

# The women of Mexico and the neoliberal revolution

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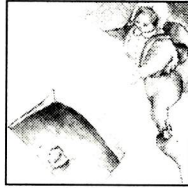
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*Despite the success of the government's economic policies as measured by GNP growth and price stability, the cost of the new order were disproportionately borne by labor, the peasantry and the marginalized. The macroeconomics looked good, but the microeconomics looked awful. (Centeno 1994:202)<sup>1</sup>*

## Introduction

Miguel Angel Centeno's evaluation of the neoliberal reforms of President Carlos Salinas de Gortari were only half right. As shown by the near panic that ensued following the December 1994 devaluation, the macroeconomics weren't all that hot either. The deficit in the current account and the consequent strain on foreign currency reserves put enormous pressure on the Mexican peso. For every peso that foreign investors took out of the Mexican economy, two pesos were sent abroad by Mexican nationals, according to the IMF report of August 1995. Once again the full brunt of the new crisis fell not only upon the shoulders of the middle class, who suffered inflationary price rises that reached 70 percent on an annualized basis in March 1995, but also on the working people of the country, who felt the double blow of inflation and unemployment. The United States loan averted similar blows to the investing classes, who escaped with their dollarized *tesobonos* and their consciences untouched.

It probably should come as no surprise that the burden of the economic crisis in Mexico fell mainly on the shoulders of women and children, just as poverty does in the United States. The shift toward neoliberal policies, which began during the previous

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1. Miguel Angel Centeno, (1994), *Democracy within Reason: Technocratic Revolution in Mexico*, University Park, Pennsylvania State University Press.

administration under President Miguel de la Madrid,<sup>2</sup> was geared toward reducing the size and costs of the public sector, the restructuring of the federal budget, the opening of the economy to foreign competition and, following the rules of the international economy, avoiding any moratorium on foreign debt payments. It also sought to modernize the economy, create an efficient fiscal system and reduce state regulation and participation in the economy. The results were impressive. By 1994 inflation was running at less than 10 percent a year for the second straight year and after two false starts it looked like industrial production was increasing (at 3.2 percent in the second quarter of 1994), and even per capita GDP, which had hovered near or below zero growth, was climbing into the plus column. Even though the devaluation crisis was in the future, the microeconomics were awful. We stated (Selby and Browning, in press) in a passage written before December 1994:

*The...years [1982-1990] were very difficult indeed for ordinary people in Mexico, as indexed by the fact that their wages were reduced by an average 50 percent in six years, according to the report of the President. Median incomes suffered less severe losses, as one would expect: median incomes of heads*

*of household dropped 37 percent in the period 1987-1989, while median household incomes dropped 14 percent in the same period, despite the efforts of the householders to put as many of their members to work as the could.*<sup>3</sup>

Income distribution deteriorated as well: Cortés and Rubalcava report (1992)<sup>4</sup> report that greater equity in household income distribution was achieved during the 80s by impoverishing everyone... except the top decile of the income distribution. This process may have accelerated during the Salinas administration, at least if the egregious plutocracy represented by Emilio Azcárraga and Carlos Slim is any sign.

It is reasonable to suggest that the least protected members of Mexican society suffered most: women and children. And although we cannot examine the condition of children during the 80s, reductions in health benefits, educational outlays, subsidies for basic foods and social services for children (Lustig, 1992:79)<sup>5</sup> suggest that children were hard hit by the changes in the public sector's commitments. According to Lustig, "spending on education fell by 29.6 percent, and spending on health by 23.3 percent" in the years 1983 to 1988. She notes that

2. Since Salinas was the director of the very powerful Budget and Planning Ministry (SEF), largely responsible for economic policy in the last half of de la Madrid administration, it is sometimes said, only half in jest, that President Salinas had enjoyed a nine-year term.

3. The figure of 50 percent is approximate and was taken from President Salinas' speech to the Economic Forum of 1992, as reported in the magazine *Nexos*. The figures for median incomes are taken from Selby et al. 1994, and calculated from our 1978 Indeco data, as compared to the National Survey of Urban Employment (NEU) collected by the National Informatics and Geographical Institute (INEGI) for the fourth quarter of 1989. A conversion figure of 166.1 was derived from the inflation tables supplied by the Banco de México to translate the 1978 pesos to 1989 (mid-November) ones.

