

Social Protection to the Informal Sector: The Role of Minimum Wage and Income Transfer Policies

RESEARCH PROPOSAL

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Team Leader:
Fernando Groisman

Argentina

1. Abstract

The overall project objective is to analyse the characteristics of minimum wage and income transfer policies implemented in Argentina since the period after the crisis of 2001-2002 through 2012. The aim is to provide evidence about the incentives/disincentives these policies might have generated regarding the labour market and contribute to the estimation of their effects on employment, wages and their distribution with special emphasis on the informal sector.

The project is inspired by the growing accumulation of international evidence about the implications on the functioning of labour markets exerted by different social protection schemes as well as the renewed interest in the effects of minimum wage policies. The implementation of the Pension Plan Inclusion and Universal Child Allowance (which have achieved a combined coverage of about 15% of the population) in Argentina provide a good opportunity to explore this subject. Similarly, the Argentine case justifies a further exploration of the effects of minimum wages on the functioning of the labour market, as it has been modified several times since 2003.

The data used stems mostly from the Permanent Household Survey (EPH) which is undertaken by the National Institute of Statistics and Censuses (INDEC). In the continuous EPH (in force since 2003) there are four rotation groups, one of which enters the sample and one of which drops out each quarter. Each household is surveyed in two successive quarters, drops out of the panel for another two quarters, and then is incorporated again for the next two quarters. Consequently, between two successive quarters we have 50% of the households in common as well as when we compare two equal quarters of two successive years. Each household or individual is followed for a total period of 15 months. We will take these considerations into account when conducting the longitudinal analyses and exploring the different methodological strategies.

2. Main research questions and core research objectives

The magnitude of the informal sector in Argentina is high and it seems to be a persistent feature of the economic structure. In other words, a considerable part of the population is exposed to social vulnerability and precarious work conditions almost permanently. In this context, it is pertinent to explore the effects of those regulations and programmes that might generate impact on the propensity of entering/leaving informal jobs. The project is based on this general concern and the four proposed specific objectives follow that motivation. More specifically, the role of minimum wage and income transfer policies on the informal sector will be examined.

On the one hand, we will proceed to estimate, if the amendments of the minimum wage have contributed to a contraction of labour demand and/or have provided incentives for informality. We will also analyse their effects on the wages and their distribution. On the other hand, we will proceed to estimate the determinants of leaving-entering economic activity for the target population of the two mentioned income transfer programmes. Furthermore, we will assess whether such programmes represented an incentive in favour of informal employment for the different household members. The research project will distinguish the different macroeconomic phases that can be identified in the period from 2003 to 2012. In this sense, the variation of prices (inflation) will be specifically used as the

pertinent criterion. We will take into account the changes in labour, social protection and other relevant policies as well as the existence of regional differences. In addition, we will resort to a comparative perspective which will take experiences from both industrialised and Latin American countries into account.

Regarding the minimum wage

In recent years an intensified use of minimum wage policies by several countries in Latin America and the Caribbean can be observed. Though not being the only kind of policy, the implementation of such policies has gained certain protagonism among wage policy options since the beginning of the new century. Along with a wide range of active labour market policies, there has been a marked increase of the minimum wage of around 40% in real terms between the beginning and the end of the first decade of the current century (ILO, 2010). In Argentina, with respect to the 1990s, the nominal value of the legal minimum wage increased ninefold while its purchasing power almost tripled. Concomitantly, academic work on this subject has increased, although it is fair to say that it is still incipient with regard to aspects that deserve thorough analysis: e.g. the effects on the informal sector regarding employment, wages and income distribution, to name only the most salient topics. There have been studies comparing countries documenting some effects on these variables (Cunningham, 2007; Marinakis and Velasco, 2006; Maloney and Nuñez, 2004). There is also a set of research studies focused on national cases: Brazil (Boeri et al, 2011; Lemos, 2009 and 2004, Neumark et al, 2006; Carneiro and Corseuil, 2001; Fajnzylber, 2001), Peru (Céspedes, 2006); Mexico (Bosch and Manacorda, 2010; Cunningham and Siga, 2006-and Brazil), Chile (Infante et al, 2003), Colombia (Arango and Pachon, 2004), Costa Rica (Gindling and Terrell, 2007), Honduras (Gindling and Terrell, 2009 and 2010), Trinidad and Tobago (Strobl and Walsh, 2001) and Nicaragua (Alaniz et al, 2011). Regarding the Argentine case, there exist studies by Khamis (2008) and Marshall (2006).

