



EMPLOYMENT AND INEQUALITY OUTCOMES IN BRAZIL

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Introduction

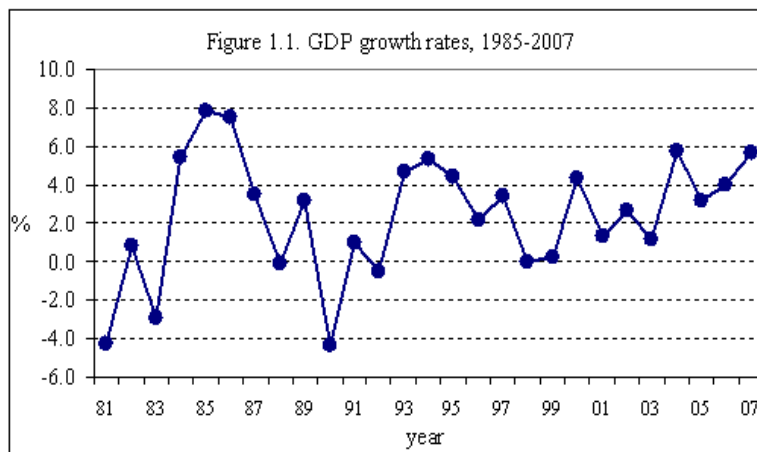
- Important changes in the Brazilian labor market in the last 20 years
 - Trade Liberalization, Privatization, Stabilization
 - In the early 1980s:
 - high inequality, poverty, informality, inflation
 - low unemployment, low education
 - What has happened since then?
 - What are the underlying forces behind these changes?
- 

Demand and supply framework

- Outcomes: poverty, unemployment, inequality and informality
- Demand: job creation, sector of activity, international competition, technology
- Reforms: tax system, judiciary system, costs of doing business, labor costs
- Supply: labor force participation, education, age and gender issues
- Policies: quality of education, tax reforms -> incentives to formalization



