

Migration and families left behind

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Lecture outline

1. Labour migration
 1. Definition, key economic questions, trends
 2. Migration and remittances
 3. The case of internal migration in China
2. Migration and families left behind: theoretical mechanisms
3. Empirical challenge of measuring a causal impact
4. Some evidence on poverty, education, health and labour allocation

What is migration?

- **Definition:** Any “permanent” change in residence.
- In *versus* Out
 - **Immigrants:** people migrating into an area;
 - **Emigrants:** people migrating out of an area.
- Internal *versus* International
 - **Internal:** Migration within the same country
 - May cross political boundaries (state to state, county to county);
 - Typically rural to urban in the process of development.
 - **International:** Cross country boundaries
 - Legal *versus* illegal.
- Voluntary *versus* Forced migration
 - **Forced:** African Americans; refugees and asylum seekers;
 - **Voluntary:** *labour migration*, family reunification, educational opportunities.

Labour migration

- Population movements very frequent both internationally and within countries: at the centre of many socio-economic and political debates.
- **Rural-urban migration** is a phenomenon associated to the development process
 - positive development factor: move labour force from the rural sector to the industrial one
 - negative aspects: unemployed migrants end up in slums at the edges of cities, in sheer poverty
- **International migration** also causes a vast amount of discussion from the point of view of sending as well as receiving countries

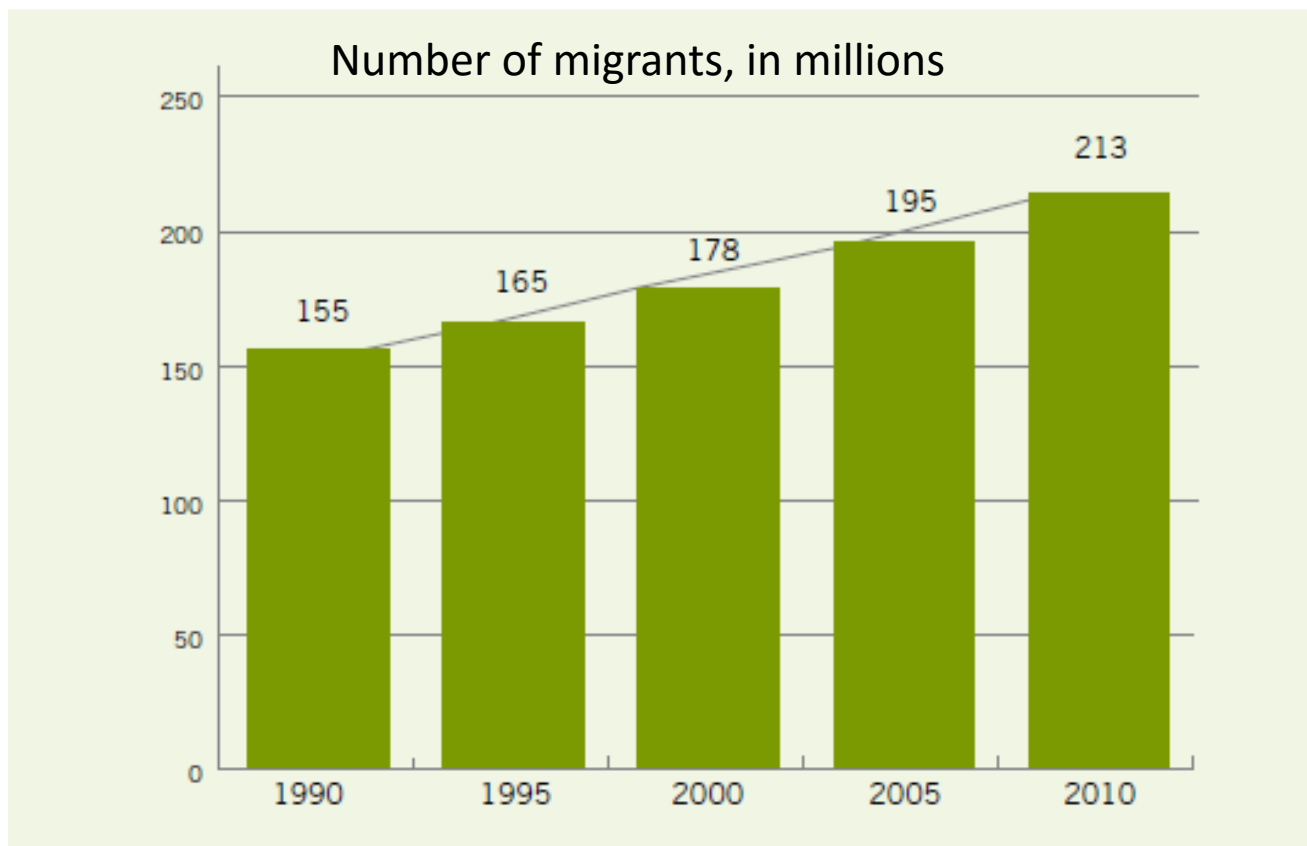
The economic analysis of migration

- Economic theory of (labour) migration concerned with **3 questions**:
 - why migrate? (or what are the *causes* of migration)
 - who migrates?
 - what are the *consequences* of migration for *source* and *destination* countries?
- Key insights from the existing empirical literature:
 - Causes of migration: Geographical disparities in **economic opportunities** and **migration costs** are key drivers of labour flows.
 - Impact in host economies: depends above all on how the immigrants' **skills** compare to the natives' in the host region.
 - Migration impact in sending regions: no conclusive outcomes (debate on **brain drain/brain gain**; vulnerable population left behind).

Migration trends

- About **one billion** of people worldwide live and work outside their country of birth or outside their region of birth within their own country.
- Sharp increase in the number of **international migrants**:
 - 232 million international migrants (or **3.2% of world population**) in 2013, up from 175 million in 2000.
 - Probably underestimates the true magnitude because of undocumented migrants.
- Women constitute almost half of the world's international migrant population.
- Close to half of total international migrant stocks are **labour migrants** and a substantial proportion – between 10 and 15% – may be illegal (ILO estimates).

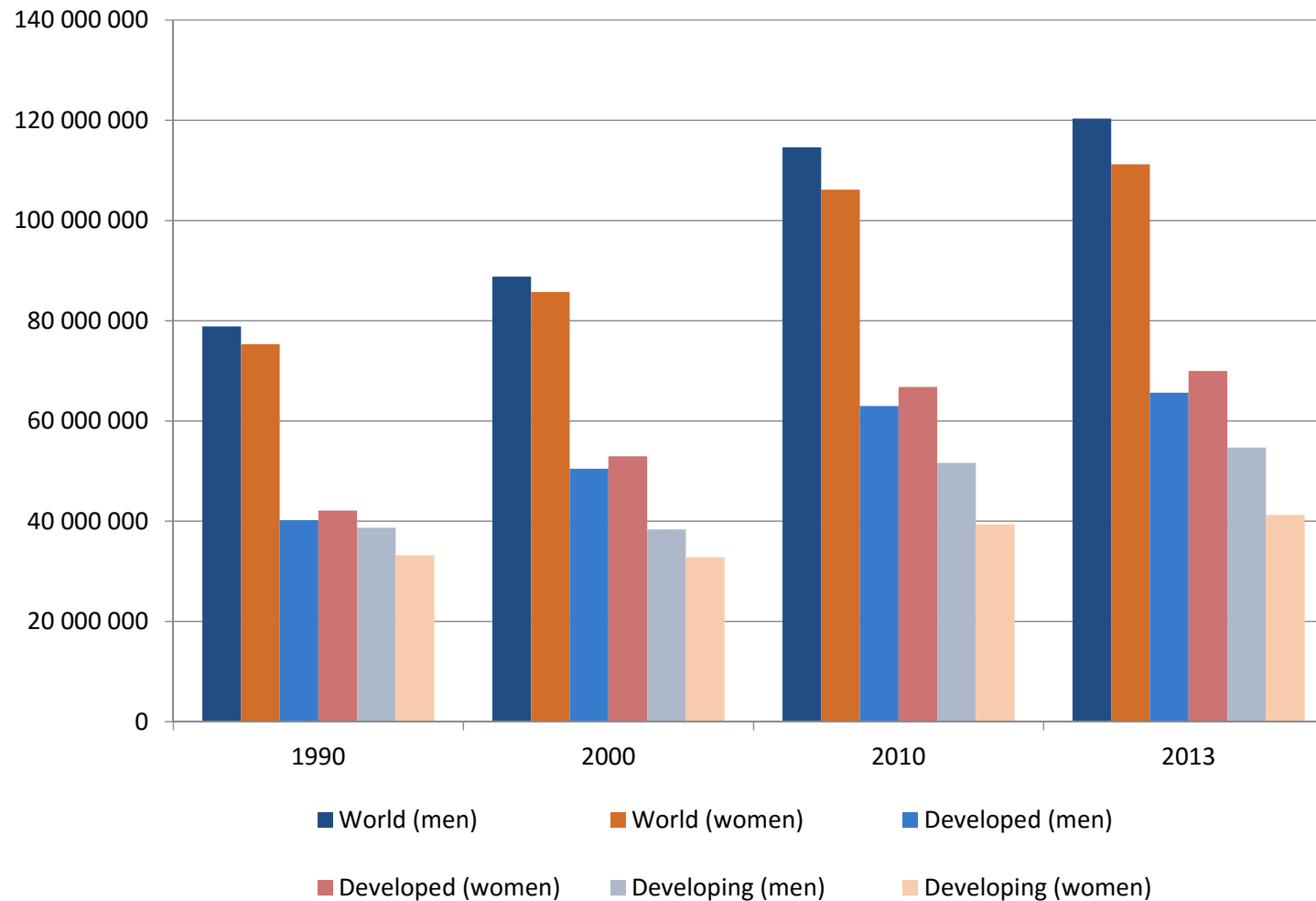
Trends in total international migration, 1990–2010



