



# Labor Unions and Wages in Brazil

by Niels-Hugo Blunch and Silvio H.T. Tai

Discussant:

Oleksandr Zhylyevskyy (Iowa State University)

*SEA 2017 Annual Meeting*

Tampa, FL

November 19, 2017

# Summary

Paper estimates effect of labor unions on wages in Brazil

In general, theoretical effects of labor unions are ambiguous

Data come from a nationally representative, cross-sectional survey (PNAD), 2003–2015

Each data year is analyzed separately. Rural, urban, North, South subsamples are also analyzed. Unit of observation: a formal sector male aged 25-55 years

Econometric techniques: OLS and quantile regression

Main findings: premium ~15%; more dispersion in rural areas and in the North; urban South is the driving force behind 15% premium

# Comments

An early draft: expect some key (missing) details to be added in the next version

Paper has potential to contribute to the literature. It may help to elaborate on whether Brazilian worker-friendly legal environment **on paper** is actually worker-friendly **in practice**

Main concerns are about econometrics:

- ▶ Labor union membership is treated as exogenously given. It may be endogenous
- ▶ Same problem (endogeneity) with years of education
- ▶ Sample selection issue due to focus on employed males

# Minor Issues (I)

I am not sure what you mean by “several decades” in the Abstract, as you only pool 2003–2015

P.2: word economy → world economy

P.3: Double check “The remainder...” paragraph for typos

P.6: Define notation in Eq. (1)

P.7, top: the present the → to present the

P.7, bottom: education variable is defined twice

P.11: I don't understand “separately simultaneously”. What you probably mean is a two-way sample partitioning

## Minor Issues (II)

In figure legends, by “Fifth Decile” do you mean the median? Perhaps revise the term for readability

Provide some information about the sizes of rural, urban, North, South, etc. subsamples. How “thin” are the corresponding labor markets?

What is the dispersion of wages in each subsample and over time? Perhaps it might be related to the dispersions of union premia you show in the figures

Why are there such big changes (in magnitude and significance) across years for the estimate on Asian? Any issues with sample composition in PNAD?