**Migrants' Responses to Home-Country Shocks: Measurement and Policy Implications**

Paul Karner*, Arup Sen and Jeremy Blair Smith
*Boston University*

The aim of this paper is to examine how migrants respond to important changes affecting their countries of origin. Identifying these responses illuminates the ways in which migrants assimilate into receiving countries and can, in turn, take part in and influence the development of their home countries. This is essential, both in order to gain a deeper understanding of the relationship between migration and development, and for the design of policies that can effectively harness these links for development.

Our approach is an important complement to the existing literature on migration and development. This literature focuses almost exclusively on how migration affects households in the countries of origin. In particular, it examines the determinants of international migration and financial flows, their role in helping sending households cope with risk, and their effects on sending-household decisions ranging from schooling and labor supply to productive investments. In contrast, we look at migrants directly by utilizing rich data on individual migrants in the United States combined with aggregate data on migrants' countries of origin. We can thereby assess the extent to which shocks affecting home countries manifest themselves in a wide array of migrant outcomes.

This paper uses data from the United States Census Bureau's Survey of Income and Program Participation (SIPP) supplemented by other polls and surveys and by home-country data collected from a variety of sources including the Migration Policy Institute, the World Development Indicators, and the Derksen Electionworld database. Our analysis spans the 1996-2006 period. The SIPP contains panel data on migrants from over 70 developing countries, including 7 African countries, for this time period.

The dependent variables we have focused on to date include decisions related to seeking secondary sources of income (e.g. through moonlighting), to job mobility, and to whether and how much to invest in financial assets and human capital. Such outcomes are of interest for a number of reasons, including their relation to the ability of migrants to send remittances home. Explanatory variables we have explored include natural disasters, political regime changes, and economic crises in the home country. There is great potential to extend our analysis. On the migrant side, we plan to explore political participation, charitable giving, and community involvement. On the home-country side, we intend to investigate policies affecting migration (e.g. visa and dual citizenship laws).

The results of our analysis have a causal interpretation. We exploit the longitudinal dimension of our data on individual migrants in the United States to focus on changes in their behavior and outcomes over time. This enables us to purge from our analysis many of the confounding effects of individual-specific unobserved heterogeneity. Furthermore, since aggregate outcomes in the home countries are unlikely to be affected by any single migrant, there is no reverse causality that would induce spurious results. Finally, we take steps to address simultaneity where appropriate by interacting our explanatory variables with the distance between migrants and their home countries and introducing diaspora fixed effects.

Our results are of great relevance for the design of policies that seek to mobilize diasporas for development. Most importantly, they measure the degree to which migrant responses to various shocks differ across dimensions such as years since migration and country of origin. Armed with this knowledge, policy makers in sending and receiving countries can better tailor policies to take advantage of the specific channels through which a given diaspora can most effectively contribute to its home country.

* Corresponding author: pkarner@bu.edu.