4. Cortés, Fernando and Rosa María Rubalcava, (1992), *Equidad por Empobrecimiento*, México, Colegio de México.

5. Lustig, Nora, (1992), *The Mexican Economy*, Washington Brookings. At times Lustig suggests that although financial support for these services were cut, data drawn from the Economic Report to the President suggests that the classroom hours of teachers and the number of medical consultations remained the same, and that, therefore, the only effect on services was a reduction in the salaries of the practicians. But that ignores the added pressure on teachers to moonlight (*multichambismo*), and the tendency for public health doctor's office to be used by middle class families that had used private doctors before.

by 1990 social spending as a percentage of total spending had reached 1983 levels by 1990, but total spending had declined by 23 percent in the interim.

The position and condition of women during the crisis is more visible, and more amenable to investigation. In this paper we study the changing ideology of gender construction, and the objective correlates of women's work outside the home in order to see the structure of discrimination against women, understood in a cultural context.

Under the hegemonic ideology women are naturally assigned a subordinate place in Mexican society, their incomes are seen as complementary to men's, and their natural place is the home, caring for their children. As women encounter the realities of life during the economic crisis, they are "penetrating" (Willis, 1975) this ideology with greater sophistication every year. In this paper we want to define in objective terms the way in which discrimination is applied to women in Mexico in the labor market. Discrimination, like most things, begins in the home and we, therefore, are led to examine the changes in the ideology of gender construct that is going on in Mexico. We believe that things will not be the same in the post-crisis era as they were prior to the crisis, and not just because of economic changes and "modernization". Women are struggling as never before for their children and for themselves, and are able to see the traps in the dominant ideology as never before. They are developing a new subjectivity, particularly the women engaged in political and human rights activities

(Peterson, 1994), but that is the subject of another paper.

### The respect issue

The omnibus term for what women are demanding in the home and the workplace is respect. Respect is the Mexican way of encoding the most fundamental axioms of interpersonal relation in the family. Children respect their parents, and parents respect their children, and there is a great deal of respect among in-laws. Every relationship of authority is clothed in "respect", which is a mutual attitude of deference to the other's feelings.<sup>6</sup> In the not so distant past women earned the respect of their husbands and children by being the *mujer abnegada*, the "sacrificing woman" who gave up everything including her personality in order to dedicate herself to the welfare of others in the family. That era is ending, the era *cuando el hombre decía 'es azul', y es azul aunque fuera de otro color*, as a woman in the popular classes put it to us in interviews.<sup>7</sup> Women are demanding that men work around the house, although they recognize the uphill battle that they are engaged in. As a middle class woman put it: *Por las buenas el hombre hace todo. Pero en cuanto siente que se le está obligando no hace nada, así de fácil... hasta donde el dicho dice 'ni los zapatos entran a fuerza'*. A woman has to be careful, as much as one would want to demand a feminist definition of masculinity, in Mexico there is the vexing overlap between

6. See Selby, (1974), Selby et al., (1990), for an extended discussion of this important cultural category

7. Interviews were carried out in 1987, 1989 and 1990 in the city of Oaxaca, and in 1993 in the city of Guadalajara as part of the project "The Comparative Study of Households: Argentina and Mexico." For their invaluable collaboration in the collection of the data on the house-

holds in Guadalajara, we would like to thank Beatriz Bustos, Francisco Cortázar, Lupita Lomeli and Elena Dolores Navarro, who did the heavy lifting on the interviews, including the extra burden of carrying two gringos, Selby and Kathleen Murphy of the University of Texas, Austin. In Guadalajara we were privileged to work further with Dr. Fernando Pozos, and with the Centro de Investigaciones en Ciencias Sociales.



*masculinidad* and *machismo*, which makes for trouble. A man cannot tolerate being a *mandilón*, a hen-pecked husband. One can take the example of husbands in the United States who are hen-pecked, and who allow their wives to go out with other men, and women, '...y no se ponen celosos'.

From the male point of view, fights, sometimes to the point of wife-beating, are caused by the jealousy of the man, and the women is partially at fault for that. The women agree in part, because they want their men to be jealous to a reasonable degree although they chafe at the imprisonment this sometimes entails. A very poor older woman remembered her musician-husband fondly for locking her in the house whenever he went to play a musical date, and she was grateful, because in the way she avoided all the troubles that proceeded from his jealousy. That was an exaggerated attitude, not tolerated today. But the attitude is still quite widespread that a woman's desire to go out to work has the result of "putting horns on her husband" for two reason. Women exposed to the attractions of men outside the framework of the home are subject to a discrete lust that inveigles them into affairs, and if they want to get ahead, or obtain a promotion or a raise in pay, it doesn't hurt to sleep with the boss.

