

Employment in Mexico In the First Decade Of the Twenty-First Century

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The population of Mexico increased by 10 million in the first decade of the twenty-first century,¹ while the number people of working age increased by 12.2 million (18 percent). This means the latter increased at a faster rate than the former. From the perspective of the labor market, the most important thing is that the work force, known in Mexico as the economically active population (PEA), grew 21 percent from 2000 to 2010, to 47.13 million, the highest number in our country's history. These data show that Mexico has abundant labor, boosting its growth potential, but they also imply that the fact that job creation has lagged behind in these years could become a severe problem not only because of the waste of human resources available for production, but also because the wealth needed to meet these challenges is not being created. In just a few decades, this will mean that that entire population that is now of working age will become aged and will need to be supported by others.

While the population flowing into the labor market grew by 8 million, the number of people with jobs increased by 6.6 million. From this, we can derive the fact that unemployment in 2010 reached the also historic figure of 1.48 million. That is, in the first 10 years of this century, unemployment increased 150 percent (see Table 1).



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Of the 44.6 million employed persons in Mexico in the third quarter of 2010, 29.2 million hold subordinate positions; of those, 27.2 million are wage-earners. There are 468 000 employers and 10.3 million self-employed. This means that 66 percent of the workers in Mexico have a boss, and 93 percent of subordinate workers are wage-earners, who make up 61 percent of the total. Thus, of every 10 people who work in Mexico, six are wage-earners. The wage-earner, who depends on his or her paycheck every two weeks to subsist, continues to be the predominant figure in the Mexican labor market at the beginning of the twenty-first century. Bosses, for their part, represent one out of every 20 workers (5 percent), and the self-employed are almost one-fourth (23 percent) of the total.

If we look at the growth in the number of workers according to their position in the workplace between 2000 and 2010, we can see that while employment grew 17 percent, the number of subordinate workers increased 21 percent and of

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TABLE 1
POPULATION AND EMPLOYMENT IN MEXICO (2000-2010)

	<i>Total population</i>	<i>Population of working age</i>	<i>Work force</i>	<i>Employed</i>	<i>Unemployed</i>
2000	98 295 235	67 413 678	39 043 393	38 044 501	998 892
2010	108 292 131	79 669 989	47 137 757	44 651 832	2 485 925
Absolute variation	9 996 896	12 256 311	8 094 364	6 607 331	1 487 033
Relative variation (%)	10	18	21	17	149

Source: Table created by author using the INEGI's *Encuesta nacional de ocupación y empleos (2004-2010)* and *Encuesta nacional de empleo urbano (2000 -2003)*.

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wage-earners, 24 percent, while the number of self-employed increased by 15 percent (see Table 2). In hindsight, over a decade, these figures are interesting because, while workers classified as employers (on whom other workers in turn depend) rose 28 percent, they went from from 4.3 percent to 4.8 percent of the total number of employed persons, at the same time that subordinate workers went from being 65.9 percent to 65.7 percent, and wage-earners from 57.6 percent to 61.4 percent of the total. This behavior of employment statistics is important because it shows that even with the changes in the organizational models of the production of goods and services over recent years, what continues to dominate and grow more rapidly is waged work, not self-employment. This means that labor relations, which imply a relationship between employer and employee, continue to expand. It also means that the issues of subordinate jobs, working conditions, and workers' rights cannot be viewed as matters that belong in the past, but are rather very current: instead of a market of independent suppliers, what is ex-

panding is the typically capitalist labor market, where there is a mercantile relationship in which labor power is exchanged for payment. These are asymmetrical relationships, a context in which labor legislation the world over was designed precisely to ensure that the worker's subordinate relationship would not be unjust *per se*.

The increase in the number of subordinate workers has not been accompanied by an improvement in their hiring conditions. For example, in 2000, 53.7 percent of the 24.3 million subordinate workers had written contracts to regulate their labor relations; in 2010, of the 29.2 million subordinate workers, the percentage with a written contract had dropped to 52.3 percent. In fact, as Table 3 shows, the number of subordinate workers without a contract increased to 22 percent, while those with contracts only came to 17 percent. In addition, among the workers who did have contracts, what grew the most were temporary contracts (54 percent). Workers with temporary contracts were 13.2 percent of all those with contracts in 2000, and 10 years later, their ranks had swollen to 17.4 percent.

The increase in subordinate workers without contracts or only temporary contracts is an indicator of the process of employment becoming precarious and jobs unstable in Mexico. If you do not have a contract, you do not have access to legally stipulated labor rights, like health care and social security benefits for the worker and his/her family. At the

TABLE 2
WORKERS BY POSITION IN WORKPLACE IN MEXICO (2000-2010)

	TOTAL	Subordinate			Employers	Autonomous	Non-paid workers
		Total	Wage-earners	With non-wage income	Employers	Self-employed	
2000	38 044 501	24 294 923	21 900 013	2 394 910	1 649 253	8 917 960	3 171 098
2010	44 651 832	29 280 772	27 227 323	2 053 449	2 117 984	10 262 054	2 991 022
Absolute variation	6 607 331	4 985 849	5 327 310	-341 461	468 731	1 344 094	-180 076
Relative variation (%)	17	21	24	-14	28	15	-6

Source: Table created by author using the INEGI's *Encuesta nacional de ocupación y empleos (2004-2010)* and *Encuesta nacional de empleo urbano (2000-2003)*.

same time, the increase in temporary hiring affects the periods that workers pay into pension and housing funds associated with stable, formal employment, thus lowering the probability of their being able to access those rights.

