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# Migration and Remittances in Central America: New Evidence and Pathways for Future Research

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# 1. DETERMINANTS OF MIGRATION AND TRENDS IN EMIGRATION FROM CENTRAL AMERICA

Emigration from the countries of Central America has evolved since the 1960s from small numbers of largely intra-regional emigrants to substantial numbers of people, emigrating in large part to the United States. For example, in 1960, 69 percent of emigrants from El Salvador resided in Honduras and only 12 percent lived in the United States. By 2000, 88 percent of Salvadoran emigrants in the world lived in the United States (Table 1).

**Table 1: Numbers and percentages of Central American migrants, by country**

Country of origin	Country of destination	Year				
		1960	1970	1980	1990	2000
El Salvador	United States	7,453	18,548	105,316	502,329	827,583
		11.5	25.3	66.1	88.3	88.5
	Canada	517	5,546	10,793	12,965	38,167
		0.8	7.6	6.8	2.3	4.1
	Guatemala	3,017	15,349	16,884	14,308	11,854
		4.7	20.9	10.6	2.5	1.3
	Honduras	44,548	12,625	9,003	7,484	6,644
		69.0	17.2	5.7	1.3	0.7
	Nicaragua	1,015	1,713	1,925	2,065	2,471
		1.6	2.3	1.2	0.4	0.3
Costa Rica	965	751	5,345	6,349	8,722	
	1.5	1.0	3.4	1.1	0.9	
Panama	1,136	1,271	1,721	2,493	2,068	
	1.8	1.7	1.1	0.4	0.2	
Guatemala	United States	6,073	20,482	72,214	242,451	489,507
		18.3	38.2	74.0	79.2	86.5

<b>Honduras</b>	Canada	318	3,400	6,616	4,981	13,851
		1.0	6.3	6.8	1.6	2.4
	El Salvador	7,696	4,690	4,708	4,655	6,698
		23.2	8.7	4.8	1.5	1.2
	Honduras	5,272	1,816	1,784	2,952	3,370
		15.9	3.4	1.8	1.0	0.6
	Nicaragua	428	722	811	870	1,041
		1.3	1.3	0.8	0.3	0.2
	Costa Rica	450	412	874	1,246	1,998
		1.4	0.8	0.9	0.4	0.4
	Panama	243	291	305	404	611
		0.7	0.5	0.3	0.1	0.1
	United States	7,028	22,561	42,722	119,088	288,779
		14.8	30.9	52.4	77.1	84.7
	Canada	167	1,793	3,490	997	4,445
		0.4	2.5	4.3	0.6	1.3
	El Salvador	15,024	19,591	13,598	8,901	8,802
		31.6	26.8	16.7	5.8	2.6
	Guatemala	15,094	6,806	5,385	4,597	5,214
		31.7	9.3	6.6	3.0	1.5
	Nicaragua	4,503	7,598	8,539	9,158	10,960
		9.5	10.4	10.5	5.9	3.2
	Costa Rica	809	550	962	1,643	2,949
		1.7	0.8	1.2	1.1	0.9
	Panama	566	581	447	705	853
		1.2	0.8	0.5	0.5	0.3

Source: Author's calculations from World Bank Bilateral Migration Matrix 1960 - 2000.

Emigration to the United States from Central America began to increase in the 1980s and has grown rapidly since that time. Table 1 displays the numbers of emigrants from six Central American countries and their destinations over the 1960 to 2000 time period, using the World Bank Bilateral Migration Database. The largest numbers are from the so-called Northern Triangle countries of El Salvador, Guatemala, and Honduras, with emigrants from all three countries heavily concentrated in the United States. Nicaragua also has a relatively large number of total emigrants (similar to Guatemala), but these numbers are split between the United States and neighboring Costa Rica, with the proportion of emigrants choosing Costa Rica growing over time. Emigrants from Costa Rica and Panama are also heavily concentrated in the United States, however the total numbers of emigrants from these countries are much lower.<sup>1</sup>

Migration from Central America to the United States was fairly low until the 1980s, when it began to grow quickly, largely driven by people fleeing the brutal civil wars in El Salvador, Guatemala, and Nicaragua. Although many thought that migration would end and that many would return with the end of armed conflict in the early 1990s, the harsh realities of the post-war economies in Central America spurred a new wave of economic migration. Migration from Honduras also increased at this time, similarly driven by economic realities. Remittances from the United States to Central America became a central part of the national economies during the 1990s, 2000s and beyond. Natural disasters have also been an important push factor for migrants from Central America, most notably the devastation of Hurricane Mitch in Nicaragua and Honduras (1998) and earthquakes in El Salvador (2001) (Amuedo-Dorantes and Pozo 2015).

