36.8%	32.2%	31.1%	37.1%	45.3%	39.7%	38.5%	34.2%	38.3%	39.6%	46.3%	45.6%	40.1%	39.2%
Chile	43.6%	44.1%	42.4%	49.6%	45.0%	40.0%	43.9%	46.3%	46.2%	47.3%	45.8%	47.3%	45.9%	44.8%	45.8%
Colombia	27.1%	28.1%	28.6%	28.3%	28.7%	26.7%	30.5%	34.8%	36.3%	32.5%	27.9%	28.5%	28.9%	27.3%	27.7%
Costa Rica	21.6%	25.7%	23.9%	15.8%	14.9%	22.3%	23.3%	41.5%	35.7%	36.5%	39.4%	35.0%	32.8%	36.0%	35.1%
Dominican Republic	..	15.8%	20.4%	20.9%	22.7%	23.8%	23.2%	31.3%	38.1%	37.5%	28.3%	28.1%	32.0%	31.8%	32.7%
Ecuador	17.2%	27.5%	25.2%	28.8%	29.1%	31.0%	31.1%	32.3%	33.7%	33.3%	34.3%	34.8%	39.6%	39.3%	36.1%
El Salvador	*	*	*	*	*	*	*	32.9%	40.8%	40.3%	35.5%	39.0%	35.9%	36.2%	35.3%
Guatemala	27.0%	28.2%	31.3%	32.3%	32.3%	31.0%	27.1%	33.6%	33.6%	32.8%	37.1%	33.6%	36.0%	38.6%	41.6%
Honduras	29.8%	29.1%	30.0%	30.7%	36.2%	52.2%	39.3%	39.0%	40.2%	37.3%	44.6%	44.5%	46.9%	60.0%	39.2%
Jamaica	*	*	*	*	*	*	16.7%	34.6%	36.4%	34.8%	36.2%	34.9%	27.9%	27.3%	29.3%
Mexico	20.0%	19.9%	21.6%	20.5%	20.5%	23.7%	22.1%	25.8%	25.3%	25.8%	19.0%	19.2%	20.3%	20.1%	21.3%
Nicaragua	24.4%	..	..	22.1%	26.7%	22.9%	14.3%	23.0%	29.0%	28.8%	19.1%	20.8%	24.5%	27.6%	29.4%
Paraguay	*	*	*	*	*	*	*	16.8%	30.1%	33.2%	35.0%	33.6%	36.6%	36.2%	36.2%
Peru	24.6%	22.6%	17.9%	25.0%	17.0%	12.2%	18.5%	20.2%	26.7%	31.5%	32.3%	32.1%	34.4%	34.1%	33.5%
Trinidad and Tobago	*	*	*	*	*	34.2%	33.9%	31.1%	33.0%	38.7%	37.4%	29.1%	27.3%	33.3%	27.7%
Uruguay	32.8%	32.7%	30.9%	33.2%	32.1%	25.3%	25.5%	26.4%	23.4%	22.9%	25.0%	25.6%	36.2%	37.3%	37.0%
Venezuela	*	*	*	*	*	*	*	*	6.2%	29.0%	37.1%	44.4%	36.1%	25.1%	25.9%

Notes: The productivity of the VAT is calculated as the ratio between collections (as a proportion of GDP plus imports minus exports) and the current rate.
* Where there was no VAT, the index for this item was assigned a value of 0.5 times the value of the index of the year when that tax was introduced.

