

Inequality in crisis and recovery: Revealing the divides The case of Brazil

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Abstract: This paper discusses the effects of two recent economic crises, 1998-99 and 2008-09, on gender and racial inequalities in Brazil. The paper argues that the effects of these crises on qualitative aspects of employment such as wages and employment status have been unequally felt by women and blacks in Brazilian society. During and following the 2008-09 global economic crisis, quantitative aspects of employment, namely employment and unemployment rates, improved for women and blacks. The negative differentiated impacts on qualitative aspects of employment that were visible in the 1998-99 crisis on women and blacks were not as severe. Arguments in the paper link this difference in the impacts of the two crises to social policy interventions such as pension, social transfer and minimum wage revaluation programmes largely implemented in the intercrisis period. These policy interventions have also been linked to decreases in poverty and income inequality in Brazil. Using data on the recent global economic crisis, the paper argues that due to multiple discriminations, black women in particular continue to hold a disadvantaged position in the Brazilian labour market and broader society, and are thus particularly vulnerable to economic shocks. The arguments in this paper provide further evidence that decreased levels of inequality in the labour market help to protect vulnerable groups from the disparate impacts of crises, and strengthen larger efforts to combat poverty.

JEL classification: I38, J15, J64.

Resumé: Ce document examine les effets de deux crises économiques récentes, 1998-99 et 2008-09, sur les inégalités entre les sexes, d'une part, et entre les races, d'autre part, au Brésil. L'auteur affirme que les effets de ces crises sur les aspects qualitatifs de l'emploi, tels que les salaires et la situation professionnelle, ont été ressentis de manière inégale par les femmes et par les Noirs dans la société brésilienne. Pendant et après la crise économique mondiale de 2008-09, les aspects quantitatifs de l'emploi, à savoir les taux d'emploi et de chômage, se sont améliorés pour les femmes et pour les Noirs. Les effets négatifs différenciés sur les aspects qualitatifs de l'emploi, qui ont été visibles pour les femmes et pour les Noirs dans la crise de 1998-99, n'ont pas été aussi importants en 2008-09. Les arguments présentés dans ce document établissent un lien entre cette différence dans les effets des deux crises et des initiatives en matière de politique sociale, notamment dans les domaines des pensions, des transferts sociaux et de la revalorisation du salaire minimum, des programmes mis en œuvre en grande partie pendant la période séparant les deux crises. Ces initiatives politiques ont également été associées à la diminution de la pauvreté ainsi qu'à une baisse des inégalités des revenus au Brésil. Exploitant des données sur la récente crise économique mondiale, l'auteur soutient qu'en raison de multiples discriminations, les femmes noires en particulier, continuent de se trouver en position de désavantage sur le marché du travail brésilien et dans la société de manière générale, et sont donc particulièrement vulnérables aux chocs économiques. Les arguments contenus dans ce document apportent une preuve supplémentaire selon laquelle la baisse du niveau des inégalités sur le marché du travail contribue à protéger les groupes vulnérables contre les conséquences diverses des crises, et renforce les efforts plus larges de lutte contre la pauvreté.

Classification JEL: I38, J15, J64.

Resumen: Este documento analiza los efectos de dos crisis económicas recientes, en 1998-99 y 2008-09, sobre las desigualdades de género y raciales en Brasil. El documento sostiene que los efectos de estas crisis sobre los aspectos cualitativos del empleo, tales como los salarios y el estatus laboral, se han sentido de forma desigual por las mujeres y la población negra en la sociedad brasileña. Durante y después de la crisis económica mundial de 2008-09 los aspectos cuantitativos del empleo, concretamente las tasas de empleo y desempleo, mejoraron para las mujeres y la población negra. Los diferentes impactos negativos sobre aspectos cualitativos del empleo entre las mujeres y la población negra no fueron tan graves como los observados en la crisis de 1998-99. El razonamiento del documento relaciona esta diferencia entre los impactos de las dos crisis con las intervenciones en política social, tales como las pensiones, las transferencias sociales y los programas de revisión del salario mínimo que se llevaron a cabo masivamente durante el periodo entre crisis. Estas intervenciones de políticas también se han asociado con el descenso de la desigualdad de ingresos y de la pobreza en Brasil. Basándose en datos de la reciente crisis económica mundial, el documento sostiene que, debido a las múltiples formas de discriminación, las mujeres negras en particular siguen estando en desventaja en el mercado laboral brasileño y en la sociedad en general, y por ello son especialmente vulnerables a los impactos económicos. Los argumentos que se presentan en el documento ofrecen más evidencia de que un menor nivel de desigualdad en el mercado de trabajo contribuye a proteger a los grupos vulnerables de los impactos dispares de las crisis, y fortalece los esfuerzos más amplios para combatir la pobreza.

Clasificación JEL: I38, J15, J64.

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Director of the Policy Integration Department: *Stephen Pursey*

Inequality in crisis and recovery: Revealing the divides. The case of Brazil

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1. Introduction

Since the global economic crisis of 2008-09 emerged, many academic scholars, researchers and general observers have debated the best way to go about recovery of the real economy, often looking to previous crises for guidance on the way forward. High-level meetings across political, social and economic disciplines have been held, all seeking to answer the same question: “Where to next?” While taking place on global and regional levels, these events have been extremely relevant at local levels; and even more-so for the most vulnerable. Research has indicated that different groups experience crises differently, and that crises have differentiated impacts on specific groups in society (King Dejardin, 2009; Seguíno, 2009). Often times, those who are most precariously positioned prior to crises are more detrimentally affected during and following these events.

In Brazil, financial and economic crises are not new phenomena. Brazil now has the largest economy in South America, and its economic development has been plagued by volatility. The 1998-99 financial and economic crisis in Brazil saw its unemployment rate nearly reach double-digits, and its economy struggled to recover for several years following that crisis. Disadvantaged groups, namely women and blacks, were disproportionately impacted by the 1998-99 crisis in terms of unemployment, non-regular employment and wages. Since then, Brazil has taken a more prominent position on the global stage. Its progress in combating longstanding problems of social inequality and poverty has been heralded. But what has this meant for different groups and how they have coped during the recent global economic crisis?

The two crisis periods in question differ in terms of macroeconomic impacts on the Brazilian economy, and therefore pose challenges in comparing their impacts on different groups. The effects of the 1998-99 crisis on the economy in Brazil were much more evident and longstanding in comparison to the country’s relatively rapid recovery from the global economic crisis of 2008-09. At the same time however, it is instructive to analyse the situation of vulnerable groups during the two crisis periods in order to work towards better understanding the complex relationships between poverty, inequality, economic crises and social policy interventions.

In analysing the situation of Brazil, this paper aims to answer the following:

- 1) Is there a difference in the effects that the 1998-99 Brazilian economic crisis and the 2008-09 global economic crisis had on different groups in Brazilian society in relation to the labour market?
- 2) What are the reasons for observed similarities and/or differences in the effects of the two crises including the impact of the *Benefício de Prestação Continuada* (BPC) pension, *Bolsa Família*, and minimum wage programmes?

Evaluating trends in specific labour market indicators reveals whether greater overall income equality and decreased poverty levels in Brazil translated to improved access to employment and improved status within the Brazilian labour force for its most vulnerable groups, namely women and blacks, helping to cushion these groups from the effects of the global economic crisis of 2008-09.

1.1. Structure

The first section of the paper reviews literature on the impacts of crises on vulnerable groups, including reflecting on the 1998-99 crisis in Brazil, and giving context to the overall discussion of inequality and crisis. The second section of the paper examines specific social policies implemented over the last two decades to combat poverty and inequality in Brazil, investigating how these may have influenced the differentiated impacts of the 1998-99 and 2008-09 global economic crises. To show the effect that these policies may have had on women and blacks in the Brazilian labour force, the paper then traces inequality in the Brazilian labour market from 1995, examining changes in gender and racial gaps for specific labour market indicators. Next, it engages a comparison of the effects of the 1998-99 crises and the 2008-09 crises on labour force participation, unemployment and wages across gender and racial dimensions. This analysis aims to point out similarities and differences in the impact felt by these groups in the two crises and establish a link between less inequality in the labour market and the extent of differentiated impacts of the crises. In conclusion, the paper discusses lessons learned in examining the social policies and the two crises, and how these can inform the Brazilian Government's efforts to promote labour market equality and strengthen its broader struggle against poverty.

1.2. Methodology uses surveys and articles

This paper makes use of official statistics published by the Instituto Brasileiro de Geografia e Estatística (IBGE) of the Brazilian government through the Pesquisa Nacional por Amostra de Domicílios (PNAD) and the Pesquisa Mensal de Emprego (PME). The PNAD is an annual household survey covering all regions in Brazil, while the PME is a monthly labour force survey which covers only metropolitan regions.

The definition of blacks used in the paper is “preto e pardo” and of whites is “branca” as used by the surveys. This racial categorisation is self-defined by respondents. Relevant available statistics from the Central Bank and other public agencies are also analysed. As well as statistics, the paper makes use of research papers and journal articles written on Brazil's socio-economic context, economic crises, and the BPC pension, Bolsa Família, and minimum wage programmes.

1.3. Vulnerable groups in crises

Vulnerable groups experience crises differently. The causes and effects of crises as well as the policies implemented in response are influenced by gender and racial inequalities. Recognising the importance of gender inequality in understanding the global economic crisis of 2008-09, Walby (2009) writes: “inequalities are part of the cause of the crisis (through inappropriately exclusionary forms of financial governance); they are exacerbated during the impact of the crisis (because of unequal distribution and access to resources); their reduction is part of the solution to the crisis and the building of a new better financial and economic system” (p. 28). This perspective sees social inequality as inextricably linked to causing crises as well as shaping the impacts of these.

With regard to crisis impacts, because women often occupy vulnerable positions in labour markets, during times of crisis, they are likely to suffer greater consequences. Sperl (2009) writes:

Men and women may be affected differently because of gender-specific inequalities in labour markets and prevailing norms about men and women's role in the economy and society. The notion that men are the ‘breadwinners’ of a family may lead to unequal treatment of men and women in terms of dismissal, social security entitlements and rehiring.

Women may therefore bear the brunt of economic hardship—being the first to lose their jobs, or being forced to take on more work, or work longer hours when male breadwinners lose their jobs. Furthermore, women often constitute the majority of temporary, casual, seasonal and contract labourers, and low-skilled workers, unlikely to be covered by formal unemployment insurance or social protection schemes. (p. 18)

Crisis impacts are two-fold. Both direct and indirect effects of crises are experienced differently by distinct groups. Addressing crisis and poverty, Sabarwal, Sinha and Buvinic (2010) find that “aggregate economic shocks do not have homogenous effects on the poor. Gender matters in explaining differential effects both in terms of the direct or first-round effects of the economic shock and in terms of the coping strategies of households, or second-round effects” (p. 24).

Likewise, research has recognised the layered effect of multiple discriminations on specific groups of people (Ruwanpura, 2008). Crenshaw (2000) has investigated the intersection of race and gender and the impact of multiple forms of discrimination on black women in society. For black women in Brazil, the vulnerable positions of women and of blacks in the labour market and in broader society have meant that they face a layering of discriminations. The Inter-Trade Union Department of Statistics and Socio-Economic Studies (DIEESE) in Brazil (2005) notes that the presence of racial discrimination, the absence of gender equity and deepening inequalities, place women of African descent in the worst situation when compared with other population groups in the labour market, namely black men and non-blacks, including non-black women. The DIEESE demonstrates the effect of multiple discrimination in Brazil, showing that black women are overrepresented among the poor and those in precarious employment, and have lower incomes coupled with higher unemployment rates.¹

In the context of Brazil during and following its 1998-99 economic crisis, the impacts on vulnerable groups in the labour market have been investigated. Pinheiro et al. (2009) found that double discrimination in the social sphere, especially in the labour market meant disproportionate suffering for black women.² Going beyond this, an understanding of pre-existing inequalities helps to illustrate crisis impacts. King and Sweetman (2010) write:

The gender inequalities and power imbalances that predate the current crisis have resulted in its additional afflictions falling disproportionately on those who are already structurally disempowered and marginalised. These pre-existing inequalities, which include under-representation of women at all levels of economic decision making and their over-representation in informal, vulnerable, and casual employment, are often more significant than gender inequalities arising specifically from the crisis. (p. 4)

In recovering from crises, promoting social equality can assist in improving overall wellbeing. Highlighting the importance of social equality to development, Antonopoulos (2009) notes that “women’s access to work opportunities, income, and resources - besides being development goals in and of themselves - also go hand-in-hand with improvements in the wellbeing of children, families, and communities, and even economic growth of countries as a whole” (p. 12). Likewise, high levels of unemployment affect economic

¹ “A presença da discriminação racial se acumula à ausência de equidade entre os sexos, aprofundando desigualdades e colocando as afrodescendentes na pior situação quando comparada aos demais grupos populacionais – homens negros e não-negros e mulheres não-negras. Elas são a síntese da dupla discriminação de sexo e cor na sociedade brasileira: mais pobres, em situações de trabalho mais precárias, com menores rendimentos e as mais altas taxas de desemprego” (DIEESE, 2005, p. 2).