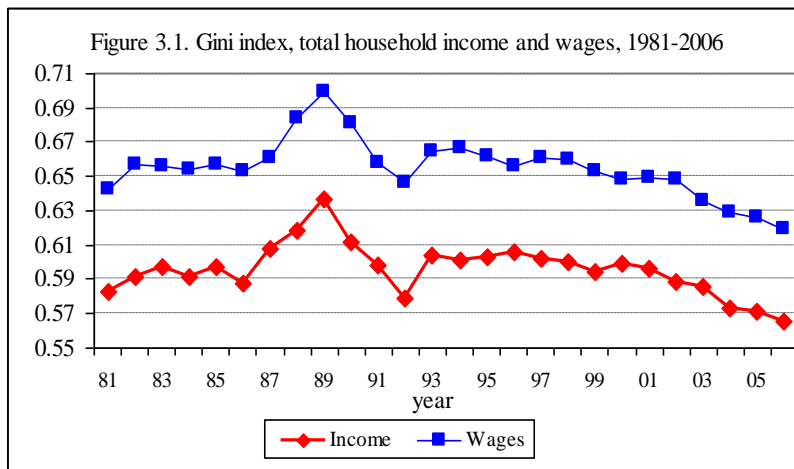
Growth has been very volatile



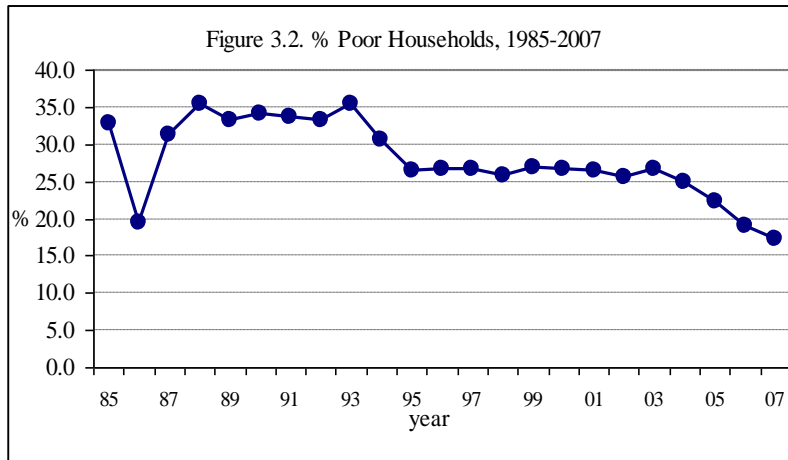
Rise and fall of unemployment



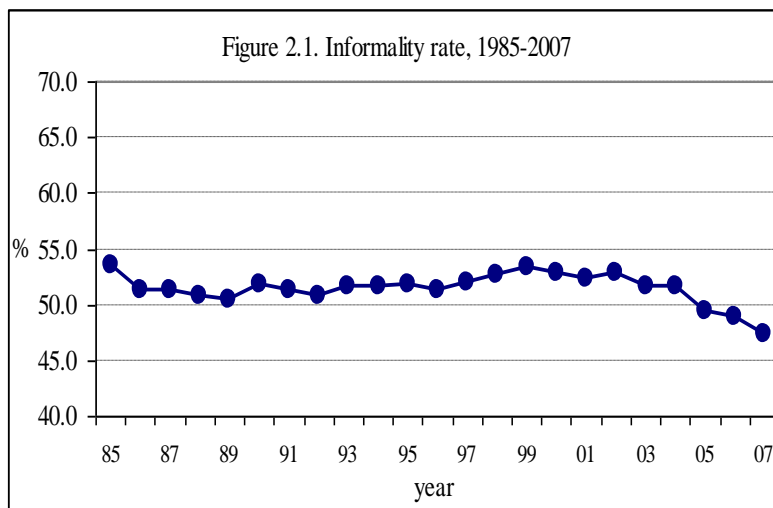
Inequality steadily declining



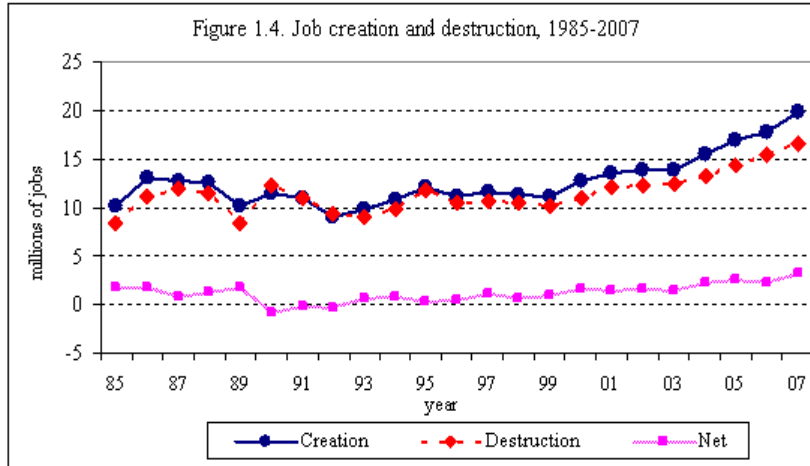
Poverty is also declining



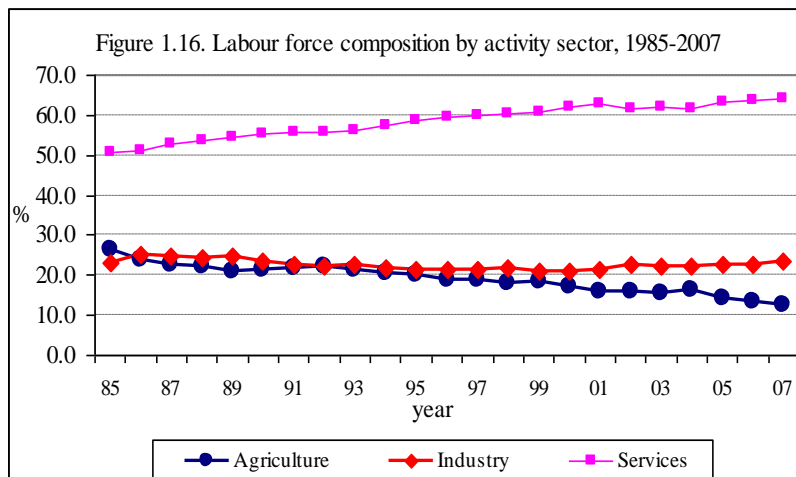
Informality is declining as well



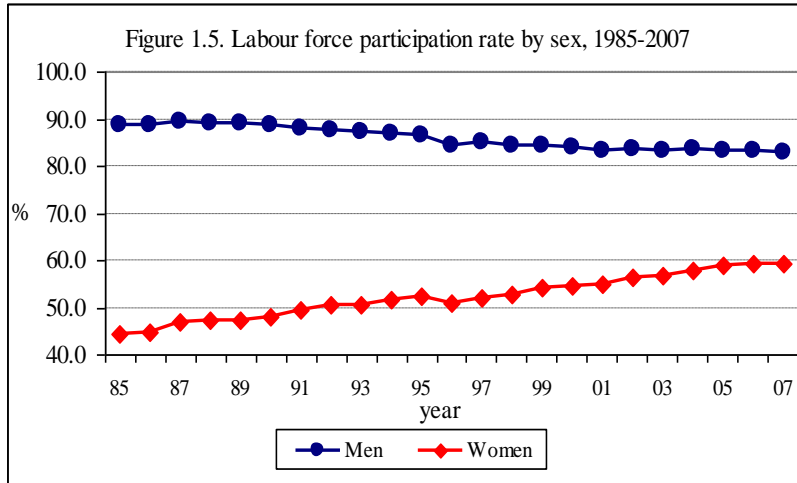
Demand: adjustment and growth



