



The effect in the sending countries

Lesson 13

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The economics of migration



Outline of the introductory lesson

- 1-History
- 2-Definitions
- 3-Numbers
- 4-Directions
- 5-Europe
- 6-Nationalities and Types
- 7-Non documented migration
- 8-Determinants
- 9-Solution



The effect

- The effect of migration in the sending countries
- Population: size, growth and skill composition
- Growth of the economy
- Employment rate
- Wealth-poverty
- Through remittances and movement of human capital



REMITTANCES

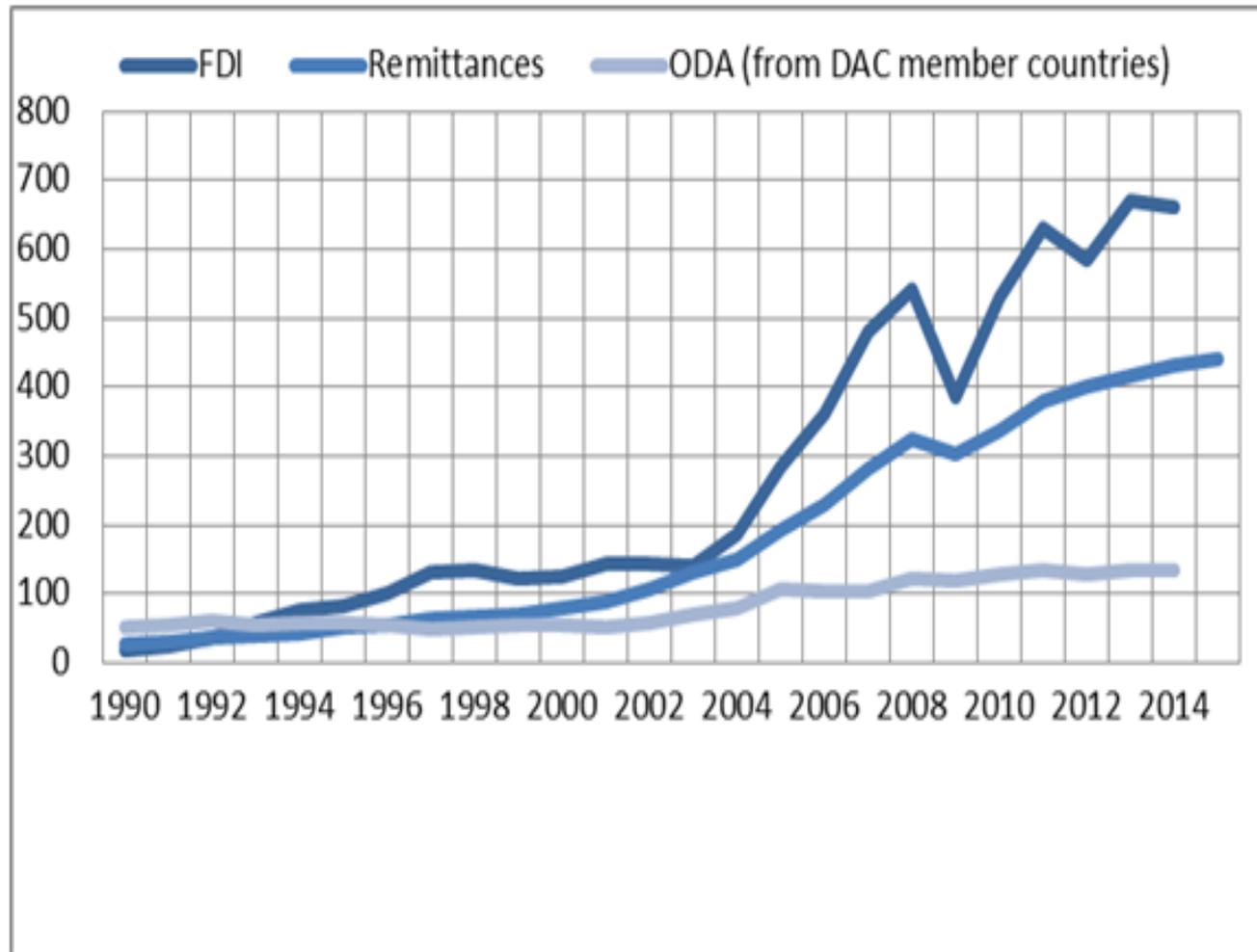
A-Channel of entrance of remittances:

- banks, (loans)
- money transfers,
- friends,
- in kind

Difficult to measure



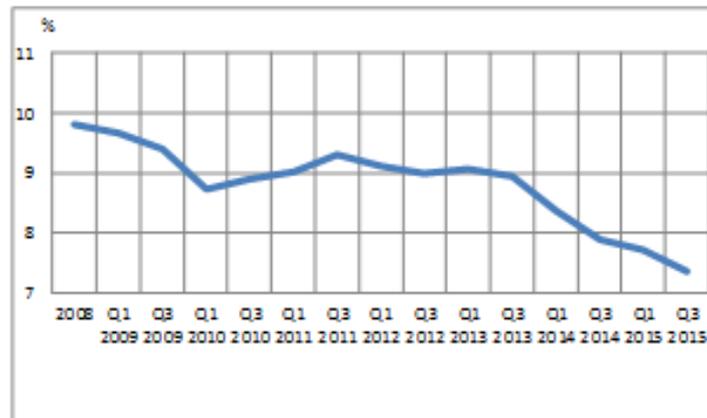
Figure 6.10: Remittances to developing countries far exceeds Official Development Assistance (ODA)



Sources: World Bank Migration and Remittances Factbook 2016; World Development Indicators; ODA data from OECD-DAC.



