

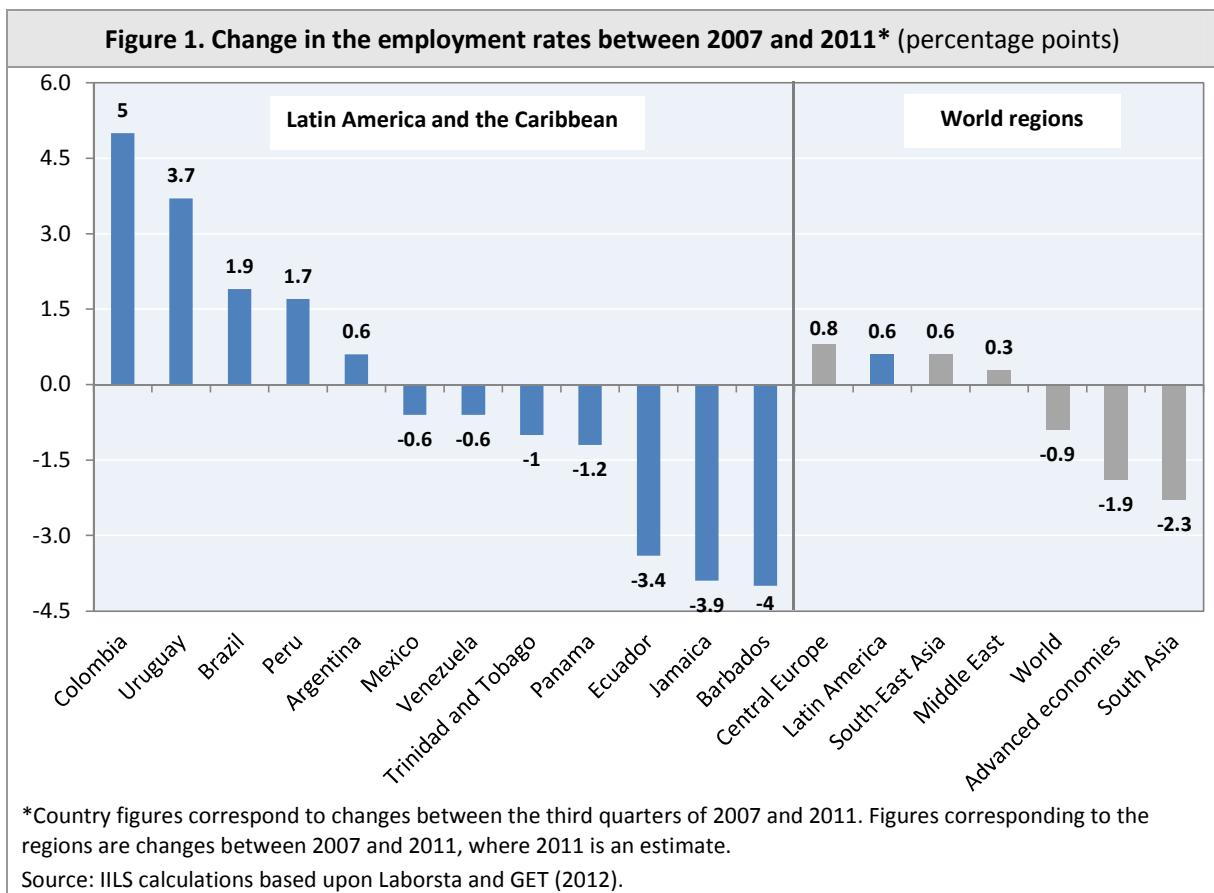


World of Work 2012

Snapshot of Latin America

Employment in Latin America has grown remarkably fast...

- The region as a whole has already recovered from the global crisis that erupted in 2008 (Figure 1). The employment rate, at 61.5 per cent in 2011 is 0.6 percentage points above its pre-crisis level. This is the second largest increase – after Central and South-Eastern Europe – of all regions during the crisis period. Important cross-country disparities can be observed:
 - Colombia and Uruguay show the highest increases in employment rates – 5 and 3.7 percentage points, respectively, between the third quarters of 2007 and 2011. Although to a lesser extent, employment rates also increased in Brazil, Peru and Argentina.
 - On the contrary, Caribbean countries as well as Ecuador, Venezuela and Mexico have seen a decrease in their rates of employment since the onset of the crisis.



... but there is concern about the quality of the jobs created...

- The strong employment growth masks two important considerations. First, job quality remains of concern. The share of informal employment remains high in the region – close to 50 per cent on average – and has increased in over one-third of the countries for which data are available. Despite this fact, the region as a whole has seen a slight decrease in informal employment. Second, the crisis has led to an increase in income inequalities in one third of the countries analysed. There are, however, some exceptions to these general patterns. In particular, Argentina, Brazil, Peru and Uruguay increased their employment rates without compromising on job quality nor increasing inequalities.

