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## Mexico Estimates Open Unemployment at 7.3 Percent For July

by LADB Staff

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In mid-September, the government statistics agency (Instituto Nacional de Estadística, Geografía e Informática, INEGI) reported that 7.3% of the country's economically active population (EAP) was unemployed during July. The rate, which was the highest in 50 years, compared with unemployment levels of 6.6% in June and 3.2% in December. The December unemployment percentage was the last rate reported before the devaluation of the peso in late 1994. INEGI attributed the increase in July to a seasonal influx of working-age students seeking summer jobs. Additionally, the INEGI report estimated open unemployment in the cities of Monterrey and Mexico City at 8.6% of the EAP during July. In the case of Monterrey, the unemployment rate was up only by 0.1%, while Mexico's City's rate was equal to the 8.6% reported in June.

Many private economists have criticized the monthly INEGI reports as inaccurate, since they are based on surveys in selected urban areas and do not measure the number of workers in the countryside without jobs. Furthermore, under the INEGI methodology, any person working even one hour a week is considered "employed," although the agency has started counting underemployed workers through other means. According to statistics, 20% of the employed population worked less than 35 hours a week in July. Based on an EAP of more than 30 million Mexicans, a total of 2.2 million Mexicans did not have a job in July. Private economists, however, estimate the total number of unemployed workers is at least 7 million, while another 8 million are underemployed. If accurate, this would mean that a full 50% of the EAP is either unemployed or underemployed.

According to some estimates, at least 800,000 workers have lost their jobs this year as a result of Mexico's economic crisis. Additionally, another 1 million workers who entered the work force this year were unable to find jobs. Members of President Ernesto Zedillo's administration acknowledged that unemployment remains a grave problem for Mexico. For example, during a meeting with US investors in Washington, Finance Secretary Guillermo Ortiz Martínez acknowledged that a surge in unemployment and a weak banking sector were the two negative factors that have blemished Mexico's "remarkable" economic recovery.

For his part, Labor Secretary Javier Bonilla put an even more positive spin on the jobless situation. In statements before members of the telephone workers union (Sindicato de Telefonistas de la República Mexicana, STRM) in mid-September, Bonilla said August jobless trends indicate that employment levels in Mexico actually grew by a small percentage. "The abrupt decline in employment has finally stopped," said Bonilla, who cited statistics from the social security institute (Instituto Mexicano del Seguro Social, IMSS), since INEGI has yet to release official statistics. Nevertheless, IMSS statistics only demonstrate an extremely minimal increase in employment in August. According to the IMSS report, which measures the number of workers who return to the

work force, the number of workers registered with the IMSS increased by 1,200 during August, a sign that 1,200 new workers may have found employment.

Just a month earlier, Bonilla who only replaced Santiago Onate as Labor Secretary in August told members of the Chamber of Deputies and the Senate during a special briefing that Mexico's economic crisis had left 2.3 million Mexicans without jobs. As a result, he said unemployment levels doubled from about 3.3% of the EAP in December to 6.6% in June. Furthermore, he estimated that one third of the EAP was underemployed and heavily involved in the informal economy.

Meantime, members of the business sector are concerned that Mexico's economy will not be able to create the jobs needed by the population in the near term. Hector Larios, president of the business coordinating council (Consejo Coordinador Empresarial, CCE), said at an economic forum in Mexico City that Mexico's GDP would have to sustain growth rates of 8% annually over the next 15 to 20 years in order to create about 1.5 million jobs per year.

Larios told participants at the forum, sponsored by the finance executives institute (Instituto Mexicano de Ejecutivos de Finanzas, IMEF), that 2 million workers would join the ranks of the unemployed just in 1995. Larios's estimate is based on projections from the private economic analysis organization Centro de Analisis y Proyecciones Economicas Para Mexico (CAPEM). According to CAPEM, the total includes slightly more than 1 million workers who would lose their jobs, and another 1 million new entrants to the workforce who will not be able to find employment. (Sources: La Jornada, 09/14/95; Excelsior, 09/19/95; Associated Press, Agence France-Presse, 09/20/95; Reforma, 09/08/95, 09/21/95; El Norte, 09/21/95)

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