

V.B. Singh Memorial Lecture
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Inequality and the Labour Market: What can we learn from comparing Brazil and India

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V.B. Singh too was concerned with labour market inequality

- “Wages constitute one of the most neglected categories for economic research... Issues such as differential between agricultural and industrial wages... Diverse forms which the remuneration of working class assumes... This is a serious gap”
- “Mobility of workers is only horizontal... A coolie remains a coolie... Unchanging occupational mobility persists like the caste system”

The research teams

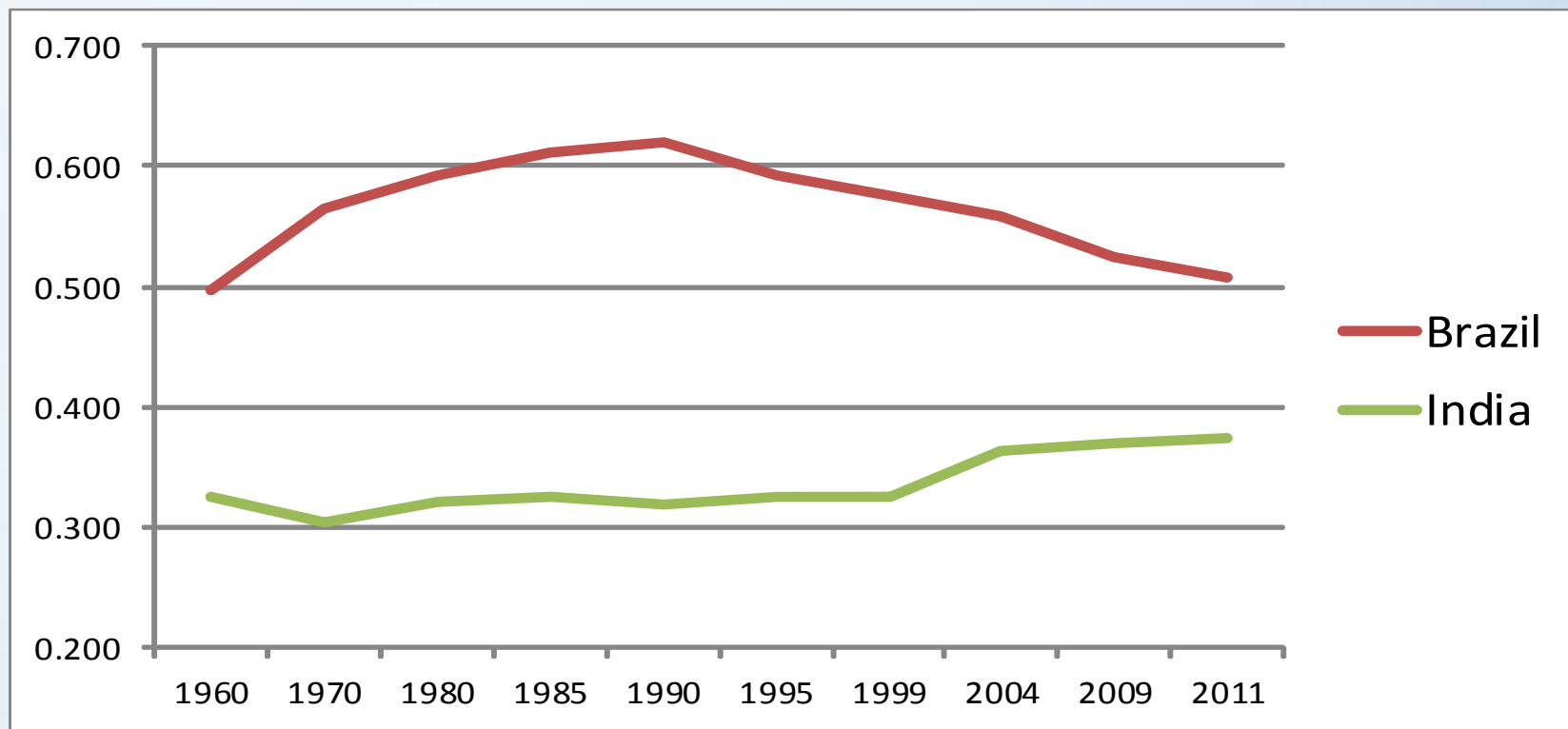
IHD, New Delhi: Taniya Chakrabarty, Nandita Gupta, Ashok Pankaj, Janine Rodgers, Vidhya Soundararajan and myself

Cebrap, São Paulo: Alexandre de Freitas Barbosa, Maria-Cristina Cacciamali, Fabio Tatei, Eduardo Cury and Ian Prates

