Chapter V

Brazilian labour market: limits and opportunities for emancipation

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CHAPTER V

BRAZILIAN LABOUR MARKET: LIMITS AND OPPORTUNITIES FOR EMANCIPATION¹

Introduction

In the ten years ended roughly in 2013 Brazil figured in the world market radar as a credibly emergent economy. High levels of GDP growth, favourable foreign trade leading to high levels of international reserves, job creation to nearly full employment, a politically led and efficient program of income's distribution and alleviation of poverty, rising individual and family income, public investment in infrastructure and social policies, all that alongside the maintenance of strict liberal macroeconomic rationale: fiscal austerity, inflation targeting, Central Bank autonomy, free and floating exchange rate market, and free financial market as a condition of the entire scenario.

It is not without surprise that *novelty* is the recurrent word in mainstream economics and also in part of the sociological reasoning on the (incontestable) recent process of economic growth and employment creation. In fact, during the entire

¹ Published for the first time in Pieterse and Cardoso (2014: pp. 64-82). This is an extended and revised version.

1990s the alleged rigidity of the Brazilian labour market has been reputed as an obstacle to economic restructuring in a globalized world (Pastore, 1997; Amadeo e Camargo, 1996; Heckman e Pagés, 2000) and, hence, to economic prosperity. Thus, like many other Latin American countries that adopted the Washington Consensus recipes, the Fernando H. Cardoso's government (1995-2002) did introduce a series of flexibility measures to fight unemployment and create jobs², but unemployment more than doubled in his eight year period, reaching over 20% in some metropolitan regions, and 8 out of 10 of all jobs created during his term were informal jobs. The Lula administration, on the contrary, reduced the effectiveness of some of the flexibility arrangements, and from 2003 to 2010 the figures were mirrored: 8 out of 10 new jobs were formal ones, totalling 16 million in 8 years, as against less than 2 million under Cardoso's administration.

While recognizing the deep changes underway and the effectiveness of economic growth and of the job creation policies, my intention here is to take them *cum grano salis*. In spite of the obvious improvements in the dimensions just named, the country has to face considerable social, economic and demographic inertia resulting from long lasting economic stagnation and poor growth rates, which have affected successive generations in the last 30 years or so and have created an unprecedented and complex labour market dynamic which is seldom taken into account in mainstream analysis and public debate. On the one hand, a significant proportion of the 40

² Amongst the flexibility measures we can name the legal institution of flexible working hours, incentives to increase the variable proportion of wages (via institution of workers' share in profits, productivity bonuses, fringe benefits etc.) reduction of dismissal costs, incentives to collective bargaining instead of the protection of the labour law and many others. See Cook (2007) for a Latin American perspective on liberal labour market flexibilization. A good critical assessment of the trade-off flexibility x employment creation is Bensusan (2006).

per cent of the labour force informally occupied in 2009 *are no longer employable* in the formal labour market³. That is, they are not demanding and will not demand a formal, salaried job in the growing economy, for they are too old and have stayed for too long in either own-account⁴ or informal salaried positions which have selected them out of the competition for the new jobs. On the other hand, the growing formal labour market *is not* creating enough jobs to accommodate the new generations of workers, who must still face long periods of unemployment or of precarious informal jobs before they are ‘entitled’ to a formal position. And this position, once attained, is unstable for most workers, representing spans of formal relations intercalated with informality, unemployment or discouragement. If things are much better today than they used to be for much of the labour force, its stability and sustainability, if proven in the future, are no guarantee of better labour market positions for what I call here *the lost generations* which had to make their living in very precarious economic environments in the past, thus burning the bridges to the world of formal work relations, which opens the doors of work-related legal and State protection. This means, on the one hand, that they will increasingly depend on the circulation of the wealth produced elsewhere, of which they will get a share via the (unskilled) services most of them provide and the (low quality) consumer goods they transform as own-account (or self-employed) workers; and, on the other hand, as they grow

³ On similar lines, see Baltar et al. (2010).

⁴ In Brazil own-account work means work in one’s own business, exploring an economic activity without employees, either individually or with a partner, with or without the aid of non-salaried worker(s). See <http://www.ibge.gov.br/home/estatistica/populacao/condicaoodevida/indicadoresminimos/conceitos.shtm>. Own-accounting is traditionally associated with low income and informality, although a recent increase in entrepreneurship in the country is creating a new own-account stratum at the top of the income’s distribution. I will return to the point in this chapter.

older, they will more and more depend on State redistribution and compensatory policies and on family members' support. This social inertia must be taken into account in any serious discussion on our future⁵.

In this chapter I will offer a long run perspective on the characteristics of the Brazilian labour market, in order to scrutinize its present dilemmas and inquire on its future prospects. I start with some stylized facts on the economy in the last 70 years, move to an in depth analysis of changes in the labour market probabilities of men and women of different age groups in the last 30 years, and scrutinize the employment quality of different categories of workers, most especially formal sector salaried ones. I also add some remarks on work mobility to demonstrate both the flexibility and the precariousness of the formal labour market, the social base of the current socioeconomic 'prosperity'.

Promises and expectations

It is common wisdom that the Brazilian labour market has historically offered precarious jobs, both in urban and rural areas⁶. Precariousness here means long working hours, unhealthy working conditions, despotic work regimes (Burawoy, 1979), unskilled jobs, high turnover rates and low salaries. These resulted from a combined effect, in the last hundred years or so, of highly concentrated land ownership, export-oriented agriculture, low levels of industrialization, high internal rural-urban migration rates

⁵ The same problem can be found in India, though probably less in China. In India life expectancy is increasing fast and is about to overtake that of western rich countries (ILO 2011). Most of the older workers have not contributed to social security systems, for they've lived in the informality for their entire lives. In Brazil, as will be seen, the experience of a formal job was fulfilled here and then for many, but never universalized as a stable condition.

⁶ See Oliveira (1972), Cardoso (2010).

and low investment in education, among other things. The slow emergence of a regulated urban labour market after the 1930s has attracted masses of miserable rural migrants with high levels of illiteracy (80% or higher) in search of better living conditions, or of what I call the ‘promises of the labour and social rights’ (minimum wage, protected jobs, access to social security systems, health and education services) which the new urban areas were simply unable to accommodate (see Chap. 2).

