

# Aspiration Failure: A Poverty Trap for Indigenous Children in Peru?

LAURE PASQUIER-DOUMER<sup>a,b</sup> and FIORELLA RISSO BRANDON<sup>b,a,\*</sup>

<sup>a</sup> *IRD, UMR 225 DIAL, Paris, France*

<sup>b</sup> *Université Paris-Dauphine, LEDa-DIAL, Paris, France*

**Summary.** — This paper highlights a particular mechanism underlying the exclusion process of indigenous people in Peru by analyzing the role of aspirations in educational investment. Relying on the Young Lives dataset, we find that indigenous children do not limit their aspirations when compared to non-indigenous children with the same socio-economic background. Findings suggest that they do not have internalized racial schemas about their opportunities. However, aspirations are a channel of inequality persistence between ethnic groups, exacerbating the effect of socioeconomic status on educational achievement. Indeed, socioeconomic status predicts the level of aspiration which in turn impacts progress in language acquisition.

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## 1. INTRODUCTION

With the United Nations Declaration on the Rights of Indigenous Peoples, adopted in 2007, and the first World Conference on Indigenous Peoples held in 2014, the international community has shown a strong commitment in ensuring the rights and the well-being of indigenous people. Although progress has been made, recent evidence on indigenous people discloses the large disadvantage among indigenous people worldwide and in Latin America in particular (Chong & Nopo, 2008; Hall & Patrinos, 2012).

Peru has the highest proportion of indigenous people in Latin America, along with Bolivia, Ecuador, Guatemala, and Mexico. Depending on the definition of ethnicity, indigenous people account for 15.7–74.8% of the population (Sulmont, 2011). Based on the last population census, 13% of population learned speaking in Quechua, 1.7% in Aymará, and 1% in a language from Amazonia (INEI, 2007). This plurality of cultures is associated with large differences in income and economic opportunities. Despite significant poverty alleviation overall, the gap between indigenous and non-indigenous people remains as high as it was 10 years ago. The monetary poverty incidence among indigenous people was 1.6 higher than among non-indigenous people in 2004 and 1.7 higher in 2013, reaching 35.9% compared to 20.8% for non-indigenous people (INEI, 2011, 2014).<sup>1</sup> The poverty gap between the two ethnic groups is particularly severe in urban areas, where 43.7% of indigenous people are living, as shown in Table 1. Indigenous people have lower access to education as only 10.2% of them have progressed beyond the high-school education level, compared to 25.6% for non-indigenous people (Table 1). Focusing on youth, only 41% of individuals aged between 18 and 20 and having Quechua as mother tongue have completed secondary education. This proportion is 70% for the youth having Spanish as mother tongue (UNICEF/INEI, 2010). Opportunities for indigenous people in the labor market are even more limited. They are overrepresented in the agricultural sector, even in rural areas, and in elementary occupations, which account together for two thirds of occupations among indigenous people, compared to only one third for non-indigenous people. Similarly, only 5.4% of urban indigenous people are professional compared to 13.2% for their urban non-indigenous counterpart

(Table 1). Patrinos and Skoufias (2007) show that the per capita income of non-indigenous people is almost double that of the indigenous population, with a larger differential in urban areas, but even around 40% in rural areas. Approach by the theory of opportunity offers another interesting insight to the disadvantage among indigenous people. Ferreira and Gignoux (2011) provide measurements of inequality of opportunity in terms of income and consumption expenditure, which capture the inequality between groups when groups are designated according to predetermined circumstances, as defined by Roemer (1998). According to Ferreira and Gignoux, all the individuals who are opportunity-deprived are indigenous people in the context of Peru.

Although inequalities toward indigenous people are widely documented (see also Cueto, Guerrero, Leon, Seguin, & Muñoz, 2009; Escobal & Ponce, 2007; Figueroa, 2006; Hall & Patrinos, 2006; MacIsaac, 1994; Nopo, Saavedra, & Torero, 2007), the mechanisms at play in the persistence of these inequalities remain poorly understood. Inequalities toward indigenous people are largely viewed as a product of two phenomena: discrimination and exclusion. Discrimination refers to the different treatment of individuals with the same characteristics, while exclusion is related to inequality in the access to factors or assets.

Discrimination results from racist behaviors rooted in racial hierarchy implemented under Spanish colonialism where white people dominated over indigenous people (Callirgos, 1993; Manrique, 1999; Portocarrero, 1993). It is the common opinion that discrimination is high in Peru: 81.4% of the population consider that indigenous persons/darker skin persons are treated worse than white people in the 2010 Americas Barometer Survey (Telles & Bailey, 2013). Discrimination in the labor market has been rigorously demonstrated by

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Table 1. *Distribution of size, poverty, occupation, and education across ethnic groups and geographical areas (in percentage)*

	Population share*	Poverty incidence**	Share of occupations among ethnic group workers*			Education*	
			Professionals	Skilled agricultural forestry and fishery workers	Elementary occupations	Rate of illiteracy	Education level higher than high school
Indigenous	15.7	35.9	3.5	28.8	34.9	22.7	10.2
Urban	43.7	20.0	5.4	10.7	32.3	14.7	18.4
Rural	56.3	49.4	1.4	49.0	37.9	28.9	3.3
Total	100						
Non-indigenous	84.3	20.8	11.6	9.7	24.2	10.3	25.6
Urban	82.3	15.2	13.2	4.2	21.4	8.1	30.1
Rural	17.7	45.9	2.6	41.4	40.2	20.4	5.0
Total	100						

Source: \*INEI – Censos XI de Población y VI de Vivienda 2007; \*\*Encuesta Nacional de Hogares 2013 (INEI, 2014). Note: Indigenous are defined as people whose mother tongue is a native language (Quechua, Aymará and languages from Amazonia).