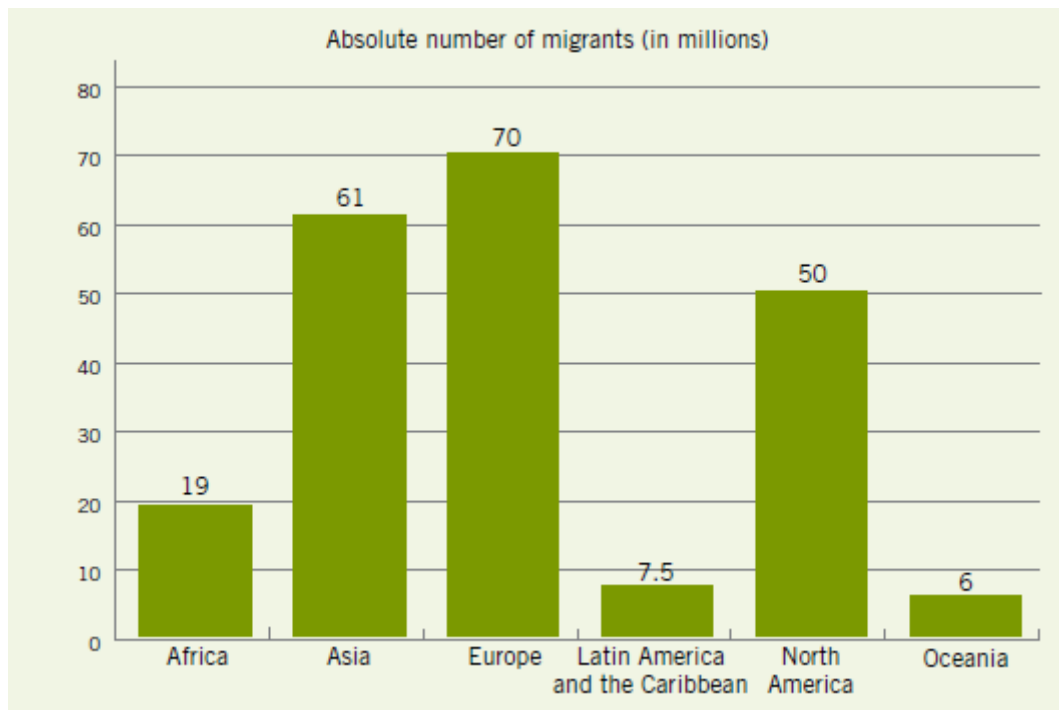
Source: *Perspectives on labour economics for development*, ed. by S. Cazes & S. Verick; International Labour Office, ILO, 2013

Trends by gender and destination

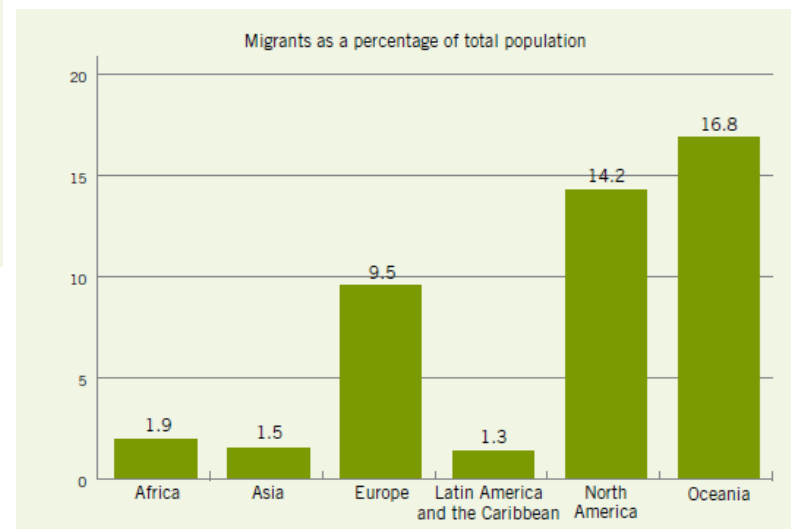
International migrant stock (by destination)



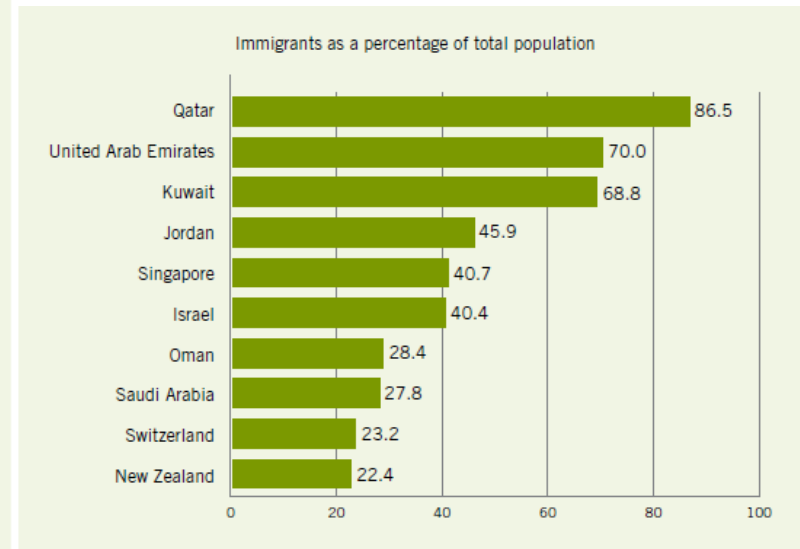
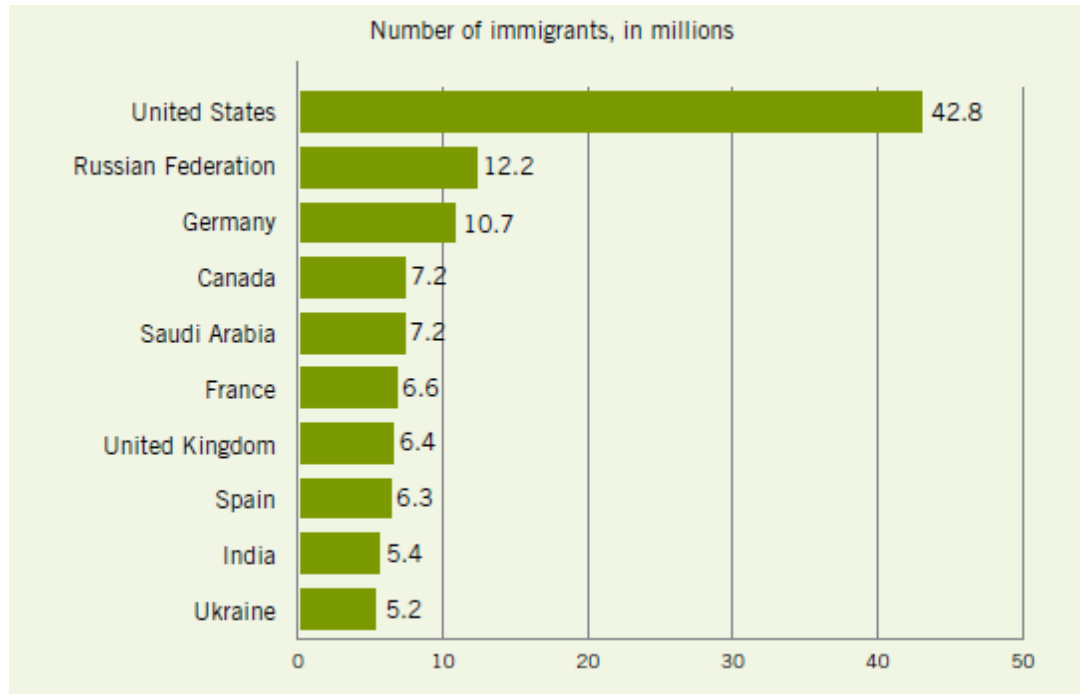
Stock of migrants by destination region, 2010



- Large regional disparities in the spatial distribution of migrants across world regions.
- The higher the level of economic development, the larger the number of international migrants



