

11-10-2004

Government to Use New Formula to Calculate Unemployment

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Government to Use New Formula to Calculate Unemployment." (2004). <https://digitalrepository.unm.edu/sourcemex/4801>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Government to Use New Formula to Calculate Unemployment

by LADB Staff

Category/Department: Mexico

Published: 2004-11-10

The Mexican government is planning to use new criteria to calculate the country's unemployment level to more accurately reflect the number of jobless individuals in the country. Beginning in January 2005, the Secretaria del Trabajo y Prevision Social (STPS) and the Instituto Nacional de Estadisticas, Geografia e Informatica (INEGI) will merge their data and produce a report that includes more accurate statistics on hidden unemployment, the informal economy, migration, and remittances from expatriates. Labor Secretary Carlos Abascal Carranza said the new method would be used partly to comply with guidelines set by the UN and the Organization for Economic Development and Cooperation (OECD).

Mexico has long been criticized for providing an inaccurate picture of unemployment by failing to give an accurate count of the jobless picture in rural areas and counting anyone working even one hour as "employed" (see SourceMex, 1994-07-27, 2002-03-13, 2003-07-30). "Our new method of calculation will be more efficient and will allow us to have a better representation of all socioeconomic levels," Abascal told reporters at an OECD forum in Mexico City in early November.

Informal economy, underemployment included in new criteria

In particular, said Abascal, the Mexican government will make a greater effort to take into account the informal economy and underemployment in its final statistics, which he acknowledged were structural problems in Mexico.

INEGI president Gilberto Calvillo said the new survey, which will be known as the Encuesta Nacional de Ocupacion y Empleo (ENOE), will replace two other surveys, the Encuesta Nacional de Empleo Urbano (ENEU) and the Encuesta Nacional de Empleo (ENE).

One of the main benefits of the new survey, said Calvillo, is that rural unemployment will be measured more accurately. In its most recent unemployment report, INEGI reported that unemployment stood at just above 4% in September. The September rate followed an unemployment level of 4.35% in August, the highest in seven years.

Analysts said those two unemployment figures would have been much higher if calculated under the new formula. "We will surely see an increase in the unemployment rate in Mexico, not because more people will be without jobs but because of the change in formula," said Gabriela Ramos, director of the OECD's office in Mexico. "We will no longer see the unemployment rates of 3% or 4% that we are accustomed to seeing."

Other data released by various government agencies provide a picture of the job situation in Mexico. In a report published in late October, the STPS acknowledged that the government still needs

to create more than 223,000 new jobs in the formal economy to match the level of employment in place when President Fox took office in 2000. In a speech in late October, Fox acknowledged a huge growth in the informal economy during his administration. Of the 43 million Mexicans that comprise the economically active population (EAP), only 15 million are employed in the formal economy, the president said. This means that 28 million others are either self-employed or make a living from the informal economy. Fox, at the same time, made it a point to note that employment levels were on the rebound this year, with 459,000 new jobs registered with the Instituto Mexicano del Seguro Social (IMSS) between January and October. (Sources: Bloomberg news service, 09/22/04; La Jornada, 09/23/04, 10/21/04, 10/22/04; Unomasuno, The Herald-Mexico City, 09/23/04, 10/22/04; Spanish news service EFE, 11/04/04; El Financiero, 09/23/04, 11/05/04; La Cronica de Hoy, 09/23/04, 10/21/04, 11/05/04; El Universal, 10/22/04, 11/05/04; Radio Reporte 98.5, 11/06/04; Reuters, 11/04/04, 11/09/04; EOnce-Noticias, 11/09/04)

-- End --