² “Os dados evidenciam, mais uma vez, a dupla discriminação sofrida pelas mulheres negras nos múltiplos espaços sociais e, em especial, no mercado de trabalho” (Pinheiro et al., 2009, p. 33).

growth. In addressing the global economic crisis of 2008-09, Antonopoulos (2009) states that a “comparable and comprehensive effort to address the real economy issue of insufficient demand and massive unemployment in a globally coordinated fashion is now also needed. We must keep in mind that this crisis comes on top of another crisis and is manifested in global deficits, including deficits in effective demand and jobs. It is the manifestation of this imbalance that exacerbates poverty and inequality” (p. 11). Likewise, underscoring the importance of acknowledging and fighting inequality in the labour market for poverty reduction and development goals, the United Nations Research Institute for Social Development (UNRISD)’s report, “Combating Poverty and Inequality” (2010) finds that “persistent labour market inequalities will frustrate efforts to reduce poverty” (p. 31). In this way, making connections between prevailing literature reveals that poverty and inequality are inextricably linked, that reducing inequality helps cushion vulnerable groups during crises, and that reducing inequality further helps to combat poverty.

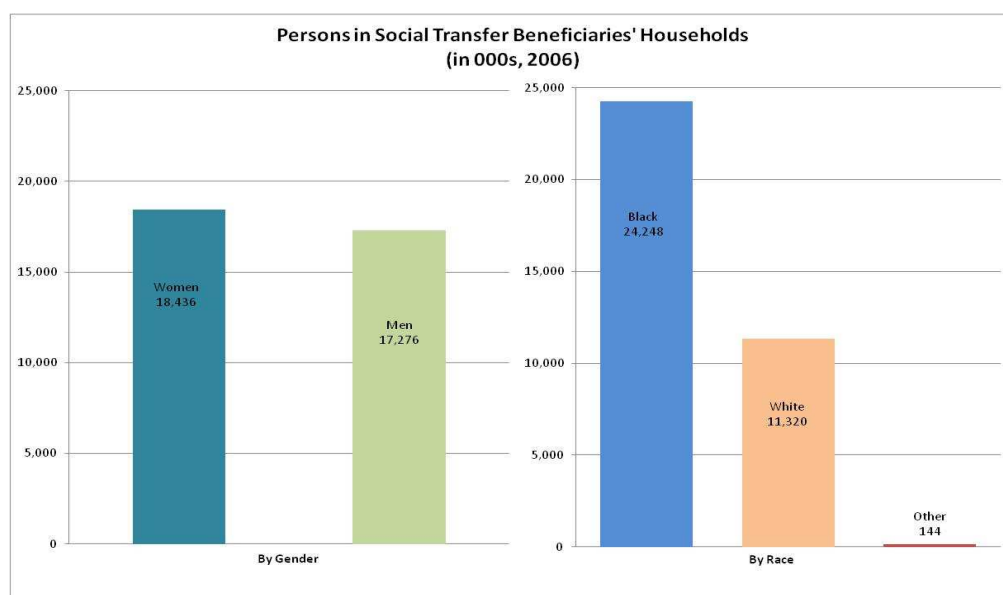
2. Role of social policy in reducing poverty

In Brazil, poverty is a gendered and racial phenomenon. Poverty is defined as per-capita monthly household income of less than one-half of the minimum wage, while extreme poverty is defined as per-capita monthly household income of less than one-quarter of the minimum wage. Statistics from the Instituto de Pesquisa Econômica Aplicada (IPEA) reveal that in 2003, 52.6 per cent of black women were poor, and 25.1 per cent were extremely poor. In comparison, 26.1 per cent of white men were poor and 9.8 per cent were extremely poor.³

Recognising the gendered and racial aspects of poverty in Brazil, in 2003 the Lula da Silva government established the Special Secretariat for Policies for Women (SPM), and the Special Secretariat for the Promotion of Racial Equality (SEPPIR) to address the persistent gender and racial inequalities present in Brazilian society. Both these organisations have been instrumental in developing the government’s response to social inequalities, including the extension and expansion of the BPC pension, Bolsa Família and minimum wage programmes.

³ IPEADATA, Secretaria de Assuntos Estratégicos, 2010.

Figure 1. Distribution of Persons in Households with Social Transfer Beneficiaries



Source: Author's elaboration based on data from PNAD, Acesso a Transferências de Renda de Programas Sociais, IBGE, 2006.

The distribution of persons in a family with one or more recipient(s) of social transfers from the Brazilian government, including the BPC, Bolsa Família and Programa de Erradicação do Trabalho Infantil (PETI) is shown in Figure 1. According to the PNAD Supplement on Access to Social Transfers, of those in a family with one or more recipient(s) of social transfers, 51.6 per cent are women and 48.4 per cent are men, while 67.9 per cent are black, 31.7 per cent are white and 0.4 per cent are otherwise classified. In 2006, approximately 24.7 per cent of Brazil's black population resided in a household with one or more social transfer beneficiaries, while approximately 12.2 per cent of the country's white population resided in a household with one or more social transfer beneficiaries. The data reveals that persons in households with social transfer beneficiaries are more likely to be black. In seeking to answer the research questions, it is therefore instructive to examine how these programmes may have impacted levels of gender and racial inequality in the Brazilian labour market.

2.1. BPC pension relieves poverty, improving labour market access

The Benefício de Prestação Continuada (BPC, Continuous Cash Benefit) pension programme in Brazil was implemented in 1996. This programme provides a monthly unconditional cash transfer to those with disabilities and to the elderly over 65 years of age who have a family per capita income below 25 per cent of the minimum wage. The BPC is a constitutionally-guaranteed right under the 1988 Brazilian Constitution, and at the end of 2007, it covered over three million beneficiaries. Studies conducted on the effectiveness of the BPC programme have concluded that it has contributed to decreasing poverty and inequality rates in the country (Barrientos, 2003; Saad, 1996).

Beyond this, evidence has demonstrated that the programme has not had a negative impact on the labour force participation of its beneficiaries. Its impact on poverty has been well-documented. Barrientos (2003) found that Brazil's poverty headcount would be 4.2 per cent higher and its indigence headcount would be 9.6 per cent higher absent non-contributory pensions. The BPC is also linked to improved positioning of women and blacks in the Brazilian labour force, since as Barrientos and Lloyd-Sherlock (2002) demonstrate, non-contributory pensions in Brazil prevent extreme poverty, avoid poverty

persistence through generations as an investment in physical, social and human capital, and also increase economic activity.

Perhaps most notably, the impact of the BPC on the Brazilian labour market has indirect implications. Saad (1996) found that income received from the BPC programme is an important asset to families of beneficiaries, especially for poorer households. Income received from the BPC therefore, was not merely attributed to the sole beneficiary, but also influenced beneficiaries' families. Delgado and Celso Cardoso (2000) found that families living in rural Brazil with a pension beneficiary were significantly less likely to be poor than families without a beneficiary. In the northeast, the rates of poverty incidence for beneficiary families and non-beneficiary families were 38.1 and 51.5 per cent respectively, and in the South, the rates were 14.3 and 18.9 per cent respectively.

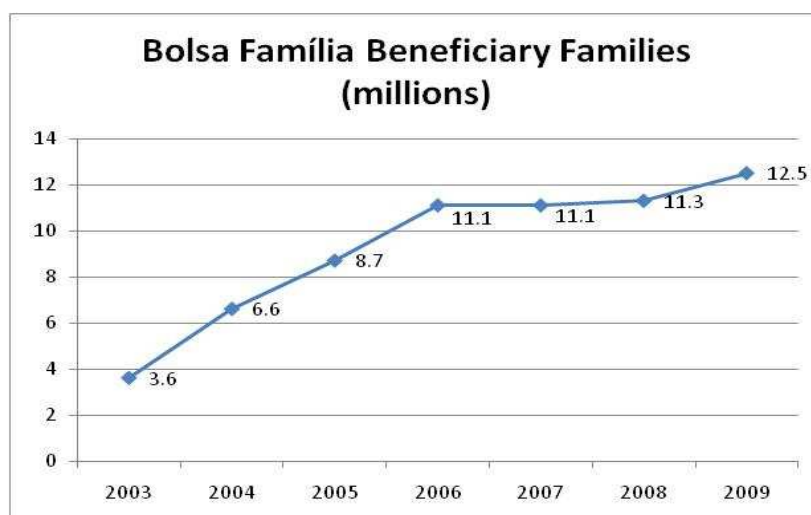
With pensions as an added asset to both beneficiaries as well as their families, aside from the direct benefit of the social transfers, families are also able to reduce their risk with a secure source of income, allowing them to invest in education and training which facilitates improved positioning in the labour market. Barrientos and Shepherd (2003) note that "[s]ocial protection interventions that reduce risk, reduce the impact of the realisation of risk, and facilitate long-term investment in human and physical capital, could be effective in reducing chronic poverty" (p. 2).

As a cash transfer, the BPC is similar to the Bolsa Família programme in that receipt of the benefit is deemed to reduce a family's financial risk by providing a stable source of income. In addition to these factors, the Bolsa Família programme also explicitly builds in long-term acquisition of human capital as one of its goals in preventing intergenerational poverty.

2.2. Bolsa família also indirectly affects labour market

Brazil's Bolsa Família programme is the largest cash-transfer programme in the world, and is partially credited with the country's success in halving the proportion of its population living in extreme poverty ten years before the 2015 deadline of the Millennium Development Goals (MDGs). At the end of 2009, the cash transfer was received by approximately 12.5 million Brazilian households. As shown in Figure 2, the year 2009 saw a significant increase in the coverage of Bolsa Família in comparison to the two preceding years, due to the Brazilian government's extension of the programme as a response to the global economic crisis. According to the Ministry for Social Development and Fight Against Hunger (MDS), as of May 2010, Bolsa Família was estimated to cover 98 per cent of its target population. The MDS website indicates that the Bolsa Família programme aims to immediately relieve extreme poverty and hunger while also pursuing longer-term human development goals through conditionality. Bolsa Família was federally rolled out in 2003, combining Bolsa Escola and three other social programmes set up to ensure food and fuel security.

Figure 2. Coverage of bolsa familia programme



Source: Author's elaboration based on data from *Ministério de Desenvolvimento Social e Combate à Fome* 2010.

Note: Approximate values shown as at December of each year.

