



The effect of trade and aid policy on the sending countries

Economics of Migration in Europe
Lesson 11

Professor Alessandra Venturini



UNIVERSITÀ DEGLI STUDI
DI TORINO



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
see 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



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:

- 1) the migrant has to adopt different behaviour and to understand and like the alternative way of organizing society that is prevalent in the destination country;
- 2) he or she has to bring back home these differing ways of life;
- 3) 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

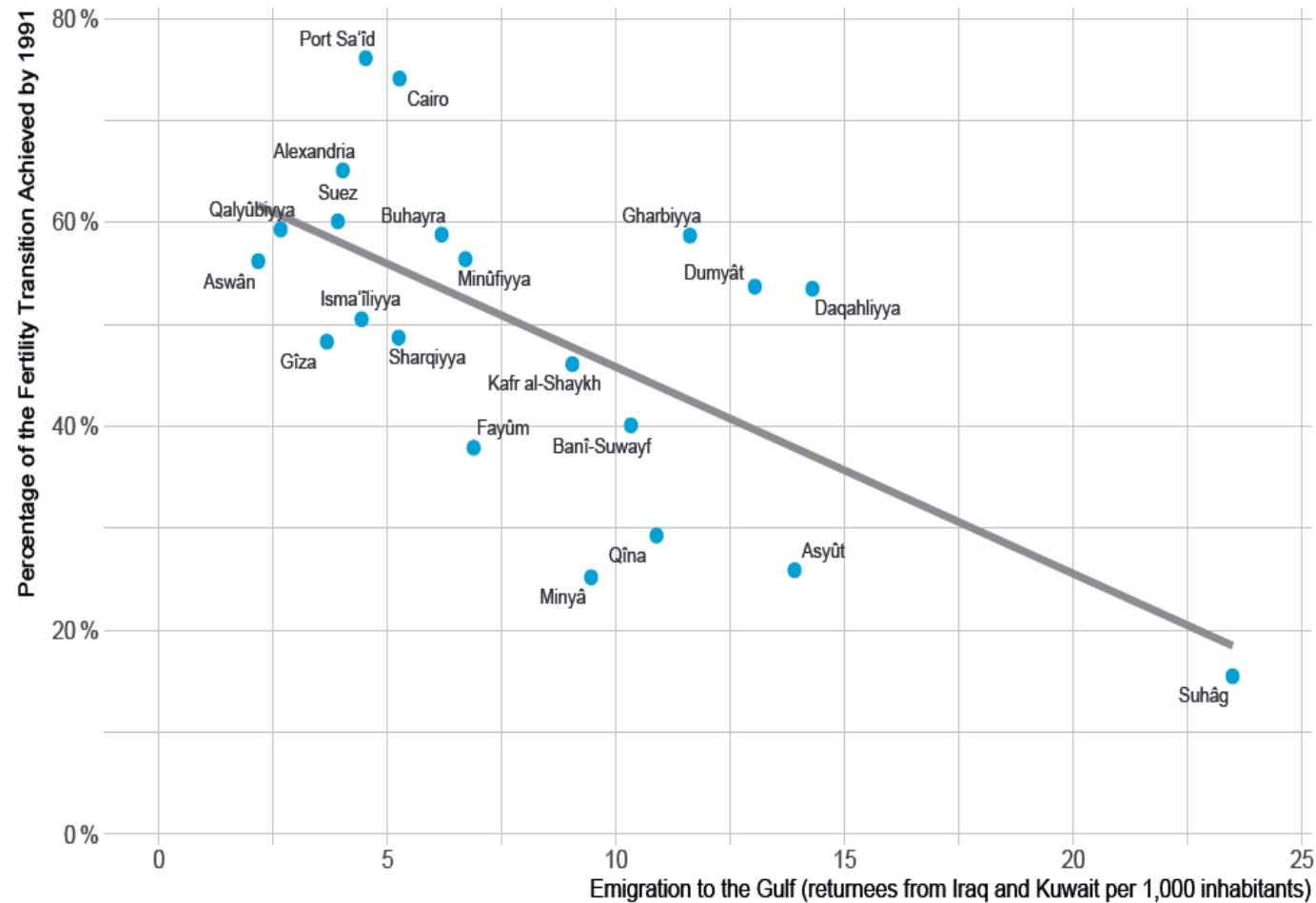
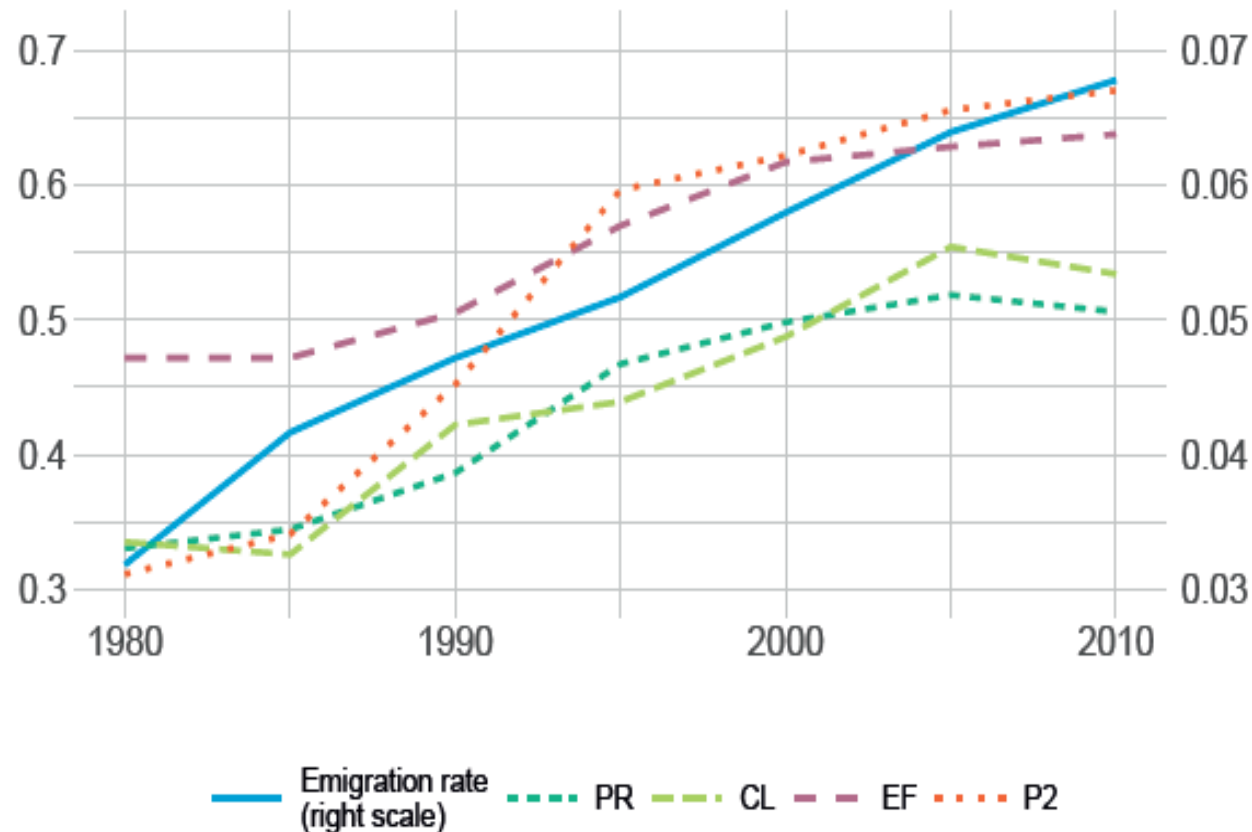




Figure 4.7 Democracy and emigration rates over time, 1980-2010



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



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