Are the self-employed trade-displaced?

- We know that trade shocks induce unemployment (developed) and/or informality (developing) for wage-earners.
- We don't know how self-employed workers react, as they do not have to lose their jobs.

What can they the self-employed do when a shock decreases their earnings?

- Shock decreased exposed retailers' income premia growth.
- But they don't decrease hours at these jobs, quit them, go into unemployment, abandon retail, nor do they go into informality.
- Instead, they overlap other jobs to a bigger extent.

Outside options and adaptation strategies: Men vs. Women

- Women suffer from bigger cost/kg increase in retail premia growth, compared to men.
- While men work more hours at affected jobs, women abandon them.
- Even abandoning other jobs in the process.

Adaptation trajectories to a wage-decreasing shock depend on outside options:

- Which women have fewer of:

Do self-employed retailers respond to shocks like wage earners?

- Two types of jobs, retail (r) and other (o)
  \[ \max U(c, I), s.t. \]
  \[ c \leq w_f(T-I), 0 \leq c \leq \bar{y}, I \geq 0 \text{ if } w_f > w_o \]
  \[ 0 \leq T-I \leq L, I \geq 0 \text{ if } w_o > w_f \]

Theory and implications: constrained time allocation

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Methodology

- Triple-difference:
  1. District pre-shock exposure to used clothing trade (ZDE).
  2. Individual or job spell in retail pre-shock (SES).
  3. Pre vs. post shock (P) regression:
     \[ Y_{idt} = P_i \times SES_i \times ZDE_{d(t-1)} + \ldots + \epsilon_{idt} \]
     - Gender heterogeneity (F):
       \[ Y_{idt} = P_i \times SES_i \times ZDE_{d(t-1)} + \ldots + \epsilon_{idt} \]

Table: Gender heterogeneity in SES trends across spatial exposure