Further analysis on Bolivia

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Motivations

- ▶ Elaborate further on the rural/urban pillar
  - ▶ How does the rural/urban divide play out in one's lifetime?
  - ▶ When is the inflection point, if any? Does the impact of geography come earlier in life, during one's education, or manifest later, when one enters the workforce?
- ▶ Does the generational cycle of poverty really exist? How can we answer this question with cross-sectional data?
- ▶ What is the connection between the social class pillar and (in)formal employment? Disentangle the mutual influence between (in)formality and income
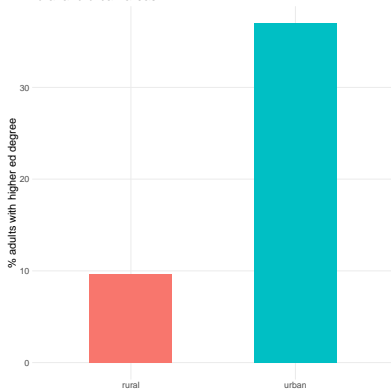
Main components

- Wage premium of higher education between rural and urban areas
- Differences between rural households with and without domestic remittances, which are presumed to come from family members in cities
- Different generations' incomes in multi-generational households
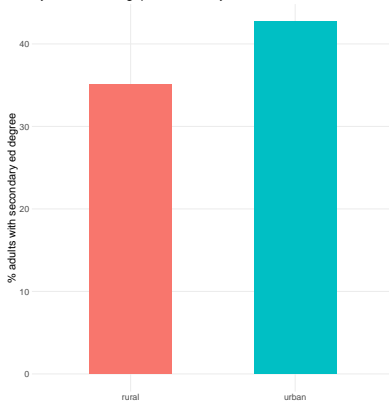- Incomes of individuals working in formal vs. informal jobs

Wage premium of higher education between rural and urban areas
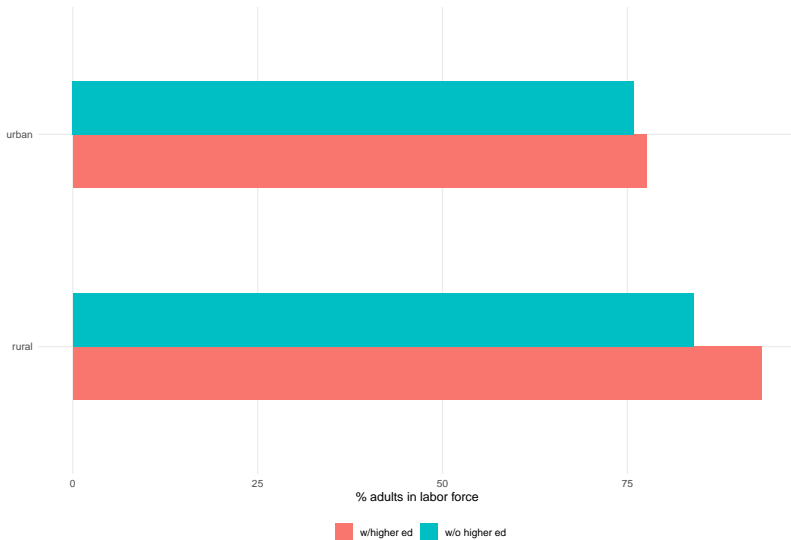
Percentage of adults with higher education

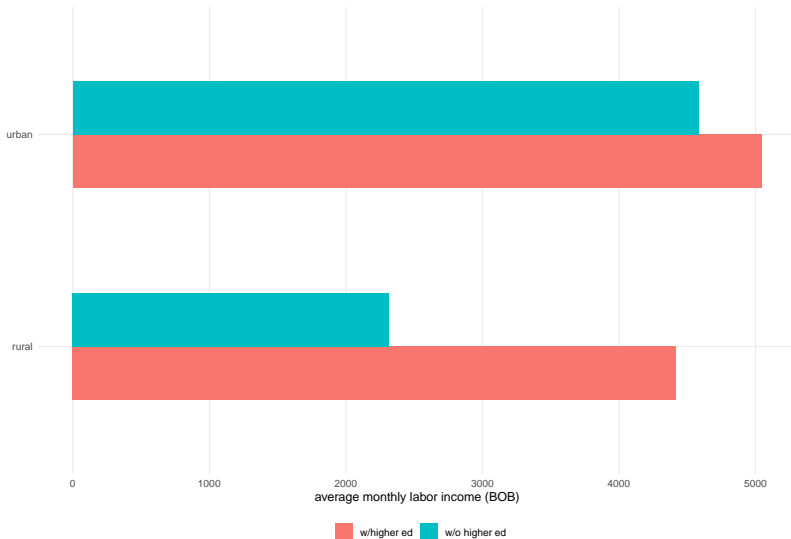There is a large gap in higher ed attainment between rural and urban areas