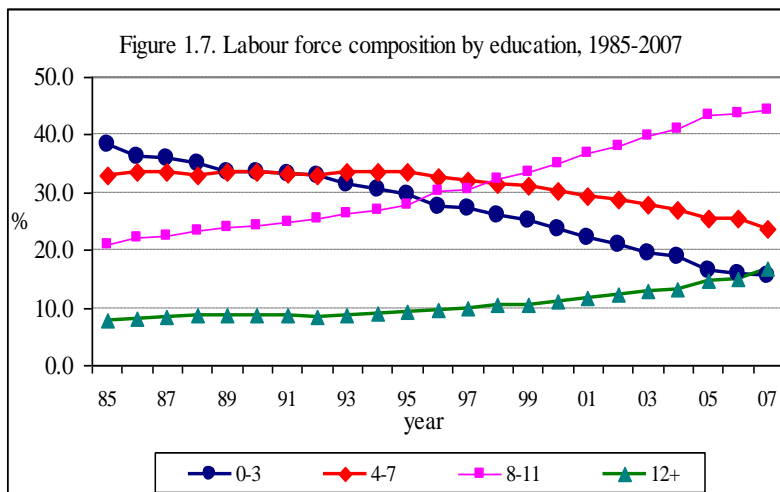
Increasing services sector



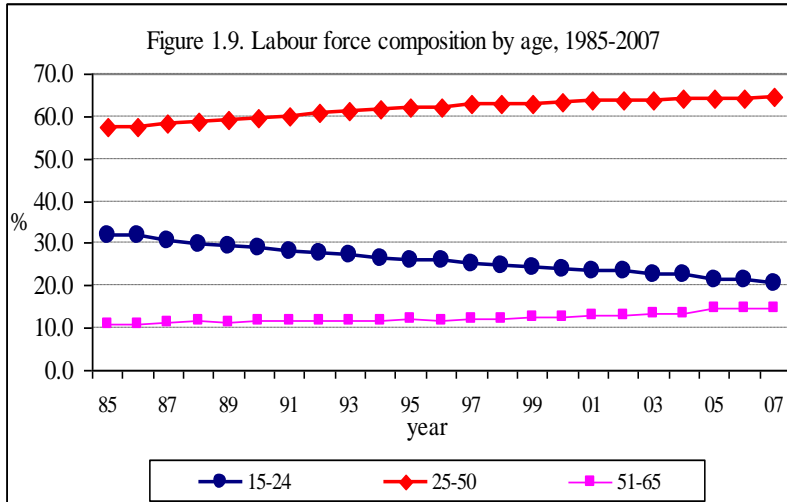
Supply: increasing female participation



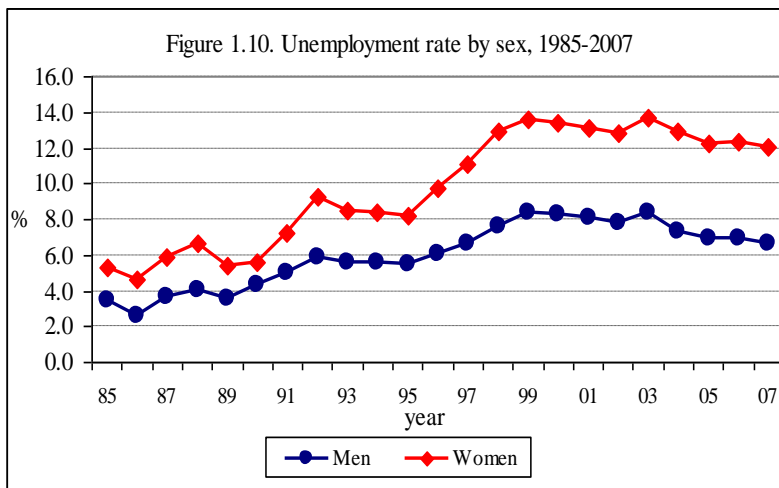
Increasing education



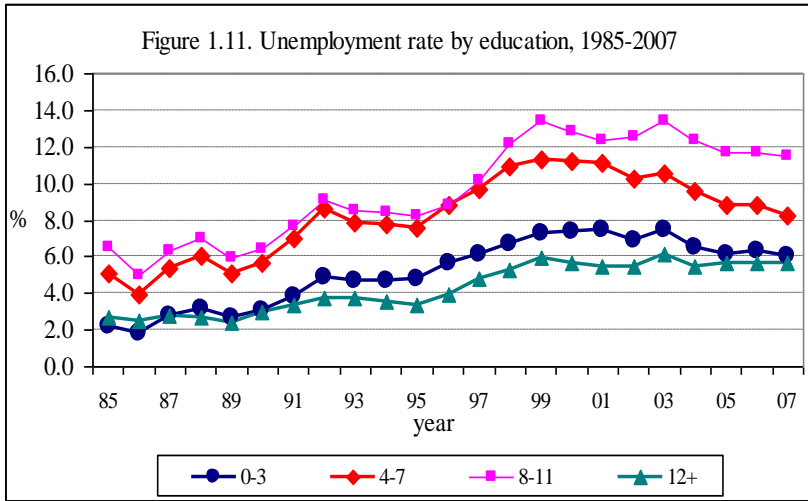
Important demographic changes



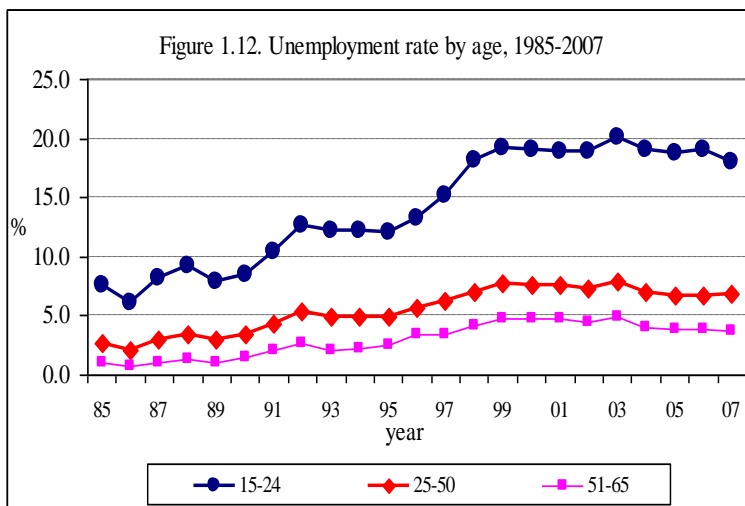
Women more affected by unemployment



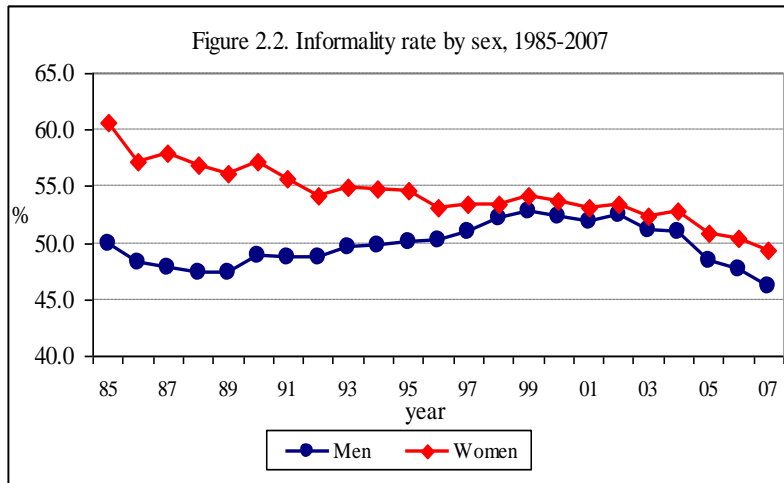