Men know about both of these while women are strangely ignorant about the former. There is an interesting formula that mostly men use, endorsing *libertad* but warning that it can also lead to *libertinaje*. As Murphy (1995) has pointed out, this formula is used to signal that women have gone too far, that they are in danger of teetering over into attacking the fundamental gender-based institutions of society. And that cannot be allowed: *ese libertinaje no puede ser*.

You cannot beat women in the work place, but men there must have some recourse to control the

woman's behavior, otherwise the whole system of patriarchy comes undone. If a woman begins to act socially with men other than their husbands, it seems incumbent upon the men to sanction them with veiled threats and lewd suggestions. As one of our better off women who worked outside the home said: *Los hombres no están educados para respetar a una mujer en el trabajo, porque si se arriesgan les gritan groserías, no piropos*. But sometimes it's the women's fault, as a self-defined "respectable woman" of the middle classes pointed out: *Se me hacía raro la onda de que las mujeres se llevaban con bromas pesadas y sexuales, con los hombres payaseando y tomando juntos, porque yo soy educada*. Many of the women we interviewed complained about the *groserías* they received in the work place, and how they found them next to intolerable.

### Discrimination in the work place

One of the opportunities for employers during the crisis was afforded by the emergency situation that allowed a great deal more underemployment than in the past, with the result that they could "improve their work forces". This usually meant replacing relatively expensive older workers with younger, cheaper ones, by raising the educational qualification. In fact, the typical educational level for a non-professional job went from seven to nine years of schooling from 1978-1990. It could also be achieved by denying fringe benefits to workers, and in the case of both men and women this occurred as the percentage of jobs having fringe benefits declined. If one compares the Indeco sample of approximately 18,000 people in the economically active age range as defined from 15 to 65 for 1978 (Kim., 1987), and the INEGI sample for 18,500 people in the 1990 Urban Employment

Survey<sup>8</sup> one can see the decline from 69 percent (men and women) with benefits in 1978 to 31 percent in 1990, and on the part of women a decline from 69 percent of the female work force in 1978 to 21 percent in 1990, during a period when the Social Security Institute (IMSS) was taking strong and effective steps to include more Mexicans under its coverage (Lustig, 1992).<sup>9</sup>

Women were effectively "chased out of" the formal sector, as we call that sector of employment with fringe benefits. Men lost ground too, but not quite to the same degree. Partly, the erroneous notion that the salary of the woman was "complementary" to that of the men was used as an excuse, as one man reported:

*Hay muchas mamás que por meterse a la vida elegante, mete a los bebés en muchos riesgos, y por lo tanto, ella está mal con los bebés. Por ejemplo, una mujer que trabajaba... y tenía un bebé de siete años, y llevaba a los hombres a su casa, y ya que acababan de platicar con ella seguía con el bebé, y la niña estaba mal de la cabeza.*

### The decline in the elite stream of women's employment

In her groundbreaking work on female labor force participation, Kim (1987) has shown that there were

two different employment "streams" for women in the period before the crisis: an elite stream, and an ordinary stream. The elite stream was composed of relatively well educated, somewhat younger women who had white collar or semi-professional jobs. They kept these jobs after they were married, or at least until they were chased into informal employment during the years of the crisis. The "ordinary" stream was made up of less well educated women: younger unmarried ones, and older married ones. These women left the work force upon marriage and reentered it when their child rearing obligations diminished, or when economic stringency compelled them to. They were largely in the informal sector. What the data show is that the elite stream was greatly reduced during the crisis. As González de la Rocha (1994) puts it: the difference between *maestro* (school teacher—a middle class jobs) and *maistro*, slang for a foreman or mechanic, was almost eliminated during the crisis, even though the former still attempted to sustain a middle class style of living and the latter was content to maintain the working class style.

Utilizing a logit model, Kim has discovered that the best predictors of elite job status are (1) educational attainment [two years beyond the mean], (2) formal sector and (3) white collar/professional employment.<sup>10</sup> On this basis we may roughly deter-

8. We use the urban samples for Mexico City, Guadalajara, Monterrey and Tijuana. We wish to thank the Inegi, and Dr. Agustín Escobar of CIESAS-Occidente for making this survey available to us. We also wish to thank Rene Zenteno and Rodolfo Cruz, now of the Colegio de la Frontera Norte, and formerly of the Population Research Center, University of Texas at Austin, for their companionship as we were inducted into this data set in Dr. Harley Browning's summer seminar known universally as "Harley's summer camp". Our warm thanks as well to Dr. Fernando Pozos of the Centro para Investigaciones en las Ciencias Sociales of the University of Guadalajara for preparing the Codebook for the ENUE and for assistance in the analysis of the data, in particular,

for teaching Selby SAS, which he abandoned in favor of SPSS for this analysis. Lastly our thanks to Dr. Chris Woodruff, a recent doctoral graduate in economics who has accompanied and collaborated in all our recent work involving the ENUE.

