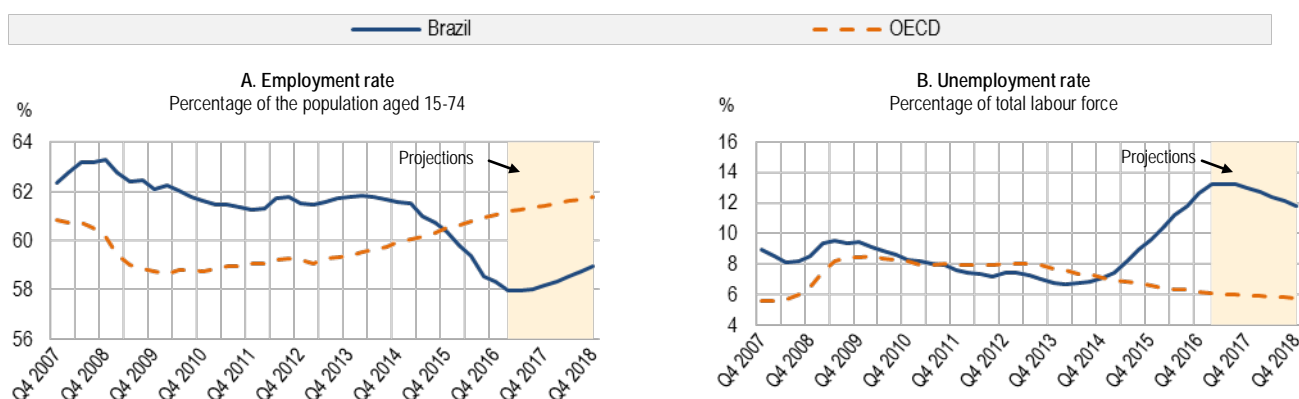# How does BRAZIL compare?

Employment Outlook 2017

The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

Labour market developments in Brazil

Note: OECD weighted average.
Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in the first quarter of 2017, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- Between 2007 and 2014 Brazil sustained high employment rates, well above the OECD average. The country has historically high participation rates for men and women, as well a relatively low unemployment rate.

- However, the percentage of Brazilian population employed started falling in the second quarter of 2014 in a context of economic and political crisis that started in the beginning of that year. As a result, the employment rate fell from 61% at the start of 2014 to an all-time low of 58% at the end of 2016.

- After years of steady decline starting in 2009, unemployment began to rise in early 2014. It increased substantially from 6.8% before the crisis to 12.6% at the end of 2016.

- The OECD projections point to a small additional fall in employment and rise in unemployment during 2017. However, forecasts for 2018 draw a more hopeful picture, with employment rising again and unemployment retracting. These projections corroborate the predicted closure of the crisis and regaining of economic confidence.

Scoreboard of labour market performance for Brazil

Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.

Earnings quality: Gross hourly earnings in USD adjusted for inequality. *Labour market insecurity*: Expected monetary loss associated with the risk becoming unemployed as a share of previous earnings. *Very long hours of work:* Percentage of workers of workers usually working 60 or more hours in their main job. *Low income rate*: Share of working-age persons living with less than 50% of median equivalised household disposable income. *Gender labour income gap*: Difference between average per capita annual earnings of men and women divided by average per capita earnings of men. *Employment gap for disadvantaged groups*: Average difference in the employment rate for prime-age men and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities) as a percentage of the employment rate for prime-age men.

Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See *OECD Employment Outlook 2017*, Table 1.2. for further details

NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF BRAZIL'S LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quality (pay, employment security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Despite the economic and political crisis, Brazil still has a higher employment and a lower unemployment rate than the OECD average in 2015. The country also has a larger share of working adults in full-time equivalent than most OECD countries.

- Inclusiveness is one of the areas in need of substantial improvement. Brazilian male workers are paid 50% more than female ones, ten percentage points above OECD average. Moreover, prime-age male workers earn on average 37% more than disadvantaged people, a group including, for example, working-age persons with partial disabilities or mothers with children.

- The quality of work is another area where more action is needed, particularly in relation to income. Earnings in Brazil are lower than those of all members of the OECD and the gross hourly earning adjusted for inequality is of 2.3 USD, ten times inferior to the OECD average.

- Nevertheless, job security in Brazil is relatively good and the level of labour market insecurity is on pair with the OECD average. Moreover, fewer Brazilian workers work for more than 60 hours a week than on average across the OECD.

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