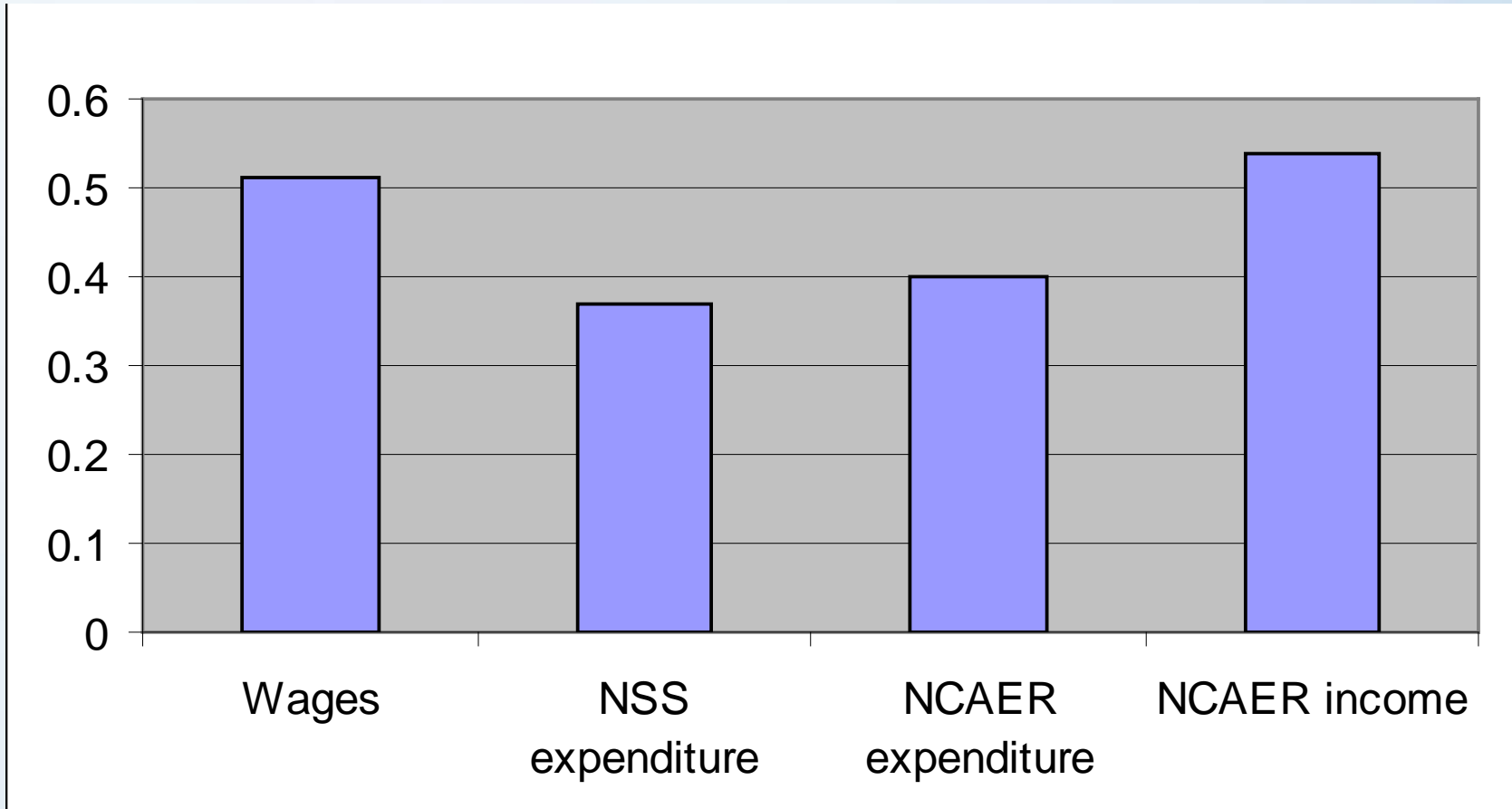
Presentation

1. Comparing inequality in India and Brazil
2. Growth regimes and inequality
3. The labour market
4. Divides and cleavages
5. The State and inequality

Gini coefficients of household income (Brazil) and household expenditure per capita (India), 1960-2011