While many Central American migrants in the United States are undocumented, early migrants were able to obtain legal status through the 1986 Immigration Reform and Control Act. Through family reunification channels, these migrants have consequently been able to sponsor the migration of many of their family members. Temporary Protected Status (TPS), a program that grants temporary protection from deportation and work permits to migrants residing in the United States due to unsafe or unstable conditions in the home country, also protects a substantial number of Central American migrants. TPS designations for El Salvador stemming from the earthquakes in 2001 and for Honduras and Nicaragua stemming from Hurricane Mitch in 1998<sup>2</sup> had been continually renewed, but the US government decided to end TPS protections for all three countries. However, the termination of TPS has been challenged in court, and the protections remain active for all three countries pending the resolution of these lawsuits.<sup>3</sup> El Salvador has the highest number of TPS beneficiaries at 195,000.

Migration from Central America is an important part of the immigration landscape in the United States, though the total numbers are dwarfed by the number of Mexican immigrants. In 2015, Mexican migrants represented 27 percent of the foreign-born population in the United States, compared to Salvadorans who represented approximately three percent of the US immigrant stock. Mexican migration followed an earlier trajectory than migration from Central America, quickly increasing beginning in the 1970s and escalating even more rapidly during the 1990s. Compared to the countries of Central America, Mexican migration is mostly not driven by violence or political instability, but by economic opportunities in the United States (Amuedo-Dorantes and Pozo 2015).

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<sup>1</sup> Costa Rica and Panama have higher standards of living and thus lower push factors for emigration than Nicaragua, Guatemala, Honduras, and El Salvador.

<sup>2</sup> El Salvador also previously received a designation of TPS due to the civil war in 1990.

<sup>3</sup> True as of August 2019.

While migration from Central America remains high, migration from Mexico has declined since 2010. The numbers of new migrants have declined and many existing migrants returned to Mexico, meaning that the total number of Mexican migrants in the United States declined slightly between 2010 and 2015. The Mexican population is representative of a general decline in low skilled immigration to the United States and an overall reduction in the number of undocumented immigrants. Although US policy and border enforcement may play a role in this trend, economists suggest that the decline is largely due to changing demographics and economic opportunities in Mexico, making it unlikely that numbers will return to their previous levels, even in the absence of changes in US policy (Hanson, Liu, and McIntosh 2017).

Migration from Central America in this same time period has experienced its own transition, as violence has once again become an important push factor for migration to the United States. The Northern Triangle countries of Guatemala, El Salvador, and Honduras are some of the most violent countries in the world. While economic migrants tended to be single adults (though were certainly not exclusively), the migrant profile has evolved to contain more complete families and unaccompanied minors fleeing the violence. Many of these migrants intend to request asylum upon arrival in the United States, and have been the subject of a heated national debate. Despite the publicity this group of migrants has garnered, the demographic transition leading to the reduction in Mexican migration will also be relevant for Central America. The relative (to the United States) labor supply of El Salvador and Honduras are projected to decline in the immediate future, while Guatemala's relative labor supply will continue to grow for the next two decades (Hanson, Liu, and McIntosh 2017). These demographic factors combined with uncertainties regarding US immigration policy and the security situation in the Northern Triangle mean the trajectory of Central American migration to the United States in the immediate future is uncertain.

The academic literature on motivations to migrate highlights the importance of economic incentives and escaping from violent conditions in driving migration (Clemens 2017). Because of the importance of migrant networks, and, in countries like the United States, immigration policy based on family reunification, waves of migration can snowball, as new migrants travel to meet established migrants in their networks. An additional important component of the migration decision, particularly for economic migration, is the cost of migration. These costs mean that the poorest of the poor are often unable to migrate. However, the earnings differentials are such that even those who are somewhat better off, often stand to realize huge gains from migration. The demographic transitions of developing countries are also such that the population may contain large numbers of young people available to migrate. As incomes rise to lessen the earnings gap, the demographic transition progresses, and less labor is available. Central America has followed all of the above patterns. The economic motivations for migration will be described in more detail in the following sections.

