Measuring Social Opportunity Cost of Labor in the Presence of Dual Labor Markets in Mexico

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Hecho en México
Bounded in Mexico

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FOREWORD

The "*Centro de Estudios para la Preparación y Evaluación Socioeconómica de Proyectos*" (CEPEP) is a Trust created in 1994 by the Mexican Federal Government to promote training and better practices in socioeconomic project evaluation in order to improve the quality of public investment.

The use of social prices in socioeconomic evaluation is one of the fundamental elements that help to improve public investment's quality. Such labor is a significant input in most of investment projects, the determination of its social price is of particular interest in this subject. However, the latest and until recently available study on this topic in México (González, 1995), was written more than 15 years ago. This is one of the reasons why the CEPEP is very much indebted to the author of the following article.

Every practitioner in socioeconomic evaluation has a lot to learn from this study because most of the time we are guilty of doing what Sylvia calls "a big methodological mistake". This mistake happens when we use reported wages as the social price of labor and forget to correct them by taking into account the existence of market distortions such as taxes and subsidies associated to salaried work, as well as fringe benefits.

Fortunately, the following study provides us with a methodological guidance which is not only easy to understand, but easy to apply. It shows us precisely how to take into account these distortions in order to estimate –with the appropriate approach− the social cost of labor across occupations and metropolitan areas from reported wages.

Moreover, it is important to say that this is not the only contribution of this study: usually people find it difficult to understand that jobs being generated by public in-

vestment projects –usually associated with the term "employment creation"– are not a social benefit of investment projects, but a cost. Just like the use of capital, materials, and any other factor of production, labor represents a cost to a project.

For example, if you hire a household service worker whom as soon as you leave your home, spends his/her time watching TV, you will hardly consider rewarding him/her with a salary as a benefit. Instead, the benefit you will obtain from household services is the satisfaction of returning from work to a clean place, or the opportunity cost of the time you saved by not doing all the cleaning by yourself.

Nevertheless the cost of employing workers for a given investment project could come along with a positive externality when it improves the workers' employment situation compared to what would have happened without it. When this happens, the social cost of labor should be lower than the private one. Many previous articles about the social cost of labor have recognized the existence of such an externality, even though they rather explain it as a product of reducing unemployment. However, this approach is mistaken. From the economic perspective, a new investment project enters the market with a new demand for labor − as well as a new demand for other factors of production. This added demand for labor should be seen as being filled in part by displacing the demands of others and in part by stimulating an increase in labor supply[1]. What the present analysis suggests is that the new project's use of labor generates a positive externality when it succeeds to reallocate informal workers to the formal sector, which is a much more accurate perspective for developing countries. Furthermore, as far as we know, this article is the only successful effort that has achieved to quantify the effect in a truly simple way.

In this sense, based on Sylvia's methodology, if one wants to calculate the social cost of labor of a particular occupation, it would be enough to determine the gross market wage (corrected from market distortions) and apply to it an adjustment rate which is a given proportion of the weighted average rate of informality for this specific occupation.

To set an example, one could notice that just using the gross market wage, without considering the existence of dual labor markets, would lead to overestimate the social cost of labor. For instance, investment projects are highly intensive in industrial workers for which the adjustment rate is higher than 10% for men and approximately 7% for women. For transportation workers, the adjustment rate for men is around 11% at national level, but its maximum value deviates significantly from this average (27% in the Acapulco–Chilpancingo metropolitan area).

[1] See Harberger, Arnold C. (2008). Introduction to Cost-Benefit Analysis. Part II. Labor Market Issues. UCLA.

In order to invest in higher quality public investment projects, one must be able to appraise their costs and benefits in a most accurate way. In this sense, Sylvia's research work constitutes a huge contribution and guidance to compute the social cost of labor. That's why the CEPEP is very thankful to her work and highly recommends a careful reading of the following study.

Anne-Laure Marie Thérèse Mascle-Allemand
CEPEP Coordinator

INTRODUCTION

This study presents a research work on Social Opportunity Cost of Labor in Mexico. It attempts to fill a serious gap in the literature on empirical cost-benefit analysis related to a notable absence of a methodological guidance on how to precisely quantify this opportunity cost across occupations and different labor markets. In this work we follow the methodology originally suggested by Harberger and first applied to Mexico by González (1995) on Social Opportunity Cost of labor estimation, and other elements of analysis are included to account for the existence of dual labor markets. The Social Opportunity Cost of Labor (SOCL) is an important component of the Social (or economic) Project Evaluation of public investment, since all investment projects employ workers with different skills. For the particular case of Mexico, there was no up-to date analysis on this topic. González's calculation for SOCL was done using 1993 data (drawn from the National Survey of Urban Employment ENEU). More recent calculations on social prices have been performed for other factor inputs, like the case of social opportunity cost of capital (Cervini (2005) and Rodriguez (2009))[1]. However, and despite the fact that labor is such an important input for most investment projects, no recent calculations have been carried out for this social price in Mexico[2], perhaps because of the laborious and detailed work that such calculations imply.

[1] The study carried out by Cervini (2005) used data for 1970-2001 period and is based on his previous work which used data for the period 1970-1993. Rodriguez (2009) carried out a later study and calculations of the social opportunity cost of capital using data for 1970-2006.

[2] Previous published work on social or economic prices of basic inputs for the Mexican case has been done under the support of Centro de Estudios para la Preparación y Evaluación Socioeconómica de Proyectos, (CEPEP) which is a Trust created by the Mexican Federal Government to promote training and good practices in financial and socioeconomic project evaluation of public investment.

In order to continue improving the methodology of cost-benefit analysis of public investment projects in Mexico, it is essential to have updated social opportunity cost of labor adjustment factors. In this paper we present estimates of such adjustment factors needed to make the transition from observed market wage rates to the corresponding social opportunity costs. To show how the SOCL can be quantified in a real-world setting we use a large sample survey of Mexico's labor force and our adjustment factors incorporate a whole series of adjustments –income taxes, payroll tax, social security and health care payments, vacation pay, Christmas bonuses, etc. We also focus on an important and pervasive externality associated with the coexistence in the Mexican labor market of formal and informal sectors. This element of duality in the labor market turns out to be one of the most important sources of differences between market wage rates and the SOCL. Estimates of the SOCL adjustment rates show a positive relationship with the informality rates. This fact allowed us to suggest an alternative method for estimation of the SOCL adjustment rates when labor market conditions are similar to those of the Mexican labor markets, by using a linear regression model. More important, perhaps than our specific estimates for Mexico, is the methodological framework that we present. This can serve as a useful starting point for serious estimation of the SOCL for other countries.

The work is organized as follows: section I presents a brief explanation of the role of social prices for the appraisal of public investment projects and gives an explanation of the theoretical elements underpinning the concept of SOCL and the basic welfare concepts that give support to the methodology. Using this framework, our study provides a concrete example of how to deal with cases where, as in nearly all countries, reported wages differ significantly from both gross wages and net wages. Section II presents the methodology used to calculate the SOCL when migration and the duality of labor markets are considered. Section III goes into a detailed explanation of the procedures used to calculate the gross and net wages in order to estimate labor market distortions and the SOCL for the Mexican market. A step by step guide is provided to help the reader understand how the estimates of the SOCL for male and female workers in 21 occupations and 32 Metropolitan Areas were obtained. Section IV presents the analysis of estimation results and finally, concluding remarks are presented in section V. Additionally, three appendixes provide tables and data to better understand the procedures and further clarifying the results.

I

BACKGROUND

One of the most important issues in any country's agenda is to establish procedures in order to guide public funds toward those investment projects that contribute most to economic efficiency and social welfare. Even more, today's government leaders have become more aware of the resource constraints they face, and hence are more aware of the need for more conscious and better evaluation procedures when choosing among alternative strategies for achieving improvements in social welfare.

In general, the evaluation of an investment project implies identifying, quantifying and appraising cost and benefits generated by the project and during the project's life. The definition of costs and benefits is different depending on the evaluation's perspective which could be private (financial) or social (economic). From the private perspective, costs and benefits are defined according to the agent who is undertaking the project (investor). The social or economic project appraisal measures the project's contribution to social welfare.

Unfortunately in Mexico, as in many other countries around the world, decision-making and contracting processes for most projects are usually carried out not on a welfare economics basis. In such situation, the methodology for public investment appraisal or evaluation of public investment projects has a very important role to play in fostering improved decision making. As part of this methodology, the calculation of social opportunity costs, also known as economic or social prices of basic inputs (capital, labor and foreign exchange) is essential.

The concept of social opportunity cost of factor inputs is derived from the recognition that, when resources are used for one project, other opportunities to use these

resources are sacrificed. Social prices typically differ from market prices. A financial approach using market prices to value a project's inputs and outputs will merely tell us whether a project is likely to be financially profitable, while a social approach to project evaluation attempts to measure the project's contribution to the community's welfare[1]. The difference consists of a number of external effects and distortions such as taxes, tariffs, subsidies, price and wage controls, dual markets, and monopoly and monopsony elements. When these are present, market prices do not reflect the true costs and benefits to the economy of a project's use of particular inputs or its production of particular outputs.

Unlike the financial approach, the economic or social approach to project evaluation, attempts to measure the project's contribution to social welfare. In order to do so, this approach requires the calculation of social opportunity costs of factor inputs. Considering that labor is a very important factor input in any project −and just as the other factor inputs− its cost must reflect the welfare loss −measured in money− of reallocating workers from an alternative job (which might be even located in the formal or in the informal sector) to a job in the new project.

The methodology employed in this study to measure the social opportunity cost of factor inputs is derived directly from the fundamental traditions of applied welfare economics. This branch of economic analysis is built on the following postulates[2]:

1) Competitive demand price measures the benefit of each marginal unit to the demander.
2) Competitive supply price (or marginal cost) measures the opportunity cost of each marginal unit from the standpoint of the suppliers (factors of production).
3) In attempting to measure the benefits and costs to a society as a whole, take the difference between benefits and costs.

These three postulates provide the basis for measuring how the utility of individuals changes when some policy or project is implemented. Following these postulates it is easy to understand that if demand price (as seen by demanders in each market) is equal to supply price (as seen by suppliers) and perfect competition exists, marginal social benefit will always be equal to marginal social cost.

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[1] Certainly, social or economic project evaluation using social or economic prices provides elements to identify which projects will increase real income per capita. However, real income per capita may be considered a very limited definition of community welfare because it ignores the issue of income distribution. If a country has important income inequality, the government may wish to approve projects that not only improve economic efficiency but also promote social equity. In such a case, a social project appraisal using distributional weights, or Harberger´s approach to basic needs, could be the appropriate procedure. Social appraisal tries to provide a coherent framework in which the government may give higher priority to projects that benefit low income groups, over those that benefit high or medium income ones (Perkins, 1994. pp 105).

[2] Harberger, 1971a.

When a project enters the market with a new demand for a good, its impact will be to stimulate (through its effect in price) some new production (along the supply curve for that good) and to displace (along the demand curve) some demand of the good that would otherwise be present. Hence in the absence of any distortions in the economy, there is no gap between demand and supply prices and the social opportunity costs of goods and services would equal their market prices. However, when distortions (like taxes, subsidies, minimum wages) and externalities (like those generated with the presence of dual labor markets) are present in the economy, a gap is opened between the supply and demand prices, and marginal social benefit as measured by the price paid by demanders differs from marginal social cost. Under these circumstances, market prices no longer represent the social or economic prices of goods and services. For example, in the simple case of a tax, demand price differs from supply price and the social opportunity cost becomes the weighted average of the two prices (demand and supply), with weights being the proportions of a new demand which are met (a) by displacing other demanders and (b) by attracting additional supply.

Labor is perhaps the most heterogeneous one of factor inputs, hence its social price must be calculated as specific as possible by taking into account region, occupation and gender (implying different labor markets). The data source we use provides information on the worker's characteristics to adequately incorporate them in the measurement of the social opportunity cost of labor. Most of these characteristics are reflected in the market wages that apply to the different qualities of labor at any given time and place. This permits us to use the market wage as our entry point into the determination of SOCL. However, the market wage that is typically reported is neither the effective demand price of the employer nor the effective supply price of the employee. In Mexico, as well as many other countries, the cost of labor to employers (and therefore their demand prices) exceeds the stated wage due to a series of taxes plus the cost of fringe benefits that are provided on top of the stated wage. To obtain estimates of the SOCL, we should seek ways of estimating these elements, which generate a gap between the "market wage" and the demand price for labor. In addition, we should try to identify elements of taxation (income taxes plus payroll taxes and similar taxes) which reduce the benefit perceived by the employee below the stated market wage. Also, fringe benefits (which are not reported as part of the stated wage) should be counted as part of the worker's net wage.

Making these corrections, we can at any place and time quantify the demand price for labor as the gross wage that employers really incur as labor costs, and the supply price as the net wage that employees really get after all taxes, fees and fringe benefits have been accounted for.

As mentioned before, the concept of economic or social opportunity cost of factor inputs is derived from the recognition that when resources are used for one project,

other opportunities to use these resources are sacrificed. For the specific case of the labor input, any time a vacancy is filled, workers are either sourced from a set of alternative employments (displaced demand) or newly drawn into the labor force (newly stimulated supply).

> *...when workers are hired by a project, they are giving up one set of market and non-markets activities for an alternative set. The economic opportunity cost of labor is the value to the economy of the set of activities given up by the workers including the non-market costs (or benefits) associated with the change in employment. Jenkins (1995).*

In line with the three basic postulates of applied welfare economics, the SOCL has two main components: first, the cost of attracting a worker to the job in question (labor supply price); second, the welfare effect that results from disturbing any related markets which are subject to externalities or distortions. This second component represents the adjustment that may need to be made to the supply price (first component) to account for taxes, quality of jobs, protected sectors, nature of unemployment, etc. According to Jenkins the supply price of labor to a project is the market wage rate the project needs to pay to obtain sufficient supplies of labor with the appropriate skills. This labor supply price adjusted to reflect special labor market characteristics and distortions greatly facilitates the estimation of SOCL for use in social projects evaluation. On the other hand, so long as the relevant labor market is competitive, the wage at destination accurately reflects this marginal supply price of labor to a project. It is, of course, independent of the source of origin of new workers. This market wage at destination then, is the labor price that must be adjusted to allow for prevailing distortions in order to obtain the SOCL.

In Mexico, taxes affect both labor demand (private cost of labor[3]) and workers' income through income taxes, social security contributions and other levies. These distortions generate a difference between labor costs for the employer and worker's income. While the gross-of-tax market wage guides hiring decisions for the employer, net income guides worker's decisions to supply labor and to choose among jobs. In this way, taxes introduce a difference between labor's gross wage and the money workers receive (net wage). Fringe benefits on the other hand are a component both on the gross and the net wage. They may present a measurement problem, however, in cases where they are not counted in the wage as it is reported by workers or employers.

[3] In some states of the Mexican Republic for example, there exists a tax levied on payroll. This tax is called payroll tax and is, on average, a 2% tax that employer must pay to local (state) fiscal authorities according to the total of monetary and non-monetary gross wages officially paid to hired workers.

When migration between cities or regions is considered, the size of distortions and wage differentials must be also taken into account in measuring the SOCL. To the extent that migration is important, the calculation of the SOCL for a given occupation in one region will have to take account of regional wage differentials and distortions between that region and the relevant sources of migrants. In particular, when demand for skilled labor in one area increases it is not unusual for workers from other cities and regions to migrate in order to help meet that demand. As living costs, weather and other amenities differ substantially among labor markets, the standard assumption is to think that the marginal migrant from labor source *s* to destination *k* is on the borderline of indifference between the relevant net wage at the source and the corresponding net wage at the destination. That is to say, as far as net wages are concerned, wage differences among labor markets are treated as "equalizing differences"[4]. In this sense, the easier and most effective way of measuring the effect of distortions is to work with them directly in the distorted market.

In the next sections of the study we give a more detailed explanation of our methodology, showing how to deal with migration and dual market issues when estimating the SOCL and showing how to calculate gross and net wages, starting from data on market wages.

[4] A compensation that is required in order to stimulate a supply of workers that is sufficient to meet a project's demand for labor.

II

METHODOLOGY

DEALING WITH MIGRATION IN SOCL MEASUREMENT

Under the standard case, when a project is undertaken in a particular location or region, a reasonable and realistic assumption is that regional labor markets are linked in such a way that an increase in labor demand in a particular region will displace labor of the same type of occupation not only in that region itself, but also in other regions from which labor force might be attracted. For example, a new oil refinery project located in Tula, Hidalgo adds demand for mechanical and industrial engineers in this city. It could be the case that 60% of these engineers might come from the same city (who in turn leave their last jobs to fill the new demand at the refinery's location) and the rest from contiguous cities, say 20% from Toluca, 10% from Puebla and the other 10% from Mexico City (all of them leaving their last jobs at the origin).

The pioneering study of SOCL in Mexico was that of González (1995), on which Harberger was the principal external advisor. He dealt with the problem of migration by a very simple set of assumptions. In all cases he assumed that half the jobs created in a given area were filled by net migration. He then employed two alternative assumptions for dealing with the geographic sources for this migration. The first assumption (called "the donut") treated these migrants as coming from labor markets that were contiguous to the destination market. They were assumed to be drawn from these markets in proportion to the current labor force in each source's market. The second assumption (called "all Mexico") assumed that the migratory half of a new project's labor force came not just from contiguous markets but from all other markets in Mexico, again being drawn in proportion to the current labor force in each

source's market. These assumptions were recognized by Gonzalez as being extremely crude, and were defended as short-cuts referred necessary by the time constraints under which his study was carried out (under the official sponsorship of Banobras, Mexico's top project evaluation agency).

One of our objectives in the present study was to make what we felt were needed improvements to González's methodology. Our study makes two main contributions in this direction. First we were able to get data (drawn from the National Survey of Occupation and Employment, ENOE[1] 2010) on the number of people born in each source who were economically active in each destination. On the basis of these data we were able to make the assumption that increments to a destination's labor force could be sourced from different origins in the same proportions as people from each origin who were present in that destination in the second quarter of 2010. Second, and perhaps more important, we were able to do this for 9 occupational groups or categories and for each of the 32 locations.

To illustrate our method of adjusting the gross wage in order to obtain the SOCL for a given occupation, consider workers to be drawn from a set of sources *s* for new employment (in occupation *j*) at destination *k*. The employer at *k* will be paying a gross wage GW_j^k which is the private cost per worker hired. The social cost is lower, however, because taxes T_j^k are going to be paid on the basis of this wage. Additionally, each of these workers is presumed to come from some source[2], either from area *k* itself or from other parts of Mexico. It is presumed that taxes T_j^s are paid on the basis of these source wages, in the absence of the project being analyzed. Here, these taxes are "lost" as consequence of the project. The adjustment in this simple case is

$$SOCL_j^k = GW_j^k - T_j^k + \sum_s \alpha_j^{sk} T_j^s \qquad (1)$$

Where α_j^{sk} represents the fraction of *k*'s relevant labor force which comes from source *s* (note that the largest source in each case is likely to be the "own location", represented by α_j^{kk}). Hence, the government perceives an external gain of T_j^k, thus reducing the social cost below the private cost GW_j^k. But this external gain is somewhat (maybe even fully) offset by the taxes T_j^s that are being forgone in the various sources.

Therefore, considering migration from different regions of the country to satisfy labor requirements in a particular project's location, and considering distortions in

[1] Encuesta Nacional de Ocupación y Empleo.

[2] Readers should always keep in mind that in all cost-benefit analysis we are not telling a historical story. Instead, we are comparing two "moving pictures", one representing how the economy would evolve in the presence of our project and the other representing a similar evolution in our project's absence. Market equilibrium is assumed to prevail both in the presence and the absence of our project. The resources used in our project are assumed to come at the expense of other alternative uses (in the alternative scenario).

general (income taxes, payroll taxes and other levies paid by the employer), we may define, the SOCL under the standard case, as equal to the market wage at destination minus the difference between the distortion at destination and the weighted average of distortions at the source of workers (Harberger (2008), Jenkins (1996), Gonzalez (1995)). Taking the gross-of-tax wage as the market wage, we have:

$$SOCL_j^k = GW_j^k - \left(D_j^k - \sum_s \alpha_j^{sk} D_j^S\right) \qquad (2)$$

Where GW_j^k is the gross-of-tax monthly wage paid to the worker in occupation j, location k, D_j^k is the distortion for occupation j at the project's location, D_j^S is the market distortion in each labor sourcing location s (including the project's location k). Given that we are comparing the new project with the alternative use of the resources it employs, equation (2) basically tells us to take as a benefit the taxes and other contributions associated with the labor factor and to be paid by workers and employers in the project, and as a cost those taxes and contributions that would have been paid by them in their alternative employment if the new project in question did not exist.

SOCL MEASUREMENT IN THE PRESENCE OF DUAL LABOR MARKETS

When estimating the SOCL for a project, care must be taken to ensure that all relevant market distortions and externalities are properly accounted for. The externalities associated with the phenomenon of dual labor markets can be important under this framework especially when measuring SOCL in developing countries where dual markets often prevail. In Mexico for example we observe the coexistence of two types of labor markets. They are sometimes called formal and informal, sometimes modern and traditional, and often in the technical literature, protected and unprotected. The net wage a worker receives in the formal sector is usually higher than the corresponding wage in the informal sector. Sometimes the wage differential is reflected purely in workers' cash receipts in the two sectors, but often part or even all of the differential is accounted for by fringe benefits offered in the protected sector. This is the case in Mexico, where formal work carries with it other monetary and non-monetary benefits that must be taken into account as part of wage income (retirement fund, housing, Christmas bonus, vacations, etc. which of course are included in our measurement of the gross wage). Also, informal sector workers in Mexico typically pay no taxes on their wages and do not enjoy social security and other non-wage benefits. Hence in the informal sector, gross, net and market wage rates are all the same. We maintain this assumption in the present example and throughout this paper.

Therefore, if for a given occupation such a difference in net wages between the two labor markets exists[3] (that is if $NWF_j^k > WI_j^k$ where NWF_j^k is the net-of- taxes wage received by a worker in location *k* and occupation *j* in the formal sector and WI_j^k is the wage received by a worker in the informal sector) when a worker moves from a job in the informal sector to a job in the formal one, there is a positive externality (welfare gain) associated with this change. This labor externality can be considered as a distributional benefit from the project; it is a gain going to the worker because the market net wage is above his or her supply price of labor (wage in the informal sector), and is equal to the wage differential plus the social security benefits and healthcare[4] services to which a worker gains access by moving from the informal to the formal labor market and which we call $\overline{SS}$. That is

$$E_j^k = (NWF_j^k - WI_j^k) + \overline{SS} \qquad (3)$$

Now, a new project in the formal sector can draw some of its labor from the informal and some from the formal sector in each of the different locations from which the project is likely to be sourcing labor. We must therefore take account of externalities like E_j^k in our estimation of the SOCL.

Consider the following example. Assume a new project to be located in metropolitan area *A* in Mexico, which can attract workers from a nearby metropolitan area *B*; assume also that there are formal and informal labor markets in each area, and finally assume that workers that might be attracted by the project are either employed in the formal sector or employed in the same occupation in the informal sector, implying no change in the level of employment due to the project. Let us then assume the following wage schemes for the two metropolitan areas: GWF_j^A = 8,000; NWF_j^A = 7,200; WI_j^A = 5,000; GWF_j^B =6,500; NWF_j^B = 6,000 and WI_j^B = 4,000; where GWF_j^A and GWF_j^B are the gross monthly wages paid by formal sector employers (demand prices for labor expressed in Mexican pesos) in metropolitan areas *A* and *B* respectively, NWF_j^A and NWF_j^B are the net monthly wages received by formal sector workers in metropolitan areas *A* and *B* respectively and WI_j^A and WI_j^B are

[3] Evidence of the gap in net wages between formal and informal labor markets for those occupations where informality is important is provided in table C3 (appendix C). The table reports the ratios as well as the summary statistics of estimated median Net Wage received by a worker in the formal sector in location k to the corresponding median Wage received by a worker in the informal sector. The reader may observe that the sample mean of these ratios go from 1.36 to 1.70 depending on occupational group and gender. The message here is that, on average, wages in the formal sector are significantly higher than the corresponding ones in the informal sector.

[4] Given that social security benefits associated to healthcare services (hospitalization, medical assistance and consultation, laboratories, pharmacy, etc) must be the same for all affiliated workers with the Mexican Institute of Social Security regardless of their work location, gender, wage level and occupation, the amount $\overline{SS}$ represents the nationwide mean of social security-healthcare (nonwage) benefit for a worker in the formal sector.

the monthly wages received by workers in the informal sector in the corresponding metropolitan area. Finally, assume that the median of healthcare benefit per worker in the formal labor market is $\overline{SS}$ = 1,000. Given that distortions in each location are defined as the difference between gross and net wages, and externalities as shown in equation (2), the size of distortions and externalities for each metropolitan area in our example are the following: D_j^A = 800; E_j^A = 2,200 + 1000 = 3,200; D_j^B = 500 and E_j^B = 2,000 + 1000 = 3,000.