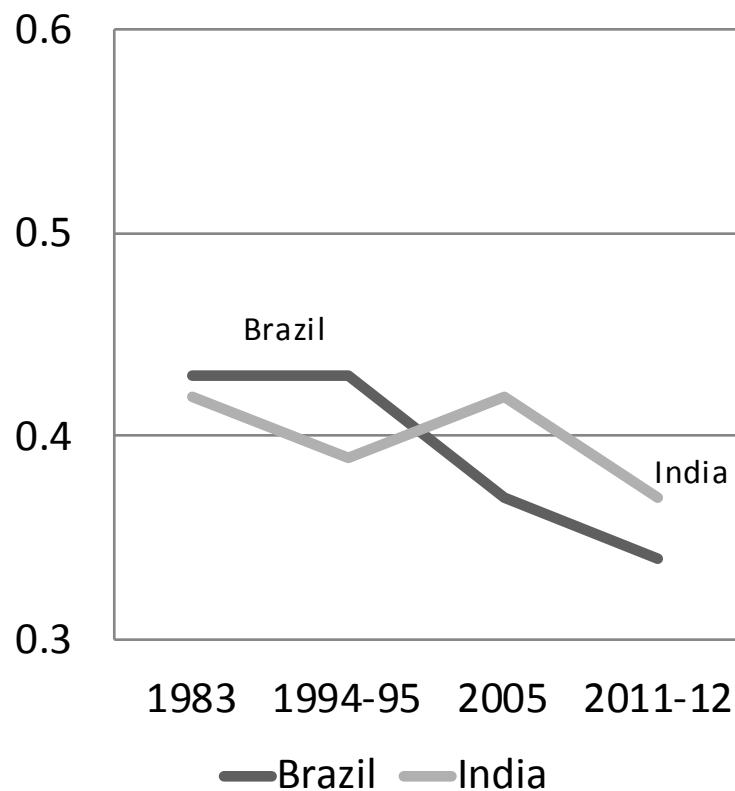


Gini index of inequality compared across variables and surveys, India, 2004-05

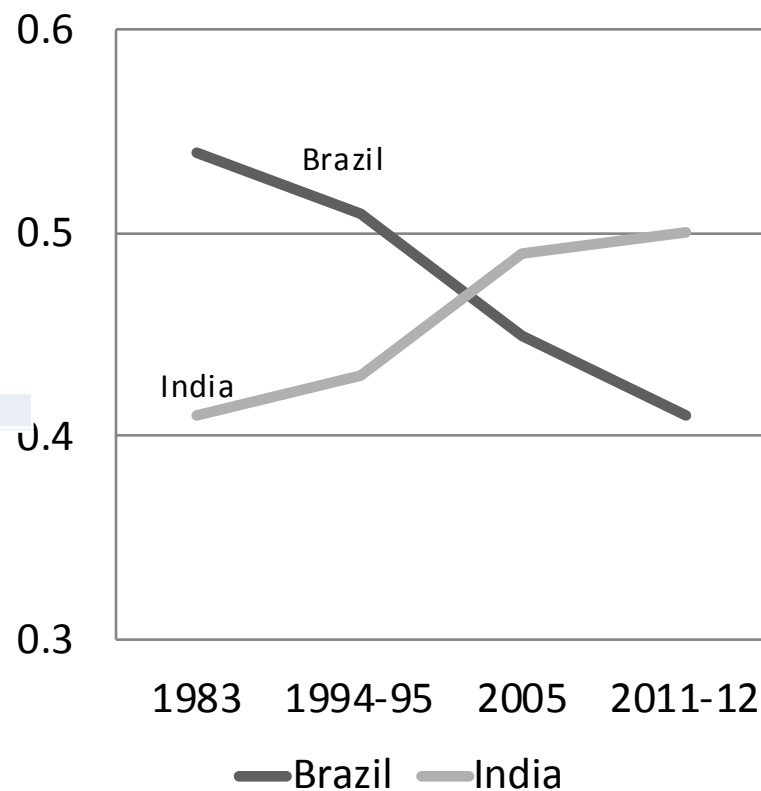


Gini index of wage inequality, India and Brazil, 1983 to 2011-12

Rural wages



Urban wages



Growth Regimes: Basic Concepts

- Combination of institutions and structures leads to particular modes of social and economic regulation
- Key components
 - Integration in international economy
 - Competition regime
 - Wage labour relations and labour institutions
 - Agrarian system
 - Monetary/fiscal regime
 - Role of the State
- Changes in growth regime result from both internal contradictions and external forces

Growth Regimes in Brazil and India: 1940-1980

Brazil

Constrained (state-managed) industrialization (up to 1955)	Heavy industrialization I (public-private) (1956-63)		Heavy industrialization II (military regime) (1967-1980)
1940.....1950.....1960.....1970.....1980			

India

Colonial -1947	State-driven post-colonial industrialization (1947-1965)	State-driven populist (1967-1980)
1940.....1950.....1960.....1970.....1980		

Growth Regimes in Brazil and India: 1980-2010

Brazil

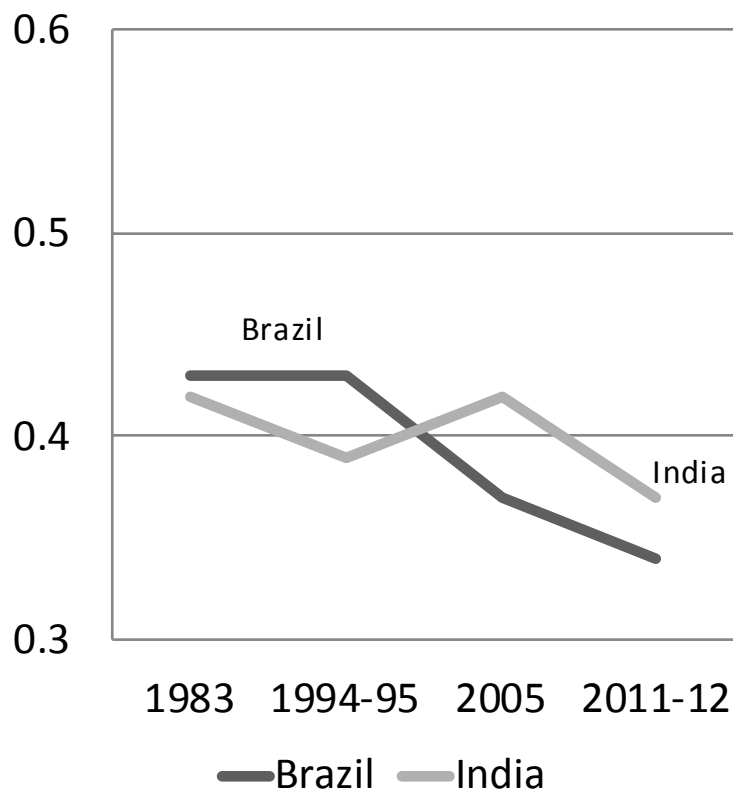
Economic crisis and democratization (1981-89)	Stabilization and liberalization (1990-1999)	Economic recovery with redistribution (2000-2012)
1980.....	1990.....	2000.....2010.....

India

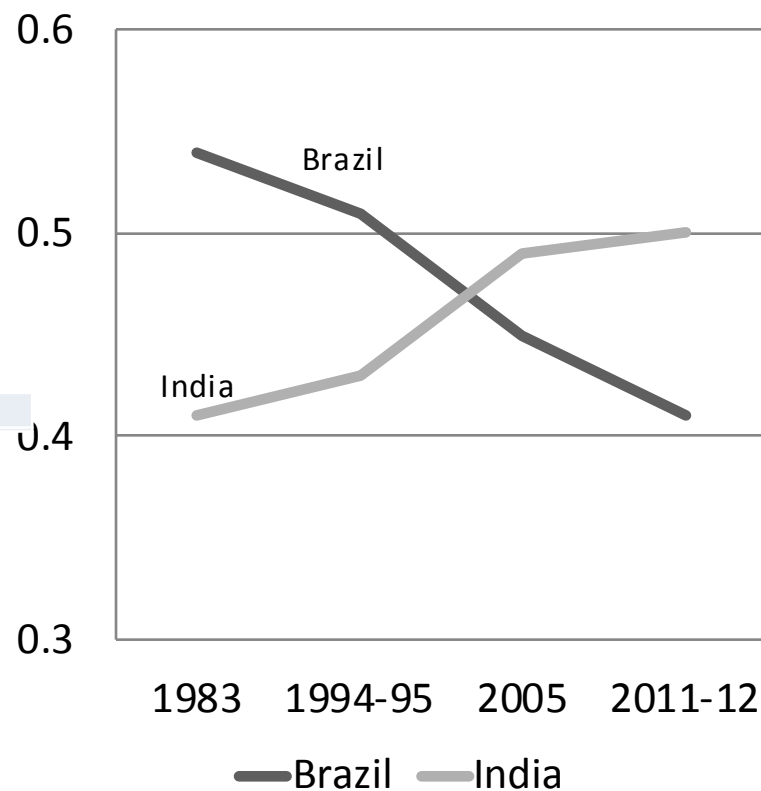
Transitional with internal liberalization (1980-1991)	Liberalizing internally and externally (1991-2012)
1980.....	1990.....2000.....2010.....