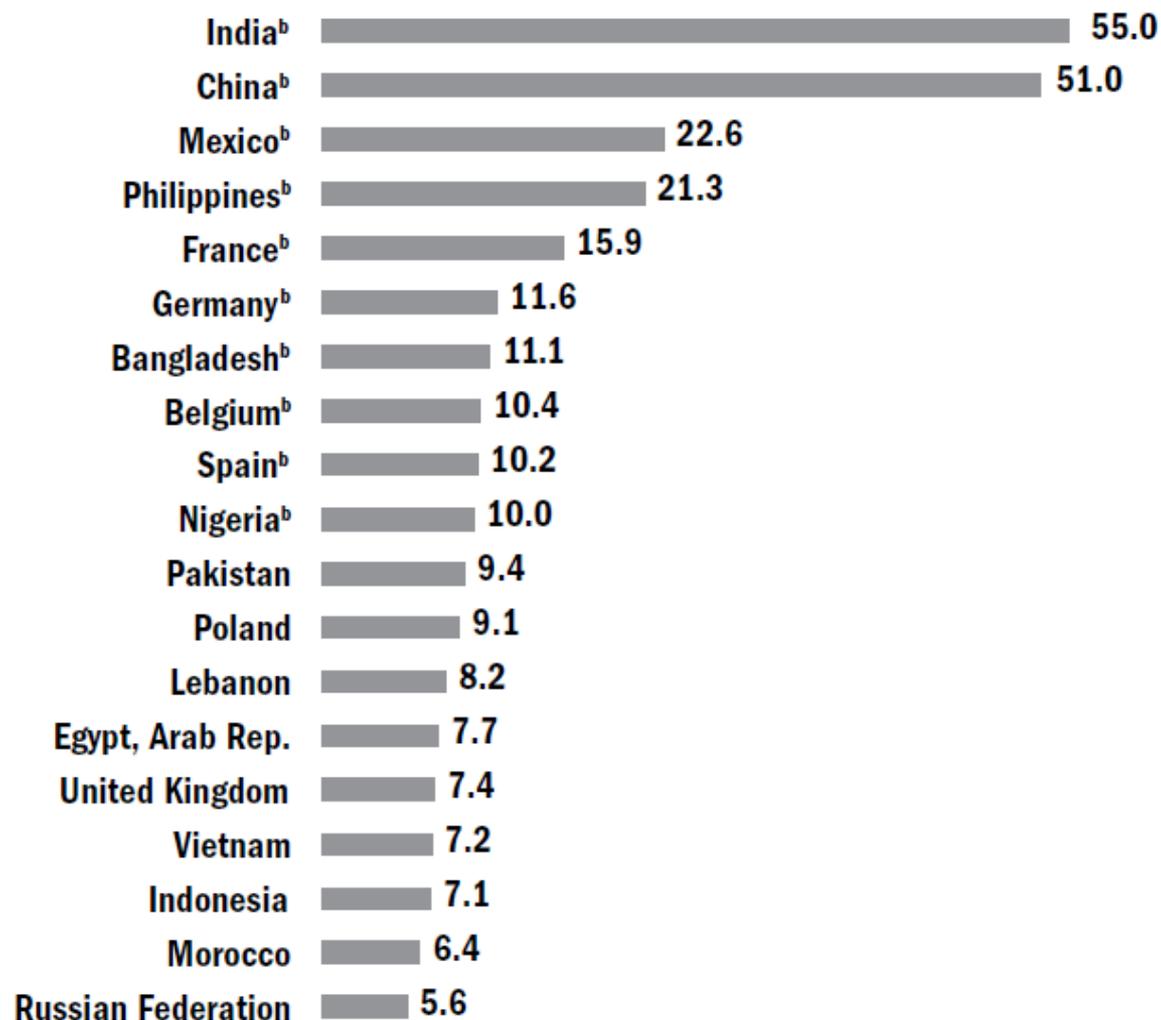
- Figure 6.13: Overall remittances costs have fallen by approximately 2 percentage points since 2009, but costs vary greatly across regions





Top Remittance-Receiving Countries^a, 2010e

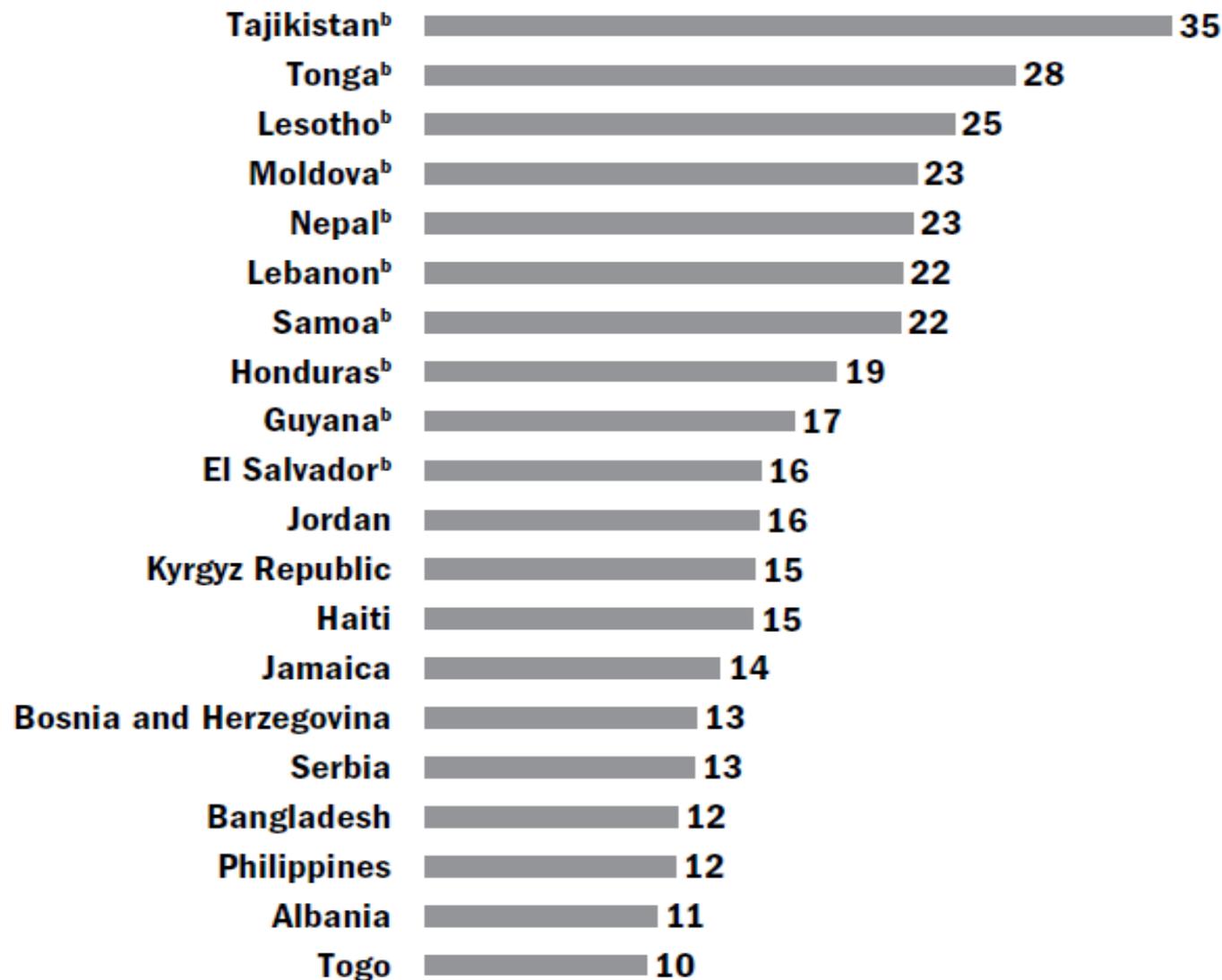
US\$ billions





Top Remittance-Receiving Countries^a, 2009

percentage of GDP





- B-Destination of remittances:
 - Consumption
 - Education
 - Investment, house, land and business
- C-MacroEffects:
 - balance of payments and growth
 - social remittances i.e. democracy
- D-Micro Effects:
 - poverty,
 - income dispersion,
 - child labour, school attendance,
 - discourage incentive to work Amuedo-Dorantes, Pozo AER 2006
 - financial development



