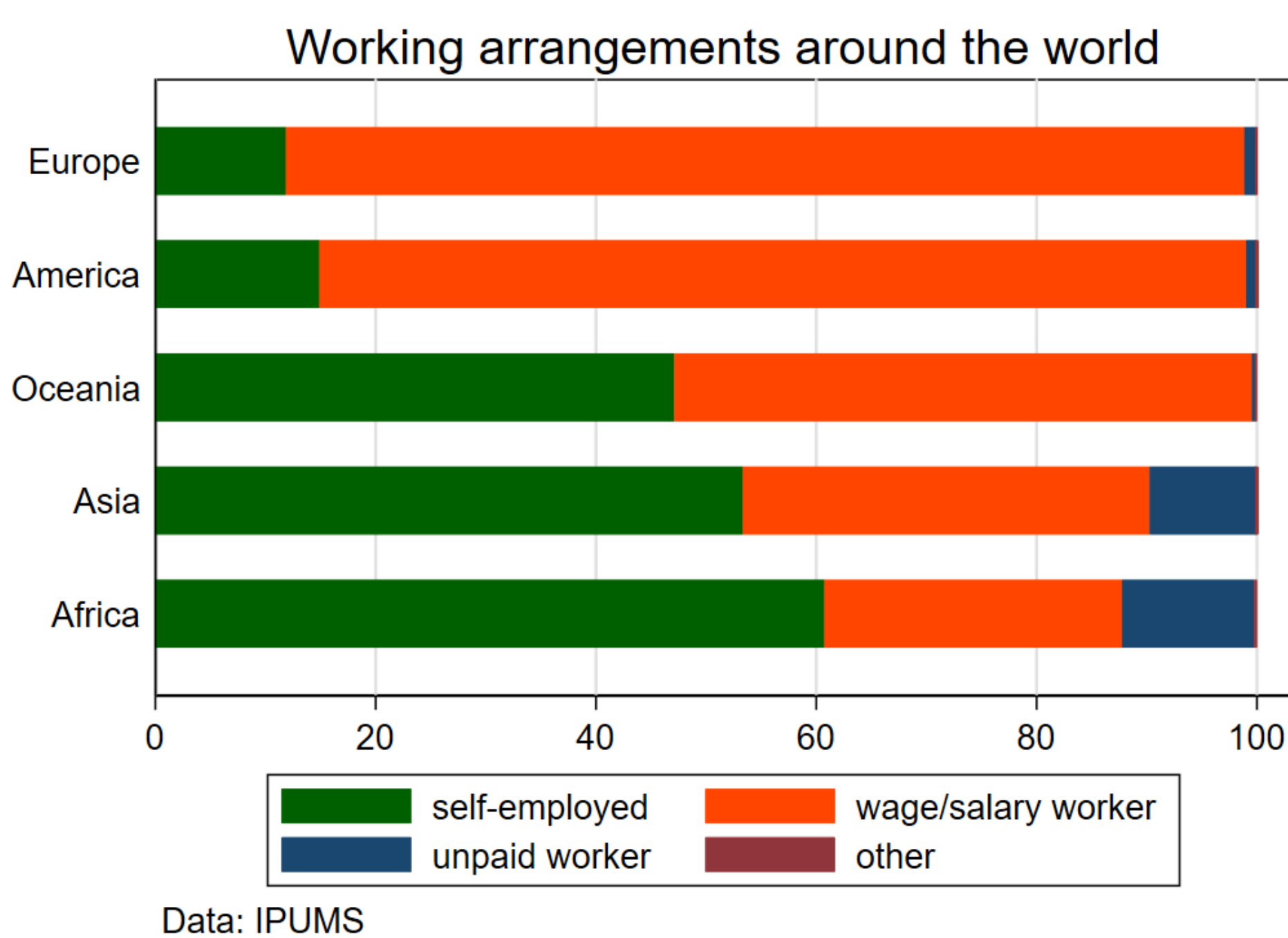


Trade-Displaced or Trade-Stuck?

Self-employment and Trade Shocks in Low-Income Countries

Are the self-employed trade-displaced?

