**Occupational Licensing in Brazil**

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**Institutional Overview:**

Occupational licensing has had a long history in Brazil. Occupations such as medical doctors and land surveyors were regulated since the 1850s and 1860s, respectively, when the country was still the Empire of Brazil. Its current organization, however, started in the early 1930s. Among the first occupations requiring licensing by federal law were lawyers (1930-31), veterinary doctors and auctioneers, both in 1932, and engineers, architects, and agronomists, as well as lawyers, all in 1933.

In general, licensing requirements were limited to obtaining a valid degree in the field, but some went further. That of auctioneer, for instance, imposed restrictions based on Brazilian citizenship, a minimum age of 25 years, being a resident of the locality in which one intended to exercise the occupation for at least five years, and proof of no criminal records. Today, there are no nationality-based restrictions.

While Brazil is a federalist country, the regulation of all occupations is implemented at the federal level, except for wage agreements. Interestingly, there was no constitutional clause that allowed the federal government to regulate occupations then. This changed in 1934 when a new constitution established that, although free to exercise any occupation, one should observe the “technical capabilities and other conditions that the law should establish, dictated by public interest” (Article 113, item 13).[[1]](#footnote-1) Further, since 1944, “Exercising a profession or economic activity, or advertising that one exercises it, without meeting the conditions required by law for its practice” is considered a misdemeanor, punishable by imprisonment, from fifteen days to three months, or a fine (Code of Misdemeanors, Article 47).[[2]](#footnote-2)

A new category of occupational regulation began after the introduction of the minimum wage legislation in the 1940s. In the following years, four categories of workers were also able to approve federal legislation fixing “professional wages” – an occupation-specific minimum wage.[[3]](#footnote-3) These were journalists (1944), copy-editors (1945), medical doctors, medical assistants, and dental surgeons (1945), and radio presenter/announcer (1945).[[4]](#footnote-4) In 1966, graduates from schools of engineering, chemistry, architecture, veterinary, and agronomy were able to approve professional minimum wages as well. Finally, in 1985, radiology technicians obtained the same privilege. In 2000, a federal law authorized state governments to fix other wage floors.[[5]](#footnote-5) Primary and secondary school teachers and nurses are two occupations that have been able to approve “professional wage” legislation since then. Although licensed professions gained an advantage (through clear excludability) in establishing “professional wages”, this privilege was separated from overall licensing.[[6]](#footnote-6)

Currently, there are at least 84 regulated occupations in Brazil.[[7]](#footnote-7) These are occupations for which the law establishes occupation-specific norms about (e.g.) duration of employment contract, labor safety standards, and working day length, that differ from the general regulations that should apply to all workers. Thus, these tend to be occupations that have unusual employment characteristics. Crucially, only 68 of the regulated occupations have licensing requirements.

**Figure 1: Number of Regulated Occupations (1930-2024)**

In nearly all cases, licensing does not have explicit *ex ante* ties to quality other than some minimum educational requirement (usually a degree in the field). Among occupations where registration under professional boards or regulatory agencies is required, quality is only ascertained *ex post* if a complaint arises. The only exception is lawyers, for which a national examination is required to obtain a license.

**2. Literature Overview**

The academic literature on occupational licensing in Brazil is, unfortunately, scarce. Studies regarding licensing are mostly limited to two branches. First, there is a group of studies regarding the history of licensing for specific occupations and their professional boards.[[8]](#footnote-8) Second, studies that discuss, in broad terms, the trade-offs of regulation for a given occupation, their current state of affairs, and how it could be improved (e.g. Vieira, 2020; de Almeida, Montagner, and Gutierrez, 2009; Guimarães e Rego, 2005). For instance, Nascimento (2011) surveys legal decisions regarding the regulation of professional journalists. He reports that the Supreme Court weighed that, in this case, freedom of occupation is implied by freedom of speech. Thus, any limitations (such as requiring a formal degree) would in practice be at odds with the freedom of the press.

Above all, empirical studies are extremely rare. A notable exception is Silva and Vieira (2004), who surveyed pharmacists’ knowledge of sanitary legislation and the attributions of pharmacists.[[9]](#footnote-9) They find that 28% of pharmacists have insufficient knowledge, 50% are considered regular, and only 22% have good knowledge. For instance, 35.3% of respondents were not aware that drugstores must always have a pharmacist present and 46% were unaware that a popular name-brand muscle relaxer required a medical prescription. A similar study by Gir *et al.* (2003) surveyed pharmacy clerks on their knowledge of gonorrhea, including how to identify and what drugs to prescribe. They concluded that most attendants had insufficient knowledge of the disease and prescribed medications incorrectly.[[10]](#footnote-10)