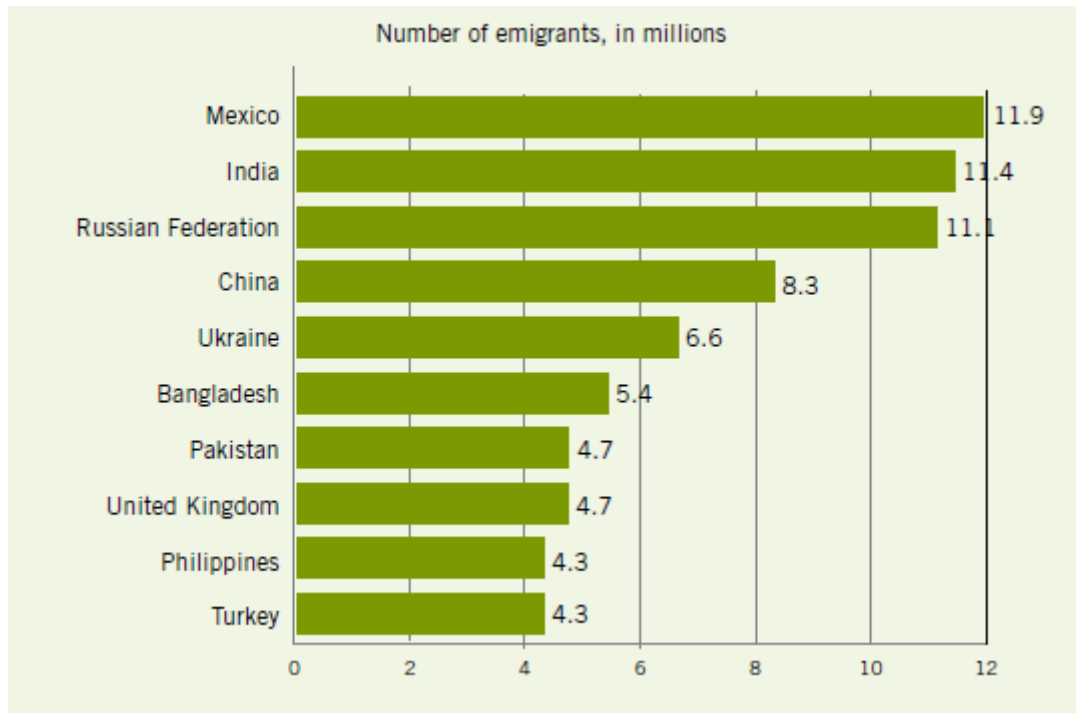
Top ten destination countries, 2010



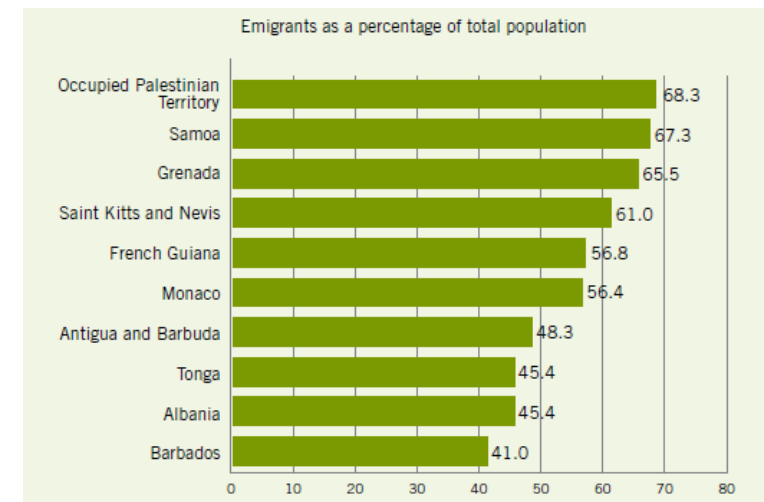
Source: ILO, 2013

- US: 13% of the American population.
- France: 10% of the population.

Top ten emigration countries, 2010



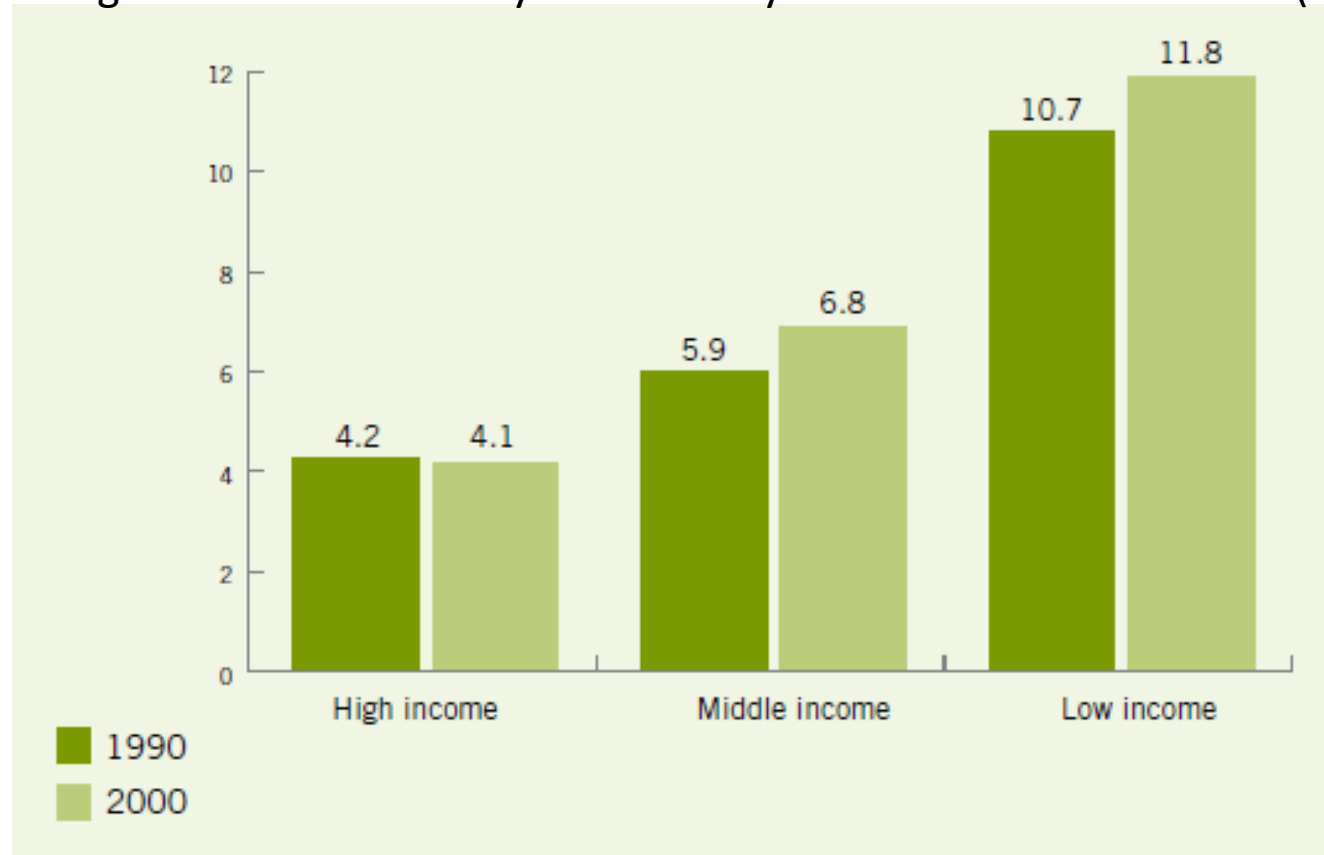
Source: ILO, 2013



- Mexico: 10% of the Mexican population lives abroad.
- India: 1% of the Indian population lives abroad.

Skilled emigration

Emigration rate of tertiary educated by income level of countries (%)



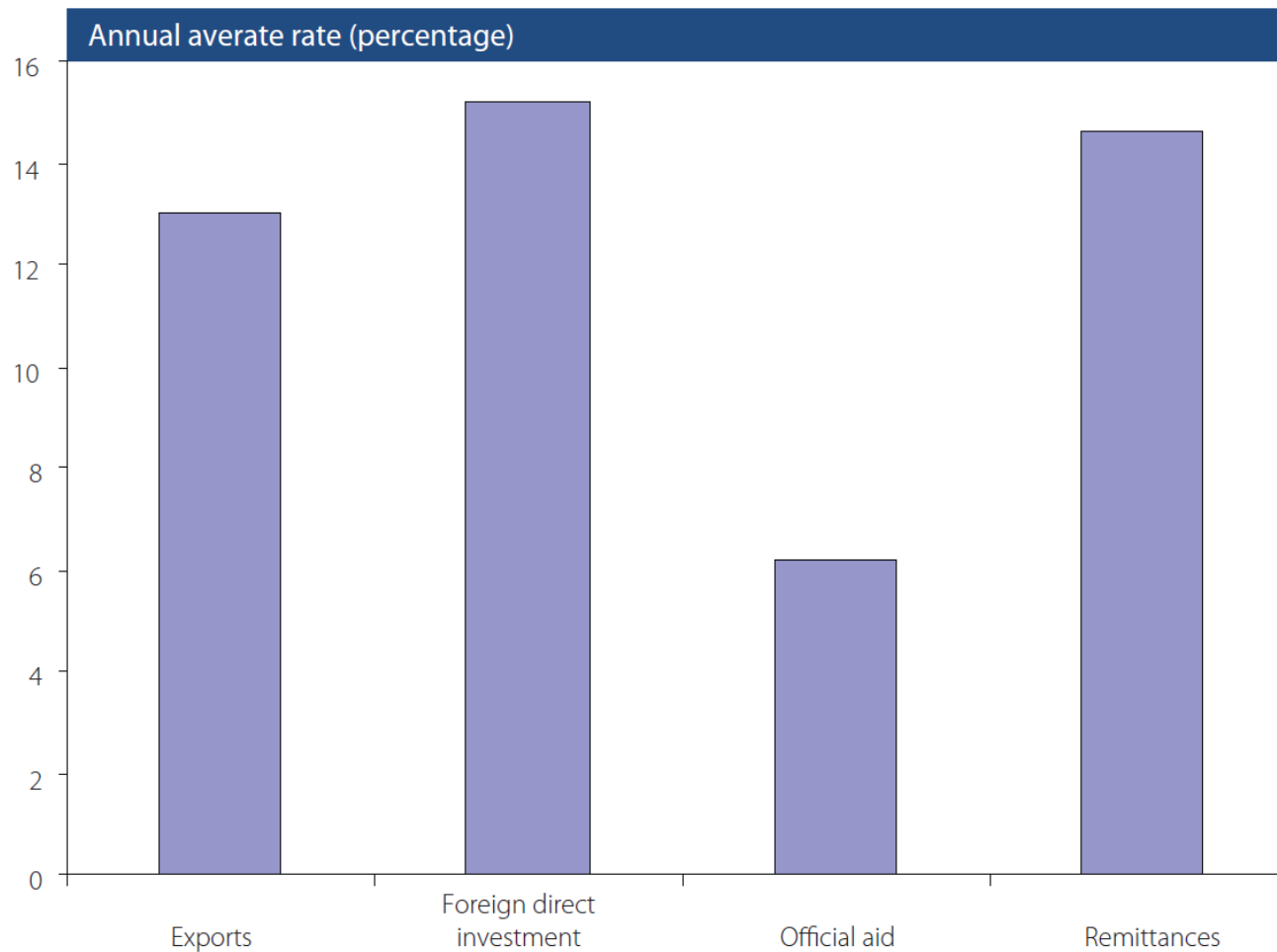
- Skilled emigration disproportionately affects poor countries.
- Emigration rate of individuals with tertiary education about 12% in low-income countries, compared to 4% in high-income countries

