

Labour Market Inequality in Brazil and India: a Comparative Study

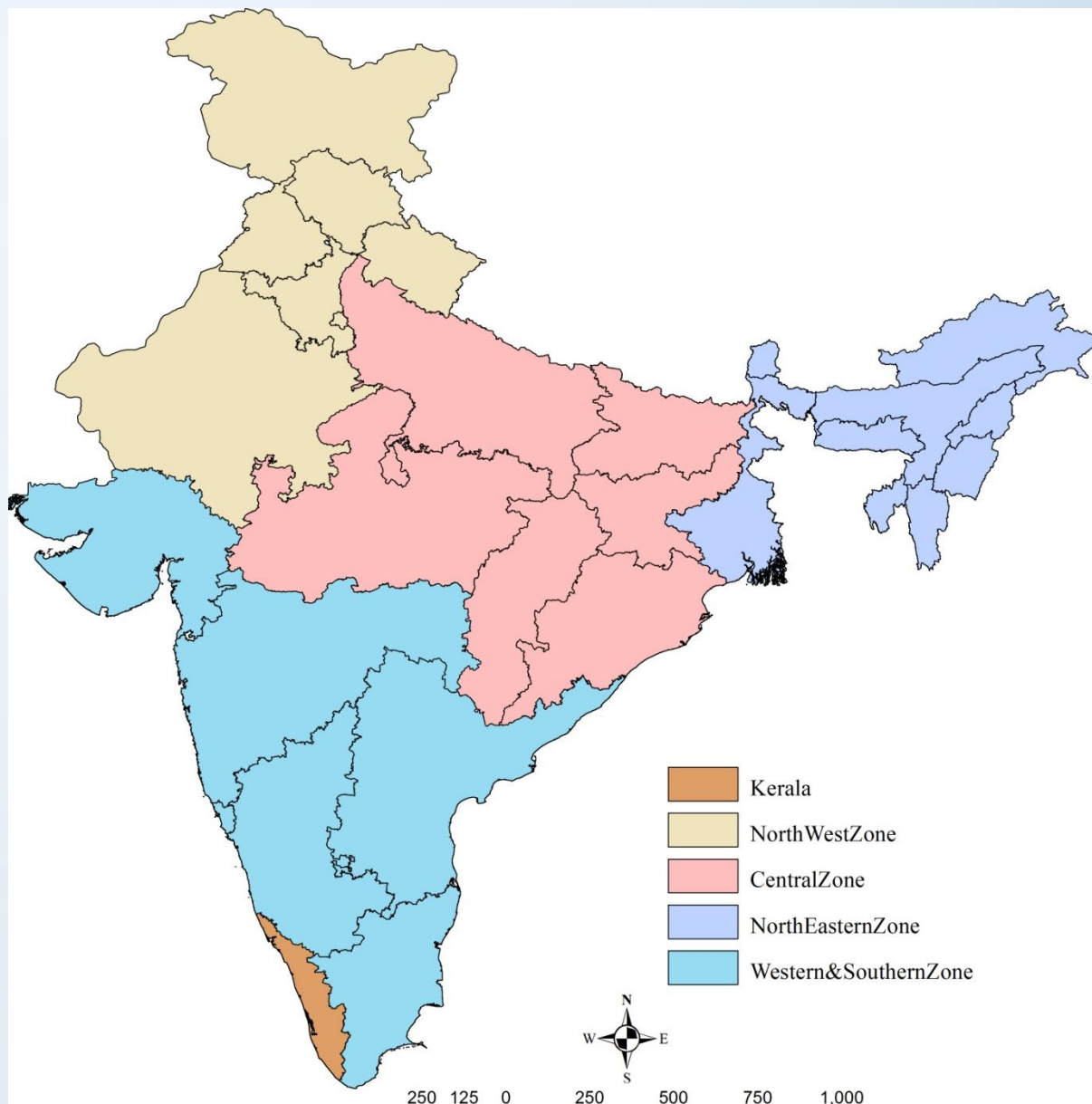
Panel 4 Regional Inequality

São Paulo, 21st August 2014

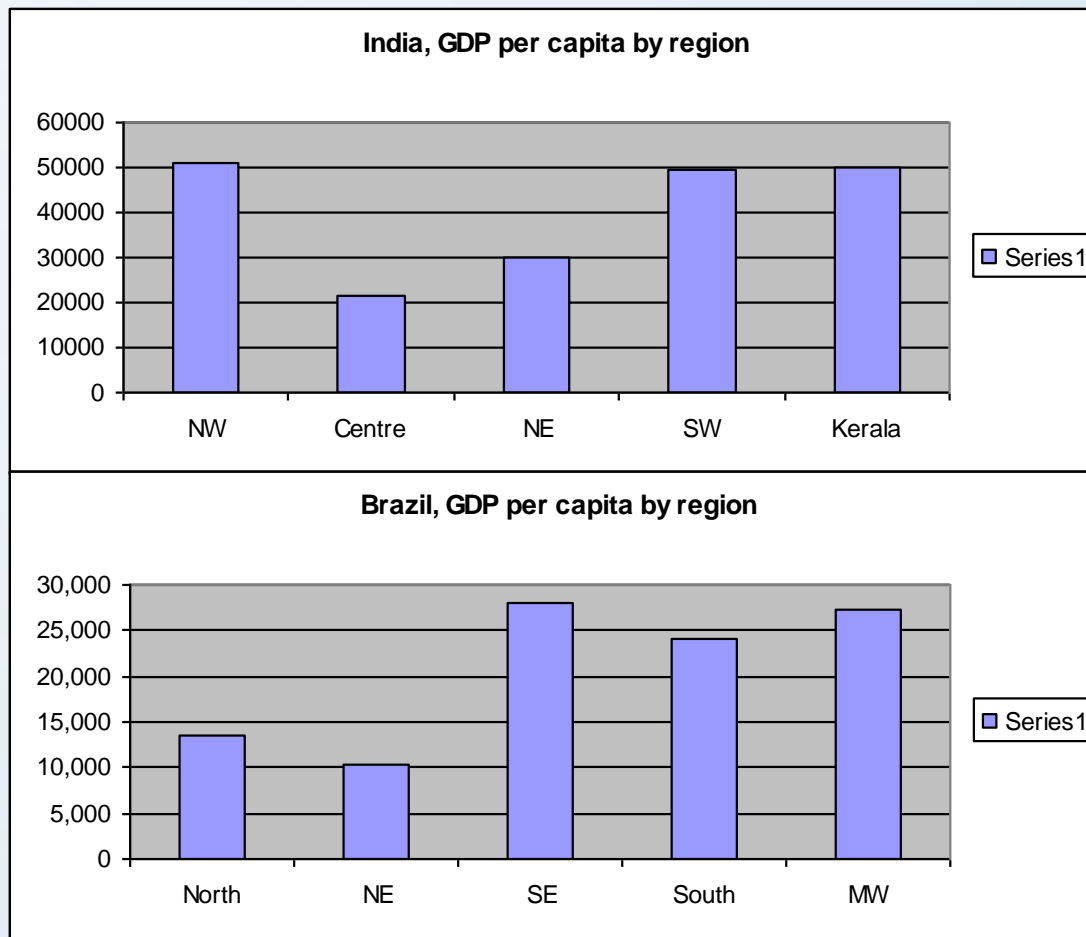
Structure of presentation

- 1. Patterns of regional inequality in Brazil and India
- 2. Regional inequality and the growth regime
- 3. Change in regional inequality over time

