Epstein, Gil; Gang, Ira

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Centre for Research and Analysis of Migration

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CDP No 20/10

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Gil S. Epstein and Ira N. Gang

Centre for Research and Analysis of Migration
Department of Economics, University College London
Drayton House, 30 Gordon Street, London WC1H 0AX

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Migration and Culture

Gil S. Epstein* and Ira N. Gang†

* Department of Economics, Bar Ilan University, Ramat Gan; IZA, Bonn;
CReAM, London; Ld'A, Milano
† Department of Economics, Rutgers University; IZA, Bonn; CReAM, London

Non-Technical Abstract

Culture is not new to the study of migration. It has lurked beneath the surface for some time, occasionally protruding openly into the discussion, usually under some pseudonym. The authors bring culture into the open. They are concerned with how culture manifests itself in the migration process for three groups of actors: the migrants, those remaining in the sending areas, and people already living in the recipient locations. The topics vary widely. What unites the authors is an understanding that though actors behave differently, within a group there are economically important shared beliefs (customs, values, attitudes, etc.), which we commonly refer to as culture. Culture and identify play a central role in our understanding of migration as an economic phenomenon; but what about them matters? Properly, we should be looking at the determinants of identity and the determinants of culture (prices and incomes, broadly defined). But this is not what is done. Usually identity and culture appear in economics articles as a black box. Here we try to begin to break open the black box.

Centre for Research and Analysis of Migration
Department of Economics, Drayton House, 30 Gordon Street, London WC1H 0AX
Telephone Number: +44 (0)20 7679 5888
Facsimile Number: +44 (0)20 7679 1068

Migration and Culture

Gil S. Epstein[1]
Department of Economics, Bar Ilan University, Ramat Gan; IZA, Bonn; CReAM, London; Ld'A, Milano

Ira N. Gang
Department of Economics, Rutgers University; IZA, Bonn; CReAM, London

Abstract
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[1] Financial support from the Adar Foundation of the Economics Department of Bar-Ilan University is gratefully acknowledged.

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Migrants are quite diverse. The here is on the distinctions in culture among migrants, the families they left behind, and the local population in the migration destination. The new interactions directly affect all three groups. Assimilation is one result; separation is also a possibility. Location choice, workplace interaction, enclave size, the opportunity for the migrant obtaining credit in their new country, the local population's reaction to migrants, the political culture of the migrants and local population, links to the country-of-origin, and the economic state of the host country, all contribute to the classic conflict between assimilation and separation. Papers examining the working of the assimilation process on the migrants themselves, on the local population, on the families left at the home country and others can be divided into five non-exclusive areas: 1. Enclaves and Location Choice; 2. Production, Earnings and Competition; 3. Assimilation Struggles; 4. Family Issues and the Effects of Remittances; 5. Selection, Attitudes and Public Policy.

1. Enclaves and Location Choice

A characteristic of international migration is the clustering of immigrants in ethnic communities. Prominent examples are the concentration of Turks in Germany, Tamils in Switzerland, Moroccans in the Netherlands and Belgium, Italians in Argentina, Greeks in Australia, and Ukrainians in Canada. Clustering may be very narrow, such as when immigrants from a town or region are concentrated in a specific foreign town or region. For example, Macedonians from Skopje have come to make up a notable part of the population of Gothenburg, Sweden. In the United States, noticeable clusters of Mexican immigrants exist in California, Texas, Florida and Chicago. Three-fourths of migrants from Guanajuato, the Mexican state with the highest emigration rate to the U.S., go to California or Texas.

The prevailing explanation for immigrant clusters is the existence of beneficial network externalities when previous immigrants provide shelter and work, assistance in obtaining credit, and/or generally reduce the stress of relocating to a foreign culture (see Gottlieb, 1987, Grossman, 1989, Marks, 1989, Church and King, 1993, Carrington, Detragiache, and Vishwanath, 1996, Chiswick and Miller, 1996, Munshi, 2003). Ethnic networks, however, might also be associated with negative externalities. Disadvantageous network externalities may arise if immigration is subject to adverse selection, or if increases in immigrant concentration increases competition for jobs and lowers immigrants' wages. Under certain conditions the tendency to cluster may lower incentives to learn the language of the host country, which in turn may "trap" migrants in poverty (Bauer, Epstein and Gang, 2009). These negative network externalities limit the benefits immigrants can obtain from clustering.