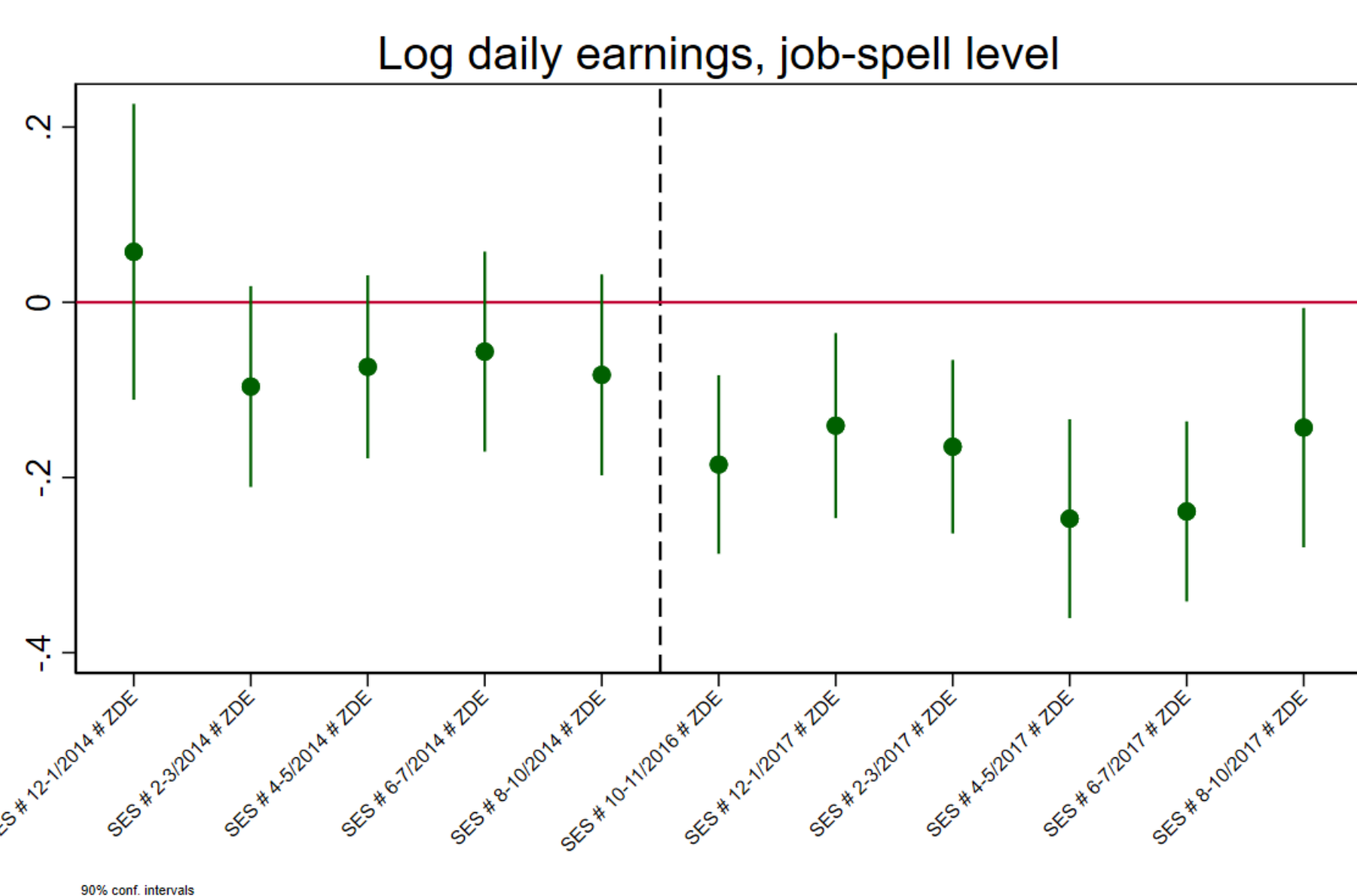
- ▶ We know that trade shocks induce unemployment (developed) and/or informality (developing) for wage-earners



- ▶ 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?

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



- ▶ 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

	Indiv. Income	Job-spell Hours	Job-spell Kept Job	Indiv - main job week No Job	Indiv - main job week Retail	Indiv - main job week Formal	$\frac{\sum_{j=1}^{nb\ jobs} months_j}{nb\ jobs}$
$P \times SES \times ZDE$	-0.073* (0.04)	0.079 (0.74)	0.003 (0.01)	0.008 (0.01)	0.002 (0.01)	-0.001 (0.01)	0.149*
R-squared	0.468	0.229	0.081	0.049	0.340	0.211	0.358
N	30364	53741	110799	61095	71860	71860	71860
District-urban FE	✓	✓	✓	✓	✓	✓	✓
Trimester FE	✓	✓	✓	✓	✓	✓	✓

* p<0.10, ** p<0.05, *** p<0.01 ZDE: Z-score district exposure to caguwa at t-1. P: post (2016-2017 round). F: female. SES: ISIC2=retail × self-emp. × start date < 06/2016. SE clustered at the IHLCS cluster level.