## 2. REMITTANCES MOTIVATIONS AND DETERMINANTS OF THE DECISION

An important component of migration from Central America to the United States are the remittances sent home. Since the 1980s, remittances have become an essential part of the Central American economy. In 2014, remittances amounted to approximately 17 percent of the GDP of both Honduras and El Salvador, and about 10 percent of the GDP of Nicaragua and Honduras (Ratha, Eigen-Zucchi, and Plaza 2016). Remittances are large compared to other international financial flows, and often more sta-

ble in the face of economic crises, and are consequently a key source of income for recipient households. These remittances specifically, and migrant earnings and other income more broadly, form the basis for the motivations of economic migrants. Whereas migrants may benefit from increased incomes regardless of their choice to send remittances, remittances are of great interest to policy makers in source countries seeking to use remittances to drive economic development.

Remittances are a central component of the economic understanding of migration both in Central America and across the world. The importance of remittances is linked to the modern literature (“The New Economics of Labor Migration”) on migration that largely views migration as a joint decision between the migrant and their households, and which views those migrants as part of, or at least linked to, that household after the migration episode (Stark and Bloom 1985). Recent work by migration scholars detailing a new research agenda, continues to take this view while re-envisioning migration as a strategy for household finance (Clemens and Ogden 2013).

A long literature in economics details the microeconomic motivations of migrant remittances, both domestic and international. Research has considered a number of different motivating factors for migrant remittances including altruism, exchange, insurance, loan repayment, investment, and inheritance. These papers have been summarized and reviewed in a number of review papers (Rapoport and Docqier 2006; Yang 2011; Brown and Jimenez-Soto 2015). The large body of work using microdata finds empirical evidence for all such motivations. However, it has been difficult to quantify their relative importance. The evidence suggests that all these explanations play a role, and the extent to which each matters may be context specific, and may even vary widely within context. For example, one migrant may be motivated by both altruism and exchange, while a different migrant from the same village living in the same city may be focused on investment.

More recent research on the motivations and determinants of remittances has explored new questions, which have received less attention in the existing review work. One important and policy relevant issue is the price of sending remittances. When migrants send money through a formal channel (such as a bank or money transfer service such as Western Union) there is an associated fee. This fee is often flat up to a certain threshold and can often represent a significant percentage of a remittance, especially for migrants sending relatively small amounts. The reduction of remittance fees has been a policy goal, and initiatives like the World Bank Remittances Prices Worldwide website have sought to lower these fees by providing information about the full universe of prices on different remittance corridors. Competition and technological advances have succeeded in lowering prices in many situations.

Despite reductions in price, little is still known about how the remittance price affects the remittance decisions made by migrants and therefore whether policies of price reduction should continue to be pursued. One study suggests that remittance fees are negatively correlated with total remittances at the country level (Freund and Spatafora 2005) and another finds that migrants report in response to hypothetical questions on surveys that they would send more remittances if prices were lowered (Gibson, McKenzie, and Rohorua 2006).

There are two existing studies that seek to answer this question more carefully. Both are randomized experiments that offer discounts in remittance fees to some migrants and not to others, in order to assess the impact of price on remittance decisions (Aycinena, Martinez, and Yang 2010; Ambler, Aycinena, and Yang 2014). Both studies, conducted among Central American migrants living in the Washington, DC area, find that remittance discounts increase the frequency of remittance transactions, and ultimately the total amount sent, while ruling out a number of confounding factors. These studies find that the response to the discounts is large compared to the size of the discount, results that are difficult

to understand in the context of standard economic models. Ultimately, these results speak less to the impact of prices themselves, and are suggestive that explaining remittance decisions more generally may require insights from behavioral economics, opening a door for a new research agenda.