9. But obviously not enough to cope with the rate of entry of one million new entrants to the economically active age range each year.

10. She also included marital status, with a preference for singles status. We omitted this in the 1990 analysis because of the great increases in the number of married women into the work force. Had we included it, of course, the comparison would have been even more dramatic.

mine that 8 percent of the (greatly expanded) female work force in 1990 was in the elite stream. These figures can only be taken as indicative, but it seems to confirm González de la Rocha's observation on the "disappearing lower middle class" during the crisis. The number of households with working wives has increased from an average 13 percent in 1978 to 23 percent in 1990, with 32 percent of the households in the top quintile of the household income distribution in 1990 showing a wife in the work force (Selby, in press.).

It seems then that women were chased out of the formal sector, that the former "elite stream" of women's employment was drastically reduced, despite the fact that twice as many wives were in the work force by 1990, and, we might add, that the average number of workers per household had grown from 1.4 in 1978 to 1.8 in 1989. Households tried desperately to keep up their incomes, and succeeded in keeping the decline in median household incomes to "only" 14 percent, by increasing their work force participation rate, as well as that of their children some 29 percent.

### **Downward mobility of women during the crisis**

Parallel to being chased out of the formal sector, women also had a very difficult time holding their own in the occupational hierarchy. In this paper on occupational mobility Escobar (1993)<sup>11</sup> makes two relevant points for this essay. He notes first that if you compare job opportunities for men and women during the "boom" years (1975-82) to those in the "crisis" years (1982-90) you see a more dramatic

decline in women's upward mobility chances than those of men, roughly on the order of 2:3 (though the odds of upward mobility are approximately the same depressing 0.56:1 for both sexes during the crisis year.) Women, who were making headway in the occupational structure in the "boom" years, were relegated to doing slightly worse than men in the crisis years. Secondly, the jobs that women were chased out from were the best ones: only 51 percent of the women (compared to 65 percent for the men) stayed in professional jobs, while 90 percent of the nurses and teachers, 65 percent of the sales workers and 83 percent of the self-employed did.

### **The determinants of women's earnings**

Women were discriminated against in earning, as well. Admittedly, in 1990 women worked fewer hours than men (with men averaging 46 hours per week and women 40). But women earned disproportionately less than men, averaging 605 pesos per month, compared to 910 pesos for the men. In 1978 the median wage earned by women was 85 percent of that of men (Kim, 1987:157), while by 1990 it was 74 percent.<sup>12</sup>

### **Sectoral participation by sex**

During the 1970 women's participation in the work force increased, as did their participation in the formal sector of the force. Formal sector, or what Lorenzen (1986) has called "registered jobs", are those that enjoy formal status, and which have fringe benefits, the most common being medical

11. Agustín Escobar Latapi, (1993), "Men's and Women's patterns of intergenerational occupational Mobility during Mexico's Boom and Crisis", in *Selby and Browning* (eds.)

12. In 1990 men earned a median 602 pesos per month, while women earned 445 pesos. We do not have figures for the number of hours worked in 1978.



care or *Seguro Social*. During the 1980s, however, although women's employment increased steadily, rising from 25.2 percent of the women in the economically active age range between 15 and 65 in 1978 to 30.4 percent in 1990. But women who were able to retain their formal sector jobs earned 130 pesos a month or 26 percent more than their informal counterparts, and reduced by 200 pesos the gap between their wages and men's wages. For women, being in the formal sector was a great advantage, but it was very difficult to keep one's job there through the crisis.

### Occupation and wages

The data on compensation and occupation are intriguing as well. Table 1 gives the data on income and numbers of participants by sex for nine occupational categories in 1990, and it is clear that the men have a decided advantage over the women.