Table: Self-employed sellers' trends across spatial exposure

Theory and implications : constrained time allocation

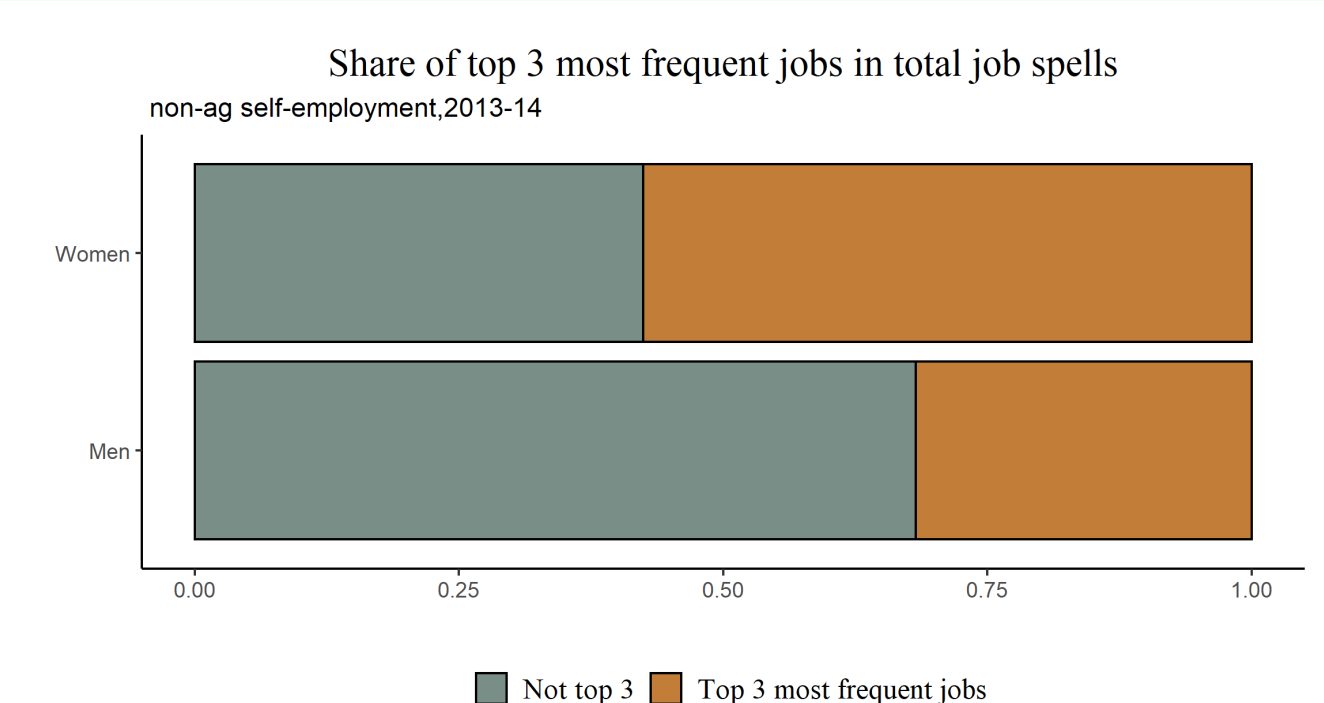
- ▶ Two types of jobs, retail (r) and other (o)

$$\max_{c,l,j} U(c,l), s.t.$$

$$c \leq w_j(\bar{T} - l), 0 \leq c \leq \bar{y}, l \geq 0 \text{ if } w_r > w_o$$

$$0 \leq \bar{T} - l \leq \bar{L}, l \geq 0 \text{ if } w_o > w_r$$

- ▶ Adaptation trajectories to a wage-decreasing shock depend on **outside options** $\frac{w_o}{w_r}$
- ▶ Which women have fewer of:



Outside options and adaptation strategies: Men vs. women

- ▶ Women suffer from bigger \searrow on **earnings** and **income** retail premia growth, compared to men ($P \times SES \times F \times ZDE$) and to other women retailers in more protected zones ($P \times SES \times F \times ZDE - P \times SES \times ZDE$)
- ▶ While **men** \searrow **hours** worked at affected jobs, **women** \nearrow **them**
- ▶ Even **abandoning other jobs** in the process

	Job-level earnings		Indiv.-level income		Hours worked, job level		
	All jobs	Main job week	Weekly	Hourly	All jobs	Main job week	Unpaid work
$P \times SES \times ZDE$	-0.040 (0.06)	0.021 (0.06)	-0.023 (0.05)	-0.010 (0.05)	-0.958 (1.08)	-1.967* (1.04)	0.000 (0.00)
$P \times SES \times F \times ZDE$	-0.156** (0.07)	-0.198*** (0.07)	-0.075 (0.06)	-0.159** (0.07)	2.942** (1.29)	3.670*** (1.36)	-0.027*** (0.01)
R-squared	0.37	0.39	0.47	0.38	0.19	0.23	0.17
N	32697	23913	30364	30353	74251	53741	71759
District-urban FE	✓	✓	✓	✓	✓	✓	✓
Trimester FE	✓	✓	✓	✓	✓	✓	✓

* p<0.10, ** p<0.05, *** p<0.01 ZDE: Z-score district exposure to caguwa at t-1. P: post (2016-2017 round). F: female. SES: ISIC2=retail × self-emp. × start date < 06/2016. SE clustered at the IHLCS cluster level.

Table: Gender heterogeneity in SES trends across spatial exposure

WP



Implications for trade/dev lit.

- ▶ Self-employed workers do not experience unemployment, informality as much as wage earners
- ▶ Adaptation strategies are through multiple job-holding → job-level data
- ▶ Differences in outside options make most vulnerable SE likely to get stuck in declining jobs