

Mind the gaps: Gender complementarities in migration and FDI

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discussion by:

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Authors' motivation

- Very interesting and challenging empirical investigation
- The goal is to use FDI gravity regressions to understand :
 - the impact of migration
 - the gender composition of migration
 - the elasticity of substitution male/female and relationship with discrimination



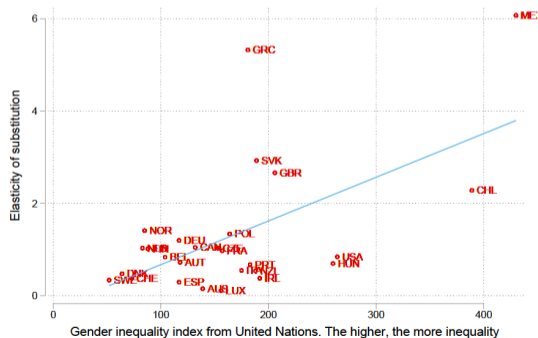
Two small remarks

- 1 Structural model considers “local” workers with L_j and migrant workers L_{ij} (common skills between i and j)
 - The ratio of L_{ij}/L_j enters the structural equation to be estimated
 - But emigrants are also part of the local labor force
- 2 Mapping between structural model and regressions

Relationship between elasticity of substitution and discrimination

- From the paper there's a strong positive correlation between the elasticity of substitution and indexes of female discrimination
 - Example: $\sigma^{Mexico} = 6.1 > \sigma^{Sweden} = 0.3$; Mexico higher in a Masculinity Index and Gender Inequality Index

Figure 7: Eos vs Gender discrimination, GII

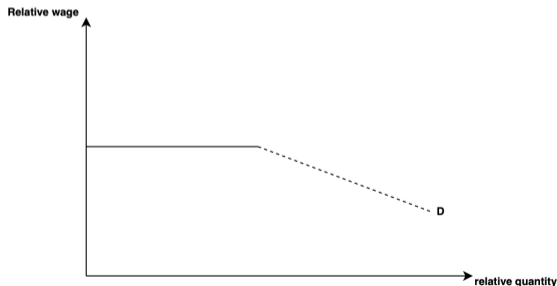


Simple model of discrimination - Becker (1957)

- Discrimination can be maintained by a “distaste” for a certain group:

$$v_i = \pi_i (l_{i1}, l_{i2}) - \tau_i l_{i2}$$

- Wedge between mpl_1 and mpl_2 due to τ for firms that discriminate
- Can this model help understand positive correlation?

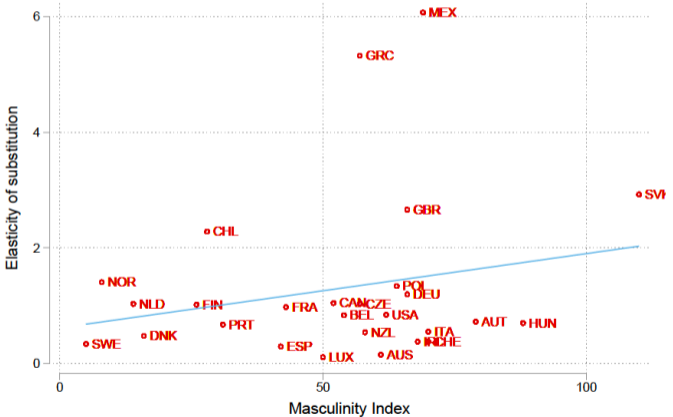


Sorting on ability

- From [Hsieh, Hurst, Jones, and Klenow \(2019\)](#): non-existent wage gap is not evidence of no discriminations
 - discriminated groups sort on ability to overcome non-market barriers
- High elasticity of substitution when relative wages don't change much with variations in relative supply
 - “adjustment” on ability

Or maybe an effect from outliers?

Figure 6: Elasticity of Substitution vs Gender discrimination index, MAS



References

G. S. Becker, *The economics of discrimination*, University of Chicago press, 1957.

C.-T. Hsieh, E. Hurst, C. I. Jones, P. J. Klenow, *The allocation of talent and us economic growth*, *Econometrica* 87 (2019) 1439–1474.

Only if necessary

- use if necessary