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2007 Annual Labor Report for Mexico

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Mexico
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Annual Labor Report, 2007

Carlos Salas[1] March 11, 2008

The Mexican economy grew 3.4% in 2007, a slight decrease from the rate in 2006-2007, when the GDP grew to 4.8%. This slowing economic rhythm was accompanied by a series of contradictory events. On the one hand, the exchange rate with the dollar remained constant, while inflation rose to 3.75% overall. The trade deficit behaved in a way worth noting: in spite of a slow-down in the economy, the amount of imports increased substantially. As a consequence, the trade deficit increased a total of five million dollars, which meant an annual increase of 82%. The external vulnerability signified by the increase in the trade deficit was produced by the economic policy to control inflation, through exchange rate policies, since exports have a relatively higher cost and imports are cheaper.

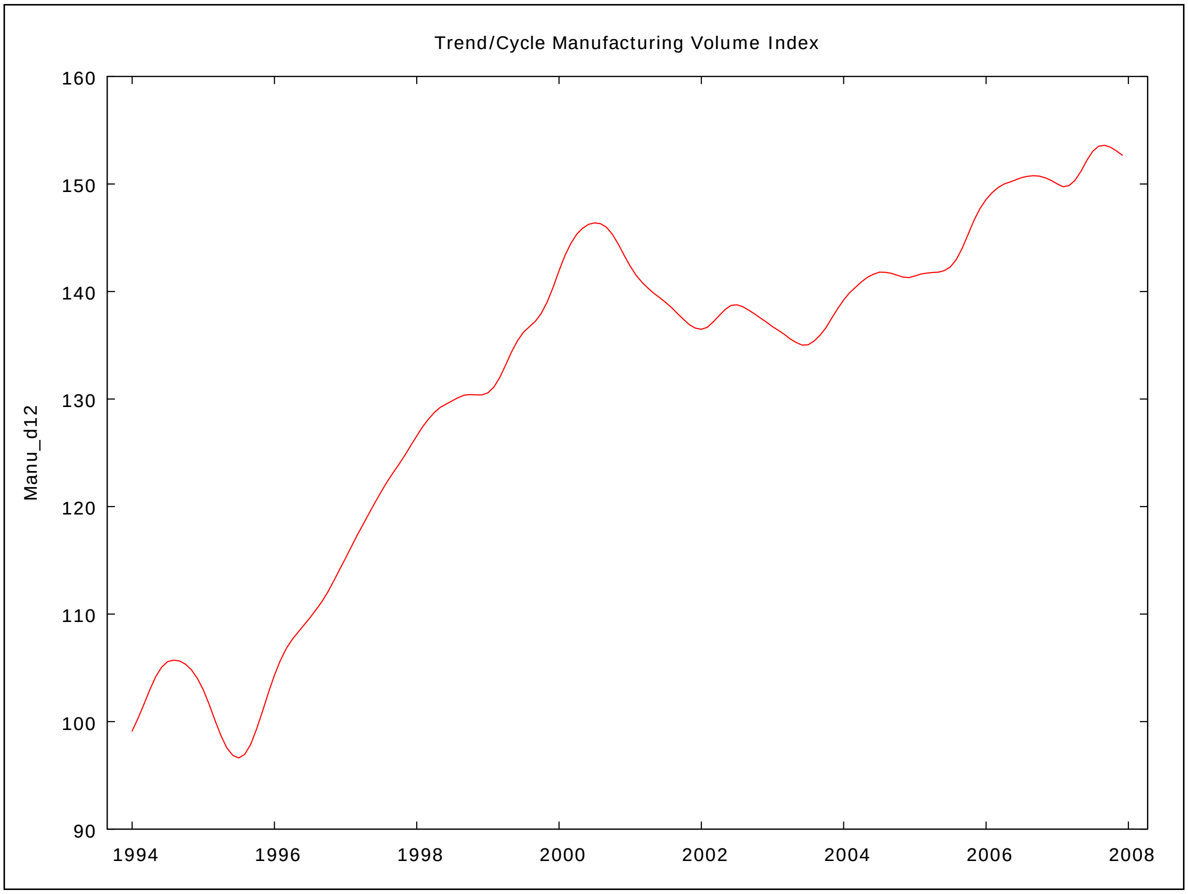
On the other hand, foreign investment grew significantly, including direct foreign investment and cash flow, particularly in financial markets. The policy of buying back external debt, in effect since 2006, was continued by this administration. One very important change is reflected by the fact that there was an increase in foreign capital used to cover so-called PIDIREGAS (Proyectos de Inversión Diferida en el Registro del Gasto). This policy of spending spread over time, and covered by foreign capital, has the potential to set off a financial crisis in the medium-term.

As was the case in recent years, foreign investment did not translate into an improved rate of growth for the economy, but rather acted as kind of antidote to the detrimental effects of the policies on monetary exchange and control of inflation.

For 2008, with the anticipated slow-down in the US economy, the rate of growth of the GDP will be lower than that seen last year. In fact, judging by the rhythm of the volume of manufacturing production, the Mexican economy seems to have entered a stagnant phase. Aside from the fall in exports, tightly linked to the growth of our neighbor to the North, there was also a slow-down in the rate of growth of remittances from Mexicans living and working in the US. This is due to a complex situation, originating in the stagnation of productive activities in the US – which meant lower income for Mexican workers in the US, as well as restrictive new immigration policies that have made it more difficult for Mexicans to enter the US. Nevertheless, this loss of income in dollars is being compensated for by the high price of gas during recent years, which has translated into additional income that offset the problems caused by our trade deficit.