In contrast, Brazil has a vibrant literature on the effects of other types of labor regulations and wage dynamics, with a special interest in the effects and determinants of informality. The latter is justified by the fact that roughly 50% of the Brazilian workforce is informal. Amadeo *et al.* (1994) and Ramos (2002) both argue that informality increased to these unprecedented levels in the 1990s, from around 30% in the 1980s. In part, this was due to the growth of a mostly informal service sector at the expense of more formalized jobs in the transformation and manufacturing industries (Ramos, 2002). This number includes workers “off the books”, hired by either formal or informal firms, and self-employed workers.[[11]](#footnote-11) Pires (2008) highlights that part of this problem is that Brazil’s labor code, enacted in 1943, was designed with the typical characteristics of manufacturing jobs in mind (e.g. long-term relationships) but should supposedly apply to workers in all industries. Consequently, firms in industries relying on mostly on temporary or seasonal labor (e.g. services and agriculture) “face costly and bureaucratic hurdles to formalize their temporary labour force” (Pires, 2008, p. 207).

Early research such as Amadeu et al. (1993), Jatobá (1994), and Barros and Mendonça (1997),[[12]](#footnote-12) were aimed at evaluating the degree of wage flexibility, and later research (e.g. Barros, Corseuil, and Gonzaga, 1999; and Barros and Corseuil, 2004) focused on the impact of labor regulations. This research agenda is explained, at least in part, by the several inflationary episodes during from the 1970’s to early 1990’s, including hyperinflation between late 1989 and early 1990. Between 1980 and 1984, average income dropped 35%, then rose 85% until 1986, then fell another 35% until 1990 (Amadeu et al. 1993, p. 584). Given such monumental changes in real income, different degrees of wage flexibility across industries determined whether workers would face reductions in wages or layoffs.

Whereas Amadeu et al. (1993) take a non-econometric approach and discuss how different determinants of flexibility (professional training, spatial mobility, and informality), Barros and Mendonça (1997) estimated a wage curve following the technique proposed by Blanchflower and Oswald (1994). Brazil’s wage flexibility was twice that of the world average, and close to industrialized countries at the top of the distribution.[[13]](#footnote-13)

A new constitution in 1988 brought significant changes to labor market regulations.[[14]](#footnote-14) Before that, the labor code was considerably less strict, and “labor inspections were probably of little relevance during the 1970s and 1980s” (Almeida and Carneiro, 2012, p. 69). Barros and Corseuil (2004), who provide an in-depth analysis of the reform explain: “The increase in protection ensured by the new Constitution considerably increased a firm’s costs of employment. The maximum number of working hours per week dropped from 48 to 44 hours; the maximum number of hours for a continuous work shift dropped from 8 to 6 hours; the minimum overtime premium increased from 20% to 50%; maternity leave increased from three to four months; and the value of paid vacations increased from 1 to, at least, 4/3 of the normal monthly wage.” (p. 3). There was also a fourfold increase in penalties (equivalent to 10% and 40% of the worker’s monthly wage per year on the job) whenever workers were dismissed without just cause.[[15]](#footnote-15) This penalty is well known to provide a perverse incentive for workers to promote their own dismissal since it is paid by the employer to the employee (see e.g. Barros and Corseuil 2004; Macedo 1985; Almeida and Carneiro, 2012)

Almeida and Carneiro (2012) consider the effects of greater enforcement of mandated benefits (especially severance payments) in the early 2000s. They show that greater enforcement makes formal workers receive lower wages to pay for enhanced mandated benefits. However, because of wage rigidity, formal jobs at the bottom of the wage distribution end up with greater benefits without a significant reduction in wages, attracting more workers from the informal sectors and decreasing the share of informal workers – though at the cost of increasing unemployment overall.[[16]](#footnote-16)

Pires (2008) suggests that enforcement of labor regulations, under some conditions, may not necessarily be at odds with firm competitiveness. Namely, Pires (2008) analyzes many case studies of inspection strategies across multiple industries and argues that discretion on the part of labor inspectors has been an important tool in finding low-cost alternatives that increase firms’ compliance without substantially raising their production and administrative costs.[[17]](#footnote-17)

A somewhat similar enforcement dynamic by the Labor Justice leads to a type of “*ex post* legality,” where informal workers end up receiving some mandated benefits (Neri, 2000) and even being paid minimum wages (Amadeo *et al.*, 2000; Camargo, Gonzaga, and Neri, 2000) despite remaining in the informal market. Nevertheless, most of the literature on the institutional determinants of informality in Brazil points to labor market regulations as a major driver of informality (Ulyssea, 2006).[[18]](#footnote-18)