It is very revealing to see that in 2010, 6 out of every 10 subordinate workers (61.4 percent) earned no more than three times the minimum wage. In Mexico, though Article 123 of

the Constitution states that the minimum wage must be sufficient "to satisfy the normal needs of a head of household in material, social, and cultural terms, and to provide the obligatory education of his/her children," in practice, workers and their families have seen their purchasing power drastically reduced (see graph). What is more, 2.8 million workers, or 9 percent, earn minimum wage or less. This means that, if they

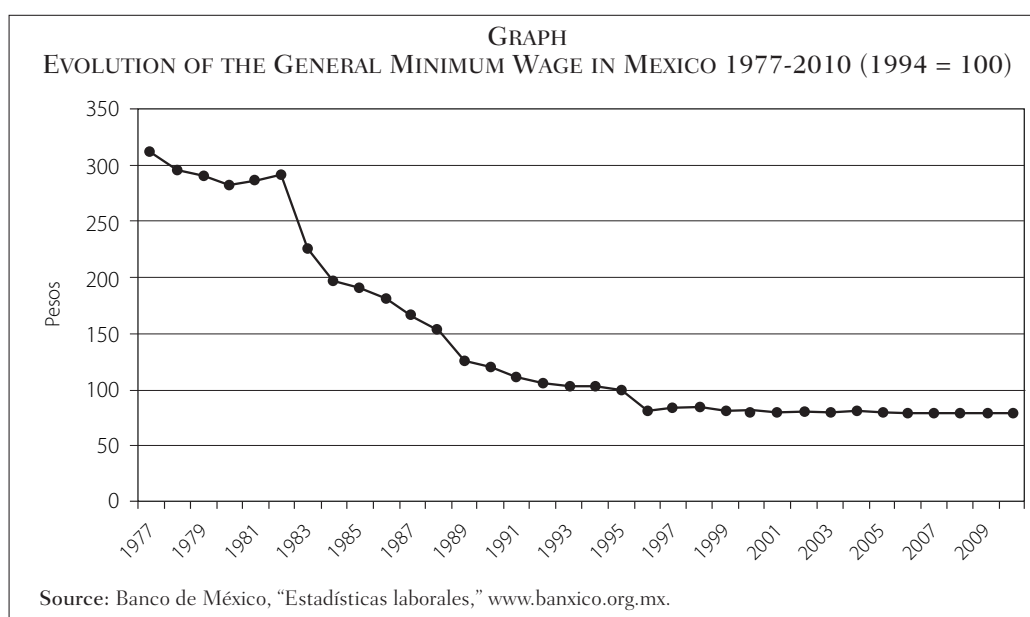


TABLE 3
SUBORDINATE WORKERS WITH AND WITHOUT FORMAL CONTRACTS, MEXICO (2000-2010)

TOTAL	With formal contract				No written contract	Not specified	
	Total	Temporary	Permanent (no time limit)	Non-specified type of contract			
2000	24 294 923	13 053 811	1 729 917	11 235 588	88 306	11 225 528	15 584
2010	29 280 772	15 322 278	2 659 459	12 591 697	71 122	13 729 567	228 927
Absolute variation	4 985 849	2 268 467	929 542	1 356 109	-17 184	2 504 039	213 343
Relative variation (%)	21	17	54	12	-19	22	1369

Source: Table created by author using the INEGI's *Encuesta nacional de ocupación y empleos (2004-2010)* and *Encuesta nacional de empleo urbano (2000 -2003)*.

TABLE 4
CLASSIFICATION OF SUBORDINATE WORKERS BY WAGE LEVELS, MEXICO (2000-2010)

All workers	Up to minimum wage	Between minimum wage and twice the minimum wage	Between twice and three times the minimum wage	Between three and five times the minimum wage	Over five times minimum wage	Not specified	
2000	24 294 923	2 992 290	8 512 163	5 496 236	3 951 440	2 738 485	604 309
%	100	11	33	23	18	12	2
2010	29 280 772	2 796 033	7 809 436	7 543 909	5 938 887	2 728 583	2 463 924
%	100	9	26	26	20	10	9
Absolute variation	4 985 849	-196 257	-702 727	2 047 673	1 987 447	-9 902	1 859 615
Relative variation (%)	21	-7	-8	37	50	-0.4	308

Source: Table created by author using the INEGI's *Encuesta nacional de ocupación y empleos (2004-2010)* and *Encuesta nacional de empleo urbano (2000 -2003)*.

