

Routes, Exports, and Employment in Developing Countries: Following the Trace of the Inca Roads[♦]

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Abstract

Domestic road infrastructure programs are often justified on the basis of their presumed positive effects on exports and accordingly on employment. However, available evidence on to what extent these effects actually materialize is very limited. In this paper, we fill this gap in the literature. In so doing, we take advantage of detailed geo-referenced data on firm-level trade and historical and current road infrastructure on Peru and specifically use the distance to and the distance that could have been traveled along roads belonging to the Inca road network as instruments to address potential endogeneity of transportation infrastructure to trade and employment. We find that improvements in this infrastructure have had a significant positive impact on firms' exports and thereby on job creation.

Keyword: Infrastructure, Exports, Employment, Peru
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