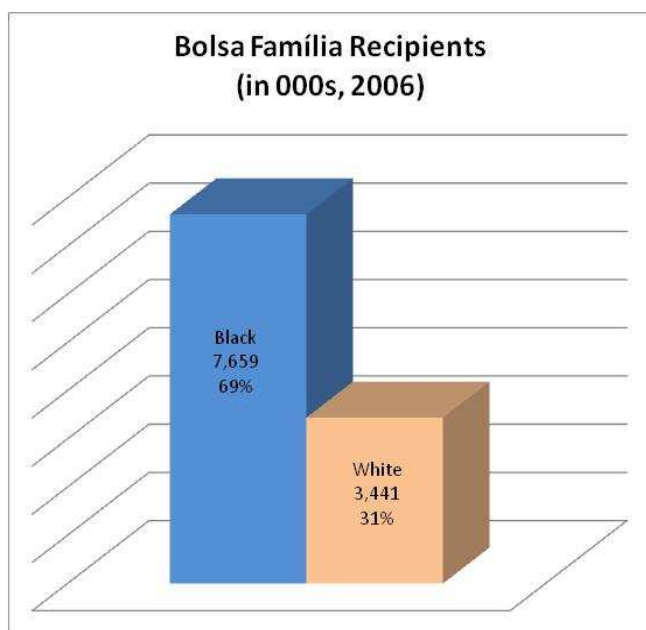
Eligibility for the Bolsa Família programme in 2009 was per capita household income of less than about one-quarter of the minimum wage, but eligibility is not explicitly tied to the value of the minimum wage. In terms of benefits, the value of the transfer depends on several variables including family income, number of children up to 17 years of age, and number of pregnant women in a household. Taking all these factors into consideration, the benefit can vary from about 20 to 182 reais (BRL) per month, with an average benefit value of BRL80 per family per month (Berg, 2009b). Receipt of the transfer is dependent on a beneficiary family's:

- (i) Attendance at prenatal and postnatal monitoring;
- (ii) Nutrition and vaccination monitoring for children 0 to 7 years old; and
- (iii) School attendance and socio-educational participation levels of at least 85 per cent for children aged 6 to 15 years, and of at least 75 per cent for teenagers aged 16 to 17 years.

These requirements do not impose any direct financial burden to the beneficiary, and fulfilment is monitored jointly by the Ministries of Social Development, Health and Education. Since its implementation and extension, research has been conducted into the programme's effectiveness, including the transfers' effects on its beneficiaries' labour market activity and on non-beneficiaries as well.

Gondim Teixeira (2010) found that there is no significant difference between the rates of entry into the labour force and hours worked between beneficiaries and non-beneficiaries of the transfer, indicating that the programme does not negatively impact beneficiaries' participation in the labour market. This research and other studies have aimed to answer critiques of the programme which hold that it causes dependency and discourages labour market participation. Foguel and Paes de Barros (2010) found that while Bolsa Família discourages child labour and takes children out of the labour market by requiring that children in beneficiary families attend school and have health checkups, transfers can also facilitate adults' participation or longer working hours in the labour market. Corroborating this evidence, Veras Soares, Perez Ribas and Guerreiro Osório (2007) found increased labour force participation rates especially among women, since implementation of the Bolsa Família programme. Likewise, Tavares (2008) found a 5.6 per cent increase in labour force participation and a 1.6 per cent increase in number of working hours for mothers in receipt of the transfer.

Figure 3. Distribution of Bolsa Família Recipients



Source: Author's elaboration based on data from Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.

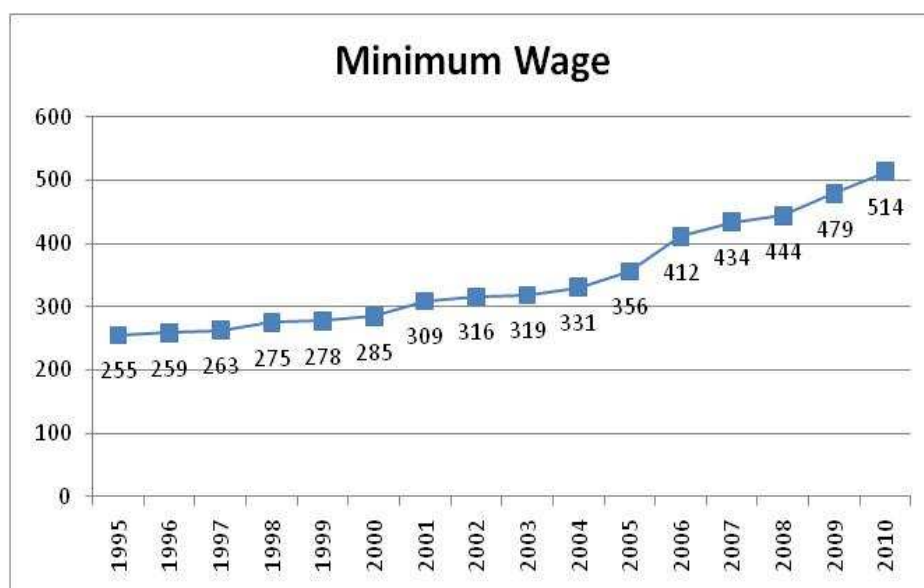
Women are, almost exclusively, the direct beneficiaries of the Bolsa Família transfers by design, with studies showing that women are most likely to use resources for the benefit of the entire household (Villatoro, 2004). 93 per cent of beneficiaries were women in 2005, and single mothers made up 27 per cent of all beneficiaries.⁴ In terms of race, 69 per cent of Bolsa Família recipients are black, as shown in Figure 3. This aspect, coupled with the programme's objective of financial inclusion with benefit payments made only through the banking system, mean that Bolsa Família has helped many poor women to gain access to financial services. A March 2009 ILO report notes: "For many Brazilians, Bolsa Família has provided the door through which they have gained entry to the banking and financial system. Financial inclusion brings access to a range of financial goods and services, including bank accounts, microcredit, insurance, savings and advice" (ILO, 2009a, p. 15). At the same time, critics have argued that transfer programmes targetting women as direct beneficiaries act to reinforce women's traditional role as caretakers and guardians of children (Molyneux, 2009).

2.3. Minimum wage valorisation policy reduces inequality

Minimum wage policy has a wide impact in Brazil since eligibility for social programmes as well as the quantitative value of the benefit in these programmes is often tied to the value of the minimum wage. This point is a crucial one in analysing the impact of Brazil's minimum wage policy on poverty and inequality in the country. The BPC programme ties both eligibility and benefit amounts to the minimum wage, while Bolsa Família has fixed eligibility and its benefit amounts are adjusted from time to time. Although the minimum wage was established in 1940, its extension and increase over the years has depended heavily on prevailing economic conditions and political will. Figure 4 shows the value of the real minimum wage in reais per month over the last 15 years.

⁴ *Ministério de Desenvolvimento Social e Combate à Fome, 2010.*

Figure 4. Value of real minimum wage (in reais per month)*

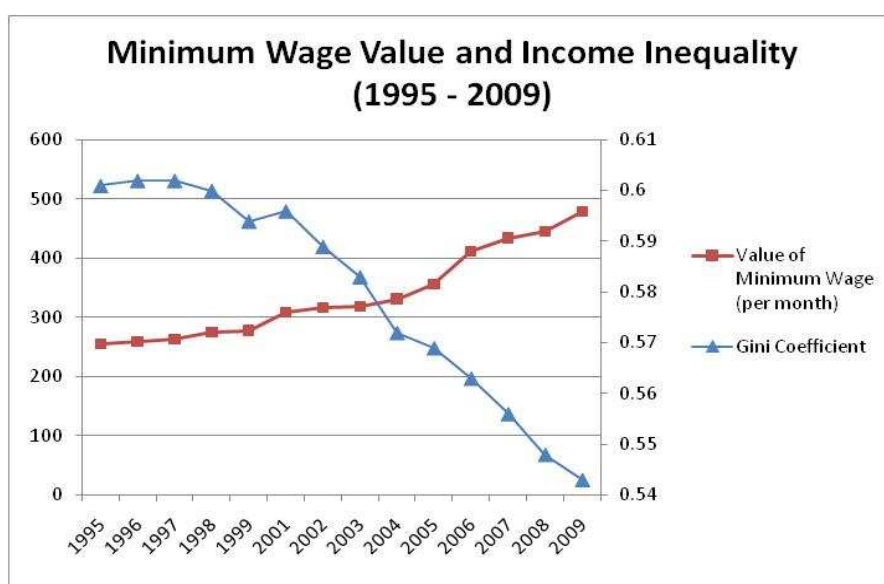


Source: Author's elaboration based on data from *Departamento Intersindical de Estatística e Estudos Socioeconômicos (DIEESE)*, Sep. 2010.

*Note: Values are annual averages in constant reais of June 2010 and refer to the city of São Paulo.

In 2006, a new policy regarding the valorisation of the minimum wage in Brazil was established, emerging from negotiations between unions, employers' organisations and pensioners. This policy linked the value of the minimum wage to inflation as well as GDP per capita growth at least until 2011. As Figure 4 shows, since the change in valuation policy, the value of the minimum wage has risen steadily, with the largest increases of 7.8 per cent and 7.3 per cent occurring in the last two years. In terms of the labour market, the minimum wage establishes the minimum amount at which an employee can legally be paid. This value is also used as a reference point for employers and employees to negotiate salaries. Even within the informal sector, the minimum wage value acts as a benchmark for payment (Fajnzylber, 2001).

Figure 5. Trajectory of minimum wage* and Gini coefficient



Source: Author's elaboration based on data from *DIEESE*, Sep 2010 and data from *IPEADATA*, Sep 2010.

*Note: Minimum wage values are in constant reais of June 2010 and refer to the city of São Paulo.

Impacting both formal and informal labour markets, as well as eligibility for and the benefit value of social programmes, the increase in the Brazilian minimum wage maps

well against the contrasting decrease of income inequality in the country, as Figure 5 shows. Further investigating this relationship between increasing minimum wage values and decreasing income inequality, Saboia (2007) finds that the increase in the minimum wage explains 73 per cent of the decrease in individual income inequality in Brazil, and 64 per cent of the decrease in income inequality between families.

Figure 6. Distribution of Employed Population and Minimum Wage Earners



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE. PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

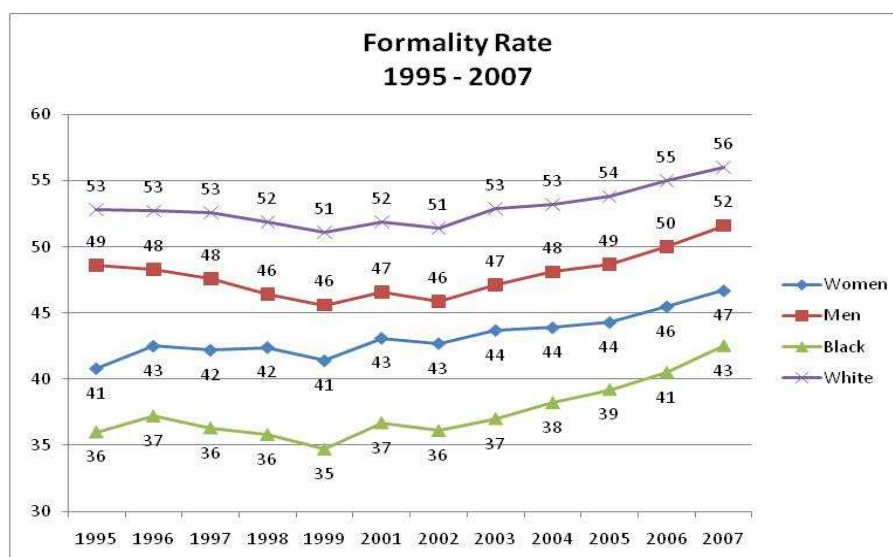
The direct effect of the increase in the minimum wage is evident in examining the characteristics of minimum wage earners in Brazil. Figure 6 displays the distribution of the employed population versus minimum wage earners by gender and by race. In 1998, while women made up 40.3 per cent of employed persons, they made up a greater proportion, namely 41.7 per cent, of minimum wage earners. In terms of race, blacks comprised 45 per cent of employed persons in 1998, but comprised the majority of minimum wage earners at 58.9 per cent. Based on these figures, an increase in the minimum wage would have disproportionate positive effects for the wages of women and black workers in the Brazilian labour market.

The effects of the minimum wage on women's position in Brazil's labour force are also demonstrated by statistics on domestic workers. Berg (2009a) notes that approximately 30 per cent of domestic workers in Brazil receive the minimum wage, and domestic work comprises 8 per cent of total employment and 17 per cent of female employment. Likewise, since women and blacks are disproportionately represented in low-paid and low-skilled occupations, increases in the minimum wage help to improve gender and racial inequalities in the labour market.

