THE ECONOMIC COST OF GENDER DISCRIMINATION IN THE BRAZILIAN LABOUR MARKET

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Gender discrimination in the labor market can take several forms, creating wage differentials that are unrelated to productivity. The existence of these differences implies an economic cost for the economy in terms of production and labor income. In this article, these losses were estimated through the interaction of wage decomposition models and simulations with an input-output model. The wage decomposition was calculated at different points of the income distribution, using the recentered influence function (RIF) developed by Firpo et al. (2009). Using the results of the decomposition, it was possible to calculate individual wages adjustments, following steps proposed by Oaxaca and Ranson (2003), so that all individuals are remunerated according to their observable characteristics as well as the non-discriminated group. In turn, these estimates were used to compile two vectors of shock, for the simulation of rising nominal costs of labor, and consumption, considering households divided by income deciles. The wage decomposition model was estimated using the National Household Survey (from Portuguese PNAD â€" Pesquisa Nacional por Amostra de DomicÃlios) for 2013. The input-output matrix estimate was based on the supply and use tables for 2013, according to the procedures described in Guilhoto and Sesso Filho (2005) and the hypothesis of "industry-based" technology. The first simulation operates basically as the following: i) the adjustment was calculated at the individual level, ii) the change in sectorial labor cost depends on the total adjustment owed to all women working in that sector; iii) the increase in wages is incorporated as a rise in production cost, that causes expanding prices; iv) using Leontief price model assumptions, if the amount of money in the economy is the same, final demand is adjusted and the production falls; v) employment follows production. In the second simulation, it was assumed that the economy changed due to the first shock. Therefore, using the updated Leontief matrix, it was applied a second shock increasing consumption for all households, according to the income rise in each decile calculated at individual level and aggregated by income decile. Consequently, in the second simulation, consumption increases production; and employment follows production. The simulation results indicate that the income effect generated through consumption overcomes the price effect, due to the wage rising in terms of production and welfare but not in terms of employment. Nonetheless, the results are very heterogeneous across sectors and households.