Gini index of wage inequality, India and Brazil, 1983 to 2011-12

Rural wages

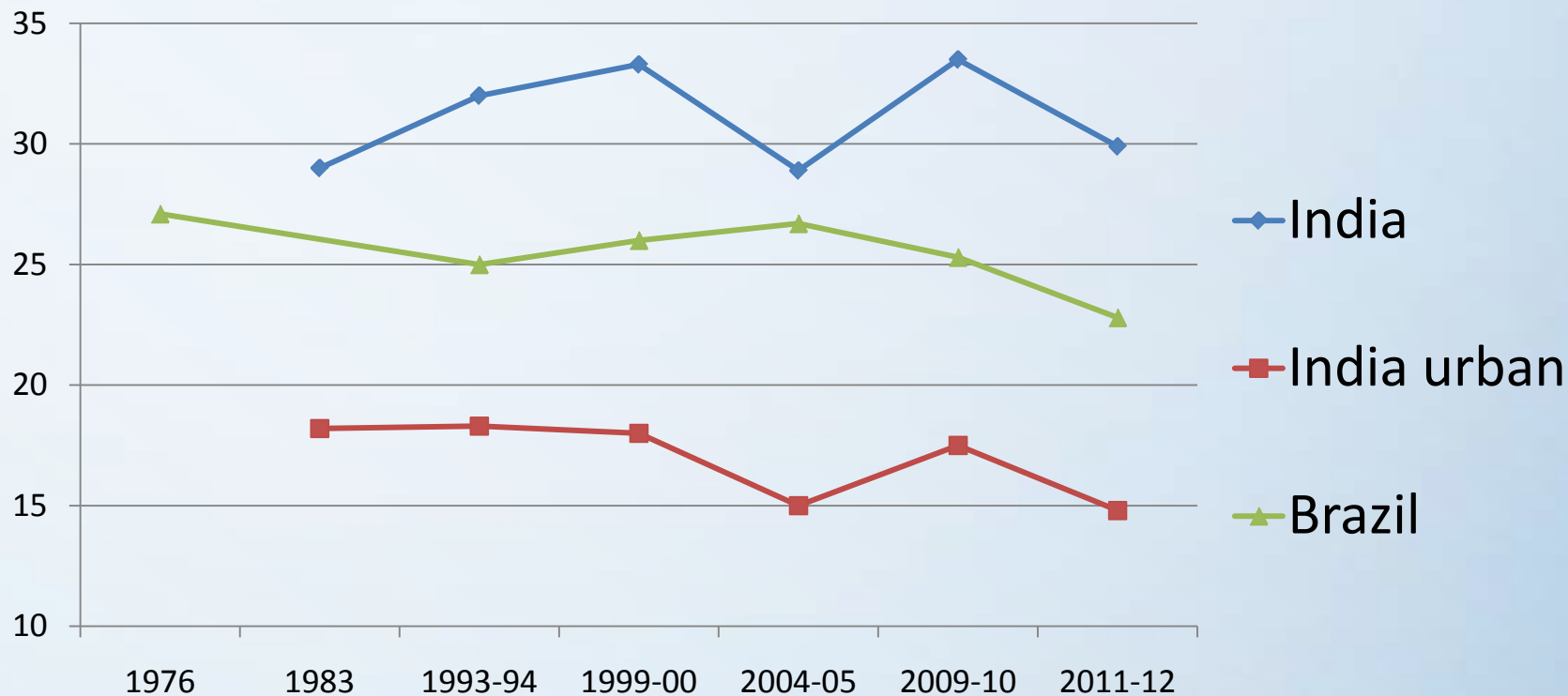


Urban wages



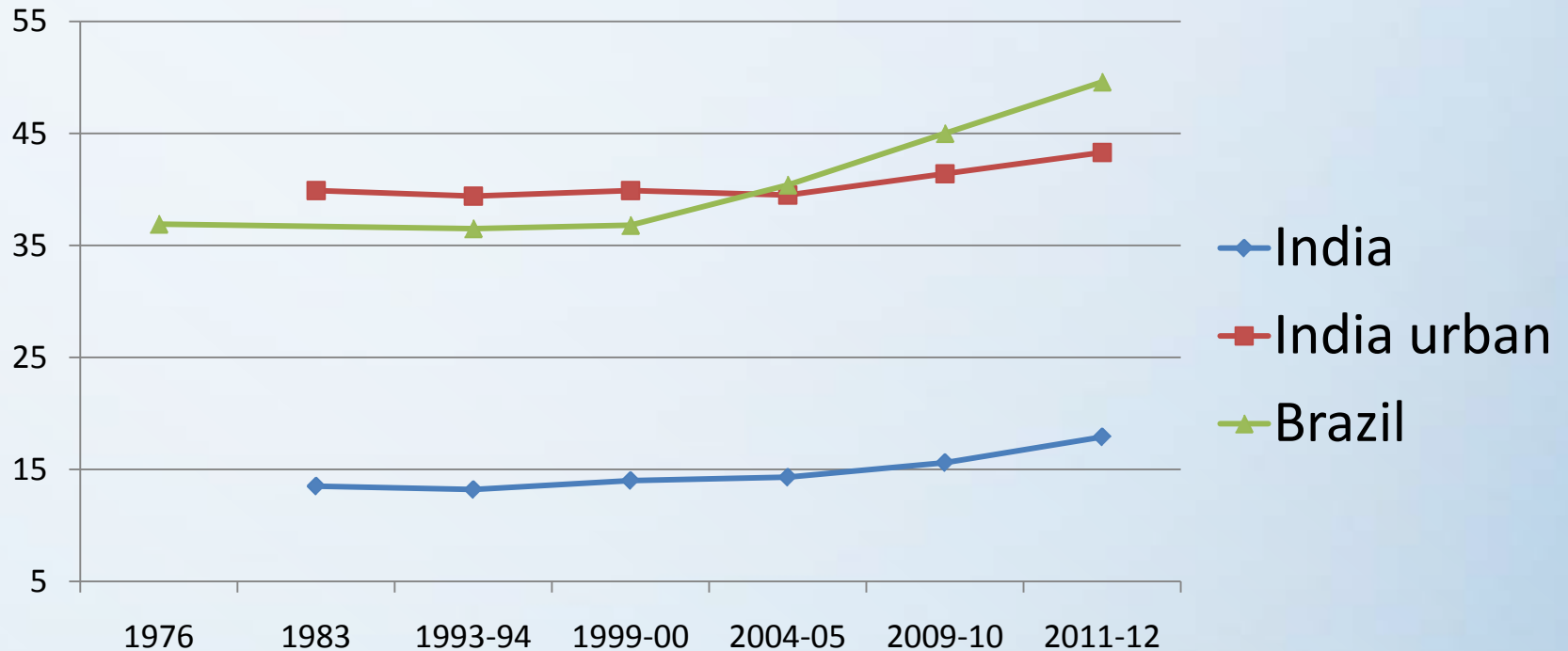
Labour status in Brazil and India - 1: 1970s-2012