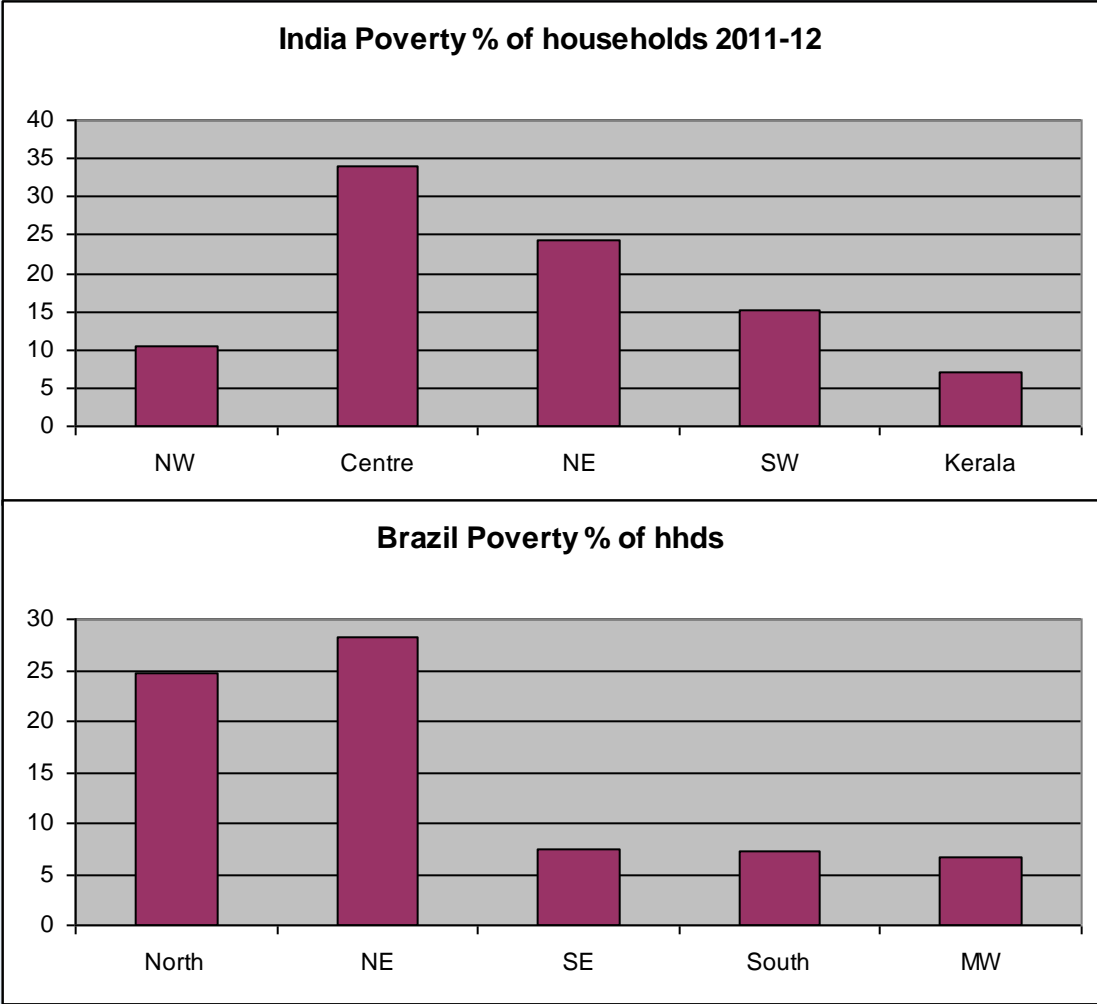
Regional inequality: India