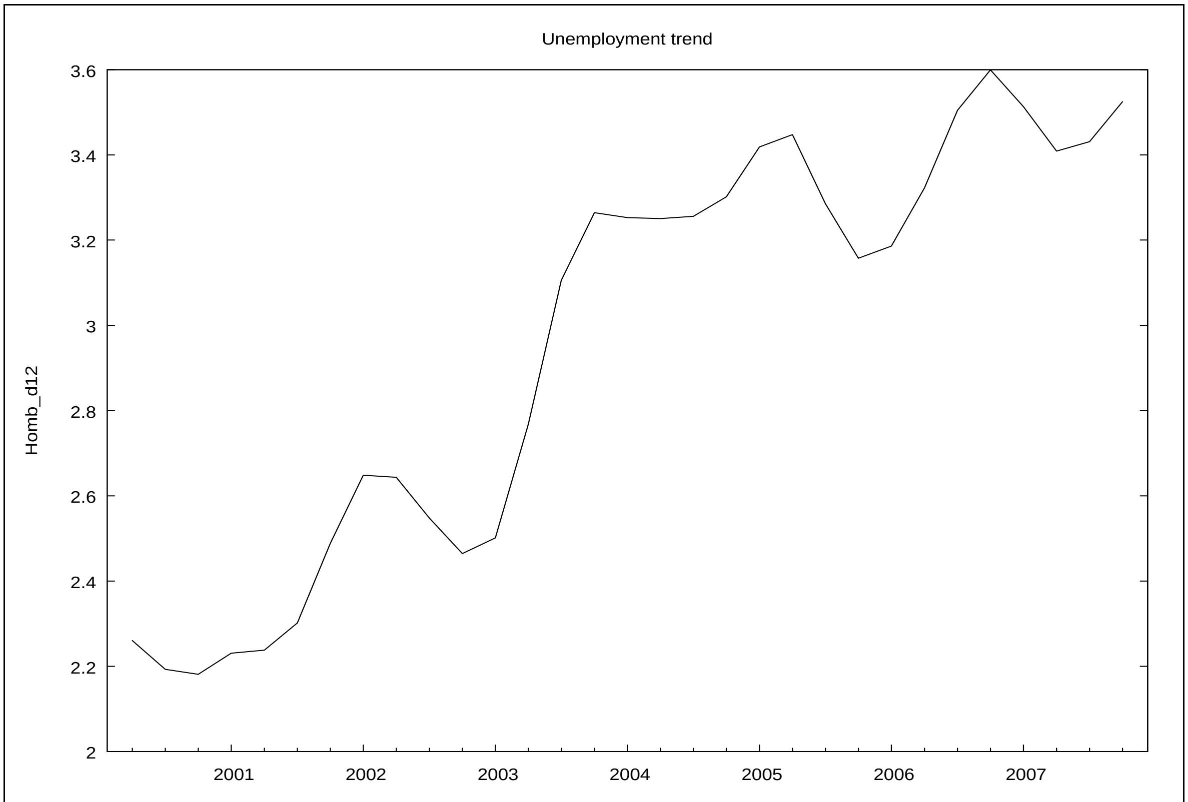
As demonstrated by Graph 1, the manufacturing production has entered a stagnant phase. If this trend continues, we will have a recession in the Mexican economy.

[1] El Colegio de Tlaxcala e IET



With regard to unemployment during 2007, Graph 2 shows the trends for men. This graph takes into account the stability of unemployment. After growing strongly after 2003, unemployment dropped in 2005 and then began to increase again in 2006. This pattern continued in 2007; we see a decrease in unemployment rates followed by an increase that did not reach the 2006 levels.

The unemployment patterns for women are very different. We see an extreme peak in 2004, which could be due to the adjustments made in order to render the data from before 2004 comparable with that after 2004. This was due to changes in the Employment Survey (see the report from the first semester of 2007). Nevertheless, it is clear that there is not a very clearly defined tendency in the rate of female unemployment.


Unemployment trend
Homb_d12
3.6
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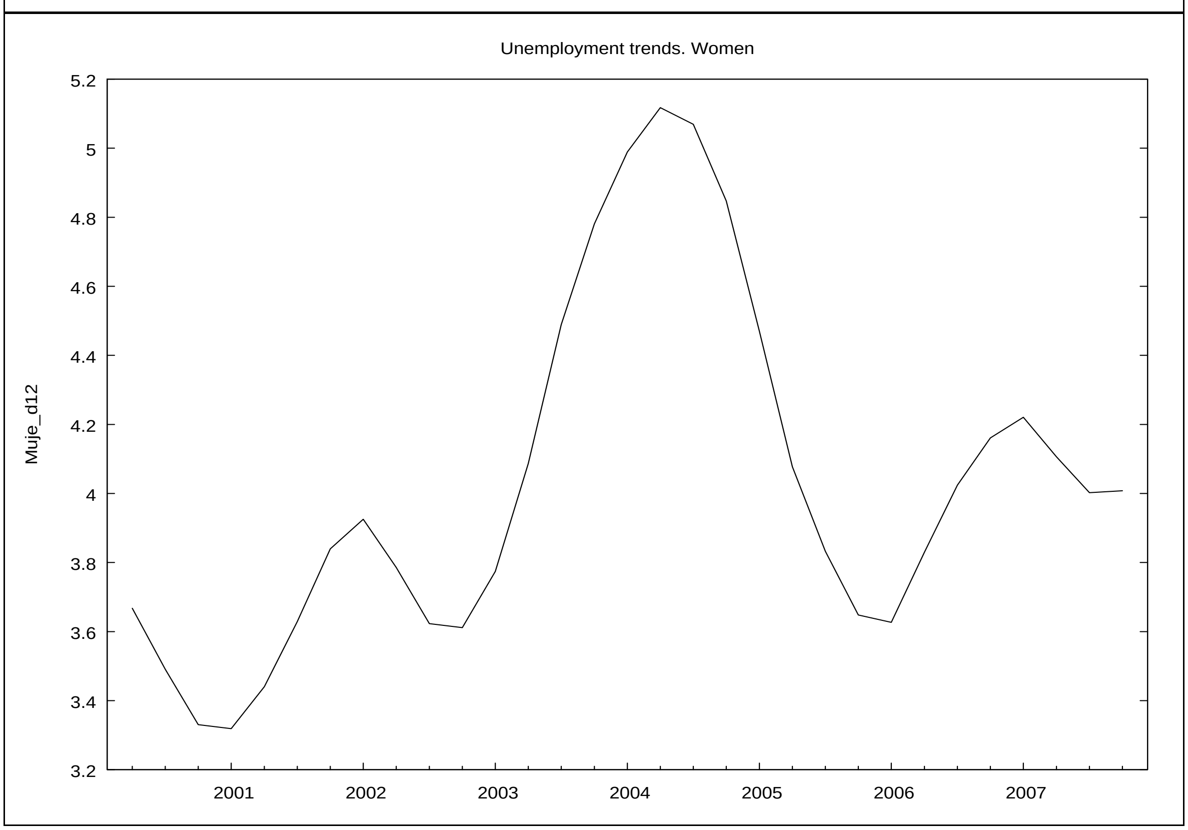
2
2001
2002
2003
2004
2005
2006
2007