Casual/unregistered work



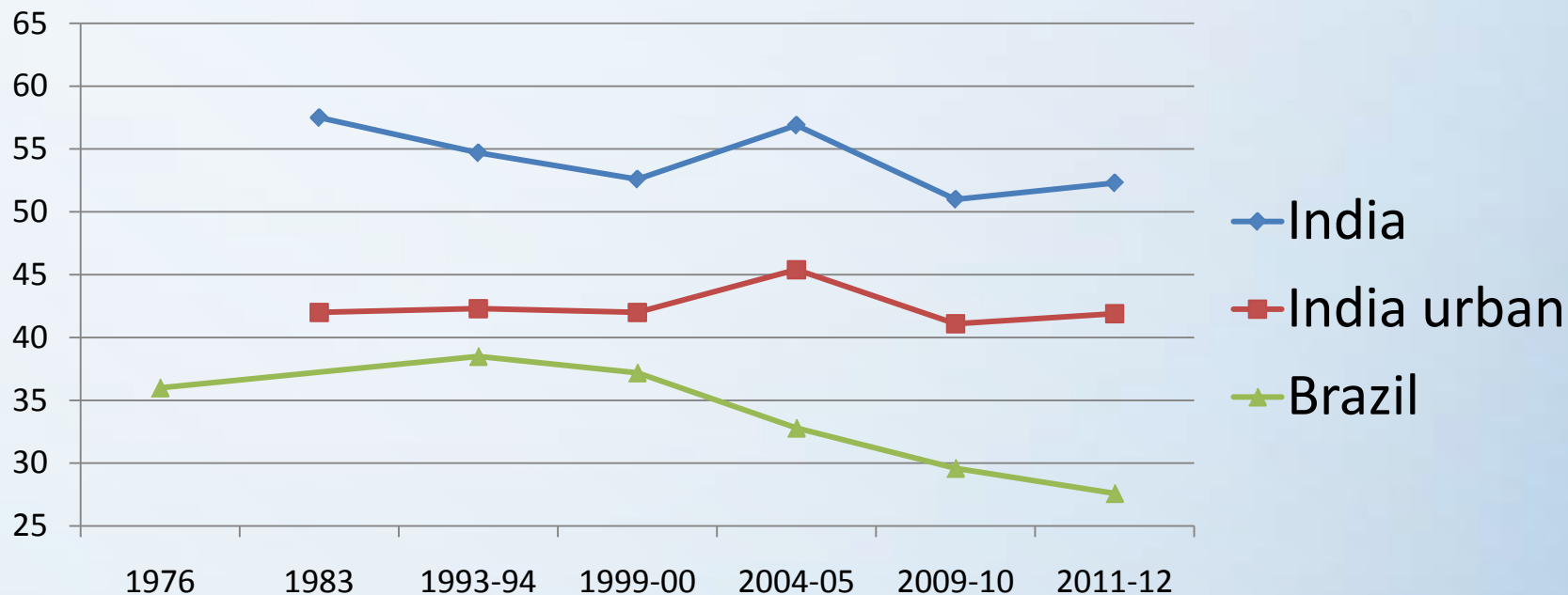
Labour status in Brazil and India - 2: 1970s-2012