	Flow of remittances received (2007, billion US\$)	Remittances % of GDP (2006)
Morocco	5.7	9,5%
Algeria	2.9	2.2%
Tunisia	1.7	5%
Egypt	5.9	5%
Palestine	0.6	14.7%
Jordan	2.9	20.3%
Lebanon	5.5	22.8%
Syria	0.8	2.3%

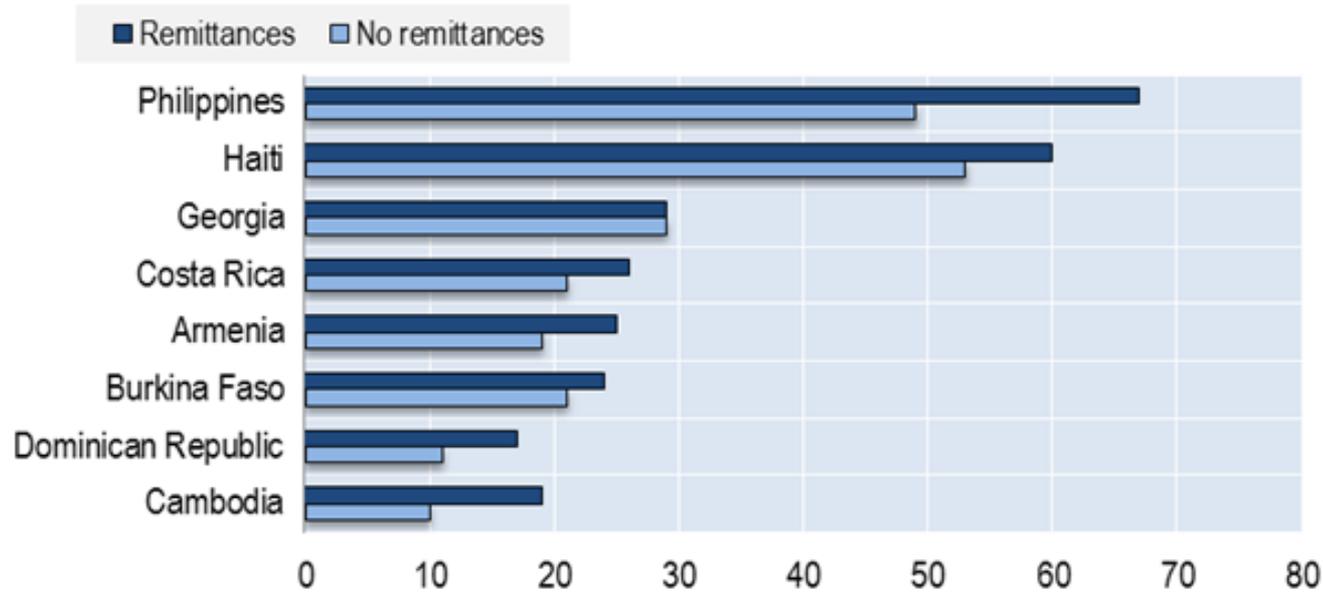


• FINANCIAL DEVELOPMENT

- Underdevelopment is coupled with **under financial development**, and remittances can contribute to reduce financial constraints and favour investments and growth.
- The difficulties in borrowing in developing or, in transition countries, in reducing growth, and remittances can substitute or integrate the formal financial system in an efficient way given the lower cost (no interest rate or bribe to pay) and larger diffusion being closer to the final user.
- Giuliano and Ruiz-Arranz (2005) Muncada (2005)
- Aggarwal, Demirguç-Kunt and Martinez Peria (2011)



Figure 6.11: Share of households owning real estate, by remittance status



Note: Real estate include non-agriculture land and/or housing other than house used as accommodation by the household.



Figure 6.12: Share of youth (aged 18-22) enrolled in education, by remittance status

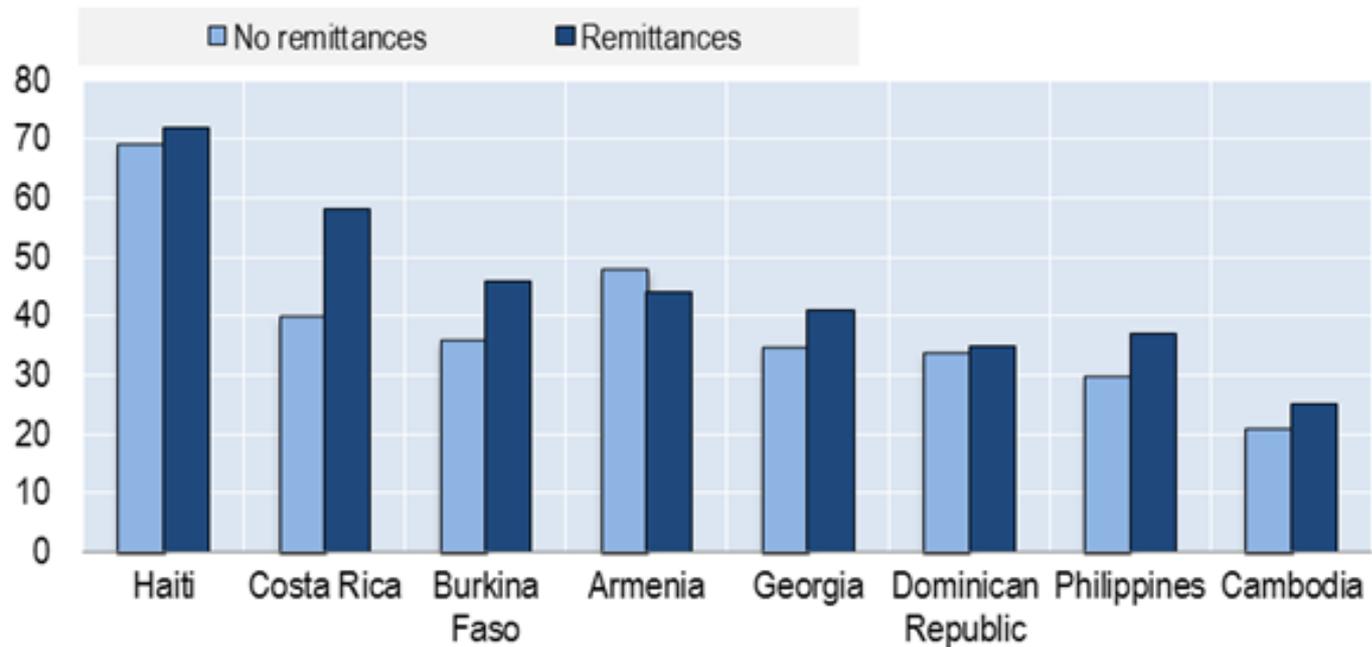




Figure 6.7: Ratio of the share of children (6-15) with an emigrated member from the household between those attending school or not