A growing literature investigates the determinants of location choice by immigrants. The first significant study on this, Bartel (1989), finds that post-1964 migrants to the U.S. tend to locate in cities with a high concentration of immigrants of similar ethnicity. She further shows that highly skilled migrants are less geographically concentrated and rely less on the location of fellow compatriots. Similarly, Jaeger (2007), who differentiates between immigrants of different admission statuses, finds that immigrants tend to locate where former immigrants of the same ethnicity are concentrated.

Migration enclaves may be naturally limited in size. Migrants often choose to live together in enclaves, and to carry out a relatively large share of their transactions with other parties of the same enclaves – people who share a language, origin, history. Such an enclave gives the migrants a clear benefit, particularly if they are more likely to encounter a cooperative environment in such a setting. However, enclaves can feed xenophobia and make natives hostile towards the migrants. Such hostility can be expected to increase as the minority grows in size. This mitigates the benefit from the enclave, as the hostility harms the migrants. Thus, we expect to see numerous enclaves of migrants spread throughout the receiving country rather than concentrated in a single location (Weiss and Rapoport 2003).

Migrant and local populations interact. Each can invest in activities promoting or hindering assimilation. Migrants may want to assimilate, or they may want to hold onto their cultural identities. The local population may be welcoming or not. A major site for these interactions is within the firm – the proverbial "shop floor." As with enclaves, here also the size of the groups is important.

Migrants consider several factors in making their decisions about where to move, including the clustering of compatriots and similar folk in various localities. Ties of kinship, friendship, and village, link migrants, former migrants, and non-migrants in the home and host country. Stock factors measure the degree to which migrants may view a location as (ethnically) hospitable and the availability of information about specific locations. Stock factors may have an ethnic goods component and include village migration history. Flow factors measure the tendency of migrants to follow the paths of very recent migrants from their own villages.

These factors offer different information to a potential migrant. The ethnic goods component sends signals to the migrant about the possibility of living in a culturally similar environment, i.e., speaking his native language, listening to his music, reading his own newspapers, and eating ethnic food. The ethnic goods factor reduces the monetary and psychic costs of migrating. The village migration history component largely captures information about the host region received in the home village. This includes, for example, information on the labor and housing market, and information on specific employers in a region. In addition, the migrant may be able to count on contacts in a

specific location established by former migrants from the same village. This factor reflects the probability of receiving help from compatriots. The flow factor represents potential herd behavior by migrants, a sort of "peer emulation effect." Following the argument by Epstein (2010), migrants may choose a location on the supposition that recent migrants had information that he does not have.

Until the appearance of the paper by Polachek and Horvath (1977) much of migration theory treated migration as an individual investment decision. Family members other than the household head are not always explicitly considered. However, other members are clearly influential in migration decisions. Polachek and Horvath (1977) established the foundations for models of location choice that take into consideration all the different type of considerations. They do so by adopting a life cycle approach used in human capital theories of earnings accumulation, accounting for household considerations in both a general theoretical and empirical model. More importantly, migration is analyzed within a nonstochastic framework and remigration is endogenously explained. Bauer, Epstein and Gang (2009) examine the determinants of a current migrant's location choice emphasizing the relative importance and interaction of migrant stocks and flows. They show that both stocks and flow have significant impacts on the migrant's decision of where to locate. The significance and size of the effects vary according to legal status and whether the migrant is a "new" or a "repeat" migrant

A different aspect of locational outcomes considers how extensive is polarization based on wages and other economic indicators. Deutsch (2010) takes a multidimensional approach to the measurement of well-being, checks whether there has been a change in the degree of (group) polarization in the distribution of well-being in Israel. Deutsch (2010) shows how it is possible to decompose by population subgroups the polarization index. This polarization index is related to the Gini index and its components so that previous results on the decomposition of the Gini index may be incorporated. Two main cases are examined, that of non-overlapping groups and that of overlapping groups. Using Israeli data he shows decreasing polarization from 1990-2004.