That is, the pattern of industrialization based on imports’ substitution has been unable to create enough urban jobs to accommodate the migrant masses. Besides, the jobs created were far from capable of matching migrants’ expectations of better living standards⁷. Many would refuse to work under the offered conditions and salaries, while others accepted precarious jobs just to ‘make a living’⁸. The combination of large population flows and poor labour market conditions has generated a long-term population inertia characterized by high levels of poverty, underemployment, informality and social and economic deprivation. In 1981, 48 million people, or 40% of Brazilians were still under the United Nation’s poverty line, and the proportions would climb to 43% in 1993 (reaching 61 million people), although going down to 35% in 2001⁹. It is true that the figure was reduced to 21% in 2009 (yet comprising 39.6 million people) in the recent process of poverty and inequality alleviation (Medeiros et al. 2014), but, albeit important in historical terms, it is still not evident whether this reduction will continue in the future due to the current global crisis and to some structural limits of the Brazilian economy and labour market.

⁷ Important studies on the frustration of rural migrants in emerging urban labour markets are Lopes (1960 and 1967).

⁸ A good and still compelling argument on the matter is Machado da Silva (1971).

⁹ Source: IPEADATA (www.ipeadata.gov.br).

Economy and labour

In 1940, 65% of the Brazilian Economic Active Population (EAP) were occupied in agriculture, while 10% worked in manufacturing, construction and mining. In 1980 the figures were 29% and 25% respectively. This was the peak share of the three latter industrial groups in employment. In 1990 they occupied 22% of the EAP (15% in manufacturing), and 19% in 2000 (12% in manufacturing)¹⁰. Manufacturing alone occupied 13% of the workforce in 2009¹¹. In terms of employment, then, Brazil has never been an industrial society. It is true that manufacturing, construction, mining (oil included) and urban utilities departed from 25% in 1950 to reach a peak of 44% share in the Gross Domestic Product (GDP) in 1980 (see Table 10). But that share is declining ever since. Manufacturing's participation was of mere 15,8% in 2010. Either in employment or GDP, manufacturing has occupied a subordinate position in most of the country's recent economic history.

¹⁰ Data from decennial censuses, in IBGE (2003).

¹¹ Data from the National Household Sample Survey (PNAD).

Table 8. GDP by Economic Sectors (per cent share) – Brazil, 1950-2010

Year	Agriculture	Industry(a)	Services(b)
1950	25.08	24.96	49.61
1960	18.28	33.19	48.69
1970	12.35	38.30	49.78
1980	10.89	44.09	44.46
1990	8.10	38.69	52.66
2000	5.60	27.73	66.67
2010	5.77	26.82	67.41

(a) Includes manufacturing, construction, mineral extraction and urban utilities; (b) Includes commerce. Until 1970, excludes finance intermediation; Source: IBGE – Department of National Accounts

Personal services and small commerce prevailed in the urban job creation dynamic. As a consequence, the Brazilian labour market has always been flexible and precarious over time. That is, the country's labour market is not characterized by increased precarity or 'flexibilization' of previous universally formal and regulated work and labour relations. These terms are common in the literature on labour market transitions during the recent neoliberal wave in the OECD countries¹², meaning *a process* of deterioration of previously regulated and 'good' jobs. It is true that urbanization in Brazil has meant increasingly better (but still very bad) labour market conditions until the mid-1970s, when the rate of urban formal employment approached 60% of the EAP (Cardoso, 2003). But this has proven a ceiling for the rate of formal labour relations, which fell to near 50% and stayed there during the 1980's, and was reduced to near 42% in the 1990s just to return to the 50% level in recent years.

¹² For instance, Castel (1998); Standing (1999); Sennet (2003); Standing (2012).

To be formally or informally occupied is not a minor distinction in Brazil. Formal jobs grant access to myriad constitutionalized labour rights, and despite the fact that the costs of non-compliance with the law have historically been either low or null for employers (as will be seen in the final Chapter), the rate of compliance has probably been over 90% of the formally occupied labour force in the last two decades¹³.

A formal job is also a 'better' job in terms of income, skilling and job security. Considering the 1992-2009 period, formal salaried workers earned more than twice as much as informal salaried ones, no matter if men or women. The mean ratio to self-employed workers in the period was of 1.66 for men and 1.48 for women in favour of formal wage earners¹⁴. Formal workers also had two to three more school years than informal ones, and a formal wage earner would stay 36 more months (if woman) and 22 more (if man) in the same job than an informal one. However, the probability of getting a formal job and staying in it is not the same for all workers, and it competes with a series of other, less 'virtuous' social identities and possibilities.

Looking at the picture with a magnifying glass, Graph 3 shows the structure of labour market probabilities of *men* of different age groups, according to the types of jobs or occupational positions available from 1981 to 2009 in Brazil¹⁵.

¹³ The number of workers' demands at the first level of the labour courts varies from 2 to 2.5 million every year, for a formal occupied population varying from 25 to 42 million in the last 20 years.

¹⁴ Data from National Household Sample Survey (PNAD). The differences are shortening. In 1992 a formal employee earned almost three times as much as an informal one, a ratio reduced to 1.8 in 2009, still an important difference. Formal wage earner to own-account ratio was reduced from 1.94 to 1.57 (men) and from 1.78 to 1.39 (women). In any event, all ratios have been fairly stable over the last 5 years.

¹⁵ The source is the National Household Sample Survey (PNAD). Due to space limits I will only analyse men's probabilities in depth. The picture for women is very different and will be discussed in passing later.

Each layer in each sub-graph depicts the changing positional probabilities, year by year, of a particular age group in the specific job type or social condition. From bottom up, the first layer shows the probability of being in a formal, registered (either public or private sector) job. The subsequent one shows the probability of having an informal, unregistered salaried job in the private sector (by definition, public sector salaried jobs are always formal); the third layer depicts informal own-account jobs; then comes *formal* own-account workers, that is, self-employed men who contribute to a social security system; then come the employers, followed by unpaid workers, unemployed and men out of the Economically Active Population (EAP). Reading the data from left to right in each sub-graph, the probabilities of a particular age group occupying one of these positions vary over time, and the graphs depict the entire, grouped probabilities for all men of 20 to 59 years of age.

The probabilities for each age group look very stable over time, but some movements must be underlined. In 1981, a 20 to 24 year old man had a chance of near 45 percent of being in a formal job. By mid 1980s this had grown to nearly 50 percent, in what appeared to be a process of labour market structuration and improvement. However, after 1986 the figures fell steadily until a nadir of meagre 34% in 1999. The probabilities would then rise again to near 45% in 2009, that is, the same figure of the first year in picture (1981). For all age groups the movement is basically the same, though at different probability levels: the 25 to 29 and 30 to 34 year groups start the period at a 50% level, grow to 53%, fall to around 42% and rise back to over 50%. The older group here depicted start at a 26% level, goes up to 30%, down to 22% and back to 27% of formal employment probability. This means that, after three decades of economic turbulence (including the 1980s 'lost decade'), economic restructuring in the 1990's followed by

deep economic crisis and then by the recent growth period, any men of 20 to 59 years in 2009 had basically the same chances of getting a formal job than their age group peers of 1981. And the probability was almost always below 40% except for a man of 30-34 years.