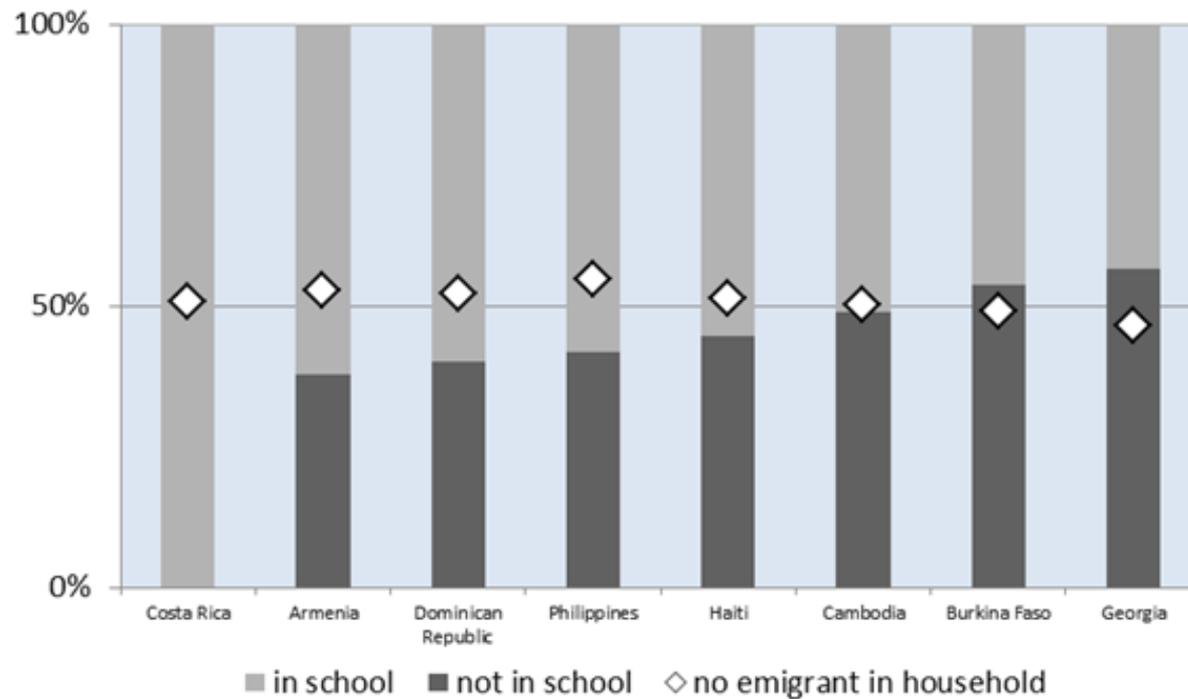




Figure 6.14: Share of households receiving remittances through informal channels, by bank account status

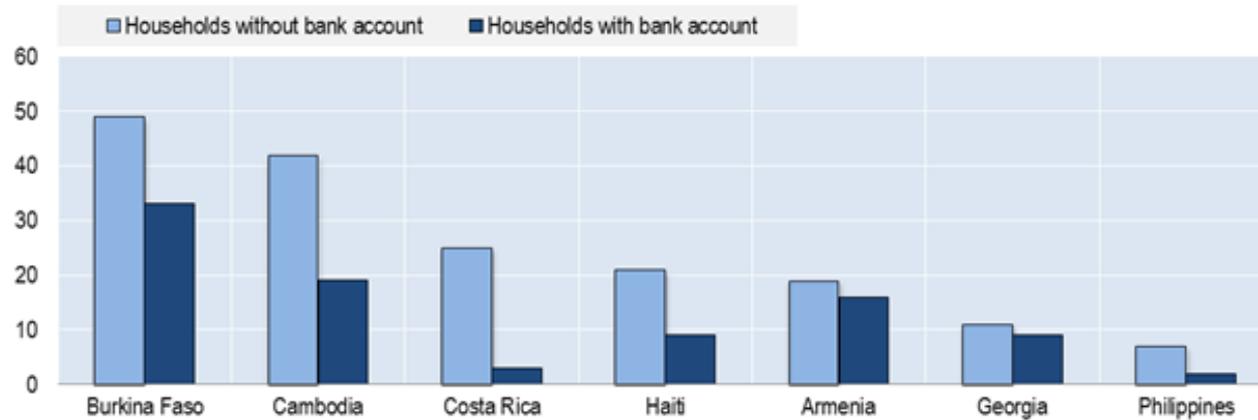
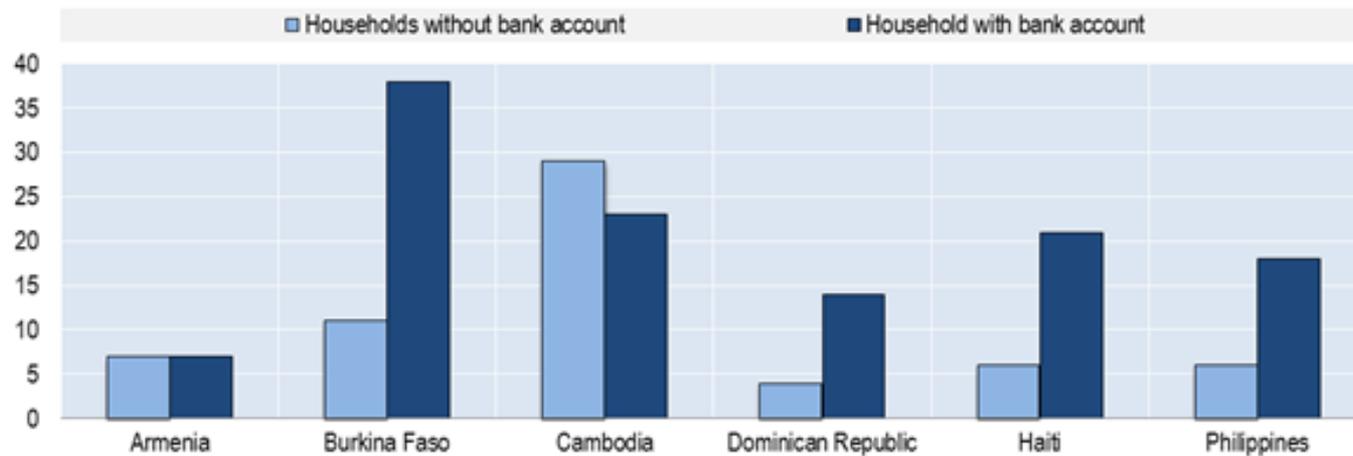