Polarization has many aspects; one is education. The payoff to schooling among the foreign born in the U.S. is only around one-half of the payoff for the native born. Chiswick and Miller (2010) examines whether this differential is related to the quality of

the schooling immigrants acquired abroad. They use the Over-education/Required education/Under-education specification of the earnings equation to explore the transmission mechanism for the origin-country school quality effects. They also assess the empirical merits of two alternative measures of the quality of schooling undertaken abroad. Their results suggest that a higher quality of schooling acquired abroad is associated with a higher payoff to schooling among immigrants in the U.S. labor market. This higher payoff is associated with a higher payoff to correctly matched schooling in the U.S., and a greater (in absolute value) penalty associated with years of under-education. A set of predictions is presented to assess the relative importance of these channels, and the over-education channel is shown to be the more influential factor. This channel is linked to greater positive selection in migration among those from countries with better quality school. In other words, it is the impact of origin country school quality on the immigrant selection process, rather than the quality of immigrants' schooling per se, that is the major driver of the lower payoff to schooling among immigrants in the U.S..

Another aspect of locational choice is migrant mobility. Policy-makers in OECD countries appear to be increasingly concerned about growing migration pressure from developing countries. At the same time, at least within Europe, they typically complain about the low level of internal labor mobility. Faini and Venturini (2010) try to shed light on the issues of both internal and external labor mobility. They investigate the link between development and migration and argue, on both theoretical and empirical grounds, that it is likely non-linear. More precisely, they find that, in a relatively poor sending country, an increase in income has a positive impact on the propensity to migrate, even if we control for the income differential with the receiving country, because the financial constraint of the poorest become less binding. Conversely, if the home country is relatively better off, an increase in income may be associated with a fall in the propensity to migrate even for an unchanged income differential. Econometric estimation for Southern Europe over the period 1962-1988 provides substantial support to this approach. They estimate first the level of income for which the financial constraint is no longer binding, around $950, and then the level of income for which the propensity to migrate declines, which is around $4300 in 1985 prices. They therefore predict a steady

decline in the propensity to migrate from Southern European countries. Similarly, their results highlight the possibility that the pressure to migrate from Northern African countries and other developing countries may increase with further growth.

Taking a broader view Kaushal and Kaestner (2010) study the correlates of immigrant location and migration choices to address the following questions: What location-specific, economic and demographic factors are associated with these choices? Does the influence of these factors differ by immigrant characteristics? What explains the observed increase in immigrant geographic dispersion during the 1990s? Their analysis suggests that: (1) there is significant heterogeneity in the correlates of immigrant location and migration choices; associations vary by immigrant birthplace, age, gender, education and duration of residence in the U.S.. (2) Economic factors are, for the most part, weakly associated with immigrant location decisions. (3) Immigrants appear to be more attracted to states with large (growing) populations; less attracted to states with a high proportion of other foreign-born persons; more attracted to states with high unionization, and less attracted to states with high crime. (4) The association between location-specific characteristics and immigrant location choices changed between 1990 and 2000 for some immigrant groups and this explains most of the increase in geographic dispersion during the nineties. In contrast, changes in location attributes and changes in immigrant composition explain relatively little of the increase in dispersion.

2. Production, Earnings and Competition

The analysis of immigrants' contributions to the economy has concentrated on immigrants' impact on native's employment and wages of (Baldwin-Grossman, 1982, Gang and Rivera-Batiz, 1994, Friedberg and Hunt, 1995, Borjas, 2003, Card, 2005, Ottaviano and Peri, 2008. Immigration affects relative supply of workers with different characteristics and effects workers differently depending on their characteristics. The debate has generally turned on the degree of substitutability or complementarity of immigrants and the native-born: if immigrants tend to cluster into jobs requiring mostly manual work and little education or experience, and the native-born hold jobs requiring higher levels of education and/or experience, how would increased immigration affect the

wages of the native-born? The answer is, of course, directly related to whether low-skilled and highly-skilled labor are substitutes or complements. This is very nicely laid out in Bodvarsson and Van den Berg (2009). The papers in this section push beyond the scope of the received tradition.