**3. Data Description**

I have identified regulated occupations following a list provided by the Ministry of Labor and Employment.[[19]](#footnote-19) However, this list seems slightly outdated and does not report occupations regulated in recent years. Thus, I have supplemented it with a recent report by the Federal Senate news[[20]](#footnote-20) and searched extensively on legislative databases. For each occupation, I checked whether the law establishes minimum requirements for work (e.g. a degree in the field), and whether it requires a license. For those occupations that do require minimum standards, but no explicit mention of a license or licensing body exists, I have coded them as having no *ex ante* licensing requirement. Finally, for the licensed occupations, I have identified the licensing body or agency and categorized them as being licensed by either (i) the federal government, (ii) a professional board or council, or (iii) an external agency, which may include a federal agency, state, or local government. Each of these cases is described below in Section 4.

Unfortunately, there is also no database with information on licenses issued across all licensed occupations. A small exception is the data on Professional Registrations, made public by the Ministry of Labor and Employment covering 2015-2023 (see Figure 3, below).

To overcome this difficulty, I have tracked the percentage of workers in regulated occupations and the share of workers requiring a license to work. I have calculated this proxy by matching each regulated or licensed occupation to an occupational code from the *Cadastro Brasileiro de Ocupações*.[[21]](#footnote-21) Then, I use data from the Continuous National Household Sample Survey (*Pesquisa Nacional por Amostra de Domicílios, PNAD-Contínua*) to identify the number of workers who report working in these occupations. This data is available quarterly from 2012 to 2024.

Relative to other employment data, PNAD offers key advantages. For instance, the *Cadastro Geral de Empregados e Desempregados* (CAGED) is a rich administrative dataset covering the monthly hiring and firing flows in the private sector. However, it covers only formal workers hired under the standard labor code regulations (*celetistas*),[[22]](#footnote-22) thus excluding self-employed, public sector, and informal workers. Almeida *et al.* (2018) provide an extensive comparison between the CAGED and the PNAD-Contínua. In sum, PNAD-Contínua allows me to calculate average and median earnings across licensed and unlicensed occupations for all types of workers, as well as compare key demographic characteristics between them.

**4. Country Dynamics**

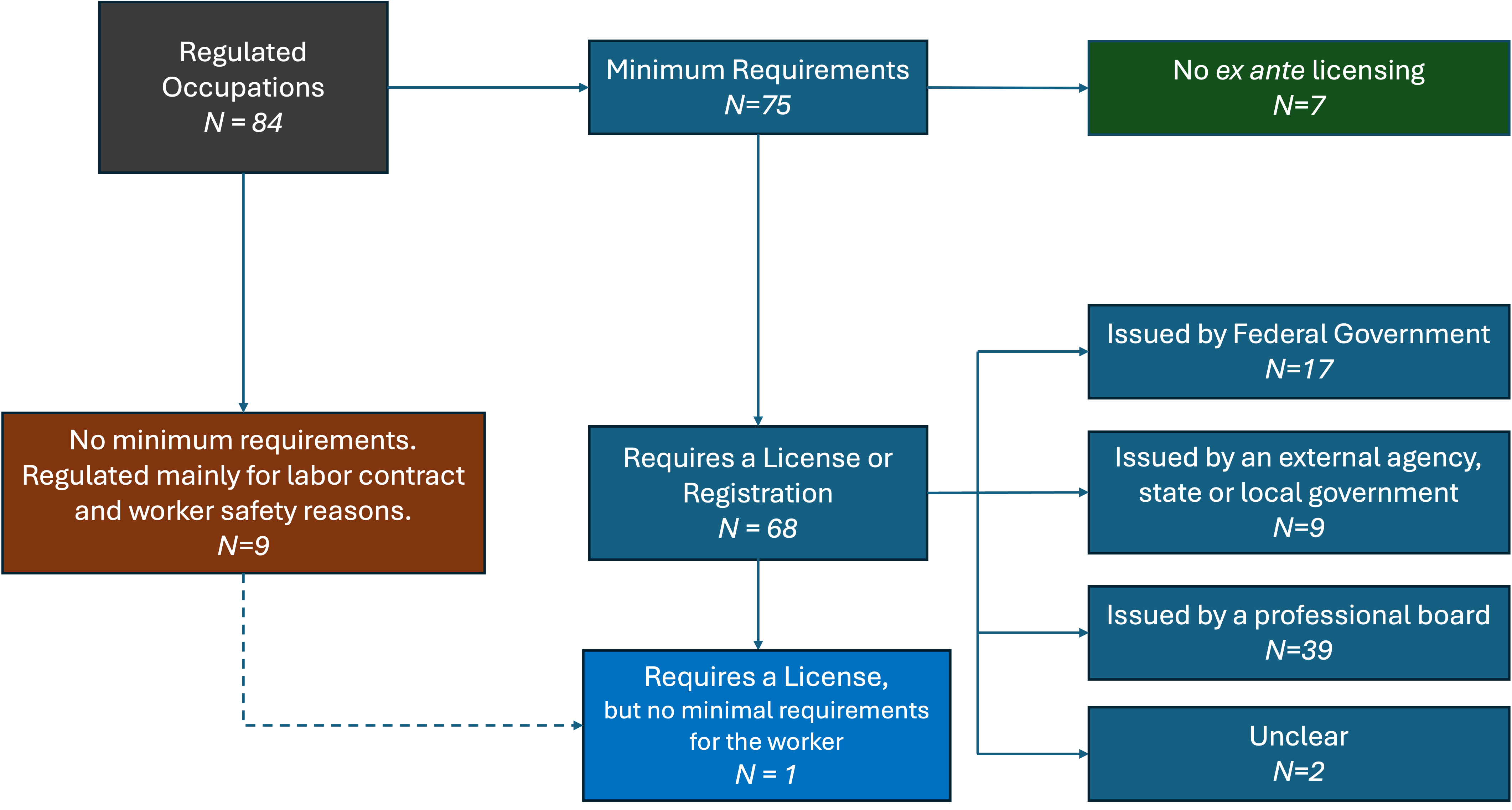
Although a federalist country, occupational licensing regulations are implemented virtually exclusively at the federal level.[[23]](#footnote-23) There are no restrictions for foreigners with valid visas or permanent residency cards. However, one’s foreign degree (when required) would have to be validated by a federal public university, which can be a burdensome process.