To make things simple, for workers hired in location *A* (destination) from the formal sector in location *B* (source), the social opportunity cost of labor would be:

$$SOCL_j^{AF} = GWF_j^A - \left(D_j^A - D_j^B\right) = 8{,}000 - (800 - 500) = 7{,}700 \qquad (4)$$

For workers hired in *A* from the informal sector in location *B*:

$$SOCL_j^{AI} = GWF_j^A - \left(D_j^A + E_j^B\right) = 8{,}000 - (800 + 3{,}000) = 4{,}200 \qquad (5)$$

We should note that in informal labor markets gross and net wages are the same and that the benefit associated with hiring a worker previously employed in the informal sector, is the externality at the source (not at destination), as informal workers at the source have a supply price less than or equal to WI_j^B and the difference between destination and source labor demand prices accounts for the compensation needed to attract workers under different living conditions (Harberger, 2008).

Now, if we know that location *B* has a proportion ϕ_j^B of workers employed in the formal sector for occupation *j*, the SOCL in location *A* may be estimated by the linear combination of the SOCL if sourcing from the formal sector ($SOCL_j^{AF}$) and from the informal sector ($SOCL_j^{AI}$), which implies[5]:

$$SOCL_j^A = \phi_j^B SOCL_j^{AF} + (1 - \phi_j^B) SOCL_j^{AI} \qquad (6)$$

$$= \phi_j^B \left[GWF_j^A - \left(D_j^A - D_j^B\right)\right] + (1 - \phi_j^B)\left[GWF_j^A - \left(D_j^A + E_j^B\right)\right]$$

[5] When hiring labor with specific skills for a new project, paid wages are equal or higher than the labor supply price to attract adequate numbers of required workers. Wage differentials between formal and informal labor markets (considering the social security benefits) are a constant incentive for workers to move from an informal to a formal employment. The likelihood of hiring a worker which is attracted from the informal sector will depend on many factors, including the size of the informal market in a given location and ϕ_j^B may also be taken as an estimator of the probability of drawing workers with occupation *j*, from the formal sector in location *B*.

and it may be re-expressed as

$$SOCL_j^A = GWF_j^A - \left(D_j^A - \phi_j^B D_j^B\right) - (1 - \phi_j^B)E_j^B \qquad (7)$$

Equation (7) tells us that the SOCL is the gross wage at destination minus the taxes (distortion) to be paid and linked to that wage, plus the taxes that would have been paid by the workers at the source if they were drawn from the formal sector multiplied by the proportion of workers in that sector, minus the externality generated by the dual labor market multiplied by the proportion of workers drawn from the informal sector at the source.

Following our example, let us assume that the proportion of workers in occupation *j* with jobs in the formal market ϕ_j^B located at metropolitan area *B* is 0.7; then the estimated SOCL for our new project located in metropolitan area A and hiring workers only from metropolitan area *B* would be:

$$SOCL_j^A = 8{,}000 - [800 - 0.7(500)] - (0.3)(3{,}000) = 6{,}650$$

We have said that in general, workers for a new project are drawn from many different sources, including the place where the project will be located. Hence, the general expression for the SOCL under dual labor markets presence, for occupational category *j* and located in region *k*, and many labor source locations becomes:

$$SOCL_j^k = GWF_j^k - \left(D_j^k - \sum_s \alpha_j^{sk}\phi_j^s D_j^s\right) - \sum_s \alpha_j^{sk}\left(1 - \phi_j^s\right)E_j^s \qquad (8)$$

Where ϕ_j^s is the proportion of workers with occupation *j* in the formal sector at location *s*. The convenience of expression (8) relies on the fact that we can clearly identify what benefits (costs) are going to the government (taxes) and what benefits (costs) are going to workers (externalities) as result of changing jobs from the informal (unprotected) sector to the formal (protected) sector. In other words, equation (8) gives us a distributional approach providing a means of evaluating gains and losses affecting different groups in the economy. Equation (8) also shows that costs associated with taxes not paid in source locations occur only if we draw workers from formal labor markets in those locations. So when we multiply D_j^s by ϕ_j^s we are accounting for the likelihood that workers in location *s*, might be attracted from the formal sector in that location *s*. By the same reasoning, benefits associated with dual market externalities in each location only occur if we draw workers from the informal sectors in those locations. Therefore, when multiplying E_j^s by $\left(1 - \phi_j^s\right)$ we account for the likelihood that a worker might be attracted from the informal sector in each source location. Note also that the larger informal labor markets and the lower informal sector

wages (relative to the formal sector), the lower the SOCL. Equation (8) also shows that if $\phi_j^s = 1$ for all s (implying no duality in the labor market) then we end up with the same expression given by equation (2) which refers to the standard case of SOCL measurement.

III

ESTIMATION OF THE SOCL FOR MEXICO

The data source for the estimation of social prices of labor in Mexico is the National Survey of Occupation and Employment (ENOE), quarterly published by the National Institute of Statistics and Geography (INEGI[1]). Information at the micro level for the second quarter of 2010 was used. These data were sorted into 32 groupings, one for each of the 32 states in the Mexican Republic. Most states are represented by a single Metropolitan Area[2] (MA). In a few states more metropolitan areas were grouped together. Finally, states without an official MA were represented by urban data from their leading city[3]. On the other hand, for those states having more than one MA delimited but each one with a small sample size, the calculation was done by pooling the data which allowed us to take advantage of a sample size increase (see Table A1, appendix A).

USE OF THE MEDIAN WAGE

The starting point to compute the SOCL is the median wage income that workers earn as result of their activity in a particular job location and occupation. Why do we use the

[1] Instituto Nacional de Estadística y Geografía.

[2] Each metropolitan area included those urban municipalities specified by INEGI (2008a) but also with data available in the ENOE.

[3] The municipality considered by ENOE as *autorrepresentative city*, which has enough observations to statistically represent the population of that municipality.

sample median wage and not the sample mean wage? As summary statistics the sample median and sample mean are both measures of central tendency and both have advantages and disadvantages. The sample mean is easy to calculate but is also very sensitive or easily influenced by outlying or extreme sample values. In other words, the sample mean gets unduly impacted by values in the sample that are too small or too large. The sample median, on the other hand is only influenced by an inner part of sample values. Extreme sample values have little or no influence on it. This is the reason why the sample median has a well-known reputation as a *robust statistic*, and is well suited for skewed distributions (like that of wages in an occupation). This was evidenced with the ENOE data used in this study which showed positively skewed wage distributions by occupation.

CLASSIFICATION OF OCCUPATIONS

Classifying workers into occupational categories is a key task because labor is an extremely heterogeneous factor of production. Identification of skills is also an important task, since we might expect greater homogeneity among lower skilled workers, as it was also evidenced by the sample data. Heterogeneity of skills by occupation is definitely reflected in the distribution of wages by occupation. Additionally, the data are separated by gender in order to reflect possible differences of wages, access to social security and other benefits, as well as differences in the size of informal sectors as between female and male workers.

In order to estimate the median wage by occupation, location and gender using data from the ENOE survey we must clean up (so to speak) our sample to avoid bias as much as possible. So, starting from our sample of subordinate and remunerated workers[4], we leave out the following types of observations:

- Workers reporting zero or unspecified monthly income (in pesos)
- Workers reporting less than 25 hours worked per week.

And from those observations reporting zero or unspecified income and working at least 25 hours, we add observations reporting income expressed in number of minimum wages[5].

[4] The ENOE glossary defines a *Subordinate and Remunerated Worker* as a person who has an employment, understanding this as a particular condition of occupation in which the productive activity is dependent on the employer's authority and who receives a payment for his or her labor services. It specifically excludes the self-employed. The sample of subordinate and remunerated workers in this study takes into account only those observations reported by ENOE from urban localities belonging to municipalities that integrate a Metropolitan Area as specified by INEGI (2008a, pp 160-181).

[5] Observations reporting hours worked and income expressed in minimum wages are used to estimate monthly wage income in pesos. Estimation of monetary income for those observations in which income was only reported as *more than*

In general, the ENOE classifies labor into ten categories; however, because our interest focuses on SOCL for urban areas, we omitted agricultural workers, leaving us with nine occupational categories. The survey also provides codes to disaggregate labor information and identify occupational sub-groups within each occupational category. Using these available data we were able to define and work with 21 occupations[6] grouped into nine occupational groups as is shown in table A2 in appendix A[7]. However, for female workers there were a few occupations for which data was very scarce and estimation of the median wages was not performed. These were transportation workers (occupational category 7) and army and police workers (occupation 9-2) which are occupations rarely chosen by women in Mexico.

Now, when calculating the SOCL under a dual labor market framework, we work with three basic elements (for each gender): the median wage by occupation and location as reported in the survey (w_j^k), the median of distortions by occupation and location (D_j^k) which are defined as the difference between gross and net wages in the corresponding labor market, and the median of externalities by occupation and location (E_j^k), defined in equation (3). The first element is needed to estimate gross (GWF_j^k) and net (NWF_j^k) wages and can be obtained once the sample of observations is cleaned up as explained above. As will be shown later in our study, for Mexico's case the magnitudes of the differences between gross wages and reported wages, as well as the difference between net wages and reported wages are quite important. Hence, carrying out a project appraisal based on the reported or stated wage as the social price of labor would be a big methodological mistake, bringing as consequence significant underestimation of the project's costs.

The next step concentrates efforts on calculating distortions and externalities. In order to do so, we must consider the different circumstances under which workers are likely to be receiving non-wage income; that is, we must consider whether they have access to healthcare services or not, and whether they receive other (fringe) benefits

5 minimum wages, was carried out by using the median of reported monthly wages expressed in pesos for each particular occupation and location.

[6] Identifying the relevant level of disaggregation on occupations is not an easy task. It would be desirable to have information on the median of wages for typists, bookkeepers, lawyers or pediatricians in Monterrey metropolitan area for example. But taking data to such a disaggregation level for the information provided in ENOE data set and for each metropolitan area, leaves us with too few or even zero observations to be used for estimation purposes. Also, working with more disaggregated data on occupations will be desirable if lower dispersion on wages distribution by occupation is found, which occurs for low skilled workers when separating them out from high skilled workers within an occupational group. Therefore, when defining the number of groups for each occupational category, we put together several occupations into one group if these occupations pay similar wages within that category.

[7] The number of occupations originally defined was 23 (see table A2). However, information for occupations 3-1 (Government Officials, Superiors and Legislators) and 7-2 (Air transportation drivers) was practically null for estimation purposes (i.e. only 3 observations for air transportation drivers within the 32 MA defined). This is the reason why we ended up with 21 occupations defined.

associated to salaried work or not[8]. Access to benefits associated with salaried work defines the size of distortions for a particular occupation *j* and labor market location *k*. For the Mexican case, the data shows evidence of important differences among occupations and locations on the proportions of workers having access to health services and other salaried work benefits. For example, on average, for male workers in our sample of 32 MA, 90% of college and university teachers and professors (occupation 2-1) have access to health services (as a benefit associated with salaried work). This is a relatively high proportion compared to say, the 60% of male personal service workers (occupation 8-1). For female workers, these proportions are 90.4% and 35.8% respectively. Given the importance of these proportions in estimating the size of distortions, we carried out similar calculations for each MA, occupational group and gender. These results were used when estimating the median gross wage for each such category (see equation 9 below).

On the other hand, the importance of distortions and externalities associated with sourcing labor from different locations is also related to the proportion of workers in the informal labor market (as shown by equation 8). The ENOE survey allows us to identify (by occupation, location and gender) workers under informality as defined

[8] Recall that our population of interest consists of subordinate and remunerated workers; it should be mentioned that the ENOE identifies two groups within this population: workers with salaried income, and workers with non-salaried income. The former is the group of workers whose wage income is subject to tax withholdings and according to a particular tax-scheme determined by the Tax Revenue Law. Wage income paid to workers under this group also generates other costs that increase the employer's labor cost (e.g. social security payments and other levies). On the other hand, subordinate workers with non-salaried income (which include those receiving compensations and commissions, piece-rate pay, tips and professional services fees) may have the option to choose a different tax scheme to determine tax withholdings and benefits derived from labor. For example, workers receiving income in the form of sales commissions may choose to have tax withholdings under the same scheme as that of salaried income (they do qualify for employment subsidy if they are included in the payroll as workers with variable income and they do qualify to receive social security and other benefits as well), or they may choose to make a receipt specifying the value added tax associated with their services to their employer, and calculate their own income taxes under a firm's tax scheme. In the Mexican labor market context, it is very unlikely that subordinate workers receiving commissions do not opt for salaried income (variable income) scheme. Hence in this paper, commerce workers are all treated as typical salaried workers. Piece-rate workers that are listed in payroll have the same tax and benefits scheme as formal salaried workers. As regards subordinate workers receiving income in the form of professional service fees (called *honorarios* in Mexico), they are subject to a 10% revenue tax withholding and they are also under a legal obligation to charge value added tax for their services. Benefits associated with salaried work are not necessarily received under this last case. Now, despite the fact that the ENOE data allows one to identify the two groups of subordinate and remunerated workers, there is no information that allows one to identify the type of income and tax scheme for non-salaried subordinate workers. Percentages of subordinate workers with non-salaried income were calculated for the 32 MA and for each occupational group and gender. These proportions are different for each occupational group and metropolitan area, but in general they are fairly low. Occupational groups 5, 6 and 7 (industrial, commerce and transportation workers) are the only ones reporting high proportions of subordinate workers with non-salaried income, which makes sense if we consider that many industrial workers work under a piece-rate system. Commerce and transportation workers in Mexico receive their income as commission payments or variable income or even as a piece-rate pay, and it is very unlikely that these subordinate workers would choose a firm's income scheme to pay taxes. Given these facts, we consider the sample of subordinate and remunerated workers as a whole without making any separation between the previously mentioned income and tax schemes. Table B2 (appendix B) presents the percentage of subordinate and remunerated workers in the sample that reported non-salaried income.

by INEGI[9]. Table B1 (Appendix B), presents percentages of workers reported in the informal sector, and shows that informality is relatively important among industrial, commerce and transportation workers. It is also interesting to see how the percentages change as between metropolitan areas, thus contributing to regional differences in the distortions and externalities which enter into the calculation of SOCL.

ESTIMATING THE GROSS WAGE

Distortions are the difference between gross and net wages. If we aim at estimating distortions in labor markets (by occupation and location) we must clearly define how gross and net incomes are calculated. The way the gross wage income GWF_j^k is calculated, may vary from one country to another, but essentially GWF_j^k represents the full labor cost as seen by the employer, so it must account for all tax withholdings that are not included in the worker´s reported wage, as well as those employer disbursements that cover worker´s social security and other benefits established by the Federal Labor Law. As has been mentioned above the data from ENOE survey show that, not all subordinate and remunerated workers in the formal sector report having access to health services and/or other benefits. Thus, the estimation of the median gross wage must take into account the proportion of workers receiving social security and other benefits.

Let us define:

a_j^k = proportion of formal workers with access to Social Security services (healthcare and life insurance) with occupation *j* at location *k*

b_j^k = proportion of formal workers receiving other benefits (retirement, housing and fringe benefits) with occupation *j* at location *k*

Therefore, for occupation *j* and metropolitan area *k* and taking into account all costs associated with hiring a worker in the formal market, GWF_j^k will be given by:

$$GWF_j^k = w_j^k + T_j^k + a_j^k \cdot SS_j^k + b_j^k \cdot OB_j^k + PRT_j^k \qquad (9)$$

Where w_j^k is the monthly wage reported by the worker in the survey (which does not include taxes, union fees or deductions associated with contributions to social

[9] Following ENOE's glossary, the informal sector is defined as all economic activities carried out with home resources, but without being constituted as a business, independent from the home's assets. The criterion to determine whether a production unit is independent from the home's assets, is the absence of conventional accounting practices. That is, there is no possibility to identify and separate out the home endowment from the business endowment, and there is no distinction between the home and the business cash flows and expenditures. We may add to this definition the fact that informal economic activities do not pay taxes, nor provide benefits to their workers as established by law.

security[10] nor other fringe benefits), T_j^k is the amount of tax withheld on the median taxable wage for occupation j, location k, SS_j^k are the payments to Social Security associated with healthcare; OB_j^k is the amount of other (fringe) benefits associated with salaried work and PRT_j^k is the state payroll tax paid by the employer. The definition and explanation for each of these elements added to the worker's reported wage to obtain an estimation of GWF_j^k will be shown in the following paragraphs.

On the other hand, given that workers in the informal labor market do not pay taxes nor receive any benefits associated with salaried work, the median wage (gross and net) in the informal labor market can be reasonably estimated by the wage reported in the survey w_j^k.

Social security payments are based on The Mexican Social Security Institute (IMSS[11]) regulations which include several concepts that we may separate out into three categories:

i) Healthcare, life insurance and welfare
ii) Retirement (SAR[12])
iii) Housing (INFONAVIT[13])

Payments also include the accident risk premium associated with the likelihood of accident claims arising from the firm's activity.

In regard to other worker's benefits associated with salaried work we assume that employers are paying their employees at least the minimum benefits specified by the Federal Labor Law. These include Retirement Fund (5.15% and 1.125% of worker´s wage which are disbursed by the employer and employee respectively), Housing (an employer´s disbursement of 5% of the wage), vacations (which vary with the number of years of employment and must include a 25% premium), Christmas bonus (15 days) and profit participation (10% of distributable income of the firm and proportional to the number of days worked during the fiscal year). It should be mentioned here that estimating profit participation is not a feasible task with the information we have from ENOE and goes beyond the objectives of this paper. However, a sensible assumption (see Gonzalez, 1995) when estimating the proportion of benefits associated with vacations, Christmas bonus and profits participation is that they all account for

[10] See ENOE's glossary: http://www.inegi.org.mx/sistemas/glosario/Default.aspx?ClvGlo=EHENOE&s=est&c=10842
[11] Instituto Mexicano del Seguro Social.
[12] SAR is the abbreviation for *Sistema de Ahorro para el Retiro* (Retirement Savings System). Employer and employee contributions for this concept are placed in a personal account whose beneficiary is the worker or his/her family.
[13] Abbreviation for *Instituto del Fondo Nacional para la Vivienda de los Trabajadores* (Institute for The National Fund of Workers Housing) which is one of the largest government-backed mortgages in Mexico designed to finance housing, especially for low income workers. The INFONAVIT mortgage is wage-indexed.

about one month of the gross-of-tax annual wage income (also called taxable wage income above). Hence, when estimating the percentage of benefits we will take 1/12 = 0.0833 of the monthly gross-of-tax wage (gw_j^k)

ESTIMATING TAX WITHHOLDINGS

Fringe benefits associated with salaried work (OB_j^k) and tax withholdings (tax_j^k) are calculated based on the taxable wage income gw_j^k. Both OB_j^k and T_j^k are elements to be added to w_j^k when estimating GWF_j^k. The amount of tax withheld is estimated using w_j^k as a starting point and in accordance with the Tax Revenue Law tables for 2010 (see tables A3 and A4, appendix A). The usual procedure for monthly tax withholdings calculation takes the taxable wage to find its corresponding income bracket and tax. Then, the amount of monthly tax to be withheld is calculated as follows:

(T_j^k) = Fixed payment + (gw_j^k - bracket lower limit) τ – subsidy (10)

Where τ is the tax rate levied on the difference between income and the lower limit of the taxable income bracket[14]. Once we have the corresponding tax rate to be applied on gw_j^k, we get:

$$gw_j^k = \frac{w_j^k}{1-t} \quad (11)$$

Where t = estimated average tax rate (tax/income) corresponding to the median of taxable wage income in occupation j and metropolitan area k.

Then, the amount of taxes to be added in estimating GWF_j^k is just the difference between the median taxable wage income and the median wage reported by the worker or after-tax wage:

$$T_j^k = gw_j^k - w_j^k \quad (12)$$

Note that what we call median Gross Wage in the formal market, GWF_j^k, is different from gw_j^k. The former includes personal taxes but also other non-taxable benefits,

[14] Because the taxable wage income is an unknown variable in our story, w_j^k represents the available income information that allows us to estimate tax withholdings. With this in mind, we have estimated different tax rates for different income levels within each income bracket that can be used on the median of the wage reported by the worker (w_j^k) to obtain an estimate of the monthly taxable wage income (see table A5). The idea is to get a tax rate proportional to the excess income of the corresponding bracket. So the bigger the excess income, the higher the tax rate. This procedure gives a better estimate for gw_j^k.

social security payments (employer disbursements and employee withholdings) and payroll taxes that are part of the labor demand price (labor cost paid by the employer), while the latter represents the taxable wage income used to estimate social security payments and other benefits associated to the salary.

ESTIMATING SOCIAL SECURITY PAYMENTS (SS)

As previously mentioned, payments associated with healthcare and life insurance (as well as retirement and housing) are calculated following regulations established by The Mexican Social Security Institute and based on the so called integrated wage[15], which refers to the taxable (or gross-of-tax) monthly wage increased by the monthly proportion of the mandatory Christmas bonus (15/365= 0.0411) and vacation premium (6*0.25/365= 0.0041). Assuming that the employer pays at least these minimum benefits to the worker as established by law, the integrated wage for occupation *j* in metropolitan area *k* would be:

$$iw_j^k = gw_j^k\ (1+0.0411+0.0041) = gw_j^k\ (1.0452) \qquad (13)$$

With iw_j^k we are now able to estimate Social Security payments (SS_j^k) attributable to the employer and to the worker using percentages established by the IMSS as shown in table A6[16]. It must be mentioned here that the work risk is an element needed to calculate SS, and the work risk premium is determined by Social Security regulations based on the firm's productive activity and its recorded accident incidence. In this study, work risk premium estimation takes into account IMSS regulations and ENOE classification of occupations. This means that we have estimated a work risk premium for each occupational group[17] (nine groups). Considering risk premium differences between occupational groups is another element that contributes to have differences in distortions for different labor markets.

[15] See Social Security Law, Art. 27.

[16] See also table A7 (Appendix A) for an example of calculations using IMSS regulations.

[17] According to the Regulations of Social Security Law in its article 196 (*Reglamento de la Ley del Seguro Social*, 2005), firms can be classified into five classes depending on their activity and the corresponding risk implied. For each firm-risk class there is an average risk premium specified (see table A8). Following the definitions of firm's activity and risk class, we have identified the risk class that might be associated with each occupational group defined by ENOE, which allows us also to estimate an average work risk premium by occupational group as shown in table A9.

ESTIMATING OTHER BENEFITS PAYMENTS (OB)

These benefits include Retirement Fund (6.28% of integrated wage), Housing benefits (5% of integrated wage), Christmas bonus, vacations and profits participation. As explained above, we may take one month of gross wages to account for Christmas bonus, vacations and profits participation (8.33% of gw_j^k).

Hence:

$$OB_j^k = iw_j^k\ (.06275+ .05) + gw_j^k\ (.0833) = gw_j^k\ [(1.0452)(0.11275) + (0.0833)]$$

or

$$OB_j^k = 0.20115\ gw_j^k \qquad (14)$$

ESTIMATING THE PAYROLL TAX PAYMENT (PRT)

Given that this is a state tax paid by the employer and varies by state, we must consider it as an additional source of differences in distortions among different labor market locations (metropolitan areas). The payroll tax is calculated as a percentage of the integrated wage iw_j^k. Hence, PRT for occupation *j* in metropolitan area *k* will be given by:

$$PRT_j^k = iw_j^k \bullet prt^k = gw_j^k(1.0452)prt^k \qquad (15)$$

Where prt^k is the corresponding payroll tax rate levied in MA *k*.

ESTIMATING THE NET WAGE, DISTORTIONS AND EXTERNALITIES

The Net Wage is taken in this study to represent the supply price of labor at the margin. It aims at measuring the market wage rate a project needs to pay to obtain sufficient supplies of labor with the appropriate skills. This wage accounts for the workers' preferences regarding location, working conditions or any other factors that affect the desirability of working for a project[18].

In the formal labor market, the net wage (NWF_j^k) must be defined as the monthly income effectively received by the worker plus the value of those benefits (vacations,

[18] Jenkins et al. (2011), chapter 12, pp. 3-4.

Christmas bonus, retirement fund, contributions for housing, etc) that are not included in the monthly payment and that represent a direct individual benefit. The employer disbursements done for social security (health care) are not considered as an individual benefit for the worker. Rather they are considered as contributions to collective services whose quantity and quality are not proportional to the amounts disbursed per worker under that concept. In this sense, the worker does not fully internalize benefits of the contributions for healthcare services. They therefore cannot be considered (in full amount) as part of the income wage received by the worker. However, the worker internalizes part of the benefits associated with those contributions to healthcare services because he/she and his/her family can enjoy public medical services. But these benefits ($\overline{SS}$) are the same regardless location, occupation, gender or income level. Thus, when a worker leaves a former job in the formal sector in order to work for a new project also in the formal market, the healthcare benefits that he/she can internalize are the same. In this sense, we cannot add $\overline{SS}$ to the supply price of labor. If a worker is attracted from the formal labor market, $\overline{SS}$ would be a benefit that cancels out when doing the calculation of $(D_j^k - \sum_s \alpha_j^{sk} \phi_j^s D_j^s)$ in the SOCL equation (he or she receives the same $\overline{SS}$ benefit in the old and new job). However, if a worker is attracted from the informal labor market, $\overline{SS}$ is an additional individual benefit that needs to be accounted for when calculating SOCL, and we explicitly do so in the definition of the dual labor market externality (equation (3)).

