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Women in the LAC Labor Market: The Remarkable 1990’s
Abstract Submission to LACEA 2001
JEL classification: J21, J16

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We examine levels and trends of labor market outcomes for women in the 1990’s using household survey data for 18 Latin American countries covering several years per country. The outcomes we analyze include labor force participation rates, the distribution of employment of women across sectors of the economy (formal versus informal) and across industries (agriculture versus non-agriculture), unemployment, and earnings.

Overall we document substantial progress made by women in many areas. The gender wage gap is closing steadily in Venezuela, Costa Rica, Brazil and Uruguay, while Colombian women now enjoy higher earnings than those of men. Women’s share of household labor earnings rose from 28% in the early 1990’s to 30% in the late 1990’s. Regarding the quality of jobs, we examine self-employment and employment in small firms as possible indicators of employment in the informal sector. There is no evidence of a systematic increase in self-employment nor in employment in small firms, and contrary to findings by the ILO, we find that the share of female employment accounted by domestic servants did not increase in the 1990’s.

Perhaps the salient development of the 1990’s for women in LAC countries was the brisk-paced, secular rise in their labor force participation rates. We examine this development from several angles. We explore the Singh-Goldin-Durand hypothesis that women’s work status changes with economic development. Mammen and Paxson (2000) examine this hypothesis using data for 90 countries, and find that female participation of 45-59 year olds follows a U-shaped profile, with rates rising with GDP per capita increases above $3000. We find that female participation in LAC does not follow the Mammen-Paxson pattern.

Next, we examine the role of schooling in explaining the increase in female labor force participation in LAC countries. We find that increases in female schooling account for 30% of the overall increase in female participation rates. The remaining 70% is explained by increases in participation rates at given schooling levels. Finally, we analyze the role of wages, especially the returns to different schooling levels, as a partial explanation for the pattern of changes in labor force participation rates.

All of these findings suggest a fair degree of change in the role of women within households and in the labor market. We conclude that the macro economic picture of stagnation for LAC in the 1990s masks non-trivial developments in the division of labor and time allocation by gender.