Labour migration and remittances

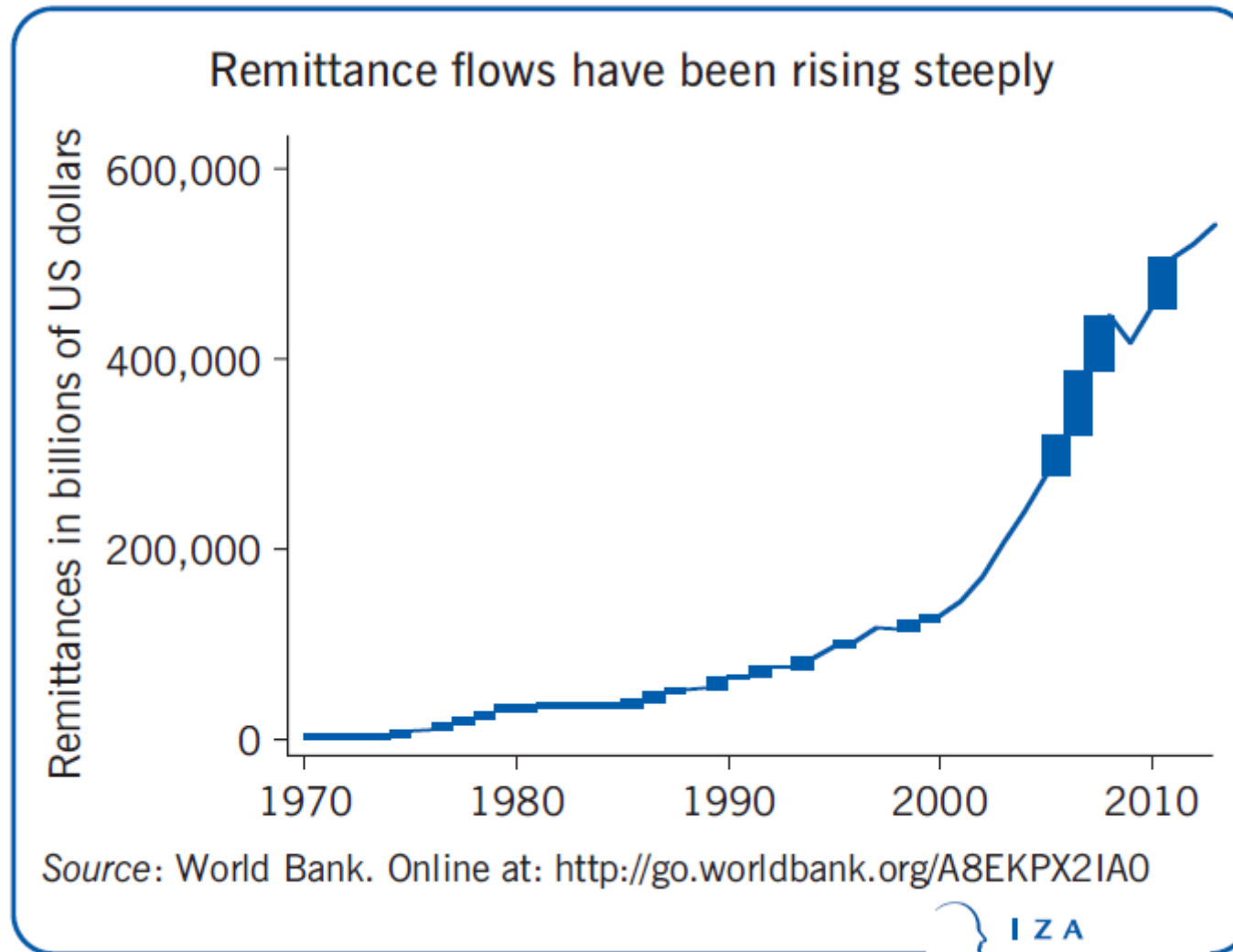
- Migrant remittances: an essential element of labour migration.
- Sharp increase over the past 15 years: the inflow of remittances to developing economies **multiplied by 6**, from \$56 billion in 1995 to \$334 billion in 2010.
- At the **macro level**, amounts are very significant:
 - In 1995-2008, only FDI grew faster than remittances. The average rate of growth of remittances doubles that of international aid;
 - Since the mid-90's, remittances amount to more than international aid;
 - In some countries, remittances are as large as FDI.
- For **recipients households**, amounts can also be significant.
 - In 2007, remittances represented 60% of the income of the poorest 10% in Guatemala.