Therefore, the net wage in the formal labor market for occupation *j*, location *k* can be defined as:

$$NWF_j^k = w_j^k + b_j^k . OB_j^k \tag{16}$$

Having all elements estimated, the distortion for occupation *j* and location *k*, D_j^k can be calculated by taking the difference between the corresponding gross and net wages. The externality E_j^k is calculated as specified in equation (3) where the informal sector wage for occupation *j* and location *k* is the median of the reported wage w_j^k and $\overline{SS}$ is the estimated overall (for all MA, all occupations and both male and female workers) mean of payments to social security, and whose estimated monthly value was 1,032 pesos of 2010. Hence:

$$D_j^k = GWF_j^k - NWF_j^k \tag{17}$$

$$E_j^k = (NWF_j^k - w_j^k) + \overline{SS} \tag{18}$$

The final step in estimating the SOCL in the presence of dual labor markets as specified in equation (8) is to estimate the proportion of labor in occupation *j* that might be

attracted from each sourcing location s, which we have called α_j^{sk}. As previously mentioned, these proportions were estimated with the same ENOE survey using data for economically active population by state and by occupational group (nine occupational groups). The number of α values estimated for each destination k (32 MAs) is related to its migration patterns. For example, we have states with very low immigration rates like Chiapas (Tuxtla Gutierrez MA), where 91.8% of the economically active population was born in the same state. Oaxaca occupies the second place among the less attractive working places with 90.6% of the economically active population born there. By contrast, the state with highest immigration rate is Quintana Roo (Cancun MA), where only 25.13% of the economically active population was born in this state and almost 30% is attracted from the neighboring state, Yucatan. We can mention also the case of Baja California (Tijuana-Mexicali MA), where only 43.8% of the economically active population was native-born with the rest coming from several regions of the country. These percentages however, do vary when we distinguish between immigration rates by occupation. For this MA we identified 16 different sourcing locations (including Tijuana-Mexicali itself), while for Colima for example, we only identified 5 different sourcing locations. Table B3 (appendix B) presents the complete estimates of migratory patterns by state.

Regarding the migration evidence presented, one might easily conclude that, because in some locations almost all workers are sourced from the destination place itself, then distortions cancel out and SOCL would be the same as the market wage (gross wage). However, this reasoning is far from being correct under a dual labor market framework as it is presented in this study for the particular case of formal and informal labor markets. We have shown that the informal sector is important for some occupations and that its size also varies across locations, and this is an issue that must be taken into account when calculating the estimates of SOCL because hiring workers from the informal sector has distributional effects through the positive externality associated with the benefits the workers get when moving from informal jobs to formal jobs.

IV

ANALYZING ESTIMATION RESULTS

The estimation of the SOCL for each of the 32 MA, 21 occupations for male workers, and 19 occupations for female workers was carried out using the methodology explained in previous pages. We should mention that for some metropolitan areas there were some missing observations due to data availability (not enough information to compute the median wage), but finally we estimated 619 and 530 social prices of labor for the male and female labor markets respectively in Mexico. These social prices are expressed in pesos of 2010.

The corresponding gross and net wages necessary to calculate the SOCL were estimated and the results revealed that the gaps between gross and reported wages and between net and reported wages are too large to be neglected. To give the reader an idea of the magnitude of these gaps, we calculated ratios of the estimated (median) gross wages to reported wages and the corresponding estimated net wages to reported wages for all occupations and in both male and female labor markets. The summary statistics of these ratios are presented in Table 1 below. As we can see, the gross to reported wage ratio (GWF_j^k/w_j^k) ranges from 1.13 to 1.65 for male workers and from 1.06 to 1.58 for female workers, whereas the net to reported wage ratio (NWF_j^k/w_j^k) ranges from 1.1 to 1.24 and 1.07 to 1.23 for males and females respectively.

As mentioned in the previous section, in Mexico a high fraction of workers report that they do not have access to healthcare and fringe benefits, even when they are working in the formal labor market. This fact was taken into account in equations (9) and (16) to estimate the gross and net wage respectively (SS_j^k was multiplied by a_j^k, the proportion of workers with access to healthcare and OB_j^k was multiplied by b_j^k the proportion of workers with access to fringe benefits). As a consequence, when the fraction

of workers not having access to healthcare and fringe benefits is high, the estimated median gross and net wages move closer to the median wage reported by the worker and the ratios (GWF_j^k/w_j^k) and (NWF_j^k/w_j^k) move closer to 1. This is particularly true in the female labor market, where not only are wages lower, but where the proportion of workers without healthcare and fringe benefits is lower than for the male labor market. In addition, these proportions vary across metropolitan areas and occupational groups. This is the reason why, for the particular case of personal service workers, the wage ratios would be closer to 1 while for education workers the wage ratios are very high (reaching up to 1.65). The results of these ratios provide evidence that, for Mexico´s case, the magnitude of the differences between gross wages and reported wages, as well as the differences between net wages and reported wages are quite important and they must not be ignored. Hence, carrying out a project appraisal based on the reported or stated wage as the social price of labor would be a big methodological mistake. Therefore, for professionals engaged in project appraisal, it is really essential to ensure that the labor prices used capture all major components. Reported wages only rarely are good estimates for either the gross or the net wages.

Table 1
Gross Wage to Reported Wage and Net Wage to Reported Wage Ratios[1]

Ratio	Male Labor Market					Female Labor Market				
	Q1	Median	Q3	Mean	Std Dev	Q1	Median	Q3	Mean	Std Dev
Gross to Reported	1.30	1.37	1.46	1.37	0.10	1.28	1.37	1.44	1.35	0.12
Net to Reported	1.15	1.17	1.19	1.17	0.03	1.15	1.18	1.20	1.17	0.04

Source: Estimation results
Q1 = First quartile; Q3= Third quartile

The estimates of social prices are expressed in pesos of 2010. It would not be worthwhile to go through all this highly time-consuming work if the results could not be applied for other time periods. To use the results of all these detailed and laborious calculations in any current and future project evaluation process and with a given project´s time horizon, we can express the results in the form of adjustment rates. That is, we can take the difference between distortions at destination (social benefit) and the weighted average of distortions from all labor sources (social cost), add to this the weighted average of externalities by location and occupation and finally express the result as proportion of the corresponding median market wage (estimated median

[1] Estimates of the gap between net and gross wages include income tax withheld, healthcare contributions, housing fund (INFONAVIT) and the payroll tax.

gross wage GWF_j^k). This will give us the rate needed to adjust market wages in order to obtain the corresponding social opportunity cost of labor. Algebraically we have:

$$AR_j^k = \frac{\left(D_j^k - \sum_s \alpha_j^{sk} \phi_j^s D_j^s\right) + \sum_s \alpha_j^{sk} \left(1 - \phi_j^s\right) E_j^s}{GWF_j^k} \qquad (19)$$

Hence

$$SOCL_j^k = GWF_j^k \ (1 - AR_j^k) \qquad (20)$$

Where AR_j^k is the rate of adjustment to the market wage (recall that ϕ_j^s is the proportion of workers in the formal sector for occupation *j* and labor source *s*). Note also that the numerator in equation (19) is the net social benefit of hiring a worker in the formal market for occupation *j* and location *k*. Also note that if $AR_j^k > 0$, the $SOCL_j^k$ must be lower than the corresponding gross wage GWF_j^k, implying a social benefit, while if $AR_j^k < 0$, the $SOCL_j^k$ must be higher than the gross wage implying a social cost. The estimated adjustment rates for male and female workers by MA and occupation are presented in tables C1 and C2 (appendix C).

As we can observe, the majority of adjustment rates are below 5% in absolute value. Those above |5%| are concentrated on industrial workers, commerce workers and transportation workers (occupational groups 5, 6 and 7), although we can also observe some on personal service workers (occupational group 8). The results also show that adjustment rates for the female labor market in general are lower than the corresponding rates for the male labor market. The highest adjustment rate for males was 27.22% for the Acapulco-Chilpancingo MA (in Guerrero state) for transportation workers where 62.65% of these workers are reported as part of the informal labor market, whereas the highest adjustment rate for females was 14.97% reported in Villahermosa MA (in Tabasco state) for artisans and transformation industry workers (occupation 5-2).

For the male labor market, the six metropolitan areas showing the highest adjustment rates among occupational categories (or groups) 5, 6 and 7 were Tlaxcala-Apizaco, Oaxaca, Cuernavaca-Cuautla, Acapulco-Chilpancingo, Morelia and Puebla-Tlaxcala. For the female labor market the highest rates were for Villahermosa, Oaxaca, Puebla, Cancún, Acapulco-Chilpancingo and Valle de Mexico, in occupational categories 5 and 6.

But what calls one's attention most is the fact that high adjustment rates are related to high proportions of workers in the informal sector. In other words, the SOCL adjustment rate is closely and positively related to the weighted average rate of informality from

all labor sources for the project´s location *k*. The weighted average rate of informality is defined as1 $\sum_s \alpha_j^{sk}\left(1-\phi_j^s\right)$ and it also determines the size of the weighted average of externalities $\sum_s \alpha_j^{sk}\left(1-\phi_j^s\right)E_j^s$ for each destination *k*. Estimated weighted average rates of informality by occupation, region and gender are presented also in tables C1 and C2. In order to make more evident the relationship between the adjustment rate and the weighted average rate of informality, we present scatter plots for male and female labor markets (Figures 1 and 2). The plots clearly show a linear relationship between the two variables, with a little more dispersion when rates of informality are zero or close to zero. Dispersion around the zero rate of informality is capturing those cases in which the difference between distortions at destination and labor sourcing locations becomes important, and this basically occurs in a very few cases over the whole sample for men (only seven observations show adjustment rates above |5%| when the weighted average of informality is zero) and for women (only one observation). The histogram of adjustment rates previously calculated for those observations where the rate of informality is zero is presented in figures 3 and 4. Note that these observations are closely clustered around zero with a very low frequency for adjustment rates above 5% (in absolute value) in both male and female labor markets. The estimated adjustment rates for occupations with zero informality coincide with González's results using 1993 data. The big difference in adjustment rates, however, comes when we consider the existence of the informal sector in labor markets.

The fact that our estimation results show a linear relationship between the adjustment and informality rates suggests the possibility of devising a shortcut method of estimating the adjustment rate to be applied to the market wage to compute the SOCL. This shortcut is relevant for the bulk of cases examined, i.e. for situations in which regional differences in wages and distortions seem to be not important but where duality of labor markets exists. For the Mexican case analyzed here, the presence and importance of informal labor markets makes the SOCL adjustment rate a key element to be considered when evaluation of public investment projects is carried out.

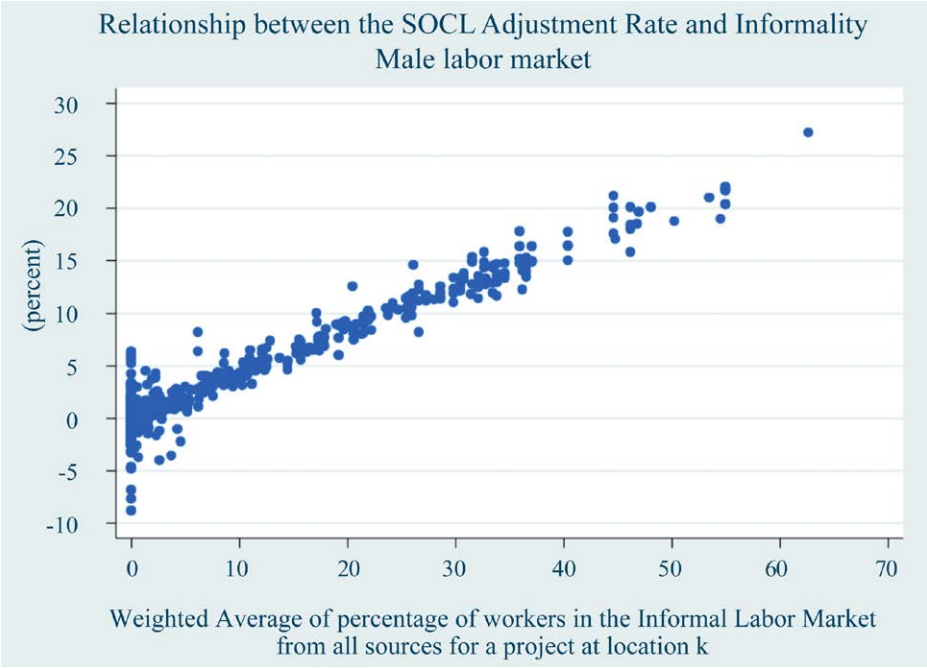
The suggested method of estimation consists on defining the SOCL adjustment rate as a linear function of the weighted average rate of informality and allowing for a gender difference in the slope (to test if there is any difference between male and female labor markets with regard the change of the adjustment rate as response to a unit change in the informality rate). In other words, we estimated a linear regression function specified as follows:

$$AR_j^k = \beta_1 + \beta_2 IR_j^k + \gamma(G_j^k \cdot IR_j^k) + e_j^k \qquad (21)$$

Where AR_j^k is the SOCL adjustment rate for occupation *j* and location *k*, IR_j^k is the weighted average rate of informality observed for occupation *j* and considering

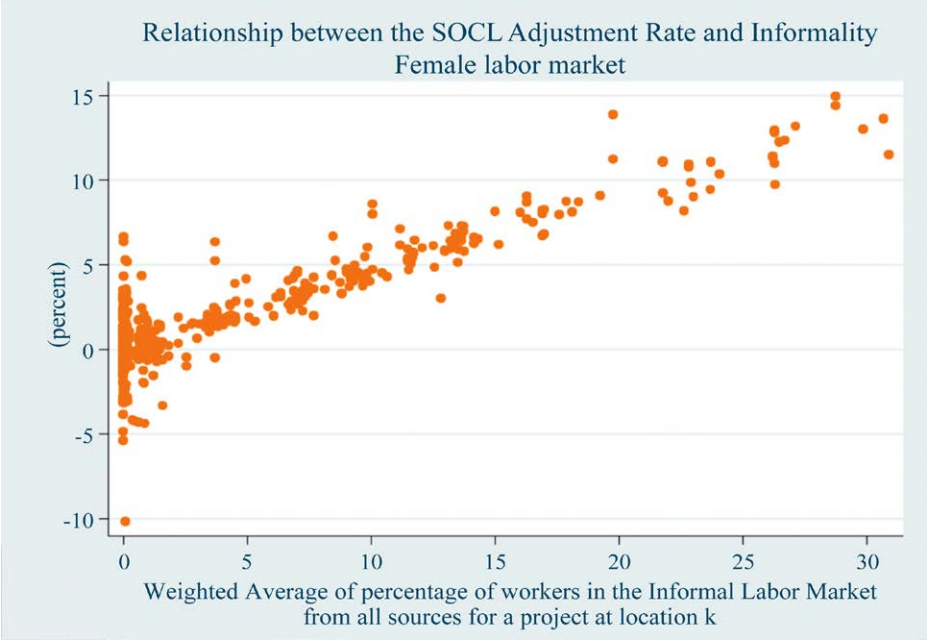
all sourcing locations for the project's destination place k, and $G_j^k = 0$ for the female labor market and $G_j^k = 1$ for the male labor market.

Figure 1



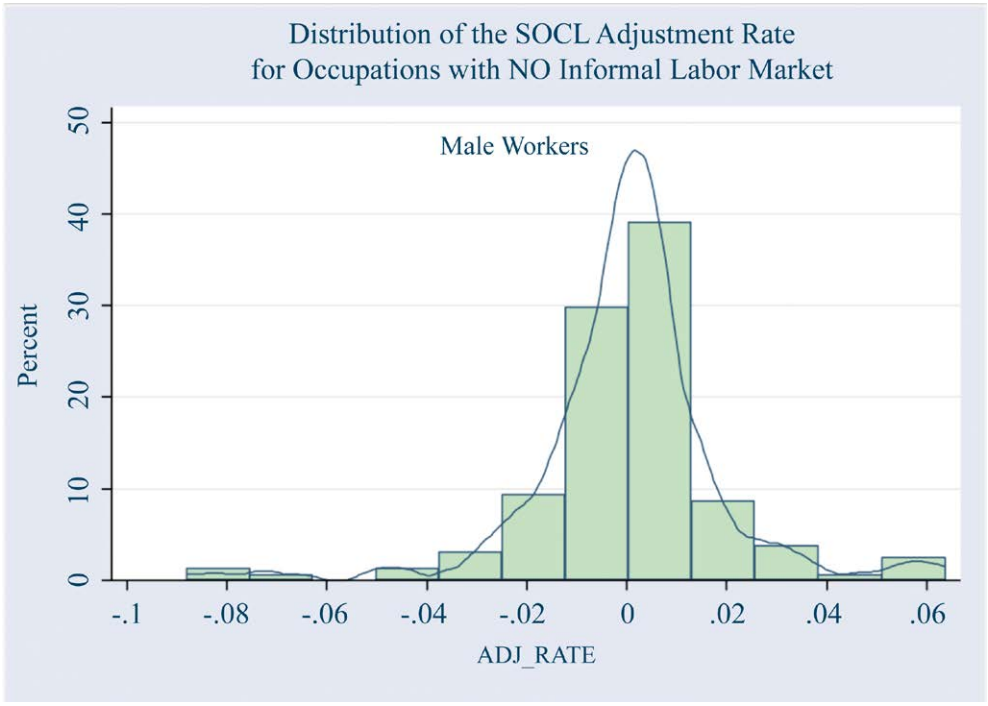
Source: Estimation results.

Figure 2



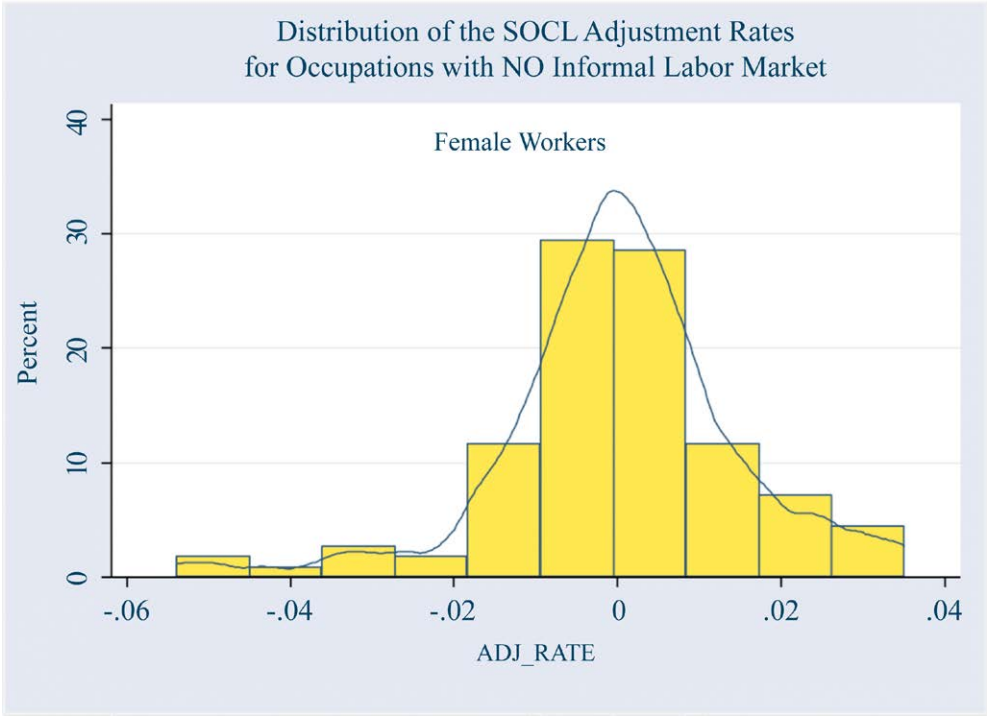
Source: Estimation results.

Figure 3



Source: Estimation results.

Figure 4



Source: Estimation results.

Using the data obtained from our results, we estimated the regression function (21) applying feasible Generalized Least Squares (GLS) to account for the heteroskedastic behavior of the error term. In this case, a heteroskedastic partition was found. Observations associated with zero rate of informality showed greater dispersion compared to those with a positive rate of informality. In other words, it was observed that

$$((\hat{e}_j^k)^2 \mid IR_j^k = 0) > \ ((\hat{e}_j^k)^2 \mid IR_j^k > 0) \qquad (22)$$

Where $(\hat{e}_j^k)^2$ is the estimated residual of the regression function (21). To test the null hypothesis of homoskedasticity, Breusch-Pagan (Lagrange Multiplier) and Goldfeld-Quandt[2] tests were carried out. Both provided evidence to reject the null hypothesis, as the corresponding sample values of the test statistics were 18.41 and 1.868 with p-values of zero in both cases[3]. With these results, we proceeded to estimate feasible GLS assuming a variance function[4] where

$$\sigma_{jk}^2 = \begin{cases} \sigma_1^2 & \text{if } IR_j^k = 0 \\ \sigma_2^2 & \text{if } IR_j^k > 0 \end{cases} \qquad (23)$$

With 1149 observations, the estimation results are the following:

Table 2
GLS Estimates

Variable	Coefficient	Std. Error	t	P> |t|
IR	0.4586485	0.0077113	59.48	0.0000
G_IR	-0.0475764	0.0078006	-6.10	0.0000
_constant	0.0007726	0.0005127	1.51	0.1320

As we may observe, both the informality rate coefficient (β_2) and the one associated with the gender-informality rate interaction term (γ), are statistically different from

[2] For Goldfeld-Quandt test, we partitioned the regression into two subsamples, the first one for those observations with $IR_j^k = 0$, from where we get $\hat{\sigma}_1^2$ and the second for observations with $IR_j^k > 0$, from where we estimate $\hat{\sigma}_2^2$. The null hypothesis is $H_0: \sigma_1^2 = \sigma_2^2$.

[3] We should remind here that the Breusch-Pagan statistic has a χ^2_{p-1} distribution where p is the number of parameters in the corresponding auxiliary regression (two in this case). On the other hand, the Goldfeld-Quandt statistic $\widehat{GQ} = \frac{\hat{\sigma}_1^2}{\hat{\sigma}_2^2} \sim F_{(\upsilon_1, \upsilon_2)}$, where υ_1 and υ_2 are the degrees of freedom for the numerator and denominator respectively (272, 873 in this case).

[4] A Goldfeld-Quandt test was also performed to see if the heteroskedasticity problem was linked to gender. The results showed no evidence to reject the null hypothesis of constant variance in this case.

zero[5], however the intercept is not. Therefore, predicted values for the SOCL adjustment rates, given the weighted average rate of informality for occupation *j* and destination *k* may be reasonable obtained by using the following expressions:

Male labor market $$\widehat{AR}_j^k = 0.41107\, IR_j^k \quad (24)$$

Female labor market $$\widehat{AR}_j^k = 0.4586485\, IR_j^k \quad (25)$$

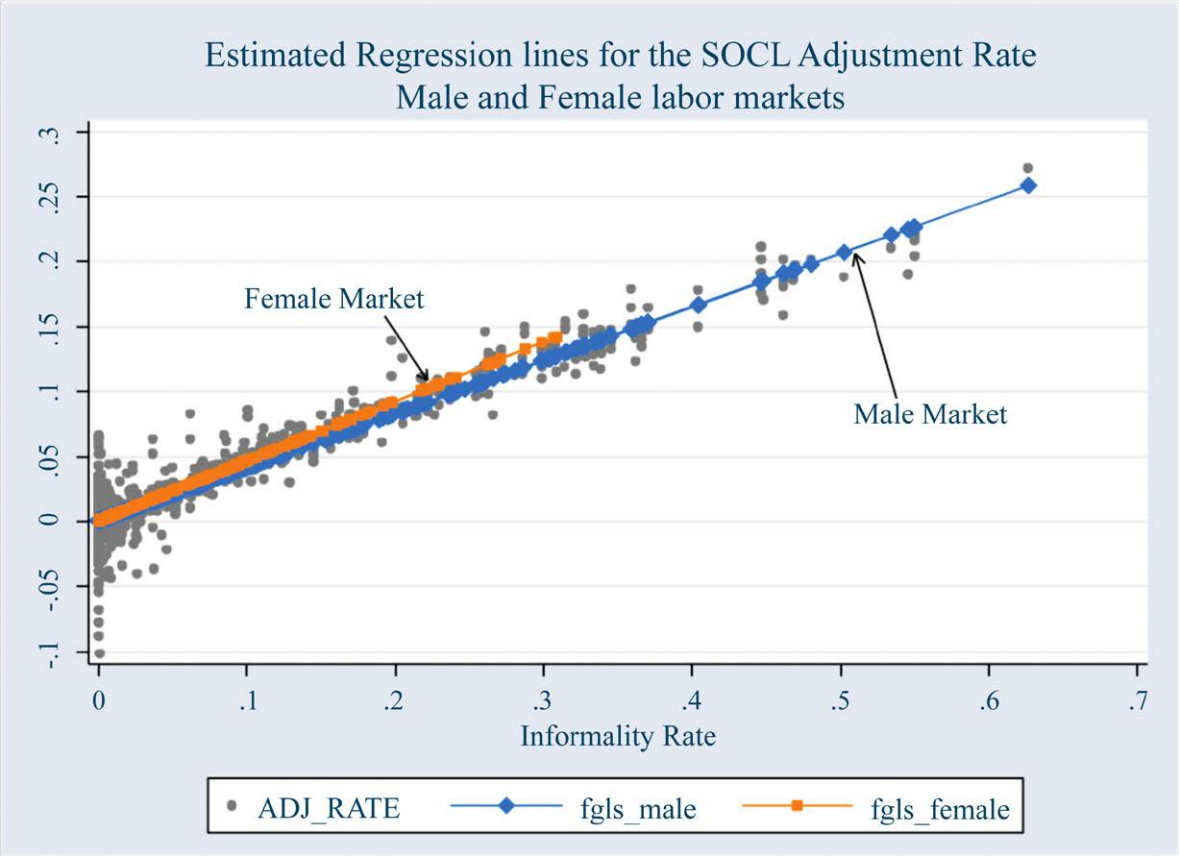
Hence, when labor market conditions are close to those previously explained for the Mexican market, we may estimate the SOCL adjustment rate for occupation *j* and destination *k*, by calculating the weighted average of informality rates for that occupation *j*, given all source locations and using equation (24) if hiring male workers and equation (25) if hiring female workers. When the informality rate is zero, our results tell us that the market wage is an adequate measure of the SOCL. In particular, this occurs for occupational categories 1 through 4, which can be considered as occupations with high and middle income levels. These results basically tell us that we only need to concentrate efforts on calculating migration and informality rates per occupation using ENOE´s data which are quarterly published. The fitted regression lines for both male and female markets are shown in Figure 5.