The intricacies of regulations may vary substantially, especially as to who has oversight and enforcement authority. As highlighted by Girardi, Fernandes Júnior, and Carvalho (2000, p. 5), professional regulation is in practice shared by various levels: (i) the National Congress, which creates regulations and requirements, and may establish supervisory councils for specific occupations; (ii) the Ministry of Labor, which regulates labor unions and issues reports on proposals for new regulations; (iii) the Ministry of Education, by establishing minimum curricula and standards; and (iv) the supervisory councils, that directly regulate and enforce quality standards and codes of ethics and conduct for “fully regulated” occupations.

**4.1 Typology of Licensing in Brazil**

This survey identified 84 regulated occupations in Brazil, which can be divided according to Figure 2.First, there are nine regulated occupations for which no minimum qualification is necessary. These are cases in which regulation is concerned, first and foremost, with providing minimal standards to protect the worker, either in terms of labor contracts or labor safety. They also tend to be occupations with rather unusual characteristics. For instance, the regulation of rodeo bull riders requires insurance as part of the labor contract.

**Figure 2: Typology of Regulated Occupations**

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The main category of interest includes 75 occupations with minimum requirements for work. What is common for nearly all of them is a bachelor’s or technician degree in the field. For seven of these occupations, there is no *ex ante* licensing. For instance, a 2008 law provides a list of activities (e.g. issuing a technical report) that can only be performed by oceanographers – those with a bachelor’s degree in the field – but it does not require them to register or obtain a license in advance. In other words, their degree may be considered sufficient for licensing.

While the law may also state that the worker must abide by some vague safety, quality, or health standards, it is usually not clear who should enforce them or whether the measure is not redundant. A case in point is a 2012 law that regulates the occupation of barbers, hairdressers, manicures, and estheticians. The only thing the law established is that they must “comply with sanitary regulations by sterilizing materials and utensils used in serving clients” –– something that would already be covered by health codes.

Indeed, in many cases, the minimum requirements are not attached to any observable quality outcome and thus seem to be established mostly as a market reserve. Nine out of ten occupations with minimum requirements do require a license – 68 occupations in total. However, the licensing body may vary. The federal government directly licenses 17 of these occupations.[[24]](#footnote-24)

For nine occupations, the regulatory process or the registration/licensing of workers is handled by external agencies not directly related to the federal government. These are flight crew, which are regulated and licensed by the National Agency of Civil Aviation (ANAC); autonomous investment agents, regulated and licensed by the National Association of Securities, Foreign Exchange, and Commodities Brokers and Distributors (ANCORD); and tourist guides, by Brazilian Institute of Tourism (EMBRATUR); and insurance agents, by the Superintendence of Private Insurance (SUSEP). The remaining five occupations within this group comprise interesting exceptions of licenses that are issued by state or local governments. Although the overall guidelines are established by federal law, state or local legislation may supplement federal requirements due to the specificity of local environment. These are auctioneers (state commercial registries), rural auctioneers (association of rural producers), traffic instructors (state departments of traffic), taxi drivers, moto-taxi drivers, and moto-delivery (local governments).[[25]](#footnote-25)

There are also two occupations whose licensing body is currently unclear, massagists and “social mother”.[[26]](#footnote-26) The former refers to a 1961 law, and the oversight body is now extinct. The latter establishes several requirements for licensing, including psychological and theoretical examinations, but does not specify who should apply such tests.