By contrast, the gap in secondary education is much smaller

LFP rates among adults with higher ed, by area

% adults in labor force

■ w/higher ed ■ w/o higher ed

Average labor earning by higher ed status and area

average monthly labor income (BOB)

■ w/higher ed ■ w/o higher ed

Inflection point: when rural residents migrate to cities?

Rural households with and without domestic remittances

Households receiving domestic remittances are poorer and not that much smaller.

Table 1: Rural households by remittance

has_remit	n	hhsize	remit	inc	pc_inc
FALSE	1599	3.78	0	4374	1513
TRUE	299	3.45	540	3172	1044

Examine the assumption: which way do remittances flow?

Table 2: Rural households by remittance

has_remit	n	hhsize	remit	inc	pc_inc
FALSE	1599	3.78	0	4374	1513
TRUE	299	3.45	540	3172	1044

Table 3: Urban households by remittance

has_remit	n	hhsize	remit	inc	pc_inc
FALSE	6325	3.71	0	7902	2521
TRUE	888	3.46	907	6258	2054

16% of rural households and 12% of urban households receive domestic remittances

Examine a deeper assumption: what is rural, what is urban?

▶ Bolivia's definition of "urban": Localities with 2,000 inhabitants or more (UN, *World Urbanization Prospects*, 2011)

  ▶ The way a "locality's" boundary is drawn can determine whether it counts as urban or rural

▶ While on paper it seems like 80% of adults live in urban areas (EH 2018), trends like peri-urbanization, expansive urban growth, and diffusion of urban form in villages blur the rural-urban boundaries (O'Hare & Rivas 2007)

Examine a deeper assumption: what is rural, what is urban?

- ► We don't know which way the remittances really flow
- ► The summary statistics on households w/remittances could change if the threshold of rural/urban is moved
- ► Moreover, this calls into question the rural/urban pillar itself

Another look: there are still differences

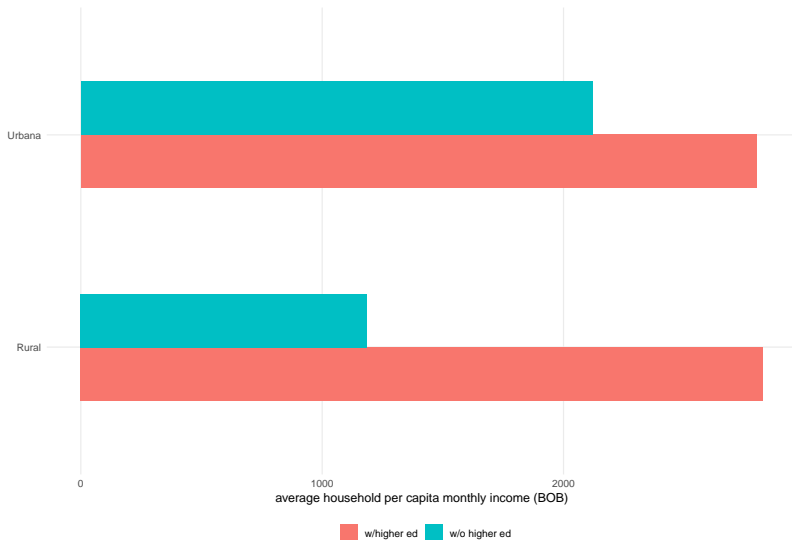**Table 4:** Rural households by remittance

has_remit	n	hhsize	remit	inc	pc_inc
FALSE	1599	3.78	0	4374	1513
TRUE	299	3.45	540	3172	1044