Some research already exists in this vein. Inspired by work that shows that information asymmetries may affect decisions made in co-resident households, a number of studies explore how information gaps, likely larger or easier to take advantage of in migrant households, may affect remittance decisions. In a lab-in-the-field experiment among Salvadoran migrants in Washington, DC, Ambler (2015) finds that migrants choose to send less money home when their family members are not informed about the migrant's windfall income. In other contexts, Seshan and Zubrickas (2017) find that wives of Indian migrants in Qatar underestimate their husbands' earnings and that this underreporting is associated with lower remittance levels. Using large-scale administrative data, Joseph, Nyarko, and Wang (2018) compare variations in migrant earnings with variations in remittances and find evidence that the observability of income is a key determinant to whether or not remittances respond to changes in income. These studies make it clear that information about earnings is an important determinant of migrant remittances and suggest that migrants strategically use opportunities to hide income and reduce remittances.

An additional strain of research suggests that the inability of the migrant to control how remittances are spent in the home country may impact migrant remittance choices. The desire of migrants to control remittance expenditures could be related to differing preferences over how those remittances should be spent, or relatedly, to self-control problems on the recipient side that make it difficult for recipients to resist spending on certain temptation items. This area of migrant control has received attention in the literature in a number of different contexts. Two large studies examine the role of migrant control of savings and find that it is important. In a field experiment with Mexican migrants, Chin, Karkoviata, and Wilcox (2010) find that migrants who reported having no control over how the remittances they sent home were spent, were more likely to open US bank accounts and shift savings to the United States when presented with the opportunity. Ashraf, Aycinena, Martinez, and Yang (2015) implement a field experiment in which they offer migrants (in Washington, DC) and remittance recipients (in El Salvador) the opportunity to open bank accounts in the home country and vary the degree of control that migrants had over the accounts. Migrants offered the most control were most likely to open the accounts and accumulated the most savings. These studies both suggest that for migrants, who often have limited ability to save in the destination country for a number of reasons due to legal status, future uncertainty, or lack of knowledge about destination country institutions, lack of control can limit the accumulation of savings.

These studies do not however speak to the issue of control over remittances meant for the use of the remittance recipient. Torero and Viceisza (2015) use a lab-in-the-field experiment to investigate the question of whether Salvadoran migrants in Washington, DC remit more when the remittance is limited to grocery spending versus when the remittance is unrestricted. They find that, if anything, migrants send more when the remittance can be sent in cash, suggesting that migrants prefer less control in this situation. Similarly, Ambler, Aycinena, and Yang (2015) find that Salvadoran migrants exhibit no demand for an unsubsidized product that allows them to direct remittances to education.<sup>4</sup> Both these studies suggest that there is little demand for remittance control among migrants. However, there are caveats, for example grocery spending is perhaps not the area in which control is most desirable and the

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<sup>4</sup> There is takeup of a subsidized version of the product, which leads to large increases in education expenditures in El Salvador.



education payment product involved a large up-front expenditure that may have deterred cash constrained migrants.

De Arcangelis, Joxhe, McKenzie, Tiongson, and Yang (2015) further explore the desire of migrants to direct remittances to education, but among Filipino migrants in Rome. In this lab-in-the-field experiment, migrants are offered the opportunity to remit all or part of a cash windfall to their family members in the Philippines. Migrants are offered the opportunity to send the money in cash, in cash but “labeled” for education purposes, or to be directly paid to a student’s school as tuition. The authors find the labeling significantly increased the amount remitted (by 15 percent), while the direct payment feature increased remittances only an additional 2 percent. This finding suggests that while migrants may have preferences for how remittance money is spent, simple tools to indicate those preferences may be sufficient. In an interesting counterpoint to this result, the Ambler (2015) study described above also presents an experiment in which recipients decide how to spend a remittance. The study finds that recipient decisions do not react to whether the migrant will be informed of the recipient choices. However, when recipients are informed of migrant preferences for their spending, they are more likely to follow those preferences. This result suggests that remittance labeling may not only increase remittances, but that these labels are also likely to be effective in influencing recipient spending.

A final theme in recent research on recipient remittance decisions is the role that social pressure, cultural norms, and expectations for sharing may play. This idea can be related to a growing literature that describes the pressures that the poor face for sharing within their networks. The work on asymmetric information regarding migrant income is particularly relevant. Ambler (2015) describes a framework in which remittances are motivated by altruism but also by “costs” that might be incurred if remittances are not sent. The paper provides evidence that in situations where these costs are higher, migrants are more likely to react strategically to information asymmetries. These costs could cover a number of different areas, but include situations in which failing to send remittances could impact the migrant’s reputation or relationship with their family. In other words, this work suggests that despite the fact that recipients rely on migrants to send the money, recipients hold strong bargaining power in the migrant-recipient relationship. Other work on internal migration in Tanzania also suggests that recipient bargaining power can set the tone of the migrant-recipient relationship (de Weerd, Genicot, and Mesnard 2016).