The analytical relevance surrounding minimum wage policies in Latin American countries draws additional importance from the high informality that characterises their labour markets (Ocampo and Jomo, 2007; Perry et al, 2007). Precisely, the high proportion of workers in informal employment, that is who are not registered in the official employment registers, adds several questions about the impact that setting a legal minimum wage may have on this labour segment. For example, it is important to know whether increases in the minimum wage, which by definition concern only workers in the formal economy employment, might cause a descent in wages of informal workers. Furthermore, since in many cases the minimum wage is also binding with regard to the wage scales fixed in collective bargaining agreements, modifying it may also provoke changes in these wage scales. Similarly, it is necessary to analyse whether such policies cause job transitions between the two segments of workers: from formality to informality or vice versa. The first might be the case because wage increases may induce employers to evade compliance and therefore encourage the informality of labour relations. The opposite may occur if the modification of the minimum wage was related to an active participation of trade unions. In this scenario the likelihood of non-compliance is narrowed and it can be expected that the number of transitions from informality to formality increases.

Regarding income transfers

Since the early nineteenth century, the possibly contractionary effects of social policies on labour supply were a matter of recurring concern. An eloquent example of this is the report written in England in 1834 regarding the so-called "poor-laws", which, taking up Malthus' ideas from his *An Essay on the*

Principle Population (1798), argued that social assistance provided an incentive not to work. More recently, concern with the question of the possible interactions between labour markets and social protection systems intensified during the 1980s and 1990s. During those years, against the background of high unemployment in continental European countries, studies conquered the academic agenda that sought to test whether greater flexibility in the labour markets in combination with less generous social protection systems (taking the Anglo-Saxon countries as a reference) would cause a faster adjustment of unemployment. It was argued that the social benefits of the welfare states conspired against the retention of people in economic activity.

This concern continues to form the centre of much debate today, particularly whenever social protection policies are implemented that involve cash transfers to poor families. In this sense, it is often argued that these income transfer programmes encourage beneficiaries to moderate their job search, as social support is usually discontinued when they find employment. Following the same logic, similar incentives have been ascribed to protection schemes against dismissal or unemployment insurance, among others. Indeed, it is asserted that the resources available to the worker when he or she becomes unemployed induce the abandonment of the active search of employment, and therefore imply a reduction of labour supply at the aggregate level (Barrientos and Hulme, 2009; Ellwood, 2001).

In both cases, the reduction, or even elimination, of the income gap between the situations of inactivity/unemployment and employment is a central part of the argument. In line with this, there is evidence which indicates that retirement systems, in which the pension benefit depends on the contributions made during the period of economic activity, produce increases in labour market participation precisely because of this requirement (Coile and Gruber, 2007; Liebman, Luttmer and Seif, 2009 and Liebman and Luttmer, 2011).

Specific Objective No. 1

To estimate the effects of successive modifications of the minimum wage on employment, informal employment and wages between 2003 and 2012. This will be done at the aggregate level and for specific segments of workers: young persons, women, immigrants and low-skilled adults to mention the main groups.

Hypothesis:

Increases of the minimum wage (nominal and real) reduce overall employment levels and registered employment, thereby increasing informality.

The minimum wage operates as a benchmark for both the wages of formal as well as informal workers.

Specific Objective No. 2

To determine whether geographic differences in the coverage of the minimum wage (estimated as the proportion of workers with incomes below that value in each region and/or urban agglomeration) exert influence on the effects that changes of the national minimum wage have on employment.

Hypothesis:

Increases in the national minimum wage (nominal and real) have a stronger contractionary effect on labour demand in those regions and agglomerations where the proportion of workers with wages at or below the minimum is higher.

Specific Objective No. 3

Investigate whether social policies based on income transfers exerted any effect on the population's propensity to engage in economic activity. The analysis will distinguish between the transfers undertaken in the frame of the Pension Inclusion Plan, on the one hand, and those related to the so-called Universal Child Allowance, on the other.

Hypothesis:

Income transfers cause a disincentive to work by affecting the gap between the existing wages on the market and the "reservation wage" of the beneficiaries (the wage level below which a person will not be willing to accept employment).

Income transfers provide a disincentive for registered employment as this would entail the automatic loss of the benefit and its replacement with one of minor value.

Specific Objective No. 4

To analyse the determinants of access to registered employment when the household is beneficiary of income transfers provided by the state.

Hypothesis:

When the state provides security regarding the household income, its members stronger value flexible working hours and/or the possibility of obtaining higher wages than those provided by informal jobs.

3. Policy relevance

Minimum wage

The minimum wage has been the subject of ongoing controversy regarding its effectiveness in achieving the proposed objectives. The debate has traditionally focused on the consequences its implementation may have on the level of employment. Precisely, if employment is reduced as a result of the introduction of a minimum wage, it might be argued that the measure is not pertinent to safeguard the living conditions of the poorest parts of the population (Freeman, 2009).