Productivity of the Income Tax

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	2.0%	2.4%	3.0%	1.0%	1.6%	1.0%	2.4%	3.7%	5.7%	7.0%	7.3%	7.7%	7.7%	7.7%	7.7%
Bolivia	0.9%	1.3%	6.8%	12.0%	14.8%	13.4%	15.1%	16.0%	12.9%	7.6%	2.2%	5.8%	6.6%	6.9%	6.9%
Brazil	9.4%	9.2%	8.6%	9.5%	13.8%	14.4%	11.0%	12.0%	12.0%	15.6%	14.0%	14.9%	16.4%	16.4%	16.4%
Chile	10.7%	10.3%	12.0%	19.7%	16.9%	15.0%	16.0%	14.6%	14.9%	15.6%	17.6%	18.9%	17.7%	18.3%	18.3%
Colombia	7.1%	10.7%	11.8%	11.6%	11.9%	11.8%	16.6%	17.9%	12.9%	13.6%	13.2%	12.4%	14.1%	12.2%	12.2%
Costa Rica	5.1%	4.6%	8.0%	8.4%	8.2%	8.2%	7.7%	7.6%	9.2%	9.7%	10.6%	10.2%	10.7%	12.0%	12.0%
Dominican Republic	4.0%	3.9%	3.7%	4.2%	5.0%	4.6%	4.3%	8.8%	10.3%	10.5%	12.0%	10.8%	12.2%	12.8%	12.8%
Ecuador	6.2%	8.2%	8.2%	7.5%	9.5%	10.4%	11.6%	5.8%	5.4%	6.0%	7.6%	7.2%	8.1%	7.1%	7.1%
El Salvador		8.1%	5.7%	4.8%	4.3%	5.0%	5.6%	4.5%	8.3%	10.3%	11.8%	11.0%	10.9%	11.3%	11.3%
Guatemala	2.1%	2.4%	3.1%	6.0%	5.1%	4.3%	6.2%	5.2%	7.4%	4.6%	5.8%	5.7%	4.3%	4.8%	4.8%
Honduras	7.2%	7.1%	7.8%	8.0%	7.7%	7.5%	8.9%	10.6%	9.8%	8.5%	11.4%	11.4%	10.6%	12.6%	12.6%
Jamaica	21.3%	28.6%	31.1%	32.3%	33.2%	35.8%	32.2%	35.1%	34.8%	37.0%	35.2%	34.1%	33.6%	35.3%	35.3%
Mexico	8.4%	8.8%	8.7%	10.9%	11.5%	12.6%	13.3%	14.7%	15.0%	14.9%	11.6%	11.2%	12.2%	12.5%	12.5%
Nicaragua							5.0%	9.0%	8.0%	7.0%	9.4%	10.2%	11.8%	12.0%	12.0%
Paraguay	4.0%	3.8%	4.7%	4.2%	4.1%	3.8%	3.8%	9.1%	9.7%	13.3%	15.0%	14.8%	13.1%	12.7%	12.7%
Peru	3.8%	6.1%	4.5%	5.0%	3.0%	1.5%	1.9%	3.6%	5.1%	7.6%	8.7%	11.1%	11.0%	10.6%	10.6%
Trinidad and Tobago	37.4%	28.9%	29.7%	31.7%	31.5%	32.8%	40.9%	33.0%	27.3%	27.0%	35.9%	40.3%	31.0%	25.8%	25.8%
Uruguay	13.2%	8.2%	9.7%	10.7%	7.7%	7.7%	7.1%	9.9%	12.8%	12.6%	13.4%	15.5%	14.6%	16.8%	16.8%
Venezuela	30.8%	20.2%	22.0%	22.1%	25.9%	31.8%	31.3%	24.2%	29.5%	24.6%	18.8%	22.3%	27.6%	11.7%	11.7%

*The productivity of income tax is calculated as the ratio between collections (as a proportion of GDP) and the average of the average of the maximum current rates of taxes on businesses and individuals.

Privatization Index

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.000	0.000	0.000	0.000	0.000	0.061	0.072	0.190	0.277	0.268	0.285	0.279	0.329	0.330	0.394
Bolivia	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001	0.001	0.562	1.000	0.973	0.904	0.904
Brazil	0.000	0.000	0.000	0.001	0.000	0.001	0.016	0.031	0.031	0.049	0.063	0.089	0.186	0.343	0.499
Chile	0.000	0.000	0.000	0.032	0.037	0.035	0.030	0.025	0.024	0.038	0.030	0.063	0.057	0.068	0.158
Colombia	0.000	0.000	0.000	0.000	0.000	0.000	0.006	0.005	0.004	0.040	0.036	0.089	0.195	0.207	0.228
Costa Rica	0.000	0.000	0.000	0.005	0.004	0.004	0.006	0.005	0.011	0.028	0.025	0.025	0.023	0.022	0.020
Dominican Rep.	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	0.000	0.176
Ecuador	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.026	0.024	0.022	0.022	0.022	0.026
El Salvador	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	0.348	0.363
Guatemala	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.008	0.295	0.294
Honduras	0.000	0.000	0.000	0.035	0.042	0.076	0.087	0.115	0.150	0.161	0.139	0.135	0.117	0.103	0.098
Jamaica	0.030	0.030	0.088	0.099	0.132	0.117	0.134	0.181	0.131	0.155	0.206	0.204	0.199	0.185	0.167
Mexico	0.000	0.000	0.000	0.048	0.043	0.076	0.223	0.273	0.260	0.255	0.379	0.345	0.287	0.284	0.270
Nicaragua	0.000	0.000	0.000	0.000	0.000	0.003	0.092	0.118	0.303	0.342	0.342	0.323	0.307	0.292	0.209
Paraguay	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.012	0.010	0.009	0.009	0.008	0.007
Peru	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.023	0.061	0.331	0.363	0.514	0.496	0.530	0.603
Trin. and Tobago	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.285	0.266	0.256	0.245	0.241	0.243
Uruguay	0.000	0.000	0.000	0.000	0.000	0.008	0.007	0.006	0.005	0.005	0.004	0.004	0.004	0.004	0.004
Venezuela	0.000	0.000	0.000	0.000	0.000	0.000	0.176	0.157	0.160	0.165	0.127	0.241	0.295	0.280	0.267
Regional average	0.002	0.002	0.005	0.012	0.014	0.020	0.045	0.059	0.075	0.114	0.151	0.189	0.198	0.235	0.259