A BRIEF NOTE ON HIRING WORKERS FOR A PROJECT IN A PROTECTED SECTOR

In addition to the duality of labor markets generated by the existence of formal and informal sectors, in many developing countries we can also observe the existence of other protected sectors such as the case of government enterprises (like Pemex in Mexico), or large transnational firms (e. g. Volkswagen) and jobs with strong labor unions (e. g. in the public education system in Mexico). The way we can visualize these protected sector jobs, is to think of all workers wanting to have a job there because they pay higher wages and benefits are usually also higher compared to regular formal sector wages (Harberger (2008b), Edwards (1989)). So, it is not surprising to find out that all mechanical engineers in Tabasco and Veracruz for example, want to get a job in one of the Pemex facilities. It is not even surprising that many professionals want to get a job at Volkswagen in Puebla, Mexico. How can we estimate the SOCL in these cases?

[5] "Statistically significant" does not necessarily imply "economically significant". The reader may think that the size of the estimated γ is relatively small, hence for practical purposes, when prediction of the SOCL adjustment rate is carried out, we may decide not to make any distinction between male and female labor markets in regard the estimated regression slope.

Figure 5



Source: Estimation results. ADJ_RATE refers to the SOCL adjustment rates estimated following equation (19); Informality Rate refers to the weighted average informality rate; fgls_male and fgls_female are the predicted SOCL adjustment rates for male and female labor markets respectively, using the estimated regression function specified in equation (21).

Let us start with a simple example, again by assuming that we want to hire engineers for a project in the regular formal sector (which we may call the free sector) in metropolitan area A and assume also that the source of workers are the formal and informal labor markets in location B. If the median of the monthly gross wage for this occupation in location A is, say GWF^A = 10,000 pesos and the corresponding distortions are D^A = 1,500, and if source distortions and externalities are D^B = 1,000 and E^B = 2,500 respectively, and also considering that the proportion of workers in the formal market is ϕ^B = 0.8, then the SOCL for engineers in location A will be:

$$SOCL^A = 10{,}000 - [1{,}500 - 0.8(1000)] - (0.2)(2{,}500) = 8{,}800 \qquad (26)$$

This implies to have an adjustment rate of 12% to be applied on the median of the gross wage in order to obtain our estimate of the SOCL.

Next, we assume that the project of interest will be situated in a protected sector (e.g. Pemex) in the same location *A*. The gross wage in this protected sector is GWF^{AP} = 16,000 and associated taxes (distortions) are D^{AP} = 2,400. Considering the same source of workers, then the SOCL for engineers in the protected sector will be:

$$SOCL^{AP} = 16{,}000 - [2{,}400 - 0.8(1000)] - (0.2)(2{,}500) - [(16{,}000\text{-}2{,}400) - (10{,}000 - 1{,}500)] = 8{,}800 \qquad (27)$$

That is, the SOCL is the same for workers going to the protected sector with higher wages. The only difference is that all workers hired in the protected sector, regardless of source, get an extra benefit of the difference between (16,000-2400) and (10,000-1500) which is the difference between net wages in the protected and the regular formal labor sectors ($NWF^{AP} - NWF^{A}$). Therefore, the adjustment rate to be applied on the protected gross wage will be (16,000-8,800)/ 16,000 = 45%

Another special case for SOCL estimation arises when the project in question requires a worker with special skills to be hired. In this particular case, we may assume that the median market wage at destination for occupation *j* (e.g. artisans) is 10,000, but as workers with a special skill are needed (e.g. diamond cutters), then the market wage (say 15,000) will be above the market wage for the artisan category. In this case, a rough estimation of the adjustment needed on distortions and externalities to calculate the SOCL is 50% (the percentage by which the specialist's gross wage [15,000] exceeds the standard gross wage [10,000]).

V

CONCLUDING REMARKS

In this study, the social opportunity cost of labor for the Mexican market was estimated using the methodology originally suggested by Harberger. This approach takes the gross wage GWF_j^k (which is the project´s financial labor cost) of the place where a particular project is located as the starting point and then adjusts it to account for market distortions and externalities prevailing in the project´s destination place as well as in other sourcing locations for the project´s labor. The methodology was outlined in detail to account for several conditions (some of them specific to the Mexican labor market) needed to calculate the gross and net wages from reported wages. The gross and net wages are essential elements to quantify market distortions.

Our results revealed that for Mexico´s case, the magnitude of the differences between gross wages and reported wages, as well as the differences between net wages and reported wages are too important to be ignored. Reported wages only rarely are good estimates for either the gross or the net wages. This result highlights the big methodological mistake when using the worker´s reported wage as the social price of labor and the necessity of using the correct cost of labor in applied benefit-cost analysis.

The methodology specially dealt with the migration issue by estimating the fraction of relevant labor force which comes from different locations to meet the project´s labor demand. These fractions were estimated for each of the 32 metropolitan areas defined and for nine occupational groups. The existence of dual labor markets was also taken into account when defining externalities as specified in sections II and III of this study. This is an important contribution to the literature on cost-benefit analysis.

As explained, both migration and the size of the informal sector in each market were key elements in determining the weighted average of distortions and externalities and hence the SOCL adjustment rates (rates applied on the gross wage at destination to estimate the SOCL).

The estimated adjustment rates for occupations with zero informality are consistent with Gonzalez´s results using 1993 data. Roughly speaking, we may say that if market conditions are similar to the ones observed in this study, and if the weighted average rate of informality is zero, then it is adequate to take the gross wage as the SOCL. These cases were basically observed for occupations with high and middle wage income levels. The big difference in comparison with the former estimates however, arises when we consider the existence of the informal sector in labor markets. In this latter case, we have found a linear relationship between the SOCL adjustment rate and the weighted average rate of informality. This allowed us to suggest a simple alternative estimation method for SOCL adjustment rates that was presented in section IV, and that greatly may simplify work for professionals dealing with public project appraisal. These results, of course are specific to the Mexican labor market under the current legal and institutional frameworks. For other countries and situations, the contribution of this study lies in its detailed specification of the methodology providing an example that can serve as a useful guide for calculating the social opportunity cost of labor.

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APPENDIX A

Table A1
Metropolitan Areas or Municipalities included in the Sample by State

State	Metropolitan Areas included
Aguascalientes	Aguascalientes
Baja California	Tijuana and Mexicali
Baja California SUR	La Paz[a]
Campeche	Campeche[a]
Chiapas	Tuxtla Gutierrez
Chihuahua	Chihuahua and Juarez
Coahuila	Saltilllo, Monclova-Frontera and La Laguna
Colima	Colima-Villa de Alvarez and Tecoman
Distrito Federal	Valle de Mexico
Durango	Durango[a]
Estado de Mexico	Toluca
Guanajuato	Leon
Guerrero	Acapulco and Chilpancingo Municipality
Hidalgo	Pachuca, Tulancingo and Tula
Jalisco	Guadalajara
Michoacan	Morelia
Morelos	Cuernavaca and Cuautla
Nayarit	Tepic
Nuevo Leon	Monterrey
Oaxaca	Oaxaca
Puebla	Puebla-Tlaxcala
Queretaro	Querétaro
Quintana Roo	Cancun
San Luis Potosi	San Luis Potosí-Soledad de Graciano
Sinaloa	Culiacan[a]
Sonora[b]	Hermosillo[a]
Tabasco	Villahermosa
Tamaulipas	Tampico, Reynosa-Rio Bravo, Matamoros and Nuevo Laredo
Tlaxcala	Tlaxcala-Apizaco
Veracruz	Veracruz and Xalapa
Yucatan	Merida[a]
Zacatecas	Zacatecas-Guadalupe

Source: Own definitions based on Delimitation of Metropolitan Areas, INEGI (2005).
[a] Data of the main municipality (capital city) of the state is taken due to no delimitation of metropolitan areas in this state.
[b] The delimited MA for Sonora (Guaymas) has almost no data sampled for urban localities in the Survey. The information needed for SOCL estimation is taken from the capital city in this case (which is considered by INEGI as self-representative).

Table A2
Definition of Occupational Groups

Group	Occupational Group	Sub-Group	Occupation	Codes Included[a]
1	Professionals, Technicians and Art Workers	1-1	Professionals	110 to 119
		1-2	Technicians	120 to 129
		1-3	Art, Shows and Sport Workers	140 to149
2	Education Workers	2-1	College and University Teachers and Professors	130
		2-2	Middle and High School Teachers	131, 132
		2-3	Primary and Preschool Teachers	133, 134
		2-4	Other Education Workers	135, 136, 139
3	Officials and Executives	3-1	Government Officials, Superiors and Legislators	210
		3-2	Executives of Public and Private Enterprises and Related	211, 212, 213, 219
4	Office Workers	4-1	Department Chairs, Control Personnel and Supervisors on Administrative Activities	610 to 619
		4-2	Workers on Administrative Activities	620 to 629
5	Industrial Workers	5-1	Chairs, Control Personnel and Supervisors on Industrial and Maintenance Activities	510 to 519
		5-2	Artisans and Transformation Industry Workers	520 to 529
		5-3	Operators of Machinery and Industrial Equipment	530 to 539
		5-4	Industrial and Artisan Assistants	540 to 549
6	Commerce Workers	6-1	Merchants, Sales Representatives and Assistants	710 to 713 and 719
		6-2	Ambulant Vendors and Ambulant Service Workers and Related	720, 721, 729
7	Transportation Workers	7-1	Mobil Machinery Drivers, Ground Transportation Drivers and Related	550, 551, 554, 555, 559
		7-2	Air Transportation Drivers	553
8	Personal Service Workers	8-1	Personal Service Workers	810 to 819
		8-2	Household Services	820
9	Protection Workers and Security Guards	9-1	Security Guards and Related	830, 839
		9-2	Army and Police Workers	831

Source: Based on ENOE and the Mexican Classification of Occupations (INEGI, 2008b, 2008c).
[a] Codes used in ENOE survey.

Table A3
Monthly Income Brackets and Tax Rates for Monthly Tax Withholdings during 2010 fiscal year

Lower Limit $	Upper Limit $	Fixed Tax $	Marginal Tax rate (applied on excess income with respect to lower limit) %
0.01	496.07	0	1.92
496.08	4,210.41	9.52	6.40
4,210.42	7,399.42	247.23	10.88
7,399.43	8,601.50	594.24	16.00
8,601.51	10,298.35	786.55	17.92
10,298.36	20,770.29	1,090.62	21.36
20,770.30	32,736.83	3,327.42	23.52
32,736.84	And over	6,141.95	30.00

Source: Diario Oficial de la Federación. Mexico, December 28, 2009

Table A4
Monthly Income Brackets for Employment Subsidy applied during 2010

Lower Limit $	Upper Limit $	Amount of Subsidy $
0.01	1,768.96	407.02
1,768.97	2,653.38	406.83
2,653.39	3,472.84	406.62
3,472.85	3,537.87	392.77
3,537.88	4,446.15	382.46
4,446.16	4,717.18	354.23
4,717.19	5,335.42	324.87
5,335.43	6,224.67	294.63
6,224.68	7,113.90	253.54
7,113.91	7,382.33	217.61
7,382.34	And over	0

Source: Diario Oficial de la Federación. Mexico, December 28, 2009

Table A5
Average Tax Rates used to estimate Median of Monthly Gross Wage

Bracket	Taxable Income Bracket			Tax rate applied to Net Wage				
	Lower Limit LL	Upper Limit UL	Difference between UL and LL UL-LL	If 0 < PEI ≤ 0.125	If 0.125 < PEI ≤ 0.375	If 0.375 < PEI ≤ 0.625	If 0.625 < PEI ≤ 0.875	If 0.875 < PEI ≤ 1
	$	$	$	(a)	(b)	(c)	(d)	(e)
I	0.01	496.07	496.06					
II	496.08	4,210.41	3,714.33	-80.13%	-23.73%	-11.83%	-6.67%	-3.21%
III	4,210.42	7,399.42	3,189.00	-3.21%	0.18%	2.17%	3.85%	8.03%
IV	7,399.43	8,601.50	1,202.07	8.03%	8.34%	8.63%	8.90%	9.14%
V	8,601.51	10,298.35	1,696.84	9.14%	9.56%	9.93%	10.28%	10.59%
VI	10,298.36	20,770.29	10,471.93	10.59%	12.77%	14.22%	15.25%	16.02%
VII	20,770.30	32,736.83	11,966.53	16.02%	16.96%	17.70%	18.28%	18.76%
VIII	32,736.84	50,000.00	17,263.16	18.76%	20.07%	21.11%	21.95%	22.64%

Source: Own calculations based on Tax Revenue Law (tables A3 and A4). LL= Lower Limit and UL=Upper Limit
PEI = Percentage of Excess Income (Excess Income as proportion of the difference between upper and lower limits (UL - LL) in corresponding bracket, where Excess Income = w_j^k – LL)

Table A6
Percentages for IMSS and INFONAVIT payments

	Employer	**Employee**
Illness and Maternity		
Fixed Payment	20.40%[1]	0.400% [2]
Excess	1.10%[2]	
Benefits paid in cash	0.70%[3]	0.250%[3]
Disablement and life	1.75%[3]	0.625%[3]
Retirement	2.00%[3]	
Dismissal and old age retirement	3.15%[3]	1.125%[3]
Daycare and Welfare	1.00%[3]	
Pensioner and beneficiaries	1.05%[3]	0.375%[3]
INFONAVIT	5.00%[3]	

Source: IMSS tables
[1] Percentage applied to one minimum wage at Mexico Distrito Federal (DF)
[2] Percentage applied to the difference between integrated wage and 3 minimum wages at DF
[3] Percentage applied to the integrated wage

Table A7

An Example of Calculation of Payments to Social Security and Other Benefits associated to salaried work in Mexico

Integrated DailyWage: $ 492.94
Days Worked: 30
Daily Minimum Wage in DF: $ 57.46
Work Risk Premium: 0.50%

Insurance	Percentage	Employee Payment	Percentage	Employer Payment
Illness and Maternity				
Fixed Payment			20.40%	$351.66
Excess		$38.47	1.10%	$105.78
Benefits paid in cash	0.25%	$36.97	0.70%	$103.52
Pensioner and beneficiaries	0.38%	$55.46	1.05%	$155.28
Disablement and life	0.63%	$92.43	1.75%	$258.79
Work Risk			0.50%	$ 73.94
Daycare and Welfare			1%	$147.88
Retirement Fund			2%	$295.76
Dismissal and old age retirement	1.13%	$166.37	3.15%	$465.83
INFONAVIT (Housing)			5%	$739.41
Monthly Payment to IMSS for Healthcare and Life Insurance		$223.32		$1,196.85
Payment to IMSS for Retirement[a]		$166.37		$761.59
Payment to INFONAVIT[a]				$739.41
Total		$389.69		$2,697.85

Source: Based on contamex.com examples
[a] Corresponds to a monthly amount (although payable every two months)

Table A8
Average Work Risk Premium by Firm Class

Firm Class	Average Risk Premium	Risk Type
I	0.54355	Minimum
II	1.13065	Low
III	2.59840	Medium
IV	4.65325	High
V	7.58875	Maximum

Source: IMSS

Table A9
Average Work Risk Premium by Occupation

	Occupational Group	Firm-Risk Class	Average Risk Premium (%)
1	Professionals, Technicians and Art Workers	I, II and III	1.42420
2	Education Workers	I	0.54355
3	Officials and Executives	I and II	0.83710
4	Office Workers	III, IV and V	4.94680
5	Industrial Workers, Artisans and Assistants	III, IV and V	4.94680
6	Merchants	I, II and III	1.42420
7	Transportation Workers	V	7.58875
8	Personal Service Workers	I, II and III	1.42420
9	Protection Workers and Security Guards	III	2.59840

Source: Own calculations based on Table A8 and ENOE classification of occupations

Table A10
Payroll Tax Rates by State

Federal Entity	Tax Rate	Source of Information
Aguascalientes	1.50%	www.aguascalientes.gob.mx
Baja California Norte	1.80%	www.bajacalifornia.gob.mx
Baja California Sur	2.50%	www.bcs.gob.mx/
Campeche	2% to 3%	www.finanzas.campeche.gob.mx
Chiapas	2.00%	www.haciendachiapas.gob.mx
Chihuahua	1% to 2.6%	www.chihuahua.gob.mx
Coahuila	1.00%	www.sfcoahuila.gob.mx
Colima	2.00%	www.finanzas.col.gob.mx
Chiapas	2.00%	www.haciendachiapas.gob.mx
Distrito Federal	2.50%	www.finanzas.df.gob.mx
Durango	2.00%	www.sfa-durango.gob.mx
Estado de México	2.50%	www.edomexico.gob.mx
Guanajuato	2.00%	www.guanajuato.gob.mx
Guerrero	2.00%	www.egbs1.com.mx
Hidalgo	0.5% to 2%	www.hidalgo.gob.mx
Jalisco	2.00%	http://sefin.jalisco.gob.mx/
Michoacán	2.00%	http://tesoreria.michoacan.gob.mx
Morelos	2.00%	https://www.ingresos.morelos.gob.mx/
Nayarit	2.00%	www.hacienda-nayarit.gob.mx
Nuevo León	2.00%	www.nl.gob.mx
Oaxaca	2.00%	www.finanzasoaxaca.gob.mx
Puebla	2.00%	www.puebla.gob.mx
Querétaro	1.60%	www.recaudanet.gob.mx
Quintana Roo	2.00%	www.quintanaroo.gob.mx
San Luis Potosí	2.00%	www.slpfinanzas.gob.mx
Sinaloa	1.50%	http://laip.sinaloa.gob.mx/Portal
Sonora	1% to 2%	www.siiafhacienda.gob.mx
Tabasco	2.5% to 3%	http://saf.tabasco.gob.mx
Tamaulipas	2.00%	http://finanzas.tamaulipas.gob.mx
Tlaxcala	2.00%	www.finanzastlax.gob.mx
Veracruz	2.00%	http://portal.veracruz.gob.mx
Yucatán	2.00%	www.yucatan.gob.mx
Zacatecas	1.90%	http://transparencia.zacatecas.gob.m

APPENDIX B

Table B1

Percentage of Workers in the Informal Labor Market by Occupational Group																				
Metropolitan Area	Professionals, Technicians and Art Workers		Education Workers		Officials and Executives		Office Workers		Industrial Workers		Commerce Workers		Transportation Workers		Personal Service Workers		Protection Workers and Service Workers		TOTAL	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Acapulco & Chilpancingo	1.5	1.5	0.0	0.0	0.0	0.0	1.6	0.0	36.3	27.0	16.3	13.7	64.8	na	6.3	4.3	0.0	0.0	23.5	6.3
Aguascalientes	5.3	3.4	0.0	0.0	0.0	0.0	1.9	0.8	24.8	7.1	14.3	16.3	23.1	na	10.8	6.3	0.0	0.0	15.8	6.0
Campeche-Carmen	2.8	0.0	0.0	0.0	0.0	0.0	1.8	0.0	30.0	11.6	8.0	13.6	24.4	na	3.3	2.9	0.0	0.0	12.5	3.4
Cancun	7.6	0.0	0.0	0.0	0.0	0.0	0.6	0.0	29.7	19.5	10.9	9.3	55.1	na	4.3	3.7	0.0	0.0	16.6	4.5
Chihuahua-Juarez	1.7	0.8	0.0	0.0	0.0	0.0	0.9	0.6	20.7	2.2	7.4	1.2	13.8	na	2.3	4.4	0.0	0.0	10.3	1.8
Colima-Tecoman	0.8	1.0	0.0	0.0	0.0	0.0	1.4	0.0	39.7	14.8	8.2	10.7	4.8	na	10.0	6.0	0.0	0.0	15.4	4.6
Cuernavaca-Cuautla	0.0	0.0	0.0	0.0	0.0	0.0	3.2	2.2	51.7	10.0	21.3	14.9	55.4	na	4.2	3.4	2.9	0.0	31.3	5.1
Culiacan	2.3	0.0	0.0	0.0	0.0	0.0	1.8	0.0	33.2	6.3	4.6	2.8	7.1	na	8.7	3.2	1.6	0.0	12.9	1.7
Durango	5.6	0.9	0.0	0.0	0.0	0.0	0.7	1.2	36.8	17.5	11.4	13.9	33.1	na	9.8	0.6	0.0	0.0	20.0	5.0
Guadalajara	3.8	1.0	0.0	0.0	0.0	0.0	1.1	1.4	24.8	11.2	15.8	9.6	16.7	na	12.6	7.2	0.0	0.0	14.7	5.8
Hermosillo	2.2	0.0	0.0	0.0	0.0	0.0	0.7	0.0	22.7	8.7	8.4	6.0	12.0	na	6.7	4.5	1.3	0.0	11.2	3.0
La Paz	4.8	0.0	0.0	0.0	0.0	0.0	0.0	1.1	22.8	9.4	4.3	1.3	16.7	na	5.2	1.8	0.0	0.0	9.6	1.6
Leon	5.5	1.2	0.0	0.0	0.0	0.0	1.4	1.1	19.9	9.3	11.6	10.6	26.2	na	17.3	3.9	0.0	0.0	15.4	5.6
Merida	3.6	0.0	0.0	0.0	0.0	0.0	2.1	1.6	32.9	22.1	8.3	8.8	9.5	na	7.2	4.3	0.0	0.0	12.4	5.2
Monterrey	2.2	0.0	0.0	0.0	2.6	0.0	1.5	1.6	18.7	6.0	11.5	12.7	4.4	na	10.4	4.1	0.0	0.0	10.3	3.9
Morelia	3.0	0.0	0.0	0.0	0.0	0.0	1.0	0.6	38.0	12.5	7.8	0.0	54.6	na	6.7	4.4	0.0	0.0	19.0	2.3
Oaxaca	5.6	1.1	0.0	0.0	0.0	0.0	1.5	0.6	56.5	32.3	8.0	20.2	33.8	na	6.5	6.9	1.9	0.0	21.6	6.4
Pachuca-Tula	8.7	0.8	0.0	0.0	0.0	0.0	1.9	0.9	34.9	24.7	18.1	18.2	51.5	na	15.5	7.2	0.0	0.0	20.0	6.6
Puebla-Tlaxcala	2.7	0.9	0.0	0.0	0.0	4.5	1.9	0.6	41.3	27.5	18.0	12.9	47.3	na	18.5	5.4	1.2	11.1	25.7	9.0

Source: Own calculations based on ENOE microdata set (sample of Subordinate and Remunerated workers)

Table B1 (continuation)

Percentage of Workers in the Informal Labor Market by Occupational Group																				
Metropolitan Area	Professionals, Technicians and Art Workers		Education Workers		Officials and Executives		Office Workers		Industrial Workers		Commerce Workers		Transportation Workers		Personal Service Workers		Protection Workers and Service Workers		TOTAL	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Queretaro	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.2	3.8	6.4	6.7	22.9	na	6.9	3.2	0.0	0.0	7.7	2.3
Saltillo-Monclova-Laguna	5.2	0.9	0.0	0.0	0.0	0.0	1.2	1.4	20.4	6.4	12.9	8.7	13.6	na	3.9	3.8	0.0	0.0	12.3	3.7
San Luis-Soledad Graciano	1.2	0.0	0.0	0.0	0.0	0.0	0.8	0.0	18.3	8.4	5.0	4.8	10.7	na	1.4	7.9	0.0	0.0	9.1	4.0
Tampico-Matamoros-Reynosa-Nuevo Laredo	1.0	1.0	0.0	0.0	0.0	0.0	0.8	2.6	16.3	6.1	3.4	8.8	17.4	na	7.1	3.5	0.0	0.0	9.2	3.7
Tepic	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.9	32.8	24.5	10.2	8.9	23.4	na	11.8	7.7	0.0	0.0	14.1	4.6
Tijuana And Mexicali	1.7	0.0	0.0	0.0	0.0	0.0	0.0	1.6	16.8	2.3	12.8	10.6	5.0	na	6.1	5.2	0.0	0.0	8.9	3.1
Tlaxcala-Apizaco	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	46.0	27.1	34.5	12.8	44.8	na	5.6	3.2	0.0	0.0	26.4	8.4
Toluca	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.2	13.9	14.6	9.4	50.0	na	9.6	4.5	1.8	0.0	19.1	4.2
Tuxtla Gutierrez	2.6	0.0	0.0	0.0	0.0	0.0	0.5	0.0	33.5	8.9	6.2	3.7	7.4	na	3.5	0.7	2.6	0.0	9.3	1.3
Valle De Mexico	2.2	0.0	0.0	0.0	0.0	0.0	1.3	1.7	33.4	24.4	24.2	18.6	47.2	na	13.5	7.2	0.7	0.0	20.6	8.1
Veracruz-Xalapa	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6	27.4	8.0	6.8	6.3	23.8	na	2.8	0.5	0.0	0.0	13.1	2.0
Villahermosa	1.8	0.0	0.0	0.0	0.0	0.0	2.2	0.0	26.1	32.5	11.4	7.1	21.7	na	8.7	3.7	3.4	0.0	12.0	3.6
Zacatecas	1.8	0.0	0.0	0.0	0.0	0.0	1.5	0.5	30.8	13.7	11.8	13.9	19.3	na	6.3	3.5	3.7	0.0	13.8	3.4