In no occupational category does a woman earn more than a man and in the semi-professional group, which is an important source of white collar

employment for women, the wages are almost half that of the men. In addition to the downward mobility of women studied by Escobar, wage discrimination by occupation seems evident in these data. And these data fail to consider the professions and jobs from which women were effectively disbarred, more in 1978 than in 1990. Although there were token women employed in low-level public services and in the transit police (but not in other police corporations), there was an absolute bar to women entering some professions, as one interviewee reported: *Una hermana mía estudió ingeniería siderúrgica y no encontró trabajo en esto porque no admiten mujeres*. But, sex discriminations is not absolute, because a dental surgeon reported that the majority of her colleagues were women. The problem is more social-psychological than occupational; both men and women feel uneasy when women do "unnatural things" as a man from the middle class stated: *yo siento feo de ver a una muchacha que está cargando cosas*, and then he added reflectively *es meramente cultural*. It is *meramente cultural* that women be subordinate,

Table 1. **Income, percentage and sex of nine occupational categories (1990)\***

	Men		Women	
	Income	Percent	Income	Percent
Profesionals	2,132	8.4	1,420	5.5
Semi-Profesionals	1,358	7.1	732	12.4
Sales Personnel	1,194	7.3	659	7.6
Clerical Personnel	1,307	3.5	757	1.7
Supervisors/Maintenance	802	10.7	676	26.4
Skilled Industrial Wokers	757	37.4	426	13.4
Unskilled Industrial Workers	465	6.9	347	.5
Low-Level Service Work	647	17.9	464	20.9
Domestic Service	520	.5	367	11.5

\* All figures in *nuevos pesos*.



in the view of men, as a woman in a low income marginal neighborhood said: *Hay muchos machos que quieren que la mujer esté en el hogar, y no desempeñe otro trabajo, porque cree que ella le va a ganar el puesto, que ella les va a mandar.*

### Wage Discrimination Against Women in 1990

In order to determine the degree to which there was discrimination against women in 1990, we use a two step analysis. First we design a wage deter-

Table 2. **Regression results: determinants of income**

Variable	All		Men		Women	
	Reg Coef	T Score	Reg Coef	T Score	Reg Coef	T Score
<b>Education</b>						
Professional	.551	21.527	.510	17.476	.435	8.997
Preparatory	.293	12.909	.2556	9.707	.279	6.800
Secondary	.130	6.326	.256	9.707	.127	3.411
Primary	.044	2.228	.011	0.465	.090	2.519
<b>Marital Status</b>						
Married	.212	18.749	.244	16.441	-.081	-4.238
<b>Experience</b>						
Experience	.026	19.022	.0327	15.984	.025	11.093
Experience**2	-.000	-16.626	-.005	-15.116	-.005	-9.533
<b>Job Types</b>						
Professional	.592	25.187	.607	23.289	.827	16.853
Sales	.086	4.354	.230	10.039	.129	3.399
Service	-.140	-9.785	-.127	-7.693	.067	2.30
Unskilled	-.223	-10.214	-.251	-11.458	-.179	-1.672
Domestic Service	-.303	-11.262	-.161	-2.243	-.017	-0.432
Formal Sector Job	.053	2.792	.069	3.047	.048	1.55
<b>Industry Types</b>						
Trade	-.110	4.747	-.085	-3.164	-.159	-3.905
Unskilled Industry	-.114	8.466	-.101	-6.291	-.101	-4.379
Low Level Services	-.004	-0.087	-.048	-1.101	.094	1.040
>100 workers	-.025	-2.349	-.030	-2.362	.057	2.979
<b>Location</b>						
México City	-.094	-8.091	-.103	-7.524	-.062	-3.090
Guadalajara	.007	0.543	.030	1.924	-.051	-2.129
Tijuana	.124	31.555	.133	29.145	.105	15.008
<b>Adjusted R<sup>2</sup></b>	.322		.369		.272	
F	365.7		293.3		89.0	
Signif F	<.00001		<.00001		<.00001	

mination equation, and second we determine the degree to which the wage differential between men and women is accounted for by reduced rates of return to their endowments (the independent variables of the wage determination equation) and what proportion is unaccounted for (and, therefore, can be stated to be the result of "pure prejudice" or "simple discrimination on the basis of sex.").

The wage determination data was taken from the fourth quarter 1990 ENEU, which is a quarterly labor force survey undertaken by the National Statistical Institute INEGI. It contains a good deal of data on employment and jobs, as well as a smaller, but useful amount of data on household composition. We are using the data for four cities: Mexico City (N = 7804), Guadalajara (N = 4540), Monterrey (N = 4754) and Tijuana (N = 2586).