The debate has intensified in the economies with segmented labour markets. Indeed, even remaining within an analytical model based on the assumption of an integrated labour market, if it is recognised that there are different segments of workers, the imposition of a minimum wage level can impact differently on them. It should be noted that various population groups are outside the scope of the minimum wage: for example the self-employed, domestic servants, agricultural workers and those who work in informal economic units and/or firms that evade existing labour laws. Consequently, the effects will be different on the aggregate level depending on the coverage of the policy and the transitions between the different segments of workers resulting from its implementation. In this sense, our objective is to quantify the impact of the minimum wage on the size of informal sector. Different scenarios will be constructed assuming different magnitudes of coverage and levels of the minimum wage.

Logically, the impact of minimum wages on the wage structure has also been analysed profusely. A certain degree of agreement can be observed with respect to recognising that the wage distribution tends to compress as an effect of minimum wage increases (DiNardo et al, 1996; Autor et al, 2011) although some studies point out that the resulting increases of the lowest wages are higher in the formal sector than in the informal sector (Lemos, 2009; Boeri et al, 2011). The type and the intensity of the impact of the minimum wage on the wage structure also define its relevance as a policy instrument for reducing poverty and inequality.

Social protection policies

Since 2003, in a phase economic expansion and the improvement of social indicators such as unemployment, poverty and inequality, the implemented policies aimed at having an impact in the medium and long term and not just in situations of emergency. Through the Families for Social Inclusion Programme (Plan Familias) implemented in 2005, in conjunction with the Training and Employment Insurance (SCyE) and the creation of Community Integration Centres (CIC), a gradual exit from the PJJHD was initiated. The transition from the PJJHD to the Plan Familias may have had significant impact on female participation rates, since the second programme did not include a work requirement. In 2005 the Pension Inclusion Programme (PIP) was implemented, and in 2009 the Universal Child Allowance (AUH). For both the coverage achieved and the value of the transfers these initiatives marked a change in the orientation of social policy.

On the other hand, during the period 2003 to 2010 labour supply in Argentina remained virtually unchanged. This evolution contrasts with the marked improvement in employment opportunities that could be observed in the economy after the deep crisis of 2001-2002. In light of this, it is indicated to explore whether this development might have been the result of social protection measures based on income transfers that were implemented in the period as well as their effects on the rest of the labour variables.

4. Methodological design regarding each specific objective

Specific Objective No. 1

Multinomial logistic regression models will be used for estimation. This procedure is a variation of conventional logit estimates and is appropriate to assess the determinants of labour market participation when the latter is defined as consisting of more than two categories. This study will utilise the following categories: a) having a registered job, b) having a non-registered job, c) not being employed (unemployed or inactive) d) working in a non-salaried position (the latter is the base category against which parameters will be estimated). The main advantage of this type of regression is that it can simultaneously estimate the probability of labour market participation in the above-mentioned categories. The independent variable of interest is the level of remuneration in relation to the legal minimum. In this way, we will be able to assess whether those with wages below or in the bracket of the minimum wage were more likely to lose employment or to enter precarious employment in the case of registered employees. The availability of panel data allows us to design the model in a way that the wage information corresponds to a period prior to that of the estimated employment situation. The following independent variables will be included: sex, age, squared age, educational level, position in the household, size of the establishment, industry, and region of residence. We will also include *dummy*

variables for each wave included in the data pool and undertake separate estimates for different regions of the country.

Moreover, in order to test the hypothesis of a possible “lighthouse-effect” of the minimum wage on the wages in the informal sector, it is advisable to estimate Kernel density functions. In this way, it is possible to visualise the location of the minimum wage in the distribution of income of formal and informal salaried workers.

Finally, as a general concern, and given the recurrence of minimum wage adjustments in Argentina, we will discuss the possible factors behind these amendments. Specifically, we will focus on changes in the productivity of low income workers, unionisation, inflation and the incidence of collective bargaining. Estimates of correlations between productivity, inflation, institutional changes and increases in minimum wage will be generated in order to obtain some insights on these issues.

Specific Objective No. 2

The model of "differences in differences", according to Stewart (2003) who was inspired by Card and Krueger (1994), can be applied for two areas defined as low and high impact of the minimum wage. Different delimitations will be tested for all the agglomerations covered by the Permanent Household Survey (EPH). The demarcation criterion consists in ordering the cities where the survey is carried out in the year before the minimum wage increase according to the differential impact of such an amendment in each urban area. The method takes advantage of both the fact that there exist marked regional differences in the wage structure and that the level of the minimum wage is set at the national level. It is reasonable to presume that an increase in the minimum wage will have a different effect in the cities in which the proportion of workers with wages below the legal minimum is high than in the agglomerates in which the situation is the opposite. The ordering of the urban agglomerations will be undertaken for three variables of interest: the proportion of private sector salaried workers with wages below the legal minimum (in relation to the total of private sector salaried workers), the proportion of salaried workers in the private sector registered with the social security system and wages below the legal minimum (in relation to total of private sector salaried workers who are registered with the social security system) and the proportion of salaried workers in the private sector who are not registered with the social security system and receive wages below the legal minimum (in relation to the total of private sector salaried workers who are not registered with the social security system). In all cases the selection is restricted to those workers with between 35 and 48 hours of work per week.