Figure 6.15: Share of households that accumulated savings after a migrant left, by bank account status





- REMITTANCES AND THE LABOUR MARKET
- **Remittances has not to be only a subsidy**
- Return migrant should find a job or even a self-employed job.
- Veneto and Calabria or Sicily



■ **Figure 6.16. Share of households running businesses, by whether households have returnees or not**

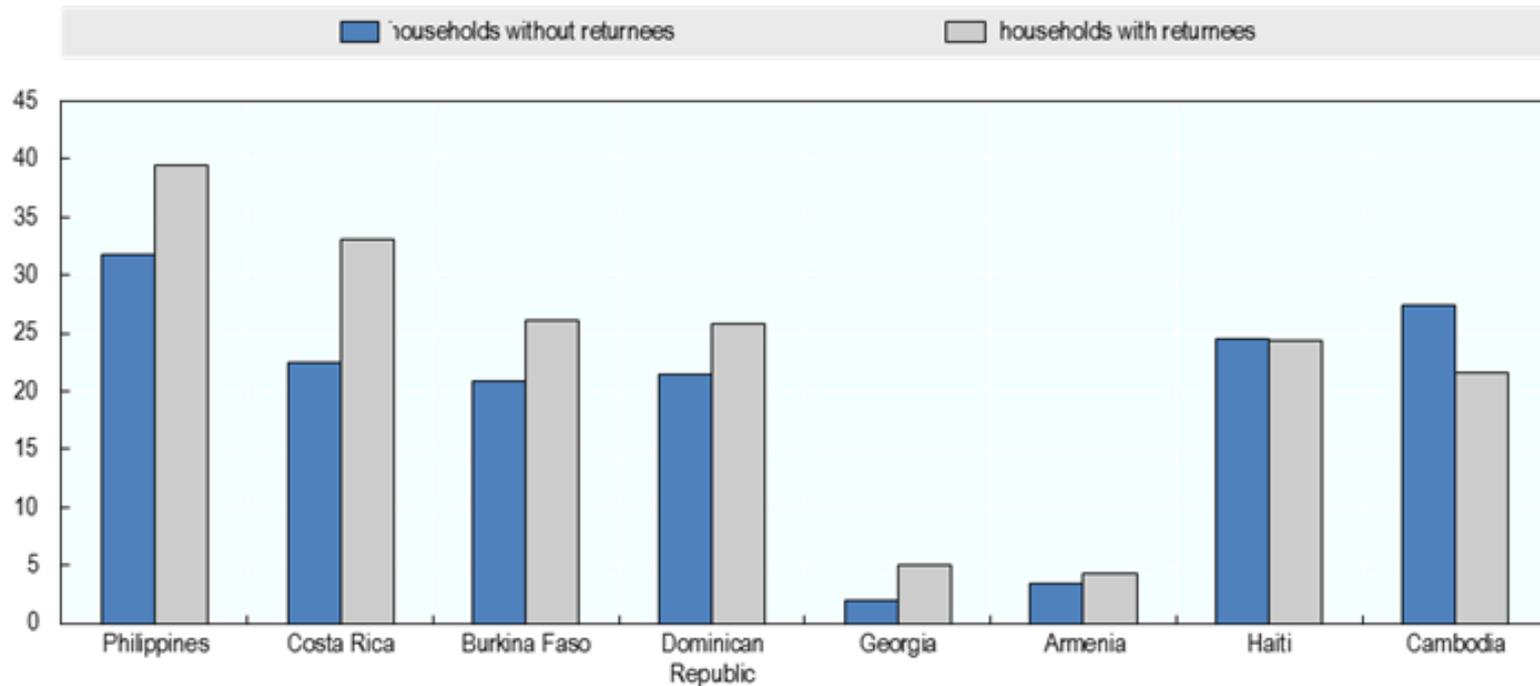




Figure-6.18. Typology of return policies in countries of origin

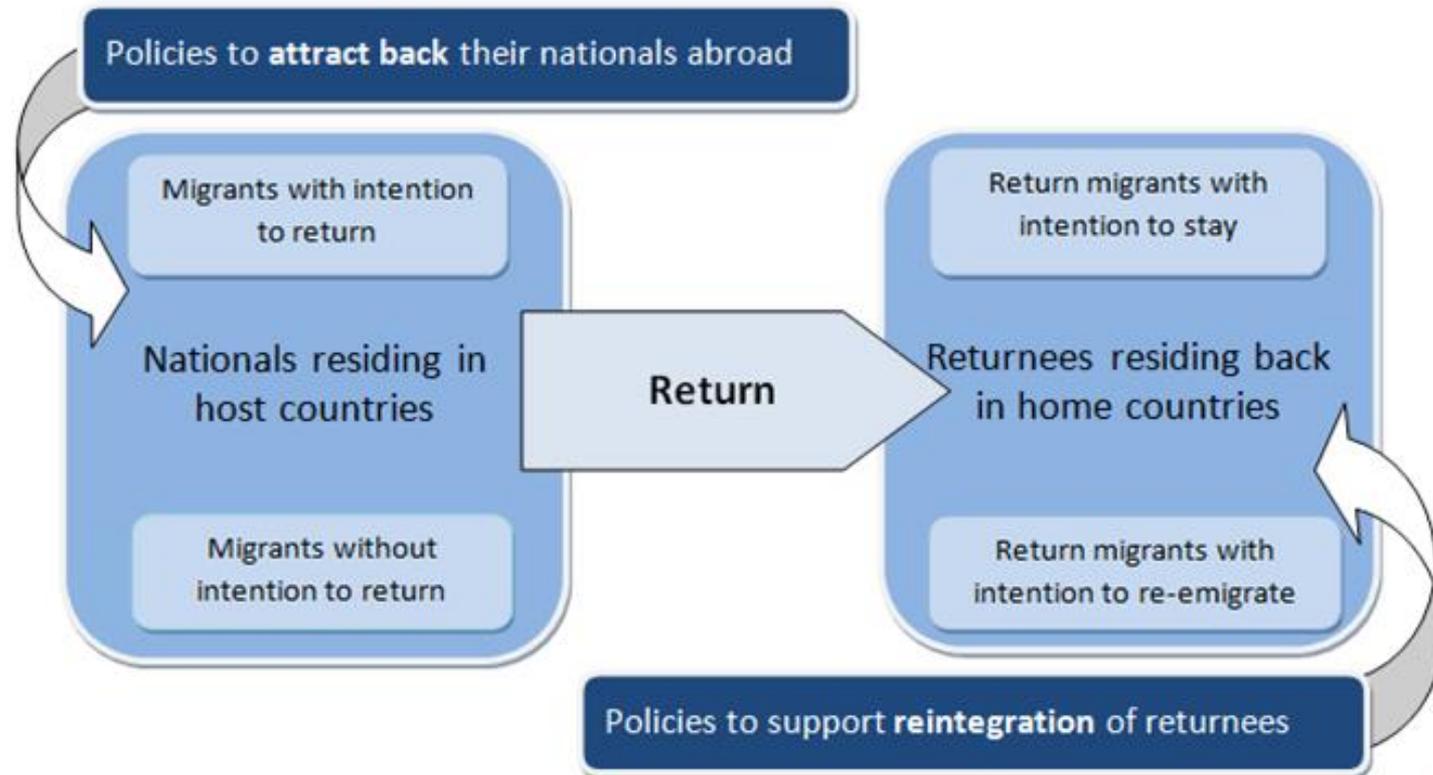




Figure 6.17. Share of individuals with post-secondary education among the groups of non-migrants and return migrants