Unemployment trends. Women
Muje_d12
5.2
5
4.8
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4.4
4.2
4
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3.4
3.2
2001
2002
2003
2004
2005
2006
2007

When we disaggregate the unemployed population by reason for unemployment, we find that the vast majority lost their salaried employment or closed their own business. In the case of women, the basic reason for unemployment is that they left their jobs. This situation speaks to the capacity of women to opt for better jobs, whether in terms of labor conditions or salaries earned.

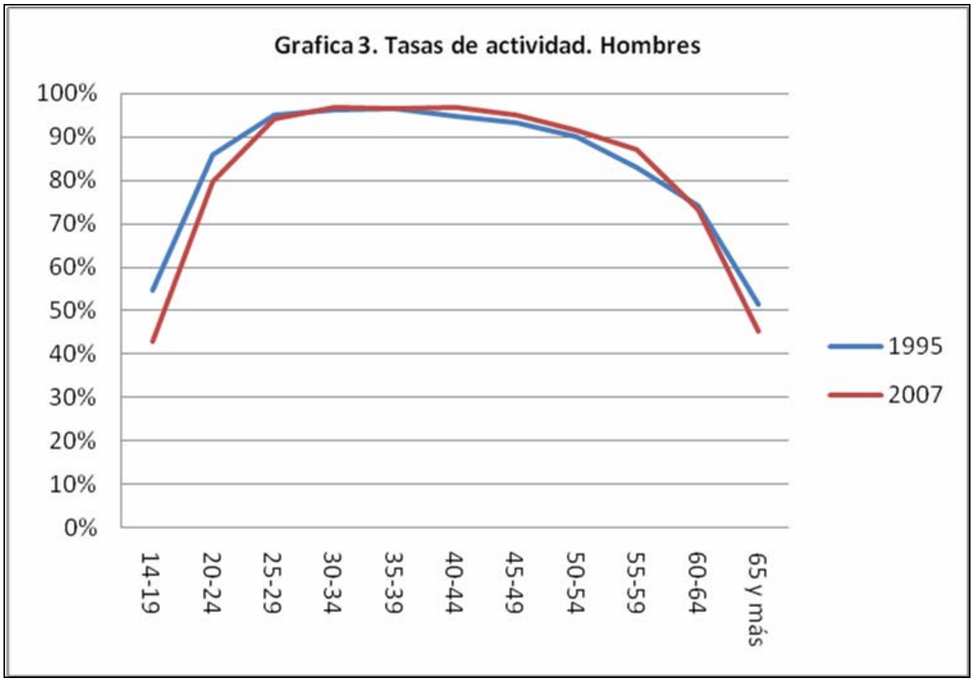
Chart 1. Reasons for Unemployment						
Men						
Quarter	Total	Job lost or finished	Quit or left job	Left or closed self-owned business	Other	No previous work experience
2006/01	847398	488809	267311	46179	45099	93719
2006/02	732556	394326	258135	42827	37268	78974
2006/03	931743	469373	355411	106959	0	94485
2006/04	868415	439450	322793	106172	0	86476
2007/01	947218	483534	339423	124261	0	78083
2007/02	812730	441215	294936	36961	39618	72901
2007/03	909373	453106	361511	45329	49427	91077
2007/04	886795	452634	336312	40401	57448	67111
Women						
2006/01	587432	182070	262269	21864	9392	111837
2006/02	566171	165855	274852	12117	14896	98451
2006/03	758682	201583	385134	39805	0	132160
2006/04	646000	195447	312015	36303	0	102235
2007/01	722628	222352	350323	47899	0	102054
2007/02	619565	188916	291260	24728	13482	101179
2007/03	750284	205555	364142	21146	21993	137448
2007/04	662175	183693	348293	19582	17565	93042
Source: INEGI. National Survey of Jobs and Employment. (ENOE).						

Rate of Activity

In order to highlight the important changes that have occurred in the rate of activity for men and women, we look at a long period of time – from 1995 to 2007. In this interval, the overall rate of activity for people 14 years and older underwent important changes: it rose from 36.8 to 41.4 for women, while for men it went from 80.8 to 78.1.