Since we're analysing different generations entering the labour market in different points in time, what is important here is that probabilities in a given point are not neutral with respect to future labour market prospects of each age group. We know from literature that an unemployment spell has further consequences for a young person's career; duration of unemployment is also important, and so is the type and quality of the first job attained. Bad labour market conditions resulting from economic crisis create period effects affecting all workers in a given historical juncture, but with different consequences over time for different age cohorts, a person's skills, sex and other intervening factors¹⁶.

For instance, a good proportion of skilled workers who lost their jobs in the metallurgic belt of the São Paulo Metropolitan Region during the 1981-1983 recession have never returned to a formal job again (Hirata and Humphrey, 1989). We also know that the economic restructuring of the 1990s destroyed near 1.4 million formal jobs in manufacturing in Brazil (Sabóia, 2000). These jobs were not recovered before the mid-2000s, and the manufacturing workers that had lost their jobs were now too old to be 'employable'. As a matter of fact, considering auto-industry workers dismissed after 1989, less than 50% would ever find another formal job again (Cardoso, Comin and Guimarães, 2004) and the older the worker, the less likely it was that he or she would do so. Thus, it is important to consider cohort and period

¹⁶ Literature on the matter abounds. A good study for the case of England is Purcell et al (2007). For Brazil, Guimarães et al. (2008).

effects jointly in the analysis of labour market probabilities and impacts on workers' life cycles. I will return to this later.

Another general and important movement of the global probabilities of men is the fact that *informal salaried* positions are constantly reduced over the life cycle in favour both of formal salaried and self-employment, no matter the period (or year). Informal salaried relations are important entry conditions for younger men, and lose importance as they grow older. Probabilities were around 22% or more for the youngest age group, and of 12% or less for the oldest group here depicted, no matter the period in the 1981-2009 time span. On the other hand, for each age group, the probabilities of an informal salaried job are basically constant over time. In other words, people aged 30 to 34 years in 2009 had the same probability of their 1999, 1989 or 1981 peers of being informally occupied, varying very little around the mean of 16.4% (standard deviation of less than 1%). The proportion is basically the same for the 40-49 age group.

The combination of these two probability movements (reduction with age and stability over the 30 year period for any age group) does suggest that informal salaried relations are transitory conditions for a fair proportion of the *younger* workers, who take them while waiting for a better, formal position. This seems to be evidence that this structure of job positions actually offers opportunities for job and social mobility, since informal salaried jobs are traditionally worse paid than the other two categories. For a portion of the younger men entering the labour market, then, it presents itself as a structure of opportunities of mobility that is actually instantiated during a person's life cycle.

But the sequence of graphs offers other crucial evidence. For all age groups, men's probabilities of being either unemployed or out of the EAP (the upper two layers) increased importantly in the last 30 years. For the youngest age group

of men, if we include the probability of being in an unpaid job, after a nadir of 17% in 1990, the joint probability of these three positions grew to 30% in 2003, when it started to fall again, but only to reach 26% in 2009. If this can be taken as a measure of bad labour market or life cycle positions¹⁷, all age groups were worse off in this particular matter in 2009, compared to 1981. The least affected were 30 to 40 year old men, but even for them these three positions' probabilities increased from 5% to 10% in 30 years.

¹⁷ It is true that part of the young men out of the EAP were actually studying. So, for them being out of the labour market is not necessarily a 'bad' condition as compared to older men in the same situation.

Graph 3. Type of job by age groups: men of 20 to 59 years
Brazil, 1981-2009

Source: National Household Sample Survey (PNAD), 1981-2009

Note also that, as men grow older (that is, comparing the age groups vertically in the graphs' set), there is a clear exchange between formal and informal salaried probabilities, on the one hand, and own-accounting, on the other. For each older age group, the proportion of the first two positions shrink while own-accounting grows, and that includes both formal and informal own-account jobs.

The message so far seems straightforward: 'The peak 'virtuous' labour market age for men in Brazil is from 25 to 34 years. Here we have maximum participation in the EAP, the minimum unemployment rate, and the higher proportion of formal positions (if we include formal salaried and own-account jobs, and employer positions). Younger and older age groups have relatively higher (sometimes much higher) probabilities of being either out of any job or in an informal job. In any case, lifecycles are marked by a structure of occupational opportunities that is very age specific and which worsens importantly with age. Aging has not been synonym of work-based ontological security so far for a very large proportion of the EAP. And most importantly, recent labour market improvements have not fundamentally changed this outcome. Before elaborating on the consequence of this for the current debates on economic recovery and social change, I must scrutinize the quality of formal jobs.

Quality of jobs

One important indicator of the quality of labour market conditions is the degree of stability of the existing positions. If bad jobs (in terms of income and labour rights) are attained for large periods of time, they must be taken as the very boundaries of the social classification possibilities of their occupants. For instance, informal salaried relations' probabilities are reduced as people grow older, as we've seen, but those who are found in

these positions at the age of, say, 45 years, have most probably been there for quite a long time, and the precarious positions will not only have scratched a scar on their past lives, but will also weigh on the workers' future. To analyse this, Graph 4 shows two complementary scenarios of men's labour market positions. On top, we see the mean duration of employment in months, of all men of 15 years or older occupied in Brazil from 1992 to 2009¹⁸; and on the bottom, the employment duration of those of 40 to 49 years of age. We can see, first, that employment duration of all categories is increasing over time, though at different paces. Own-account workers (formal and informal) and employers stay much longer in their positions than the other three categories, and duration increased importantly throughout the period. In 1992 their mean job duration varied from 135 (formal own-account) to 150 months (employers). In 2009 duration had increased to 150 (informal own-account) to 170 months (formal ones). For the other three categories there has been a slighter increase, and at lower duration levels: from 75 to 85 months in the case of formal employees and unpaid workers, and below 60 for informal salaried jobs. This is evidence of the transitory character of the latter for a fair part of the labour force. It also means that own-account jobs are a repository of labour to be mobilized by an expansion of labour demand due to economic growth, *but a repository with clear oversupply*.

In fact, the second part of the graph shows an important increase in the job duration of own-account workers of the 40 to 49 age group, from less than 150 in 1992 to almost 170 months in 2009. Comparing this figure with Graph 3, above, in which a proportion of own-account probabilities were transferred to formal employment after 2003, the increase in own-account

¹⁸ The question on time in the current job was introduced in the National Household Survey in 1992 only.

duration results from a *selection* of longer lasting jobs in this category. In other words, those who moved from own-account to formal employment were people that were relatively neophyte in the former position, probably waiting for a salaried formal job when the opportunity arose. This is expressed, in reversed mode, in the slight reduction in the mean duration of formal jobs after 2003 (from 120 to 116 months) in this particular age group, reflecting the entry of new occupants in the jobs then created¹⁹. In the same direction, older workers remain longer in informal *salaried* positions than the others. Here too there seems to have happened a selection process after 2003, for job duration increased from the 'historical' figure of 80 to almost 110 months. This is why I said that if a 45 year old man is found in this position in 2009, he has probably been there for quite a long time, and was selected out of the probability of entering a formal position.