Recent trends in remittance flows

Figure 8: Evolution of financial flows to developing countries, 1995-2008

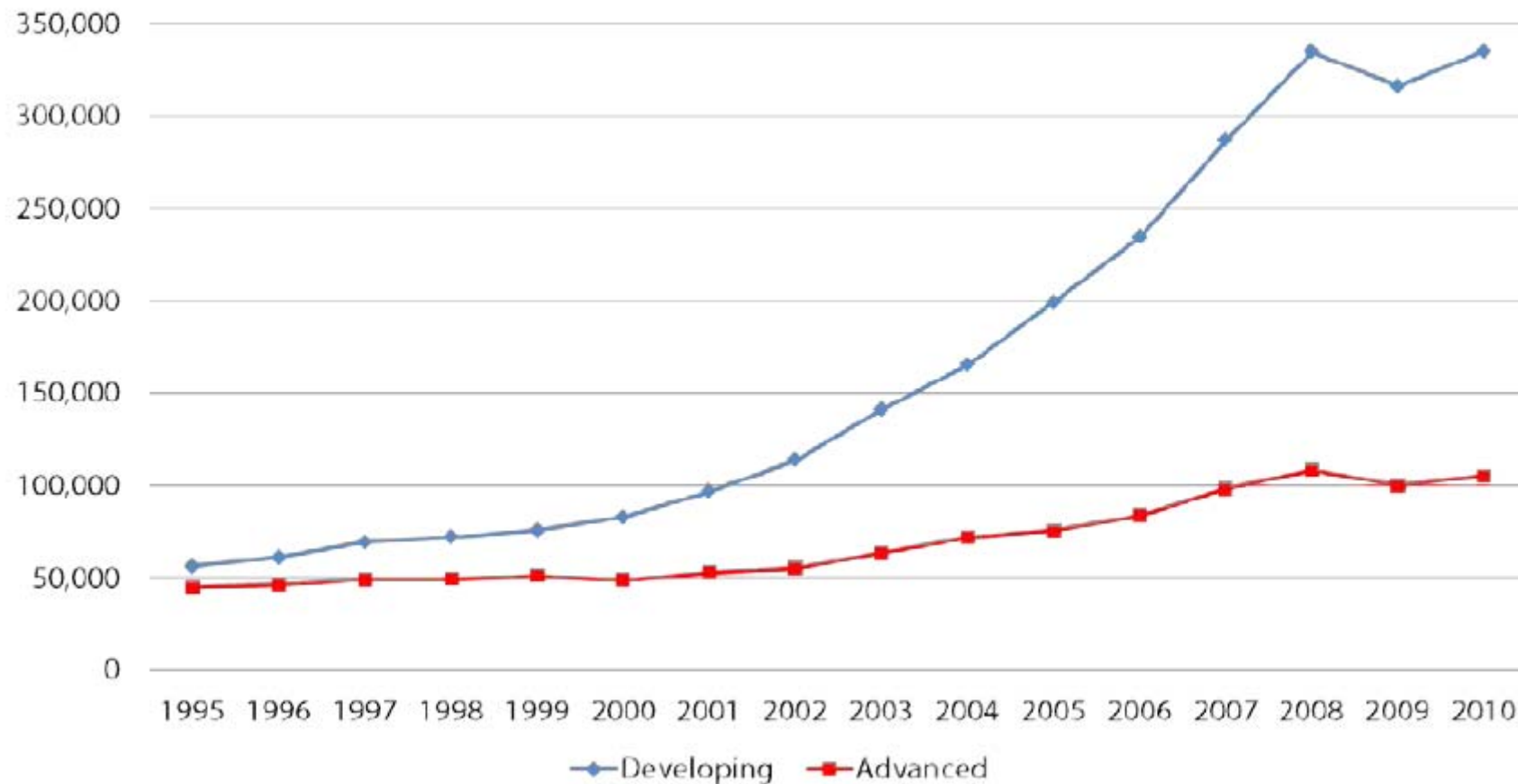


Recent trends in remittance flows



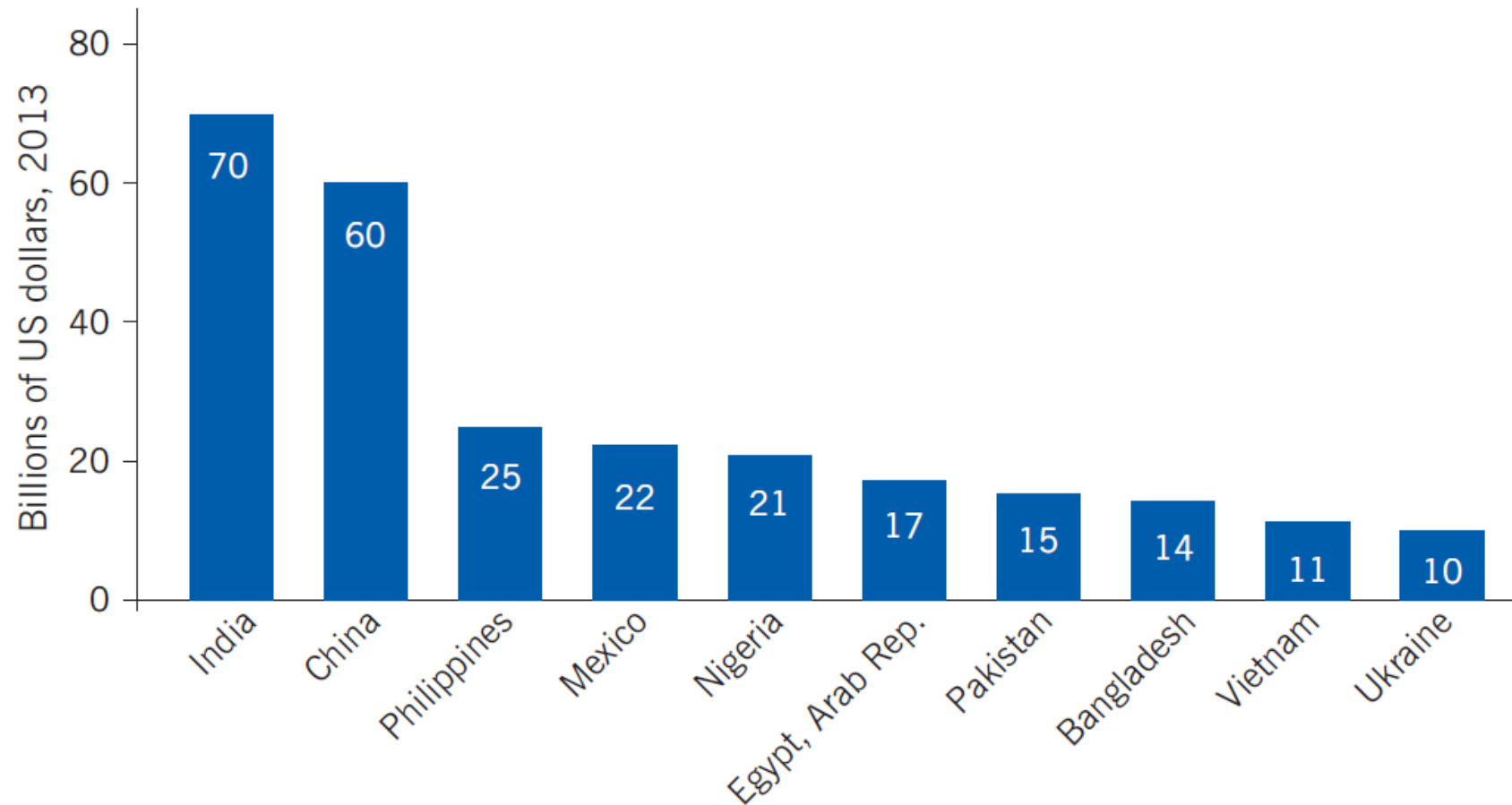
Recent trends in remittance flows

Chart 4.1: Remittances received by advanced and developing countries, 1995–2010 (US\$ millions)



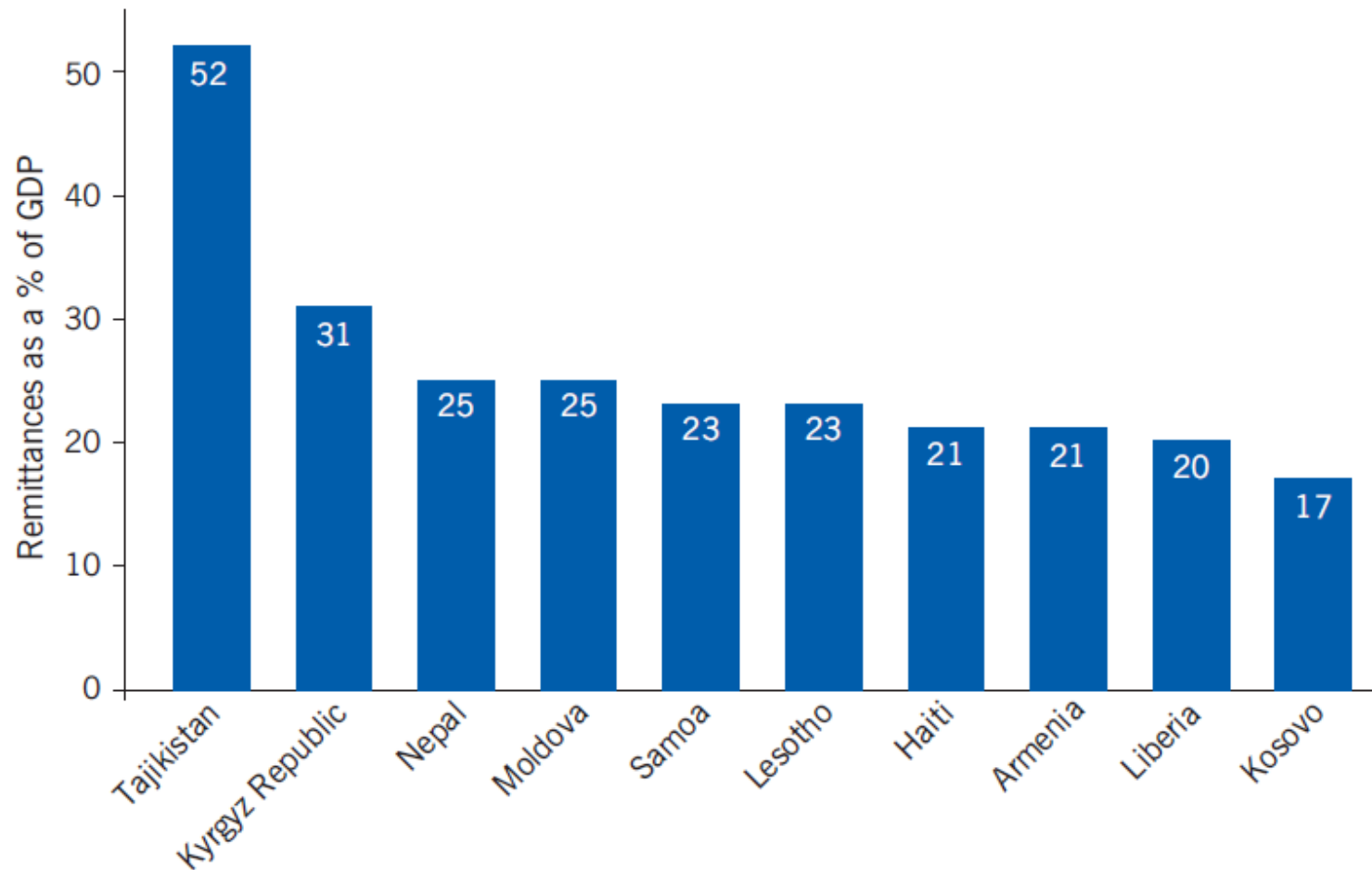
Source: Calculated using data from World Bank, *Migration and Remittances Fact Book 2011*

Remittances to some countries are sizable



Source: World Bank. *Migration and Remittances: Recent Development and Outlook*. World Bank Migration and Development Brief No. 22, 2014. Online at: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1288990760745/MigrationandDevelopmentBrief22.pdf>