Table 5: Urban households by remittance

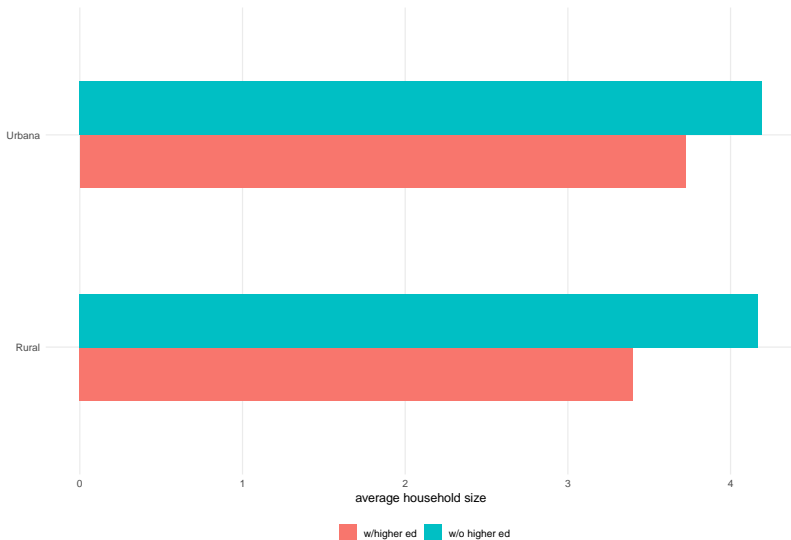| has_remit	n	hhsize	remit	inc	pc_inc
FALSE	6325	3.71	0	7902	2521
TRUE	888	3.46	907	6258	2054

► Remittances are higher among urban households
► Inflection point: **higher education**
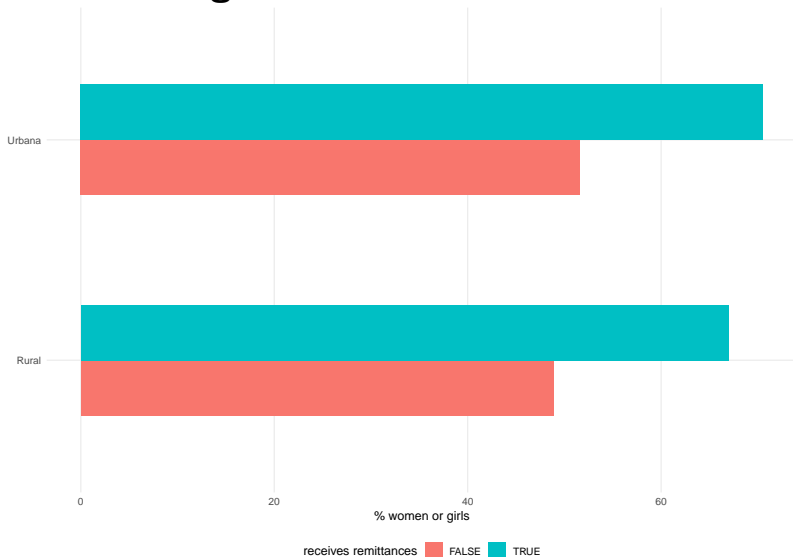
Who are the migrants?

People without higher ed come from poorer families, aka families that are more likely to have remittances

Who are the migrants?

People without higher ed come from slightly larger families, who are more likely to produce surplus labor who flows to cities

Who are the migrants?

Think: women and girls also tend to be the ones doing unpaid labor

Connect the dots: extrapolate a "typical" migrant

- ► From a poor household in need of extra income
- ► A man
- ► Without higher education
- ► There are enough hands at home for subsistence farming or other unpaid family-based productive activities
- ► Drawn to lucrative jobs in the cities
  - ► Remember that even someone without a college degree in cities earns a bit more than someone with a college degree in villages
- ► Make it in the city? How does he stack up against other migrants from (smaller) urban areas, who are more likely to be college educated?
- ► Migration flow: rural villages –> small cities –> large cities