Regular/registered work



Labour status in Brazil and India - 3: 1970s-2012

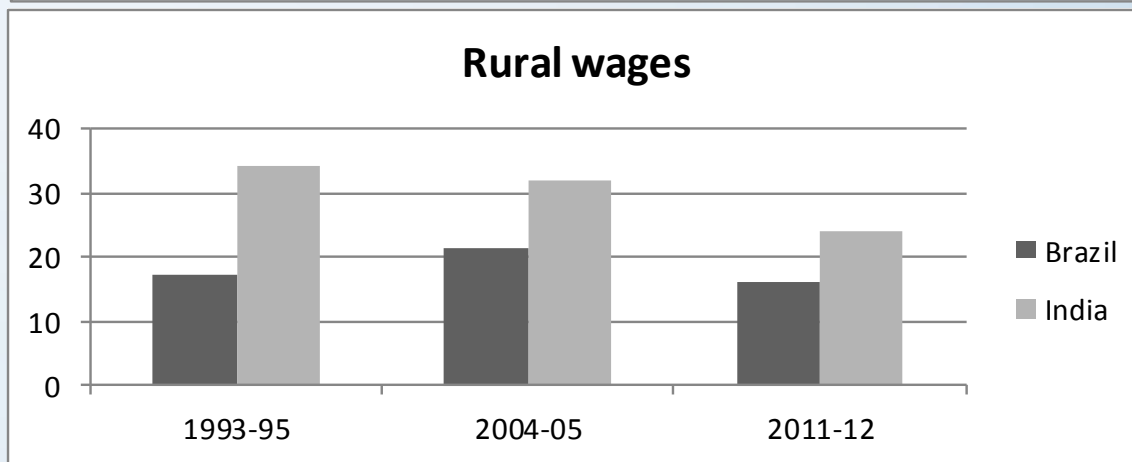
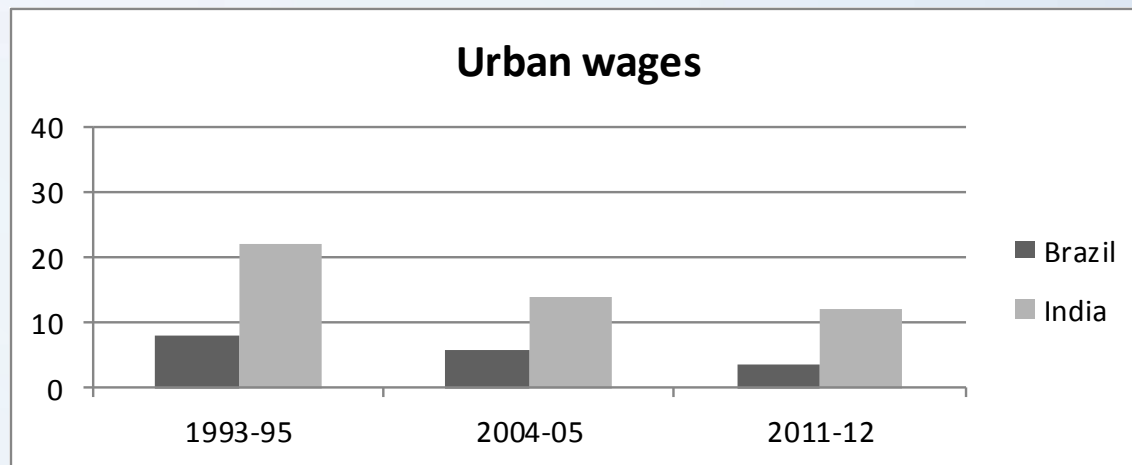
Self-employment



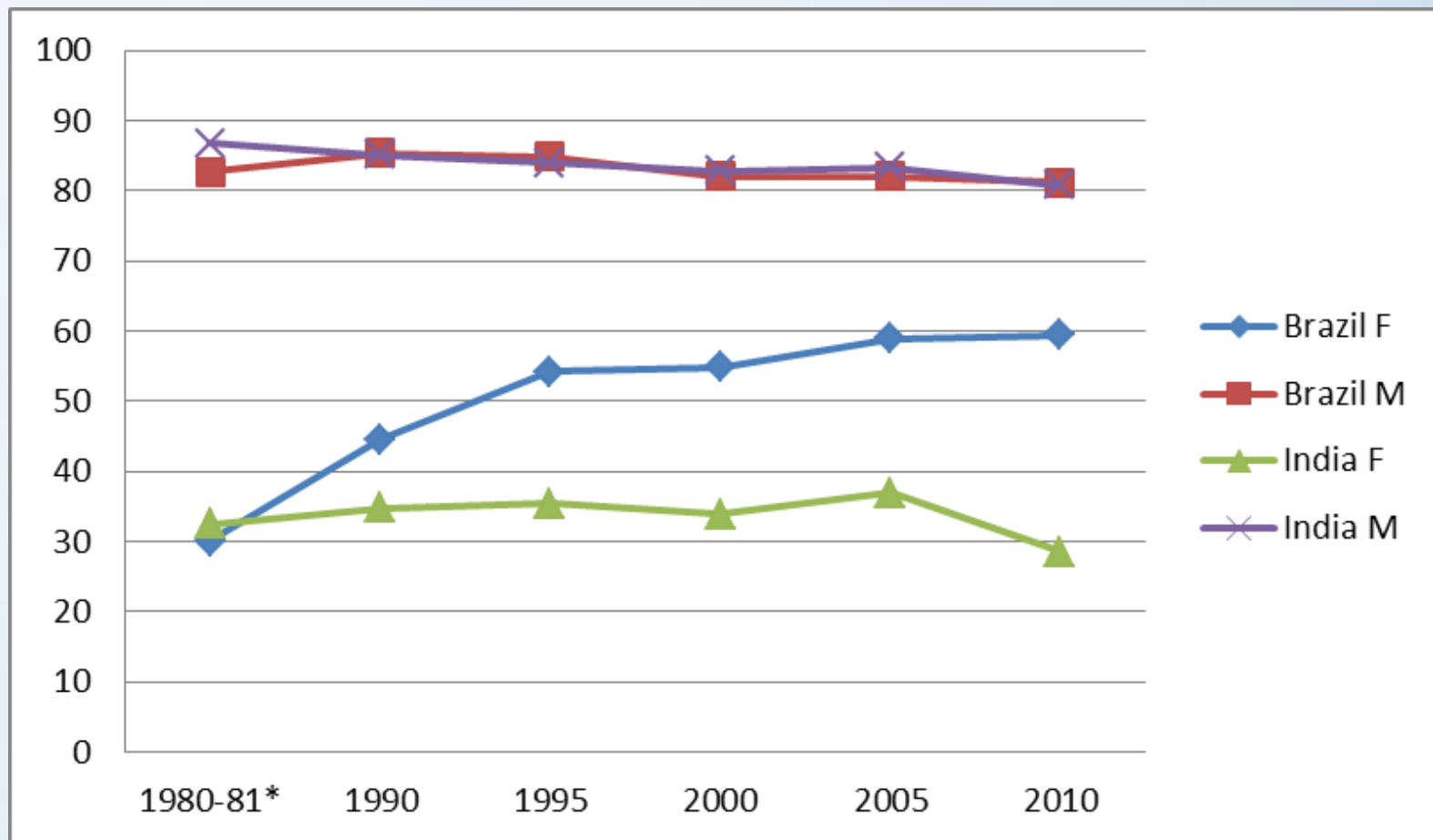
Wage ratios: casual to regular (India) and unregistered to registered (Brazil), 1993-2012