TABLE 5
SUBORDINATE WORKERS BY HOURS WORKED PER WEEK (2000-2010)

	<i>Total</i>	<i>Temporarily absent, but with jobs*</i>	<i>Fewer than 15 hours</i>	<i>From 15 to 34 hours</i>	<i>From 35 to 48 hours</i>	<i>More than 48 hours</i>
2000	24 294 923	745 768	631 189	3 598 479	14 018 750	5 291 642
%	100	3	3	15	58	22
2010	29 230 386	1 205 309	1 083 443	4 242 072	14 342 495	8 158 064
%	100	4	4	15	49	28
Absolute variation	4 935 463	459 541	452 254	643 593	323 745	2 866 422
Relative variation (%)	20	62	72	18	2	54

Source: Table created by author using the INEGI's *Encuesta nacional de ocupación y empleos (2004-2010)* and *Encuesta nacional de empleo urbano (2000 -2003)*.

* This includes workers with jobs who were not at work the week of the survey (on vacation, maternity leave, etc.).

are heads of a medium-sized family with four members, their per capita income barely comes to about one dollar a day; that is, these individuals are close to the threshold of what is internationally considered extreme poverty. On the other hand, one-fourth of workers earn up to twice the minimum wage. On the other extreme are the 10 percent of workers who receive the highest incomes, over five times the mini-minimum wage (about US\$23/day or more), to support their families.

Another way of looking at the situation of subordinate workers is the length of their work day. While most workers labor from 35 to 48 hours a week, a more or less normal full-time job, the number of workers in this range went from 58 percent to 49 percent in a single decade. What have proliferated are part-time jobs of less than 15 hours a week, which must be considered part of the category of underemployment; at the same time, the number of workers who labor more than 48 hours a week (28 percent) continues to rise. These workers hire on for very long working hours to counter the low wages they earn per hour; they would be part of the category of over-employment.

Now, the absence of a formal contract, together with the low wages most workers receive and their non-optimum work-

Though the Constitution states that the minimum wage must be sufficient "to satisfy the normal needs of a household," workers and their families have seen their purchasing power drastically reduced.

days (with unemployment and over-employment superimposed on each other) make it fundamental for workers to have access to public goods, particularly in health. INEGI data show that almost half of Mexico's subordinate workers do not have access to health care (see Table 6) and that this situation has sharpened over the last decade; as a result, employment that does not offer health coverage is the kind that has increased the most in recent years (24 percent), compared to jobs offering health coverage (16 percent). In this sense, as of February 2010, 13.93 million workers were affiliated to the Mexican Social Security Institute (IMSS), showing that the mechanism created for incorporating the population into the social security system is insufficient.

TABLE 6
LEVEL OF ACCESS TO WORKERS' HEALTH CARE INSTITUTIONS

	<i>Total</i>	<i>With access</i>	<i>Without access</i>	<i>Not specified</i>
2000	24 294 923	13 410 275	10 881 656	2 992
%	100	55	45	0
2010	29 280 772	15 524 542	13 509 427	246 803
%	100	53	46	1
Absolute variation	4 985 849	2 114 267	2 627 771	243 811
Relative variation (%)	21	16	24	8149

Source: Table created by author using the INEGI's *Encuesta nacional de ocupación y empleos (2004-2010)* and *Encuesta nacional de empleo urbano (2000 -2003)*.

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Regarding the structural distribution of employment, 8 percent of jobs are in the primary sector, 27 percent in industry (although with a 6-percentage-point drop in a decade, particularly with an absolute and relative drop in employment in manufacturing), while 64 percent are in the service sector: a large part in commerce (15 percent); in social services (12 percent); and in miscellaneous services (12.5 percent).

In short, the panorama of employment in Mexico shows a gap between the increase in the number of people who want to work vs. available jobs. Therefore, open unemployment is growing rapidly; subordinate labor is increasing; subordinate jobs without formal hires is spreading; low wages predominate; and wages have lost significant buying power. Under- and over-employment are increasing, and the labor market is incapable of creating jobs that guarantee people access to health care.

Job instability is associated with the people now in the labor market having a tenuous possibility of being able to materially support themselves. It is particularly serious that workers now active have great difficulties in getting pensions because, if most of the population works in the informal economy, once they stop working, these citizens will not be able to expect a pension. What is worse, for a good part of workers who are today systematically paying into pension funds, it will be very hard for them to get the minimum pension.

The observations presented here make it possible to conclude that the Mexican labor market suffers from a profound structural disequilibrium that has worsened during the National Action Party (PAN) administrations, which is reflected in precarious employment conditions and in the inability to generate the formal, quality jobs that demographics and Mexican society demand. ■■■

NOTES

¹ This figure is from the National Statistics and Geography Institute (INEGI), but it should be corrected upward given that the 2010 census put the population at 112 million, 4 million more than projected.