Labour market segmentation variables net of other regressors

The final set of data are presented in table 3. Regarding the three labour market variables, the addition of the other regressors reduced the apparent size of their effects but still left the original patterns more or less intact. The column, (e^b-1), shows that the per cent increment in income that women obtain for participating in a firm with an internal labour market is strikingly large (at 37 per cent), although the value for men is not negligible either (12 per cent). And the 1 per cent income increment that either sex gets for each unit of SED is substantial, in view of the fact that the SED scale varies along a 100-point range. At 7 and 8 per cent the values for participating in a metropolitan labour market are not high, but neither are they so small that they may be ignored.

The strong effects these variables may exhibit even when several other key income regressors are controlled is especially impressive in view of the fact that both class and class origin are among the latter. The class variable is powerful indeed. Whilst it is true that only a small proportion are capitalists (in the present - and we think, reasonable - sense that they are self-employed employers), those who are would seem to reward themselves handsomely. Table 1 showed that 9.5 per cent of the men and a mere 1.6 per cent of the women could be classed as capitalists. Yet for one man in ten who ~~did~~ could class position adds a full 101 per cent increment beyond that provided by his position on the other variables. The 1 per cent of the women who are self-employed employers gain even more - 184 per cent. The incremental effect of the class variable, as conceived and measured herein, is quite powerful. It is indeed at least one of the four most powerful variables employed herein, and very likely the most powerful. (Two of the others are the 100-point variables SED and occupational status, each of which yields about a 1 per cent income increment for each scale point. The third is education.)

These findings clearly show to be specious the allegations that labour market variables are mere reflections of class in the Marxian sense. An effective Marxian class variable has been measured and included in the same regression equations with three distinctly different labour market segmentation variables. But, powerful as it is, it by no means eliminates the effects of the segmentation variables.

Several of the other variables also exert strong influences on income, at about the same weight for both sexes. Notable among them are education, age, occupational status, class origins. Each year of education nets about 7 or 8 per cent more income: as is well known, the university educated are paid handsomely by Brazilian standards. The exact effect of age or experience are effects impossible to interpret precisely with these data. The best that can be said is that they are strong. Each point of occupational status pays off at about 1 per cent among both men and women. Again, being born to a capitalist father has non-negligible long-term effects on income increments for each sex, especially men.

CONCLUSIONS

This analysis appears to demonstrate that, net of each other and net of other key income regressors, each of three different labour market segmentation variables have unique and modest-to-substantial effects on income among Brazilian adult working men and their female counterparts. The three are: participation in an internal labour market, a metropolitan labour market, or the labour market of a more highly developed local area. Perhaps this finding might encourage other researchers to try to develop multiple sets of segmentation variables. Possibly these, if tried, would turn out to be somewhat different than those that operate in Brazil. These three seem to make sense in Brazil's unevenly developed economy. Perhaps others would too, but at this point it is hard to imagine what they might be.

Regarding the similarities and differences in the earning patterns of the sexes, it was no surprise that women earned less than men. But the relatively high income benefits obtained by women from participating in internal labour markets was unexpected. The advantage women thus gain is much more than that gained by men.

The substantial effects of education, age, and occupational status would not surprise readers who have been following the income determination literature. But some might not have been aware that the social status of one's occupation has strong effects on income. This variable grew up in the sociological literature, more or less in conjunction with the so-called "functionist" arguments that held that societal need and the scarcity of talent automatically led to a social hierarchy of occupations. But whatever the reasons, it does influence income. Perhaps it is time again to try to find out why this is so.

Interestingly, father's class has an effect on income but father's occupational status does not. One would think it would be the other way around. High status fathers might be able to provide direct income benefits to their offspring. On the other hand, there is no obvious reason why father's class should yield income benefits to the individual net of his own class, education, age, etc. This, too, would seem to require some thought.

The question of the effects of age does not seem to have been satisfactorily answered. Perhaps, as Mincer (1974) and many others argue, the positive effects of age have at least a strong component of experience. But is experience <u>all</u> that the positive effects of age pick up? More important, why does the age-income curve flatten out or decline around 45 years of age? It is too facile to say that workers begin to lose their value at that age. One would not suppose that people in professional positions would begin to decline at so young an age. Yet their curves are even more sharply concave than those of manual workers. Something else must surely be going on here.

Another note concerns class. The simple dichotomy of self-employed employers <u>versus</u> all other workers turns out to be astonishingly powerful. Its effects should be studied in other market societies. Is the power of this formulation unique to Brazil?

Or is this a phenomenon that is broadly characteristic of capitalist societies? Also, other researchers should probably compare its effectiveness with that of other ways of operationalising Marxian class concepts. It must also be noted that while the class variable is powerful, its effects do not sweep away those of human capital and other variables emerging from non-Marxist thought systems. It would seem that the present way of formulating and measuring the concept adds an important increment to our ability to explain income differences. But it does not by any means replace either the human capital variables, the labour market segmentation variables, or the sociological status variables.

The same may be said for the labour market segmentation variables. Using what appears to be cruder concepts and measures than those employed herein, some (Beck, Horen and Tobert, 1978) seem to have thought that a labour market dichotomy would explain away the apparent effects of other variables (although their own data showed this was not true). Neither the present set of three segmentation variables, nor any others that we know of, have been shown to explain away the income effects of variables coming from other thought systems. In the present regression equations, Marxist class variables, segmented labour market variables, human capital variables and sociological status variables all seem to make useful and independent contributions to the explanation of income differences. Though each set has arisen from a different thought system, and though the advocates of some of the systems seem to be at theoretical odds with those of others, variables from each seem to fit together quite well.