PRODUCTIVE STRUCTURE AND INCOME DISTRIBUTION ON THE BRAZILIAN ECONOMY: APPLYING THE INPUT-OUTPUT MODEL TO THE 2004-2008 CYCLE

Topic: Structural change and dynamics 3

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According to the theoretical tradition developed in Latin America in the second half of the 20th century, the productive structure is one of the main determinants of the historical inequality on the income distribution in the continent. From this perspective, the industrial policy should be oriented to changing the sectoral composition of the productive structure, considering its effects on the income distribution. From the input-output matrices, it is possible to identify how changes in the sectoral distribution of the productive structure affect income distribution, according to the methodology proposed by the Economic Commission for Latin American and Caribbean (CEPAL) for the economy in Chile. This article aims at evaluating, in the Brazilian case, how the change in the productive structure influenced the positive results obtained for income distribution in the more recent economic growth cycle (2004-2008). The results obtained denote that the structural change has been responsible for 1.2 percentage point of the participation of remuneration expansion in the Brazilian product, which grew from 45.85% to 49.1% in the period. In this sense, the industrial sector has a distinguished role, considering that a relevant part of the growth in remunerations could be attributed to the structural change effect in industry (2.5 percentage points). Simulations with hypothetical productive structures with an enlarged participation of industry in the GDP reveal that, due to the importance of industry for the productive chain, even more significant results for the growth of remunerations could be obtained with a higher participation of the transformation industry in the Brazilian productive structure. These results emphasize the relevancy of studying the effective interrelations in a given economy, rescuing the importance of the input-output matrices as a tool of economic planning. When conjugating the three aspects of the decomposition of the product, the input-output matrices make it possible to relate the effects of the productive structure on income distribution, confirming the classic principles that the productive product determines the product repartition.