

Employment in Chile: The Truths Revealed by the CASEN Survey 2011

In spite of all the questioning regarding the last CASEN Survey, it is hard to say that no progress has been achieved in terms of poverty and extreme poverty, and also in the income distribution. Behind this progress, salary and employment upturn are the basic driving force, which has enabled lower deciles' autonomous incomes to increase at a greater rate than those of higher deciles. The results shown in this survey reaffirm a concept which is the core of our thinking: economic growth is the best social policy.

A first approach to this condition can be derived from the INE figures, through a more detailed analysis of the 626 thousand jobs created by the current government (the goal was 800 thousand in four years). From these, 59% corresponds to female employment, which is a very positive fact if we consider Chile's low female labor participation rate. The latter has increased from 44.3% in March 2010 to 47.2% in last July. Meanwhile, the male labor participation rate has maintained steady around 72%, although in the last months there is a slight decreasing trend which has to be monitored.

From the 626 thousand created jobs, 69% corresponds to engaged employees, and 25% to own-account workers, which denies the idea that they are mostly precarious jobs. This, as we will later see, is also confirmed by the legal protection of newly created jobs. In the case of female employment, 55% of the new jobs are salaried jobs, and 33.5% are self-employment jobs, which is maybe not that positive in terms of labor stability, but it does show a greater level of female entrepreneurship, which is sometimes the only way for women to make income generation compatible with family obligations. We can still advance much more in this field in terms of public policies, in issues such as child care and training.

As for activity sectors, industry is the most important, accounting for 20.5% of the jobs created in the 18-month period. It is followed by teaching with 18.5%, construction with 12.8%, and finally transport, storage and communications with 10%.

An additional indicator showing the quality improvement of employment is the percentage of salaried workers with written contracts and, within them, with indefinite duration contracts, as seen in Table 1.

Table 1

QUALITY EMPLOYMENT INDICATORS			
Period of Time	Salaried Workers		
	% of Salaried Workers with Written Contract	% of Salaried Workers with Definite Duration Contracts	% of Salaried Workers with Indefinite Duration Contracts
April – July 2012	86.2%	29.3%	70.7%
January – March 2010	82.6%	32.8%	67.2%

Source: National Statistics Institute (INE)

The above figures show, in a pretty eloquent way, the improvement of the Chilean labor conditions in the last year and a half. If we also consider that real remunerations have increased 7.6% in this period, we get a very relevant payroll increase, which clearly explains the dynamism of private consumption in this period. However, since the INE introduced a methodological change in its employment survey, it is useful to adjust the above conclusions with alternative evidence, such as data from the social security system. The following table shows contributors' data and taxable income for March 2010 and July 2012.

Table 2

CONTRIBUTORS AND TAXABLE INCOME IN PRIVATE PENSION SYSTEM

TYPE & SEX	July 2012		March 2010		Var. %	
	Nr of Contributors	Average Taxable Income (CLP\$)	Nr of Contributors	Average Taxable Income (CLP\$)	Nr of Contributors	Average Taxable Income (real %)
TOTAL	4,746,579	537,389	4,167,507	456,050	13.9	10.1
Male	2,868,493	567,971	2,518,811	483,539	13.9	9.7
Female	1,878,086	490,679	1,648,696	414,054	13.9	10.7

Source: Superintendence of Pension Funds

These figures reaffirm the improvement evidenced by the INE data, since they show an increase of 579 thousand contributors, with a greater taxable income of more than 10% real.

Without discrediting these results, it is important to remember that in 2009 there was a great international recession and, in March 2010, the 27-F earthquake affected 80% of the urban population at regional level.

The CASEN Survey's great contribution to the above data is the possibility of analyzing how these doubtless labor improvements are distributed among the different socioeconomic strata. The results shown below categorically deny the idea that recent years' growth has not benefited low income segments and that created jobs are precarious. On the contrary, the labor field improvements for the lower quintiles are not only significant, but in general they are higher than those of the higher quintiles. It is also demonstrated that, in the case of female employment, the improvement is also more significant for the lower quintiles. Results are so evident that they relegate to an absolute second place the absurd ongoing discussion about poverty percentage, a result which is much less relevant than those derived from the CASEN Survey 2011 and 2009.

A first interesting point refers to the labor participation rates of the different income deciles for the adult sector. The following tables show that the number of working people has strongly increased, especially the female first deciles. As for men, the number of people in the first deciles decrease, which together with an increase of employed persons, leads to a great unemployment drop.

