

Essays on International Migration

Abstract

In my dissertation I address issues related to international migration and its economic impact on the migrants' sending regions. For the empirical analysis I use data from household surveys conducted in countries and regions where the transition to a market economy, after the disintegration of the Soviet Union and the end of the communist era in Central and Eastern Europe, is associated with exceptionally large emigration.

The first chapter is based on household survey data from Armenia, Azerbaijan, and Georgia and provides the first preliminary evidence on the scale of recent emigration from the South Caucasus and its impact on the economic development of the region. The large emigration flows from the South Caucasus consist primarily of older male labor migrants to Russia. The findings suggest that current migration from the South Caucasus does not involve mass emigration of the skilled and the income gains from migration are large, but despite the higher incomes earned abroad, the migrants' households do not exhibit higher propensity to spend on education. The significant correlation between having a migrant household member and the presence of a family business in Armenia, however, suggests that the migrants' earnings and remittances have the potential to relieve liquidity and risk constraints and contribute to the development of the private sector in the South Caucasian economies.

In my second chapter I focus specifically on the effect of international migration and remittances on the labor supply of the non-migrant household members. For the empirical analysis I use the Albania 2005 Living Standards Measurement Survey. The rich dataset allows me to control separately for the effects of migration and remittances and to deal with the potential endogeneity problems inherent in this type of analysis by instrumenting for the household migration

decision and remittance receipts. The expected negative impact on unemployment, due to an income effect of remittances, among the female population in Albania is not confirmed by the data. When an instrumental variable approach is used, the predicted effects of migration and remittances on labor supply appear significant only for males between the ages of 46 and 60. After instrumenting, for females and for older males I obtain large and positive coefficients for having a migrant within the family and large and negative coefficients for receiving remittances. Although the estimated effects for the females are insignificant at conventional levels, the magnitudes and signs of all coefficients suggest that the OLS estimates of the effect of migration are likely biased downwards, while the OLS estimates of the effect of remittances are biased upwards, compared to the true effects of these variables.

The third chapter (with Professor Randall K. Filer) draws upon previous studies on migration from Albania. A large number of studies, based initially on sporadic surveys of migrants and non-migrants and later based on large, well-designed household surveys available to the research community, deal with questions about Albanian migration and its consequences. Those questions are particularly relevant as Albania's potential EU membership is considered. The chapter adds to the literature on migration from former communist economies by being the first survey that compares the findings from the existing studies on Albanian migration to derive conclusions on the consequences of accession of Albania and other similarly affected countries to the EU. The study is also a chapter in a larger publication on the effect of post-enlargement migration on the EU labor markets by the Institute for the Study of Labor (IZA).