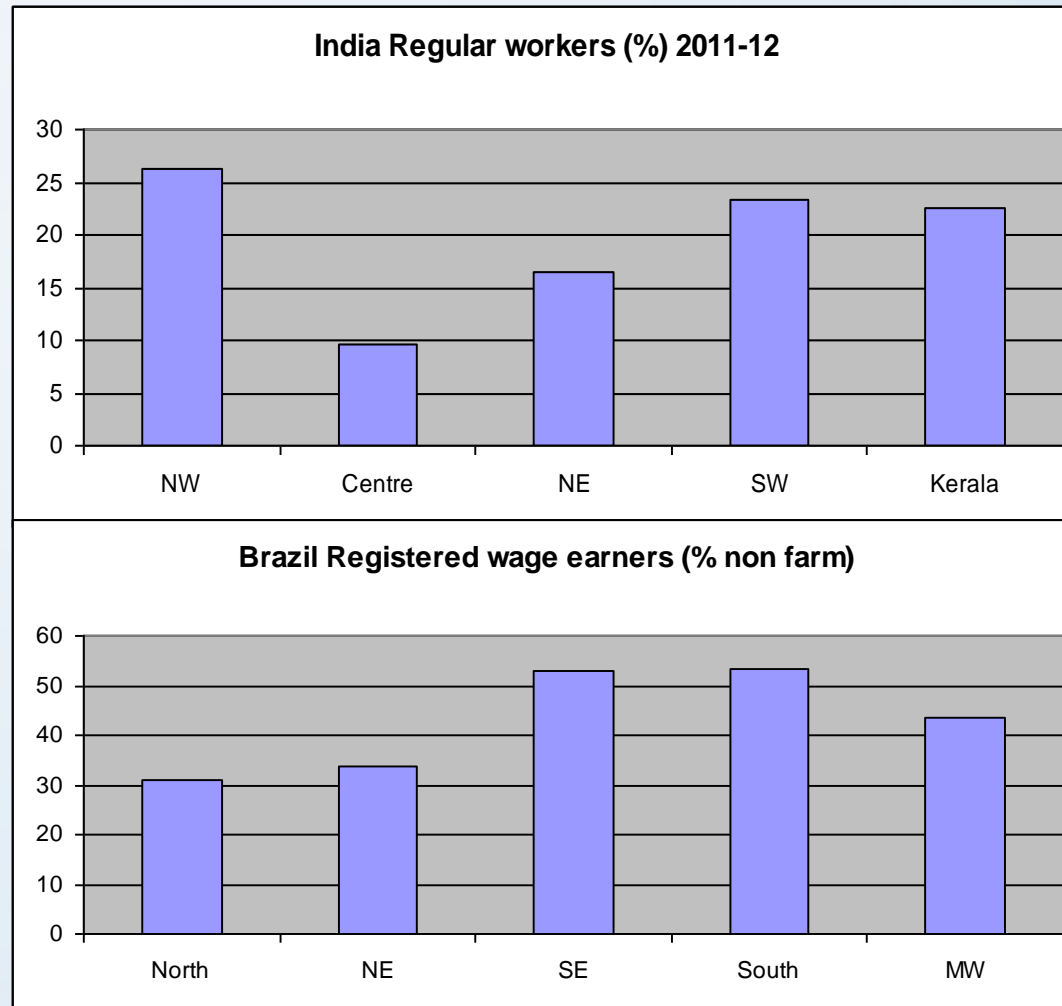
Regional inequality – GDP per capita, 2011-12