Table 3

MALE LABOR SITUATION 31-60, BY DECILE (PERCENTAGE VARIATION CASEN 2011-2009)			
Deciles	Does not work	Works	Total
i	-20.6	12.2	-4.0
ii	-20.7	-2.9	-6.6
iii	-8.8	-1.1	-2.4
iv	2.3	0.6	0.8
v	2.2	5.7	5.4
vi	-12.9	-0.4	-1.5
vii	-18.3	-0.9	-2.2
viii	-1.7	2.3	2.0
ix	-12.1	2.7	2.1
x	27.2	7.5	8.0
Total	-12.1	2.1	0.3

Source: CASEN Survey 2009 and 2011.

Table 4

FEMALE LABOR SITUATION 31-60, BY DECILE (PERCENTAGE VARIATION CASEN 2011-2009)			
Deciles	Does not work	Works	Total
i	-0.3	33.1	6.8
ii	-7.2	29.2	3.7
iii	-4.7	25.8	6.8
iv	-8.7	21.4	4.5
v	-0.1	14.4	7.3
vi	-8.6	6.9	0.1
vii	-6.0	-0.8	-2.7
viii	-13.8	-2.4	-6.3
ix	-19.3	2.6	-4.0
x	-10.6	10.9	5.3
Total	-6.7	10.5	2.1

Source: CASEN Survey 2009 and 2011.

The situation of the youth is very interesting, and we also observe improvements in relation to the results of CASEN 2009. In this case, the most concerning issue from the point of view of public policies refers to the so-called "NEETs" (people not in employment, education or training, called "NINI in spanish - no estudia no trabaja), a number of which significantly reduces for men of lower income deciles, while the total number of women who neither study nor work decreases, but in a much lesser proportion than those who work and study.

Table 5

MALE LABOR SITUATION 19-30, BY DECILE (PERCENTAGE VARIATION CASEN 2011-2009)				
Deciles	Works	Studies	Neither studies nor works	Total
i	-6.8	28.5	-34.4	-16.6
ii	3.9	16.6	-0.5	4.6
iii	3.8	26.0	-5.8	5.6
iv	-2.5	23.5	-4.5	2.0
v	20.4	24.4	-22.8	14.3
vi	4.8	38.0	-30.9	6.3
vii	21.8	16.3	-2.4	17.5
viii	5.5	5.9	-13.1	3.6
ix	7.2	7.3	6.0	7.1
x	2.7	29.8	-69.3	4.7
Total	7.5	20.4	-16.6	5.8

Source: CASEN Survey 2009 and 2011.

Table 6

FEMALE LABOR SITUATION 19-30, BY DECILE
(PERCENTAGE VARIATION CASEN 2011-2009)

Deciles	Works	Studies	Neither studies nor works	Total
i	14.9	18.1	-2.4	3.5
ii	3.0	51.9	15.0	18.5
iii	20.0	33.2	4.3	14.4
iv	2.2	17.1	-0.6	4.2
v	20.3	28.4	28.8	25.0
vi	4.0	-2.5	-12.0	-2.6
vii	19.4	47.7	-3.2	18.8
viii	8.8	20.9	-13.3	7.8
ix	1.6	-18.4	-21.6	-8.9
x	-4.8	-10.5	-28.1	-9.6
Total	8.3	13.6	2.0	7.2

Source: CASEN Survey 2009 and 2011.

Delving deeper into the above figures of the youth segment, it is highly relevant that for the 20-24 age segment we observe a very significant increase in the number of men who study and work in the lower income deciles. This result is valuable, because we are talking about young people who, besides contributing with incomes to their family groups, are also investing in human capital, which gives them a favorable perspective towards the future. This improvement is not as relevant for women, although the number of women who study does increase in the lower deciles.

There is still much work ahead in this area. Although the percentage of young men and women who neither work nor study decreases with respect to 2009, it is still very high in the lower deciles. This is a chief challenge for labor policies, since it does not only imply a lack of incomes issue. These young people who neither study nor work are an evident seedbed for delinquency and drug abuse problems. Thus, opening work opportunities for them resolves three simultaneous problems. In the first income quintile between 19 and 30 years, there are 310 thousand people who neither study nor work, 93 thousand men and 217 thousand women. In the second quintile, numbers are still very high: 65 thousand young neither study nor work and 232 thousand women are in this situation. The teenage pregnancy problem is highly evident when observing the women's "NiNi" figures.