### 3. IMPACT OF MIGRATION AND REMITTANCES

Another important stream of literature on this topic addresses the impact of migration and remittances on the family left in the home country and on the migrants themselves. There are several methodological concerns prevalent in these studies. The first is that neither migration nor remittances are exogenously determined. Migrants tend to be positively selected when compared to non-migrants, but migration episodes can also be spurred by negative shocks, making causal inference difficult. The analysis of remittances is also complicated by exogeneity issues, as remittances are likely related to migrant and recipient characteristics, and will vary over time with changes in economic conditions. An additional issue is that the impacts of migration and remittances are complex. For example, a family may experience negative impacts from the loss of a family member at home, but positive impacts from remittances received, making the individual and overall effects difficult to understand. Depending on the specific re-

search question, analysis may also be complicated by the type of migration under consideration, for example whether the migrant has moved permanently or temporarily, and whether the migrant's family has stayed in the home country or not.<sup>5</sup>

Several existing papers review the extensive literature on the impact of remittances on various household-level outcomes (Yang 2011; Brown and Jimenez-Soto 2015). While results are somewhat mixed depending on setting, research question, and empirical strategy, the consensus is that migration and remittances can have a positive effect on outcomes such as poverty, consumption, and different types of investments. The focus here is on a number of more recent studies with strong claims for causal identification. An examination of these studies provides insight into creative techniques that can be used to allow for further research into these questions.

One approach to causal identification is to examine exogenous changes in remittances among current migrants, thereby eliminating the question of selection into migration. Yang (2008) uses exchange rate shocks as a source of variation in remittances among existing migrants from the Philippines. During the 1997 Asian financial crisis, remittance recipients saw the size of their remittance payments vary depending on the fluctuation in the exchange rate in the migrant destination. Because the financial crisis was unanticipated, these changes can largely be considered exogenous, with some people seeing very large increases, compared to others for whom rates remained relatively steady or experienced slight declines. The study finds that increases in the value of the remittances led to large increases in household level investment, including human capital, entrepreneurship, and the creation of household enterprises. These results speak to a long debate on whether remittances are used for consumption or investment. While these results suggest that remittances are channeled to investment, it should be noted that the study is only able to examine the impact of increased remittances among families who are already remittance recipients, not the overall impact of remittances on outcomes. It should also be noted that recipients may not have viewed the large changes in the exchange rate as permanent, and spent a temporary windfall in a different way than they would have a permanent increase.

In some ways the ideal study would involve an experiment in which migration opportunities were randomly determined, allowing for the comparison of those who were allowed to migrate with those who were not. A set of studies that examine migration from Samoa and Tonga to New Zealand through a migration lottery program emulate this experimental design. Because the lottery is over-subscribed, the authors are able to compare those who were selected to migrate with those who applied for the lottery but who were not chosen. They are also able to address selection based on whether part or all of the family migrates, and the year in which the migration episode occurs.

These studies find that the gains to migration are large – the migrants themselves experience large increases in income (Gibson, McKenzie, and Stillman 2010a). Analysis also shows that migration leads to positive impacts on the mental health of the migrants (Gibson and Stillman 2009; Stillman, Gibson, McKenzie, and Rohorua 2015). Estimates of impacts on the families remaining at home are more nuanced, with the results from the study focusing on Tonga finding a decrease in resource availability for remaining household members (Gibson, McKenzie, and Stillman 2010b) and the study in Samoa documenting reductions in poverty which the authors hypothesize may be temporary (Gibson, McKenzie, and Stillman 2013).

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<sup>5</sup> Note that this discussion does not consider the large literature on the impact of migration on natives, which is beyond the scope of this review.

Perhaps the most important conclusion to be drawn from these studies is that selection is important, both when measuring impacts on migrants and when measuring impacts on families left behind. It should also be noted that the extent to which these results are applicable for Central American migrants is not clear. The comparison to a program that allows for legal, permanent migration should not be overextended to a situation in which many migrants have temporary status or are undocumented, limiting their opportunities for professional advancement. Additionally, the positive mental health impacts documented in the New Zealand studies may not be applicable in a different legal situation. At the same time, in a situation where migration is less permanent (or thought to be less permanent) the impacts on families at home may be greater, although the lesson that the loss of the migrant themselves will have an impact on household income is an important one in the Central American context.