Remittances account for large shares of GDP in some countries



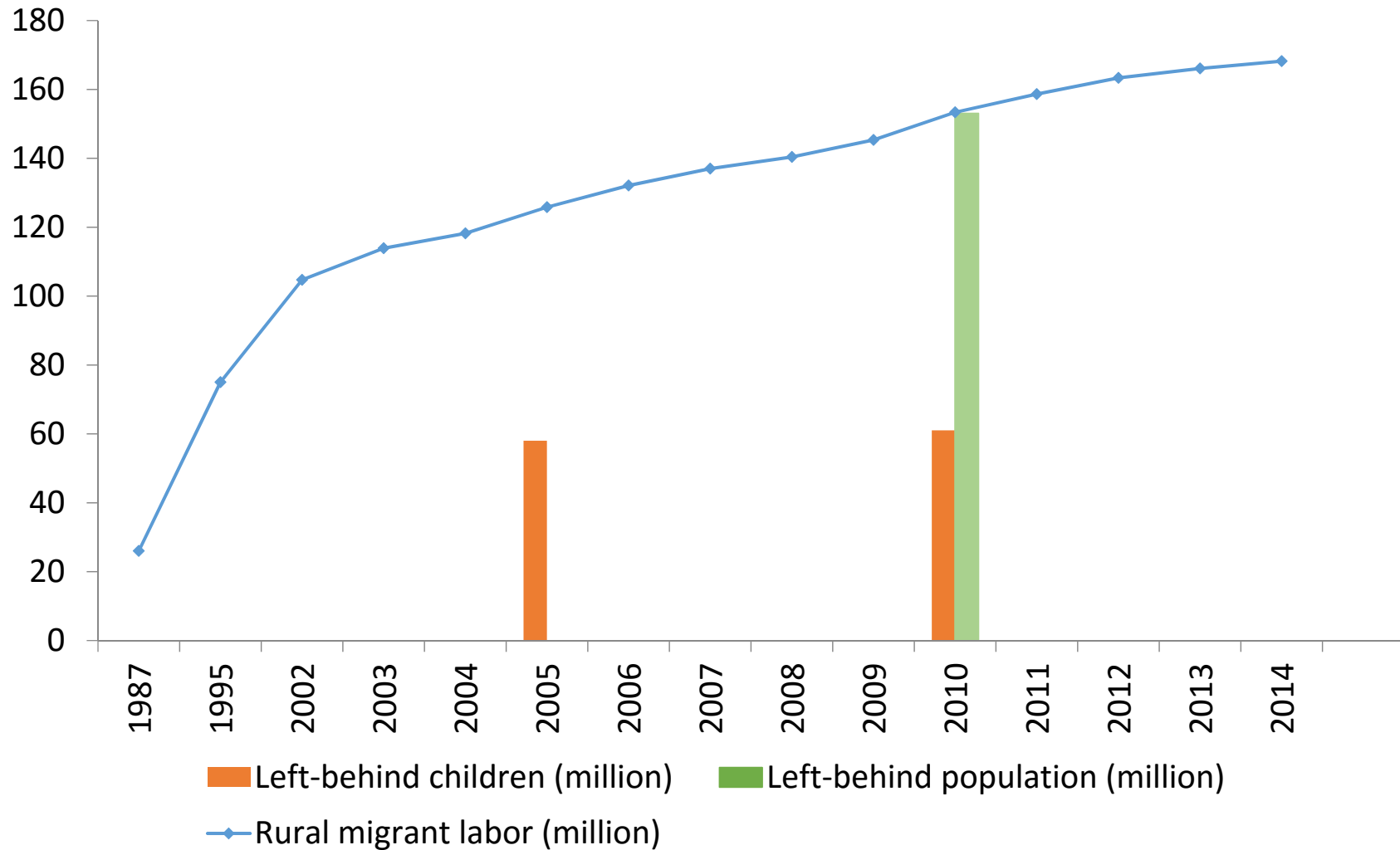
Source: World Bank. *Migration and Remittances: Recent Development and Outlook*. World Bank Migration and Development Brief No. 22, 2014. Online at: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1288990760745/MigrationandDevelopmentBrief22.pdf>

The case of internal migration in China

- Massive internal labor migration: one of the most significant changes in China's labor market since the early 2000s.
- “If China is the world's factory, then migrants have clearly been the factory hands manning the factory floor” (Lee & Meng, 2010).
- **Labor migration:**
 - Mostly rural-to-urban labor migration; but also rural-to-rural and urban-to-urban.
- **168 million** rural workers employed outside their hometowns in 2014; more than **a quarter of urban labor force**.
- About **one in every five** Chinese people live in a place different from where they are registered.

Estimated number of migrant workers

Increasing migration flows and family left behind in China

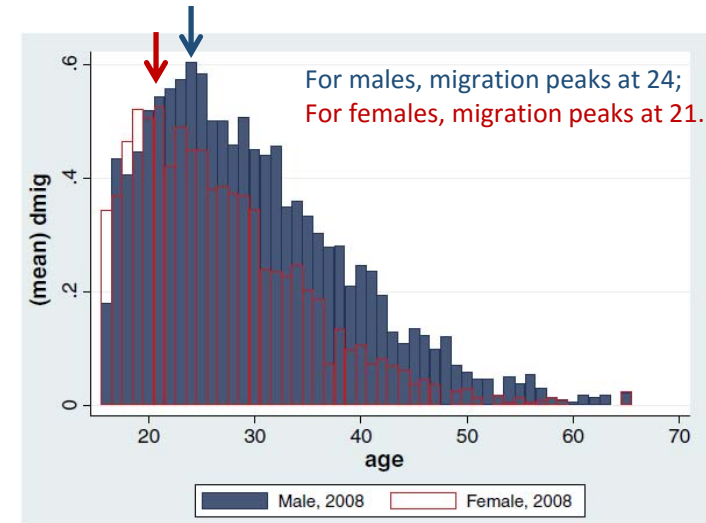


A complex phenomenon

- Migration long been regulated and restricted through the ***Hukou system***:
 - Every Chinese citizen registered as resident in a particular place.
 - Overarching agricultural vs. non-agricultural (“rural” vs. “urban”) status.
 - Local vs. non-local status.
 - Both very difficult to change (requires official approval).
 - Access to welfare benefits differentially available to people with “urban” and “rural” registration
- Migrant workers are very mobile:
 - Seasonal migration / Frequent change in migration destinations and jobs
 - Moves may be intended as “temporary” or “permanent”.
- People may move with or without their families.

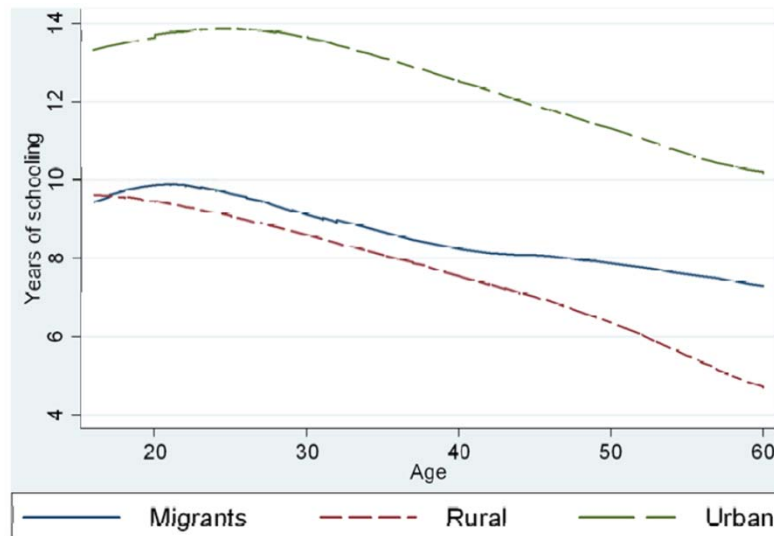
The demographics of migrant workers

- Young (37% under 26);
- Male (about 2/3);
- Poorly educated: 70% did not go beyond the 9-year compulsory education;
- From central (38%) and western (33%) provinces.

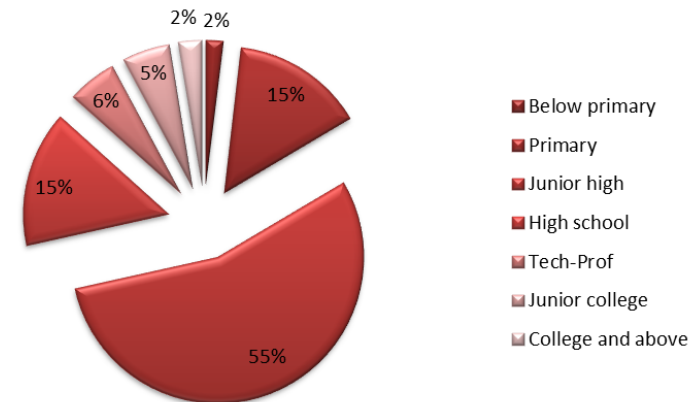


Source: RUMiCI Migrant Survey 2008

Fig. 7. Proportion of rural labour force migrated by gender and year.