Finally, 38 occupations are regulated by 32 councils (i.e. professional boards), implying that a single council can oversee more than one occupation. For instance, engineers, agronomists, and architects were regulated by the same council until 2010, when architects had their own council established. All occupations regulated by councils require a license to practice, subject to a licensing fee that must be renewed annually.

Councils must be established by federal legislation. Apart from the federal council, each council is subdivided into state chapters. As chapters, they lack independence and thus do *not* vary in terms of requirements for licensing, which are all established identically to all states at the federal level. Licensing fees are a potential exception, as they may vary at the state level for some councils. Additionally, state chapters may offer different club goods to their associates, such as discounts for professional courses or even for some consumer brands.

Licensing requirements are mostly similar across different councils. These entail (i) a bachelor’s degree in the area; (ii) a certificate that the individual has voted in previous elections and a certificate of military conscription (for males), as both are mandatory in Brazil; and (iii) some evidence of “moral integrity” ­­– in practice, usually proof of no criminal records. An exception is the occupation of lawyers, for which the *Ordem dos Advogados do Brasil* (OAB, Brazilian Bar Association)implements an additional national examination of proficiency standards before conceding the licensing.[[27]](#footnote-27)

Legally, and due to their enforcement authority, councils are considered an autarky that is part of the public administration and receives extensive privileges (e.g. tax exemption). They are responsible for general oversight and enforcing codes of ethics and conduct. However, they do not receive public funds. Instead, they rely on mandatory fees from license holders. The largest councils, such as the OAB and the council regulating engineers and agronomists (CoFEA) can each raise as much as 250 million dollars in fees annually.

Failure to obtain a license is considered a misdemeanor and may lead to civil and criminal prosecution, though enforcement can often be weak. For instance, for occupations like economists, statisticians, or business administrators, licensing becomes crucial when these professionals are issuing technical reports, dossiers, appraisals, or other documents intended to have external legal validity. Alternatively, an economist who works doing market research only intended for a private company’s internal use will very seldomly suffer any consequences, even though she is technically required to be licensed. In contrast, job posts in public administration will not hire unless the candidate is licensed by their occupation’s council.

**4.2 The Dynamics of Licensing**

As mentioned earlier, there is no systematic data on licensing. Fortunately, there is available data on the 15 occupations are licensed directly by the Ministry of Labor and Employment. Between 2015 and 2023, 408,322 registrations were issued. Labor safety technicians are by far the most common license issued, followed by artists, journalists, and radio broadcasters. Together, these amount to 85 to 89% of all licenses of this type.

**Figure 3: Professional Registrations Issued, Ministry of Labor and Employment**

***Note:*** *“Other” include advertising agent, actuary, archivist, vehicle attendant and washer, advertiser, secretary, sociologist, entertainment technician, occupational safety technician, archival technician, and secretarial technician.*

Thus, as described in Section 3, I rely on the data from the Continuous National Household Sample Survey (*Pesquisa Nacional por Amostra de Domicílios, PNAD-Contínua*) to estimate the share of the population that needs a license to work. I do so by matching each regulated occupation to an occupational code from the *CBO-Domiciliar*. The first set of results report the share of the labor force that works in one of the 84 regulated occupations – see Figure4.

**Figure 4: Share of the Workforce in Regulated or Licensed Occupations**

My estimates indicate that, in 2012, 10.5% of the workforce was in a regulated occupation. This number has increased substantially over the past decade, and finally reached 23% of the workforce in 2024. Most workers in regulated occupations, or 10.25% or the labor force in 2012, required a license to work. This percentage has also increased, steadily in this case, and by 2024, some 13.38% of the workers require a license to work.

The noticeable jumps deserve attention. The first, in 2013, is due to the regulation of *comerciários*, an industry whose unions have been historically well organized*.* In Brazil, this term typically refers to employees working in the retail or commercial sectors, such as sales or store clerks, shop assistants, and retail or commercial employees in general.[[28]](#footnote-28) There are two other noticeable kinks occurring in 2018 and 2020. In 2018, physicists and estheticians became regulated occupations, but only the latter occupations represented a significant change. Importantly, physicists are the only new licensed occupation since 2012. Estheticians must have a degree in the field (either bachelor’s or technician), but no *ex ante* licensing is required. The final jump in licensed occupations in the second quarter of 2020 is very likely caused by the COVID-19 pandemic. Since we are measuring percentages of the total labor force, health and primary care occupations started representing a larger share as workers in unlicensed occupations lost their jobs.