Please consider that the quasi-experimental method applied here is used centrally to assess whether the change in the minimum wage had impact on employment and wages. Therefore, the undertaken ordering corresponds to the initial year but takes as reference value the minimum wage that was in effect one year later. Thus it is possible to establish two sets of areas: one of high and one of low impact. One consists of those cities where the proportion of workers with incomes below the minimum wage was elevated and another group composed of agglomerations in which this proportion was substantially lower. To control for endogeneity (the minimum wage is a part of wages in each region) we will use different instrumental variables (e. g. the wage of unskilled/low category workers employed in the public sector at the federal level). Additionally, we will use a difference-in-difference model in order to analyse the impact of minimum wage adjustments on informal employment through the estimation of the probability of being informal in different cities.

For the estimation of the effects on employment the following dependent variables will be employed: the natural logarithm of the rate of private sector wage employment registered with the social security system and the natural logarithm of the rate of private sector wage employment not registered with the social security system (estimated as the ratio between each of these groups and the population aged between 18 and 59 years). For its part, the effects on wage dispersion were estimated with models that assess differential impacts on various points in the income distribution. We selected four dependent variables: the natural logarithm of the wages in the percentiles 5, 10, 50 (median) and 90.

Specific Objective No. 3

In a similar way as mentioned for specific objective number 1, the chosen method is the multivariate regression analysis in its multinomial logistic version. In this case, the focus of the analysis will be to estimate whether the perception of one of the transfers under study (pensions or child allowances) caused changes regarding the decisions to participate in economic activity on the part of the members of the beneficiary households. It is reasonable to postulate that such modifications would operate with a lag in time and not instantaneously. Therefore, the transitions from/to activity/inactivity should be analysed after a certain time has elapsed from the beginning of the receipt of the money transfer. Based on the design of partial rotation of the data sample from the EPH, it is possible to specify the regression model considering the course of a time interval between the receipt of the benefit and the changes in the status of economic activity. As mentioned, the options offered by the survey are: three months, twelve months and fifteen months.

The existence of a possible effect of withdrawal from the labour market will be tested recurring to all those who were employed at the time of the first interview. The dependent variable will then be defined as the three possible paths during the following year: transition from employment to unemployment, transition from employment to inactivity and remaining employed (as the base category). In an analogous manner, it will be assessed whether receiving these income transfers increased the probability of a transition from inactivity to activity. The employed independent variables include all those commonly used for this type of study: age, age squared, gender, educational level, position in the household and number of children. In addition, we will control by geographic region and by rotation group in the data sample.

It is important to note that the Pension Inclusion Plan is universal and that being a beneficiary does not imply legal restrictions to the economic activity of these individuals.

Specific Objective No. 4

In the analysis of the probabilities of access to registered employment on the part of household members who are not head of the household we need to consider the potential endogeneity problems. For this task, bivariate and recursive *probit* models will be applied. This model, unlike the classical bivariate *probit* of simultaneous equations, allows to consider the employment of the head of household and of other household members as a result of decisions that are related. The high incidence of unregistered employment among members who are not heads of their households, mostly women and young persons, suggests that aspects intrinsic to family dynamics might have a certain influence on the increased propensity for occupational precariousness of these groups.

For the classic probit model the dependent variable is dichotomous, being equal to 1 when the individual was employed as a salaried worker not registered with the social security system and equal to 0 if he or she was a registered salaried worker. The independent variables will be sex, age, squared age, education (in three categories), position in the household, the number of household members, the branch of activity and the region of residence. The estimates will also include the control of selection biases.

Initially, we will resort to a recursive bivariate probit model of the following characteristics:

Equation 1

Dependent variable: registered/unregistered household members who are not heads of the household.

Independent variables: registered head of household, educational level of the spouse, age and squared age of the spouse, sex of the spouse, household size and presence of children up to 5 years.

Equation 2

Dependent variable: registered/unregistered head of household

Independent variables: educational level of the head of the household, age and squared age of the head of the household, sex of the head of the household, household size and presence of children up to 5 years.

The recursive character of the model is given by the fact that the variable that defines the salaried registered/unregistered position of the heads of household has been included as an independent variable in the estimation of similar probability for the spouses and the remaining members in each model.

Finally, the changes in the economic activity of household members who are not head of the household will be analysed considering their effects on a selection of indicators of well-being such as poverty, position in the income distribution and health coverage. We will proceed to estimate these indicators with panel data. A difference in difference model will be used in order to compare two groups of households: those who experienced a change in the economic activity rate and those with no modifications.