It is instructive to note that the increase in the minimum wage from 1995 was accompanied by an increase in formality⁵ rates across gender and racial distinctions, as shown in Figure 7 below.

⁵ Formality rate includes workers with a signed labour card (*carteira assinada*), including domestic workers, military personnel and government civil servants, as well as employers and self-employed workers who contribute to the social security system.

Figure 7. Formality Rates from 1995 to 2007



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE. PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

While a national minimum wage is set annually, the value of the minimum wage in Brazil's various states may exceed this amount and vary by economic sector. Over 13 per cent of the Brazilian work force receives the minimum wage and the rate of benefits for millions of social security beneficiaries are tied to its value. Thus, increases in the minimum wage value help to combat poverty as well as social and economic inequalities in Brazil.

3. Inequality trends in Brazilian labour market

To investigate how changes in inequality influence outcomes for different groups in crises it is instructive to examine changes from 1995, two years before the 1998-99 economic crisis in Brazil, to the emergence of the recent global economic crisis. Looking at overall figures, it is clear that poverty and inequality declined during this period. Whereas in 1995 36.4 per cent of the Brazilian population lived in poverty, by 2007 this proportion had decreased to 30 per cent.⁶ The proportion of the population in extreme poverty was more than halved, from 17 per cent in 1995 to 8 per cent in 2007.⁷ The Gini-coefficient, which is a measure of income inequality, also declined from .637 in 1995 to .590 by 2007.⁸ However, these measures do not go beneath the surface to investigate what this meant for the position of specific groups of people in the labour force. Figure 8 illustrates the gender/racial distribution of Brazil. Given that 70 per cent of overall income in Brazil is

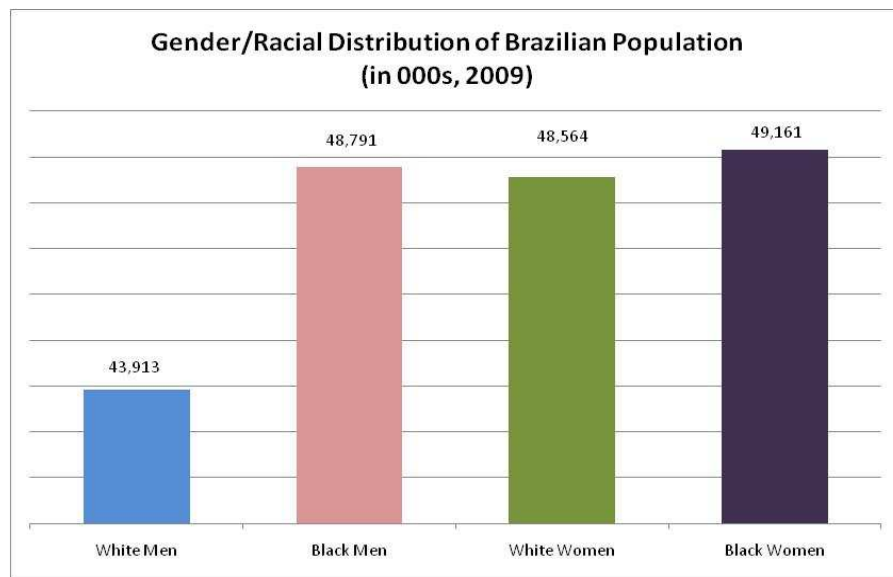
⁶ Poverty is defined as per-capita monthly household income of less than one-half of the minimum wage.

⁷ Extreme poverty is defined as per-capita monthly household income of less than one-quarter of the minimum wage.

⁸ Economic Commission for Latin America and the Caribbean (ECLAC): *Social Panorama of Latin America*, Nov. 2010.

garnered through paid work,⁹ changes in inequality within the labour market significantly affect overall poverty and inequality levels.

Figure 8. Brazilian Population Distribution



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.

The timeline below shows when the BPC pension, Bolsa Família and minimum wage valorisation programmes were introduced in Brazil, as discussed in the previous section. This timeline helps to build the interrelated storylines of declining poverty and inequality in Brazilian society, social policy interventions, differences in gaps between specific groups in the labour market, and the differentiated impact of crises on labour market positioning. Evaluating trends in labour force participation, employment-to-population, unemployment, wages, and hours in employment can reveal whether greater overall income equality and decreased poverty levels in Brazil translated to improved access to employment and improved status within the Brazilian labour force for its most vulnerable groups, namely women and blacks.



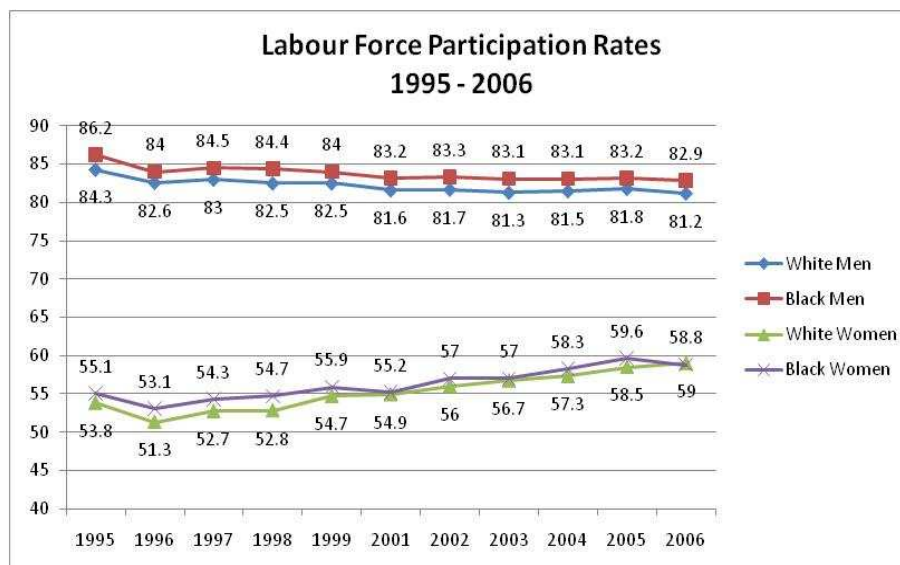
Not merely considering gender and race distinctions separately, it is important to acknowledge that there are gender differences within each racial category and racial differences within each gender category. Multiple discrimination, a concept developed and explored by Crenshaw (2000) Brewer, Conrad, King (2002) and Ruwanpura (2008) among others, is reflected in the hierarchy of access and quality of employment in the Brazilian labour market. White men have held the highest position in terms of access to and quality of employment, with black women occupying the bottom rung (Carneiro, 2003, p. 120).

⁹ See IPEADATA (2010).

3.1. Labour force participation gender gap narrowed

Labour force participation, as an indicator, is more likely to show differences by gender than by race due to underlying implications of household organisation and gender roles within the public and private spheres (Witkowski and Leicht, 1995). Increased female participation and slightly decreased male participation in the labour force are features of global trends. Brazilian labour force participation, as shown in Figure 9, has also followed this trend. The growing number of women aiming to gain access to the Brazilian labour force is represented by the increased female participation rate.

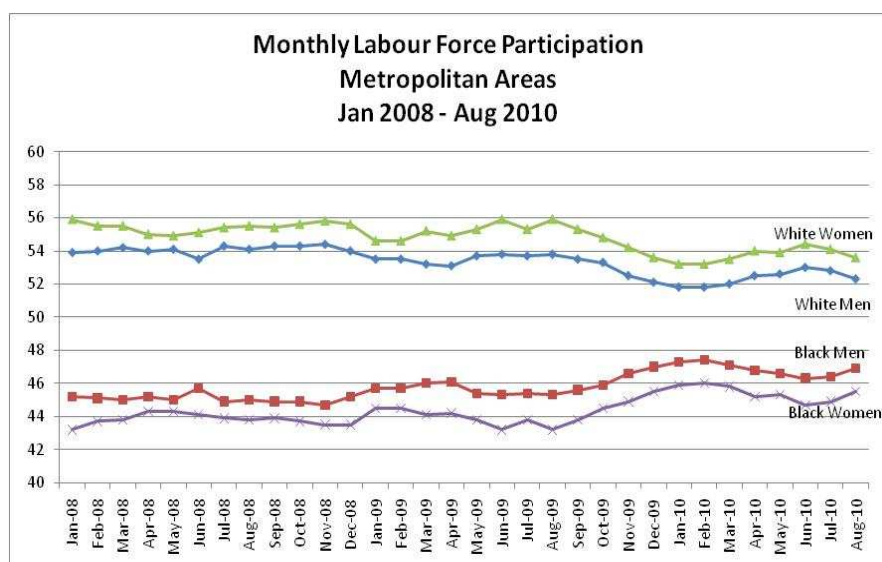
Figure 9. Labour force participation from 1995 to 2006



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE. PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

Both white male as well as black male participation rates declined slightly, from 86.2 to 82.9 per cent for black men, and from 84.3 to 81.2 per cent for white men. Contrastingly, white female and black female participation rates increased during the period, by almost 10 per cent for white women (from 53.8 to 59 per cent) and by approximately 7 per cent for black women (from 55.1 to 58.8 per cent). Changes in the employment-to-population ratio and unemployment rate reveal to what extent increased female participation rates actually meant success in gaining employment. Figure 10 shows the trajectory of monthly labour force participation in metropolitan areas since January 2008, in which there is a trend of decreased participation among whites and increased labour force participation among blacks.

Figure 10. Monthly labour force participation from 2008



Source: Author's elaboration based on Pesquisa Mensal de Emprego (PME), IBGE.

From 1995 to 2007, there was a shift in the industries in which males and females were employed. Looking at the manufacturing and services industries, a greater proportion of men were employed in the manufacturing industry in 2007 than in 1995, and men were less likely to be employed in the services industry in 2007 than in 1995. Horizontal segregation remained visible in 2007, with 22.1 per cent of employed women in the manufacturing sector and more than twice that amount, namely 54.5 per cent of employed women, working in the services sector. In the context of increased horizontal segregation by industry, the gender gap in terms of employment narrowed.

Table 1. Gender concentration in industries

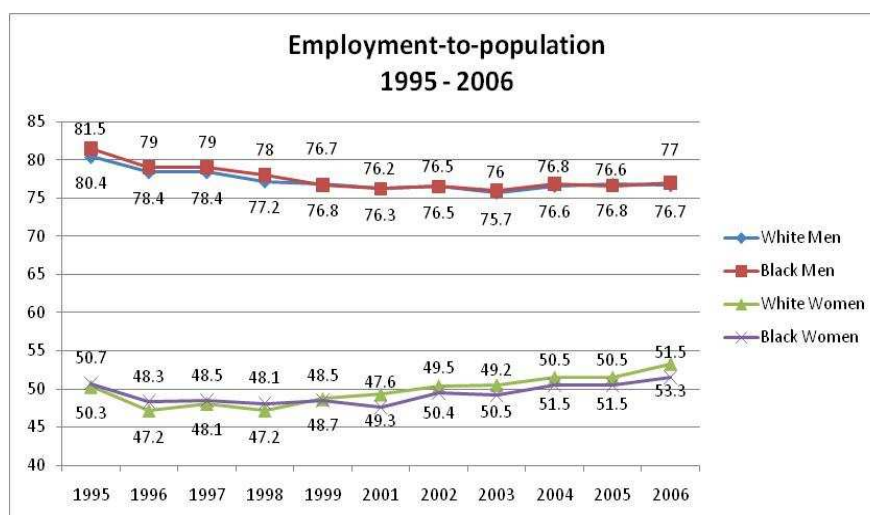
Industry	Employed Males		Employed Females	
	1995	2007	1995	2007
Agriculture, Hunting, Forestry and Fishing (in %)	19.3	25.0	22.5	23.4
Manufacturing, Mining and Construction (in %)	16.7	31.7	8.8	22.1
Services (in %)	64.0	43.3	68.7	54.5
Total	100.0	100.0	100.0	100.0

Source: Author's elaboration based on data from "Economically active population, by industry and status in employment", LaborSta, ILO.

