

Abstract for “40 Years after Hirschman’s Tunnel Parable: Income Inequality, Economic Development and Aspirations Failures in Latin America”

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Originating from Albert O. Hirschman’s tunnel parable and the recently evolving aspirations literature, this paper investigates the effect of a person’s income level and economic variables at national level on this person’s aspiration levels. Aspiration levels have been shown to be closely related to economic behavior such as investment in education. The underlying interest is thus to investigate the impact of socio-economic position, national wealth level, growth and inequality on economic behavior in the light of high inequality in Latin American countries. A locus of control variable from the World Value Survey is used to estimate these effects in a multilevel model. The results confirm the main hypotheses derived from Hirschman’s tunnel effect.