¹⁹ I've selected this age group for the clear exchange of informal to formal positions after 2003, clearly reflected in changes in job durations. But the movement was also detected in the other age groups, most especially from 25 to 39 years.

Graph4. Mean time of employment (months) in the current job, by type of job. Brazil: 1992-2009.

Source: PNAD

Taken together, these figures seem to be telling the following story: Workers tend to stay less longer in 'good', formal jobs, especially in private ones, and longer in informal, own-account positions. The economic recovery after 2003 has generated 11.5 million new formal jobs until 2009 (including public and private sectors)²⁰. These were distributed mostly among the population already occupying an either formal or informal existing position. New entrants also got a share of it, but the increase in the unemployment rates of younger age groups (seen in Graph 2) suggests that they benefited much less than those with longer labour market experience²¹. This also tells a story of job mobility and labour market fluidity (or flexibility), since the joint probabilities of different positions are changing for all age categories at the same time.

These figures call attention to an important characteristic of the recent changes in the Brazilian labour market. Job mobility from informal to formal positions is apparently restricted *to the fringes* of the two major informal categories (unregistered salaried and own-account jobs). These fringes were composed of workers with less labour market experience and lower salaries than those that stayed, or were selected out of the possibility of getting a formal job. This contributed to increase the median salaries and the job duration of those who survived in the worse positions, while reducing the duration of the new formal jobs, which were occupied in part by previously informal workers in search for better salaries and benefits in formal positions. But all this happened to a very small fraction of the labour force, though fairly well distributed within the age categories. Only

²⁰ According to the National Household Survey analyzed here, there existed 29.5 million formal salaried positions in the country's labour market in 2002. In 2009 this had grown to 41 million.

²¹ As a matter of fact, 70% of the new formal jobs created in the period were occupied by people of 30 years of age or more, according to the same PNAD.

10% to 15% of the joint distribution of job type probabilities for men moved from one category to another in recent years, with formal jobs in 2009 returning to the proportion they had in 1981. This has not been enough to change the enduring and entrenched structure of probabilities of getting a job, which is still characterized by precariousness and insecurity. For instance, according to the same 2009 PNAD, four occupational groups accounted for 75% of the 40 to 59 year old informal own account jobs of men: agriculture (30%), construction (25%), sales (15%) and driving (6%). Formal own-account in the same groups were 63%. Sales occupied 1/3 of informal own-account women, and 30% of formal ones. Most importantly, a larger proportion of *this aging labour force* is staying longer in these dead-end jobs, which *cannot* be treated as a passage point for workers waiting for a better fate. They are the destiny of the large majority of them.

Here I must add one last word on the matter. Let us return to Graph 3, above, which shows a slight increase from 17% to 20%, in the 29-year period, in the proportion of the 50-59 year old men who were out of the EAP. This is an enormous proportion if we consider that, for any contemporary standards, in most countries a 50 or 55 year-old man is normally economically-active, in full-time employment. It is true that workers enter the labour market at a very early age in Brazil, and some of them also retire early. But legislation changed in recent years, and a worker in the private sector needs to have contributed for 35 years to the social security system and must be at least 65 years old to be entitled to a retirement pension. So, some of these men are probably former public servants who could benefit from special retirement measures which have not changed yet. What is important, however, is that 62% of those out of the EAP in the 50 to 59 age group *were*

retired or earned a public pension in 2008²². And here is the most striking information: 70% of the latter had some kind of serious, more or less incapacitating physical disability, which most probably explains either the retirement or the pension subsidies they received²³. The proportion of disabilities is far higher than that of the total working population (around 10%) and even of that of the formal salaried workers in that age group (14.4%)²⁴. This information adds to the general picture of a labour market which is not only historically precarious and unstable, but also unsafe for a good part of the workforce; those forced out of it or whose productivity is restricted for health reasons²⁵.

Women: a different scenario?

Women's probabilities have historically been very different from men's, despite some convergence in recent years. I will add a few remarks on this to clarify important elements

²² I chose 2008 to investigate this category because in this year PNAD included a very comprehensive supplement on health.

²³ Disabilities measured by PNAD include a person being incapable of, or finding it very difficult to feed him or herself, bathe, kneel, walk up a slope, bend, walk a kilometer and others. A man is entitled a pension if he is incapacitated for work due to proved physical incapacities. Women normally get pensions from their deceased fathers in special conditions. Retirement requires a time of contribution (35 years for men, 30 for women) plus a minimum age, now set at 65 years for men and 60 for women. Around 47% of the retired workers of the targeted age group (50-59 years) earned the minimum wage in 2008 (near US\$300.00 per month), that is, a subsistence income.

²⁴ Actually, the proportions increase as the type of job worsens. Formal own-account workers had a 13.7% chance of having a disability at that age group. The other proportions: Informal salaried, 17.6%; informal own-account, 19.3%; unpaid workers, 26.7%.

²⁵ For the 40-49 age group, the proportion of retired men with physical disabilities was of 50% or more, according to the same source. It is impossible to directly attribute retirement to work-related diseases, but literature on the matter abounds showing, for instance, that Brazil is a world champion in work related accidents, injuries and deaths. See Dwyer (2006) for a review.

of the country's labour market dynamics. The first thing to note is that 15 year old women or older have increased their participation rate in the EAP from 37% to 55% in the period of interest here, while men's have decreased from 84% to 78%. I chose the 30-34 age group to illustrate women's labour market probabilities. Graph 5 shows the increase in this particular group's participation rate (from 42% to 70%) in 30 years²⁶. It also depicts the fairly different job probabilities as compared to men's. For instance, the proportion of unpaid workers is much higher among women. The probability of an *informal* salaried job is increasing for them, while for men it was stable around 16% during the entire period. Women's unemployment rate is also much higher than men's, and has increased in recent years. Only a small minority of women are employers or self-employed workers, but the former is also increasing over time. In a word, for women the exchanges in the overall probabilities occur, first, between inactivity and activity; second, between informal own- account and formal salaried relations, on the one side, and informal salaried, on the other side, and this is an indication of the relative deterioration of the joint probabilities for women of this age group. The proportions moving from inactivity to any informal position is always higher than the ones moving to a formal job.

²⁶ Participation rate means the proportion of women of that age that were either occupied or searching for a job.