5. Data requirements and sources: general justification of the methodology of this project

Longitudinal analyses applied to the study of labour trajectories and incomes make it possible to advance with regard the study of these issues. This type of analysis allows to better define the estimation method by providing information on the duration (or frequency of repetition) of a particular event or situation. This methodological opportunity allows us to assess the influence of certain norms or policies and to better specify whether the studied phenomena are "continuities" within a given path, or if they instead show ruptures and changing trends. This perspective greatly enriches the study of social issues and policies aimed at minimising the economic uncertainty of the poorest parts of the population.

In recent years, the strategy to complement the traditional, static approach to the analysis of the labour market with longitudinal or dynamic perspectives has gained renewed interest in academic research. There has been a healthy consensus that the most comprehensive knowledge of various socio-economic phenomena can be achieved when the dynamic processes which underlie the conventional indicators

that are observed at certain points in time are apprehended. Alongside this, there has been an important emphasis in research agendas on approaching and characterising the multiple dimensions which the analysis of the welfare of the population involves. In Argentina the production of academic studies in these topics is still very limited although its analytical relevance is evident.

The data used stems mostly from the Permanent Household Survey (EPH) which is undertaken by the National Institute of Statistics and Censuses (INDEC). Argentina does not conduct longitudinal surveys, but nevertheless information from the EPH allows disposing over data of such kind. Indeed, the survey does not inquire directly about changes over time of the variables, but it is possible to construct longitudinal data by taking advantage of the rotatory panel of its sample. Specifically, households are interviewed on four successive occasions. Therefore, departing from the comparison of the situation of a household/individual in the four occasions the changes that have been experienced in the various variables of interest can be inferred.

The sample of the punctual EPH (in force until 2003) was composed of four rotation groups. One of these entered and one dropped out in each of the two surveys that were undertaken each year (in May and October). In the continuous EPH (in force since 2003) the mode of rotation was altered. Similarly to the previous EPH, there are four rotation groups, one of which enters the sample and one of which drops out each quarter. However, in the new design each household is surveyed in two successive quarters, drops out of the panel for another two quarters, and then is incorporated again for the next two quarters. Consequently, between two successive quarters we have 50% of the households in common as well as when we compare two equal quarters of two successive years. Each household or individual is followed for a total period of 15 months. We will take these considerations into account when conducting the longitudinal analyses and explore different methodological strategies.

Research Design

Specific objectives 1 and 2

For the estimation of the effects of changes in the minimum wage on employment and wages, we will construct panels with quarterly and annual data for all years in the period 2003 to 2012. In order to increase the number of cases we will aggregate the rotation groups thereby generated in a single database (pooled data). The database includes the total of urban agglomerations covered by the EPH as well as the various regions of the country. The variation of covariates will be controlled through the use of panel data and selecting quarters in order to avoid strong changes in the minimum wage in the short run.

We will make intensive use of the possibilities offered by multinomial logistic regression models. The availability of panel data allows us to design the models in such a way that the information on wages corresponds to a period prior to estimation of the employment situation (one quarter or one year earlier).

Given the characteristics of the minimum wage (considering in particular that it applies to salaried workers who meet the legal working hours), the universe of the analysis will comprise only salaried who worked between 35 and 48 hours a week. In line with the scope of the minimum wage legislation, also domestic workers and beneficiaries of employment programmes remain excluded. Furthermore, the universe under consideration will be restricted to salaried workers under the age of 60. This will

allow us to focus the attention on the economically active population and to avoid distortions due to transitions to inactivity caused by the access to retirement benefits.

The definition of the threshold criterion which allows us to classify salaried workers with respect to whether they receive remunerations above or below the minimum wage is not exempt from certain difficulties. This is mainly so because of the contrast between the exact amount set by the regulation (as well as the precisions it establishes regarding the concepts conforming it) and the remunerations reported by individuals in the household surveys. It has to be taken into account, among other factors, that the declared labour incomes are commonly rounded to multiples of 50 or 100. In the specialised literature, this problem has been addressed by using a range of income to define the segment of workers who receive the minimum wage. It will be a contribution to this project to advance with regard to this delimitation. The analysis will be undertaken for the monthly and hourly wages earned by the workers in their main occupation.

With respect to the wages, we will intensively use the estimation of Kernel functions of the wage distribution for registered and unregistered salaried workers. This resource provides the opportunity to graphically assess the point at which the minimum wage is located with regard to both segments of workers.

Specific objectives 3 and 4

To approximate the possible effects of income transfer programmes on economic activity it is also appropriate to use the panel data of the EPH. For these objectives we will as well proceed to pool different micro-databases. On the one hand, the set of observations corresponding to the quarters ranging from 2006 to 2011. On the other hand, a second micro-database with the observations for the quarters from 2009 on, when the universal child allowance was introduced. In the latter case, the analysis will be restricted to the universe of households with children and without household members who are registered in the social security system. Regarding the analysis of the pension moratorium the estimations are made for the whole population.