		1993-95	2004-05	2011-12
India	Rural	0.38	0.37	0.46
	Urban	0.38	0.36	0.38
Brazil	Rural	0.49	0.51	0.58
	Urban	0.50	0.60	0.68

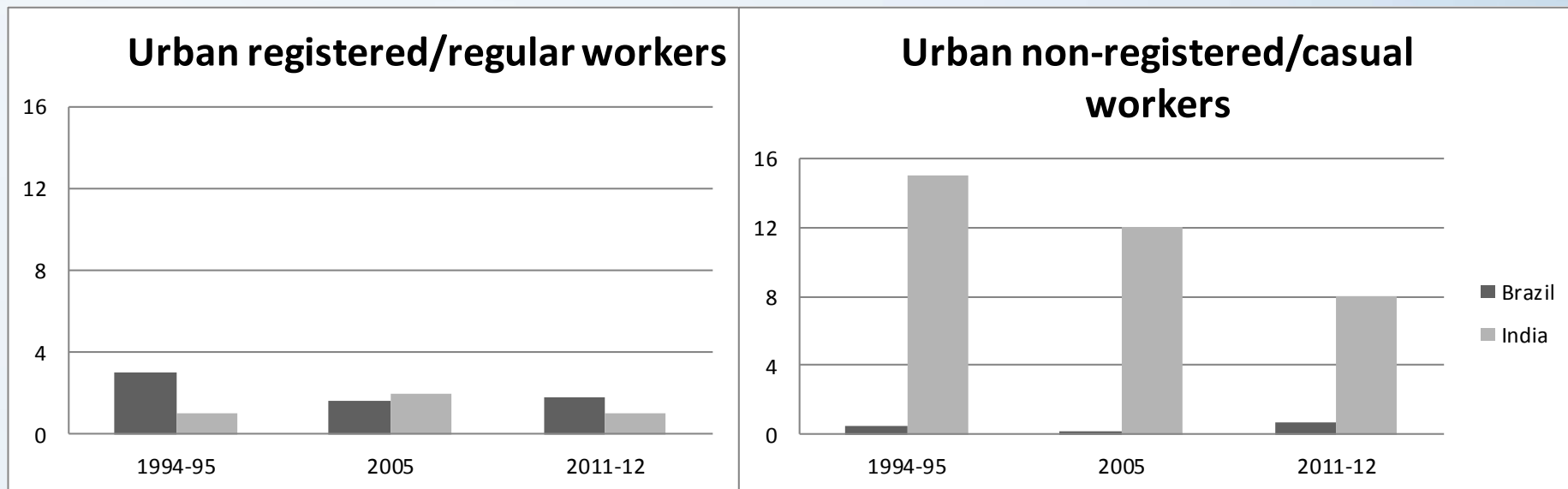
% contribution of labour status to Theil index of wage inequality, Brazil and India, 1993-2012



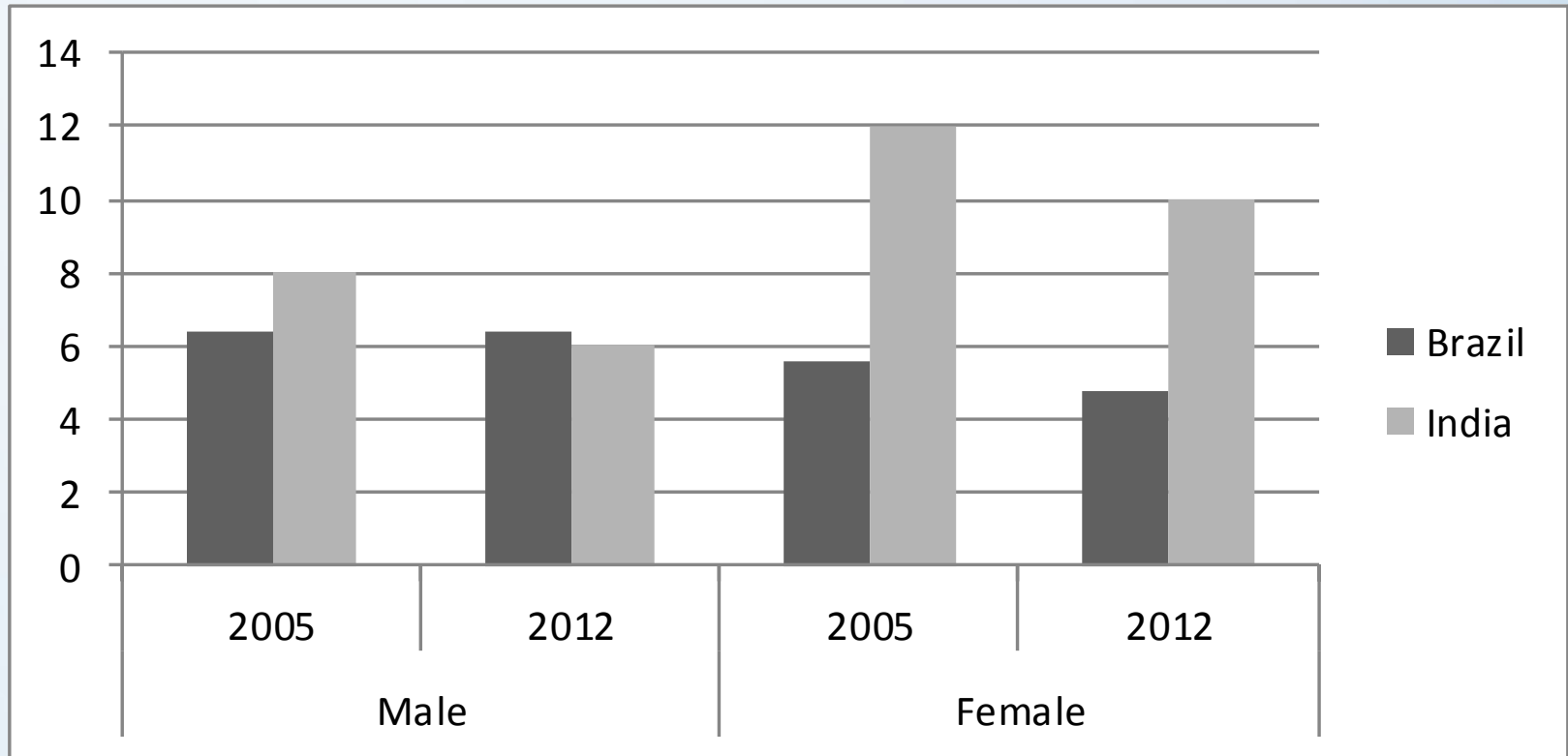
Labour force participation rates (%), male and female , India and Brazil, 1980-2010