Given the conflicting dynamics of migration, studies that are designed to answer a specific question rather than examine a large set of outcomes, can provide clearer insight, though on a more limited set of questions. A number of recent studies examining the impacts of migration and remittances on education in a number of different contexts are a good example. Shrestha (2017) uses the unique case of the recruitment of Nepalese men to serve in the British Army (and thus allowing them to emigrate), examining a policy change in which recruits were required to have a certain level of education in order to serve. He finds that the introduction of this requirement increased educational attainment by more than one year, and led to an increase in education even among those who were not selected for migration. This study is unique in that it shows that policies encouraging migration can have positive impacts even on non-migrants through the changes in the incentive structures.

A second study utilizes another natural experiment to examine the long run impacts of international labor migration on educational outcomes in Malawi (Dinkelman and Mariotti 2017). The authors utilize a policy change that increased and then decreased the number of Malawian migrants allowed to migrate to work in South African mines in the 1970s. Using a differences-in-differences methodology they examine educational attainment for children who were exposed to the migration spike and lived in districts with recruitment centers, compared to children who were too old or too young and who lived in other districts. They find that children exposed to the increased migration, and the corresponding higher income, have significantly higher educational attainment in the long run than those that were not. This increase is driven by increased income, not desire to meet an educational requirement as in the Nepal study.

In a related paper, but looking at more contemporary effects, Theoharides (2018) examines the impact of migration on enrollment in secondary school in the Philippines. The analysis in this paper is conducted at the level of the local labor market, allowing for the estimate of the overall impact of migration on education. That is, the analysis captures increases in education that come from increased income and from an increased return to education due to migration opportunities. It additionally captures spillovers from migrant to non-migrant households, which can be significant. The paper employs an instrumental variables methodology, instrumenting for the local migration rate using destination-specific migrant demand shocks. The results also indicate that increased migration leads to increased enrollment in secondary school. This result is thought to be driven by increased income, and not by responses to the wage premium.

This group of papers shows how rigorous empirical methods can be effectively applied to narrow questions related to the impacts of migration and remittances. Some recent experimental but indirect evidence suggests that education may also be an important goal for Central American migrants. Ambler, Aycinena, and Yang (2015) find that offering subsidies to Salvadoran migrants to fund scholarships for

family members in El Salvador leads to large increases in educational expenditures aimed at those students. However, more work with rigorous, new methods is needed to better understand the impacts of migration and remittances in the Central American context.

Beyond the importance of causal identification when examining the impact of migration, an important development in this area is the examination of new research questions beyond just the impact of migration on consumption and investment. The papers cited above describing the impact on migrant mental health are a good example. Another is recent work that has begun to examine the impact of migration, and return migration in particular, on political and cultural norms in the home country. Although this is a new area of research, interestingly, two new papers suggest that migration to conservative countries in the Middle East can result in transmission of those conservative norms to the home country (Tuccio and Wahba 2015; Tuccio, Wahba, and Hamdouch 2016). A more complete understanding of how migration may lead to norms transmission is crucial to facilitate the understanding of the development impact of migration.

## 4. PATHWAYS FOR FUTURE WORK ON CENTRAL AMERICAN MIGRATION

Recent methodological developments have increased knowledge about migration and remittances, but many large questions remain. In particular, many of the studies discussed above do not focus on Central America, and implementing studies to understand the Central American context may be one primary path of interest for researchers and policy makers. It should also be noted that many broad topics related to migration have not been reviewed in this paper, and as such many interesting questions remain that are outside the scope of this piece.

This collection of recent literature has shown that there is much still to learn to about why migrants send remittances and how they make the decisions that they do, both in Central America and across the globe. The progress that has been made suggests various pathways for future research. For example, among all the work that describes motivations for remittances, there is little work that examines the reasons that might explicitly keep migrants from sending more home. In particular, how does their own economic situation and their perception of the recipient's situation impact what they are sending home? Research has shown that migrants take strategic advantage of information asymmetries, but do recipients do the same, possibly manipulating the migrant's perception of the recipient's economic status in order to receive more remittances? More generally, research that seeks to more fully understand the determinants and distribution of bargaining power in a migrant-recipient relationship will help researchers and policy-makers to better target remittance policies. Policies designed to increase remittance payments may not be successful if indeed recipient bargaining power is relatively strong and migrants are already sending as much as they are able.