While the major increases are due to regulatory changes, there was also a small but steady increase in the share of the labor force in regulated or licensed occupations. Even when I take them into account, the share of workers in regulated occupations increased by roughly 0.4% a year, and 0.25% a year for licensed occupations. An important part of this trend can be explained by the growth in college education, from 10.1 to 17.3% of the population over the same period (0.6 p.p./year). Since the most important part of licensing requirements involves a degree in field, it is expected that more workers will need a license if they want to work in an area related to their field.

In turn, Figure 5plots the real wage trends for regulated, licensed, and unlicensed workers from 2012 to 2024. Licensed and unlicensed workers alike have seen stagnant real wages during the previous decade. Among licensed workers (blue), average real wages have fluctuated between R$ 4,800 and R$ 5,600. For unlicensed workers (orange), real wages fluctuated between R$ 2,600 and R$3,000. Median wages (darker tones) are around 50 to 60% of average wages for both, which implies that the gap between average and median is larger (in money value) for licensed workers.

**Figure 5: Trends in Real Wages, Licensed and Unlicensed Workers, 2024 prices.**

The gap between them, however, has been shrinking over the past decade. In 2012, licensed workers had a median wage that was 1.8 times larger that of unlicensed workers. By 2024, this ratio had reduced to 1.58. Average wages exhibit a larger gap. Here, licensed workers make as much as double the average unlicensed worker in 2012. Because most high-paying jobs are licensed, they tend to have a much wider distribution, making the gap larger when we compare averages instead of medians. But the ratio has likewise been in decline, reaching approximately 1.7 by 2024.

**Figure 6: Wage Ratio, Licensed to Unlicensed Workers**

**4.3 The Demographics of Licensing**

Next, I analyze the demographics of licensing. I compare licensed and unlicensed workers in terms of urbanization, gender, and informality from 2012 to 2024, again using data from PNAD-Contínua. The estimates suggest a significant gap in urbanization between unlicensed and licensed workers. Around 76 to 78 percent of unlicensed are urban, and this metric has been quite stable over the period. On the other hand, licensed workers are notably more urbanized and have become slightly more so over the years, rising from 90 to approximately 92 percent in recent years – see Figure 7.

**Figure 7: Urbanization, Licensed and Unlicensed Workers**

Gender is the second variable of analysis. This is an important characteristic because research has shown that other countries, such as the United States, tend to regulate more predominantly female occupations. We do not see a similar sharp divide in Brazil. However, a small trend can be seen in the data where the percentage of women has been increasing slightly faster in licensed occupations. In the last years of the sample, the share of women in licensed occupations is around half of a percentage point higher in licensed occupations.

Since there are no major changes in the list of licensed occupations during this period, a more likely explanation is the rise in female college education over the last decade, which has led to more women in licensed occupations. Madalozzo (2010) shows that the increase in female labor force participation over the past three decades has led to more women in occupations that used to be typically male-dominated. For instance, her data – covering 1978 to 2007 – shows that the share of women in male-dominated licensed occupations, such as lawyers, has risen from around 18 to 44 percent, doubled from 5 to 10 percent among engineers, and from 17 to 36 among managers and administrators. Perhaps the most incredible of all is the share of women economists, which surged from 18.76 to 76.13% over the same period.

**Figure 8: Percentage Female, Licensed and Unlicensed Workers**

Finally, to estimate the share of informal workers, I followed the two metrics officially adopted by the *Instituto Brasileiro de Geografia e Estatística*, Brazil’s national statistical office, and consistent with the definitions used by the International Labour Organization (Roubaud et al., 2020). Both measures consider as informal the domestic- and private-sector workers without a signed employee booklet (*carteira assinada*). They differ to the extent that one also considers as informal the employers and self-employed individuals who *do not contribute to social security* (definition 1); while the other includes the employers and self-employed individuals *who do not have a formal business*, i.e. a corporate tax identification number (definition 2).[[29]](#footnote-29) The survey question regarding whether a business has a tax number first appears in the last quarter of 2015, which is why I present this second metric starting in this period.

Figure 9plots these two estimates for licensed and unlicensed workers. The most interesting point to notice is that although unlicensed workers are more likely to be informal, the gap has been shrinking substantially, from almost ten percentage points at the beginning of the series to around four points in recent years. Further, this has been driven by unlicensed workers becoming more formalized (around 2.8 p.p. increase), but especially by a 4.5 percentage point rise in informality among licensed workers. Second, starting in late 2015, definition 2 suggests a higher percentage of both types of workers as informal, but it reaffirms the rise in informality among licensed workers, the reduction of it among unlicensed ones, and thus the shrinkage of the gap in informality between the two.