3.2. Employment-to-population gender gap narrowed

From a gender perspective, the gap between the men and women with regard to employment also narrowed between 1995 and 2006. The increase in women's employment coupled with the slight decrease in male employment-to-population narrowed the gap between male and female employment in the Brazilian labour market, as shown in Figure 11. Increased demand for jobs by women, measured by labour force participation, outstripped the supply of jobs for women, measured by the employment-to-population ratio, making access to employment for women increasingly difficult between 1995 and 2006.

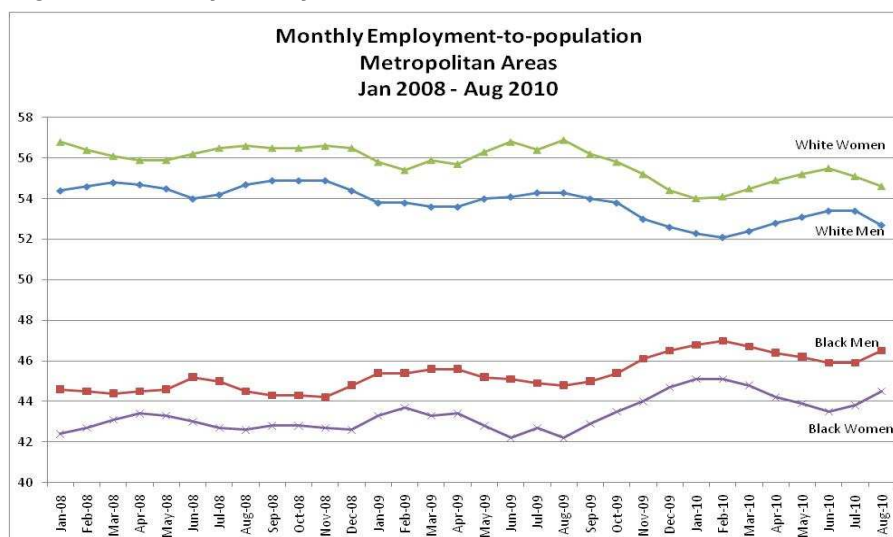
Figure 11. Employment-to-population from 1995 to 2006



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE. PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima and Pará e Amapá.

There has been very little difference in employment-to-population ratios between white men and black men, and between white women and black women. In 1995, black men had slightly higher employment rates than white men, and by 2006, the gap between white men and black men had narrowed. Similarly, in 1995, black women had slightly higher employment rates than white women, but by 2006, white women's employment (53.3) had overtaken black women's employment (51.5). This trend continued throughout and beyond the global crisis of 2008-09. Figure 12 shows monthly employment in metropolitan areas since January 2008.

Figure 12. Monthly employment-to-population from 2008



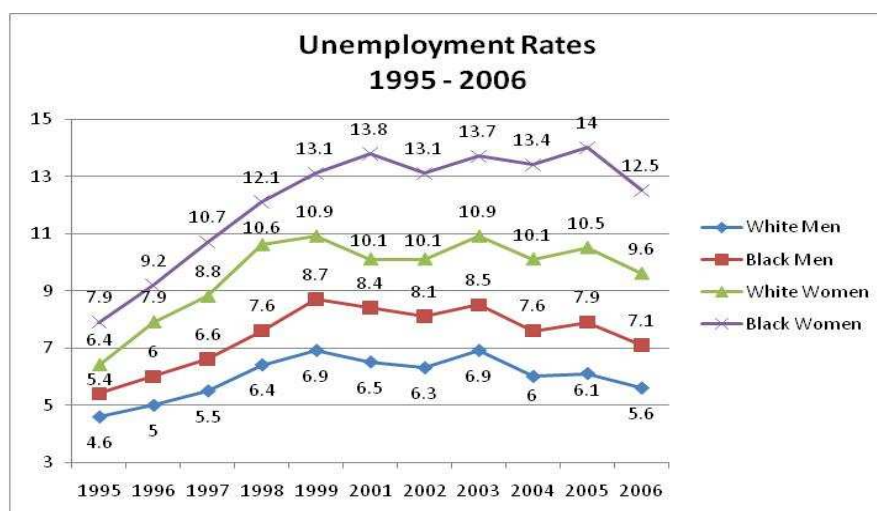
Source: Author's elaboration based on Pesquisa Mensal de Emprego (PME), IBGE.

3.3. Unemployment significantly higher among black women

Unlike the narrowing gender gaps in participation and employment rates, the gaps between male and female unemployment rates actually increased from 1995 to 2006. Gaps in unemployment also increased by race. Revealingly, a black woman in the Brazilian labour market in 2006 was more than twice as likely to be unemployed as a white man (12.5 compared to 5.6 per cent). The increase in gender and racial gaps in unemployment is a

result of female and black labour force participation increasing at a greater rate than female and black employment.

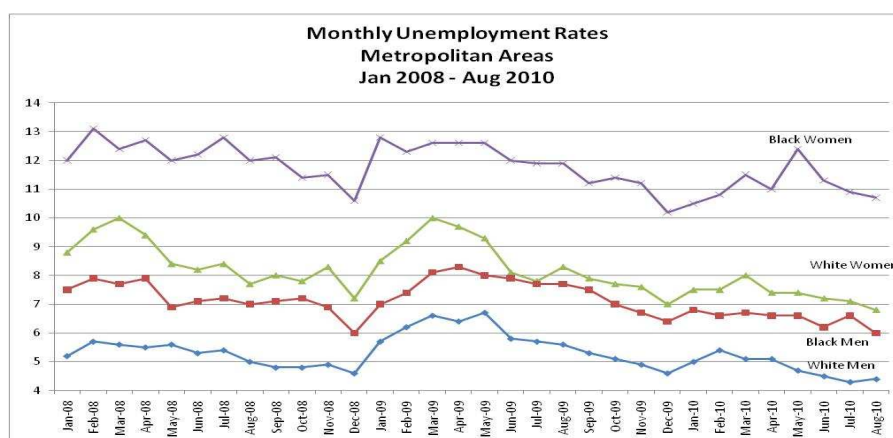
Figure 13. Unemployment Rates from 1995 to 2006



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE. PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

The effect of the 1998-99 crisis on black female unemployment is visible in Figure 13. Unemployment among black women has been notably higher than the unemployment rates for the other groups since that crisis. With widening gender and racial gaps, by 2006, black women (12.5) were the most likely to be unemployed. White women (9.6) were more likely to be unemployed than black men (7.1). These figures show that unemployment gaps are more significant by gender than by race. The sharp rise in female participation rates was not accompanied by as sharp a rise in female employment, resulting in high unemployment among women. Figure 14 shows monthly unemployment in metropolitan areas since January 2008. Black women's unemployment was notably and consistently higher during this period as well.

Figure 14. Monthly unemployment from 2008



Source: Author's elaboration based on Pesquisa Mensal de Emprego (PME), IBGE.

3.4. More women in wage employment

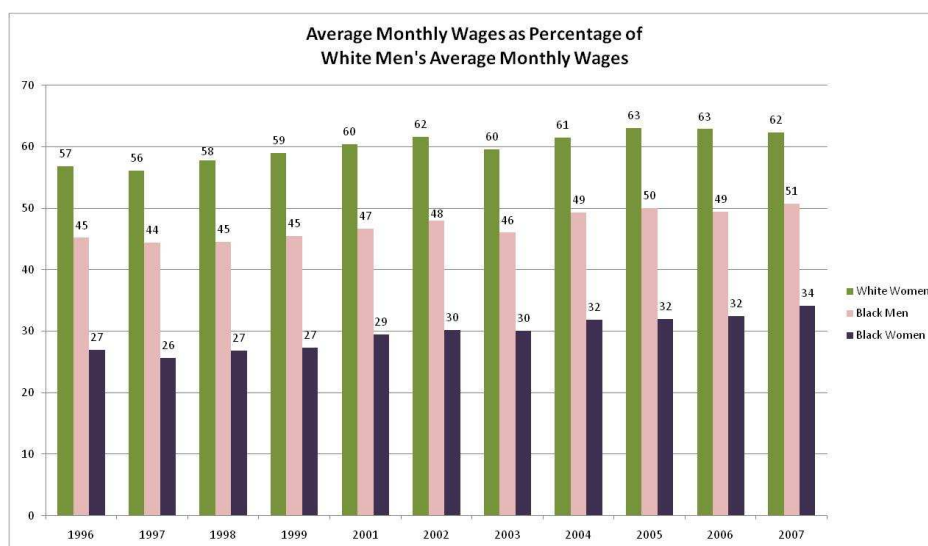
The proportion of employment in the labour market which is wage or paid employment as opposed to own-account work or being a contributing family worker, can measure the quality of a group's position. In 1995, overall figures reveal that 58.6 per cent of all employment in the Brazilian labour market was wage employment. Looking at this figure

from a gender perspective reveals that 58.3 per cent of employed men were in wage employment and 59 per cent of employed women were in wage employment. A slightly higher proportion of employed women were in wage employment in 1995 than the proportion of employed men. Twelve years later, the overall level of wage employment had increased, with 64.8 per cent of all employment being wage employment. 63 per cent of men and 67.2 per cent of employed women were in wage employment in 2007. The proportion of women in wage employment increased at a greater rate between 1995 and 2007 than the proportion of men in wage employment, indicating women's improved position within the labour market.

3.5. Slight increase in proportion of wages from principal job

In terms of remuneration, both gender and racial gaps narrowed during this period. In 1996, white women earned 57 per cent of white men's wages, and by 2007 this proportion had increased to 62 per cent. Likewise, black men's (from 45 to 51 per cent) and black women's (from 27 to 34 per cent) proportion of white men's wages also increased, but continued to lag behind, as shown in Figure 15.

Figure 15. Average Monthly Wages as Percentage



Source: Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE. PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

During this period, all groups saw an increase in real wages. For black women, the wage gap in comparison to white men's wages is stark and demonstrates the effects of multiple discrimination. Though black women's wages as a proportion of white men's wages increased over the time-period, by 2007, black women earned merely 34 per cent of white men's average monthly wages. While progress was made by gender and race, because of multiple discrimination, the increase in real wages for black women was slight (from BRL358 to BRL437 per month).

In terms of remuneration, it was better to be a female or black worker in 2007 than it was 11 years earlier in 1996. However, inequality in terms of remuneration in the Brazilian labour force was still at notably high levels. Some progress was nonetheless visible between 1996 and 2007.

Figure 16. Average Monthly Wages as Percentage



Source: Author's elaboration based on Pesquisa Mensal de Emprego (PME), IBGE.

3.6. More women, fewer blacks in management positions

The proportion of women in management positions increased between 2002 and 2007, narrowing this gender gap. As shown in Table 2, in 2002, 76.3 per cent of management positions were held by men and only 23.7 per cent by women. Five years later in 2007, men held 63.9 per cent of management positions while women held 36.1 per cent. The increase in women's share of management positions between 2002 and 2007 (from 23.7 to 36.1 per cent) was greater than the increase in women's share of the labour market (from 41.3 to 44.1 per cent), demonstrating the improved quality of employment positions for women over the period.

The wide racial gap in management positions remained virtually unchanged however. Between 2002 and 2007, blacks' share of the labour market increased slightly, from 45.2 to 47.9 per cent. In 2002, the overwhelming majority of management positions in the labour market were held by whites, at 87.5 per cent, and later in 2007, this proportion had increased to 88 per cent.

Examining changes in the proportions of management positions held by distinct groups in the labour force reveals vertical segregation. Vertical segregation by gender and by race was still staggeringly apparent in 2007. Progress had been made in combating gender segregation, but not in combating racial segregation, and both were still at high levels. The proportion of population in low paid work is another measure which reveals vertical segregation.