Source: Own calculations based on ENOE microdata set (sample of Subordinate and Remunerated workers)

Table B2

Percentage of Subordinate and Remunerated Workers with non-salaried income																				
Metropolitan Area	Professionals, Technicians and Art Workers		Education Workers		Officials and Executives		Office Workers		Industrial Workers		Commerce Workers		Transportation Workers		Personal Service Workers		Protection Workers and Service Workers		TOTAL	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Acapulco & Chilpancingo	4.1	1.5	0.0	3.8	0.0	0.0	2.4	0.0	3.9	0.0	17.1	6.8	12.1	na	11.2	0.0	0.0	0.0	6.4	1.4
Aguascalientes	2.2	0.0	0.0	2.4	0.0	0.0	1.9	0.0	0.7	3.4	9.3	6.5	12.5	na	7.6	3.3	0.0	0.0	3.7	2.5
Campeche-Carmen	0.0	0.0	2.9	0.0	0.0	0.0	0.5	0.0	1.2	1.3	10.4	3.9	14.4	na	6.8	2.4	0.0	0.0	3.5	1.1
Cancun	1.0	1.5	0.0	0.0	0.0	0.0	5.7	2.1	2.7	3.0	22.8	8.5	4.5	na	7.3	3.3	0.0	0.0	6.1	3.5
Chihuahua-Juarez	1.5	1.7	6.7	0.0	0.0	0.0	1.0	1.3	2.5	0.5	8.0	2.5	7.1	na	7.1	6.2	1.2	0.0	3.5	2.0
Colima-Tecoman	3.4	2.0	0.0	2.7	2.6	0.0	2.2	0.0	7.6	0.0	10.9	5.1	38.4	na	4.4	3.5	0.0	0.0	8.5	2.1
Cuernavaca-Cuautla	3.5	3.8	0.0	3.0	7.7	0.0	1.7	3.4	1.2	1.6	2.9	1.6	28.9	na	3.5	1.8	0.0	0.0	4.4	2.3
Culiacan	0.9	2.3	0.0	0.0	0.0	0.0	1.2	0.0	7.4	3.4	12.0	1.4	21.9	na	5.3	3.3	0.0	0.0	6.8	1.6
Durango	2.3	0.9	0.0	1.9	0.0	0.0	0.7	1.2	1.6	1.2	10.9	2.3	19.4	na	1.4	0.0	0.0	0.0	4.4	1.0
Guadalajara	3.3	1.0	0.0	0.0	2.9	0.0	1.1	1.4	5.0	4.8	7.9	3.3	19.6	na	4.5	2.0	1.4	0.0	4.5	2.3
Hermosillo	6.5	3.2	3.1	2.3	0.0	0.0	0.7	1.0	8.5	0.0	12.5	5.1	7.6	na	7.2	0.7	2.6	0.0	6.5	1.6
La Paz	4.2	1.6	0.0	0.0	0.0	0.0	4.6	1.1	4.3	6.9	15.7	5.3	16.4	na	6.6	3.6	0.0	0.0	6.1	2.6
Leon	9.5	0.0	5.3	1.9	0.0	0.0	0.7	0.6	19.7	13.3	7.9	3.0	9.2	na	14.0	2.3	0.0	0.0	13.2	5.0
Merida	3.7	6.4	0.0	0.0	0.0	0.0	1.6	1.6	2.6	1.7	11.3	3.9	5.3	na	11.6	1.5	0.0	0.0	5.0	2.6
Monterrey	3.7	0.0	4.2	3.4	2.7	0.0	0.5	0.8	1.4	1.3	7.9	4.5	3.9	na	1.7	0.5	0.0	0.0	2.4	1.3
Morelia	5.3	0.9	2.5	0.0	0.0	0.0	1.9	0.6	1.9	0.0	11.6	4.9	20.5	na	5.7	2.3	0.0	0.0	5.2	1.5
Oaxaca	2.8	2.2	0.0	0.0	0.0	0.0	3.0	1.7	3.1	0.0	17.3	8.5	33.7	na	0.0	4.1	0.0	0.0	7.8	2.8
Pachuca-Tula	2.5	4.8	2.0	3.6	2.2	0.0	2.6	0.5	1.8	1.7	10.5	1.2	27.7	na	2.8	2.1	0.0	0.0	5.1	2.1
Puebla-Tlaxcala	1.2	1.8	2.6	1.3	0.0	0.0	3.8	0.6	0.3	0.0	7.7	7.0	12.4	na	3.1	0.5	1.3	0.0	3.1	1.6

Source: Own calculations based on ENOE microdata set (Subordinate and Remunerated workers population)

Table B2 (continuation)

Percentage of Subordinate and Remunerated Workers with non-salaried income																				
Metropolitan Area	Professionals, Technicians and Art Workers		Education Workers		Officials and Executives		Office Workers		Industrial Workers		Commerce Workers		Transportation Workers		Personal Service Workers		Protection Workers and Service Workers		TOTAL	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Queretaro	5.8	2.1	0.0	0.0	4.0	7.1	0.8	1.3	1.8	0.0	8.5	8.3	18.5	na	12.3	2.0	1.8	0.0	5.3	2.1
Saltillo-Monclova-Laguna	1.3	0.0	0.0	0.0	0.0	0.0	1.2	0.5	0.4	0.0	2.3	2.9	1.9	na	0.8	0.0	0.0	0.0	0.9	0.5
San Luis-Soledad Graciano	4.6	7.3	0.0	0.0	0.0	0.0	2.4	2.0	2.2	5.0	14.6	5.0	27.0	na	4.4	3.9	0.0	0.0	6.4	3.9
Tampico-Matamoros-Reynosa-Nuevo Laredo	2.8	4.0	4.9	0.0	4.3	0.0	1.6	0.5	1.6	2.8	8.3	6.7	12.2	na	4.3	3.0	0.0	0.0	3.7	2.8
Tepic	3.3	3.0	2.0	0.0	5.6	0.0	0.0	0.5	8.0	2.7	10.5	9.8	36.6	na	3.7	2.3	0.0	0.0	7.8	2.8
Tijuana And Mexicali	0.0	0.9	3.4	0.0	0.0	5.6	0.0	0.0	0.6	0.0	4.5	3.0	3.5	na	1.6	4.8	0.0	0.0	1.2	1.3
Tlaxcala-Apizaco	5.1	1.9	0.0	0.0	10.0	0.0	1.4	1.7	0.9	0.0	16.7	2.9	18.8	na	2.9	1.7	0.0	0.0	4.7	1.3
Toluca	1.9	2.4	3.1	2.7	0.0	0.0	0.0	0.0	1.3	0.0	6.8	7.8	19.6	na	0.0	0.0	0.0	0.0	2.8	1.6
Tuxtla Gutierrez	2.1	0.9	0.0	0.0	2.3	5.3	0.9	0.0	6.9	0.0	17.5	6.7	48.3	na	8.5	2.7	0.0	0.0	11.3	1.7
Valle De Mexico	4.9	3.4	4.3	1.1	4.8	2.5	3.9	2.1	2.1	1.3	13.1	5.0	11.9	na	4.0	1.4	0.7	0.0	5.1	2.4
Veracruz-Xalapa	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0	4.6	2.2	21.9	na	3.8	1.0	1.7	0.0	4.1	0.6
Villahermosa	4.1	0.9	0.0	3.9	0.0	5.3	1.7	0.9	1.5	3.7	8.9	1.3	40.6	na	3.2	1.1	0.0	0.0	6.9	1.4
Zacatecas	4.7	1.0	3.2	1.4	4.5	0.0	0.0	1.9	4.0	2.3	10.7	8.1	23.9	na	2.7	0.7	0.0	0.0	5.4	2.0

Source: Own calculations based on ENOE microdata set (Subordinate and Remunerated workers population)