The classic confrontation between immigrants and the local population takes place in the labor market. While many papers deal with labor market concerns, the papers in this section tackle key issues head on, providing new insights to well-worn subject matter. For example, it is very clear that otherwise similar-looking immigrants and locals earn different amounts and have different jobs. The question is whether these differences constitute discrimination, or is something else going on. If it is discrimination, what is at the root of it? In part, immigrant earnings are the outcome of the friction between the migrants and the local population. The willingness of the local population to accept the migrants also plays a role here. In terms of assimilation, the effect of the borrowing constraint facing new immigrants on the process of their assimilation in the new society is important. Those who succeed enjoy a higher level of productivity and therefore wages in the future. The level of investment is endogenously determined. Thus, an important assimilation issue is the possibility of borrowing. On this issue, migrants and the local population differ.

Empirical evidence on the labor market performance of immigrants shows that migrant workers suffer from an initial disadvantage compared to observationally equivalent native workers, but that their wages subsequently tend to increase faster than native earnings. Economists usually explain these phenomena by spot markets for labor and investments into human capital. By contrast, Schmidt (2010) proposes a contract theoretic model. This alternative has important implications for integration policy, since it suggests investing into the transparency of foreign educational credentials. Also contrasting human capital theory, the model suggests that permanent migrants never earn higher wages than equally skilled temporary migrants.

One should not ignore the interaction between the local and foreigner workers. Epstein and Mealem (2010) consider the interaction between local workers and migrants in the production process of a firm. Both local workers and migrants can invest effort in assimilation activities in order to increase the assimilation of migrants into the firm and

by doing increase their interaction and production activities. They consider the effect, the relative size (in the firm) of each group and the cost of activities has on the assimilation process of the migrants. One of the outcomes of this model is specialization in production. If this is the outcome then the question that comes to mind is: are ethnic specialization and thus a downward sloping labor demand curve fundamental features of labor market competition between ethnic groups? In a general equilibrium model, Kahanec (2010) argues that spillover effects in skill acquisition and social distances between ethnic groups engender equilibrium regimes of skill acquisition that differ in their implications for ethnic specialization. Specifically, fundamental relationships through which relative group sizes determine whether ethnic specialization arises and in what degree are established. Thus, his paper theoretically justifies a downward sloping labor demand curve and explains why some ethnic groups earn more than others, ethnic minorities underperforming or outperforming majorities.

As presented above, migrants are many times paid differently than the local population. Bodvarsson and Sessions (2010) focus on immigrant workers paid differently than their equally productive native-born counterparts ("nationality discrimination"). Constructing a theory and test of nationality discrimination is particularly challenging because: (a) foreign- and native-born workers in the same occupation are very likely to be imperfect substitutes in production, owing to the former group's imperfectly transferrable human capital; but (b) the literature offers only models where majority and minority workers are perfect substitutes. In the theory section a generalized Leontief production function where native and immigrant workers are distinct inputs is articulated. In the empirical section, a U.S. test case is available: Major League Baseball (MLB). The data set consists of 1,093 hitters and 1,204 pitchers for four seasons during 1992-98, a period during which the industry expanded. Salary, experience, player performance, and team performance data come from the Lahmann Baseball Database and race and nationality are inferred from Topps baseball cards. Estimates of nationality discrimination against immigrant players in both job categories are obtained.

Culture is intimately linked to pecuniary incentives –to earnings and productivity. This is brought out in Sriniver (2010) who shows immigrants do in fact respond to

economic incentives in acquiring proficiency in the language of the host country, particularly immigrants with 13+ years of schooling.

3. Assimilation Struggles

Some migrants stay in their new country and some go back home. Those who return home bring with them experience and, perhaps, higher human capital. To what extent do the socio-economic characteristics of circular/repeat migrants differ from migrants who return permanently to their home country after their first trip (i.e. return migrants)? What determines each of these distinctive temporary migration forms? What happens to those who do not return, though they continue sending remittances home? What effect does this have on the migrants and those left at home?