All education groups were affected



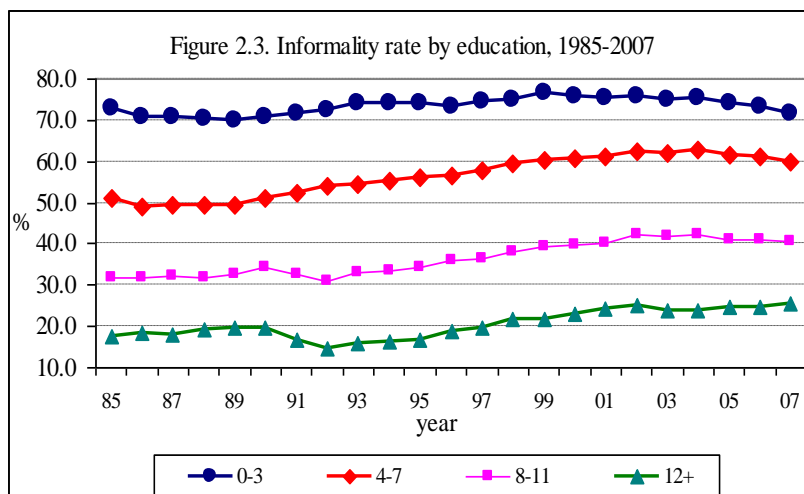
Younger were more affected



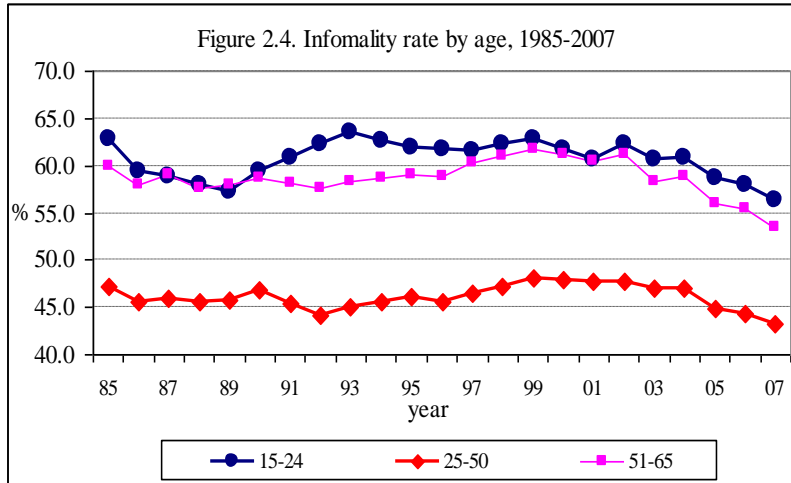
Informality decline: men and women



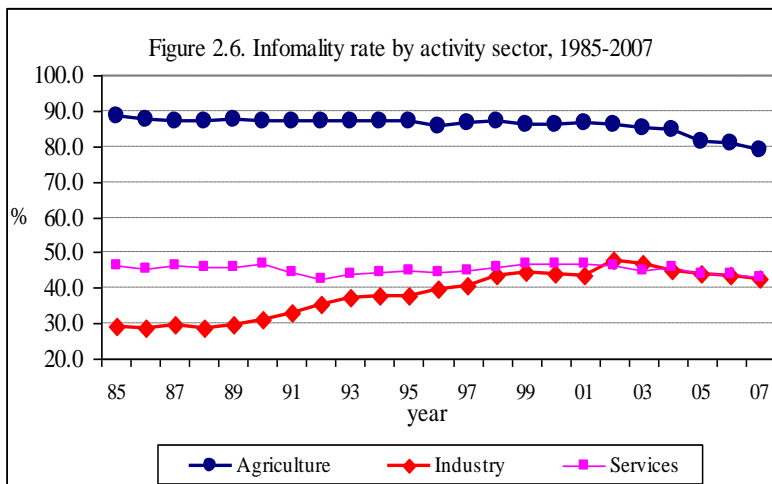
Informality and education



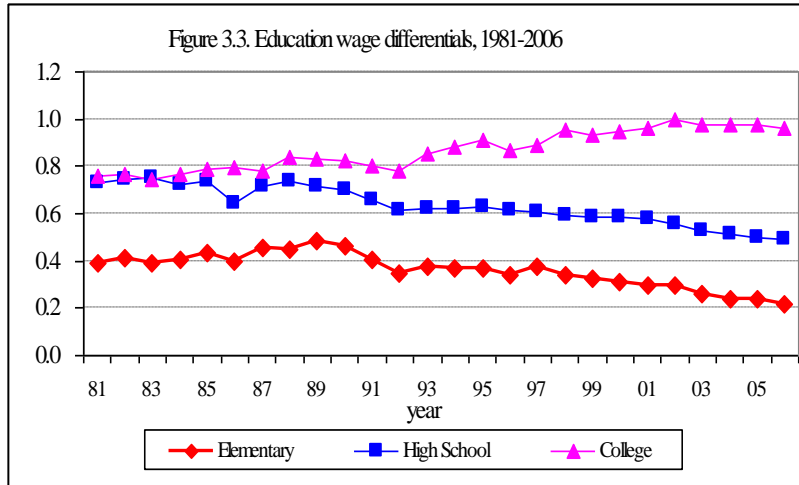
Informality and age



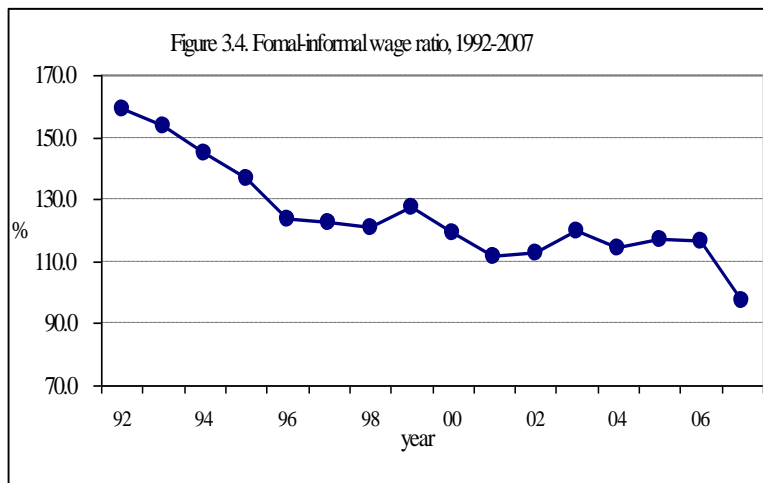
Informality and sector of activity



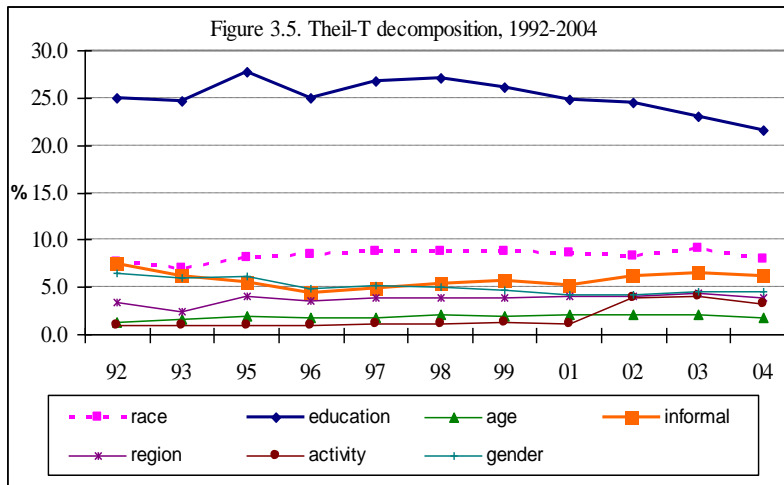
Returns to education are falling



Formal wage differentials are falling



But small role in explaining inequality



Towards new and better jobs

- After adjustment: growth has been generating more jobs recently
- Need more reforms
- Tax reforms: 60 different types of taxes
- Labor costs: expensive to hire formal workers
- Judicial System: 2m labor litigations are initiated every year
- Costs of doing business: 18 different procedures to open new firms

Financial Crisis

- As Brazil was recovering its traditional growth patterns, contaminated by economic crisis
- Country is in better shape now: able to better cope with the crisis, but unemployment and poverty are starting to rise again
- Public sector expenditures are being reduced
- Need the reforms to cope with times ahead.
- Bolsa Familia & unemployment benefits
- Quality of education is the main question now