There are also many remaining questions that relate to the question of the impact of migration and remittances. One area of interest that is highlighted by the work reviewed here are the different mechanisms and channels through which migration and remittances can impact households in origin countries. This includes negative effects from the loss of the migrant's income and labor as well as other negative impacts of the absence of a family member. Positive impacts include remittance income and potential spillovers. Changes in incentives and norms transmissions may be positive or negative depending on the situation. While the most rigorous research tends to address specific, well identified

questions, authors of these studies should be careful to consider the results within a framework that accounts for and/or acknowledges potential confounders. Other important remaining questions include the exploration of impacts on the migrant themselves, and extensive consideration of the health and nutrition impacts of migration on both migrants and families in origin countries.

An important component of understanding the experience of Central American migrants is the consideration of legal status and migration type. Particularly for migrants in the United States whether migrants are legally permitted to work, and the type of work permit that these migrants have, may have a large impact on all elements of their experience. Although more stable employment may lead to higher wages, migrants with permanent residency or citizenship are also better able to facilitate the migration of family members through legal channels, possibly leading to a longer-term decline in remittances sent to the home country. Many Central Americans currently have access to work authorization through temporary programs such as Temporary Protected Status and Deferred Action for Childhood Arrivals, which are likely to be phased out under the current US administration. These programs also do not provide recipients with access to many government benefits and services, such as health subsidies under the Affordable Care Act, or Pell Grants and subsidized loans for higher education, limiting the extent to which recipients can assimilate and improve their economic situations. Ultimately the impacts of migrant legal status, both on the migrant and in particular on development outcomes in the country of origin, are not well understood and merit extensive further study.

An interesting component of the study of Central American migrants in the United States is that they encompass large numbers of both “voluntary” and “forced” migrants, considering voluntary migrants to be those choosing to move for economic reasons, and forced migrants those fleeing violence or other unstable or unsafe situations. This is also true across time as migrants from Central America have come to the United States fleeing natural disasters, civil war, and more recently, gang violence. Although rigorous study of the differences between economic and forced migrants will be difficult, the Central American context may provide a setting for some descriptive work, as well as an opportunity to explore opportunities for more rigorous research. While some recent research on forced migration centered on refugees fleeing situations in Africa and the Middle East, primarily Syria, understanding the Central American case is key for the development of policy solutions aimed at these migrants, and may hold important lessons for refugees across the globe. It should also be noted that the delineation between forced and voluntary migration is not always clear cut, and may become less so as the impacts of climate change are felt more acutely.

Although this paper has focused on the microeconomic implications of migration, a relevant question for many migrant-sending countries is how migration impacts macroeconomic indicators, primarily growth and GDP. Research into this area (reviewed in Brown and Jimenez-Soto 2015) generally finds mixed results, despite the large remittances that migrant-sending countries receive. Clemens and McKenzie (2018) examine this work and provide instructive analysis for why the literature has failed to document a relationship between remittances and growth. They highlight systematic issues with the way in which remittances are measured, as well as power issues in cross-country regressions, combined with the endogeneity inherent in the fact that remittances are correlated with migration, which results in opportunity costs in the country of origin. Their work is instructive in charting a path towards better research on the macroeconomic impacts of migration and remittances.

Given the realities of the difficulties in changing US immigration policies (and in other countries around the world), much discussion in the policy community has focused on the development of policies that address the root cause of migration in the source countries such as violence or poverty. While reducing

crises or conflicts that lead to surges in forced migration would surely reduce the numbers of migrants leaving in direct response to these situations, livelihood programs are unlikely to lead to large reductions in the numbers of economic migrants. Given the large economic gains to migration and the costs associated with the initial journey, increases in income do not always lead to reductions in migration, and can often spur migration as increased income can finance migration costs (Angelucci 2015, McCormick 2017). Research focused on the development of policies that can be implemented in the current political environment, possibly by non-governmental actors, is most poised to be effective. Answering some of the questions raised in this document, could lead to programs that allow migration and remittances to be as impactful as possible.

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