Cumulative Privatizations as % of GDP

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.6%	4.1%	6.0%	5.8%	6.2%	6.1%	7.2%	7.2%	8.6%
Bolivia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.3%	21.8%	21.2%	19.7%	19.7%
Brazil	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.7%	0.7%	1.1%	1.4%	1.9%	4.1%	7.5%	10.9%
Chile	0.0%	0.0%	0.0%	0.7%	0.8%	0.8%	0.7%	0.5%	0.5%	0.8%	0.7%	1.4%	1.3%	1.5%	3.4%
Colombia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.9%	0.8%	1.9%	4.3%	4.5%	5.0%
Costa Rica	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%
Dominican Rep.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%
Ecuador	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.5%	0.5%	0.5%	0.5%	0.6%
El Salvador	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.6%	7.9%
Guatemala	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	6.4%	6.4%
Honduras	0.0%	0.0%	0.0%	0.8%	0.9%	1.7%	1.9%	2.5%	3.3%	3.5%	3.0%	2.9%	2.5%	2.2%	2.1%
Jamaica	0.6%	0.6%	1.9%	2.2%	2.9%	2.6%	2.9%	3.9%	2.9%	3.4%	4.5%	4.5%	4.3%	4.0%	3.7%
Mexico	0.0%	0.0%	0.0%	1.1%	0.9%	1.7%	4.9%	6.0%	5.7%	5.6%	8.3%	7.5%	6.3%	6.2%	5.9%
Nicaragua	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	2.0%	2.6%	6.6%	7.5%	7.5%	7.1%	6.7%	6.4%	4.6%
Paraguay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Peru	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	7.2%	7.9%	11.2%	10.8%	11.6%	13.2%
Trin. and Tobago	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.2%	5.8%	5.6%	5.3%	5.3%	5.3%
Uruguay	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Venezuela	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	3.4%	3.5%	3.6%	2.8%	5.3%	6.4%	6.1%	5.8%

Labor Index and its Components

Labor Index

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.591	0.591	0.567	0.567	0.538	0.538	0.571	0.571	0.553	0.553	0.547	0.547	0.547	0.547	0.541
Bolivia	0.232	0.232	0.232	0.232	0.223	0.223	0.258	0.258	0.211	0.211	0.232	0.232	0.232	0.232	0.229
Brazil	0.747	0.747	0.747	0.747	0.714	0.714	0.659	0.659	0.664	0.664	0.698	0.698	0.698	0.698	0.698
Chile	0.694	0.694	0.690	0.690	0.690	0.690	0.690	0.658	0.657	0.657	0.679	0.679	0.679	0.679	0.679
Colombia	0.698	0.698	0.698	0.698	0.698	0.698	0.801	0.801	0.801	0.801	0.736	0.730	0.730	0.730	0.730
Costa Rica	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654	0.654
Dominican Rep.	0.660	0.660	0.660	0.660	0.660	0.660	0.660	0.660	0.629	0.629	0.626	0.626	0.626	0.626	0.626
Ecuador	0.664	0.664	0.666	0.666	0.666	0.666	0.630	0.630	0.630	0.630	0.671	0.671	0.671	0.671	0.671
El Salvador	0.492	0.492	0.492	0.492	0.492	0.492	0.492	0.492	0.492	0.492	0.482	0.482	0.456	0.456	0.439
Guatemala	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690	0.690
Honduras	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483	0.483
Jamaica	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957	0.957
Mexico	0.358	0.358	0.348	0.348	0.332	0.332	0.320	0.320	0.303	0.303	0.319	0.319	0.304	0.304	0.304
Nicaragua	0.581	0.581	0.581	0.581	0.581	0.581	0.514	0.514	0.564	0.564	0.581	0.581	0.747	0.747	0.747
Paraguay	0.575	0.575	0.575	0.575	0.595	0.595	0.595	0.595	0.595	0.595	0.595	0.595	0.595	0.595	0.604
Peru	0.671	0.671	0.619	0.619	0.619	0.619	0.619	0.699	0.676	0.676	0.676	0.689	0.644	0.661	0.661
Trin. and Tobago	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911	0.911
Uruguay	0.270	0.270	0.258	0.258	0.258	0.258	0.232	0.232	0.232	0.232	0.238	0.238	0.238	0.238	0.238
Venezuela	0.340	0.340	0.340	0.340	0.304	0.304	0.280	0.280	0.268	0.268	0.268	0.268	0.268	0.486	0.486
*Regional average**	0.593	0.593	0.588	0.588	0.582	0.582	0.580	0.582	0.577	0.577	0.581	0.582	0.586	0.598	0.597