In part, this result can be explained by the fact that informality in Brazil is not always caused by a lack of formal jobs available but often by a deliberate choice (Ulyssea, 2006).[[30]](#footnote-30) By moving to the informal sector, even highly educated workers can avoid or at least minimize costly social security taxes. For instance, Curi and Menezes Filho (2004) show that between 1990 and 2000, there was a significant increase in informality for workers across all education levels, but especially among workers with more than 11 years of education.

**Figure 9: Share of Paid Workers that are Informal, Licensed and Unlicensed**

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**Appendix**

**Table of Descriptive Data**

|  |  |
| --- | --- |
| **Summary: Occupational Licensing in Brazil (1930-2024)** | |
| Is licensing federalist or national? | National  (five occupations have national standards supplemented at state or local level) |
| Are standards are set by a legislative body or professional associations? | National Congress defines minimum standards  (professional associations may regulate bylaws, codes of ethics and conduct) |
| Number of licensed occupations | 67 (another 8 occupations have minimum standards but no *ex ante* licensing) |
| Citizenship or residency requirements | Valid work visa or residency card (for all workers) |
| Are people with criminal records are banned | Varies by occupation |
| Percentage of the workforce that needs a license (2024) | 13.38% |
| Percentage of the civilian population in the formal labor market (2024) | 34.62% |
| Average National Wage (2024) | R$ 2,834.61 |
| Median National Wage (2024) | R$ 1,837.53 |
| Average Wage for Licensed Occupation (2024) | R$ 5,190.48 |
| Median Wage for Licensed Occupations (2024) | R$ 3,017.53 |