Table B3

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Aguascalientes	Aguascalientes	70.55%	71.69%	68.75%	71.87%	81.06%	71.18%	79.01%	80.24%	78.26%	75.92%
	Zacatecas	3.65%	5.48%	6.25%	4.35%	5.13%	6.77%	4.97%	6.01%	2.17%	5.31%
	Jalisco	4.79%	1.83%	6.25%	4.60%	3.98%	6.77%	6.08%	3.26%	5.43%	4.65%
	San Luis Potosi	1.14%	1.83%	0.00%	1.28%	0.97%	1.00%	2.21%	1.03%	2.17%	1.16%
	Guanajuato	2.28%	2.28%	3.13%	1.53%	1.15%	0.63%	0.00%	0.52%	0.00%	1.13%
	Estado de Mexico	1.14%	0.00%	1.56%	1.02%	1.42%	1.50%	1.10%	0.34%	0.00%	1.08%
	Distrito Federal	9.82%	7.76%	9.38%	9.72%	2.39%	5.76%	3.87%	4.30%	2.17%	5.42%
	Others	6.62%	9.13%	4.69%	5.63%	3.89%	6.39%	2.76%	4.30%	9.78%	5.34%
Baja California	Baja California	53.64%	57.31%	42.11%	59.22%	37.13%	42.22%	39.75%	39.71%	40.80%	43.83%
	Baja California SUR	0.81%	2.34%	0.75%	0.78%	0.56%	0.00%	0.00%	0.18%	0.00%	0.48%
	Sinaloa	9.72%	7.02%	13.53%	8.43%	11.17%	9.18%	13.52%	7.33%	10.40%	9.87%
	Sonora	4.66%	6.43%	5.26%	4.31%	3.33%	4.03%	4.10%	5.90%	3.20%	4.25%
	Jalisco	4.05%	5.85%	6.02%	3.53%	6.25%	6.16%	6.97%	7.51%	2.40%	5.75%
	Nayarit	2.43%	1.75%	1.50%	1.76%	3.89%	2.91%	2.46%	3.94%	2.40%	3.04%
	Durango	0.61%	0.58%	1.50%	1.18%	2.50%	1.34%	4.10%	1.43%	4.00%	1.82%
	Guanajuato	1.42%	0.00%	0.00%	1.37%	3.68%	2.13%	2.87%	2.50%	3.20%	2.43%
	Zacatecas	0.20%	0.58%	0.75%	1.57%	1.25%	2.13%	1.23%	1.79%	2.40%	1.40%
	Michoacán	2.83%	1.75%	4.51%	2.94%	5.00%	6.05%	6.56%	6.26%	4.00%	4.81%
	Oaxaca	0.81%	2.34%	1.50%	1.18%	2.78%	2.91%	2.87%	3.76%	2.40%	2.47%
	Veracruz	3.04%	0.58%	0.00%	1.76%	2.50%	2.58%	1.23%	2.33%	3.20%	2.28%
	Chiapas	0.20%	0.00%	2.26%	1.18%	4.09%	0.56%	0.41%	1.97%	5.60%	2.04%
	Puebla	1.01%	1.75%	1.50%	0.78%	2.85%	3.36%	1.64%	1.97%	0.80%	2.21%
	Guerrero	0.81%	1.75%	1.50%	0.59%	2.71%	2.80%	0.82%	1.79%	0.80%	1.95%
	Distrito Federal	6.07%	2.34%	6.77%	4.90%	4.23%	5.71%	2.05%	4.29%	5.60%	4.73%
	Others	7.69%	7.60%	10.53%	4.51%	6.11%	5.94%	9.43%	7.33%	8.80%	6.65%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Baja California SUR	Baja California SUR	58.80%	62.79%	46.67%	65.81%	61.58%	57.89%	75.82%	62.82%	54.90%	61.48%
	Baja California	2.65%	2.33%	5.56%	3.58%	3.27%	2.76%	2.61%	2.01%	4.90%	2.98%
	Sinaloa	9.40%	6.20%	10.00%	6.96%	5.04%	6.83%	6.54%	5.49%	5.88%	6.57%
	Sonora	3.13%	1.55%	6.67%	2.19%	1.91%	2.93%	1.96%	1.83%	2.94%	2.43%
	Jalisco	3.86%	1.55%	4.44%	3.58%	3.27%	4.07%	1.96%	3.48%	2.94%	3.47%
	Nayarit	0.72%	1.55%	2.22%	0.60%	0.82%	0.49%	1.31%	0.55%	0.00%	0.73%
	Durango	1.20%	1.55%	0.00%	1.79%	3.41%	2.76%	0.65%	2.56%	0.00%	2.22%
	Guanajuato	0.48%	2.33%	1.11%	0.60%	2.04%	1.46%	1.96%	2.20%	0.98%	1.49%
	Michoacán	0.72%	0.78%	3.33%	1.79%	2.86%	3.90%	0.65%	3.85%	1.96%	2.59%
	Oaxaca	0.24%	0.00%	1.11%	0.60%	2.32%	1.46%	0.65%	2.01%	3.92%	1.43%
	Veracruz	1.45%	1.55%	2.22%	0.80%	1.50%	1.14%	0.65%	1.83%	6.86%	1.52%
	Guerrero	1.93%	1.55%	1.11%	1.39%	1.77%	2.44%	1.31%	3.66%	5.88%	2.25%
	Estado de Mexico	2.41%	2.33%	1.11%	0.99%	1.09%	1.30%	0.00%	0.73%	1.96%	1.25%
	Distrito Federal	7.95%	5.43%	5.56%	4.57%	2.86%	3.41%	0.00%	1.47%	0.00%	3.59%
	Others	5.06%	8.53%	8.89%	4.77%	6.27%	7.15%	3.92%	5.49%	6.86%	5.99%
Campeche	Campeche	78.32%	91.20%	74.78%	80.24%	81.89%	79.80%	85.78%	80.54%	76.32%	81.10%
	Yucatan	3.32%	1.20%	7.83%	2.77%	2.33%	3.20%	0.47%	3.38%	1.97%	2.78%
	Chiapas	1.79%	0.40%	1.74%	1.73%	2.12%	2.47%	1.90%	1.52%	1.97%	1.86%
	Tabasco	3.32%	1.60%	3.48%	5.55%	6.78%	5.09%	2.84%	7.45%	10.53%	5.56%
	Veracruz	2.81%	1.60%	1.74%	3.64%	2.65%	3.63%	4.74%	1.86%	0.66%	2.81%
	Distrito Federal	3.83%	1.20%	4.35%	2.60%	0.95%	1.60%	0.95%	0.51%	1.32%	1.66%
	Others	6.63%	2.80%	6.09%	3.47%	3.28%	4.22%	3.32%	4.74%	7.24%	4.23%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Chiapas	Chiapas	86.62%	92.97%	80.23%	88.20%	95.43%	93.58%	92.60%	94.76%	85.71%	91.80%
	Tabasco	0.18%	0.32%	1.13%	0.59%	0.58%	1.20%	0.64%	0.46%	1.79%	0.68%
	Veracruz	2.35%	0.32%	2.82%	1.03%	0.97%	0.70%	1.93%	0.62%	2.68%	1.16%
	Oaxaca	2.17%	1.28%	1.13%	1.18%	0.39%	1.00%	0.96%	1.23%	5.36%	1.18%
	Puebla	1.99%	0.00%	1.13%	0.44%	0.19%	0.50%	0.00%	0.62%	0.00%	0.56%
	Distrito Federal	3.62%	2.56%	6.21%	5.01%	1.26%	1.50%	2.89%	0.62%	0.89%	2.39%
	Others	3.07%	2.56%	7.34%	3.54%	1.17%	1.50%	0.96%	1.69%	3.57%	2.22%
Chihuahua	Chihuahua	85.71%	90.06%	83.58%	88.06%	87.07%	84.97%	88.65%	90.02%	82.84%	87.01%
	Durango	1.24%	1.75%	4.48%	1.87%	2.98%	3.72%	3.55%	1.77%	5.97%	2.68%
	Zacatecas	0.62%	0.00%	1.49%	0.47%	1.49%	2.03%	2.13%	2.00%	0.00%	1.30%
	Coahuila	1.86%	0.00%	0.00%	2.58%	1.95%	1.86%	1.42%	1.55%	2.24%	1.81%
	Sinaloa	0.41%	0.58%	0.00%	0.70%	0.28%	0.17%	0.00%	0.22%	1.49%	0.37%
	Sonora	0.41%	0.00%	0.00%	0.70%	0.09%	0.68%	0.71%	0.44%	0.00%	0.37%
	Distrito Federal	3.31%	0.58%	4.48%	1.41%	0.84%	1.35%	0.71%	0.89%	0.75%	1.38%
	Others	6.42%	7.02%	5.97%	4.22%	5.30%	5.24%	2.84%	3.10%	6.72%	5.08%
Coahuila	Coahuila	83.02%	84.21%	76.79%	83.30%	83.82%	78.93%	83.67%	81.76%	80.91%	82.23%
	Nuevo Leon	3.49%	3.51%	3.57%	2.39%	3.34%	4.76%	6.77%	5.07%	5.45%	4.01%
	Tamaulipas	1.63%	1.17%	0.89%	0.80%	0.43%	0.95%	0.80%	0.34%	2.73%	0.79%
	San Luis Potosi	1.40%	2.92%	0.89%	0.40%	1.35%	2.50%	0.80%	1.86%	1.82%	1.56%
	Durango	1.40%	2.34%	0.89%	2.58%	1.85%	2.14%	1.59%	3.38%	1.82%	2.13%
	Zacatecas	2.09%	1.17%	2.68%	4.17%	4.26%	2.86%	3.59%	3.38%	5.45%	3.49%
	Veracruz	0.70%	0.00%	1.79%	0.40%	0.99%	1.07%	0.80%	0.51%	1.82%	0.84%
	Chihuahua	0.70%	0.58%	0.89%	0.60%	0.57%	0.71%	0.80%	0.17%	0.00%	0.57%
	Distrito Federal	2.09%	2.34%	3.57%	1.99%	0.99%	1.43%	0.00%	0.17%	0.00%	1.22%
	Others	3.49%	1.75%	8.04%	3.38%	2.41%	4.64%	1.20%	3.38%	0.00%	3.17%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Colima	Colima	67.37%	78.29%	64.29%	78.04%	67.47%	67.58%	73.58%	70.53%	57.72%	69.81%
	Michoacan	2.75%	1.71%	6.43%	3.14%	6.30%	6.67%	6.22%	5.57%	7.32%	5.22%
	Jalisco	13.77%	5.14%	10.71%	9.04%	16.95%	14.38%	13.99%	14.08%	14.63%	13.54%
	Distrito Federal	6.36%	6.29%	7.14%	4.24%	1.37%	2.61%	1.04%	1.76%	3.25%	3.13%
	Others	9.75%	8.57%	11.43%	5.54%	7.90%	8.76%	5.18%	8.06%	17.07%	8.30%
Distrito Federal	Distrito Federal	82.77%	81.01%	78.67%	82.80%	73.51%	74.34%	84.51%	64.62%	78.30%	76.45%
	Estado de Mexico	2.04%	2.23%	3.33%	3.71%	6.36%	6.87%	6.57%	5.15%	1.89%	4.80%
	Guerrero	1.02%	1.12%	0.00%	0.51%	1.17%	1.08%	0.00%	2.16%	0.94%	1.07%
	Puebla	1.75%	2.79%	1.33%	2.02%	3.12%	3.73%	0.94%	6.31%	0.94%	3.08%
	Oaxaca	1.17%	1.12%	3.33%	1.01%	2.99%	2.53%	1.41%	6.81%	4.72%	2.76%
	Veracruz	1.90%	2.23%	1.33%	1.85%	3.25%	1.20%	0.47%	3.65%	4.72%	2.25%
	Michoacan	1.61%	0.00%	1.33%	1.01%	1.95%	2.77%	2.35%	2.82%	1.89%	1.96%
	Morelos	0.58%	0.56%	1.33%	0.34%	0.13%	0.36%	0.00%	0.50%	0.00%	0.39%
	Guanajuato	0.73%	0.56%	0.00%	0.67%	0.91%	1.93%	0.47%	2.49%	0.94%	1.21%
	Hidalgo	1.17%	0.56%	0.00%	1.69%	2.34%	1.33%	1.88%	2.16%	0.94%	1.60%
	Others	5.26%	7.82%	9.33%	4.38%	4.29%	3.86%	1.41%	3.32%	4.72%	4.43%
Durango	Durango	87.97%	85.46%	86.32%	92.62%	90.88%	88.45%	91.44%	91.76%	85.56%	89.94%
	Zacatecas	1.87%	2.20%	1.05%	0.43%	1.52%	1.55%	0.78%	1.43%	4.44%	1.46%
	Coahuila	4.01%	4.85%	3.16%	1.52%	2.74%	2.25%	1.95%	1.61%	0.00%	2.47%
	Chihuahua	0.27%	1.32%	2.11%	0.87%	0.71%	1.69%	1.17%	0.36%	3.33%	0.98%
	Sinaloa	0.80%	0.44%	1.05%	1.08%	0.51%	0.70%	0.39%	1.08%	0.00%	0.72%
	Distrito Federal	1.07%	1.32%	0.00%	1.30%	0.81%	1.27%	1.17%	0.90%	2.22%	1.06%
	Others	4.01%	4.41%	6.32%	2.17%	2.84%	4.08%	3.11%	2.87%	4.44%	3.35%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Estado de Mexico	Estado de Mexico	57.82%	57.42%	38.06%	58.40%	68.94%	62.40%	62.19%	62.87%	59.38%	62.37%
	Guerrero	1.07%	2.58%	0.65%	1.08%	0.29%	0.89%	0.75%	0.57%	1.88%	0.82%
	Morelos	0.31%	2.58%	0.00%	0.54%	0.29%	0.30%	0.00%	0.00%	0.63%	0.38%
	Puebla	0.61%	0.65%	0.65%	1.49%	2.34%	2.52%	1.49%	3.91%	2.50%	2.14%
	Tlaxcala	0.00%	0.65%	0.00%	0.27%	0.58%	0.52%	0.25%	0.57%	0.00%	0.43%
	Hidalgo	0.31%	2.26%	0.65%	0.68%	1.05%	1.04%	1.74%	1.72%	2.50%	1.15%
	Queretaro	0.92%	1.61%	1.29%	1.08%	2.16%	2.07%	1.49%	2.99%	2.50%	1.92%
	Michoacan	1.53%	2.26%	1.29%	0.41%	1.87%	2.29%	1.99%	3.33%	3.13%	2.00%
	Oaxaca	0.92%	1.61%	1.29%	1.08%	2.16%	2.07%	1.49%	2.99%	2.50%	1.92%
	Veracruz	1.07%	1.29%	2.58%	2.30%	2.34%	1.70%	1.49%	1.84%	3.13%	1.92%
	Distrito Federal	31.29%	23.23%	42.58%	29.95%	17.10%	22.95%	25.37%	18.97%	20.00%	23.07%
	Others	4.14%	3.87%	10.97%	2.71%	0.88%	1.26%	1.74%	0.23%	1.88%	1.89%
Guanajuato	Guanajuato	82.19%	80.83%	79.13%	89.55%	93.46%	87.09%	91.39%	92.96%	85.00%	89.86%
	Zacatecas	0.40%	0.00%	0.00%	0.31%	0.29%	0.08%	0.00%	0.23%	0.00%	0.22%
	Jalisco	3.04%	1.25%	4.35%	1.38%	1.25%	2.04%	0.48%	1.85%	0.83%	1.67%
	San Luis Potosi	0.61%	0.42%	0.87%	0.31%	0.25%	0.30%	0.00%	0.23%	0.00%	0.30%
	Queretaro	0.00%	0.42%	0.00%	0.31%	0.08%	0.08%	0.00%	0.00%	0.83%	0.11%
	Michoacan	1.42%	2.92%	0.87%	0.15%	0.37%	1.43%	0.48%	0.81%	0.00%	0.81%
	Estado de Mexico	0.81%	0.00%	0.87%	0.31%	0.62%	1.89%	1.91%	0.35%	1.67%	0.87%
	Distrito Federal	6.28%	6.25%	8.70%	4.76%	1.87%	3.62%	3.35%	1.85%	4.17%	3.24%
	Others	5.26%	7.92%	5.22%	2.92%	1.79%	3.47%	2.39%	1.73%	7.50%	2.93%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Guerrero	Guerrero	89.47%	88.63%	84.00%	88.48%	89.17%	90.00%	90.10%	90.81%	88.37%	89.54%
	Michoacan	0.99%	0.00%	1.33%	0.00%	0.66%	0.74%	0.33%	0.67%	0.78%	0.59%
	Estado de Mexico	0.33%	0.47%	0.00%	1.47%	1.31%	1.89%	0.66%	1.07%	0.78%	1.21%
	Morelos	0.99%	0.47%	1.33%	0.74%	0.98%	0.84%	0.33%	0.13%	0.00%	0.67%
	Puebla	0.00%	0.00%	0.00%	0.49%	0.11%	0.21%	0.33%	0.13%	0.00%	0.17%
	Oaxaca	1.32%	0.95%	0.00%	2.21%	1.86%	2.32%	1.65%	2.40%	3.10%	2.00%
	Distrito Federal	4.61%	3.79%	9.33%	5.39%	2.95%	2.53%	4.29%	2.93%	2.33%	3.46%
	Others	2.30%	5.69%	4.00%	1.23%	2.95%	1.47%	2.31%	1.86%	4.65%	2.35%
Hidalgo	Hidalgo	79.92%	84.62%	73.00%	80.08%	83.20%	78.18%	86.41%	82.49%	78.05%	81.08%
	Veracruz	2.33%	0.85%	2.00%	2.31%	2.36%	2.94%	0.54%	3.77%	8.54%	2.61%
	Puebla	0.85%	2.14%	0.00%	1.05%	2.36%	2.66%	0.54%	1.69%	1.22%	1.74%
	Tlaxcala	0.42%	0.85%	1.00%	0.00%	0.92%	0.70%	1.09%	0.00%	0.00%	0.53%
	Distrito Federal	8.88%	8.55%	15.00%	9.64%	4.99%	6.57%	7.07%	5.46%	4.88%	7.14%
	Queretaro	0.21%	0.00%	0.00%	0.42%	0.13%	0.14%	0.54%	0.00%	0.00%	0.17%
	San Luis Potosi	0.85%	0.00%	0.00%	0.21%	0.26%	0.28%	0.00%	0.00%	1.22%	0.28%
	Estado de Mexico	2.33%	0.00%	4.00%	2.10%	3.02%	3.22%	1.63%	2.45%	3.66%	2.53%
	Others	4.23%	2.99%	5.00%	4.19%	2.76%	5.31%	2.17%	4.14%	2.44%	3.91%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Jalisco	Jalisco	79.70%	81.12%	72.85%	85.60%	84.79%	83.19%	86.69%	82.89%	78.05%	83.16%
	Nayarit	1.82%	3.06%	1.99%	1.29%	0.46%	0.42%	1.61%	0.98%	0.81%	0.97%
	Zacatecas	0.66%	0.51%	0.00%	1.29%	1.51%	1.69%	1.21%	1.71%	1.63%	1.37%
	Aguascalientes	0.17%	0.00%	0.00%	0.32%	0.26%	0.51%	0.81%	0.12%	0.81%	0.31%
	Guanajuato	0.99%	0.51%	0.00%	0.97%	1.84%	1.01%	0.00%	1.10%	1.63%	1.17%
	Michoacan	1.49%	2.04%	0.66%	1.29%	3.28%	2.36%	3.23%	2.81%	3.25%	2.47%
	Colima	0.83%	0.51%	0.66%	0.65%	0.26%	0.25%	0.81%	0.61%	1.63%	0.49%
	Sinaloa	2.48%	2.04%	2.65%	1.13%	0.92%	0.68%	2.02%	0.37%	0.00%	1.10%
	Distrito Federal	4.46%	3.57%	12.58%	2.27%	1.90%	2.62%	1.21%	1.47%	2.44%	2.65%
	Others	7.43%	6.63%	8.61%	5.18%	4.79%	7.26%	2.42%	7.95%	9.76%	6.31%
Michoacan	Michoacan	81.29%	81.08%	69.14%	79.60%	87.46%	87.31%	92.20%	85.53%	81.69%	84.84%
	Guanajuato	2.49%	3.15%	7.41%	2.02%	1.31%	1.20%	1.46%	2.60%	1.41%	1.96%
	Jalisco	0.83%	0.90%	3.70%	2.27%	1.19%	1.44%	0.00%	1.48%	0.00%	1.31%
	Guerrero	1.04%	3.15%	2.47%	2.52%	1.55%	1.56%	0.49%	2.60%	2.82%	1.83%
	Estado de Mexico	0.62%	0.00%	0.00%	1.51%	1.55%	1.32%	0.00%	1.67%	1.41%	1.17%
	Distrito Federal	7.28%	5.41%	6.17%	8.82%	3.82%	3.35%	3.90%	3.15%	4.23%	4.77%
	Others	6.44%	6.31%	11.11%	3.27%	3.11%	3.83%	1.95%	2.97%	8.45%	4.12%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Morelos	Morelos	58.01%	65.05%	49.37%	69.27%	66.43%	61.32%	76.35%	57.54%	57.50%	62.98%
	Puebla	1.57%	0.54%	2.53%	0.28%	2.34%	1.97%	1.48%	3.21%	3.75%	2.05%
	Distrito Federal	21.52%	20.97%	24.05%	13.69%	6.51%	8.13%	6.90%	5.87%	7.50%	10.01%
	Hidalgo	0.00%	0.54%	0.00%	0.00%	0.31%	0.12%	0.49%	0.98%	0.00%	0.34%
	Veracruz	1.31%	1.08%	2.53%	1.68%	1.83%	1.74%	0.99%	2.09%	5.00%	1.79%
	Oaxaca	1.57%	0.54%	1.27%	0.28%	1.32%	1.51%	0.00%	1.68%	2.50%	1.27%
	Guerrero	8.92%	3.76%	3.80%	8.38%	13.73%	16.49%	7.88%	15.92%	11.25%	12.74%
	Michoacan	1.05%	1.08%	0.00%	1.12%	1.32%	0.81%	2.46%	2.37%	1.25%	1.38%
	Estado de Mexico	2.36%	2.69%	6.33%	2.79%	4.17%	4.88%	1.48%	6.56%	5.00%	4.32%
	Others	3.67%	3.76%	10.13%	2.51%	2.03%	3.02%	1.97%	3.77%	6.25%	3.12%
Nayarit	Nayarit	83.48%	85.38%	77.78%	83.53%	78.63%	80.85%	80.98%	79.57%	80.81%	81.07%
	Jalisco	4.13%	2.37%	6.48%	4.96%	7.76%	6.63%	7.61%	8.80%	3.03%	6.36%
	Michoacan	0.00%	0.40%	1.85%	0.60%	1.65%	1.76%	2.72%	1.00%	2.02%	1.24%
	Zacatecas	0.22%	0.40%	0.00%	0.79%	1.02%	1.45%	0.00%	1.00%	0.00%	0.86%
	Sinaloa	2.61%	1.19%	3.70%	2.38%	2.29%	1.76%	2.17%	2.16%	4.04%	2.20%
	Durango	0.43%	0.00%	0.00%	0.40%	0.76%	0.62%	1.09%	0.83%	0.00%	0.58%
	Distrito Federal	1.74%	3.16%	2.78%	2.58%	1.27%	1.24%	1.63%	0.00%	1.01%	1.46%
	Others	7.39%	7.11%	7.41%	4.76%	6.62%	5.69%	3.80%	6.64%	9.09%	6.23%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Nuevo Leon	Nuevo Leon	74.87%	86.50%	75.37%	81.98%	72.12%	72.49%	76.44%	65.17%	72.02%	73.92%
	Tamaulipas	5.26%	2.00%	3.73%	3.52%	4.96%	4.16%	4.31%	5.56%	5.95%	4.58%
	San Luis Potosi	2.38%	2.50%	0.75%	2.85%	8.85%	6.94%	6.61%	10.36%	7.74%	6.50%
	Guanajuato	0.68%	0.50%	0.00%	0.81%	0.60%	0.81%	0.57%	1.20%	1.79%	0.77%
	Durango	0.85%	0.00%	0.75%	0.14%	1.01%	1.04%	0.86%	1.35%	0.60%	0.85%
	Coahuila	2.89%	2.00%	3.73%	2.57%	2.82%	3.24%	4.02%	4.80%	5.36%	3.27%
	Zacatecas	0.68%	1.00%	0.75%	1.49%	2.48%	2.20%	3.45%	2.25%	2.38%	2.02%
	Veracruz	1.70%	0.50%	2.24%	1.63%	3.35%	1.97%	1.15%	3.75%	2.98%	2.44%
	Distrito Federal	3.74%	2.00%	5.22%	1.63%	0.47%	1.85%	0.57%	0.90%	0.00%	1.46%
	Others	6.96%	3.00%	7.46%	3.39%	3.35%	5.32%	2.01%	4.65%	1.19%	4.19%
Oaxaca	Oaxaca	85.46%	92.79%	81.55%	87.63%	93.70%	89.58%	93.16%	93.24%	88.35%	90.60%
	Veracruz	2.45%	1.50%	1.94%	2.33%	1.93%	3.35%	1.90%	1.27%	3.88%	2.26%
	Chiapas	1.05%	0.00%	2.91%	1.08%	0.88%	0.86%	0.76%	0.70%	3.88%	0.93%
	Puebla	0.00%	0.60%	0.97%	0.36%	0.88%	1.53%	0.00%	1.13%	0.00%	0.81%
	Guerrero	0.53%	0.30%	0.00%	0.00%	0.26%	0.48%	0.76%	0.28%	0.00%	0.33%
	Distrito Federal	5.78%	2.70%	7.77%	5.91%	0.88%	2.29%	2.28%	1.13%	2.91%	2.77%
	Others	4.73%	2.10%	4.85%	2.69%	1.49%	1.91%	1.14%	2.25%	0.97%	2.30%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Puebla	Puebla	81.30%	82.82%	81.31%	84.32%	87.77%	85.95%	92.31%	88.67%	86.67%	86.21%
	Veracruz	3.89%	4.96%	2.80%	4.28%	5.25%	3.33%	1.28%	2.30%	6.67%	3.92%
	Oaxaca	1.11%	2.29%	0.00%	1.90%	1.05%	1.57%	1.28%	1.99%	0.00%	1.42%
	Guerrero	0.56%	0.76%	0.00%	0.00%	0.08%	0.65%	0.43%	0.61%	0.00%	0.38%
	Morelos	0.74%	0.38%	0.93%	0.00%	0.00%	0.18%	0.00%	0.00%	1.11%	0.19%
	Estado de Mexico	1.11%	0.38%	1.87%	1.66%	0.60%	0.83%	0.00%	0.61%	1.11%	0.80%
	Tlaxcala	1.30%	1.15%	0.00%	0.95%	1.73%	1.66%	2.99%	1.23%	1.11%	1.50%
	Hidalgo	0.37%	0.38%	1.87%	0.48%	0.08%	0.37%	0.00%	0.31%	0.00%	0.30%
	Distrito Federal	5.93%	3.05%	8.41%	3.33%	1.80%	3.79%	1.28%	2.60%	3.33%	3.20%
	Others	3.70%	3.82%	2.80%	3.09%	1.65%	1.66%	0.43%	1.68%	0.00%	2.08%
Queretaro	Queretaro	53.98%	58.72%	34.78%	63.64%	74.57%	64.12%	68.18%	72.37%	65.63%	66.07%
	Guanajuato	7.17%	5.81%	7.97%	4.23%	5.40%	6.09%	6.06%	7.66%	2.08%	5.97%
	Jalisco	1.00%	1.16%	3.62%	1.06%	0.49%	0.78%	0.00%	0.71%	0.00%	0.80%
	San Luis Potosi	0.80%	1.74%	0.72%	0.63%	0.57%	0.91%	1.01%	0.53%	2.08%	0.77%
	Michoacan	2.99%	1.74%	2.90%	2.75%	1.23%	2.20%	2.02%	0.89%	1.04%	1.86%
	Hidalgo	2.19%	1.74%	2.17%	1.90%	1.80%	1.42%	1.01%	2.32%	1.04%	1.81%
	Veracruz	1.59%	1.74%	1.45%	1.06%	1.72%	1.68%	2.53%	1.25%	4.17%	1.64%
	Estado de Mexico	3.39%	1.16%	1.45%	3.81%	4.42%	5.05%	4.04%	4.10%	5.21%	4.06%
	Distrito Federal	18.13%	17.44%	33.33%	14.38%	6.38%	12.69%	12.12%	7.84%	13.54%	11.90%
	Others	8.76%	8.72%	11.59%	6.55%	3.43%	5.05%	3.03%	2.32%	5.21%	5.10%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Quintana Roo	Quintana Roo	24.64%	35.82%	15.25%	29.16%	20.43%	27.43%	17.56%	27.44%	24.41%	25.13%
	Campeche	4.83%	4.48%	7.63%	4.65%	4.21%	2.97%	5.38%	3.51%	4.72%	4.16%
	Yucatan	21.01%	22.39%	23.73%	24.15%	31.73%	29.59%	39.07%	28.87%	16.54%	28.10%
	Chiapas	1.69%	1.49%	0.85%	2.68%	11.18%	5.14%	5.02%	8.23%	7.87%	6.20%
	Tabasco	5.07%	2.99%	1.69%	4.29%	9.38%	6.35%	8.96%	6.26%	13.39%	6.68%
	Veracruz	9.66%	2.99%	5.93%	6.98%	7.93%	6.62%	6.81%	7.79%	14.17%	7.61%
	Oaxaca	0.72%	0.75%	0.85%	1.43%	1.32%	1.49%	1.43%	2.63%	5.51%	1.70%
	Puebla	2.17%	0.00%	0.00%	2.68%	1.80%	1.89%	3.58%	1.43%	0.00%	1.85%
	Guerrero	2.90%	1.49%	4.24%	3.04%	1.32%	4.05%	2.51%	3.07%	1.57%	2.77%
	Distrito Federal	18.36%	16.42%	21.19%	12.52%	6.13%	7.84%	5.02%	5.49%	7.87%	9.14%
	Others	8.94%	11.19%	18.64%	8.41%	4.57%	6.62%	4.66%	5.27%	3.94%	6.66%
San Luis Potosi	San Luis Potosi	79.95%	84.82%	77.91%	81.72%	83.43%	83.33%	88.42%	86.79%	80.00%	83.43%
	Querétaro	0.72%	0.45%	0.00%	0.88%	0.58%	0.71%	1.58%	0.73%	0.00%	0.70%
	Guanajuato	0.48%	0.89%	0.00%	1.54%	1.55%	2.02%	0.53%	0.92%	3.16%	1.37%
	Jalisco	0.72%	0.00%	1.16%	0.88%	0.78%	0.83%	0.00%	1.10%	2.11%	0.80%
	Hidalgo	0.72%	0.45%	1.16%	0.22%	0.97%	0.36%	0.00%	0.18%	1.05%	0.54%
	Veracruz	1.21%	0.45%	2.33%	0.44%	1.07%	0.95%	0.53%	0.92%	1.05%	0.93%
	Zacatecas	0.97%	0.45%	0.00%	0.66%	0.97%	0.71%	1.05%	1.47%	1.05%	0.90%
	Nuevo Leon	0.97%	1.79%	0.00%	1.32%	1.36%	0.83%	2.63%	1.10%	2.11%	1.24%
	Tamaulipas	1.45%	4.46%	3.49%	1.10%	1.55%	2.50%	0.53%	1.28%	2.11%	1.83%
	Estado de Mexico	1.45%	0.89%	3.49%	0.88%	1.65%	1.07%	1.05%	0.55%	0.00%	1.19%
	Distrito Federal	6.52%	3.13%	4.65%	6.17%	3.10%	2.62%	1.58%	2.20%	3.16%	3.56%
	Others	4.83%	2.23%	5.81%	4.19%	3.00%	4.05%	2.11%	2.75%	4.21%	3.53%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Sinaloa	Sinaloa	89.59%	86.44%	77.17%	89.95%	86.63%	87.13%	89.62%	88.30%	85.96%	87.68%
	Sonora	3.06%	3.95%	4.35%	1.23%	1.45%	1.17%	0.55%	1.09%	0.00%	1.58%
	Chihuahua	0.41%	0.56%	0.00%	0.88%	0.97%	0.64%	1.64%	1.09%	0.00%	0.80%
	Baja California	0.20%	1.13%	0.00%	0.35%	0.58%	0.85%	1.09%	0.62%	2.63%	0.66%
	Jalisco	0.41%	0.00%	4.35%	1.06%	0.68%	1.28%	0.55%	0.47%	0.88%	0.85%
	Nayarit	0.82%	2.26%	2.17%	0.35%	1.74%	1.28%	0.00%	0.94%	0.00%	1.13%
	Durango	0.41%	1.69%	2.17%	2.65%	3.00%	2.66%	2.19%	3.12%	0.88%	2.43%
	Distrito Federal	1.43%	0.56%	4.35%	0.18%	0.78%	0.85%	0.00%	0.78%	0.88%	0.83%
	Others	3.67%	3.39%	5.43%	3.35%	4.17%	4.15%	4.37%	3.59%	8.77%	4.04%
Sonora	Sonora	84.91%	87.50%	80.60%	89.44%	82.48%	83.64%	88.28%	84.18%	80.00%	84.44%
	Chihuahua	1.18%	0.60%	1.49%	0.73%	2.14%	1.57%	0.00%	1.35%	0.80%	1.42%
	Sinaloa	2.83%	1.79%	5.97%	2.19%	5.09%	5.10%	4.83%	4.71%	2.40%	4.20%
	Baja California	1.65%	1.19%	1.49%	0.91%	1.43%	0.92%	0.69%	1.01%	2.40%	1.22%
	Jalisco	0.94%	0.60%	1.49%	0.36%	0.54%	0.92%	0.69%	0.51%	1.60%	0.70%
	Nayarit	0.71%	1.79%	0.00%	0.55%	0.89%	0.92%	0.00%	0.67%	0.00%	0.75%
	Distrito Federal	2.12%	1.19%	1.49%	0.73%	0.63%	0.92%	0.00%	1.35%	0.80%	0.99%
	Others	5.66%	5.36%	7.46%	5.10%	6.79%	6.02%	5.52%	6.23%	12.00%	6.29%
Tabasco	Tabasco	76.55%	76.32%	66.67%	79.82%	80.48%	78.16%	83.49%	82.69%	86.17%	79.46%
	Campeche	0.58%	2.19%	0.00%	0.35%	0.51%	0.27%	0.46%	0.96%	1.06%	0.62%
	Chiapas	3.49%	2.19%	6.48%	3.36%	5.23%	7.97%	1.83%	8.97%	3.19%	5.46%
	Veracruz	7.75%	5.26%	5.56%	6.19%	6.25%	6.87%	8.26%	3.53%	4.26%	6.11%
	Oaxaca	1.36%	1.32%	0.00%	0.71%	1.15%	1.10%	0.92%	0.48%	2.13%	0.98%
	Distrito Federal	4.07%	5.26%	7.41%	3.19%	1.53%	1.92%	0.92%	1.44%	2.13%	2.54%
	Others	6.20%	7.46%	13.89%	6.37%	4.85%	3.71%	4.13%	1.92%	1.06%	4.84%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Tamaulipas	Tamaulipas	76.85%	75.37%	63.86%	81.15%	68.73%	67.89%	68.24%	66.40%	65.42%	70.47%
	San Luis Potosi	3.20%	4.43%	8.43%	3.91%	7.13%	7.33%	4.29%	7.64%	4.67%	6.17%
	Guanajuato	1.23%	0.00%	2.41%	0.00%	1.37%	1.90%	0.00%	0.96%	0.93%	1.11%
	Hidalgo	0.25%	0.00%	0.00%	0.92%	0.69%	1.14%	1.29%	0.96%	0.93%	0.79%
	Veracruz	6.40%	10.34%	8.43%	8.51%	13.75%	13.02%	18.03%	15.92%	17.76%	12.72%
	Nuevo Leon	1.97%	0.99%	3.61%	1.61%	1.20%	1.52%	1.72%	1.91%	0.00%	1.53%
	Coahuila	0.49%	1.48%	1.20%	0.23%	0.77%	1.14%	1.29%	0.48%	0.93%	0.79%
	Distrito Federal	4.43%	1.97%	6.02%	1.61%	1.46%	1.52%	0.00%	0.48%	0.93%	1.65%
	Others	5.17%	5.42%	6.02%	2.07%	4.90%	4.55%	5.15%	5.25%	8.41%	4.77%
Tlaxcala	Tlaxcala	78.31%	82.52%	74.00%	75.95%	86.44%	82.56%	83.65%	83.03%	66.15%	82.83%
	Puebla	9.19%	6.80%	8.00%	8.86%	6.41%	7.90%	6.29%	9.28%	15.38%	7.71%
	Distrito Federal	6.62%	4.37%	4.00%	6.33%	1.97%	2.53%	3.77%	2.71%	9.23%	3.28%
	Hidalgo	0.74%	0.97%	0.00%	0.00%	0.41%	0.60%	1.26%	1.36%	0.00%	0.63%
	Veracruz	0.74%	0.00%	4.00%	2.95%	1.48%	1.19%	1.26%	0.23%	3.08%	1.27%
	Oaxaca	1.47%	0.97%	2.00%	0.84%	0.33%	0.60%	0.00%	0.90%	0.00%	0.63%
	Estado de Mexico	1.47%	1.46%	0.00%	2.53%	1.31%	2.24%	2.52%	1.36%	3.08%	1.69%
	Others	1.47%	2.91%	8.00%	2.53%	1.64%	2.38%	1.26%	1.13%	3.08%	1.96%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Veracruz	Veracruz	81.51%	85.44%	68.75%	89.54%	85.92%	83.37%	84.02%	86.76%	83.49%	84.84%
	Oaxaca	2.19%	0.49%	2.68%	1.21%	3.35%	1.70%	2.87%	2.62%	1.83%	2.28%
	Puebla	0.73%	0.49%	3.57%	0.60%	1.44%	2.71%	2.87%	1.79%	0.00%	1.68%
	Distrito Federal	6.08%	6.80%	8.04%	3.62%	1.82%	3.61%	2.05%	2.90%	1.83%	3.43%
	Hidalgo	0.49%	0.00%	0.89%	0.00%	0.00%	0.40%	0.00%	0.28%	0.92%	0.23%
	San Luis Potosi	0.00%	0.00%	0.00%	0.60%	0.29%	0.10%	0.82%	0.28%	0.00%	0.25%
	Tamaulipas	2.92%	1.46%	2.68%	2.01%	2.30%	2.10%	2.46%	1.38%	4.59%	2.16%
	Tabasco	0.73%	0.00%	2.68%	0.20%	1.05%	1.30%	1.23%	1.38%	0.92%	1.04%
	Chiapas	1.46%	0.97%	0.89%	0.20%	1.53%	1.30%	2.05%	0.97%	0.92%	1.20%
	Others	3.89%	4.37%	9.82%	2.01%	2.30%	3.41%	1.64%	1.66%	5.50%	2.90%
Yucatan	Yucatan	82.53%	84.36%	71.00%	84.42%	92.31%	86.78%	89.27%	91.10%	72.29%	87.55%
	Quintana Roo	1.01%	2.23%	1.00%	1.58%	0.89%	0.68%	0.56%	1.43%	3.61%	1.16%
	Campeche	2.78%	2.23%	3.00%	2.76%	1.38%	2.32%	3.39%	2.15%	8.43%	2.34%
	Tabasco	1.52%	1.68%	2.00%	1.58%	0.79%	1.09%	1.13%	1.00%	4.82%	1.24%
	Veracruz	1.77%	1.12%	3.00%	1.78%	0.69%	1.91%	2.26%	1.87%	3.61%	1.60%
	Distrito Federal	4.56%	4.47%	11.00%	4.93%	1.48%	3.81%	1.13%	0.86%	1.20%	2.93%
	Others	5.82%	3.91%	9.00%	2.96%	2.47%	3.41%	2.26%	1.58%	6.02%	3.19%

Source: Own elaboration based on ENOE, 2010, QII

Table B3 (Continuation)

Migratory Patterns by Occupational Group For Economically Active Population											
Destination Place	Birth Place	Occupational Group									
		1	2	3	4	5	6	7	8	9	Total
Zacatecas	Zacatecas	84.08%	79.80%	73.73%	86.39%	89.31%	85.56%	87.27%	90.00%	78.64%	86.08%
	Aguascalientes	1.43%	1.30%	0.85%	0.87%	0.55%	0.95%	0.61%	0.86%	0.97%	0.91%
	Jalisco	2.45%	1.95%	3.39%	1.40%	2.65%	2.13%	1.21%	2.07%	2.91%	2.18%
	San Luis Potosi	0.82%	1.95%	0.85%	1.05%	1.21%	1.07%	1.82%	1.21%	3.88%	1.25%
	Guanajuato	0.41%	0.33%	0.85%	0.52%	0.22%	0.36%	0.61%	0.17%	0.97%	0.37%
	Nayarit	0.41%	0.00%	0.00%	0.17%	0.11%	0.12%	0.00%	0.00%	0.97%	0.15%
	Durango	1.02%	1.30%	0.00%	1.05%	0.66%	1.78%	0.61%	1.03%	0.00%	1.05%
	Coahuila	0.61%	2.61%	3.39%	1.05%	0.55%	0.83%	0.61%	0.52%	0.97%	0.93%
	Nuevo Leon	0.41%	0.98%	2.54%	0.17%	0.22%	0.24%	0.00%	0.17%	0.00%	0.34%
	Estado de Mexico	0.41%	0.98%	0.85%	0.70%	0.99%	1.42%	1.82%	0.52%	0.97%	0.93%
	Distrito Federal	2.86%	4.89%	8.47%	3.49%	1.10%	1.78%	3.03%	1.21%	3.88%	2.45%
	Others	5.10%	3.91%	5.08%	3.14%	2.43%	3.79%	2.42%	2.24%	5.83%	3.38%