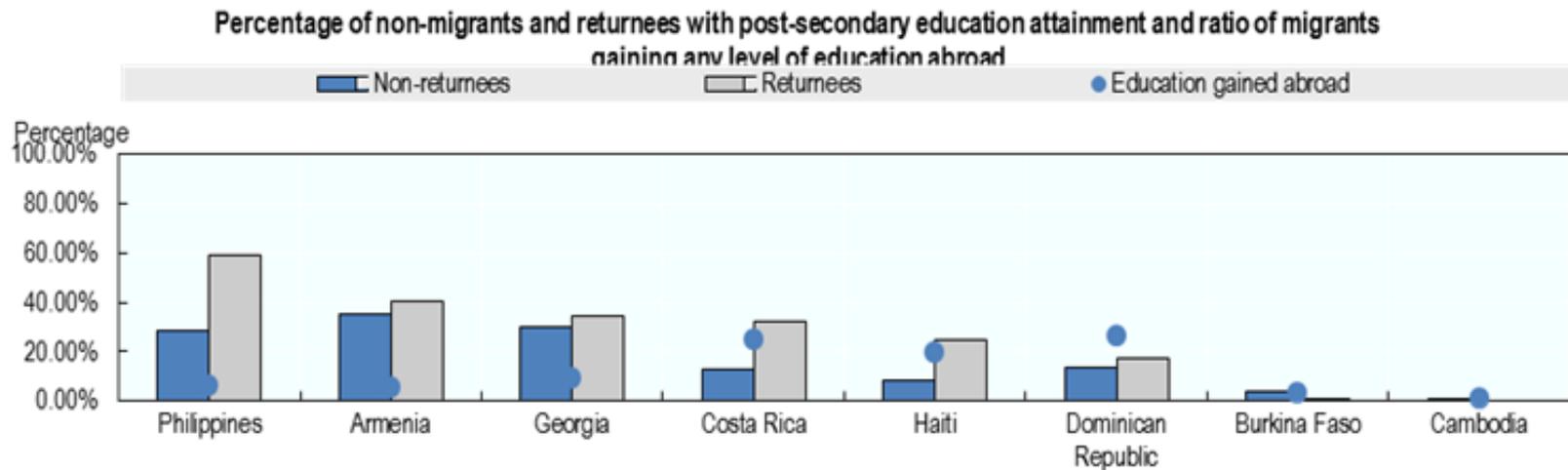




Figure-6.19. Reasons returnees came back to their origin countries

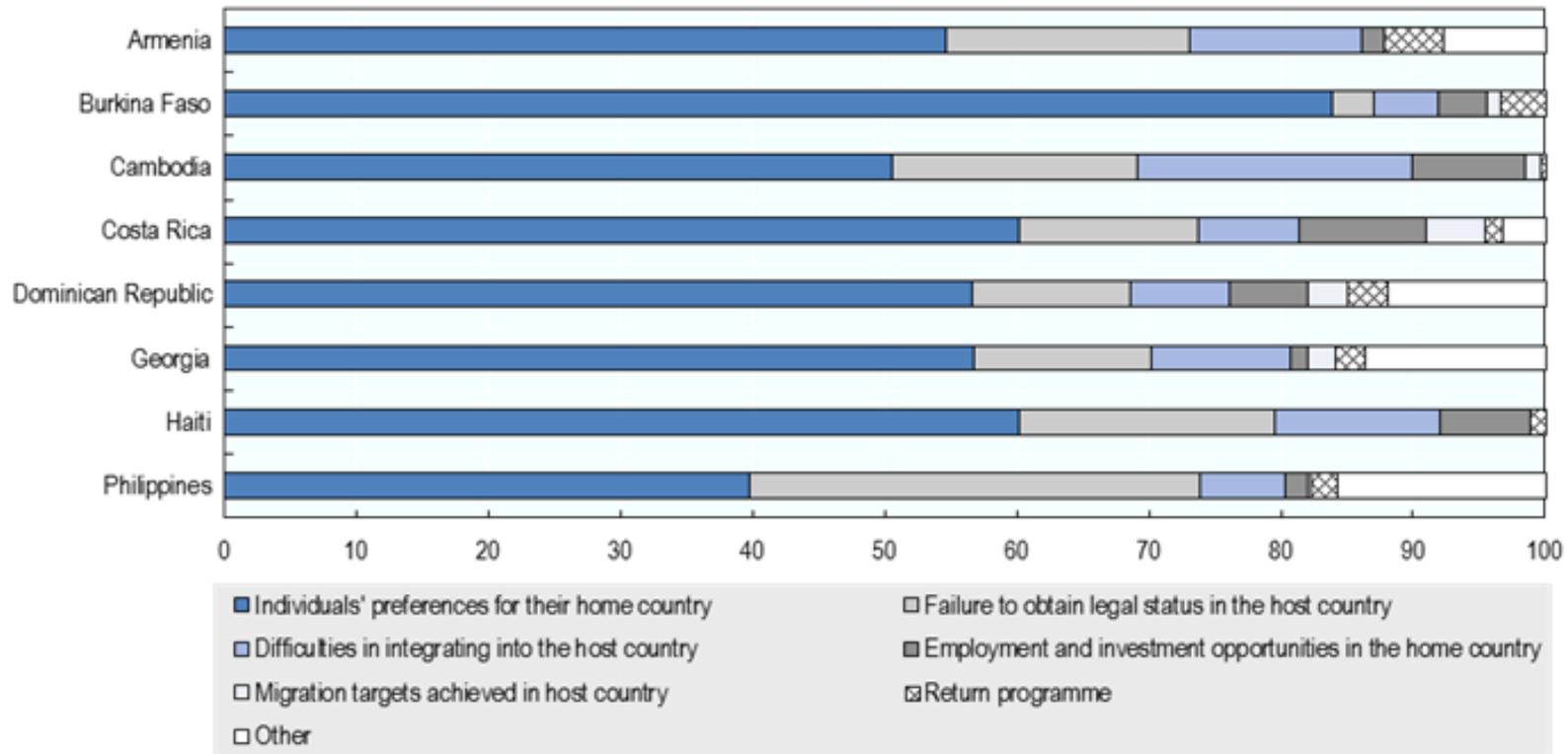




Figure 6.20 - Challenges faced in the origin countries after return

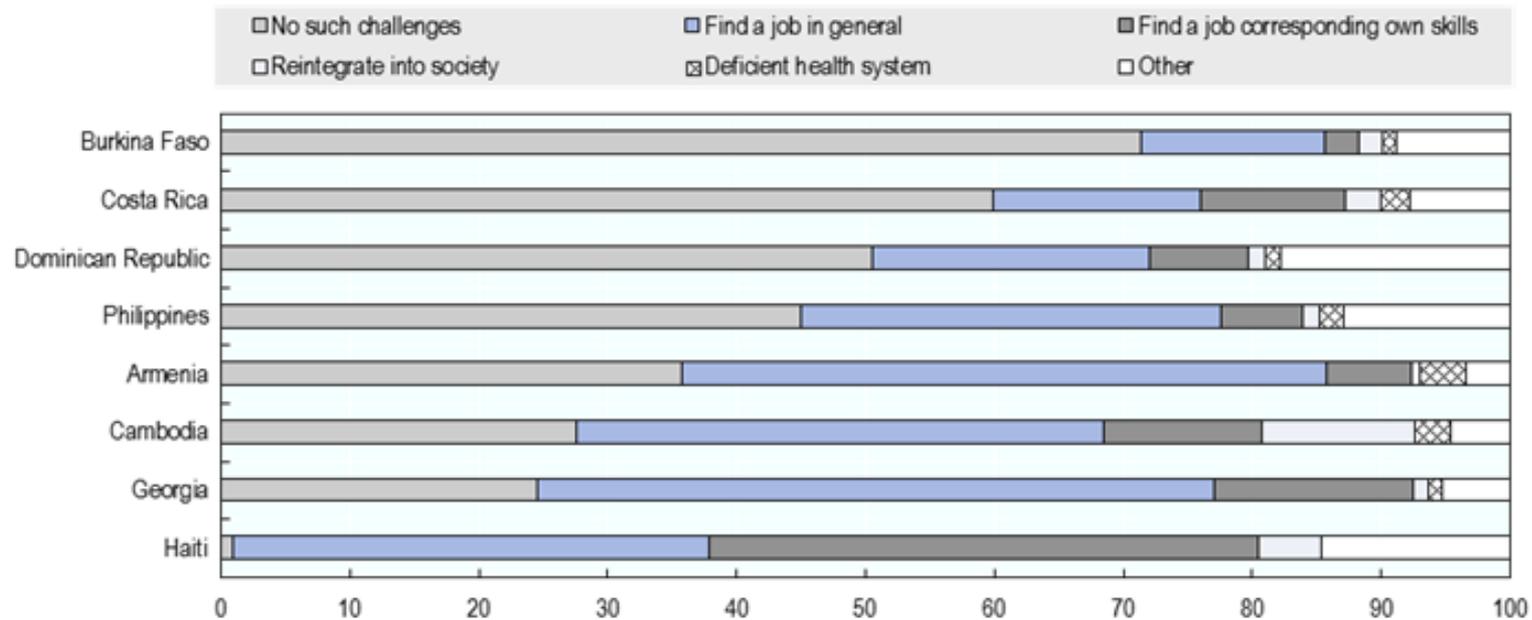




Table 2

Aid, exports, and remittances

(1990-97 Averages, percentages)

	<u>Remittances</u> GDP	<u>Aid</u> GNI	<u>Exports</u> GDP
CE Europe & Central Asia	4.16%	2.70%	37.00%
Turkey	1.96%	0.33%	17.82%
East Asia & Pacific	1.05%	3.41%	42.88%
Philippines	5.46%	1.96%	34.67%
Indonesia	0.24%	1.07%	26.82%
Latin America & Caribbean	2.17%	4.56%	27.54%
Colombia	1.16%	0.23%	17.24%
Mexico	1.19%	0.09%	21.92%
Middle East & N. Africa	7.19%	3.07%	32.20%
Egypt	8.69%	6.85%	23.84%
Morocco	6.68	2.76	26.08
South Asia	2.87%	4.68%	17.50%
Bangladesh	3.05%	4.49%	9.19%
India	1.59%	0.64%	9.70%
Sub-Saharan Africa	3.71%	15.06%	27.42%
Ethiopia	0.28%	16.89%	10.15%
Nigeria	2.11%	0.91%	43.13%
Senegal	3.04%	12.99%	28.84%

Source: World Bank data

From R Faini. 2003, Migration, Remittances and Growth mimeo.



- Trade, Migration and Aid
- Complement or substitute?



Migration is good when the country is close to the transition point

- When the economy at large is able to receive remittances and profit of them
- When the economy is able to reintegrate migrants
- In other cases migration could damage the sending country and slow down development



The market can do a lot but institutions can do more

- Social remittances from democratic countries can help
- Docquier, Lodogiani, Rapoport and Schiff (2011)



- **Which are the conditions that favour a good impact of emigration for sending countries?**
- Share of emigrant on native population
- (consumption and labour force)
- Fertility
- The level of development of the sending area.



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Peggy Lewitt (1998) coined the term “*social remittances*” to define the diffusion of ideas, values, beliefs, norms of behavior, practices, and social capital.

