

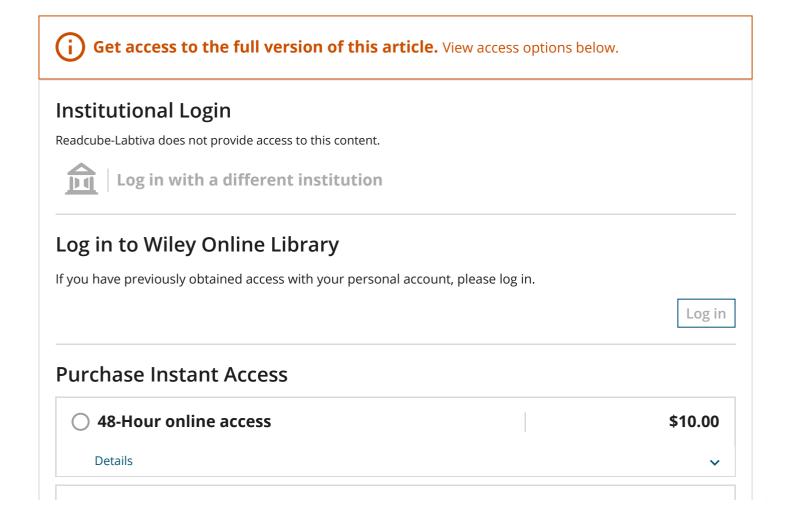
ORIGINAL ARTICLE

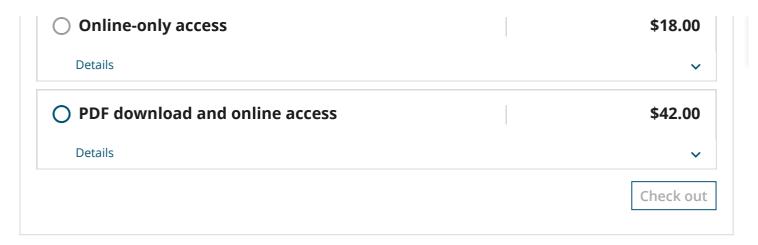
Natural Disasters and Informality: Are local labor markets impacted after an earthquake?

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Abstract EN ES JA

This article studies the probability of being part of informal labor markets after a natural disaster. We consider different concepts of labor market informality and use empirical definitions for employment in the informal sector and informal employment. Since the Ecuadorian earthquake may be considered a natural experiment, we perform a two stage identification strategy using both coarsened exact matching (CEM), and nonlinear difference in differences (DD) using individual panel data. We use a fully exogenous measurement of intensity (Peak Ground Acceleration, PGA), which is continuous, and has not been subject to possible arbitrariness in its definition. We found that the earthquake had a positive effect in the likelihood of being part of informal sector if workers are located in the affected areas; we also identified significant gender differences, since a causal effect for men was found, but not for women. When we use the concept of informality based in jobs (informal employment) instead of companies (informal sector), no robust evidence of a causal effect was found. Our results suggest that the government's reconstruction efforts could had attenuated the effect of the disaster over informality in the most affected zones.

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