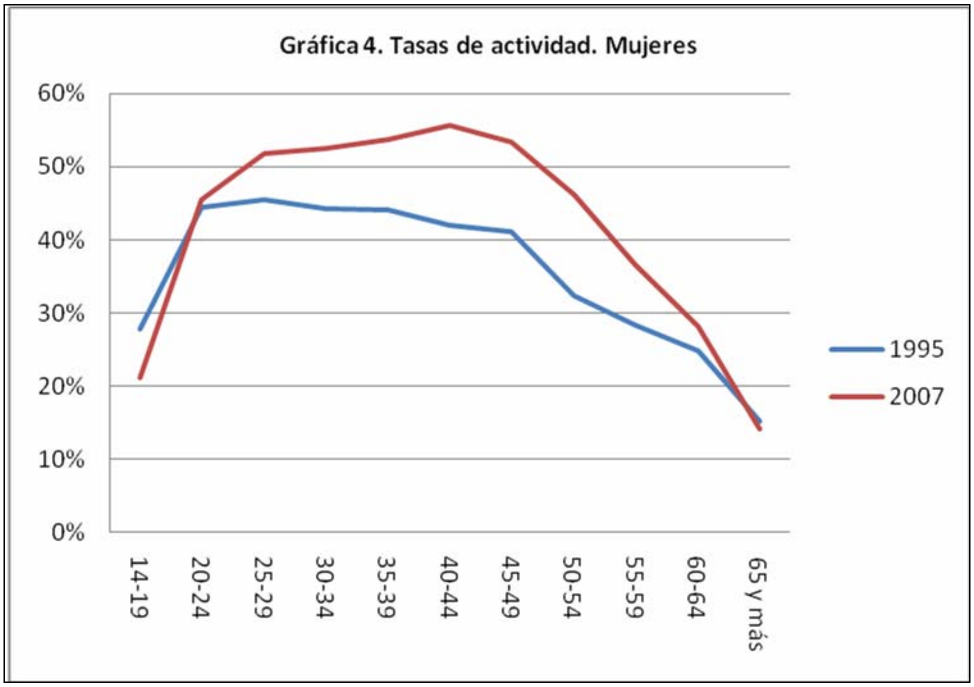
A more detailed examination (Graphs 3 and 4) shows some findings worth highlighting. In the first place, for men the tendency for rates of participation to fall was most pronounced in the youngest and oldest groups.

Graph 3: Rates of Economic Activity for Men



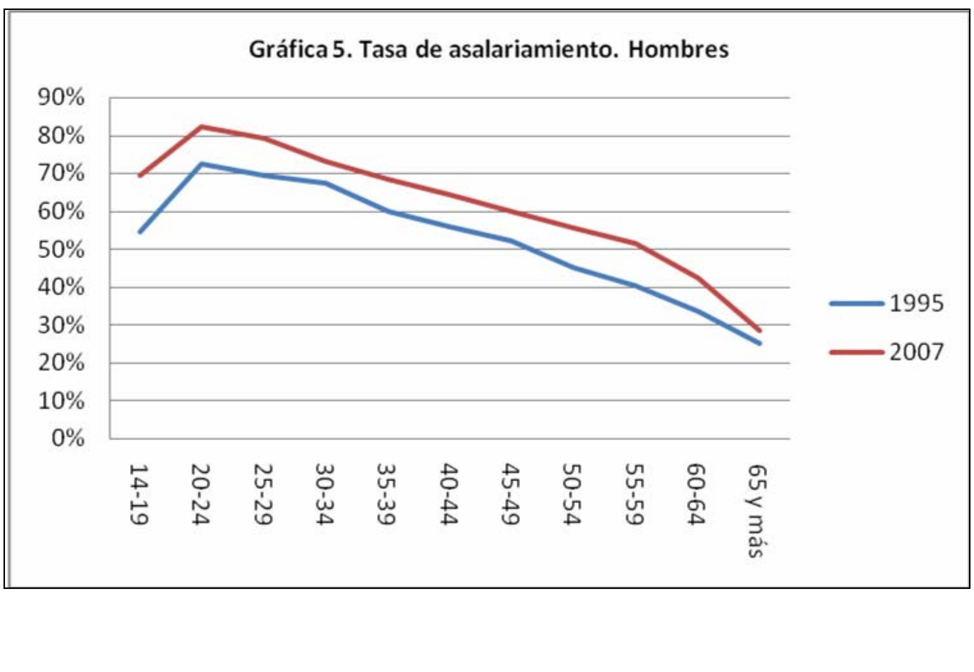
For women, the fall in rates of participation is only observable in the youngest groups (younger than 25 years), since in all of the age groups there was a significant increase. This is reflected by the breakdown by civil society position for the Economically Active Population. Thus, for 1995, 40.6% of employed women were single, while 46.1% were married. In 2007, the percentage of single women had fallen to 35.2%, while married women rose to 50.6%. The number of respondents per home also reflects the greater participation of women. According to data from the National Survey of Household Income and Spending (Encuesta Nacional de Ingreso y Gasto de los Hogares - ENIGH), the rate of respondents per family went from 1.8 to 2.1 between 1996 and 2006. The above evidences a strategy of homes to obtain increased income, which translates into increased engagement in employment.