Table 2. Selected labour market indicators by gender and race

Indicators	1995	1996	1997	1998	1999	2001	2002	2003	2004	2005	2006	2007
<i>Of management positions (in %)</i>												
Men	-	-	-	-	-	-	76.3	56.6	78.2	66.0	70.5	71.0
Women	-	-	-	-	-	-	23.7	43.4	21.8	34.0	29.5	29.0
Whites	-	-	-	-	-	-	87.5	86.6	80.2	72.0	81.2	88.0
Blacks	-	-	-	-	-	-	12.5	13.4	19.8	28.0	18.8	12.0
<i>In low-paid work (in %)</i>	30.2	32.3	32.0	33.1	32.6	28.6	32.7	33.7	31.4	20.0	21.5	18.8
Men	24.5	27.1	26.8	28.0	27.5	23.7	27.6	28.7	26.2	16.8	18.4	15.5
Women	40.1	41.5	41.1	41.8	41.2	36.5	40.7	41.5	39.1	24.9	26.2	23.5
Whites	20.5	22.6	22.1	23.1	22.9	19.5	23.3	23.5	22.0	13.5	14.8	12.8
Blacks	43.1	45.6	45.2	46.3	45.5	40.4	44.5	46.1	42.6	27.4	29.1	25.3
<i>Working hours (avg. per week)</i>	42.2	42.9	42.5	42.5	41.9	42.4	41.9	41.7	41.4	41.0	40.9	41.0
Men	46.5	46.7	46.6	46.4	45.8	46.1	45.7	45.4	45.1	44.7	44.5	44.4
Women	35.9	37.1	36.4	36.7	36.2	37.0	36.4	36.4	36.5	36.0	36.2	36.4
Whites	42.7	43.4	42.9	43.0	42.4	42.8	42.3	42.2	42.0	41.5	41.5	41.5
Blacks	41.6	42.3	42.0	41.9	41.3	41.9	41.3	41.1	40.8	40.4	40.2	40.4
<i>Social security coverage (in %)</i>	45.8	45.9	46.0	46.4	45.6	47.4	46.8	47.8	48.6	49.4	50.7	52.6
Men	48.4	47.8	47.6	47.4	46.7	48.1	47.5	48.5	49.6	50.5	51.8	53.8
Women	41.8	43.1	43.5	45.0	43.9	46.5	45.8	46.9	47.2	48.0	49.3	50.9
Whites	53.3	52.8	53.4	53.7	53.0	54.4	53.8	55.3	55.7	56.5	57.9	59.4
Blacks	36.0	36.8	36.5	37.2	36.1	38.8	38.1	39.0	40.3	41.6	42.8	45.2

Source: Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.

PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

3.7. Proportion in low-paid work decreased across gender and racial distinctions

The proportion of persons in low-paid work is defined as the percentage of workers being paid below two-thirds of median monthly earnings. As shown in Table 2, the decrease in gender gaps with regard to management positions is also observed in terms of workers in low-paid work. The proportion of the Brazilian labour force in low-paid work decreased substantially between 1995 and 2007 across gender and racial distinctions, from 30.2 to 18.8 per cent. For women, this decrease occurred faster than for men, from 40.1 per cent receiving the low pay rate in 1995 to 23.5 per cent by 2007. There is still a substantial gender gap, however. The proportion of men in low paid work decreased from 24.5 per cent in 1995 to 15.5 per cent in 2007. This meant a near halving of the gender gap from 15.6 to 8 percentage points.

In 1995, there was a larger racial gap in terms of low paid work. Then, 43.1 per cent of black workers in Brazil received less than two-thirds of median monthly earnings. Contrastingly, 20.5 per cent of white workers were in low paid work, representing

a 22.6 percentage point racial gap. Blacks in 1995 Brazil were twice as likely to be in low paid as their white counterparts. By 2007, though the racial gap still existed, it had narrowed significantly from 22.6 to 12.5 percentage points.

3.8. Increase in women's working hours

Wage differentials are necessarily understood within context, which requires an analysis of changes in working hours. Differences in the average wage received by women and men, and blacks and whites are related to the average hours worked by these groups. Not only did the gender gap in real average wages and the proportion of population in low-paid work narrow, but the difference in working hours for men and women also decreased. Women in 1995 worked an average of 10.6 hours less than their male counterparts, but in 2007, this difference had been trimmed to eight hours. In 2007, women worked an average of 36.4 hours whereas men worked an average of 44.4 hours a week. The gap in working hours for men and for women may indicate women's lack of access to full-time employment. The racial gap in working hours actually remained the same from 1995 to 2007, with whites (from 42.7 to 41.5 hours) working an average of 1.1 hours more than blacks (from 41.6 to 40.4 hours). The slight difference in working hours from 1995 to 2007 by gender and the gap remaining the same by race suggests that the decreases in gender and racial wage gaps were not due to a change in working hour gaps.

3.9. Less than half of black workers had social security coverage

Gaps in social security coverage also decreased from 1995 to 2007. Figures include persons covered under the National Social Insurance Institute, state and municipal social security systems and/or the pension system for federal workers. As shown in Table 2, from a gender perspective, in 1995, 41.8 per cent of female workers were covered by social security schemes, and in 2007, this proportion had increased to 50.9 per cent. The proportion of male workers with social security coverage increased from 48.4 per cent in 1995 to 53.8 per cent in 2007. These changes signalled a narrowing of the gender gap, from 6.6 percentage points' difference in 1995 to less than half that, at 2.9 percentage points' difference in 2007.

For blacks, the social security coverage gap in comparison to white workers was much larger, and decreased less. In 1995, there was a 17.3 percentage points' difference between the proportion of black (36) and white (53.3) workers with social security coverage. In 2007, this gap had narrowed only slightly to 14.2 percentage points' difference, with 45.2 per cent of blacks and 59.4 per cent of whites having social security coverage. Both groups saw increased coverage, with a slightly higher rate of increased coverage for blacks than the rate of increase for their white counterparts as the cause for the narrowed gap.

3.10. Synthesis

Participation

Labour force participation, as an indicator, is gender sensitive since it is influenced by gendered division of labour within households, specifically in relation to childcare and domestic responsibilities. Female participation rates have increased substantially in the last few decades across the globe, with greater numbers and proportions of women participating in the labour force. The case of Brazil has been no different, as female participation rates increased almost by 10 per cent between 1995 and 2007. Thus, gender

gaps in participation narrowed a great deal more significantly than did differences in participation by race. Though women participated in the labour market at higher rates in 2007 than in 1995, employment possibilities for women in the labour market did not increase as rapidly, causing increased unemployment rates.

Employment/Unemployment

Gender differences were more visible than racial differences in examining unemployment in the Brazilian labour market during the period. Examining employment-to-population ratios and unemployment showed greater gender gaps than racial gaps. While gender gaps in employment and working hours decreased, the gender gap in unemployment increased over the period, signalling greater difficulty for women in the labour force to access employment. Investigating racial differences in unemployment reveals little change over the period, with blacks overall having slightly greater difficulty in accessing employment than their white counterparts.

Qualitative aspects of employment

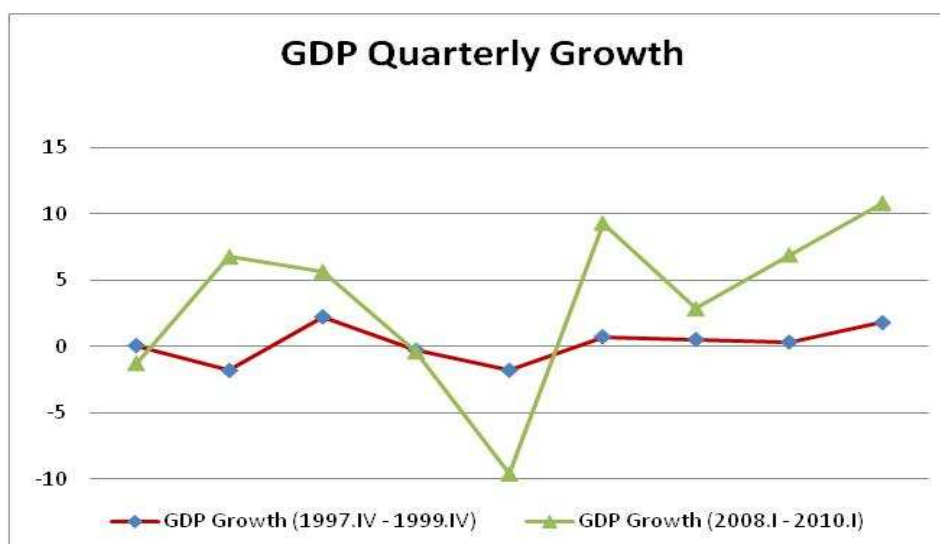
In terms of quality of employment, once already in employment, gaps in these indicators by gender were lower in 1995 and actually narrowed more than racial gaps over the twelve year period. In 1995, gaps in average wages, proportion of management positions held, proportion of population in low-paid work, and social security coverage, were all higher by race than by gender, and all narrowed more by gender than by race up to 2007. For women, participation in the labour force and qualitative aspects of employment improved significantly, while unemployment increased. For blacks, employment and unemployment changed little, and progress on qualitative aspects of employment was slower.

The overall picture for gender and racial inequalities in the Brazilian labour market shows a general narrowing of gaps, with more narrowing occurring overall within gender gaps than racial gaps. As of 2007, there were undoubtedly notable hurdles still to be overcome in order to achieve greater levels of equality in the labour force. What would this mean for the impact of the impending 2008-09 global economic crisis on different groups in the Brazilian labour market?

4. Comparing the crises

For the 1998-99 crisis in Brazil, the lowest period of GDP contraction was the fourth quarter of 1998, in which the Brazilian economy contracted -1.8 per cent and saw sluggish growth of less than 1 per cent in three consecutive quarters following this low point. The effects of the global economic crisis of 2008-09 were most visible in the first quarter of 2009. In annual figures, whereas GDP growth was 6.1 per cent in 2007, GDP growth declined slightly to 5.1 per cent in 2008, and the Brazilian economy plummeted to negative growth in 2009, with a -0.18 per cent GDP growth rate. The first quarter of 2009 saw a significant contraction of GDP, at -7.8 per cent, marking the lowest period for growth, and then growth bounced to 8.6 per cent in the second quarter of 2009. In GDP terms therefore, the global economic crisis had a deeper but shorter effect on the Brazilian economy, as shown in Figure 17. How would this be reflected in the labour market, given the improved positioning of women and blacks?

Figure 17. Comparison of quarterly GDP growth during crisis periods

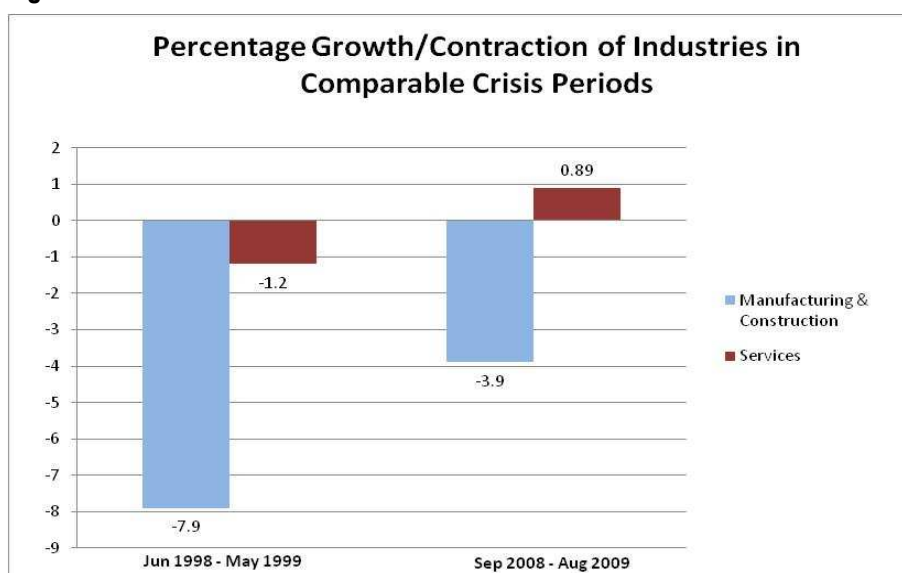


Source: Author's elaboration based on data from *Departamento de Estudos e Pesquisas, Banco Central do Brasil*.