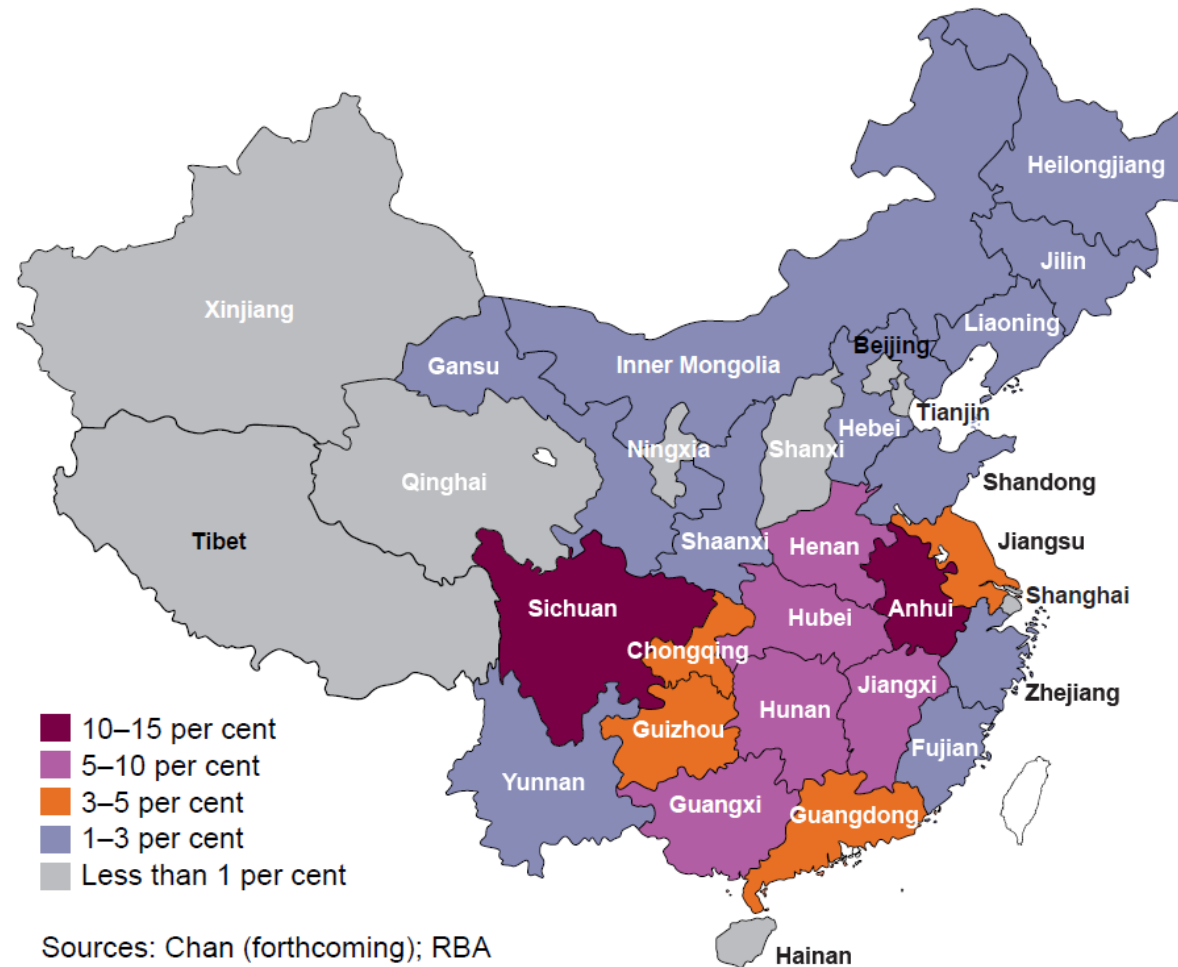
Migrants' educational level distribution



Regional flows: source provinces

Figure 1 Rural–urban Migration: Source Provinces 2000–2005

Total outward migration by province, share of total inter-provincial outward migration

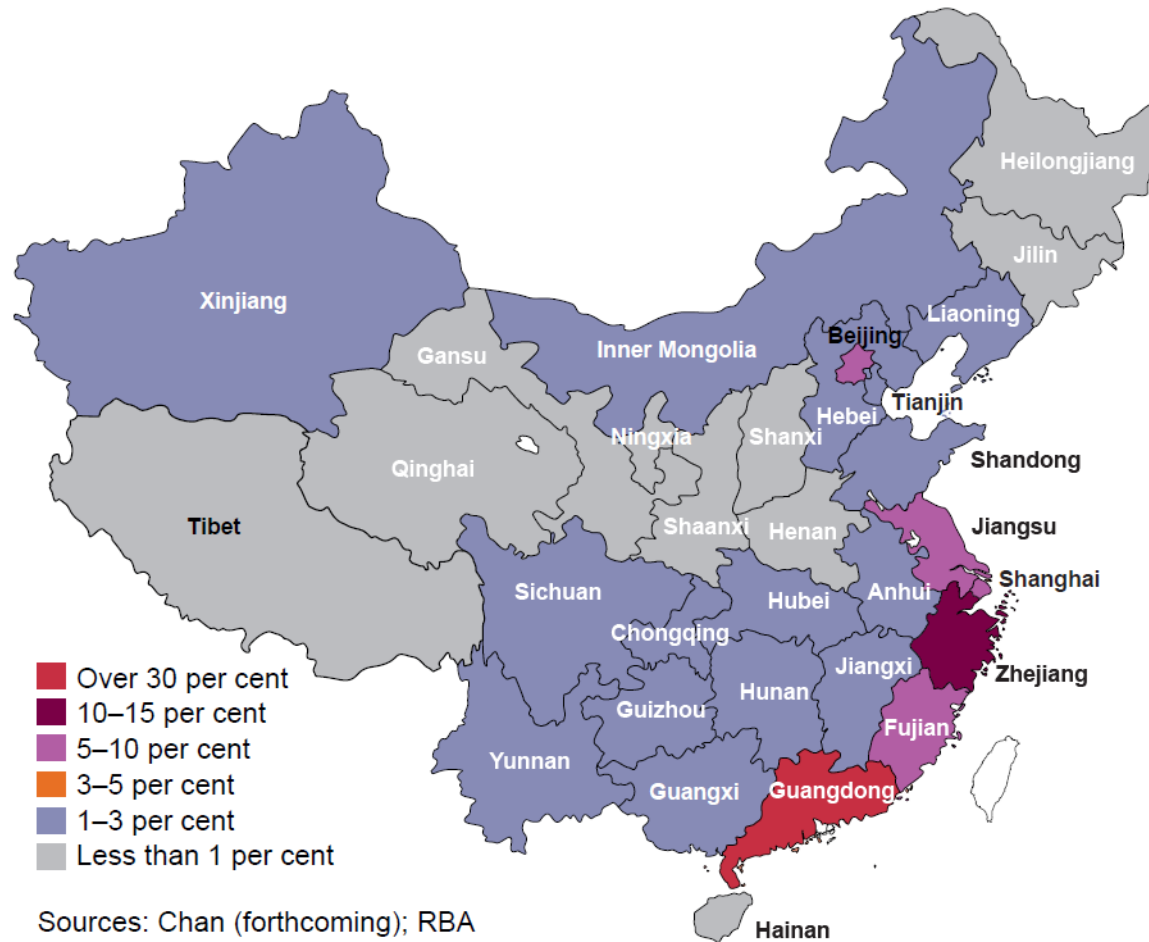


Source: Rush, 2011.

Regional flows: destination provinces

Figure 2 Rural–urban Migration: Destination Provinces 2000–2005

Total inward migration by province, share of total inter-provincial inward migration



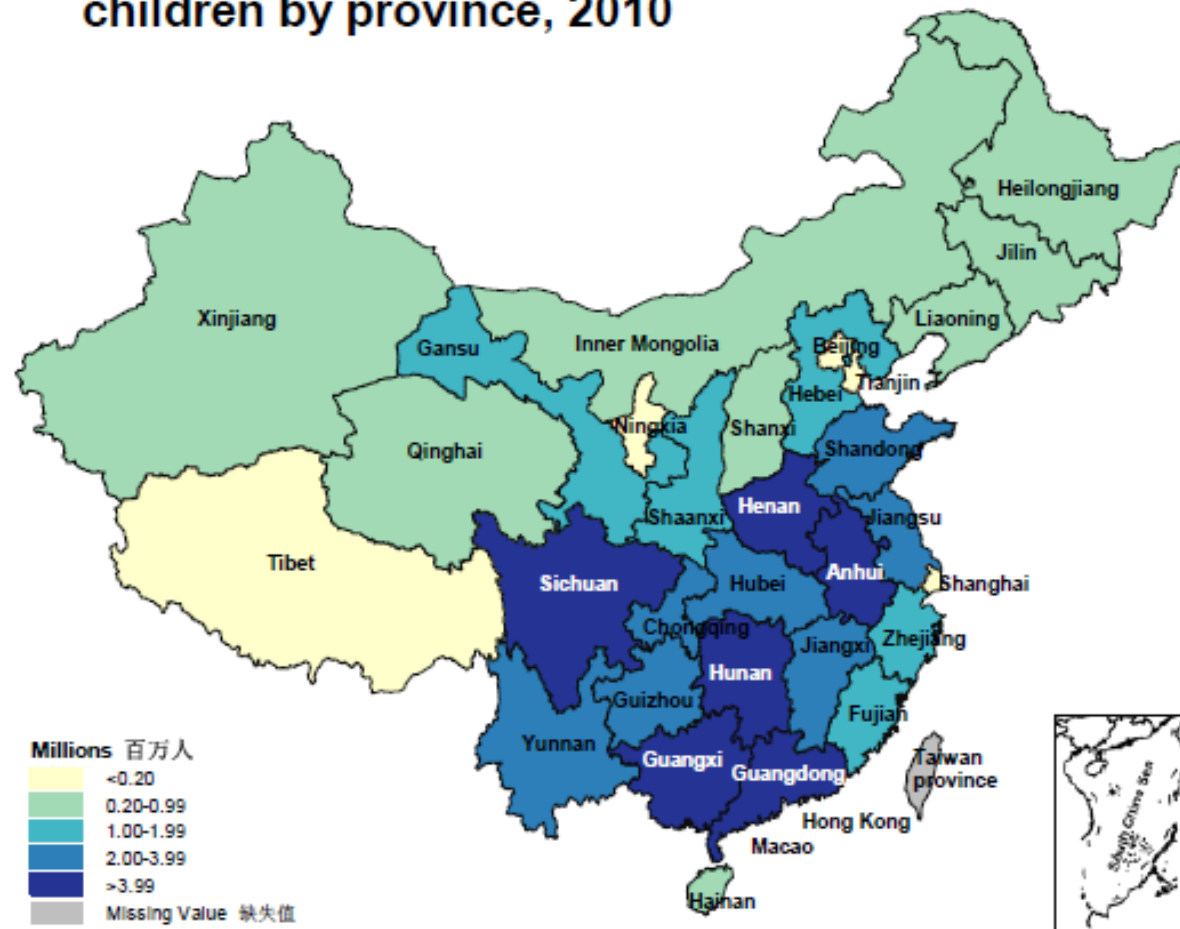
Source: Rush, 2011.