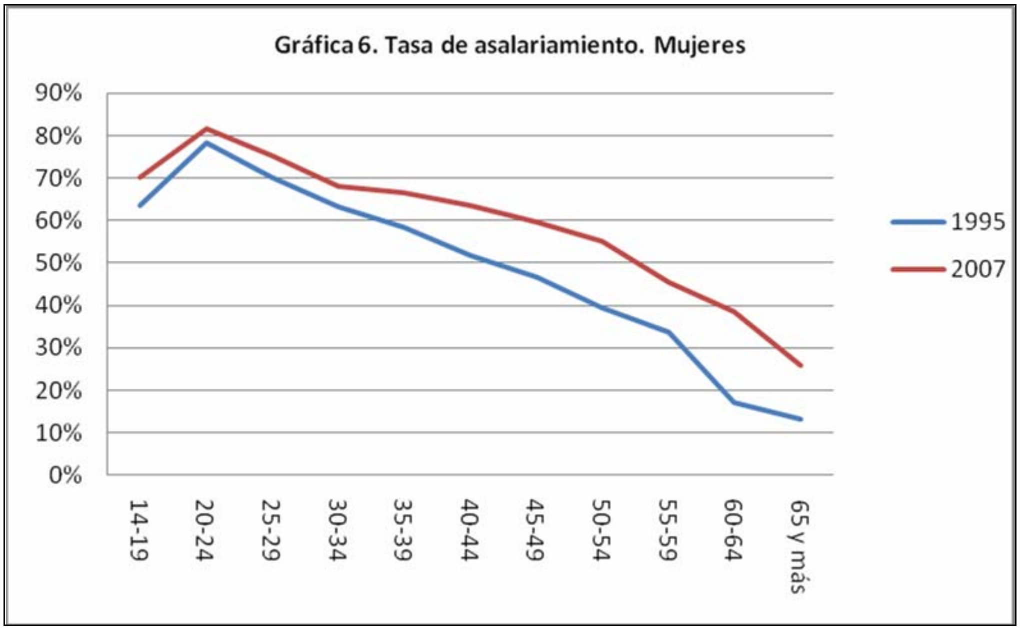
Graph 4: Rates of Economic Activity for Women



The proportion of salaried workers in all jobs by age group also underwent significant changes, with relative levels for both men and women rising. Between 1995 and 2007, the overall rate of salaried employment for men went from 58% to 66%, while for women it rose from 59% to 65%.

Graphs 5 and 6: Rates of Salaries for Men and Women





More than half of the salaried workers were under thirty years of age in 2007; in the case of women, more than half were younger than thirty-five. The shape of both curves shows a systematic decline in the rates of salaried employment, with the peak in the 20-24 year-old age range. This pattern can be explained by a tendency towards self-employment and to the withdrawal of older workers from the workforce, as can be seen in Graphs 3 and 4.

Job Creation

In 2007, according to the National Survey of Jobs and Employment, 1million 600 thousand jobs were created, with a proportion of 56% micro units – that is, units with five or less employees. In second place of importance in terms of the creation of employment, are the units with over 251 workers. It is worth noting that the majority of new jobs were created in the commercial and service sectors. In fact, if we compare in the last quarters of 2006 and 2007, the creation of jobs in agriculture declined by almost 100,000 jobs. This pattern is not apparent if we compare the first quarter with the last, since the levels of rural agricultural activity are very different during different times of the year.

Number of Employees	2007 First Quarter	2007 Second Quarter	2007 Third Quarter	2007 Fourth Quarter	Growth
1 PERSON	8,076,015	8,317,364	8,224,088	8,117,192	41,177
2 TO 5 PEOPLE	14,628,477	14,720,560	14,889,524	15,485,279	856,802
6 TO 10 PEOPLE	2,616,734	2,720,558	2,693,534	2,845,804	229,070
11 TO15 PEOPLE	1,124,858	1,104,301	1,145,832	1,151,600	26,742
16 TO 50 PEOPLE	3,255,000	3,221,677	3,191,560	3,297,631	42,631
51 TO 100 PEOPLE	1,401,375	1,468,503	1,392,161	1,386,115	-15,260
101 TO 250 PEOPLE	1,155,337	1,082,907	1,091,228	1,084,692	-70,645
251 AND MORE PEOPLE	9,385,259	9,555,994	9,525,915	9,754,142	368,883
NOT SPECIFIED	757,407	714,792	762,727	883,149	125,742
Total	42,400,462	42,906,656	42,916,569	44,005,604	1,605,142

The apparent vigor of the secondary sector in job creation is surprising, despite the halt in growth of these activities, observable in the last quarter of the year.

Income from Work

Chart 3 summarizes the trends in income per hour from work, according to the job position. Here we see the difference between the income of workers who are self-employed and those who are salaried.

Chart 3					
Income from work (adjusted for 2007 values)					
	1995-II	2000-II	2004-II	2007-II	Percentage Growth
Average income per hour worked	9.8	12.2	11.0	11.7	1.6
Owner	44.71	56.11	40.62	39.62	-1.1
Self-employed	16.05	22.31	18.08	19.15	1.6
Salaried	18.42	24.66	20.29	23.79	2.4
Pieceworker	21.16	22.02	18.82	21.44	0.1
Source: National Employment Survey and National Survey of Jobs and Employment, INEGI					

This difference highlights the diversity of productive activities and types of work carried out by salaried and self-employed workers. The rate of growth of incomes for salaried and self-employed workers shows the same variation: 2.4% versus 1.6% of median annual growth.

Regarding the trends in minimum wage, the trends are very different. Before examining these more closely, it is worth noting that by law, the minimum salary should be sufficient to sustain an average family. The decision to contain the growth in minimum wages due to inflation meant a significant loss in buying power and could lead to decisions to preserve jobs rather than wages.

More specifically, in spite of the fact that the nominal minimum wage has practically tripled, in real terms it has been reduced by at least one-fifth. In the second half of the 1990's (with the exception of 1998), the rate of growth of the real minimum wage fell substantially and during the first years of the current decade, it showed stagnation. The average rate of annual growth during this period was negative, overall. The difference between the minimum wage and the average salary has declined between 1995 and 2007. In 1995, the minimum wage represented 43.3% of the median salary, while since 1999 the tendency has been to decline such that in 2007 the minimum wage had fallen to below one-third of the median salary (30.8%).

The trends in earned income from work and the minimum wage have meant that for workers overall, the distribution of income by percentage has improved, when income is measured in multiples of the minimum wage. The percentage of self-employed workers who earn less than 2 minimum wages fell significantly. By 2007, the percentage of workers who earned between 2 and 10 minimum wages reached 53%, compared with 23% in 1995.