Source: Own elaboration based on ENOE, 2010, QII

APPENDIX C

ESTIMATION RESULTS

Table C1

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
AGUASCALIENTES	1-1	-2.22%	4.57%	LA PAZ	1-1	1.37%	4.01%
	1-2	2.45%	4.57%		1-2	2.56%	4.01%
	1-3	2.00%	4.55%		1-3	0.84%	3.98%
	2-1	0.32%	0.00%		2-1	6.36%	0.00%
	2-2	-2.17%	0.00%		2-2	3.41%	0.00%
	2-3	2.03%	0.00%		2-3	1.57%	0.00%
	2-4	-1.21%	0.00%		2-4	4.19%	0.00%
	3-2	-4.64%	0.00%		3-2	5.64%	0.00%
	4-1	0.48%	1.70%		4-1	0.47%	0.37%
	4-2	1.22%	1.70%		4-2	1.59%	0.37%
	5-1	9.60%	25.42%		5-1	11.91%	26.04%
	5-2	10.47%	25.42%		5-2	11.65%	26.04%
	5-3	11.33%	25.42%		5-3	11.64%	25.72%
	5-4	11.44%	25.42%		5-4	11.67%	26.04%
	6-1	5.47%	14.52%		6-1	3.32%	7.33%
	6-2	na	na		6-2	4.05%	6.85%
	7-1	10.47%	23.56%		7-1	7.84%	17.46%
	8-1	4.95%	10.52%		8-1	4.06%	6.50%
	8-2	na	na		8-2	2.59%	6.50%
	9-1	-0.40%	0.16%		9-1	3.07%	0.24%
	9-2	na	na		9-2	2.06%	0.00%
TIJUANA-MEJICALI	1-1	4.25%	2.30%	CAMPECHE	1-1	0.83%	2.80%
	1-2	3.89%	2.30%		1-2	0.69%	2.80%
	1-3	0.26%	2.25%		1-3	-0.09%	2.80%
	2-1	-8.80%	0.00%		2-1	-1.03%	0.00%
	2-2	2.92%	0.00%		2-2	0.50%	0.00%
	2-3	1.29%	0.00%		2-3	0.31%	0.00%
	2-4	na	na		2-4	-0.44%	0.00%
	3-2	-0.24%	0.00%		3-2	-1.08%	0.00%
	4-1	1.68%	0.47%		4-1	1.07%	0.00%
	4-2	0.55%	0.47%		4-2	0.26%	0.00%
	5-1	8.20%	26.63%		5-1	11.88%	29.81%
	5-2	12.72%	26.63%		5-2	12.35%	29.81%
	5-3	11.18%	26.63%		5-3	11.04%	29.81%
	5-4	12.28%	26.63%		5-4	13.36%	29.81%
	6-1	6.55%	12.12%		6-1	3.43%	8.51%
	6-2	6.71%	12.46%		6-2	3.38%	8.51%
	7-1	9.13%	17.21%		7-1	10.96%	24.18%
	8-1	4.36%	7.98%		8-1	1.73%	4.10%
	8-2	3.82%	7.94%		8-2	1.99%	4.10%
	9-1	2.94%	0.55%		9-1	-0.17%	0.46%
	9-2	3.15%	0.00%		9-2	0.72%	0.00%

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
TUXTLA GUTIERREZ	1-1	0.21%	2.68%	SALTILLO-MONCLOVA	1-1	1.87%	4.76%
	1-2	0.57%	2.68%		1-2	1.85%	4.76%
	1-3	1.23%	2.68%		1-3	1.68%	4.76%
	2-1	-0.63%	0.00%		2-1	1.35%	0.00%
	2-2	0.27%	0.00%		2-2	-1.94%	0.00%
	2-3	0.25%	0.00%		2-3	0.03%	0.00%
	2-4	-0.42%	0.00%		2-4	na	na
	3-2	0.35%	0.00%		3-2	0.49%	0.00%
	4-1	0.01%	0.56%		4-1	0.75%	1.20%
	4-2	-0.04%	0.56%		4-2	0.55%	1.20%
	5-1	11.95%	33.43%		5-1	8.11%	21.49%
	5-2	12.87%	33.43%		5-2	8.96%	21.49%
	5-3	14.36%	33.43%		5-3	9.29%	21.49%
	5-4	14.52%	33.43%		5-4	9.69%	21.49%
	6-1	2.53%	6.66%		6-1	4.86%	12.50%
	6-2	2.71%	6.65%		6-2	7.42%	12.89%
	7-1	3.02%	9.37%		7-1	5.77%	13.73%
	8-1	1.38%	3.81%		8-1	1.66%	4.64%
	8-2	1.30%	3.81%		8-2	1.16%	4.59%
	9-1	0.44%	2.45%		9-1	-0.32%	0.20%
	9-2	0.15%	0.00%		9-2	na	na
CHIHUAHUA	1-1	1.07%	1.90%	COLIMA-TECOMAN	1-1	0.03%	1.62%
	1-2	1.23%	1.90%		1-2	0.55%	1.62%
	1-3	0.36%	1.90%		1-3	0.31%	1.62%
	2-1	-0.46%	0.00%		2-1	1.24%	0.00%
	2-2	-0.10%	0.00%		2-2	1.97%	0.00%
	2-3	-0.99%	0.00%		2-3	na	na
	2-4	na	na		2-4	1.09%	0.00%
	3-2	1.09%	0.00%		3-2	0.34%	0.00%
	4-1	1.07%	0.97%		4-1	-1.13%	1.37%
	4-2	0.50%	0.97%		4-2	0.63%	1.37%
	5-1	9.32%	21.92%		5-1	12.29%	36.18%
	5-2	9.54%	21.92%		5-2	14.08%	36.18%
	5-3	10.21%	21.92%		5-3	14.94%	36.18%
	5-4	10.26%	21.92%		5-4	14.67%	36.18%
	6-1	3.49%	8.17%		6-1	3.83%	9.97%
	6-2	3.93%	8.05%		6-2	na	na
	7-1	6.77%	15.24%		7-1	3.29%	11.15%
	8-1	1.61%	2.87%		8-1	4.40%	10.07%
	8-2	na	na		8-2	3.14%	10.28%
	9-1	0.62%	0.07%		9-1	-0.51%	0.13%
	9-2	na	na		9-2	-3.14%	0.00%

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
VALLE DE MEXICO	1-1	1.49%	2.45%	TOLUCA	1-1	-3.60%	3.74%
	1-2	1.14%	2.45%		1-2	1.14%	3.74%
	1-3	1.08%	2.44%		1-3	2.46%	3.75%
	2-1	-1.89%	0.00%		2-1	6.00%	0.00%
	2-2	0.14%	0.00%		2-2	-2.65%	0.00%
	2-3	-0.22%	0.00%		2-3	1.73%	0.00%
	2-4	-0.62%	0.00%		2-4	1.59%	0.00%
	3-2	1.45%	0.00%		3-2	-7.70%	0.00%
	4-1	1.00%	1.24%		4-1	-2.58%	0.51%
	4-2	-0.12%	1.24%		4-2	1.79%	0.51%
	5-1	11.69%	33.81%		5-1	13.37%	30.78%
	5-2	13.49%	33.81%		5-2	13.20%	30.78%
	5-3	13.75%	33.81%		5-3	13.55%	30.78%
	5-4	14.71%	33.81%		5-4	13.81%	30.78%
	6-1	8.06%	21.33%		6-1	6.71%	16.43%
	6-2	9.70%	22.15%		6-2	10.05%	17.15%
	7-1	19.71%	46.94%		7-1	20.10%	48.02%
	8-1	4.57%	12.31%		8-1	5.31%	10.33%
	8-2	5.50%	12.47%		8-2	3.98%	10.49%
	9-1	0.54%	0.68%		9-1	1.00%	1.30%
	9-2	0.20%	0.00%		9-2	na	na
DURANGO	1-1	1.79%	5.35%	LEON	1-1	3.01%	5.03%
	1-2	1.58%	5.35%		1-2	1.92%	5.03%
	1-3	1.68%	5.35%		1-3	na	na
	2-1	-0.08%	0.00%		2-1	-1.13%	0.00%
	2-2	0.27%	0.00%		2-2	0.87%	0.00%
	2-3	0.24%	0.00%		2-3	0.53%	0.00%
	2-4	0.55%	0.00%		2-4	na	na
	3-2	-2.53%	0.00%		3-2	0.01%	0.00%
	4-1	0.11%	0.71%		4-1	-0.35%	1.38%
	4-2	0.25%	0.71%		4-2	0.29%	1.38%
	5-1	14.74%	35.93%		5-1	7.51%	20.54%
	5-2	15.17%	35.93%		5-2	8.11%	20.54%
	5-3	16.39%	35.93%		5-3	8.35%	20.54%
	5-4	17.82%	35.93%		5-4	8.84%	20.54%
	6-1	4.49%	11.50%		6-1	4.95%	12.15%
	6-2	na	na		6-2	na	na
	7-1	12.82%	32.27%		7-1	11.47%	27.48%
	8-1	4.11%	9.56%		8-1	6.46%	16.81%
	8-2	3.75%	9.63%		8-2	6.63%	16.92%
	9-1	-0.13%	0.21%		9-1	-0.12%	0.10%
	9-2	0.13%	0.00%		9-2	na	na

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
ACAPULCO - CHILPANCINGO	1-1	-0.93%	1.60%	GUADALAJARA	1-1	1.09%	3.61%
	1-2	0.20%	1.60%		1-2	1.26%	3.61%
	1-3	1.31%	1.62%		1-3	1.10%	3.61%
	2-1	0.15%	0.00%		2-1	0.03%	0.00%
	2-2	0.03%	0.00%		2-2	-0.24%	0.00%
	2-3	-0.76%	0.00%		2-3	0.17%	0.00%
	2-4	na	na		2-4	0.28%	0.00%
	3-2	-1.38%	0.00%		3-2	-1.56%	0.00%
	4-1	-0.19%	1.54%		4-1	0.52%	1.13%
	4-2	0.37%	1.54%		4-2	0.74%	1.13%
	5-1	13.97%	36.57%		5-1	9.83%	25.89%
	5-2	14.50%	36.57%		5-2	10.55%	25.89%
	5-3	13.50%	36.57%		5-3	11.07%	25.89%
	5-4	15.31%	36.57%		5-4	11.52%	25.89%
	6-1	6.29%	16.25%		6-1	6.20%	15.26%
	6-2	na	na		6-2	7.52%	15.54%
	7-1	27.22%	62.66%		7-1	7.75%	17.29%
	8-1	2.94%	6.62%		8-1	5.27%	12.13%
	8-2	2.38%	6.62%		8-2	5.09%	12.22%
	9-1	-0.10%	0.12%		9-1	0.99%	0.14%
	9-2	0.79%	0.00%		9-2	na	na
PACHUCA-TULANCINGO-TULA	1-1	3.04%	7.55%	MORELIA	1-1	1.38%	2.98%
	1-2	2.11%	7.55%		1-2	1.22%	2.98%
	1-3	2.96%	7.58%		1-3	0.58%	2.90%
	2-1	0.33%	0.00%		2-1	0.86%	0.00%
	2-2	-0.01%	0.00%		2-2	0.13%	0.00%
	2-3	-1.05%	0.00%		2-3	0.93%	0.00%
	2-4	0.35%	0.00%		2-4		
	3-2	-0.59%	0.00%		3-2	-2.12%	0.00%
	4-1	0.42%	1.76%		4-1	1.55%	1.01%
	4-2	0.84%	1.76%		4-2	1.04%	1.01%
	5-1	13.30%	34.54%		5-1	14.84%	37.05%
	5-2	13.74%	34.54%		5-2	14.97%	37.05%
	5-3	13.83%	34.54%		5-3	14.98%	37.05%
	5-4	14.75%	34.54%		5-4	16.38%	37.05%
	6-1	7.13%	17.78%		6-1	3.53%	8.85%
	6-2	7.74%	17.83%		6-2	na	na
	7-1	18.75%	50.23%		7-1	21.01%	53.44%
	8-1	5.11%	14.48%		8-1	3.19%	7.32%
	8-2	4.59%	14.48%		8-2	na	na
	9-1	0.16%	0.13%		9-1	0.12%	0.11%
	9-2	na	na		9-2	na	na

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
CUERNAVACA-CUAUTLA	1-1	-0.74%	1.04%	MONTERREY	1-1	2.56%	2.37%
	1-2	0.51%	1.04%		1-2	1.50%	2.37%
	1-3	na	na		1-3	-1.66%	2.35%
	2-1	2.86%	0.00%		2-1	-1.25%	0.00%
	2-2	0.52%	0.00%		2-2	1.40%	0.00%
	2-3	na	na		2-3	0.23%	0.00%
	2-4	na	na		2-4	0.95%	0.00%
	3-2	-4.00%	2.60%		3-2	2.59%	0.00%
	4-1	-1.22%	2.60%		4-1	0.77%	1.40%
	4-2	2.12%	2.60%		4-2	1.36%	1.40%
	5-1	15.86%	46.19%		5-1	8.77%	19.79%
	5-2	18.44%	46.19%		5-2	9.01%	19.79%
	5-3	18.04%	46.19%		5-3	9.09%	19.79%
	5-4	20.11%	46.19%		5-4	9.29%	19.79%
	6-1	8.77%	19.50%		6-1	5.49%	10.89%
	6-2	12.56%	20.47%		6-2	na	na
	7-1	19.00%	54.50%		7-1	3.94%	7.54%
	8-1	1.09%	6.21%		8-1	5.24%	8.57%
	8-2	1.10%	6.20%		8-2	6.18%	8.62%
	9-1	0.88%	1.96%		9-1	0.97%	0.10%
	9-2	na	na		9-2	na	na
TEPIC	1-1	0.94%	2.50%	OAXACA	1-1	1.10%	5.17%
	1-2	0.79%	2.50%		1-2	0.58%	5.17%
	1-3	0.66%	2.50%		1-3	0.90%	5.17%
	2-1	0.19%	0.00%		2-1	-1.23%	0.00%
	2-2	0.73%	0.00%		2-2	0.27%	0.00%
	2-3	0.32%	0.00%		2-3	0.30%	0.00%
	2-4	1.05%	0.00%		2-4	-0.44%	0.00%
	3-2	0.07%	0.00%		3-2	-1.77%	0.00%
	4-1	0.23%	0.22%		4-1	-0.30%	1.42%
	4-2	0.17%	0.22%		4-2	0.93%	1.42%
	5-1	11.40%	32.13%		5-1	20.41%	54.96%
	5-2	12.46%	32.13%		5-2	22.07%	54.96%
	5-3	13.56%	32.13%		5-3	21.64%	54.96%
	5-4	12.91%	32.13%		5-4	21.85%	54.96%
	6-1	4.15%	10.75%		6-1	3.14%	8.54%
	6-2	4.91%	10.79%		6-2	na	na
	7-1	10.42%	23.98%		7-1	12.93%	33.88%
	8-1	5.30%	11.45%		8-1	2.72%	6.67%
	8-2	na	na		8-2	2.40%	6.67%
	9-1	-0.01%	0.13%		9-1	1.02%	1.79%
	9-2	0.12%	0.00%		9-2	-0.91%	0.00%

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
PUEBLA-TLAXCALA	1-1	0.94%	2.74%	CANCUN	1-1	2.64%	4.16%
	1-2	0.98%	2.74%		1-2	2.67%	4.16%
	1-3	1.22%	2.79%		1-3	2.78%	4.16%
	2-1	-0.52%	0.00%		2-1	na	na
	2-2	-1.23%	0.00%		2-2	0.52%	0.00%
	2-3	-0.74%	0.00%		2-3	-0.88%	0.00%
	2-4	0.03%	0.00%		2-4	0.88%	0.00%
	3-2	0.06%	0.00%		3-2	5.23%	0.00%
	4-1	0.65%	1.69%		4-1	1.68%	1.28%
	4-2	0.05%	1.69%		4-2	4.48%	1.28%
	5-1	15.01%	40.41%		5-1	14.84%	31.51%
	5-2	16.44%	40.41%		5-2	14.95%	31.51%
	5-3	16.47%	40.41%		5-3	na	na
	5-4	17.78%	40.41%		5-4	15.36%	31.51%
	6-1	6.84%	17.81%		6-1	6.48%	10.97%
	6-2	8.51%	17.98%		6-2	4.41%	10.88%
	7-1	18.53%	46.77%		7-1	14.58%	26.07%
	8-1	7.42%	17.28%		8-1	6.35%	6.20%
	8-2	6.40%	17.43%		8-2	8.22%	6.20%
	9-1	0.56%	1.14%		9-1	1.04%	0.84%
	9-2	na	na		9-2	3.26%	0.00%
QUERETARO	1-1	0.36%	2.17%	CULIACAN	1-1	0.75%	2.35%
	1-2	0.88%	2.17%		1-2	1.14%	2.35%
	1-3	3.71%	1.92%		1-3	1.46%	2.35%
	2-1	-4.79%	0.00%		2-1	-1.87%	0.00%
	2-2	-3.29%	0.00%		2-2	-0.83%	0.00%
	2-3	0.83%	0.00%		2-3	-0.14%	0.00%
	2-4	na	na		2-4	-0.61%	0.00%
	3-2	-0.13%	0.00%		3-2	-0.05%	0.00%
	4-1	-0.04%	0.41%		4-1	0.76%	1.68%
	4-2	0.87%	0.41%		4-2	0.78%	1.68%
	5-1	5.59%	15.67%		5-1	12.81%	32.77%
	5-2	6.93%	15.67%		5-2	12.74%	32.77%
	5-3	6.35%	15.67%		5-3	13.08%	32.77%
	5-4	7.29%	15.67%		5-4	13.33%	32.77%
	6-1	4.21%	9.92%		6-1	2.69%	5.59%
	6-2	na	na		6-2	2.73%	5.43%
	7-1	11.27%	28.06%		7-1	3.60%	8.68%
	8-1	4.29%	8.50%		8-1	3.30%	8.72%
	8-2	3.48%	8.52%		8-2	3.63%	8.76%
	9-1	-0.17%	0.21%		9-1	0.88%	1.42%
	9-2	na	na		9-2	na	na

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
SAN LUIS	1-1	0.42%	1.57%	VILLAHERMOSA	1-1	2.44%	2.16%
	1-2	0.68%	1.57%		1-2	1.05%	2.16%
	1-3	-1.52%	1.55%		1-3	2.08%	2.16%
	2-1	0.13%	0.00%		2-1	0.39%	0.00%
	2-2	0.33%	0.00%		2-2	-1.47%	0.00%
	2-3	0.24%	0.00%		2-3	0.80%	0.00%
	2-4	-0.79%	0.00%		2-4	na	na
	3-2	-0.60%	0.00%		3-2	-0.63%	0.00%
	4-1	0.19%	0.85%		4-1	0.56%	1.92%
	4-2	0.68%	0.85%		4-2	1.23%	1.92%
	5-1	8.44%	19.67%		5-1	11.18%	27.23%
	5-2	8.42%	19.67%		5-2	11.43%	27.23%
	5-3	8.62%	19.67%		5-3	11.74%	27.23%
	5-4	9.16%	19.67%		5-4	11.57%	27.23%
	6-1	2.79%	6.19%		6-1	5.06%	10.88%
	6-2	na	na		6-2	5.77%	10.92%
	7-1	4.68%	12.35%		7-1	8.39%	22.19%
	8-1	1.05%	2.53%		8-1	4.21%	7.98%
	8-2	0.63%	2.47%		8-2	3.84%	7.98%
	9-1	0.65%	0.09%		9-1	1.55%	3.07%
	9-2	na	na		9-2	na	na
HERMOSILLO	1-1	0.82%	2.21%	TAMPICO-MATAMOROS	1-1	-0.72%	1.50%
	1-2	0.86%	2.21%		1-2	0.48%	1.50%
	1-3	1.71%	2.21%		1-3	3.15%	1.45%
	2-1	1.47%	0.00%		2-1	1.40%	0.00%
	2-2	0.92%	0.00%		2-2	-0.23%	0.00%
	2-3	0.24%	0.00%		2-3	1.10%	0.00%
	2-4	-0.09%	0.00%		2-4	na	na
	3-2	1.40%	0.00%		3-2	-0.56%	0.00%
	4-1	0.34%	0.73%		4-1	0.31%	0.75%
	4-2	0.67%	0.73%		4-2	0.40%	0.75%
	5-1	9.88%	23.74%		5-1	7.69%	19.16%
	5-2	9.86%	23.74%		5-2	8.80%	19.16%
	5-3	10.19%	23.74%		5-3	6.02%	19.16%
	5-4	10.27%	23.74%		5-4	8.98%	19.16%
	6-1	3.89%	8.65%		6-1	0.97%	5.18%
	6-2	3.98%	8.65%		6-2	na	na
	7-1	5.65%	12.57%		7-1	8.95%	18.95%
	8-1	3.23%	7.00%		8-1	2.54%	6.30%
	8-2	3.07%	7.03%		8-2	1.83%	6.30%
	9-1	-0.31%	0.12%		9-1	0.27%	0.06%
	9-2	0.36%	0.00%		9-2	2.34%	0.00%

Source: Estimation Results

Table C1 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for MALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
TLAXCALA-APIZACO	1-1	-3.76%	0.68%	MERIDA	1-1	1.07%	3.54%
	1-2	-1.36%	0.68%		1-2	0.87%	3.54%
	1-3	na	na		1-3	1.63%	3.54%
	2-1	-0.99%	0.00%		2-1	1.88%	0.00%
	2-2	0.52%	0.00%		2-2	0.50%	0.00%
	2-3	-0.21%	0.00%		2-3	0.56%	0.00%
	2-4	na	na		2-4	na	na
	3-2	-1.10%	0.00%		3-2	-2.44%	0.00%
	4-1	-2.84%	0.29%		4-1	0.40%	2.00%
	4-2	-0.86%	0.29%		4-2	0.29%	2.00%
	5-1	17.60%	44.65%		5-1	12.78%	32.64%
	5-2	19.07%	44.65%		5-2	14.34%	32.64%
	5-3	20.09%	44.65%		5-3	14.85%	32.67%
	5-4	21.14%	44.65%		5-4	15.87%	32.64%
	6-1	11.87%	31.40%		6-1	4.00%	9.02%
	6-2	12.77%	31.54%		6-2	4.49%	9.04%
	7-1	17.05%	44.80%		7-1	5.13%	11.56%
	8-1	2.69%	7.19%		8-1	3.13%	7.07%
	8-2	na	na		8-2	2.61%	7.07%
	9-1	0.25%	0.33%		9-1	-0.29%	0.21%
	9-2	-0.33%	0.00%		9-2	0.46%	0.00%
VERACRUZ-XALAPA	1-1	2.01%	4.28%	ZACATECAS	1-1	1.26%	2.09%
	1-2	2.19%	4.28%		1-2	0.94%	2.09%
	1-3	-1.04%	4.28%		1-3	2.30%	2.08%
	2-1	0.61%	0.00%		2-1	-1.00%	0.00%
	2-2	-0.36%	0.00%		2-2	0.17%	0.00%
	2-3	-1.63%	0.00%		2-3	-0.87%	0.00%
	2-4	na	na		2-4	-0.26%	0.00%
	3-2	-2.26%	0.00%		3-2	-6.82%	0.00%
	4-1	0.25%	0.13%		4-1	0.78%	1.46%
	4-2	0.22%	0.13%		4-2	0.74%	1.46%
	5-1	11.36%	28.58%		5-1	12.19%	30.40%
	5-2	11.61%	28.58%		5-2	12.59%	30.40%
	5-3	12.02%	28.58%		5-3	12.58%	30.40%
	5-4	12.57%	28.58%		5-4	13.39%	30.40%
	6-1	3.45%	7.97%		6-1	5.53%	12.06%
	6-2	3.80%	8.07%		6-2	6.21%	12.13%
	7-1	10.38%	24.67%		7-1	8.96%	20.83%
	8-1	1.47%	3.71%		8-1	3.05%	6.56%
	8-2	1.52%	3.71%		8-2	na	na
	9-1	-0.51%	0.14%		9-1	0.96%	2.99%
	9-2	-2.52%	0.00%		9-2	na	na