Galarza and Yamada (2014) in the context of Lima. Using surnames as a proxy for ethnicity, they sent a large number of fictitious CVs to real job vacancy ads, and find that indigenous applicants need to send 80% more applications than white applicants with similar qualifications to get an equal chance of being called back. However, discrimination does not explain the main part of income inequality, as shown by studies explaining the earning gap between indigenous and non-indigenous people (see Chong & Nopo, 2008 for a review). Using various decomposition techniques, Yamada, Lizarzaburu, and Samanamud (2012) find that discrimination accounts for 11–20% of the gap in an upper bound, while differences in education level explains around one third of the gap.

From the exclusion perspective, income inequality is caused by lower endowment in productive factors of indigenous people (Barrón, 2008; Hall & Patrinos, 2006; Patrinos & Skoufias, 2007; Ferranti, Perry, Ferreira, & Walton, 2004; Escobal & Ponce, 2007). They have limited access to human capital, productive land, financial market, infrastructure, or basic services, which negatively affects their capacity to generate income and to invest in their children. Thus, indigenous people are more likely to be involved in low-skilled and low-wage occupations and to have less diversified sources of income than non-indigenous people (Patrinos & Skoufias, 2007). However, very little is known on how the exclusion mechanisms of indigenous people operate.

This paper aims to contribute to understand the mechanisms underlying the complex process of exclusion of indigenous people in Peru. We focus on education for three reasons. First, because education represents an expansion of freedoms by providing the means to participate in public life, to communicate and interact with others, or to formulate collective demands (Sen, 2000). Second, because we know that inequality in educational outcomes between indigenous and non-indigenous people is particularly high (Cueto *et al.*, 2009; UNICEF/INEI, 2010). For example, Cueto *et al.* (2009) found that the gap in language and mathematics achievement between indigenous sixth-grade students and their Spanish-speaking peers is among the largest reported in the literature for Latin America. Third, by conditioning the access to labor market, education delimits the scope of economic opportunities for indigenous people.

The association between indigenous status and educational achievement can work through several routes. This paper aims to scrutinize the role played by aspirations in the generation of educational inequality by analyzing how the circumstances of indigenous children are shaping their aspirations, and in turn,

how their aspirations impact their educational achievement. In a common definition, aspirations are the desire or ambition to achieve something. This concept suggests that some effort would be exerted to realize the desired aim or target. Then, aspirations may determine the level of effort provided for educational attainment. If indigenous people suffer from aspiration failure for the reasons that we will develop in this paper, they could underinvest in their education.

Recent theoretical developments and some evidence support the idea that aspirations are of principal concern for poverty reduction and equality of opportunity. Inspired by the work of the anthropologist Appadurai (2004), Ray (2006) defends the idea that poverty and failure of aspirations are reciprocally linked in a self-sustaining trap. Aspirations create incentive to adopt forward-looking behavior. In turn, poverty partially shapes aspirations. Genicot and Ray (2014) develop a theory in which aspirations are the main channel of persistence of inequality. Aspirations are part of individuals' preferences and they are shaped by a person's social environment and their own experience. Investment incentives of individuals are affected by the gap between their aspirations and their current standard of living, called the 'aspiration gap'. If the gap is very small or very wide, individuals have little incentive to raise standards, because the distance to fill the gap is too small or too large, as supported by evidence from the social psychology (Heath, Larrick, & Wu, 1999). Mookherjee, Napel, and Ray (2010) emphasize aspirations formation as a key factor of accumulation incentives. By introducing local complementarities in the aspirations formation -social interactions with skilled neighbors raise parental aspirations for their children- they are able to explain inequality persistence without hypothesis of capital-market imperfection or spatial mobility of agents.

Beside theoretical developments, recent evidence confirms the importance of aspirations formation in the understanding of poverty trap and inequalities persistence. Bernard, Dercon, and Tafesse (2011) show that lower aspirations go hand in hand with lower demand for long-term credit and productive use of this credit in rural Ethiopia. Relying on qualitative and quantitative data, Camfield, Masae, McGregor, and Promphaking (2012) find evidence of an adaptation process in Thailand which leads the poor to stop aspiring to what they cannot achieve.

However, these studies fail to address two main questions. First, what are the mechanisms by which aspirations are shaped in developing countries? Are aspirations culturally or socially determined as argued by Appadurai (2004) and suggested by Sen (2004)? Or are aspirations shaped by external

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