

Brief report on the Ph.D. dissertation of Zvezda Dermendzhieva

“Essays on International Migration”

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The dissertation provides an adequate analysis of migration patterns, determinants and impacts in four migrants' sending transition economies – three South Caucasus countries (Armenia, Azerbaijan, Georgia) and Albania. The thesis is well-structured and consists of three papers that can stand on their own and that are of publishable quality. The first two chapters (“Emigration from the South Caucasus: Who Goes Abroad and What Are the Economic Implications?” and “Migration, Remittances and Labor Supply in Albania”) study the scale and the impact of emigration and remittances on household members in sending countries and contain econometric analysis using novel survey data. The third chapter (“The Labor Market Effects of Out-Migration in EU Accession Countries: The Case of Albania”) is co-authored with Prof. Randall K. Filer and provides a review of studies on migration from Albania, the push and pull factors, the composition of migrants, and discusses its economic and labor market implications in light of a potential EU accession of Albania.

Overall, the thesis is a valid contribution to the scarce literature on migration in lower-income transition economies as it enriches our knowledge of migration patterns and its labor market impacts in such countries. In my opinion, the thesis' quality is sufficiently high making it ready for public defence and an eventual award of a doctorate title.

Some of the issues that could be raised during the dissertation defence and which may help to eventually publish the papers are as follows.

Chapter 1:

This chapter provides the first descriptive evidence on the scale, determinants and impacts of migration in Armenia, Azerbaijan and Georgia employing a unique comparable dataset relevant for the purposes of the study. Nevertheless, the data on non-migrants and those household members who have stayed abroad is limited to the period 2001-2005, and thus does not include those households (and household members) who have emigrated prior to 2001. Therefore, one may wonder how selected the sample is, i.e. how large emigration was in the beginning of transition and before 2001, and whether (and in which direction) this could bias the results. The section on income gaps would also benefit from an analysis of the gaps across the entire income distribution and not just at the mean. In addition, the use of matching techniques in this section is not well explained (including diagnostic tests, assumptions etc.).



Chapter 2:

In the second chapter, the author attempts to estimate the causal effect of being a migrant and sending remittances (two endogenous variables) on labor supply of men and women in Albania by instrumenting the endogenous migration and remittances decisions with a set of instruments that were used in other similar studies. Following these studies, the instruments include: ownership of a satellite dish in 1990, knowledge of Greek or Italian in 1990, having friends or relatives residing abroad in 1990, the number of Western Union agencies per capita within a prefecture in Albania before the survey year, and the male-to-female ratio of the population aged 20-39 within a district. The first three instruments contribute to the reduction of moving costs, while the number of local WU agencies facilitates receipt of remittances and the last instrument approximates migration patterns in local labor markets. However, in my opinion, these instruments can be a subject to criticism: first, on the grounds of validity. For example, knowing Italian or Greek in 1990 may signal higher ability or may help directly to find a job requiring the knowledge of these languages as do networks; while the proportion of young males in the district via general equilibrium effects may affect job prospects of other groups. Second, first stage results indicate that several of these instruments are relatively weak (especially, for some groups). Although the author experiments with excluding two weaker instruments (implementing a C-test could be also useful), what would happen if only two "strongest" instruments were included (estimating a just identified model)?

Second, the author also experiments with estimating two separate regressions for migration and remittances at the end of the chapter (and reports finding qualitatively similar results). In my opinion, it would be more appealing to begin with this specification due to the following reasons. It seems that by definition a household receives remittances only if there is a migrant member. Thus, it is not entirely clear how exactly should we interpret the coefficient on migrant dummy in equation (2.1): is it the effect of having a migrant member net of the effect of receiving remittances? Thus, estimating two separate regressions, one with a dummy for having a migrant member (or a dummy for having a migrant member and not receiving remittances) and one with a dummy for receiving remittances, could provide additional useful insights and a clearer interpretation to begin with. Overall, separating a pure effect of migration (decrease in household labor) from the joint effect of migration and remittances (income effect) is worth emphasizing more.

In addition, is there any information on non-monetary / in-kind remittances? Finally, in a future study it would be also interesting to look at the effect on part-time work / hours (intensive margin)




and self-employment of those left behind (see also a recent paper by Mendola and Carletto, 2009 on Albania).¹

Chapter 3:

This chapter is a joint work with Prof. Randall K. Filer and provides a extensive review of the literature on emigration trends, determinants and impacts in Albania and a comprehensive discussion of implications in the light of its future potential EU membership, including such important issues as definitions of migrant, circular and return migration, remittances, brain drain and care drain. While these issues are definitely important, having "EU accession" in the title calls for more background information for a general reader. What is the recent history of the EU enlargements and where does Albania stand? What are the official forecasts for Albania's EU membership or official steps undertaken in this direction? In addition, if feasible, further econometric analysis (for instance, of migration or return intentions) could also be valuable.

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¹ Mendola, M. and G. Carletto (2009). International Migration and Gender Differentials in the Home Labor Market. Evidence from Albania. World Bank Policy Research Working Paper No. 4900.