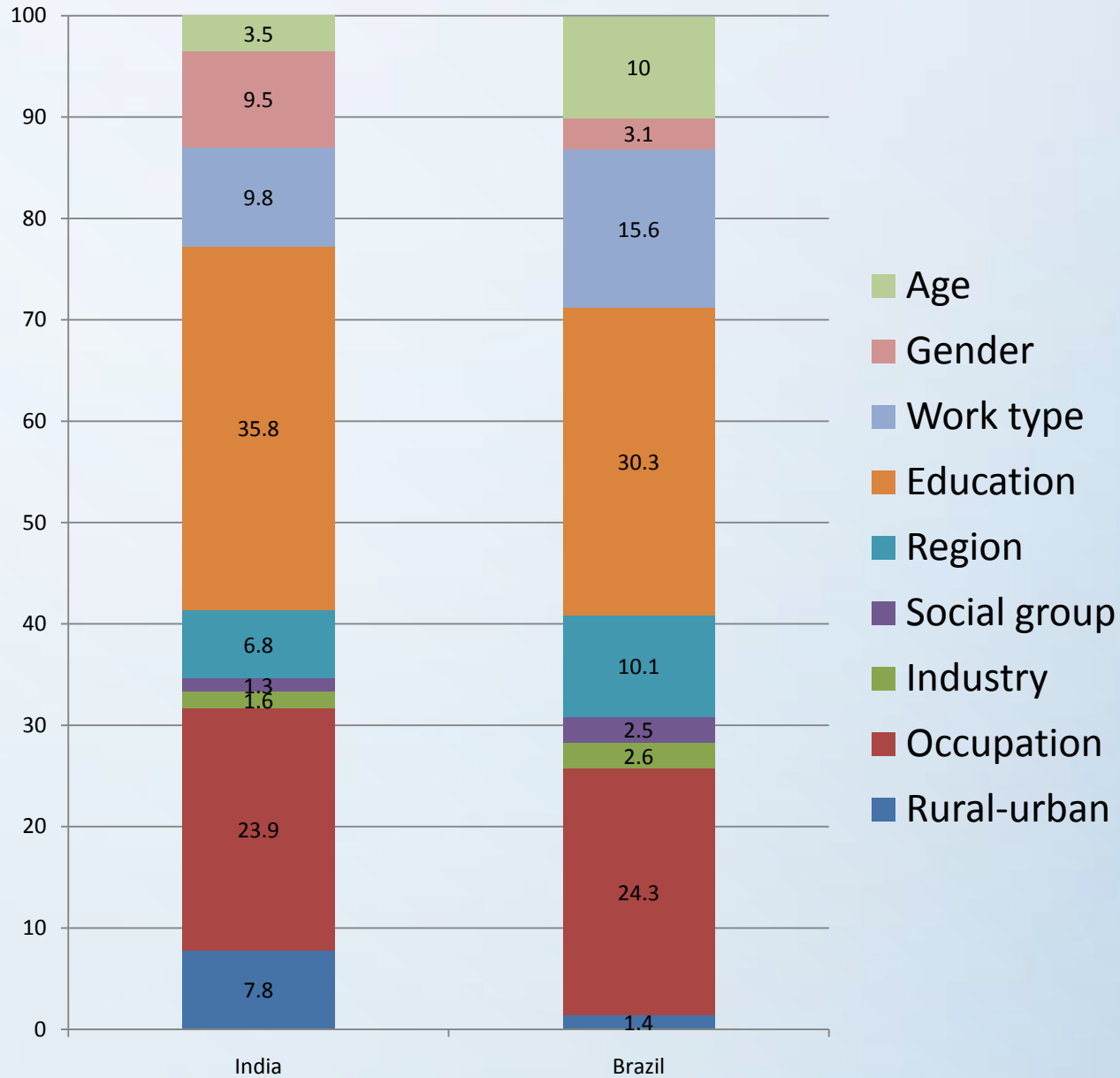
% contribution of sex to Theil index of wage inequality, by labour status, Brazil and India, 1993-2012



% contribution of race/caste to Theil index of wage inequality, Brazil and India, 2005 and 2012



Multivariate wage decomposition, Brazil and India, 2012



The state and social policy – differences between Brazil and India

- Share of GDP devoted to social policy
- Conventional social security vs need-based programmes
- Universality and particularism
- Poverty or inequality?
- Employment creation and public works
- The role of labour market policy
- The impact of social movements

Some final points

- To compare policies, need to look at the overall package
- Brazil-India comparisons can help to distinguish the specific from the general
- An uncertain future for inequality in both countries. Brazil's model in economic and political crisis. India's focus on growth in an uncertain world economy with low priority to reduction in inequality