Minority ethnic group participation in labor markets is quite complex and in many ways different from that of citizens belonging to a nation's majority ethnicity. Studies of minorities around the world show, with few exceptions, that they tend to earn wages substantially below those of comparable majority workers (Altonji and Blank 1999, Blau and Kahn, 1997, 2006, 2007, Smith and Welch, 1989, Bhaumik, Gang and Yun, 2006). Partly, this reflects a failure on the part of the minority group to undertake the effort to assimilate with the majority (Constant, Gataullina and Zimmermann, 2009). "Lack of effort" can arise from the desire to maintain a cultural heritage or separate identity which would be lost or reduced if the group assimilated. The failure to take active steps to assimilate can also arise in the face of high adjustment costs, such as inadequate language skills, intergenerational familial conflicts, and, in the case of immigrants, lack of knowledge about the host country labor market (Chiswick and Miller, 1995, 1996, Bauer, Epstein and Gang, 2005). Yet for immigrants and their descendants, as length of time in the host country increases, assimilation generally creeps in and various immigrant labor market indicators approach those of comparable majority workers. On occasion, minority workers outperform majority workers (Chiswick, 1977, Deutsch, Epstein and Lecker, 2006).

Efforts made to assimilate, and time, are two elements working to bring minorities into line with the majority. A third element, the degree to which the majority welcomes the minority, also plays a role. Often, the majority is less than welcoming, blaming the

minority for depressing wages and displacing majority workers – i.e., causing majority unemployment. This presumption has very strong policy implications and is implicit, for example, in the calls for increased regulation of immigration heard worldwide. Yet, there is mixed evidence on the impact of minorities on majority wages and employment – it depends on whether they are substitutes or complements with respect to the skills and other attributes they bring to the labor market (Gang and Rivera-Batiz 1994, Gang, Rivera-Batiz and Yun 2002). Whether minorities actually lower wages and increase employment, or not, the perception exists that they do so. Because of this perception the majority may take active steps to discourage minority assimilation – discrimination, isolation, and so on.

Often the efforts of the minority and the majority are mediated through political institutions. These institutions exist in both the minority and majority worlds. They could be, for example, political parties, trade organizations, unions, or thugs. These are organizations that are able to overcome the free-rider problem individual members of each group have in moving from the actions they desire to take, to actually taking the actions. Yet, while an organization's purpose may be to represent the members of their group, the interests' of the organization and that of its members do no always coincide. The work here adds to the blossoming literature on majority – minority conflict and resolution, assimilation, and the reestablishment of cultural identity (see, for example, Alesina and La Ferrara, 2000, Anas, 2002, Bisin and Verdier, 2000, Dustmann, Fabbri and Preston, 2004, Kahanec, 2006, and Lazear, 1999).

Epstein and Gang (2009) are interested in why minorities are so often at a disadvantage relative to the majority, the circumstances under which their status changes or stagnates over time, and role public policy can play. Assimilation efforts by the minority, harassment by the majority and time are the three elements that determine how well the minority does in comparison to the majority. They examine the consequences for these of increases in the numbers of members of the minority, time, and the role of the political entity. They construct a model in which there are four actors: the members of the majority and the organization that represents them, and members of the minority and the organization that represents them. Over time, the political entity representing the minority and the members of the minority exhibit different interests in assimilating and in

maintaining their cultural identity. They discuss how this affects the minority's position over time and discuss the public policy implications of the model.