Graph 5. Labour market probabilities of women, 30-34 age group. Brazil, 1981-2009

Source: PNAD

Women's participation rate increases while men's decreases. This could indicate an overtaking of men's positions by women over time, and this appears to have been the case from 1981 to at least 2003. Graph 6 depicts the share in *salaried formal* jobs by each gender group as a proportion of all existing job positions.²⁷ In 1981 men had 2.15 times more chances of being in a formal job than women (see the odds ratio curve). In 2003 this had fallen to 1.40 times, and varied little around that mean ever since. Most of the decline occurred during two economic crisis (1980-1983 and 1990-1992), but in the 1990s, while economic restructuring was destroying jobs in manufacturing, women were much less affected, for most of

²⁷ In this analysis I exclude people out of the EAP or searching for a job. The graph depicts the share of formal jobs in the total distribution of jobs.

their formal jobs were not in that sector. As a consequence, their share in formal job probabilities kept on increasing while men's decreased fast. In the more recent economic recovery, women are still augmenting their share in the formal labour market, which is much less manufacturing based than in the beginning of the nineties, but this is no longer happening at the cost of men's probabilities. The new growth scenario is creating formal jobs for both sexes.

In other words, formal jobs used to be a man's business in Brazil, but this is no longer the case. At least in this particular respect, segmentation by gender has been importantly reduced, though the odds are still 37% favourable to men. This, of course, says nothing about gender segmentation by occupation or economic sector, which is persistently high in the country (Bruschini and Lombardi, 2003; Lavinás et al., 2014). Here, I consider the distribution of formal, high quality jobs by gender, and this reveals the improvement of women's conditions over time as compared to men's and, more recently, better labour market conditions for both sexes, even though at a low level of formalization: in 1981, considering formal salaried and own-account jobs, and employer positions, formality was a reality for 52% of the 15 year or older labour force (men and women). In 2009, this had changed to 55%.

It is hard to say whether men would be better off if women had not entered the labour market at the pace they have. It is well known that discrimination against women is entrenched in relation to the most prestigious managerial and professional positions: they face entry barriers expressed in longer periods of job-search and in the higher formal qualification demanded as compared to men, and they also earn less, though tendered based income inequalities are falling in recent years. However, when women do get a prestige job, they stay longer in it, [thus shielding the place from further competition either from men

or other women]²⁸. On the other hand, a high proportion of women are domestic workers. At the age of 35 to 49 years such positions were held by 20% of all economically-active women in 2009, and two thirds of these jobs were unregistered²⁹. The proportion for men in these jobs was negligible. Besides, an important proportion of jobs are socially defined as gendered positions, that is, are segregated into either predominantly men's or predominantly women's occupations. Again in 2009, 45% of economically-active women were in jobs in which the proportion of women in them was of 70% or higher (in 2002 the figure was identical). At the other extreme, 52% of men were in jobs in which the proportion of men was of 70% or higher³⁰, but unlike in the case of women's jobs, in 2002 the former proportion had been 58%. This shows that women have been making inroads into previously male preserves in recent years, but for a substantial part of the labour market, men's and women's occupations have remained complementary, with little attempt by either group to challenge gendered occupational segmentation.

²⁸ I model this strictly in Cardoso (2000).

²⁹ Domestic work in Brazil is regulated by law, and workers must have their work registry books annotated by employers. But informality is the rule.

³⁰ Data computed directly from PNAD microdata, and comprises men and women of 15 years or older.

Graph 6. Probability of having a formal job (%) by men and women and the gender odds ratio: Brazil, 1981-2009

Source: PNAD

Nevertheless, competition from women to enter many male-dominated occupations has certainly been increasing over time, with important impacts on wage differentials and gender related opportunities. In fact, a third element of women's participation worth highlighting is that their median salaries have converged towards men's in the period. Employers' and formal salaried positions showed the lowest gendered wage differentials, no matter the year: 11% and 23% respectively in favour of men in 1981, falling to 4% and 16% in 2009. These last figures represent a recovery of men's advantage as compared to the five or ten previous years, but the progress towards greater gender parity was not wholly reversed. However, the most striking decrease in gender inequalities occurred in the informal sector. Informally occupied men's median salaries were 60% higher than women's in the mid 1980s, and this difference has simply vanished. It is true that formal own-account men have

fared better after 2005, but this is still to be confirmed by more recent, still not available statistics. In any event, men/women median income inequality fell from a mean of 39.4% in 1981 to 6.3% in 2009, in spite of recent increases within some job types.

Graph 7. Male/female ratio of median hourly earnings by type of job. Brazil, 1981-2009

Source: PNAD

Formal sector fluidity

Accessing the formal labour market is the dream of most workers, for it is (presumably) formally protected and offers a series of benefits that informal positions do not³¹. But we've

³¹ As I show in Chapter 6, this volume, the system of labour regulations offers various incentives to noncompliance, and many employers are recalcitrant evaders. See also Alemão et al. (2009). Filgueiras (2012) is the first to analyze the joint action of the three surveillance mechanisms available to the public authority to assure compliance to the law (labour inspection, labour justice and public labour attorney). Based on vast empirical material, he hypothesizes that the culture of conciliation of the grievances and infractions has a

seen that salaried formal jobs only last longer than informal salaried jobs, with a mean of 75 to 77 months for men in the 1992-2009 period. This is less than half the duration of unpaid, own account or employer positions (see first part of Graph 4 above). Mean duration, however, can be misleading in labour markets defined by entrenched inequalities. And in fact, 43.5% of formal salaried men had been in their jobs for less than three years in the 1992-2009 period. Variation around this mean was negligible in each particular year (standard deviation of less than 1%). Proportions for women were only slightly smaller (41.4%), with small variation too. That is, from 1992 to 2009 Brazil has simultaneously created and eliminated some 20 million formal jobs depending on the economic context, while women strongly increased their participation in the formal labour market, and some two million entrants competed for existing or new positions every year, while the structure of job duration has stayed fairly stable over time. This configures a *pattern* in the structure of formal jobs, which are *stable* positions (lasting 7 years or more) for one third of their occupants only. It is true that age is monotonically correlated with job duration for men and women: each year of duration roughly corresponds to one more year in the life cycles of both sexes. This could indicate that once in a formal job, the person ages in it. But this is not what actually happens.

demonstration effect leading to increased non-compliance, or to a practical flexibilization (and informalization) of formal work contracts due to the low or null costs of law evasion.