The sectors most affected in both the 1998-99 and the 2008-09 global economic crises were manufacturing and construction, both male-dominated sectors, as shown in Figure 18. In the twelve months from June 1998 to May 1999, the manufacturing and construction sectors in Brazil lost a net 393,064 jobs, which represented a -7.9 per cent contraction in jobs in these sectors. During the same period, the services sector lost a net 105,124 jobs, representing a -1.2 per cent contraction. From September 2008 to August 2009, the period in which most jobs were lost during the global economic crisis, the manufacturing and construction sectors combined lost a net 295,073 jobs representing a contraction of -3.9 per cent. The services sector added a net 515,180 jobs during the same period, representing an expansion of 0.89 per cent.

Figure 18 shows that more jobs were lost in the 1998-99 crisis than the 2008-09 crisis, both in terms of the absolute number of jobs lost, and in terms of the percentage contraction of industries. In both crisis periods, the male-dominated sectors of manufacturing and construction were significantly more affected than the female-dominated sector of services. In this context, there was a more differentiated impact on women and blacks during the first crisis period examined than observed in the most recent global economic crisis period.

Figure 18. Growth/contraction of selected industries



Source: Author's elaboration based on data from *Cadastro Geral de Empregados e Desempregados (CAGED)*, Ministério de Trabalho, 2010.

4.1. Vulnerable groups cushioned from differentiated impacts

It is clear that the effects of the 1998-99 crisis, in terms of qualitative aspects of employment, were unequally felt by women and blacks. Although employment figures were mixed, where unemployment, wages and status were negatively affected by the 1998-99 crisis, the effects were more acute for women and for blacks. During and following the global economic crisis of 2008-09, the differentiated impacts on qualitative aspects of employment visible in the 1998-99 crisis on women and blacks have not been as severe. A comparison of the crisis periods where impact on the labour market is most visible reveals deeper effects of the first crisis across several indicators.

4.2. Increased employment among women during crisis periods

In terms of employment, Brazil's overall employment-to-population ratio decreased between 1997 and 1999 from 66.6 to 65.9 per cent, as shown in Table 3. Employment decreased among men and increased among women during this period, and employment decreased more among blacks than among whites. Out of the four distinct groups, employment decreased most among black men, from 79.0 to 76.7 per cent. White women's employment increased the most at 0.4 percentage points, and black women's employment increased at 0.2 percentage points. The overall increase in women's employment and decrease in men's employment suggests added-worker effects. The added-worker effect occurs when the unemployment of a household member leads to increased labour supply of another (Mattingly and Smith, 2010).

Comparing the effect of the 1998-99 crisis on employment-to-population ratios to the effect of the global economic crisis reveals that the global crisis did not affect overall employment as negatively as the 1998-99 crisis did, with a -0.1 percentage point decrease in the overall employment-to-population ratio. Black men's employment increased most between 2008 and 2009, while white men's employment decreased most. Overall, blacks' employment increased and whites' employment decreased in this period.

Table 3. Employment-to-population ratios and unemployment rates during crisis periods

	1998-99 Crisis ¹								
	Total	Men	Women	White	Black	White Men	Black Men	White Women	Black Women
Employment (1997) in %	66.6	82.3	51.8	66.7	66.5	78.4	79.0	48.1	48.5
Employment (1999) in %	65.9	80.3	52.3	66.3	65.4	76.8	76.7	48.5	48.7
<i>Difference in Employment³</i>	-0.7	-2.0	0.5	-0.4	-1.1	-1.6	-2.3	0.4	0.2
Unemployment (1997) in %	7.7	6.1	9.8	7.1	8.4	5.5	6.6	8.8	10.7
Unemployment (1999) in %	9.7	7.9	12.2	8.8	10.8	6.9	8.7	10.9	13.1
<i>Difference in Unemployment³</i>	2.0	1.8	2.4	1.7	2.4	1.4	2.1	2.1	2.4
	2008-09 Crisis ²								
Employment (2008) in %	49.6	55.3	44.7	55.4	43.8	54.6	44.6	56.4	42.8
Employment (2009) in %	49.5	54.9	45.1	54.7	44.4	53.7	45.4	55.9	43.2
<i>Difference in Employment³</i>	-0.1	-0.4	0.4	-0.7	0.6	-0.9	0.8	-0.5	0.4
Unemployment (2008) in %	7.9	6.1	10	6.7	9.4	5.2	7.2	8.5	12.1
Unemployment (2009) in %	8.1	6.5	9.9	7	9.5	5.7	7.5	8.4	11.9
<i>Difference in Unemployment³</i>	0.2	0.4	-0.1	0.3	0.1	0.5	0.3	-0.1	-0.2

Source:¹Author's elaboration based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.
²Author's elaboration based on Pesquisa Mensal de Emprego (PME), IBGE.
³Differences in Employment and Unemployment calculated as percentage points' change from 1997--99 and 2008-09.
PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

4.3. Gender gap in unemployment increased in 1998-99, decreased in 2008-09

Though general unemployment in Brazil peaked at 9.7 per cent in 1999, for women, this rate was 12.2 per cent and for black women, 13.1 per cent, as shown in Table 3. Between 1997 and 1999, overall unemployment increased from 7.7 to 9.7 per cent. From 1997 to 1999, women's unemployment overall in terms of percentage points' change increased more than men's unemployment, causing a widening gap between male and female unemployment rates due to the 1998-99 crisis. Men's unemployment moved from 6.1 to 7.9 per cent, and women's unemployment increased from 9.8 to 12.2 per cent. Black women saw the greatest increase in unemployment during the crisis period, from 10.7 to 13.1 per cent.

Contrastingly, in the global economic crisis of 2008-09, the gap between male and female unemployment rates actually narrowed, with male unemployment increasing from 6.1 to 6.5 per cent between 2008 and 2009, while the female unemployment rate decreased from 10.0 to 9.9 per cent, closing the gap between male and female unemployment rates from 3.9 to 3.4 percentage points' difference. The overall unemployment rate moved from 7.9 to 8.1 per cent. Between 2008 and 2009, white men's unemployment rate increased at 0.5 percentage points, while black men's unemployment rate increased at 0.3 percentage points. Women's unemployment actually decreased over the crisis period, by -0.1 percentage points for white women, and by -0.2 percentage points for black women.

Gender and racial inequalities in the labour force were exacerbated by the 1998-99 crisis, as displayed by the unemployment figures. In the global economic crisis, the differentiated impacts on women and blacks' unemployment seen in the 1998-99 crisis were not present. At first glance, black women were less adversely affected on average than white men

during the 2008-09 crisis period, as white men's employment and unemployment impacts were most severe of the four groups, while black women's employment and unemployment impacts were least severe. However, the differentiated impact of the global economic crisis on vulnerable groups, specifically women and blacks, becomes apparent in examining qualitative measures of employment, namely non-regular employment figures and wages.

4.4. Increased proportion of women in non-regular employment during crises

Both the 1998-99 and 2008-09 crises in Brazil affected women's status in employment, though the earlier crisis had a more detrimental impact on women's status than did the global economic crisis. In terms of employment status, the benefits of being in regular employment as opposed to non-regular employment include job security as well as unemployment and pension benefits.

Examining the private sector, between 1998 and 1999, the proportion of women in non-regular employment in relation to men shifted notably. A significantly higher proportion of women were in regular employment in 1998 than in 1999, displaying the effects of the 1998-99 crisis. In 1998, the ratio of females-to-males in non-regular employment was 0.52, but in 1999, this proportion had increased to 0.70.

While still apparent, the effects of the global economic crisis on women's regular employment were less severe. The ratio of females-to-males in non-regular employment moved from 0.62 in 2008 to 0.65 in 2009, signalling that women made up a larger proportion of non-regular workers following the global economic crisis than before. Likewise, the ratio of females-to-males in regular work decreased, moving from 0.63 in 2008 to 0.62 in 2009. The global economic crisis negatively impacted women's status, with an increase in the proportion of non-regular female workers combined with a decrease in the proportion of regular female workers.

In both crises, the general trend over the last decade of increases in regular work and decreases in non-regular work for women was reversed. The shift in women's status in employment during the global economic crisis was not as notable, however, as in the 1998-99 crisis. As shown in Table 4, there was a differentiated impact especially for black women in both crises, with an 11.7 per cent increase in the number of black women in non-regular employment during the 1998-99 crisis, and a smaller increase, namely of 3.9 per cent during the 2008-09 crisis. In both crisis periods, black women's status in employment was more affected than any of the other three groups, displaying the effects of multiple discrimination.

Table 4. Percentage change in average wages and persons in non-regular employment during crisis periods

	1998-99 Crisis ¹								
	Total	Men	Women	White	Black	White Men	Black Men	White Women	Black Women
Wages	-7.7	-5.5	-8.3	-6.5	-8.2	-5.3	-6.5	-6.1	-8.5
Status (Non-regular)	8.0	6.1	10.9	7.5	8.9	4.3	8.6	9.0	11.7
	2008-09 Crisis ²								
	Total	Men	Women	White	Black	White Men	Black Men	White Women	Black Women
Wages	3.2	4.5	3.0	4.5	3.1	5.6	3.8	4.0	2.6
Status (Non-regular)	2.0	0.9	2.3	-0.02	3.5	-0.7	3.3	1.0	3.9
Source: ¹ Author's calculation based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.									
² Author's calculation based on Pesquisa Mensal de Emprego (PME), IBGE.									
PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.									

Source: ¹Author's calculation based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.

²Author's calculation based on Pesquisa Mensal de Emprego (PME), IBGE.

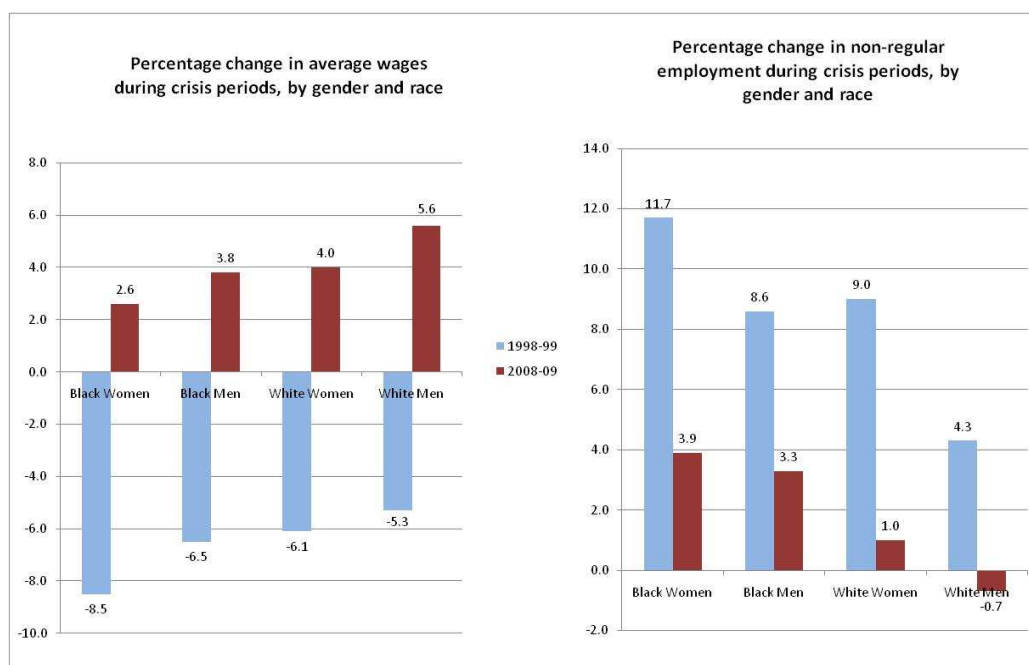
PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

4.5. Real value of wages decreased in 1998-99, increased in 2008-09

The effect of the crises on wages is also apparent. Between 1998 and 1999, overall average wages in the Brazilian labour force dropped almost 8 per cent in real terms from BRL990 to BRL914 per month. This decrease in wages took place in a context in which women earned two-thirds of men's average monthly wage, and blacks earned less than half of whites' average monthly wages. In 1998, the gender gap for wages was 68.6, or in other words, women's average wage was 68.6 per cent of men's average wage. By 1999 women's proportion of men's average wage had decreased to 66.6 per cent, and all wages had decreased in real terms over this period. The story of wages by race is similar. In 1998, blacks on average earned only 49 per cent of whites' average monthly wages. In 1999, this proportion had decreased to 48.2 per cent, still less than half of whites' average wages.