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   The Constitution also established that the minimum requirements for regulated occupations would be determined exclusively at the federal level (Article 5, XIX, *k*). [↑](#footnote-ref-1)
2. Decreto-Lei nº 3.688/1941 - *Lei de Contravenções Penais*. [↑](#footnote-ref-2)
3. Sayão Romita (2001) argues that only minimum wage legislation has a precise meaning in legislation and in jurisprudence. Other terms used here, such as “professional wages” (*salário profissional*) and “wage floors” (*piso salarial*) have been used loosely, sometimes being applied to an occupation, to an industry, or to a specific state, as a regional minimum wage. Thus, I always refer to them in quotes. [↑](#footnote-ref-3)
4. Most of these ended up losing their benefit because the fixed value for the wages was set to be in force for three years, subject to extension for the same period, but they were never updated. [↑](#footnote-ref-4)
5. Specifically, Complementary Law n. 103/2000 authorized states to establish “wage floors” for those occupations not covered by federal “professional wages,” or collective wage agreements. Nonetheless, as of 2011, only six states currently have a state wage floor, according to a survey from the National Confederation of Municipalities (CNM, 2011). With one exception, all were among the states with the highest per capita incomes in Brazil, for which the federal minimum wage is mostly not binding. [↑](#footnote-ref-5)
6. For instance, journalists and copy-editors benefited from “professional wages” but there were no licensing requirements for them. [↑](#footnote-ref-6)
7. This survey identified 76 different laws regulating occupations to various degrees. The exact number may vary, as it depends on how narrow we define an occupation. For instance, barber, hairdresser, and esthetician are three different occupations regulated by the same law and have the same requirements, but they are divided into two 4-digit occupational codes. [↑](#footnote-ref-7)
8. de Moraes Filho (1966, pp. 56-61) provides an extensive list of early professional regulations. Historical accounts can be found for (e.g.) economists (de Souza, 2006), psychologists (Pereira, 2003), engineers, architects, and agronomists (Florençano, 1999), and medicine (Ferreira et al. 2020). [↑](#footnote-ref-8)
9. Examples of questions on sanitary legislation include true or false questions such as “pharmacists are prohibited by law from administering injectables”, knowledge about generic alternatives, and which drugs can be sold over the counter. Questions about attributions of pharmacists included (e.g.) book-keeping of controlled drugs, and guidance on how to use medications (frequency/dosage). [↑](#footnote-ref-9)
10. In this study, the pharmacy clerks were aides supervised by the pharmacist instead of licensed professionals. Unfortunately, neither Silva and Vieira (2004) nor Gir *et al.* (2003) compared licensed and unlicensed professionals. [↑](#footnote-ref-10)
11. Amadeo *et al*. (1993) report that in the 1980s, around 20 to 25% were informal workers with no employee booklet. Because they are off the books, firms can evade severance payments and social security contributions. Another 26% of the workforce were self-employed. Data from Almeida and Carneiro (2012) suggests that most of former group (no booklet) is hired by “small and informal firms outside the reach of labor inspectors” (p. 70). [↑](#footnote-ref-11)
12. See also Bacha, Mata, and Modenesi (1972) for a pioneer study of payroll taxes. [↑](#footnote-ref-12)
13. Considering the estimates following Blanchflower and Oswald (1994), which were the only ones with international comparisons available. However, the authors point out that this was more likely a lower-bound estimate. Their preferred model implies that a 24% change in wages would be required to promote a two p.p. change in the unemployment rate, or 6 times greater than the world average. See also Silva *et al*. (2015) for more recent estimates for Brazil. [↑](#footnote-ref-13)
14. Brazil has the world’s second-largest constitution in length and features many specific legal provisions written into the document. This includes most labor regulations, which makes them significantly difficult to amend (Barros, Corseuil, and Gonzaga, 1999; Barros and Corseuil, 2004). [↑](#footnote-ref-14)
15. The penalty is related to the severance system, known as FGTS – see Barros and Courseuil (2004, p.4). For details on the FGTS system, see Almeida and Chautard (1976) and Carvalho and Pinheiro (1999). See also Amadeu and Camargo (1993) and Cardoso and Lage (2007) for extensive reviews of the labor code. [↑](#footnote-ref-15)
16. See Acemoglu (2001), Cavalcanti (2001), and Fugazza and Jacques (2003) for similar settings in which changes in mandated benefits affect the distribution of jobs and wages across formal and informal markets. [↑](#footnote-ref-16)
17. One example mentions the case of punch-press machines that caused numerous labor accidents in the auto parts industry. Instead of having to replace obsolete machines entirely, something outside of most companies' budgets, they reached common ground to comply by adapting the existing machines and installing protective equipment. Some 70 percent of inspected firms complied, and the number of recorded accidents fell by 66 percent in two years. [↑](#footnote-ref-17)
18. This is also in line with other studies for Latin America, such as Kugler (2000) for Colombia, and Márquez and Pagés (1998) and Heckman and Pagés (2000) for Latin America in general. [↑](#footnote-ref-18)
19. Available online at <http://www.mtecbo.gov.br/cbosite/pages/regulamentacao.jsf> [↑](#footnote-ref-19)
20. https://www12.senado.leg.br/noticias/infomaterias/2022/07/regulamentacao-de-profissoes-e-tema-frequente-no-legislativo [↑](#footnote-ref-20)
21. Specifically, I have relied on the CBO-Domiciliar, which is a slightly simplified version of the CBO used in household surveys. [↑](#footnote-ref-21)
22. The term comes from the acronym for the Brazilian labor code (*Consolidação das Leis Trabalhistas*, CLT), enacted in 1964. These are also referred to as workers with “*carteira assinada*”, i.e. hired using their employee booklet. [↑](#footnote-ref-22)
23. Below we list five exceptions for which local legislation may supplement the standards set forth by federal law. [↑](#footnote-ref-23)
24. Fifteen are licensed by the Ministry of Labor and Employment (see Figure 2). License and permit issuance service private agents (*despachantes*) are licensed by Federal Revenue System (*Receita Federal*), and professional fishermen are licensed by the Ministry of Fisheries. The latter is the only occupation for which no minimum requirements are established for the worker, but a license or permit is required. In a more practical sense, it is the activity (fishing) and not the worker that is being regulated, although they are issued to individuals. [↑](#footnote-ref-24)
25. For instance, federal law requires taxi drivers to have a driver’s license, basic knowledge of car mechanics, and first aid, and a course on proper manners with passengers, as well as a vehicle that meets minimum standards. All of these must be defined by local authorities. [↑](#footnote-ref-25)
26. A 1987 law describes “social mothers” as women who will live and work (for pay) at non-profit foster care homes, providing parent-like guidance to children. [↑](#footnote-ref-26)
27. A recent bill, proposed in 2020, aims to established a national examination for medical doctors. [↑](#footnote-ref-27)
28. The regulation establishes a regular workday of 8 hours, which can only be altered by a collective labor agreement. It also allows such contracts or agreements to set a wage floor. [↑](#footnote-ref-28)
29. Roubaud et al (2020) provide an excellent analysis of the different metrics of informality. Crucial to this chapter, they argue that both metrics are highly correlated (0.86) over time and provide reliable estimates of informality (pp. 28-34). My exact figures differ from theirs because I am excluding unpaid “family workers,” which represent a small share of the individuals in the survey. Thus, I am estimating the share of *paid* workers that are informal. [↑](#footnote-ref-29)
30. On this topic, see e.g. Barros *et al.* (1993), Carneiro e Henley (2001), Tannuri-Pianto e Pianto (2002) and Soares (2004). [↑](#footnote-ref-30)