It is important to emphasise that while the available microdata does not contain specific information about the receipt of income transfers, it is possible to reasonably approximate this issue by the question of the EPH that quantifies the income from sources other than work: amount of the unearned income from pensions (V2_M) and amount of income from (cash) benefits or social assistance from the government, churches, etc.. (V5_M).

With this type of data we can measure, for example, the rates of entrance into and drop out of economic activity. Furthermore it is possible to model the probability of labour market participation and estimate the potential impact of the receipt of income transfers on it.

6. Policy influence plan and dissemination strategy

Policy influence plan

The elaboration of this project takes into account the results obtained by members of the research team in consulting activities for office of the International Labour Organisation (ILO) in Buenos Aires in collaboration with the Ministry of Labour, Employment and Social Security of Argentina between 2010

and 2011. These activities were conducted under the overall objective of "Articulating the national labour policy with policies that impact on the quantity and quality of employment" within the framework of the Priorities of the Decent Work by Country Programme 2008-2011 (ILO - Ministry of Labour of Argentina). The definition of the content and the characteristics of the research activity were discussed with members of these organisations. More specifically, the technical cooperation aimed at analysing "the wage and income levels in relation to changes in employment and their impact on inequality, seeking to identify the underlying institutional factors such as collective bargaining, minimum wages, allowances and other income policies. Also aspects related to the level of segmentation and its implications for the evolution of incomes and wages must be addressed by the study."

Precisely, the current project will provide relevant information about the consequences of modifications to both the minimum wage and the levels of income transfers to households might have on the functioning of the labour market. There is intense consultation and debate with regard to the question up to which amount the minimum wage should be raised without causing a reduction of formal employment, increases in unemployment and/or informality. Likewise, debates arise once a year with respect to the effects which increases in income transfers to households might have on wage levels and labour supply. Thus, our research may generate important inputs for policy formulation.

Such issues are frequently matters of consultation to the research team by national authorities such as Ministries and Working Committees of the Senate; international bodies such as the aforementioned Office of the International Labour Organisation (ILO) in Buenos Aires, chambers of commerce; trade unions; and print media of national coverage. These consultations are undertaken in personal interviews, contact by email and/or the provision of reports which the research team elaborates for this purpose. In order to provide an example, see the following links with respect to media coverage of our research:

<http://www.pagina12.com.ar/diario/economia/2-173468-2011-08-01.html>

<http://www.pagina12.com.ar/diario/economia/2-137704-2009-12-28.html>

<http://www.pagina12.com.ar/diario/debates/32-210032-2012-12-17.html>

The importance which national authorities assign to the effects of labour and social protection policies can be seen in numerous official documents. For an example, see:

http://www.trabajo.gov.ar/downloads/bicentenario/trabajoybicentenario_eng.pdf

It is also noteworthy to mention that we plan to continue the development of a round of consultation, which has already been initiated, throughout the course of the project. The research team interacts regularly with officials and members of technical teams of national agencies with competences in this area. An example worth mentioning is that the research team organised recently the international seminar "Social and Labor Policy Reforms in Latin America during the XXI Century. Analyses and Policies. Buenos Aires, October 3-4, 2012". In the organisation of this event participated the Interdisciplinary Institute of Political Economy's (IIEP in Spanish) Research Area for Labour, Distribution and Society at Faculty of Economics (University of Buenos Aires), the Friedrich Ebert Foundation in Buenos Aires and the International Centre for Development and Decent Work (ICDD) of the University of Kassel. The purpose of the seminar was to contribute to the understanding of the

reasons for the persistence of inequality as well as to advance in the analysis of the effects that the policies implemented during the last years have on the dynamics that create social inequality in the region. Among the speakers were prominent foreign researchers and officials from various government offices: The Argentine Minister of Labour and other officials of the same ministry; specialists of the ILO, ECLAC, and researchers from other universities. During the event topics related to the objectives of the project were discussed. The programme is available at:

http://www.citradis.com.ar/images/Jornadas/octubre_2012.pdf

Please also consider that the research team is organising two workshops in the months of April and September with national academic experts, representatives of business associations, trade unions and national officials on minimum wage, income transfers and the labour market. These events will aim at disseminating specific aspects of the project and discussing the partial results that are generated in the course of our research.

Finally, it is worth to mention that the participation of the research team in two additional expert seminars has already been confirmed. These are jointly organised by the office of the ILO in Buenos Aires and the Ministry of Labour, Employment and Social Security of Argentina. The first seminar will be held in May 2013 and the date for the second has still to be established. In this sense, technical meetings will be held with officials from both institutions in order to make sure that the contributions of the team are in line with the needs and priorities of policy makers.

