Seminario de Microeconomía Aplicada - Informality and Development: the Role of Transportation Infrastructure in Reducing Self-Employment

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Resumen: I study the effects of improvements in transportation infrastructure on informality. To deal with endogeneity issues, I implement two complementary identification strategies. First, taking advantage of the staggered rollout of highways, I apply a generalized difference-in-difference regression model. Second, I conduct an instrumental variable strategy by exploiting the fact that municipalities along the route of important cities in Brazil were more likely to be connected to the federal highway system. I find that once a municipality is connected to the federal highway network, there is a reduction in informality, measured by the self-employment rate among non-agricultural, low-skilled workers. Moreover, I show that connected municipalities have higher GDP per capita, larger firms in the formal sector, and higher demand for formal employment. These results suggest that improved transportation infrastructure induces the growth and development of the formal sector.

Acerca del expositor: Nicolás Guida-Johnson is an Assistant Professor in the Economics Department at Pontificia Universidad Javeriana, Bogotá. He holds a bachelor's degree in economics from Universidad de Buenos Aires, a master's in economics from Universidad de San Andrés, and a Ph.D. in Economics from Boston University. He previously worked as a Research Fellow at the Inter-American Development Bank (IDB) in Washington, DC, and at the Economic Commission for Latin America and the Caribbean (ECLAC) in Buenos Aires. His main research interests are Development and Labor Economics**.**

Tiempo de exposición: 1 hora

Fuente: https://d1b4gd4m8561gs.cloudfront.net/es/seminario-microeconomia-aplicada-informality-and-development-role-transportation-infrastructure