The situation for salaried workers is similar. The percentage of these workers who earned 1.5 or fewer minimum wages shrank significantly, such that the proportion of workers earning between 2 and 10 or more minimum wages went from 38.8% to 62.1%. Nevertheless, in spite of improvements in the distribution of income according to minimum wages for 2007, 49.6%

of self-employed workers and 32.15% of salaried workers are still below subsistence level (below 2 minimum wages).

The proportion of salaried workers who earn low salaries, defined as those with 50%or less of the median salary, tended to shrink between 1995 and 2007. This was not the case for self-employed workers. As we will see later in this report, the situation of self-employed workers has a significant impact on poverty levels.

Chart 4 summarizes some important elements in the structure of income from work.

Chart 4				
Monthly Income from Work (In 2007 Pesos)				
	1995	2000	2004	2007
All workers	3,570	3,567	3,759	4,092
Self-employed	2,898	3,022	2,972	3,401
Employees of businesses with 5 or less workers	3,248	2,455	2,865	3,285
Street vendors	2,719	2,504	2,915	2,574
Year-round, full-time workers	5,194	4,524	5,299	5,912
Employees of businesses with 250 or more workers	5,497	4,655	5,295	5,944
Employed men with primary education	3,054	3,276	2,901	3,476
Employed men with higher education	5,939	4,944	5,421	7,186
Employed women with primary education	1,753	2,127	2,691	2,358
Employed women with higher education	4,492	3,843	4,194	6,034
Data from the second quarter of each year from the ENE y de la ENOE, INEGI				

The differences that stand out are between the following categories of workers: salaried vs. self-employed; year-round vs. short-term contract workers; and men vs. women with similar educational levels.

Furthermore, Chart 11 shows the data for average income, which means that the potential benefits of income growth are not distributed in a uniform way throughout the population. It is well known that there is a large range of income generally, and salaries in particular. (Salas y Zepeda, 2003a, 73). With this understanding in mind, we now examine income from work by sectors and occupations, geographic regions, and sex.

With the exception of some sectors, the average monthly income for economic activities, between 1995 and 2007, of salaried workers has grown. Mining (7.21%); electricity, water and gas line provision to the end consumer (4.08%); and executives of corporations and businesses (5.4%), are the economic activities that show the strongest positive trends, while the other end of the spectrum is represented by wholesale merchandising (-6.1%) and professional, financial and insurance services (-1.2%) with the steepest decreases. Regarding self-employed workers, the situation is much the same, except with regards to activities related to construction (2.66%) and mass media information (7.64%), which show relatively high annual growth.

If we examine only the activities in the manufacturing industry, we find that the average monthly income for salaried workers in manufacturing improved by an average percentage of 1.27%, overall. This is a result of slow growth in the average income in many industries, with important decreases in the sector “other manufacturing industries.” Overall, self-employed workers show a decreased level of growth in their average salaries. However, the industry of basic metals has experienced atypical levels of growth (22%), a fact that has yet to be explained.

Government policy of salary containment has led to importance differences between the public and private sectors in terms of income from work. Thus, although between 2005 and 2007 the average monthly real income improved for workers in both the private and public sectors, the rate of annual growth has been slow: less than 3% in either case. The difference in income between salaried workers from both sectors has remained constant, with the average income of salaried workers in the private sector representing almost three fifths of that of public sector workers.

The geographic distribution of economic activities is wide. In general terms, when the country is divided into region according to common geography, the following categories apply:

The geographic regions are made up of the following Federal entities: Northeast (Baja California Norte, Baja California Sur, Sinaloa and Sonora), North (Chihuahua, Coahuila and

Durango), Northwest (Nuevo León and Tamaulipas), Central North (Aguascalientes, Guanajuato, Querétaro, San Luis Potosí and Zacatecas), West (Colima, Jalisco, Michoacán and Nayarit), Central (Hidalgo, Morelos, Puebla and Tlaxcala), Central Gulf (Veracruz and Tabasco), South Pacific (Chiapas, Guerrero and Oaxaca), Peninsular (Campeche, Quintana Roo and Yucatán), and Capital (Distrito Federal and Estado de México).

The Pacific South region has the greatest levels of social underdevelopment, while the Capital region has the least (see Conapo, 2007). The Central, North, Northeast and Northwest have increasing levels of manufacturing activity (Aguayo y Salas, 2002).

In general, the rate of growth in income from work is small, except in the case of the Peninsular region, where the average rate of annual growth between 1995-2007 was 4.7%. Notably, the only region with a negative rate of annual growth during this period is the North. If we examine the average real hourly income by region, we see that the average hourly wage by region demonstrates stagnation in the rate of income for salaried as well as self-employed workers. The exception is the Peninsular region, which shows an increase in both categories of employment (slightly above 2% in each case). One fact that stands out is that wages in the area bordering the United States, while they are higher than in the rest of the country, did not increase more than in the rest of the country, despite the presence of numerous *maquiladora* and non-*maquiladora* manufacturing plants oriented towards export.

On the national level, when we look at the average monthly income by levels of schooling, a few findings stand out. First of all, between 1995 and 2007, the income of all workers by level of schooling showed small positive average annual growth, except for the highest educational level, which showed a drop. For self-employed workers, there was a drop in growth, except for the medium level of professionals. The situation for workers with completed education, both salaried and self-employed, is important because both categories of workers saw their average annual salary shrink by 6% and 3.1%, respectively.

The average incomes are higher according with the level of education, while the difference between salaried and self-employed workers, according to levels of education, tended to increase over time.

*The salary difference between self-employed workers and salaried workers without formal education was equivalent to three-fourths in favor of the salaried workers. In 2007, this difference went down to one half. For workers without primary education, it went from 85.5% to 60.6% in favor of salaried workers. Nevertheless, the proportion of income for self-employed workers with up to a secondary education in 1995 was above that of salaried workers, while in 2007 it went down to 96.4%. For medium and high-level professionals, the latter earned more overall, but the proportion did not vary significantly, remaining at 61% and 77.5%, respectively. Notably, the benefits of a higher education tend to diminish over time.