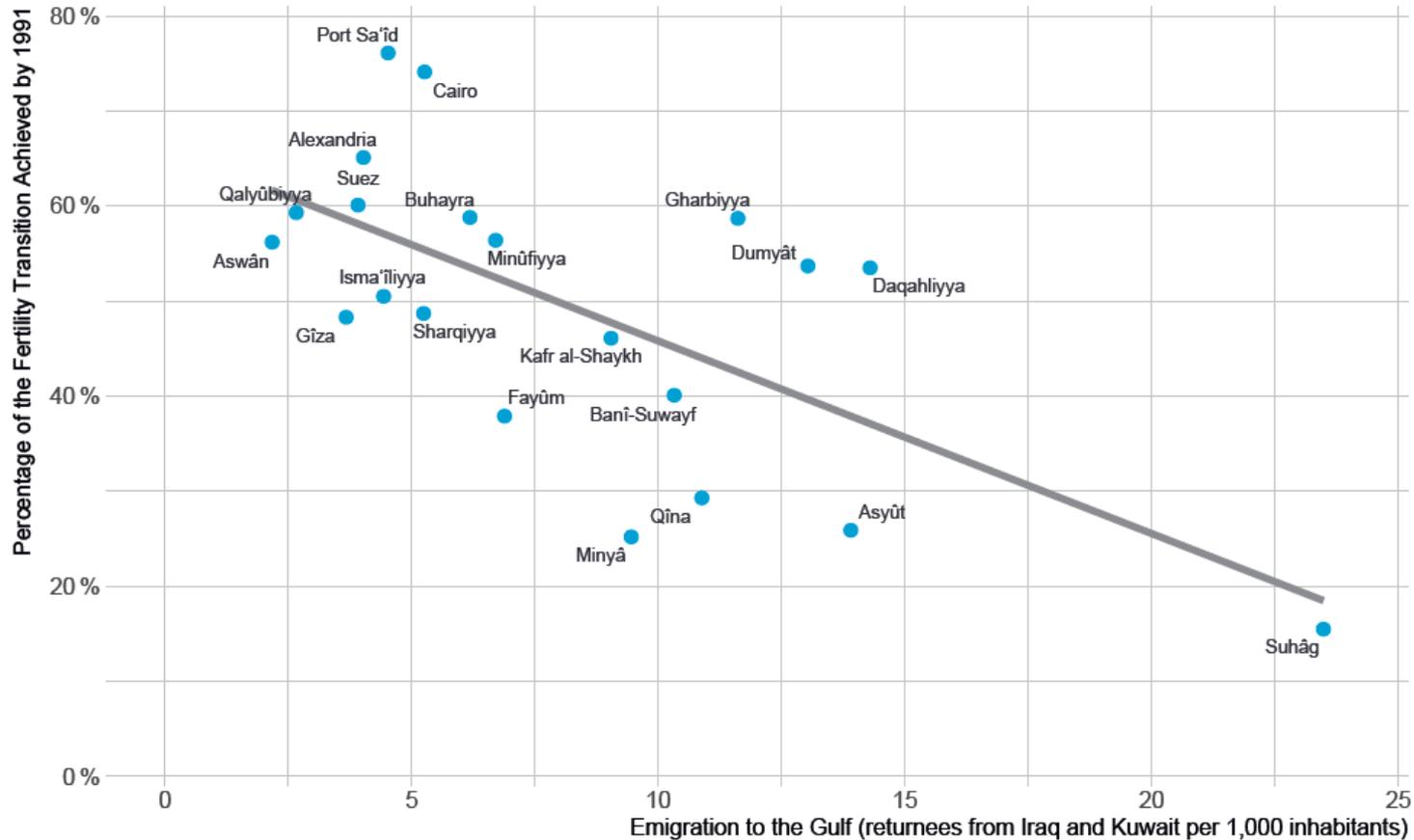
Since then social remittances have been understood as non-financial assets acquired as a result of migration and eventually transferred to others, usually the home regions of migrants.



- Three conditions are necessary for the transfer:
- first, the migrant has to adopt different behavior and to understand and like the alternative way of organizing society that is prevalent in the destination country;
- second, he or she has to bring back home these differing ways of life; and
- third, the home society – meaning family, civil society, and institutions – has to be ready for a change.



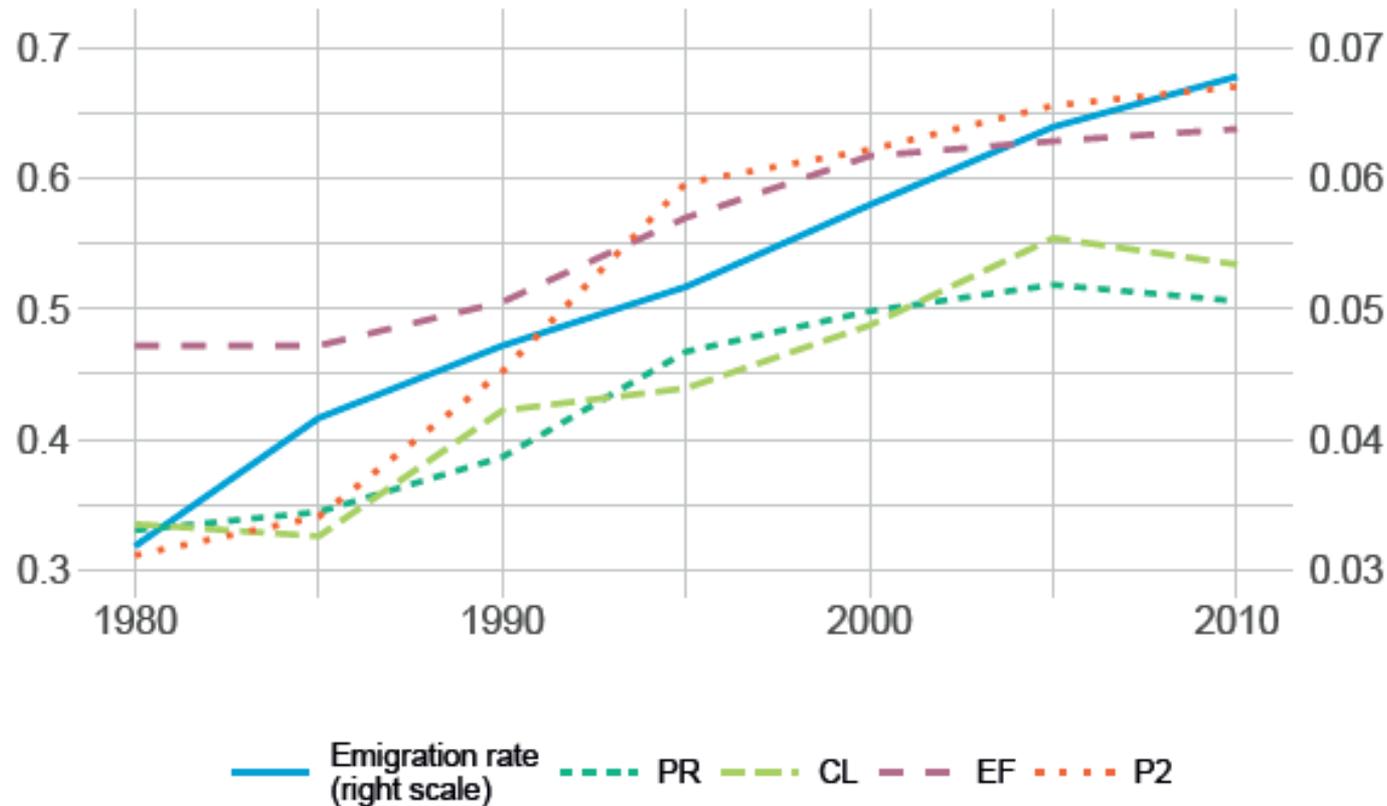
Figure 4.6 Emigration to the Gulf and the transition of fertility in Egypt at the time of the Gulf war, 1991



Source: Own elaboration based on Fargues 2007, p.175.



Figure 4.7 Democracy and emigration rates over time, 1980-2010



Source: Docquier et al. 2016.

PR political rights, CL Civil liberty, EF Economic Freedom of the World, P2 Composite index Polity2



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