The wage determination equation is made up of three kinds of variables 1) human capital variables, occupational and job variables and location variables. The technique of analysis is ordinary least squares, and all variables are dichotomous variables with the exception of experience, which is mea-

sured in years. Table 2 gives the regression results for both sexes, and then for men and women separately.

### Human capital variables

The following "human capital variables" were defined:

#### 1. Education

Returns to education are a well known feature of income generating equations, and the results are as expected. Compared to primary education, professional education yields a 55 percent premium<sup>13</sup> (44 percent for women), preparatory education about half that and secondary education, which is becoming quite common in Mexico, about a third of that of preparatory education. All the women's coefficients are smaller than those for men, indicating that women are receiving a smaller reward for their educational achievement than men.

Examining the returns to education for men and women in Table 3, we find that the women are consistently undercompensated compared to the

Table 3. **Incomes by school attainment by sex**

School Attainment	Men	Women	%Women/Men
Primary Incomplete	728.	409.	56%
Primary Complete	714.	447.	63%
Secondary	722.	509.	70%
Preparatory	900.	665.	74%
University	1,596	991.	62%

13. The semilog specification lends itself most easily to calculating wage premia as percentage increases or decreases in wages from one group to another. Thus, the percentage wage premium of y1 over y2 is  $(y1 - y2)/y2 * 100$ . Let the estimated coefficient of a dummy variable be given by g. If g is negative, the proportional premium of the reference group over the dummy group is  $(1 - e^g) / e^g$ . Multiplying

these two values by 100 percent gives the percentage wage premium (or "wage premium"). Note that the value of the coefficients are not very different from the calculated wage premia, so that glancing at the coefficients gives a good indication of the magnitude of these premia. The coefficients have been used in the statements about wage premia.

men, although the extent of the undercompensation decreases by level of education:

## 2. Marital Status

In the 1978 INDECO national survey we found that 25 percent of the women aged between 15 and 65 held paid employment, of whom 40 percent were married. In 1990 the percentage of women recorded as working for compensation had risen to 30.1 percent, of whom 39 percent were married.

Being married is positive for men and negative for women in its effects on income: Men in the work force receive a 25 percent premium from being married, while women in the work force suffer a 6 percent reduction. More married women were in the work force in 1990, than were in 1978. In 1978, 14.5 percent of the women in the work force were married, compared to 28.3 percent in 1990. It looks as though married women stayed in the work force instead of exiting on marriage because unlike in 1978 married women in 1990 were likely to hold better jobs than unmarried women as a result of their greater work experience, whereas in 1978 the unmarried elite stream tended to be unmarried. Married women are older as well (a median of 25 for unmarried women in the work force, as compared to 35 for the married ones), and had higher incomes (median 480 pesos for married women versus 430 pesos for unmarried women), even though the unmarried women worked about five hours longer per week. But despite all this, being married is negative for the women in terms of determining her salary. There are too many older, poorer working women, and the advantages con-

ferred by seniority and job preferment are slight compared to men. Comparing men's and women's average wages with their marital status, the result is clear: There is a marriage penalty for the women as indicated by the negative sign on the regression coefficient. Unmarried men earn 40 pesos a month more than unmarried women do, while married men earn more than 400 pesos more than married women.<sup>14</sup>

## 3. Experience

Experience is defined as the age of the subject minus years of education minus six, assuming that children start their first year of education at six. An "experience-squared" term is included to account for the decline in wages as subjects age. The signs on the regression coefficients are, as expected, positive for experience and negative for "experience squared". All are significant at the 1 percent level. Figure 1 gives the Experience-Earnings Profiles for men and women and they are remarkably similar, but with women averaging 3.79 pesos per hour and the men 4.94 pesos. Earning peak around age 40 for men and around age 50 for women, and then tail off, as the negative coefficient on the experience \*\*2 coefficient would indicate. Men earn more than the maximum women's wage from age 20 to age 60.

## Job characteristics

### 1. Formal vs. informal

As discussed above, the sectoral designation of the job held was defined according to the minimalist (Prealc) criterion, which assigns workers with health benefits (IMSS and its equivalent for most government employees, known as ISSSTE, private insurance or optional social security) to the formal category,

14. The figures are: Unmarried men earn 609 pesos a month, unmarried women 587 pesos, married men 1,076 pesos, and married women 649 pesos.

and those without health benefits or other fringe benefits to the informal category. This is the basic fringe benefits associated with all formal sector jobs, and its absence is taken to indicate informality of employment. Interestingly, there is no premium for the men, aside from the value of the fringe benefit (which has been estimated by Mesa-Lago (1975) as 8 percent of salary.<sup>15</sup>