The impact of the global economic crisis on wages in Brazil has been much less severe. This less severe effect on wages can be traced to the increases in the real minimum wage discussed in section II, which affected the value of all wages, especially since 2007. As shown in Table 4, between 2008 and 2009, overall average wages actually increased slightly, by 3.2 per cent, from BRL1,355 to BRL1,398 per month. For women, wages increased by 3 per cent over the year-long period, while for men, wages increased even more, by 4.5 per cent. In terms of the gender gap, in 2008 women earned on average 72.7 per cent of men's wages, and in 2009 this proportion had decreased slightly to 71.5 per cent. In 2008, blacks earned 50.4 per cent of whites' earnings, and in 2009, this proportion had decreased slightly to 49.7 per cent. As seen when looking at the twelve year period between 1995 and 2007, women's proportion of men's wages was higher than blacks' proportion of whites' wages.

Figure 19. Percentage change in average wages and persons in non-regular employment during crisis periods



Source: 1998-99 figures based on Pesquisa Nacional por Amostra de Domicílios (PNAD), IBGE.

2008-09 figures based on Pesquisa Mensal de Emprego (PME), IBGE.

PNAD data prior to 2004 excludes the regions of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

Figure 19 shows that black women's wages were most affected by the 1998-99 crisis, decreasing by -8.5 per cent, compared to a decrease of -5.3 per cent for white men, -6.5 per cent for black men and -6.1 per cent for white women. Thus, black women's proportion of white men's average monthly wages decreased between 1998 and 1999.

Likewise, in the 2008-09 crisis, black women's proportion of white men's wages decreased from 36.1 to 35.7 per cent. While the 1998-99 crisis in Brazil caused a notable depression of overall average monthly wages, over the global economic crisis period, wages actually increased. In both crisis periods, women's share of men's wages decreased, and blacks' share of whites' wages also decreased, but differentiated impacts on women and blacks in terms of wages was more apparent during the 1998-99 crisis than during the global economic crisis.

As seen in examining shifts in non-regular employment during crisis periods, black women's position in the Brazilian labour market in terms of wages was also most affected by the 1998-99 and 2008-09 crisis periods. Figure 19 also shows the crisis impacts on qualitative aspects of employment for the four distinct groups in Brazil. As the Figure shows, in terms of average wages and non-regular employment, black women were impacted most severely in both crises, though impacts were more differentiated in the first crisis period examined of 1998-99 than in the recent global economic crisis.

Though both crises engendered differentiated impacts on women and blacks in terms of status in employment, based on non-regular employment levels and average wages, it is clear that the 1998-99 crisis was more detrimental to women and blacks' position than was the global economic crisis of 2008-09. This supports the hypothesis that women and blacks were in a better position preceding the global economic crisis than before the 1998-99 economic crisis, which acted as a cushion to these groups during the global economic crisis, making disparate impacts less severe.

4.6. Synthesis

It is important to investigate the relationship between narrowed gaps in gender and racial inequality in the Brazilian labour market and the less detrimental impact of the 2008-09 crisis in comparison to the preceding crisis of 1998-99. For women, accessing employment was more difficult in 2007 than in 1995 with more women in the labour force, while qualitative aspects of employment improved. For blacks, improvement in qualitative aspects such as wage differentials and positions was less apparent and still left workers at significantly disadvantaged positions. Black women in particular saw little change in levels of access to and quality of employment. The hierarchical positions of different groups within the Brazilian labour force impacted the way these groups experienced both the 1998-99 as well as the 2008-09 economic crises.

White men

Throughout the 1995 to 2007 period and up to present-day, white males have held the most preferential position in the Brazilian labour market in terms of participation, employment rates and qualitative aspects of employment. Based on available statistics, white males also fared best during the 1998-99 economic crisis. Whereas the overall unemployment rate increased by 2 percentage points and average wages decreased at -7.7 per cent in the 1998-99 crisis period, for white men unemployment increased by 1.8 percentage points and average wages decreased at -5.9 per cent. In the recent global economic crisis, the differentiated impacts noted in 1998-99 crisis in terms of unemployment levels were not present and in terms of qualitative aspects of employment, were not as severe. White male unemployment from 2008 to 2009 increased by 0.5 percentage points, and average wages for white males increased by 5.6 per cent.

White women

White women's participation increased the most of the four distinct gender/racial categories between 1995 and 2007. In the 1998-99 crisis, white women's unemployment

increased at 2.1 percentage points, significantly higher than the unemployment increase for white men, and the same as the increase for black men, while average wages decreased at -6.1 per cent, more than the decrease in average wages for white men. During the global economic crisis period, white women's unemployment rate decreased at -0.1 percentage points. Average wages for white women during this period increased by 4 per cent. The increase in white women's participation coupled with the overall increase in white women's unemployment from 1995 to 2007 meant that access to employment for white women has become more difficult. Meanwhile quality of employment for white women improved from 1995 to 2007. Evidence in this paper points to white women losing less in the 2008-09 global economic crisis than the 1998-99 crisis in part because of the noted improvement in their position in the Brazilian labour market.

Black men

Black men's participation decreased slightly between 1995 and 2007. In terms of unemployment, black men were second most likely to be unemployed, behind black women. In the 1998-99 crisis period, black male unemployment went up 2.1 percentage points, the same percentage point increase as white women's unemployment and notably less than white men's unemployment increase of 1.4 percentage points. During the 1998-99 crisis period, average wages for black men decreased at -6.5 per cent, more than the decrease in average wages for white men as well as white women. In the global economic crisis, black male unemployment increased by 0.3 percentage points, and average wages for black men increased by 3.8 per cent from 2008 to 2009, less than the increase in wages for white men and white women.

Black women

Black women have occupied the lowest position in the Brazilian labour market in terms of access to employment and qualitative aspects of employment, namely informality, wages and social security coverage. Black women's position in the Brazilian labour force did not improve significantly from 1995 to 2007, and likewise, their comparative experience of the 1998-99 and 2008-09 economic crises in terms of wages and status in employment was largely similar. In the 1998-99 crisis, black women's unemployment hit 13.1 per cent, a rate almost double the peak of white male unemployment. Likewise, average wages for black women at BRL461 per month in 1999, were less than half overall average monthly wages for the Brazilian population which was BRL1,090 per month, and less than a third of average monthly wages for white males, which was BRL1,486. Black female participation rates did not increase as much as white female participation rates; black female unemployment rates increased more than white female unemployment rates; and qualitative aspects of black female employment such as wages and social security coverage did not improve as significantly as did these aspects of white female employment over the 1995 to 2007 period. Black women's unemployment was most affected by both the 1998-99 crisis, rising 2.4 percentage points to 13.1 per cent in 1999. Black women's unemployment decreased the most during the 2008-09 global economic crisis period, by -0.2 percentage points, but the percentage of non-regular workers increased the most for black women between 2008 and 2009, by 3.9 per cent. In both crisis periods, black women's non-regular employment increased most (by 11.7 per cent in 1998-99 crisis). Likewise, black women's wages decreased most in 1998-99, by -8.5 per cent, and increased least in 2008-09, by 2.6 per cent.

Winners and losers

The biggest losers in the 1998-99 crisis and the 2008-09 crisis in terms of qualitative aspects of employment are the losers in general in the Brazilian labour market, namely black women. Overall, differentiated impacts for women and blacks were less severe during the second crisis period than during the 1998-99 crisis period. For black women,

though, non-regular employment increased most, and wages increased less than for all women and for all blacks in 2008-09. Though employment increased among women and decreased among men between 2008 and 2009, non-regular employment increased more among women. Going some way in explaining this combined increase in employment and non-regular status for women, the ILO (2010) report “Women in labour markets” recognises the “risks of an increased marginalization of female labour as [women] take up part-time and flexible jobs, which dominate the available work opportunities during a recession. Men are less likely to ‘settle’ for such work, but will rather hold out as unemployed until a full-time ‘real job’ becomes available” (p. 6). In the context of Brazil, this phenomenon holds true, especially for black women.

The differentiated impact of the 2008-09 global economic crisis on qualitative aspects of employment remained visible, though not as severe as the 1998-99 crisis, for black women. The demonstrated improvement in women’s and blacks’ positions in the Brazilian labour force forms part of the narrative of the lesser-felt differentiated impact of the global economic crisis on these groups. Improvements can be linked to Brazilian social policy initiatives undertaken over the last decade and a half aiming to combat poverty as well as gender, racial and income inequalities.

5. Conclusions

Examining the two crisis periods of 1998-99 and 2008-09 reveals that differentiated impacts on women and blacks were more severe in the earlier crisis. Women and blacks are disproportionately represented in low-paid, low-skilled work and also in the bottom rungs of the socio-economic ladder. It follows therefore that upward revaluation of the minimum wage coupled with extended benefits through the BPC and Bolsa Família programmes, “disproportionately” give a hand-up to women and blacks, providing added assets, reducing financial risk and allowing for expanded participation in the labour market.

Entrenching its social programmes as intrinsic to the country’s fabric as opposed to being seen as politically-affiliated agendas is one of the greatest challenges facing Brazil’s continued struggle against poverty and social inequality. In labour market terms, as the statistics examined in sections III and IV demonstrate, while progress has been made in women’s participation and improving qualitative aspects of women’s labour market positioning in comparison to men, there are still significant gaps to be overcome, especially in relation to qualitative aspects of blacks’ position in the Brazilian labour force, especially black women. The analyses conducted in this paper provide evidence that improved positioning in the labour market can act as a cushion for disadvantaged groups during crisis periods, lessening the differentiated impact of crises on these groups.

While its progress in decreasing poverty and inequality has been heralded internationally, Brazil still has remarkably high levels of income, gender and racial inequality. Women continue to earn less than three-quarters (72.7 per cent) of men’s wages, blacks continue to earn barely half (50.4 per cent) of whites’ wages, and perhaps most tellingly, black women continue to earn barely one-third (36.1 per cent) of white men’s wages. The effects of multiple discrimination, as black women face layered barriers to their advancement in the labour force and in broader society and thus also face layered impacts of economic crises, were visible in both crisis periods. There is still a lot more to do to improve equality in the Brazilian labour market, and to thus cushion its most vulnerable members from shocks that may be largely outside the control of the Brazilian government, such as the external shock that has been the global economic crisis.

The Brazilian economy has been forecast to grow an impressive 7.3 per cent in 2010,¹⁰ and based on figures from the first two quarters of 2010, it is well placed to surpass even these very positive estimates. As Brazil continues its trajectory of positive growth, improving positions of the most vulnerable groups acts as a cushion to protect these groups from the disparate impacts of economic crisis. As the analysis presented in this paper has shown, alleviating the proverbial crisis before the crisis (growing global inequality and wage stagnation) may be the best way to protect vulnerable groups from the disparate impact of crises. Kakwani, Neri and Son (2009) note that “government social policies can play an important role in protecting the poor from external shocks which otherwise can have a devastating impact on the living conditions of the poor” (p. 20).

In 2010, the UNRISD’s report similarly found that: “it is easier to correct inequalities when an economy is growing, the targeted population has strong links with policy-making institutions, and the redistributive policy is part of a larger strategy to transform the economy and eliminate poverty” (p. 82). The analysis presented in this paper provides further evidence for the argument that decreased levels of inequality in the labour market help to protect vulnerable groups from the disparate impacts of crises, and strengthens larger efforts to combat poverty.

¹⁰ Banco Central do Brasil, Sep. 2010.

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