

SEGMENTATION BY GENDER AND REGION IN THE BRAZILIAN LABOR MARKET: 2002-2014

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ABSTRACT

The neoliberal macroeconomic agenda applied in Brazil during the 1990s aimed to reach currency stability through a fixed exchange rate, which was supported by a pernicious policy of attraction of foreign currency by increasing interest rates and the privatization, which also served the purpose of reducing the state's role. Finally, social policy included in this agenda was restricted to the most vulnerable groups. Despite taming inflation, the consequences of this set of policies were slow output growth, rising public debt, imbalances in the external accounts, loss of the role of the industrial sector and climbing unemployment (Manzano, Salas and Santos, 2015).

The rise of a center-left government in 2003 represented a slow but clear reorientation of the Brazilian economy. Slowly, because the government opted for continuity of contractionary fiscal and monetary policies - bulky primary surpluses and inflation targeting regime - and the free-floating exchange rate, the so-called "macroeconomic tripod." Clear, because the government was able to translate its popular support for policies aimed at generating employment and income for the whole of society, such as formalization of employment relationships, increased wages and salaries and active income transfer policies and recovery of the minimum wage purchasing power.

Thus, the period 2003-2010 was marked by substantial improvement in Brazilian labor market indicators, with declining trends in unemployment and wage inequality and wage real gains, that had great impact changes in the base of the country's social pyramid. Recent research shows that 94.8% of jobs generated in 2000 had reduced income, mainly in the service sector, trade, construction and the textile and clothing industry. Moreover, almost 60% of these jobs were held by women, 80% by non-whites and half of the jobs were created in the Northeast, North and Midwest regions of Brazil relatively backward relative to the South and Southeast regions.

This paper investigates the impact of changes occurring in the Brazilian labor market in the last decade on the profile of low-income working in the country. We seek to understand how employment generation policies and income and reducing inequality contributed to change

the composition of low-income workers in the indentations by gender, region and degree of job insecurity. We define "precarious work" in opposition to "standard" work, and thus it includes atypical forms of employment such as fixed-term contracts, lack of labor rights, low wages and others where working conditions are systematically worse than the "standard" employment relation". Here we follow Rodgers (1989), which defines a precarious employment as the presence of different characteristics that interact with each other leaving the worker in a fragile situation. Thus, not all instability implies a precarious labor: self-employed providing specialized services, with good yields and has great autonomy in defining their work can not be considered precarious despite the instability of their working relations.

The hypothesis is that the changes occurred in this period meant, in general terms, a reduction of regional income inequality and precarious work, without, however, significantly change the low-income worker profile, that is those changes partially preserved a historically exclusionary feature of the Brazilian labor market.

One possible explanation for this phenomenon is the spatial and gender segmentation present in the country's labor market. The primary sector - characterized by stable working conditions, large-scale production processes and capital-intensive and skilled workers with good wages - is usually associated with the South and Southeast regions of Brazil, with a male predominance. On the other hand, the secondary sector - with unstable jobs, low wages, with low skilled labor allocated to small-scale production with low capital intensity - has increased female participation and it is located in relatively backward regions.

In other words, throughout the country, labor markets conditions are worse for women than for men, while for both genders, participation in regional labor markets outside the South-Southeast means greater difficulties to get good quality jobs. In this sense, while the wage gap was reduced in Brazil over the years 2000, the segmentation of the labor market ended up not being mitigated, which meant maintaining a structure, albeit, with a more equitable wage distribution, that reproduces inequalities by gender and region.

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In this general context, Brazilian labour history further consolidated as a specialized historiographical field. for great environmental destruction and involved in the most degrading forms of labour exploitation. The growth of such giant state-owned companies as Petrobras as well as major investments in infrastructure for the 2014 World Cup and the 2016 Olympic Games at the same time created the opportunity for large-scale corruption. As tensions on all those fronts mounted, the second term of former guerrilla fighter Dilma Rousseff, Brazil's first female president, was increasingly confronted with attacks by a powerful alliance of the police-judiciary apparatus, media groups, and new right-wing groups. Labor market segmentation is the division of the labor market according to a principle such as occupation, geography and industry. One type of segmentation is to define groups "with little or no crossover capability", such that members of one segment cannot easily join another segment. This can result in different segments, for example men and women, receiving different wages for the same work. 19th-century Irish political economist John Elliott Cairnes referred to this phenomenon as that of The Brazilian labor market experienced a host of positive developments between 2001 and 2015. Inequality fell, as average schooling levels, labor earnings, and formal contract hiring substantially increased. Despite this period of progress, which is now threatened by an ongoing fiscal crisis, the Brazilian labor market has much to improve upon, particularly with respect to informality and the gender and ethnic earnings gaps. Unlike the fairly consistent declines in the gender and ethnic earnings gaps, the regional earnings gap has evolved erratically during this period. This gap is significant, as different regions in Brazil have very different labor market situations. In 2015, the regional earnings gap remained high, at 31% of their local labor market. This counterfactual suggests that about two-thirds of the overall sorting effect accounting for about 12% of the overall racial wage gap is explained by race-neutral assortative matching. The remainder, which incorporates discriminatory hiring and retention policies, accounts for another 6-8% of the overall racial wage gap. A map showing Brazil's regions and micro-regions (our definition of local labor market; see below), as well as their racial composition, is presented in Figure C1 in the Appendix. In the Southeast region, private employment rates of both genders are higher and less variable across race groups. Specifically, the rate ranges from 47% (for whites) to 51% (for blacks) for men and from 23% (for mixed race individuals) to 27% (for whites) for women. Region-level variables definitions. Gender-Segmented Labor Markets and the Effects of Local Demand Shocks. Juan Pablo Chauvin. Harvard University. JOB MARKET PAPER This version: November 20, 2017 Download the most recent version here. Abstract Gender segmentation in the labor market is widespread. However, most existing studies of the effects of labor demand shocks on local economies assume away gender. In this paper, I show that local labor demand shocks can lead to different outcomes depending on whether they favor male or female employment. I develop a spatial equilibrium model that features g...