## 2. Occupation

Occupation is coded into nine categories, based on authority in the production process, autonomy in the work process, and degree of skill: 1) professionals, 2) semi-professionals and specialized technicians, 3) sales workers (in medium to large commercial establishments) 4) clerical 5) supervisors and equipment maintenance workers 6) skilled workers (obreros and artisans) 7) unskilled workers 8) workers in low-level service jobs and 9) domestic workers. Skilled workers were taken as the reference category. The coefficients for both men and women behave as expected: premiums are associated with professionals, and lower wages with unskilled, low-level service and domestic service workers, as compared to skilled workers. If you compare the coefficients on the occupations of men and women you find expected differences. The small proportion of women in professional jobs earn a premium of 83 percent compared to women who have jobs in manufacturing. In semi-professional and technical jobs they earn a slight premium, but with unskilled jobs, and in clerical and domestic service, the jobs are plentiful and the premium are all negative where they reach significance.

The most notable decline since 1978 has been in the quality of the white collar jobs held by women: In 1978 51 percent of women in the work force were in white collar jobs (as "*empleadas*" and "*profesionales*"), earning a median income that was 93 percent of that of men, while in 1990, although the percentage participation rate in the white collar, supervisory and professional jobs remained the same, they were earning an income only 81 percent of that of the men.

## Industry Type

### 1. Industry

It is a fact that wages differ by industry in the United States as well as in the Mexican economy, although it is difficult to account for these differences under the marginal theory of wage determination. Presumably all workers with the same endowments should be paid the same: but it is true that there are industrial differences in Mexico, although much less than in the United States. Compared to workers in the manufacturing sector, those in trade and commerce, unskilled industrial workers and miscellaneous services all suffered decrements in income.

In short, it appears that women have suffered significant downward occupational mobility during the years 1978-1990, as well as a deterioration in wages and salaries compared to the men. Since a greater percentage of women are employed in these sectors, and a smaller percentage in manufacturing, their wages are bound to suffer as a result.

### 2. Establishment Size

Establishments were coded between those employ-

15. Mesa-Lago, Carmelo, 1985, *The Crisis of Social Security and Health Care: Latin American Experiences and Lessons*, Pittsburgh, Pa., University of Pittsburgh Press.

The premium derived from formal sector employment is quite small for men and women: under 7 percent.



ing 100 workers or less and those with more than 100 workers, with the former taken as the reference category. For women it is an advantage, and for men a disadvantage, to be employed in a establishment with more than 100 workers since it affords a slight decrement in salary to the men and premium for the women.

### Location of employment

Four cities are included in the sample: Mexico City, Guadalajara, Monterrey and Tijuana. Monterrey is taken as the reference category. There are important differences in wages and incomes by city with Mexico City suffering the biggest reduction in wages, while Tijuana has a gain in income of 13 percent and Guadalajara about on the same level as Monterrey. Mexico City was the target of wage policies aimed at reducing the wage bill of the public sector, a policy which many people think was overdone (Lustig, 1992) and this may account for the drastic reduction in wages in Mexico City. The wage reductions also formed part of the decentralization plans of the De la Madrid and Salinas administrations.

Tijuana exists in a more expensive dollarized economy, and wages in general are higher (average monthly income for Tijuana is 1,205 pesos as compared to 755 pesos for the rest of the cities). The history of Monterrey and Guadalajara during the crisis years is interesting. By 1990 they had both bottomed out: Guadalajara had suffered a smaller reduction in wages and salaries than Monterrey, but by 1990 Monterrey had caught up to Guadalajara, as seen in the wage data, where the average wage in 1990 in Monterrey is 834 pesos as compared to 761 pesos for Guadalajara. (See Pozos (1993) for a detailed comparison of the effects of the crisis on Guadalajara and Monterrey.)

Women's wages, as a percentage of men's runs around 65 percent in all the cities, with the exception of Mexico City where the average women's wage is 72 percent of the men's.

### Wage discrimination against women

Separate regressions were run for men and women and Chow F-Test was run to assess whether all of the regression coefficients were different between the male and female regressions. For the whole sample, the low-wage sample and the high wage sample, the null hypothesis of no difference in coefficients between the male and female samples can be rejected at the 1 percent level ( $F=9.31$ , 1.98 and 4.21 respectively.) Thus we can be confident that the factors influencing the wages of the whole sample have a different impact on the wages of men and women.