Migration and families left behind in China

- 2010 Census: Estimated number of children left behind in rural areas by at least one migrant parent: **61 million**
 - 37.7% of the total population of rural children
 - 21.9% of the total population of children nationwide
- Among left-behind children, 47% have two migrant parents, 36% have a migrant father, and 17% have a migrant mother.
- Estimated **47 million wives** and **45 million elderly** also left behind in the countryside by their migrant family member(s).
- In 2011, among school-age children of migrant workers:
 - 12.6 million were attending schools for compulsory education in cities
 - 22 million left-behinds were attending schools for compulsory education in rural areas.

Migration and families left behind in China

Figure 6b: Number of rural left-behind children by province, 2010



Source: UNICEF (2013); National Bureau of Statistics, 2010 Population Census.

Impact of migration on sending communities

- Labour migration economically benefits the family at home through **financial transfers**.
 - **Remittances**: ease liquidity and budget constraints / improve households' long-term welfare through investments in health care and education.
- **Social cost** that migration imposes on families left behind through the loss of a member's time inputs to both market and household production: multiple adverse effects of **physical absence** of the migrant on family members' education, health, labour supply response, and social status.
- Identifying the impact of migration on family members who remain is an **open empirical question** with inconclusive evidence.

Migration and families left behind

- How does migration affect sending communities?
 - Income / wealth/ poverty;
 - Household labour force allocation;
 - Household human capital (education, health);
 - Intra-family roles and the transfer of norms.

Migration and families left behind

Pros

- Additional income through remittances, which can support household consumption and investment.
- The income effect can reduce the need for child labour and increase children's schooling, notably for girls in developing countries.
- Remittances can enable families to improve sanitation, health care, and nutrition and may also fill in for missing formal health insurance mechanisms in the short run.
- Remittances can enable family members who remain behind to engage in higher-risk, higher-return productive activities.
- Where most migrants are men, migration may strengthen the bargaining power of women who remain behind.

Migration and families left behind

Cons

- Heavier burden on those who stay behind, who must make up for the lost employment and spend more time on household chores.
- The absence of the main caregiver can increase children's probability of dropping out of school and delay school progression.
- Disrupted family life can also lead to poor diets and increased psychological problems.
- Migration may reduce incentives for education when perceived future returns to education are low because of expectations of migration.
- Migration can reduce labour force participation for family members left behind, especially for women.

Measuring the causal impact of migration

- The decision of whether or not to migrate (or whether or not to send remittances) has far-reaching consequences for the lives of individuals and their families
- But the very nature of this **choice** (which depends on many observable and unobservable characteristics) makes identifying the impacts of migration difficult
- Hard to measure a **credible counterfactual** of what the migrant and their household would have been doing *had migration not occurred*
- Typical research strategy:
 - Use household survey data from the sending community and compare households where some members have migrated to those where no one has migrated
 - Yet, *non-random selection* of migrants from the population, which makes it hard to obtain an appropriate comparison group of non-migrants.

Measuring the causal impact of migration

- **Challenging task:** Migration is a **choice** variable
- Example 1:
 - Suppose we observe that children are more likely to attend school in households with a migrant than in households without a migrant.
 - Income effect of remittances?
 - Or reflect that children in households with migrants have higher quality parental education? or better language skills? or that it is parents who care most about the education of their children who migrate to earn the money needed to pay for schooling costs?
 - Even if we condition on a wide array of observable characteristics, comparisons of migrants and non-migrants are unlikely to give convincing estimates of the impacts of migration.
- Example 2:
 - Wealthier households may be able to afford to send family members abroad for work and still have enough money to pay for the education or health care expenses of the rest of the family: effect of migration or differences in wealth?

Measuring the causal impact of migration

- **Challenging task:**

- Various sources of **selectivity** (**selection bias**):

1. Individuals/households not randomly selected but self-select into migration;
2. Households choose how many family members will migrate (those where everyone moves are almost never included in surveys in the sending community);
3. Households choose for how long to migrate (when members choose to return home, their household may wrongly be considered as not affected by emigration);
4. Households choose when to migrate (important to know if the impact varies with duration since migration).

Measuring the causal impact of migration

- **Challenging task:**
 - Endogeneity may also result from **reverse causalities** between some of the outcomes of interest and migration.
 - Example: having elderly parents who are in poor health may reduce the likelihood that their children will migrate. In that case, migration decision is based on parents' health rather than on the economic desirability of migration
- Various statistical **methods** used to overcome this difficulty: IV, Difference-in-Differences, natural or policy experiments.

Impact of remittances on poverty

- Remittances directly increase the **income** of recipient households:
 - Regression analyses across countries worldwide show significant poverty reduction effects of remittances.
 - Household survey data show that remittances have reduced the poverty headcount ratio by 11% in Uganda, 6% in Bangladesh and 5% in Ghana.
 - In Nepal, remittances may explain a quarter to a half of the 11% reduction in the poverty head count ratio

Impact on household human capital

- Main channels for impact on children's **education**:
 - **Budget constraint** eased by remittances: families have less need of child labor; frees up children's time for school.
 - Disruption to family life and **lack of a parent's care** and supervision might negatively affect children's school performance.
 - **Child's own (future) migration** and perceived returns to education in prospective jobs.
 - Ex: low return to Mexican education in the U.S. labor market.
 - Redistribution of decision-making and responsibilities within the household, which can affect child schooling
 - New decision-maker cares more or less about investment in education
 - More pressure on children to help in the household.

Impact on household human capital

- **Mixed evidence:**

- Positive impact of **remittances** on schooling in the Philippines and in Mexico.
- Parental migration found to increase the probability of a child's dropping out of school, delayed school progression and worse school performance.
- Evidence for Mexico shows **gender-based differences**: increase in educational attainment for girls, lower probability of boys completing junior high school and of boys and girls completing high school.
- **For girls**, income effect found to dominate: remittances open up greater education opportunities for girls, who are more likely to be deprived of educational investments when family finances are constrained.
- **For boys**, alternatives to education (e.g. their own migration) tend to overcome the income effect and drive them away from school.

Impact on household human capital

- Main channels for impact on **health** and nutrition status of family members left behind:
 - In the **long-run**, income effect of remittances: better sanitation, improved food habits, and more health-seeking behaviors.
 - In the **short-run**, migrants may make up for **missing formal health insurance mechanisms** by sending larger financial transfers back home when they are needed.
 - Yet **migrant's absence**: family members may have to take on more housework (including farm work in rural areas), may suffer greater psychological pressure, or may eat more poorly.
 - **Disrupted traditional kinship systems** and care structures, to the detriment of the most vulnerable groups.

Impact on household human capital

- **Mixed evidence:**
 - Improvement in the **nutritional status of very young children**, measured by birth weight, infant mortality rate, or weight-for-age
 - In both China and Mexico, migration of adult children results in lower self-reported health status among **elderly parents**.
 - A study for Moldova finds evidence of a beneficial impact of the migration of adult children on the physical health of elderly family members who stay behind and finds no significant impact on their mental health or cognitive capacity (strong income effect)
- Whether migration is detrimental or beneficial to the health of those who are left behind is deeply **context-dependent**.

Impact on household labor allocation

- In rural areas, reduced supply of the household labor: migration competes with other household activities. The **negative lost-labor effect** may increase the time devoted to farming by the left-behinds.
- **Remittances:** means to secure income and overcome liquidity/credit constraint, with an undetermined impact on diversification:
 - enable rural households to invest in more risky activities including self-employment (Stark, 1991);
 - part of a ***livelihood diversification strategy***: reduce the need for rural households to engage in off-farm work => disincentive effect on rural members to engage in alternative off-farm work as an income-insurance strategy.

Impact on household labor allocation

- Empirical evidence
 - **Decreasing labor force participation** of women left behind (Albania, Egypt, Mexico, Nepal).
 - The only increase in labor supply comes from an **increase in unpaid family work and subsistence work**, particularly in rural areas.
 - In rural China, internal migration **increases farm work** for all family members who remain behind (women, the elderly, and children), and return migration does not seem to reverse these labor allocation changes.