Source: Estimation Results

Table C2

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
AGUASCALIENTES	1-1	-1.02%	2.54%	LA PAZ	1-1	3.58%	0.11%
	1-2	-0.45%	2.54%		1-2	-2.09%	0.11%
	1-3	na	na		1-3	1.76%	0.09%
	2-1	0.04%	0.00%		2-1	na	na
	2-2	1.99%	0.00%		2-2	2.43%	0.00%
	2-3	-1.28%	0.00%		2-3	0.32%	0.00%
	2-4	-0.65%	0.00%		2-4	1.14%	0.00%
	3-2	0.30%	0.01%		3-2	6.67%	0.01%
	4-1	1.74%	0.97%		4-1	0.90%	0.98%
	4-2	0.30%	0.97%		4-2	1.56%	0.98%
	5-1	3.53%	8.14%		5-1	na	na
	5-2	4.40%	8.42%		5-2	6.15%	11.17%
	5-3	4.36%	8.42%		5-3	na	na
	5-4	4.40%	8.42%		5-4	7.12%	11.17%
	6-1	6.17%	15.15%		6-1	2.85%	4.56%
	6-2	na	na		6-2	na	na
	8-1	1.98%	6.08%		8-1	1.46%	2.74%
	8-2	2.01%	6.08%		8-2	1.23%	2.44%
	9-1	0.53%	0.03%		9-1	1.68%	0.03%
TIJUANA-MEXICALI	1-1	2.06%	0.13%	CAMPECHE	1-1	0.53%	0.03%
	1-2	0.58%	0.13%		1-2	0.32%	0.03%
	1-3	na	na		1-3	0.37%	0.04%
	2-1	-0.84%	0.00%		2-1	0.45%	0.00%
	2-2	-1.44%	0.00%		2-2	-0.01%	0.00%
	2-3	2.30%	0.00%		2-3	0.34%	0.00%
	2-4	-0.43%	0.00%		2-4	-0.61%	0.00%
	3-2	-10.17%	0.08%		3-2	1.32%	0.01%
	4-1	-1.54%	1.20%		4-1	1.29%	0.14%
	4-2	-0.42%	1.20%		4-2	-0.19%	0.14%
	5-1	4.71%	10.06%		5-1	5.13%	13.50%
	5-2	7.99%	10.06%		5-2	6.87%	13.40%
	5-3	6.69%	8.47%		5-3	6.01%	12.07%
	5-4	8.59%	10.06%		5-4	6.55%	13.40%
	6-1	5.49%	9.77%		6-1	4.83%	12.56%
	6-2	5.94%	11.47%		6-2	na	na
	8-1	4.16%	4.97%		8-1	1.48%	3.03%
	8-2	3.90%	4.51%		8-2	0.67%	2.99%
	9-1	5.18%	0.16%		9-1	0.52%	0.04%

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
TUXTLA GUTIERREZ	1-1	-0.63%	0.06%	SALTILLO-MONCLOVA	1-1	0.49%	0.77%
	1-2	-0.33%	0.06%		1-2	-0.16%	0.77%
	1-3	0.86%	0.06%		1-3	0.21%	0.79%
	2-1	-0.26%	0.00%		2-1	-2.06%	0.00%
	2-2	0.30%	0.00%		2-2	0.33%	0.00%
	2-3	0.37%	0.00%		2-3	-0.13%	0.00%
	2-4	-0.33%	0.00%		2-4	-0.15%	0.00%
	3-2	-0.37%	0.06%		3-2	-0.67%	0.01%
	4-1	0.64%	0.13%		4-1	1.47%	1.41%
	4-2	0.34%	0.13%		4-2	0.29%	1.41%
	5-1	na	na		5-1	2.98%	7.06%
	5-2	4.42%	9.46%		5-2	3.59%	7.34%
	5-3	4.04%	9.23%		5-3	3.61%	7.31%
	5-4	4.56%	9.46%		5-4	3.91%	7.34%
	6-1	1.98%	4.26%		6-1	4.13%	9.17%
	6-2	na	na		6-2	na	na
	8-1	0.13%	0.89%		8-1	1.33%	3.82%
	8-2	0.12%	0.73%		8-2	1.45%	3.82%
	9-1	-4.28%	0.60%		9-1	0.17%	0.00%
CHIHUAHUA	1-1	0.81%	0.77%	COLIMA-TECOMAN	1-1	-2.01%	0.85%
	1-2	0.85%	0.77%		1-2	0.05%	0.85%
	1-3	na	na		1-3	-4.38%	0.87%
	2-1	0.08%	0.00%		2-1	-1.05%	0.00%
	2-2	0.64%	0.00%		2-2	0.95%	0.00%
	2-3	0.67%	0.00%		2-3	1.36%	0.00%
	2-4	0.78%	0.00%		2-4	na	na
	3-2	-2.36%	0.01%		3-2	-0.87%	0.02%
	4-1	0.65%	0.69%		4-1	-0.05%	0.26%
	4-2	0.30%	0.69%		4-2	1.04%	0.26%
	5-1	1.89%	3.62%		5-1	na	na
	5-2	2.16%	3.78%		5-2	6.25%	14.15%
	5-3	2.29%	3.77%		5-3	6.24%	14.15%
	5-4	2.27%	3.78%		5-4	6.61%	14.15%
	6-1	1.54%	2.82%		6-1	4.00%	9.95%
	6-2	na	na		6-2	na	na
	8-1	1.86%	4.37%		8-1	3.31%	8.81%
	8-2	2.02%	4.37%		8-2	3.31%	8.81%
	9-1	0.37%	0.02%		9-1	2.29%	0.06%

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
VALLE DE MEXICO	1-1	-0.58%	0.09%	TOLUCA	1-1	-0.34%	0.06%
	1-2	0.38%	0.09%		1-2	-2.87%	0.06%
	1-3	-0.03%	0.08%		1-3	2.71%	0.04%
	2-1	0.90%	0.00%		2-1	-5.39%	0.00%
	2-2	-1.17%	0.00%		2-2	-2.97%	0.00%
	2-3	-0.31%	0.00%		2-3	0.88%	0.00%
	2-4	0.48%	0.00%		2-4	2.02%	0.00%
	3-2	0.16%	0.07%		3-2	3.34%	0.04%
	4-1	0.36%	1.54%		4-1	-0.02%	0.59%
	4-2	0.41%	1.54%		4-2	1.76%	0.59%
	5-1	9.01%	23.01%		5-1	7.73%	16.28%
	5-2	10.75%	22.81%		5-2	9.06%	16.27%
	5-3	9.87%	22.90%		5-3	8.09%	16.03%
	5-4	10.94%	22.81%		5-4	8.68%	16.27%
	6-1	7.48%	16.54%		6-1	5.41%	11.67%
	6-2	8.74%	17.88%		6-2	na	na
	8-1	3.34%	6.35%		8-1	2.72%	5.07%
	8-2	3.11%	6.35%		8-2	1.92%	5.07%
	9-1	0.59%	0.13%		9-1	-1.00%	0.30%
DURANGO	1-1	-0.53%	0.88%	LEON	1-1	1.24%	1.03%
	1-2	0.17%	0.88%		1-2	0.26%	1.03%
	1-3	-0.03%	0.88%		1-3	-0.20%	1.06%
	2-1	na	na		2-1	-1.49%	0.00%
	2-2	-1.07%	0.00%		2-2	-1.18%	0.00%
	2-3	0.39%	0.00%		2-3	-1.17%	0.00%
	2-4	na	na		2-4	na	na
	3-2	4.32%	0.01%		3-2	-3.10%	0.01%
	4-1	0.56%	1.14%		4-1	0.05%	1.14%
	4-2	0.67%	1.14%		4-2	0.33%	1.14%
	5-1	6.81%	16.97%		5-1	3.73%	9.68%
	5-2	8.04%	16.92%		5-2	4.31%	9.70%
	5-3	8.25%	16.98%		5-3	3.80%	9.70%
	5-4	8.23%	16.92%		5-4	3.99%	9.70%
	6-1	6.32%	13.35%		6-1	4.29%	10.65%
	6-2	na	na		6-2	na	na
	8-1	0.29%	0.86%		8-1	1.64%	4.04%
	8-2	0.01%	0.86%		8-2	1.66%	4.04%
	9-1	-0.06%	0.02%		9-1	0.45%	0.03%

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
ACAPULCO - CHILPANCINGO	1-1	-0.74%	1.34%	GUADALAJARA	1-1	1.14%	0.88%
	1-2	-0.21%	1.34%		1-2	0.47%	0.88%
	1-3	na	na		1-3	2.07%	0.84%
	2-1	-1.59%	0.00%		2-1	1.37%	0.00%
	2-2	-0.51%	0.00%		2-2	-2.84%	0.00%
	2-3	-0.43%	0.00%		2-3	0.11%	0.00%
	2-4	-0.47%	0.00%		2-4	2.97%	0.00%
	3-2	-2.40%	0.01%		3-2	1.96%	0.01%
	4-1	-0.53%	0.13%		4-1	1.11%	1.30%
	4-2	-0.20%	0.13%		4-2	0.50%	1.30%
	5-1	9.74%	26.29%		5-1	5.04%	11.59%
	5-2	11.43%	26.20%		5-2	5.69%	11.69%
	5-3	na	na		5-3	5.72%	11.71%
	5-4	11.36%	26.20%		5-4	5.75%	11.69%
	6-1	8.12%	18.11%		6-1	4.48%	9.84%
	6-2	8.70%	18.37%		6-2	4.40%	9.84%
	8-1	1.60%	4.50%		8-1	2.94%	6.97%
	8-2	1.85%	4.50%		8-2	3.05%	6.97%
	9-1	0.40%	0.02%		9-1	-0.42%	0.03%
PACHUCA-TULANCINGO-TULA	1-1	0.73%	0.67%	MORELIA	1-1	0.75%	0.09%
	1-2	0.33%	0.67%		1-2	0.31%	0.09%
	1-3	1.03%	0.03%		1-3	na	na
	2-1	-0.67%	0.00%		2-1	2.21%	0.00%
	2-2	0.16%	0.00%		2-2	1.79%	0.00%
	2-3	-0.23%	0.00%		2-3	1.33%	0.00%
	2-4	-1.38%	0.00%		2-4	na	na
	3-2	0.29%	0.01%		3-2	2.82%	0.02%
	4-1	1.56%	0.97%		4-1	1.22%	0.71%
	4-2	0.00%	0.97%		4-2	1.03%	0.71%
	5-1	9.44%	23.69%		5-1	na	na
	5-2	11.05%	23.73%		5-2	5.93%	13.20%
	5-3	10.36%	24.06%		5-3	5.79%	12.98%
	5-4	11.11%	23.73%		5-4	6.41%	13.20%
	6-1	6.74%	16.90%		6-1	0.42%	1.60%
	6-2	7.97%	17.58%		6-2	na	na
	8-1	2.83%	6.77%		8-1	1.76%	4.53%
	8-2	2.31%	6.77%		8-2	1.72%	4.53%
	9-1	-0.25%	0.16%		9-1	na	na

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
CUERNAVACA-CUAUTLA	1-1	2.23%	0.18%	MONTERREY	1-1	1.47%	0.13%
	1-2	-3.06%	0.18%		1-2	1.21%	0.13%
	1-3	na	na		1-3	0.94%	0.08%
	2-1	na	na		2-1	1.96%	0.00%
	2-2	1.91%	0.00%		2-2	-1.07%	0.00%
	2-3	-0.69%	0.00%		2-3	0.23%	0.00%
	2-4	na	na		2-4	-0.49%	0.00%
	3-2	1.15%	0.13%		3-2	-0.43%	0.01%
	4-1	-0.39%	1.82%		4-1	1.42%	1.50%
	4-2	0.23%	1.82%		4-2	1.26%	1.50%
	5-1	5.82%	13.77%		5-1	4.20%	6.86%
	5-2	7.28%	13.75%		5-2	4.66%	7.03%
	5-3	6.12%	12.53%		5-3	4.36%	6.92%
	5-4	6.98%	13.75%		5-4	4.51%	7.03%
	6-1	6.53%	14.34%		6-1	6.45%	11.74%
	6-2	8.17%	15.02%		6-2	na	na
	8-1	1.85%	4.04%		8-1	2.67%	4.32%
	8-2	1.41%	4.04%		8-2	2.57%	4.32%
	9-1	-4.24%	0.47%		9-1	0.36%	0.00%
TEPIC	1-1	-0.23%	0.08%	OAXACA	1-1	-0.16%	0.98%
	1-2	-0.97%	0.08%		1-2	-0.65%	0.98%
	1-3	na	na		1-3	-0.03%	1.00%
	2-1	-1.36%	0.00%		2-1	na	na
	2-2	-0.63%	0.00%		2-2	-0.14%	0.00%
	2-3	0.81%	0.00%		2-3	0.40%	0.00%
	2-4	na	na		2-4	-0.83%	0.00%
	3-2	-3.11%	0.01%		3-2	-1.27%	0.05%
	4-1	0.51%	0.94%		4-1	0.68%	0.63%
	4-2	0.90%	0.94%		4-2	0.57%	0.63%
	5-1	8.19%	22.64%		5-1	11.52%	30.88%
	5-2	8.73%	22.01%		5-2	13.67%	30.69%
	5-3	na	na		5-3	na	na
	5-4	8.77%	22.01%		5-4	13.58%	30.69%
	6-1	3.68%	9.12%		6-1	9.10%	19.24%
	6-2	na	na		6-2	na	na
	8-1	2.88%	7.25%		8-1	2.64%	6.67%
	8-2	2.25%	7.25%		8-2	4.07%	6.67%
	9-1	0.00%	0.03%		9-1	0.47%	0.03%

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
PUEBLA-TLAXCALA	1-1	-0.20%	0.79%	CANCUN	1-1	2.96%	0.12%
	1-2	0.77%	0.79%		1-2	3.35%	0.12%
	1-3	-0.14%	0.81%		1-3	5.29%	0.09%
	2-1	-1.91%	0.00%		2-1	na	na
	2-2	-0.07%	0.00%		2-2	2.93%	0.00%
	2-3	-0.58%	0.00%		2-3	3.12%	0.00%
	2-4	0.63%	0.00%		2-4	na	na
	3-2	-0.49%	3.70%		3-2	0.35%	0.03%
	4-1	0.76%	0.59%		4-1	4.36%	0.74%
	4-2	-0.58%	0.59%		4-2	2.46%	0.74%
	5-1	10.98%	26.27%		5-1	na	na
	5-2	12.83%	26.28%		5-2	13.86%	19.75%
	5-3	13.18%	27.13%		5-3	na	na
	5-4	12.96%	26.28%		5-4	11.21%	19.75%
	6-1	5.85%	12.98%		6-1	6.02%	9.84%
	6-2	7.29%	13.13%		6-2	na	na
	8-1	1.65%	5.30%		8-1	6.33%	3.70%
	8-2	1.66%	5.30%		8-2	5.22%	3.70%
	9-1	4.52%	10.44%		9-1	-2.36%	0.08%
QUERETARO	1-1	0.24%	0.16%	CULIACAN	1-1	0.03%	0.03%
	1-2	-2.84%	0.16%		1-2	0.88%	0.03%
	1-3	na	na		1-3	0.46%	0.03%
	2-1	-3.17%	0.00%		2-1	0.00%	0.00%
	2-2	3.51%	0.00%		2-2	-0.40%	0.00%
	2-3	0.56%	0.00%		2-3	-0.53%	0.00%
	2-4	-1.59%	0.00%		2-4	na	na
	3-2	6.33%	0.02%		3-2	-1.26%	0.01%
	4-1	-0.33%	0.40%		4-1	0.29%	0.09%
	4-2	-0.18%	0.40%		4-2	0.30%	0.09%
	5-1	2.64%	7.06%		5-1	na	na
	5-2	3.43%	6.88%		5-2	3.34%	7.48%
	5-3	3.33%	7.13%		5-3	na	na
	5-4	3.48%	6.88%		5-4	3.73%	7.48%
	6-1	3.94%	8.73%		6-1	1.62%	3.78%
	6-2	na	na		6-2	na	na
	8-1	1.84%	3.78%		8-1	1.29%	3.31%
	8-2	1.99%	3.78%		8-2	1.60%	3.31%
	9-1	0.34%	0.02%		9-1	na	na

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
SAN LUIS	1-1	0.42%	0.06%	VILLAHERMOSA	1-1	1.62%	0.05%
	1-2	0.19%	0.06%		1-2	0.66%	0.05%
	1-3	na	na		1-3	na	na
	2-1	-4.86%	0.00%		2-1	-0.22%	0.00%
	2-2	-0.11%	0.00%		2-2	1.25%	0.00%
	2-3	-0.41%	0.00%		2-3	1.19%	0.00%
	2-4	na	na		2-4	0.83%	0.00%
	3-2	-0.62%	0.01%		3-2	-1.10%	0.02%
	4-1	0.91%	0.23%		4-1	-0.02%	0.14%
	4-2	0.58%	0.23%		4-2	-0.20%	0.14%
	5-1	4.01%	9.29%		5-1	13.01%	29.85%
	5-2	4.49%	9.33%		5-2	14.98%	28.75%
	5-3	4.59%	9.32%		5-3	na	na
	5-4	4.98%	9.33%		5-4	14.39%	28.75%
	6-1	2.50%	5.85%		6-1	3.44%	7.23%
	6-2	na	na		6-2	na	na
	8-1	3.53%	7.42%		8-1	1.88%	3.41%
	8-2	3.56%	7.42%		8-2	2.07%	3.41%
	9-1	0.83%	0.01%		9-1	0.08%	0.03%
HERMOSILLO	1-1	0.70%	0.05%	TAMPICO-MATAMOROS	1-1	-1.96%	0.80%
	1-2	0.01%	0.05%		1-2	-1.25%	0.80%
	1-3	-0.65%	0.04%		1-3	na	na
	2-1	-0.73%	0.00%		2-1	3.28%	0.00%
	2-2	1.21%	0.00%		2-2	-0.19%	0.00%
	2-3	-0.65%	0.00%		2-3	0.43%	0.00%
	2-4	na	na		2-4	na	na
	3-2	1.30%	0.01%		3-2	2.53%	0.01%
	4-1	0.51%	0.08%		4-1	1.90%	2.22%
	4-2	-0.07%	0.08%		4-2	0.34%	2.22%
	5-1	4.34%	9.17%		5-1	2.00%	7.67%
	5-2	4.74%	9.02%		5-2	4.27%	7.67%
	5-3	4.55%	9.02%		5-3	3.46%	7.30%
	5-4	4.76%	9.02%		5-4	3.55%	7.67%
	6-1	3.08%	6.17%		6-1	5.24%	8.56%
	6-2	na	na		6-2	na	na
	8-1	1.95%	4.53%		8-1	1.62%	3.48%
	8-2	1.82%	4.53%		8-2	1.06%	3.48%
	9-1	0.95%	0.04%		9-1	0.77%	0.04%

Source: Estimation Results

Table C2 (Continuation)

Adjustment Rates and Weighted Average Informality Rates for FEMALE workers							
Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality	Metropolitan Area or Municipality	Occupation	Adjustment Rate	Weighted Average Rate of informality
TLAXCALA-APIZACO	1-1	-3.35%	1.59%	MERIDA	1-1	-0.10%	0.03%
	1-2	-0.61%	1.59%		1-2	-0.65%	0.03%
	1-3	na	na		1-3	-3.16%	0.03%
	2-1	na	na		2-1	0.93%	0.00%
	2-2	0.11%	0.00%		2-2	-0.01%	0.00%
	2-3	-0.10%	0.00%		2-3	-0.08%	0.00%
	2-4	na	na		2-4	0.52%	0.00%
	3-2	-4.16%	0.38%		3-2	-3.85%	0.00%
	4-1	2.82%	0.20%		4-1	-0.05%	1.49%
	4-2	-0.43%	0.20%		4-2	0.17%	1.49%
	5-1	na	na		5-1	9.25%	21.78%
	5-2	12.21%	26.48%		5-2	11.06%	21.76%
	5-3	12.36%	26.71%		5-3	11.04%	21.77%
	5-4	12.28%	26.48%		5-4	11.14%	21.78%
	6-1	3.01%	12.83%		6-1	4.56%	9.30%
	6-2	na	na		6-2	na	na
	8-1	1.35%	3.65%		8-1	1.63%	4.23%
	8-2	2.48%	3.65%		8-2	1.93%	4.23%
	9-1	na	na		9-1	0.26%	0.02%
VERACRUZ-XALAPA	1-1	0.84%	0.08%	ZACATECAS	1-1	0.01%	0.12%
	1-2	-0.06%	0.08%		1-2	0.15%	0.12%
	1-3	na	na		1-3	-0.91%	0.07%
	2-1	-0.08%	0.00%		2-1	0.17%	0.00%
	2-2	1.06%	0.00%		2-2	0.40%	0.00%
	2-3	-0.15%	0.00%		2-3	1.12%	0.00%
	2-4	0.43%	0.00%		2-4	-0.30%	0.00%
	3-2	-0.72%	0.18%		3-2	-0.67%	0.01%
	4-1	-0.56%	0.65%		4-1	-0.01%	1.45%
	4-2	0.64%	0.65%		4-2	0.47%	1.45%
	5-1	4.68%	11.53%		5-1	na	na
	5-2	5.39%	11.49%		5-2	6.64%	13.66%
	5-3	na	na		5-3	6.41%	13.65%
	5-4	5.20%	11.49%		5-4	7.30%	13.66%
	6-1	3.15%	7.37%		6-1	5.90%	13.53%
	6-2	na	na		6-2	na	na
	8-1	0.24%	1.13%		8-1	1.83%	3.70%
	8-2	0.71%	1.13%		8-2	1.79%	3.70%
	9-1	na	na		9-1	-2.57%	0.02%

Source: Estimation Results

Table C3

Formal Net Wage to Informal Wage Ratios								
State	Metropolitan Area	Occupational Group						
		Male Labor Market				Female Labor Market		
		G5	G6	G7	G8	G5	G6	G8
Aguascalientes	Aguascalientes	1.26	1.49	1.80	1.06	1.19	1.38	1.51
Baja California	Tijuana-Mexicali	1.32	1.39	1.68	1.67	1.34	1.49	1.33
Baja California Sur	La Paz - MUN	1.21	1.43	2.00	1.59	1.27	1.19	1.10
Campeche	Campeche-Carmen	1.49	1.90	1.21	1.37	1.66	1.74	1.03
Chiapas	Tuxtla Gutierrez	1.24	1.06	1.20	1.10	1.38	1.66	1.72
Chihuahua	Chihuahua-Juarez	1.19	1.33	1.20	1.27	1.12	2.26	1.23
Coahuila	Saltillo-Monclova-Lag	1.42	1.71	1.58	1.47	1.64	1.70	1.58
Colima	Colima-Tecomán	1.44	1.89	1.70	1.57	1.06	1.36	1.47
Distrito Federal	Valle de Mexico	1.33	1.46	1.28	1.11	1.27	1.54	1.54
Durango	Durango	1.59	1.66	1.44	1.63	1.53	1.38	1.27
Estado de Mexico	Toluca	1.19	1.99	1.52	1.26	1.58	1.75	1.94
Guanajuato	Leon	1.33	1.59	1.02	1.53	1.46	1.66	1.66
Guerrero	Acapulco-Chilpancingo	1.20	1.66	1.64	1.19	1.19	1.11	1.34
Hidalgo	Pachuca	1.68	1.83	1.25	1.24	1.58	1.21	1.34
Jalisco	GUADALAJARA	1.19	1.84	1.20	1.45	1.27	1.59	2.02
Michoacan	Morelia	1.40	1.68	1.20	1.60	1.78	2.26	na
Morelos	Cuernavaca-Cuautla	1.19	1.85	1.14	1.23	1.58	1.58	1.45
Nayarit	Tepic	1.31	1.49	1.35	1.19	1.41	1.67	1.41
Nuevo Leon	Monterrey	1.31	1.40	1.49	1.25	1.46	1.14	1.35
Oaxaca	Oaxaca	1.44	1.67	1.79	1.08	1.36	1.48	1.66
Puebla	Puebla-Tlaxcala	1.42	1.54	1.33	1.53	1.28	1.43	1.81
Queretaro	Queretaro	1.32	1.41	1.20	1.10	1.90	2.24	1.58
Quintana Roo	Cancun	1.21	2.00	1.16	1.59	1.50	1.45	1.59
San Luis Potosí	San Luis Potosi	1.49	1.99	1.21	1.94	1.64	1.03	1.11
Sinaloa	Culiacan-MUN	1.20	2.41	1.20	1.33	1.24	2.13	1.19
Sonora	Hermosillo-MUN	1.44	1.40	1.42	2.06	1.45	1.61	1.24
Tabasco	Villahermosa	1.69	1.19	1.20	1.33	1.85	2.15	1.79
Tamaulipas	Tampico-Matam-Reyn	1.47	1.73	1.23	1.43	1.93	1.41	1.22
Tlaxcala	Tlaxcala-Apizaco	1.19	1.39	1.57	2.13	1.18	1.18	0.88
Veracruz	Veracruz-Xalapa	1.60	2.78	1.93	1.11	1.40	1.77	0.84
Yucatan	Merida	1.30	2.91	1.52	1.61	1.38	1.47	1.51
Zacatecas	Zacatecas	1.49	1.34	1.71	1.19	1.66	1.18	1.51
	Mean	1.36	1.70	1.42	1.41	1.46	1.57	1.43
	Std. Deviation	0.15	0.41	0.26	0.28	0.23	0.34	0.28
	Minimum	1.19	1.06	1.02	1.06	1.06	1.03	0.84
	First Quartile	1.21	1.40	1.20	1.19	1.27	1.38	1.23
	Median	1.32	1.66	1.34	1.35	1.43	1.52	1.45
	Third Quartile	1.45	1.86	1.59	1.59	1.60	1.71	1.59
	Maximum	1.69	2.91	2.00	2.13	1.93	2.26	2.02

Source: Own calculations.
The Net Wages in the formal sector were estimated considering that workers in this sector get the benefits associated to salaried work; that is, considering that the worker in the formal sector in a given location gets medical benefits and fringe benefits.

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