Reading the regression coefficients for men and women allows us to see the substance of the differences in compensation for endowments, and clear differences appear. Men get greater returns to education, and for being married, while women get greater returns for experience, for holding the top jobs (professional and sales) and for formality of employment.

Men earn more than women. Their median monthly income is 602 pesos as compared to 445 pesos for the women, which breaks down to a median hourly wage of 3.34 pesos per hour for the men versus 2.78 pesos for the women. Their educational qualifications are not as good as those of the men (median 9 years of education for both sexes), but the work experience of women is shorter (median of 12 years, compared to 15 for the men), and the number of hours worked per week fewer as well (median 40 hours for the women and 45

for the men). The effects of discrimination are measured by holding constant all the relevant variables effecting wages and determining if differences still exist. This difference still exist. This difference is attributed to discrimination.

As shown by the values of  $R^2$  in the regression in Table 2 we are only able to explain a fraction of the variance in the log of hourly earnings. As such, our estimates of the extent of discrimination will be imprecise. However, the calculations will give us an indication of the extent of discrimination, and we will construct an interval with which the percentage of wage differences due to discrimination should fall.

The classic methodology in exercises such as these is that of Blinder and Oaxaca. They assume that in the absence of discrimination, the estimated effects of workers' endowments on earnings are identical for men and women. Discrimination is revealed through differences in coefficient estimates on regressions run separately for men and women, which allows all coefficients to vary between sexes instead of measuring differences between men and women through the use of a simple dummy variable. The Blinder-Oaxaca decomposition is given as:

$$(1) \ln y_m - \ln y_w = b_m (X_m - X_w) + X_w \Delta b$$

The first term on the right hand side measures the difference in log hourly wages attributable to differences in compensation to endowments and the second term measures that attributable to discrimination. The difference in log wages for the same as a whole is 0.145. By equation (1) .073 of this difference is due to discrimination, with differences in the compensation for endowments responsible for the remainder.

## Conclusion

### *Three findings emerged from this paper:*

1. We suggested that women were "chased out of" the formal sector during the period of the crisis, and although the effects were not dramatic overall in the four cities, as the rate of formality of women's employment dropped from 67 percent to 62 percent. Women's upward occupational mobility, which had been characteristic in the period before the crisis came to a halt, even though those who were able to retain their formal sector status halved the age differential between them and the men.

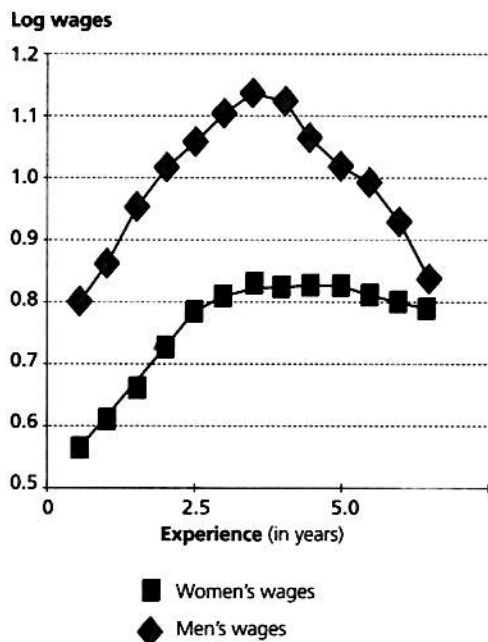
2. Our second hypothesis was that the middle class got squeezed, and that women in the middle classes suffered disproportionately. Comparing the 1990 ENEU data with the 1978 INDECO data we found that the elite stream of women's employment had been drastically reduced. This is independent confirmation of the finding of González de la Rocha (1993) that the economic distinctions between the lower middle class and the working class were eliminated by the crisis.

3. The third finding concerned the sources of wage discrimination for women. When we examined experience/income profiles for both men and women we found the shape of the curves to be almost precisely the same, a gentle inverted "U" (Figure 1). When we looked at the proportion of the difference that could be accounted for by the decrease in the level of compensation to endowments, we found 50 percent of the difference. The other 50 percent was residual, that is, conventionally ascribed to "pure discrimination".

Unfortunately, we do not have sufficient data to make the same comparisons for 1978. But given that women earned 86 percent of the men's wages in 1978 and 69 percent in 1990, we can at least

suggest that the situation indeed worsened during the crisis. Centeno was correct: the microeconomics were "awful", and the marginalized population, which includes women and children, bore more than their share of the effects of the crisis.

Figure 1. **Men's and women's wages: Mexico**



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