Table 9. Duration of formal salaried jobs for men and women, and mean age in each category. Brazil, mean proportions and age for 1992-2009

Job duration	Mean proportions (%)		Mean age (years)	
	Women	Men	Women	Men
Less than one year	16.4	18.5	28.5	29.5
1 year to less than 2	13.7	13.9	29.5	30.1
2 to less than 3	11.3	11.1	30.9	31.3
3 to less than 5	14.9	14.9	32.8	32.9
5 to less than 7	9.9	9.8	35.2	35.1
7 years or more	33.8	31.9	42.2	42.0
	100.0	100.0		

Source: PNAD

In and out a formal job

The Ministry of Labour gathers and disseminates panel microdata on work trajectories of workers who had any formal job in the country from 1985 onwards. Analysts can track all formal jobs held by the same person in the period, and this is a powerful tool to scrutinize the actual quality and dynamic of the country's formal labour market. The database is called RAIS-MIGRA Vínculos³². Its main limitation is that it gathers information on registered jobs (public and private) only³³.

³² RAIS stands for Annual Relation of Social Information; MIGRA is an acronym for migration; and *vínculo* means link, or employment spell. The dataset is unfortunately underutilized in Brazil, but I've tested its robustness in many articles and books. For instance, Cardoso (2000) and Cardoso, Comin and Guimarães (2004).

³³ Since 40 to 58 % of the jobs in the period were informal, the data loses a good part of workers' substantive trajectory probabilities in terms of economic sectors, occupations and income. Here, I am only interested in the probability of being in a formal job, so, the data is perfectly fit.

However, the fact that it is panel data enables me to proceed with the analysis that follows. Again for the matter of simplicity, I will analyse young men aged 20 to 23 admitted in two time periods: 1994-1996, and 2002-2004, to show the actual fluidity of formal positions. The first group was tracked from January 1994 to December 2001 and the second, from Jan. 2002 to Dec. 2009. Information is in Graph 8, the apprehension of which demands some explanation.

The graph depicts two mutually exclusive probabilities of the two age cohorts. At any point in time of each of the chosen periods, each 20-23 age cohort is either in a formal job (grey area) or out of it (white area). Note that, with PNAD, we were analysing the probability distribution of *the existing labour market positions*, irrespective of the people in them over time. Here we investigate the probability of *the same group of people* being in or out of the formal labour market over time. This, then, is a typical panel study.

Let us start with the first part of Graph 8, that is, young men admitted from Jan-94 to Dec-96. If all workers actually aged in the formal job they finally got, as hypothesized in the previous section, we would expect a gradual upward slope in the curve of incorporation in the formal labour market beginning in January 1994. Besides, in the hypothesis of no period effects (for instance, economic crisis in one of these three years), one would expect the incorporation of one third of the entire group every year up to the peak of one hundred per cent in December 1996. But this is not the case. Some 27% of the cohort entering in this period got their jobs in January 1994. The proportion continued to increase until near the end of this year to 45%, just to fall two percentage points in Jan-1995. The slope loosens in the subsequent years, and the incorporation is limited to 10% per year. By Dec. 1996, only 61% of those who had had any formal job in the Jan-94-96 period were still in a formal job. Economic

restructuring of the 1990s is clearly marked in the grey area's 'leak' from then on to a proportion of 50% until the end of the decade, followed by a poor recovery in 2001. The story is basically the same for the young men admitted from 2002 to 2004, with one important difference: they peak at around 65% and 'leak' down to 60% only. This means that the period of entry in the formal labour market (the crisis of the 1990s or the recent recovery) had a cost of 10 percentage points for the first cohort's probability of staying formally employed. But this is not the most important thing.

Graph 8. Probability of being in a formal job in two different periods. Men of 20-23 years:

1. Admitted at any time between 1994 and 1996, and position until Dec 2001

2. Admitted at any time between 2002 and 2004, and position until Dec 2009

What is striking for our discussion is the fluidity of the formal labour market experience of these men. The ratio of the expected (considering the ‘aging in a job’ hypothesis) to the actual probability of being employed in the end of the incorporation period is of 1.66. That is, workers had to face a 33% discount rate of their presumable expectation of survival in the job they got in that period. This means that many were admitted and dismissed *during* these three years. That is, while others were arriving, the first comers were already leaving. The consequence is that the proportion of occupied men never reached 100 per cent.

It should also be underlined that once dismissed, young workers do not stay out of the formal labour market for life. The rule is quite the opposite. Most of them lose their jobs, stay out for a while and return to a different formal position at some point in time. The ‘stable’ grey area (with its recurrent leak every January, when firms tend to dismiss workers admitted to cover raised demand during the Christmas period) hides an

intense exchange between those who are in and out of the RAIS information system. The mean number of jobs of the cohort entering in the 1994-96 period was of 3.6, and the mean job duration, 20.5 months. For the 2002-04 cohort the figures were 3 jobs and 22 months, and in both cases the total time spent in the formal labour market was above 50 months. I don't have the space to go through this here, but if we consider, say, 35 to 39 age cohorts, the picture will be only slightly different, with a more intense downward leak of the grey areas after the peak incorporation years, smaller number of jobs in the trajectory, longer job duration and higher rates of definitive exclusion from the formal labour market, the older the workers.

In a word, the formal labour market is characterized by very high turnover rates. As a matter of fact, the employment chances of different age cohorts are a combined function of job creation and job turnover, with age, sex and race (not covered by RAIS) playing an important, but subsidiary role. New jobs are occupied both by new entrants and by people who have recently lost their previous jobs. And both will most probably lose their positions for others, and very soon.

Regional migration

Brazil has a national labour market, but not for all workers. For three or four generations after 1930, most of rural/urban migration history can be told as one of displacement of rural poor workers from the northern and north-eastern to the south-eastern regions of Rio de Janeiro, São Paulo and Minas Gerais, where the promises of a formal, protected job seemed credible. The unfulfilled promises or the hope of a better position elsewhere has always fuelled subsequent migrations, most especially in the case of unskilled men, who would almost always move without their families, which would follow them if

better conditions were actually found³⁴. Much of the country's labour market flexibility is due to the ability of unskilled workers to simply move if life worsens.

Take, for instance, construction workers. Using the same RAIS data discussed in the previous section, we can reconstruct the occupational mobility of anyone who had a formal job in a given point in time in the 1985-2008 period. For the sake of simplicity I take all construction workers who had a formal job in 1994 in the Rio de Janeiro and the São Paulo Metropolitan Regions, and reconstructed their previous (back to 1985) and subsequent (up to 2008) trajectories. The numbers are in Table 12. For those employed in São Paulo in 1994, *all but 85% had had or would have a formal job in another metropolitan area in the 1985-2008 period*. The figure was of 60% for those employed in Rio in 1994. Considering the entire formal labour force, the rate of migration was of 64% of those that had a formal job in São Paulo in 1994, and of 41% in the case of Rio. Part of this migration occurred between these two geographically close areas (28% in the case of São Paulo and 40% in the case of Rio), but many moved to metropolitan regions such as Brasília, Salvador, Fortaleza or Porto Alegre, 600 or 1,000 or 1,500 miles away. Contrary to conventional wisdom, then, the most 'de-territorialized' were not the 'creative', or high skilled workers, but construction workers³⁵.