Dissemination strategy

Partial and final results will be published as working papers and placed at the team's web site: www.citradis.com.ar, Centre for Research on Labour, Distribution and Society (Centro de Investigación en Trabajo, Distribución y Sociedad). It is based in the Faculty of Economics at the University of Buenos Aires and integrated into the newly created Interdisciplinary Institute for Political Economy (IIEP) UBA-CONICET. These documents will be also sent to other related web sites, such as ECINEQ (Society for the Study of Economic Inequality), RDW-ILO (Regulating for Decent Work-International Labour Organisation), IZA (Institute for the Study of Labor) or IDEAS-REPEC (Research Papers in Economics). Papers with advanced results will be sent to specialised publications, such as *Revista Desarrollo Económico* or *Revista de Estudios del Trabajo*, among national journals, and *Journal of Income Distribution*, *Review of Income and Wealth*, *CEPAL Review* (Comisión Económica para América Latina y el Caribe), *El Trimestre Económico*, *Journal of the Latin American and Caribbean Economic Association* (LACEA), among international.

The research team organises regular meetings on Labour, Distribution and Society where other researchers from Universities of Argentina and other countries, and officials from different agencies of the Argentine Government are invited. Consequently, the final or partial results of the research will be presented at those meetings.

Similarly, partial results will be presented at other national and international specialised meetings, workshops and congresses, such as the annual meetings of the Asociación Argentina de Economía Política, Asociación Argentina de Estudios del Trabajo, RDW-ILO, ILO-Buenos Aires Office and the Ministry of Labour of Argentina.

A technical meeting oriented specifically to relevant policy makers –mainly staff of the Ministry of Labour and Ministry of Economy of Argentina– will take place in order to discuss the policy recommendations and empirical results of the project.

In the same way, the results will be presented at other national and international specialised meetings, workshops and congresses. It is expected to promote sessions and panels related to the topic of the research project at Las Vegas Congresses. The responsible researcher of this project was President of the Labour Studies Section of the Latin American Studies Association (LASA) during 2010-2011.

The direct nexus with policy makers is strongly emphasised. Discussion meetings will be carried out with the technical staff of the Ministry of Labour, Employment and Social Security of the Republic of Argentina and the office of the International Labour Organisation (ILO) in Buenos Aires. During 2013, the team will be participating in two international conferences which are organised jointly by the ILO-Buenos Aires and the Ministry of Labour of Argentina.

The results of this project will also be disseminated through policy reports sent to the media, government and international agencies, and other national and international research centers and universities. Moreover, the results will be published on the above mentioned websites. For an example please see:

http://www.citradis.com.ar/images/Datos/Destacado/informe_diciembre_2012.pdf

We are preparing the publication of a book with the Editorial Universitaria de Buenos Aires (EUDEBA) as part of our current research project on “The economic insecurity of households and social inclusion policies in Argentina.” We are planning to include in this volume a chapter with partial results of this research.

List of team members

| Name | Age | Sex (M,F) | Training and experience |
|-------------------|-----|-----------|---|
| Fernando Groisman | 45 | M | Researcher of the National Council for Scientific and Technical Research (CONICET) and Faculty of Economics, University of Buenos Aires (UBA). Director of the Research Group Labour market, Income Distribution and Society (CONICET and FCE-UBA) |
| Santiago Boffi | 25 | M | Degree in Economics, Faculty of Economics, University of Buenos Aires (UBA). Scholarship from UBACyT. Project: Economic Insecurity and Policies for Social Inclusion in Argentina. Director: Fernando Groisman |
| Analía Calero | 34 | F | Researcher and professor at the Faculty of Economics, University of Buenos Aires (UBA). Master in Economics at the Faculty of Economics, University of Buenos Aires (UBA). Director: Dr. Fernando Groisman. |

| | | | |
|--------------------------|----|---|---|
| María Eugenia Sconfienza | 30 | F | Degree in Political Sciences, University of Buenos Aires (UBA). Scholarship from CONICET. Director: Dr. Fernando Groisman. Project: Economic Insecurity and Policies for Social Inclusion in Argentina. |
| Albano Vergara Parra | 31 | M | Degree in Sociology, University of Buenos Aires (UBA). Scholarship from CONICET. Director: Dr. Fernando Groisman. |
| María Soledad Cubas | 32 | F | Degree in Economics, Faculty of Economics, University of Buenos Aires (UBA). Project: Segregation and Labour Market. Director: Dr. Fernando Groisman |

7. Expected capacity building

This Project will contribute to the enhancement of the research activities of the team of the Centre for Research on Labour, Distribution and Society (Centro de Investigación en Trabajo, Distribución y Sociedad). Currently it consists of 10 members, among whom there are scholarship holders as well as advanced researchers. It is expected that working in this project will enforce the integration of junior researchers into the team, giving them the possibility to integrate theoretical and applied knowledge. Multidisciplinary will also be fomented by means of the integration of approaches from Economics, Sociology and Political Science.

