

# MOBILE PHONES AND MARKET PARTICIPATION AMONG SMALLHOLDER FARMERS IN THE BOLIVIAN ALTIPLANO

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## ABSTRACT

Farm households in the developing world who choose to be self-sufficient, instead of producing for the market, lack the money necessary for purchasing what cannot be produced within the home. It has been noted that households located at a greater distance to market (or with higher transportation costs) are more self-sufficient than households closer to the market (or with lower transportation costs). One promising theory on why self-sufficiency increases faster than transportation costs is that the markets are volatile and information about those markets is costly for the distant farmers.

Landline phones are generally not available; the only way prior to the introduction of mobile phones to get information about markets was to transport a member of the household to the market or to deliver without information. Using ordinary least squares this thesis project found a significant link between mobile phone use and increased market participation at greater transportation costs using 2009 survey data from several communities of the Bolivian Altiplano. These findings can guide development efforts and enhance the understanding of the impact of reducing information costs.