³⁴ I've already noted in this publication that literature on the matter is mammoth. A recent and innovative approach was proposed by Marques (2010), analyzing social networks of poor and middle class citizens of São Paulo and Salvador. Minimum income policies such as 'Bolsa Família' and the recovery of minimum wage's purchasing power are stimulating migrations of return to the original regions of the North and Northeast. These are novel trends in Brazil, and reflect the fact that the northern regions are growing at a 'Chinese' pace (10% or more per year), thus creating job opportunities once restricted to the southern areas.

³⁵ Literature on the de-territorialization of skilled workers is increasing after Florida's *The flight of the creative class*. In Brazil, skilled people do migrate intensely, as we see in the table, but at a lower rate when compared to unskilled ones.

Many of them have never had the chance to consolidate a family of their own³⁶, thus having the liberty to look for jobs elsewhere. But the majority was composed of heads of families who most probably have migrated before calling their relatives in³⁷.

Table 10. Total number of Jobs of workers admitted in the São Paulo and Rio de Janeiro Met. Regs. in 1994, according to the original 1994 occupation, and geographical destiny in the 1985-2008 period

Original occupational groups (1994)	Origin in São Paulo			Origin in Rio de Janeiro		
	At least one job in Rio	At least one job in other met. areas	Never left São Paulo	At least one job in São Paulo	At least one job in other met. Areas	Never left Rio
Creative classes	12,6	41,4	46,0	9,1	25,3	65,7
Managers	21,5	40,9	37,6	14,1	25,4	60,5
Construction workers	26,9	58,4	14,7	29,9	30,5	39,6
Technicians	25,9	41,9	32,2	22,6	29,8	47,7
Clerks	15,8	38,9	45,3	14,7	22,7	62,6
Sales workers	17,9	40,5	41,6	15,5	20,7	63,8
Service workers	15,2	49,7	35,1	11,1	25,8	63,0
Modern manufacturing workers	24,5	42,6	32,9	28,5	22,5	49,0
Traditional manufacturing workers	10,4	37,1	52,5	9,9	19,1	71,0
Drivers	14,9	48,2	36,9	13,7	26,8	59,5

³⁶ For instance, in 2009, one in every four of construction workers (codes 7151 to 7170 in PNAD) aged 30 to 34 years were either an offspring or other kind of housemate in a household headed by others.

³⁷ At the age of 35 or older, no less than 86% of construction workers were either heads of families or their spouses, according to the same 2009 PNAD.

Other manual workers in maintenance, cleaning etc.	14,4	50,6	35,0	14,2	27,9	57,9
Other	19,2	56,3	24,5	14,8	35,4	49,8
Total	17,9	45,5	36,6	16,2	25,1	58,8

Source: Microdata, RAIS-MIGRA Vínculos

Modern manufacturing includes metallurgy, electricity, mechanics, urban utilities, forging and others; traditional includes textiles, food, garment, wood, leather etc.

A 'new middle class'?

These findings pose important structural limits to the arguments celebrating the emergence of a new middle class in Brazil³⁸. Self-employment and informal salaried positions are no synonym of freedom or autonomy from an employer, or indication of unconstrained working conditions. In 2009, 20% of informal own-account workers worked 50 hours a week or more (compared to 11% of formal wage earners). Besides, men would have stayed for 153 months in this position in 2009, and their mean school years were only 5.6. For many, self-employment is a *residual* situation, not a position previously desired or purposively manufactured during the life cycle. By the same token, a good part of the informal salaried workers earn enough to qualify as part of the emergent 'middle class', but their grip in the economic structure is insecure and unstable, their jobs are lost at any signal of economic crisis and their next job will not necessarily match the previous standards. Most of all, considering the 1992-2009 period, 64% of them figured amongst the 40% lower stratum of the mean income's distribution (informal own-account rate was 52%, compared to 26% of formal wage earners)³⁹.

³⁸ The most important proposition of this thesis can be found in Neri (2010).

³⁹ All data computed directly from PNAD 1992-2009.

If the economy does not offer sufficient conditions for stable and protected work, the mechanisms that produce and reproduce social and economic inequalities will persist. Besides, income is increasing for most of the occupied labour force, as Neri (2010) and others rightly argue, but this is happening in a labour market structure that is precarious and very unstable for young and also for mature workers of 35 years and older. Looking at the picture from a life cycle perspective, the challenges of the growing economy is not only to create good jobs for the new generations, but to assure quality social positions and income to the older ones, all this in a very unstable and precarious environment.

Because most self-employed and unregistered salaried workers are located in small commerce and services to persons and families, their income is directly dependent on the wealth produced elsewhere and appropriated by wage earners of all sorts, who will spend their money on the goods and services that informal workers deliver. The increase in the mass of salaries will certainly benefit them, and this may happen in a way that some of the self-employed workers may (and most probably will) become small employers and even formalize their business, thus registering their informal workers, paying taxes, demanding credit, in a word, helping move the economy while being moved by it. Economic growth may bring about the amelioration of the economic and social conditions of informal workers in a way that may actually help them depart from the realm of necessity. But the country is still far from this scenario.

Younger and new generations

In 1992, when the information was collected for the first time by the PNAD, 36% of men and 30% of women claimed to have started working at the age of 10 years or less, and 80% of

men and 68% of women began at 15 years or younger⁴⁰. This is one of the various measures of the *cost of the past* that framed the working population profile at that juncture. And in fact, Ribeiro (2008) has shown that, in 1996, some 80% of the Brazilians, considering parents and their offspring, had experienced a rural-urban migration, and in rural areas child work was a rule. The inertia of these figures is astounding: 22 years later (2014), we still found 21% of men and 15% of women claiming to have started working at the age of 10 or less. Two thirds of men had started at the age of 15 or less. If we consider 25 year old men or younger, 50% had started working before completing 16 years in 2014 (compared to 36% of young women). This is proof that the beginning of working life is being postponed throughout time, but at a very slow pace. Even the youngest generations have started work very early. Most importantly, at the age of 18, 51% of males and 52% of females had already left school in 2014 (compared to 62% and 56% in 1992), and these figures were not equally distributed across the social classes.

Early leaving from school has long-lasting consequences for a person's working life, but even today, incidence of the trade-off between school and work is skewed towards the latter, especially in poorer families. One half to two thirds of the wealthier families (those that earn double the minimum wage per capita or more) enrol their offspring in higher education, but the figure is no higher than 15% for families earning only the minimum wage per capita or less. Increasing numbers of men and women have been returning to school later in trying to catch up with labour market changes and the new demands for skilled workers in the emerging sectors⁴¹.