With regards to the average real salary by type of contract, we find that the average real income for workers with a limited contract and the income for workers without a contract grew slightly at an average annual rate of 0.49% and 0.4%, respectively. Meanwhile, the income of workers with a temporary contract grew more quickly, with an average of 2% annually.

The difference in incomes still favors permanent workers, although the income of workers with short-term contracts has gone up from 64% to 76% of that of permanent workers. The difference in income between workers with permanent contracts and those without a contract has remained steady at about half, with slight fluctuations.

Perhaps the most visible difference in income is between the salaries earned by men and women. With regard to the monthly real salary, by sex, we find that for salaried workers this has increased 0.91% for men and 1.44% for women. In the case of self-employed workers, there was also an increase – for women it was 0.93% per year and for men it was 1.9% annually between 1992 and 2007. The pattern of increases in the average incomes has led to overall reductions in the difference in wages between salaried women and men; the proportion of women’s income in relation to men’s income went from 78% to 83%. The same was true for self-employed workers; the proportion of women’s salaries relative to men went from 71% to 81%. Nevertheless, the relationship between self-employed women and men went from 66% to 58% and between self-employed and salaried women it went from 60% to 56%.

However, when we examine the real hourly income by sex, the situation is quite different, since we see a slight increase between 1995 and 2007. In the case of hourly income for self-employed workers, towards the end of the period there was an increase in income by hour for men and for women, and the gap ends up closing.

Distribution of Income

The distribution of income in Mexico is particularly concentrated: in 2006, the richest fifth of the population earned 53.1% of the total monetary household income, versus 3.9% for the poorest fifth. Such concentration is reflected in the high Gini factor, even while this figure has evolved unsteadily, tending towards a decrease until 2005 and then slightly increasing in 2006 (Chart 12). The improvement in the distribution of income is particularly visible in the poorest fifth of the population.

Chart 5

Distribution of Current Monetary Income 1994-2006

Population in quintiles								
	1994	1996	1998	2000	2002	2004	2005	2006
Wealthiest 20%	60.3	58.4	59.3	58.6	53.9	55.1	55.6	53.1
Fourth 20%	18.5	19.1	19.1	19.1	21.0	19.6	19.7	21.2
Third 20%	11.1	11.7	11.7	11.8	13.2	12.7	12.7	13.2
Second 20%	6.9	7.3	7	7.2	8.3	8.3	8.1	8.5
Poorest 20%	3.1	3.4	2.9	3.2	3.7	4.2	4	3.9
Gini coefficient for the Monthly Monetary Income								
	0.538	0.521	0.534	0.523	0.4789	0.4689	0.4713	0.4731

Source: Cortés, Fernando, *La evolución de la desigualdad en el último cuarto de siglo and* NEGI, National Survey of Household Income and Spending.
ENIGH 2002 y ENIGH 2005 y 2006

The distribution of incomes improved between 1994 and 2006, especially for the poorest 20% of families (Chart 5). The gap between the income of owners and salaried workers diminished and salaries increased slightly, which explains the improvements for the middle sectors.

Along with the decrease in the Gini factor, there has been a slight decrease in poverty.

National Incidence of Poverty [1] **(percentage)**						
	1994	1996	1998	2000	2004	2006
Households						
Nutritional	16.1	28.8	26.8	18.5	13.8	10.6
Capacity	22.7	36.5	32.9	25.2	19.9	16.1
Patrimony	46.8	60.8	55.6	45.7	39.7	35.5
People						
Nutritional	21.3	37.1	33.9	24.1	17.4	13.8
Capacity	29.4	45.3	40.7	31.8	24.7	20.7
Patrimony	55.6	69.6	63.9	53.6	47.2	42.6
Source: National Evaluation Commission (Coneval), 2006.						

1. The specification of the thresholds for poverty levels is as follows. The nutritional poverty line is based on the definition of minimum nutrition necessary according to the calculation of the Basic Food Basket [Canasta Básica de Alimentos (CBA)]. The CBA is calculated for rural as well as urban settings, according to household expenses of the sector of the population that is able to afford the minimal nutritional requirements. Therefore, nutritional poverty classifies as "poor" the entire household whose income is under the cost of the CBA. The second category, the capacity poverty line, corresponds to situations where the household resources are inadequate for acquiring the CBA as well as the estimated expense of health, clothing, shoes, housing, transportation and education. The third category, the poverty line for patrimony, is associated with the impossibility of acquiring these goods, as well as an estimate of non-nutritional expenses considered to be necessary by the population's spending patterns.

Using the National Evaluation Commission's categories, we now examine the relationship between minimum salary and nutritional, capacity and patrimony poverty levels.

The development of the minimum salary in relation to the nutritional poverty line shows that these two figures are becoming closer and closer over time, as a consequence of the loss of buying power for salaries.

The relationship between the poverty line for capacities and the minimum salary shows that between 1996 and 2006 there was a reduction of difference. In fact, in 2000 the poyverty line by capacity was above the minimum salary (by 4.6 percentage points). The trend of the poverty line by patrimony in relation to the minimum salary has been one of increasing distance between the two, demonstrating that the minimum wage is insufficient for escaping poverty by patrimony; in 2000 approximately one-and-three-quarters minimum salaries were needed to overcome poverty by patrimony.

Although not as dramatic, the evolution of the median wage in relation to the three lines of poverty is similar to that of the minimum wage.