* The regional average and the total index per country take into account the values assigned to the index of overtime in Jamaica and that of contracts in Paraguay.

Contracts*

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Bolivia	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Brazil	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Chile	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Colombia	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Costa Rica	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Dominican Republic	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Ecuador	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
El Salvador	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Guatemala	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Honduras	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Jamaica	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Nicaragua	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Paraguay	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Peru	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Trinidad and Tobago	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Venezuela	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Regional average	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5

Cost of Layoff (in months of pay)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98
Bolivia	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76
Brazil	0.89	0.89	0.89	0.89	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78
Chile	2.62	2.62	2.62	2.62	2.62	2.62	2.62	3.38	3.38	3.38	3.38	3.38	3.38	3.38	3.38
Colombia	3.35	3.35	3.35	3.35	3.35	3.35	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89
Costa Rica	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Dominican Republic	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.81	2.81	2.81	2.81	2.81	2.81	2.81
Ecuador	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03
El Salvador	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13
Guatemala	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Honduras	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53
Jamaica	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92
Mexico	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13
Nicaragua	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	2.56	2.56	2.56
Paraguay	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17
Peru	5.09	5.09	5.09	5.09	5.09	5.09	5.09	3.16	3.16	3.16	3.16	2.84	3.80	3.80	3.80
Trinidad and Tobago	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55
Uruguay	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23
Venezuela	6.90	6.90	6.90	6.90	6.90	6.90	6.90	6.90	6.90	6.90	6.90	6.90	6.90	2.96	2.96
Regional average	3.27	3.27	3.27	3.27	3.31	3.31	3.18	3.12	3.16	3.16	3.16	3.14	2.98	2.78	2.78

Overtime

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bolivia	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Brazil	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Costa Rica	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dominican Republic	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
El Salvador	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Guatemala	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Honduras	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Jamaica*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Nicaragua	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Paraguay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trinidad and Tobago	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Venezuela	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Regional average	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Contributions to Social Security* (as % of salary)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Argentina	39%	39%	43%	43%	48%	48%	42%	42%	45%	45%	46%	46%	46%	46%	48%
Bolivia	24%	24%	24%	24%	25%	25%	19%	19%	27%	27%	24%	24%	24%	24%	24%
Brazil	27%	27%	27%	27%	26%	26%	36%	36%	35%	35%	29%	29%	29%	29%	29%
Chile	24%	24%	25%	25%	25%	25%	25%	25%	25%	25%	21%	21%	21%	21%	21%
Colombia	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	29%	30%	30%	30%	30%
Costa Rica	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
Dominican Republic	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	13%	13%	13%	13%	13%
Ecuador	19%	19%	19%	19%	19%	19%	25%	25%	25%	25%	18%	18%	18%	18%	18%
El Salvador	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	14%	14%	18%	18%	21%
Guatemala	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Honduras	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
Jamaica	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Mexico	13%	13%	15%	15%	18%	18%	20%	20%	23%	23%	20%	20%	23%	23%	23%
Nicaragua	15%	15%	15%	15%	15%	15%	27%	27%	18%	18%	15%	15%	15%	15%	15%
Paraguay	26%	26%	26%	26%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	21%
Peru	10%	10%	19%	19%	19%	19%	19%	19%	23%	23%	23%	23%	24%	21%	21%
Trinidad and Tobago	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Uruguay	35%	35%	37%	37%	37%	37%	42%	42%	42%	42%	41%	41%	41%	41%	41%
Venezuela	11%	11%	11%	11%	17%	17%	21%	21%	23%	23%	23%	23%	23%	14%	14%
Regional average	18%	18%	19%	19%	20%	20%	21%	21%	22%	22%	21%	21%	22%	21%	21%

* Includes allocations of businesses and workers to social security programs for pensions, disability, health, unemployment insurance, and maternity allowance.

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