⁴⁰ All figures in this section are computed from PNAD microdata.

⁴¹ In recent years manufacturers and employers of all sorts complain that Brazil is in face of a shortage of skilled workers, which is presumably limiting the

It should be noted that choosing work against school was a *rational* decision of poorer families in the stagnated Brazil of the 1980s and 90s. Access to quality universities was (and still is) a function of strong investment in early, private education, something difficult to achieve in poor households. And even if families decided to choose some kind of deprivation to favour part of their children, the prospects of a good job after schooling were never clear, due to the ups and downs of labour market opportunities in more than twenty years of meagre economic growth. The new generations are still paying the price of their parents' decisions, and many are making decisions as if the country were still sailing in the mist, with no clear future ahead⁴².

Conclusion

Work and employment relations outside the formal economy remain very high in Brazil. Most men and women start their working lives in an informal occupation, at early age, most often before completion of eleven years of schooling. Informal salaried and own account positions are entrance doors and also constitute a reserve army of labour for the formal labour market. When the latter expands rapidly, it feeds from this well-established repository. This means that, looking at the picture from the standpoint of the occupied labour force, the labour market at any one point is a snapshot of this formal/informal labour market interdependent mechanisms, which are mobilized in different moments of workers' employment careers according to a logic that combines individual (and family) strategies with

potential for economic growth. But most experts in the field contend that this is not the case. See Barbosa Filho *et al.* (2010), Maciente e Araújo (2011).

⁴² According to the PNAD, only 25% of the 20-24 year old Brazilians were studying in 2014.

the actual structure of opportunities, a logic the element of which is, most often (but not always) the need to survive.

The problem is that for a large proportion of the working population, the informal portion of the labour market is not transitory, or a reception hall for those waiting for better positions. Rather, it is the *dead end* of their work histories. The country will not create good and protected jobs for the majority of these workers, either because they are not sufficiently skilled; or because of age discrimination in a labour market with over-supply, which allow firms to opt for younger workers willing to exchange school time for increasingly better paid jobs; or because of the physical deterioration of men and women as a result of the precarious work conditions they had to face in their working histories during stagnation; or because of the pattern of development the country seems to be pursuing, predominantly based on commodity exports, along with limited investment in high quality manufacturing, service and commerce sectors, the consequence of which is the continuous creation of bad quality jobs etc.⁴³

In this scenario, the country has to face what I have called the ‘cost of the past’, a concept that denotes a set of economic and demographic dynamics that has punished generations of workers with low growth and precarious jobs, meaning unprotected and badly paid. The challenge is to find means to alleviate the future deprivation of these workers and, at the same time, create good jobs for the new generations. Economic

⁴³ In 1997 the economist Luciano Coutinho proposed the term ‘regressive specialization’ to characterize the economic restructuring in the 1990’s. The concept referred to a process in which large scale producers of standardized goods, intensive in energy and natural resources and with low value added capacity, are favored by the overall economic environment, and expand more rapidly than the other sectors. David Kupfer, an expert in manufacturing restructuring, argues that the process is deepening in the 2000s. See Coutinho (1997) and Kupfer (2004)

development along with productive inclusion may fulfil this task in the medium run. Young people of 29 years or under have appropriated some 30% of the new jobs created in recent years, and their unemployment rate is amongst the lowest in the world (around 11% in 2010). However, their informality rates are still very high, and their salaries are still consistently lower than that of the older generations, despite their higher levels of education. In addition, 70% of the new jobs for men were occupied by 30 year old people or older, with previous labour market experience in informal positions. However, this exchange comprised a minor proportion of the occupied labour force, so that formality rate could only return to its 1981 level. It is true that formal salaried relations are expanding fast in Brazil, but the social debt accumulated in decades of precariousness is still very high.

In that respect, the response to the first challenge (safeguard the older generations) will fall on the shoulders of the State's redistributive capacity, and on its ability to recognize these 'lost generations' the right to a dignified life, in an environment inhospitable to the secure establishment and extension of this right. This environment is still moulded by precarious and unprotected mechanisms of making a living, and it is also framed by important macro-economic restrictions to redistributive policies.

Good quality labour markets are crucial. In a capitalist society the labour market is still the main way of access to social positions; to conditions that give way and sustain individual and collective identities; to income; and to an important social right: decent retirement. Labour markets respond to investment: public (demanding services and infrastructure, expanding public services etc.), private (especially in the case of labour intensive sectors) and of families (in their members' skills and quality of life). In the 10 years that ended in 2010 the rate of investment

in Brazil has varied little around 17% of the GDP (compared to 40% in China and 22% in many OECD countries), and the increase in workers' education and training has been very slow by international standard⁴⁴. Better and more stable labour market conditions require higher rates of investment of all economic agents, and government of the three administration levels (federal, provincial and municipal) should face the challenge of leading the economy's investment drive and of offering much better education services.

It is true that the rate of investment in education has been increasing in recent years. After decades of underinvestment, in 2009 public expenditure per pupil in primary education was equivalent to 20% of the GDP per capita, a little below the USA and the high-income OECD countries⁴⁵. The problem, of course, is that GDP per capita was under US\$10.000 in Brazil and over US\$40.000 in these areas. The equivalent proportions hide the relative poverty of available resources in Brazil. So the country must assure economic growth but also increase the proportion of GDP invested in primary and, most especially, secondary education⁴⁶. This is urgent, though the labour market consequences appear only in the medium and long run. It must also stimulate labour-intensive sectors in services and manufacturing.

Labour markets also respond to institutional settings and labour regulations. Most agents would agree that conformity

⁴⁴ Comparing to Korea in the 1970's and 80's, and to China and India in recent years, as well as to Chile and Argentina and Uruguay, Brazil stands far behind in mean school years of its population and also in the quality of education, measured by international comparative math and language exams.

⁴⁵ In 1999 the rate was of 10%, and much less than that in the 1980s. For a more recent period, see World Bank data in <http://data.worldbank.org/indicator/SE.XPD.PRIM.PC.ZS>.

⁴⁶ Investment per pupil in secondary education was of 20% of GDP per capita in 2009, 25% less than the expenditure of OECD countries. See World Bank data in <http://data.worldbank.org/indicator/SE.XPD.SECO.PC.ZS>.

to labour law is hard to maintain in micro and small business. The labour movement and the left-wing Workers' Party (in office since 2003) have always resisted any attempt to reform the labour code for fear of deregulation and flexibility. But a concerted State led project, (incorporating capital, labour and policymakers) to reduce labour costs for small and micro business could extend the formal employment rate, labour productivity and even real wages, and stimulate better working conditions for men and women.