It is an explicit goal of this project to strengthen the knowledge and skills of the young researchers in the subjects of analysis. In particular, it is expected that all team members acquire the necessary proficiency with regard to the statistical software STATA and SPSS for both the preparation of micro-data bases and the undertaking of econometric estimates. Moreover, the project will facilitate the consolidation of an interdisciplinary collaborative perspective among the team members due to the discussion and empirical evaluation of various theoretical approaches of economics, sociology and political science. It will as well be expected that the young researchers of the team will be able to integrate some of the methodological procedures which are implemented in this project into their respective doctoral theses. More specifically, the younger researchers are expected to acquire the adequate expertise to generate estimates with a certain level of difficulty in the analysis of panel data.

With regard to the subject of the project, it is expected that the young researchers deepen their knowledge about the characteristics of minimum wages: their origin, development and economic and social functions in developed and less developed economies, among other qualitative aspects. Similarly, the project will facilitate the thorough analysis of the conditional income transfer policies and their specific features.

The active participation of all members in the development of the four specific objectives will be a central feature of the operating dynamics of the research team. This has proven to be an effective mechanism in view of the obtained results which we have already implemented in past projects. Furthermore, it ensures an overview of the development of the research project as a whole.

Tasks that will be carried out by each member:

Fernando Groisman is the researcher responsible for the project and will therefore coordinate the research activities of the team. In the same way, he will be responsible for monitoring the different steps of the research process. It is part of his work to identify the relevant literature, to select the analytical methods which will be used and to distribute and coordinate the activities of the members of the research team. He will also be responsible for establishing the policy for cooperation, consultation and exchange with government departments as well as with other research groups and institutions.

Albano Vergara and Analia Calero will focus on the review of the available evidence on minimum wages and their effects on labour markets. More specifically, they will focus on the impact exerted by the minimum wage laws on wages, employment and informality. In terms of methodology, they will be responsible for the design of difference in difference models and their application with microdata from Argentine databases.

Maria Eugenia Sconfienza and Santiago Boffi will be responsible for reviewing the specific literature on the social and labour market impacts associated with conditional income transfer programmes in Latin American countries. Special attention will be paid to the effects on economic participation and informality. Departing from this review they will proceed to identify the used methods and then compare the results with the estimates made in this project. More specifically, they will focus on the estimation of multinomial logistic regression models with panel data.

Soledad Cubas will participate in the creation of micro-databases for statistical processing and econometric estimates. It will also be her responsibility to elaborate a section on the theoretical and empirical debate on the effects of minimum wages and income transfers in segmented labour markets. She will furthermore participate in the making of reports on partial and final results.

The current composition of the research group is:

1. Maria Eugenia Sconfienza. Fellow of the CONICET writing her PhD at FLACSO University. Research topic: Unemployment, Discouragement and Labour Informality in Argentina (2003 – 2010)
2. Albano Vergara. Fellow of CONICET writing his PhD at the Faculty of Social Sciences of the UBA. Research topic: Labour Market and Socio-Economic Residential Segregation in the Main Urban Centres of Argentina in the period 2003 – 2010
3. Santiago Boffi. Fellow in an UBACyT Project at the UBA. Research topic: Employment Insecurity in Argentina
4. Hernán Méndez. Fellow in an UBACyT Project at the UBA. Research topic: The Socio-Economic Insecurity of Households in Argentina
5. Soledad Cubas. Master's Thesis in Design and Management of Social Project (FLACSO). Research topic: Causal Relationships between Socio-Economic Residential Segregation and the Labour Market
6. Yamille Abdala. PhD Candidate in economics at the National University of Rosario. Research topic: The Role of Employment Agencies in the Labour Market
7. Analía Calero. MA graduate UBA. Research topic: Labour Informality
8. Hernán Méndez. Research topic: Labour Market.
9. Emanuel Agú. Graduated economist (UBA). Research topic: The Middle Class in Argentina.
10. Lucio Moreno. Graduated economist (UBA). Research topic: The Middle Class in Argentina

8. List of past, current or pending projects in related areas involving team members

The research group has been working on issues related to social protection and informality with increasing dedication and intensity. Some examples for this are our research projects and publications. Regarding the former, we would like to point out that there are two research projects which are near completion that address issues related to those raised in this project. These provided the main basis for the formulation of the present research proposal. Both are under the direction of the responsible researcher of this project:

CONICET PIP 2010-2012: Fluctuations in income, work trajectories and social exclusion: dynamic and multidimensional aspects. New evidence regarding the analysis of the Argentine case.

UBACYT 2010-2012: The economic insecurity of households and social inclusion policies in Argentina. Category: Consolidated Research Group.

9. Describe any ethical, social, gender or environmental issues or risks that should be noted in relation to your proposed research project.

This item does not apply to this project.

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