Relationship Between the Minimum Wage and Types of Poverty, in Percentage						
	1996	2000	2002	2004	2005	2006
Nutritional	49.4	85.3	70.0	77.0	74.8	70.9
Capacity	88.1	104.6	85.8	94.4	91.8	87.0
Patrimony	100.6	171.2	140.4	154.5	150.1	142.3

Relationship Between the Median Wage and Types of Poverty, in Percentage.						
	1996	2000	2002	2004	2005	2006
Nutritional	24.7	20.9	18.6	18.2	18.8	18.1
Capacity	44.0	25.6	22.9	22.4	23.0	22.2
Patrimony	50.2	41.9	37.4	36.6	37.6	36.3

In spite of the recovery of income levels from wages, the improvement in the Gini factor seems to be influenced by three additional factors. First of all, the fall in the median size of families has meant that the total amount of resources needed per family has diminished. Second, the increase in the number of wage earners per family has mean that the total income has increased. Finally, the amount and proportion of monetary transfers has grown. Chart 13 shows the patterns for these three variables between 1996 and 2006.

Chart 6 Transfers, Wage Earners and Median Household Size. 1996 and 2006							
	ENIGH 2006				ENIGH 1996		
Deciles	Average percentage of transfers by household	Average percentage of wage-earners per household	Average size of household	Deciles	Average percentage of transfers by household	Average percentage of wage-earners per household	Average size of household
Total	18.28	2.14	3.95	Total	13.71	1.77	4.52
1	9.22	1.63	2.80	1	6.98	1.34	3.80
2	10.86	1.90	3.42	2	9.35	1.39	4.10
3	11.31	1.91	3.70	3	9.55	1.57	4.56
4	11.86	2.01	3.94	4	10.14	1.57	4.56
5	14.26	2.11	3.99	5	10.39	1.70	4.57
6	16.03	2.11	4.15	6	12.05	1.82	4.64
7	16.08	2.33	4.39	7	13.47	2.01	4.81
8	20.48	2.44	4.50	8	16.84	2.05	4.88
9	27.68	2.54	4.48	9	23.04	2.19	4.75
10	45.60	2.37	4.13	10	25.52	2.08	4.56
Source: Special tabulations of National Survey of Household Income and Spending (Encuesta Nacional de Ingreso y Gasto de los Hogares - ENIGH), 1996 and 2006							

The increase in the proportion of transfers within the monetary income is notable. These transfers come from income from pensions (which affects the income of the lower deciles); governmental transfers such as the Opportunity programs and others; as well as the remittances sent by Mexican workers in the United States, which have reached levels on the order of 15 billion dollars.

Levels of Unionization[2]
Unionized Population

Based on data from the National Survey of Household Income and Spending (Encuesta Nacional de Ingreso y Gasto de los Hogares - ENIGH), between 1992 and 2006, there was a clear increase in the workforce, which increased by 14 million, 482 thousand workers – an average annual rate of growth of 2.8%. However, these levels contrast with the insignificant average annual growth (0.38%) of the economically active population that was unionized during a decade and a half. This population, in absolute terms, showed a cumulative increase of only 227 thousand, or 16,214 thousand per year (See Chart 15).

Chart 15. Unionized Population 1992 -2006		
	National Survey of Household Income and Spending (Encuesta Nacional de Ingreso y Gasto de los Hogares - ENIGH)	
	1992	2006
ECONOMICALLY ACTIVE POPULATION	30,261,606	44,709,819
Industrial jobs	8,119,017	10,007,731
PSSI [1]	6,523,233	7,555,389
Unionized workers	4,116,919	4,343,920
Men	2,730,809	2,494,569
Women	1,386,111	1,849,351
Unionized within the PSSI	1,444,995	1,534,708
Men	1,212,473	1,147,714
Women	231,522	386,994
Rate of unionization of the ECONOMICALLY ACTIVE POPULATION	13.6	9.7
Rate of unionization of the PSSI	22.1	15.3
1 Unionized population in the industrial society; the population over 14 that works in businesses with over 20 workers.		
Source: Own analysis with expanded data from the ENIGH from 1992 and 2006.		

2 For a more in-depth analysis, see Esquinca (2006)

The patterns in union affiliation demonstrate different trends for men and women. For the male population, there was a reduction of 236,000 in the unionized population; while for economically active women there was an increase of 463,240 in the unionized population. However, the increase in the female population was not sufficient to reverse the general decline in the unionized population. The overall rate fell almost 4% between 1992 and 2006.

The number of workers employed in the industrial sector increased from 8 million, 119 thousand to 10 million, 7 thousand, signifying an average increase of 1.5%. The rate of unionization in this sector declined significantly between 1992 and 2006, going from 22.1% to 15.3%.

In summary, the rate of unionization for the salaried economically active population fell between 1992 and 2006, while the rate of unionization for the PSSI (the unionized population in the industrial society; the population over 14 that works in businesses with over 20 workers) demonstrates a significant reduction between 1992 and 2006. The decline in the rates of unionization is congruent with the findings on employment and salaries discussed above, in that the strategy of economic growth, based on the liberalization of markets, has had an important impact on labor relations.

Remittances

It is important to note the halt in the growth of remittances. As we can see in the chart below, the amounts of money sent to Mexico grew at a significant rate until 2006 and began to fall in 2007.

Remittances from the United States to Mexico, in thousands of Dollars							
	1995	**2001**	**2003**	**2004**	**2005**	**2006**	**2007**
National	**3,673.44**	**8,895.00**	**13,650.20**	**16,730.10**	**20,283.50**	**23,742.10**	**23,979.00**
Source: Banco de México							

The median annual rate of growth of remittances between 1995 and 2006 was 18.5%, with especially strong growth as of 2001. However, in 2007 the rate of growth fell by 1%. The challenges in growth in the U.S. economy, along with increased restrictions on legal migration, led to an apparent fall in the amount of remittances. The slower rate of growth anticipated for the U.S. economy during 2008 suggests continuing declines in the transfer of remittances of dollars to Mexico, which may lead to increased poverty levels in the regions that have received most remittances.

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