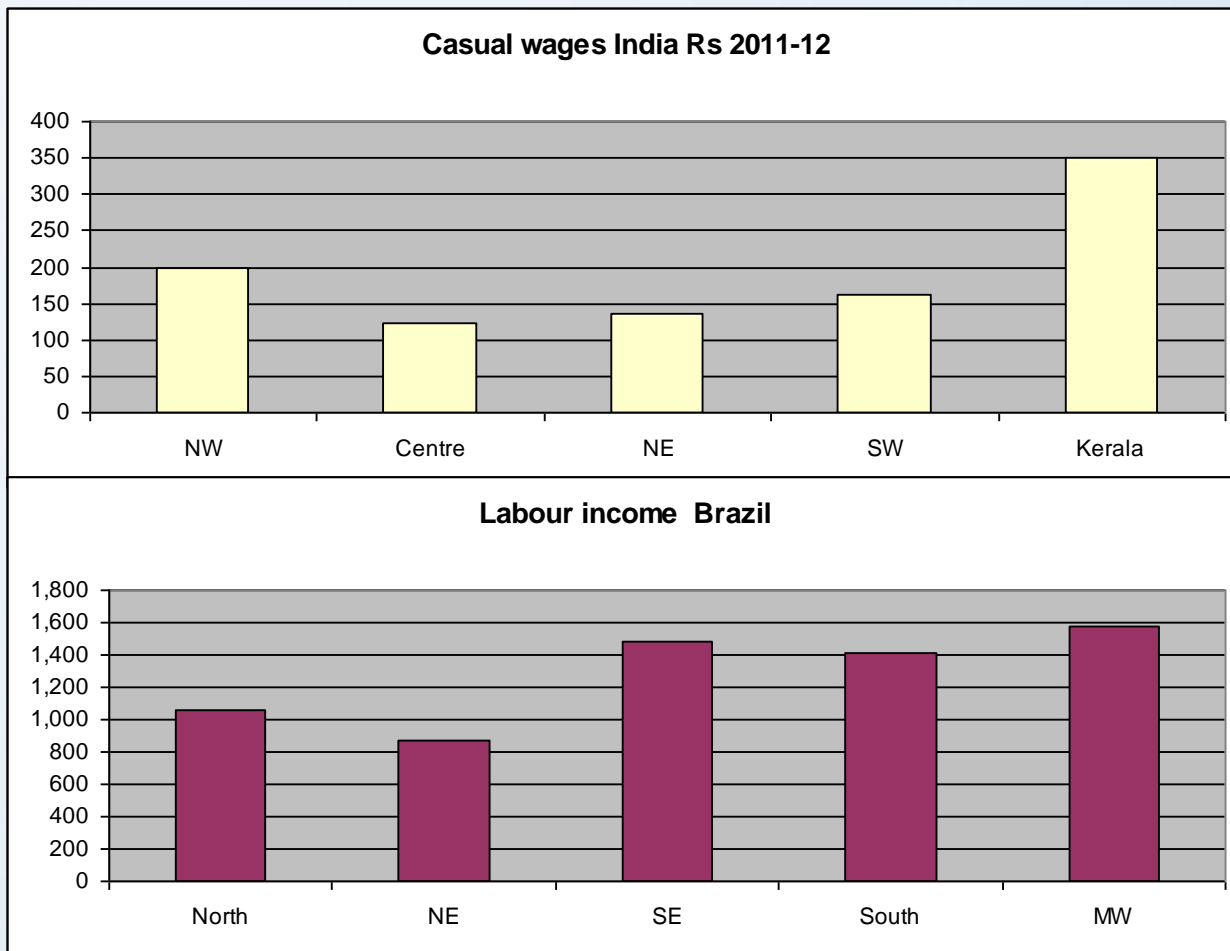
Regional inequality – Poverty (%), 2011-12



