

INTERNATIONAL TRADE AND UNEXPLAINED GENDER WAGE GAPS: EVIDENCE FOR AGRICULTURAL SECTOR IN BOLIVIA

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ABSTRACT

The present investigation has the objective of showing evidence that there would be a reduction on wage differences between men and women in agriculture if they participate in international trade. The methodology that will be used is based on Molina [1], who used Becker [2] as a knowledge base for his study. This methodology consists on showing that wage difference occurs because of a taste for discrimination. This means that companies are willing to pay a higher salary to men just because they want to. But because international trade brings new competence to the markets, local companies need to be more competitive to survive. Therefore they wouldn't be able to pay higher wages to men; this would reduce the wage difference by gender. Agriculture shows a different behavior from other sectors due to the strong agricultural subsidies governments give, De la Dehesa [3]. Using the Oaxaca-Blinder decomposition an estimate wage can be found for both men and women in tradable and non-tradable sectors of agriculture. At the same time two components will be found, one of them shows the difference produced by factors that affect the productivity of an individual. The second component shows the difference that cannot be explained, this is where discrimination is shown. Once these results are found they will be compared to find out if they are different in tradable and non-tradable sectors. The results that have been found show consistency with Molina's study for the year 2002. Agriculture shows a behavioral difference from other economic sectors and different from Becker's idea. As there is no unexplained wage difference by gender between tradable and non-tradable sectors. The results show that the difference is that these two sectors are the same. Thus international trade doesn't result in a reduction of inequality in agriculture.

Keywords: Wage Gap, Agriculture, International Trade.

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