Table 7

LABOR SITUATION BY GENDER AND QUINTILE
(PERCENTAGE VARIATION CASEN 2011-2009)

Quintile	Situation	Man	Woman	Total
Quintile 1	Employed	2.4	23.4	9.7
	Unemployed	-29.8	-6.6	-19.6
	Inactive	0.8	1.9	1.5
Quintile 2	Employed	0.2	19.7	7.2
	Unemployed	-24.9	-23.1	-24.0
	Inactive	7.1	2.2	3.7
Quintile 3	Employed	5.9	12.0	8.2
	Unemployed	-26.0	-3.7	-14.9
	Inactive	5.8	4.0	4.6
Quintile 4	Employed	7.0	4.4	5.9
	Unemployed	-21.2	-20.5	-20.9
	Inactive	3.7	4.1	3.9
Quintile 5	Employed	4.2	3.1	3.7
	Unemployed	-29.8	-44.2	-37.8
	Inactive	7.2	-4.6	-0.8
National Total	Employed	4.3	10.1	6.5
	Unemployed	-26.9	-16.2	-21.7
	Inactive	4.5	1.9	2.7

Source: CASEN Survey 2009 and 2011.

Another interesting feature which is worth analyzing is the female labor situation. Figures show that it is mainly lower income women who have improved their employment situation. Female occupation increases 10.1% between both surveys, but percentage increases are quite more significant for lower quintiles. In the case of men, the occupation increase is more evenly distributed among the different quintiles. Male unemployment drops in a very significant way, which is explained both by greater employment and less labor participation. This last condition seems troublesome, and it is similar among the different quintiles, except for the first one. It would be concerning, although it is impossible to visualize it in these results, if this situation were due to a more generous subsidy policy.

Another issue which is also present in the labor field refers to the lack of security in the jobs created in these two years. The results of the CASEN Survey 2011 deny this point, since we observe a significant increase in the lower deciles of jobs with signed contract and also in jobs with social security contributions, as shown in the following tables. Salaried workers with signed contracts increase 16%, with percentages of 19.3%, 15.2% and 18.6% for the first three quintiles. The difference associated to the social security contributions is even more pronounced, with increase percentages higher than 20% for the first three deciles. It is evident that lack of job security has not increased; on the contrary, it has been reduced.

Table 8

CONTRACTUAL SITUATION OF SALARIED WORKERS (PERCENTAGE VARIATION CASEN 2011-2009)					
Deciles	No Contract	No Signed Contract	Signed Contract	Does not Know	Total
i	7.1	-31.4	19.3	-40.4	10.3
ii	-10.6	-37.0	15.2	14.0	6.2
iii	-13.5	-29.0	18.6	4.9	9.0
iv	-15.9	-21.4	9.6	-21.1	3.1
v	-13.1	27.7	28.3	-1.9	19.7
vi	-14.3	-45.6	13.6	16.4	7.8
vii	-14.9	-31.9	16.1	29.3	10.6
viii	-3.3	-28.4	11.7	46.1	9.6
ix	-42.3	-36.0	17.2	24.9	9.1
x	-38.3	-78.4	14.9	21.9	6.6
Total	-14.6	-32.7	16.1	6.8	9.2

Source: CASEN Survey 2009 and 2011.

Table 9

SITUATION OF SOCIAL SECURITY CONTRIBUTIONS FOR SALARIED WORKERS (PERCENTAGE VARIATION CASEN 2011-2009)			
Deciles	Does not pay contributions	Pays contributions	Total
i	12.1	24.9	16.6
ii	-13.0	23.6	6.1
iii	-14.3	26.9	8.9
iv	-11.2	16.5	5.8
v	-17.4	32.0	12.7
vi	-13.4	14.1	4.2
vii	-7.4	13.9	6.5
viii	0.7	7.6	5.4
ix	-15.4	10.8	2.1
x	-6.7	10.2	5.4
Total	-9.4	16.0	6.5

Source: CASEN Survey 2009 and 2011.

Conclusion

This first approach to the labor data collected by CASEN Survey 2011 confirms the conclusions already given by the figures of the National Statistics Institute (INE) and the Superintendence of Pension Funds regarding the fact that employment has actually grown and, what is more, has improved its quality, far from becoming precarious.

Additionally, these results allow confirming that the most vulnerable sectors are those who have most substantially improved and that, at the end of the day, there is no better social policy than economic growth.

Therefore, a series of opinions expressed in the debate, which precisely criticize the facts set forth herein, should be discarded.

In brief...

The data from the CASEN Survey 2011, together with recent figures of the National Statistical Institute (INE) and the Superintendence of Pension Funds allow refuting a series of myths concerning the achievements in labor matters in the last years. As a matter of fact, there are more jobs available, they are not precarious and they are benefiting the poorest sectors of society. There is much evidence in this survey to affirm that the results of the last two years have been specific ones in relation to the creation of work positions for Chileans.