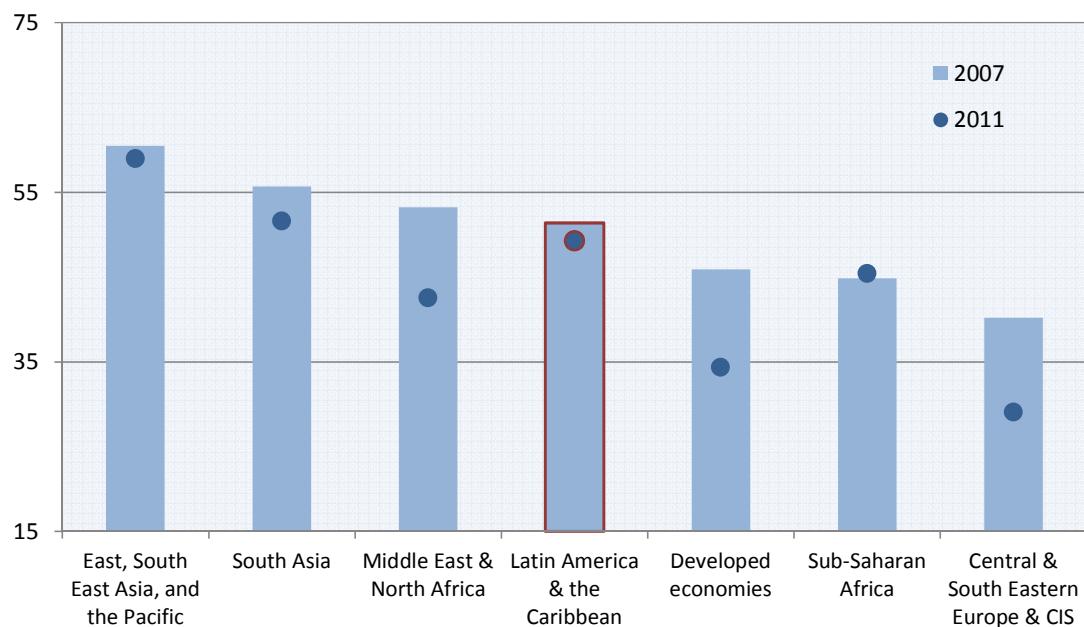
... and there is a risk of a pronounced slowdown in growth and job creation.

- Economic growth in the region reached 4.5 per cent in 2011, compared to 6.2 per cent in 2010, and is estimated to retrench to 3.7 per cent in 2012. Many of the countries have been affected by volatile capital inflows. This has contributed to the volatility of real investment in the region, thereby affecting the predictability of the production and employment horizon.
- Investment as a share of GDP, at 22.3 per cent of GDP in average in 2011, has stagnated during the last decade. In fact, in half of the countries of the region the investment share fell during the crisis.

Yet, there are a number of positive developments, which, if properly supported could lay the foundations for a sustained recovery...

- First of all, as Chapter 1 of the *Report* shows, in about three-quarters of the developing economies there was a decline in national poverty rates between 2007 and 2010, which was most marked in the Latin American region followed by the Asian countries. Indeed, in Latin America and the Caribbean region the majority of countries with available information experienced a decrease in poverty rates. Uruguay and Paraguay are the Latin American countries where poverty decreased the most – 9.6 and 6.1 percentage points, respectively.
- In addition, in the region, not only do a large majority of people perceive that their standards of living to have improved, but despite the crisis, the percentage has fallen only slightly over the last years (Figure 2). More importantly, this perception has increased by close to 1 percentage point between 2010 and 2011. Likewise, the region has seen an increase in confidence in national governments, which usually serves as an indicator of people's satisfaction towards the status quo.
- As a result, the *Report*'s score for the risk of social unrest in the region has declined between 2010 and 2011, despite a general tendency in the world towards an increase in the risk of unrest. This shows a general optimism towards the future in the region.

Figure 2. Percentage of survey respondents indicating that their standards of living have improved



Source: IILS estimates based on Gallup World Poll Data, 2011.

... and this can be accelerated through a coherent policy strategy with focus on the domestic sources of growth.

- Progress can be accelerated through a coherent policy strategy with focus on further regional economic integration and domestic sources of growth – especially important given the weakening in advanced economies. Regional integration could contribute to industrial development and to diversify the economic base, often dominated by the exploitation of natural resources.
- Strengthening labour market institutions and boosting public investment and social protection floors could help as well. Indeed, as the *Report* shows, an increase in public investment has positive effects on productivity and, if well targeted, may also “crowd in” private investment. Likewise, social policies, if well designed, have shown success in addressing poverty and inequalities while boosting aggregate demand and opening up new business opportunities.

World of Work 2012: Better jobs for a better economy is available at (www.ilo.org/INST). For further comment, journalists are invited to contact Verónica Escudero (tel +41 22 799 6913; email: escudero@ilo.org) or Raymond Torres (tel: +41 22 799 7908; email: torresr@ilo.org), Director of the ILO's International Institute for Labour Studies.