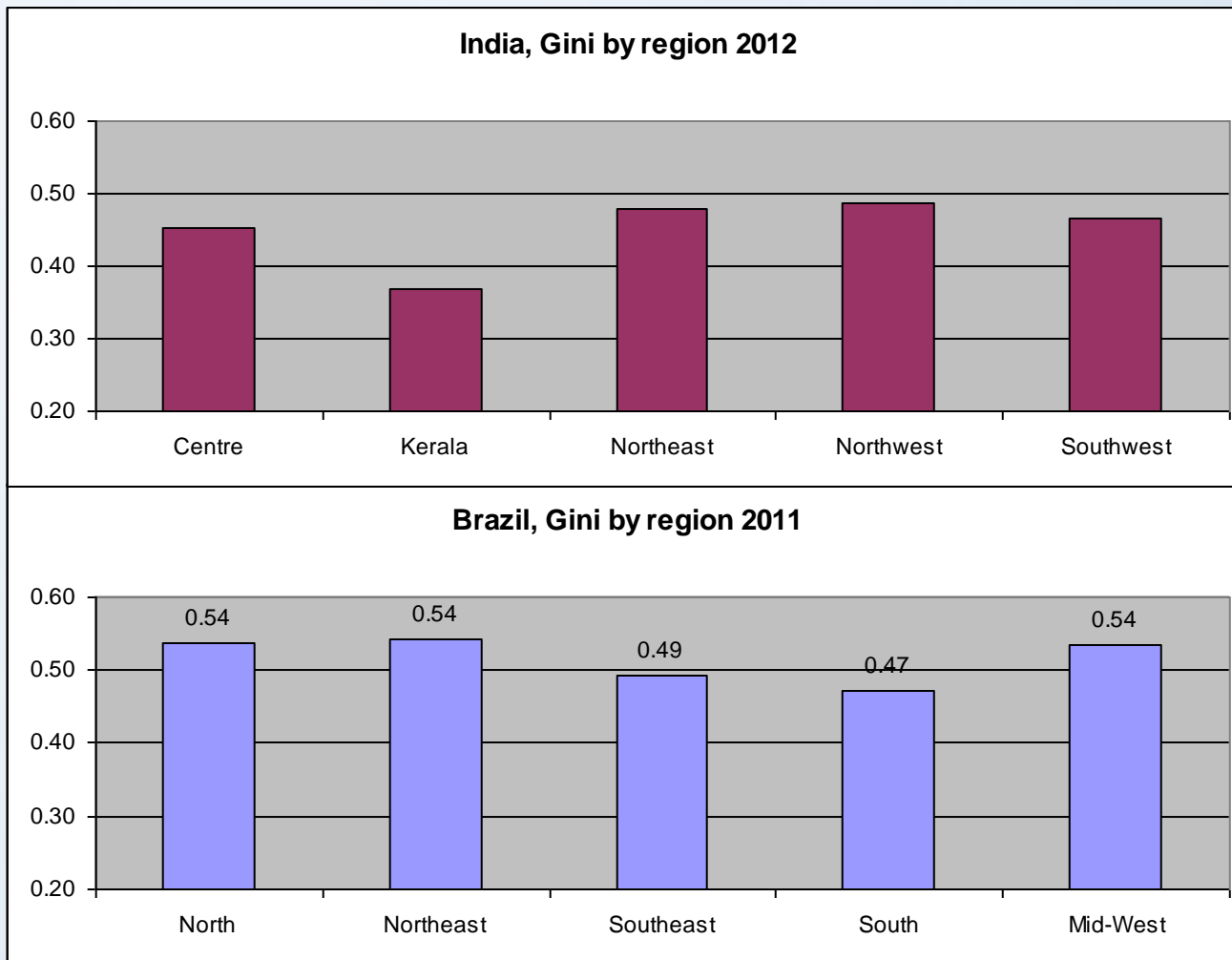
Regional inequality – Regular/registered workers (%), 2011-12



Regional inequality – Wages/labour income, 2011-12



Regional inequality – Gini, 2011-12



Inequality and the growth regime

- Regional inequality embedded in the growth regime because of regional variations in the structure of accumulation
- Concentration of manufacturing investment and skilled workforce in SE Brazil and Western/Southern India
- “Backward” regions still serve (Central India) or have served (NE Brazil) as labour reserves supplying unskilled labour to the process of accumulation in advanced regions (construction labour, domestic service)
- But India in particular is large and complex. Does India have a single growth regime with regional components or different regional regimes?
- Local factors important
 - exploitative agrarian systems preventing accumulation and perpetuating inequality
 - local accumulation process (Tamil Nadu different from Gujarat)
 - Local state differs in effectiveness and orientation
- Connections between regional inequality and other aspects of inequality

Change in regional inequality over time

- Long term trend in India of growing inequality of per capita output between states after 1980
- This reflects polarizing effects of liberalizing growth and reduced compensatory role of state (NSDP per capita growth since 1993 < 4% in poorer regions, 4.5 to 5.8% in richer regions)
- Recently increased integration of the Indian labour market tending to reduce interregional wage differentials for casual labour. But accumulation still concentrated in richer regions
- In Brazil little change in regional inequality up to 2000. After 2000, there was a trend toward convergence between per capita incomes in different regions, even though the gap is still large.
- Inequality and poverty have fallen everywhere, but faster in the richest regions. This has to do with patterns of growth – linked to the size and dynamics of the labour market.

Summing up

- Regional inequality an important dimension of labour market inequality
- Reflects growth regime in two ways
 - Structural inequality between regions within national growth regime
 - Local forces and institutions with some autonomy creating different regional dynamics
- Regional labour markets connected by migration but this is a source of exclusion and discrimination as well as opportunity
- Brazil and India both reflect this pattern but India shows greater variety and in recent years more concentration