This paper analyzes the existence of a wage curve in Uruguay. We run several models for the period 1986-2005 using two different proxies of the wage. We obtain an elasticity of -0.09 between unemployment and wages. The elasticity is higher for the youth, women, and less educated workers. We also obtain differences when disaggregating by occupation and formality. The results indicate that the elasticity increases under adverse macroeconomic shocks. Besides, said results suggest that an increase of unemployment pushes up informality and self-employment, which lead to a depression of earnings in these sectors. Thus, informality and self-employment would act as a buffer for unemployed formal wage earners.

Keywords: wage unemployment, wage curve, formality, informality, Uruguay. JEL: E24, J31, E26, O54.