Some view migration and crime as dependant. The Bodenhorn, Moehling and Piehl (2010) study provides a fresh look at the question of immigration and crime by looking at mid-nineteenth century data created from the records of Pennsylvania's state prisons from the 1830s to the 1870s. These records provide information on the birthplace, age, prior occupation, county of conviction, crime, and sentence of all individuals entering the prisons. With these data we can examine the share of immigrants in prison commitments as well as in the prison population on a given date. These data, when combined with data on the general population, allows them to determine whether immigrants were disproportionately incarcerated in general and for violent crimes in particular, and whether immigrant incarceration patterns changed over time as immigrants assimilated to life in the U.S. The use of micro data that allows analysis by type of crime and age provides a much tighter and much richer understanding of immigrant participation in crime. Impressions of immigrants as a source of violence and disruption are longstanding. Furthermore, they underlie many of the theories of culture conflict and assimilation. Modern empirical methods and detailed population data allows to revisit these age-old research questions with a sharper focus.

Within immigrant society there is often a conflict between those arguing for assimilation and those demanding an independent identity for the group. Of course there are many shades to this discussion; immigrant societies are multi-layered and multi-dimensional with many viewpoints. One point of view may come into conflict with others because of the development of rivalrous strategies, at least partly overlapping followers, and/or the necessity of laying claim to having the bigger impact. Supporters of each point of view invest resources and effort into convincing the general body of immigrants of the virtue of their point of view and therefore having an effect. Epstein and Gang (2010) develop economic theory that considers how such a competition affects the resources invested by the supporters and how beneficial it is to the immigrant group. Fertig (2010) investigates whether and to what extent immigrants in Germany are integrated into German society by utilizing a variety of qualitative information and subjective data collected in the 1999 wave of the German Socio-Economic Panel

(GSOEP). To this end, leisure-time activities and attitudes of native Germans, ethnic Germans and foreign immigrants of different generations are compared. The empirical results suggest that conditional on observable characteristics the activities and attitudes of foreign immigrants from both generations differ much more from those of native Germans than the activities/attitudes of ethnic Germans. Furthermore, the attitudes of second-generation immigrants tend to be characterized by a larger degree of fatalism, pessimism and self-doubt than those of all other groups, although their activities and participation in societal life resemble more those of native Germans than those of their parents' generation.

Whose role in helping the second generation to assimilate and get along in their new country is more important, the mother's or the father's? Gang (2010) examines the differential effects of mother's schooling and father's schooling on the acquisition of schooling by their offspring. The context is "cross-cultural", comparing results across three countries: Germany, Hungary and the Former Soviet Union. Within these countries, it looks at difference by gender and by different ethnic subgroups. The evidence is, generally, that father's schooling is more important than mother's schooling, but this does vary by ethnic group. Moreover, mother's schooling plays a relatively larger role for females.

Kahanec and Yuksul (2010) investigate the effects of vulnerability on educational outcomes in Croatia, Bosnia and Herzegovina, Montenegro and Serbia using a unique 2004 UNDP dataset. Treating the collapse of the former Yugoslavia as a natural experiment, they compare educational achievement and intergenerational transfer of human capital for three groups that have been differently affected by the wars and post-war distress: the majority as the benchmark, the ex-ante and ex-post vulnerable Roma people, and the ex ante equal but ex-post vulnerable internally displaced people (IDPs). Their findings reveal significant negative effects of vulnerability on educational attainment. IDPs seem to be more negatively affected than Roma and both groups exhibit significant inertia in intergenerational transfer of human capital. They find evidence that this inertia is stronger for the Roma. Their findings highlight the need for policies that not only tackle vulnerability as such, but address the spillover effects of current vulnerability on future educational attainment.

In the struggle for assimilation credit markets may play an important role. Lahiri (2010) examines the effect of borrowing constraints facing new immigrants in the process of their assimilation in their new society. He does so in two-period model. In period one, the immigrants invest, with some costs to them, in trying to assimilate. The probability of success in this endeavor depends on the amount invested and on the level of the provision of a `public' good paid for by lump-sum taxation of the `natives'. Those who succeed enjoy a higher level of productivity and therefore wages in period 2. The level of investment is endogenously determined. Given this framework, Lahiri (2010) characterize the optimal level of the public good provision. This is done under two scenarios regarding the credit market facing new migrants. In the first, they can borrow as much as they want in period 1 at an exogenously given interest rate. In the second scenarios, there is a binding borrowing constraint. Lahiri (2010) compares the equilibrium level of `assimilation' under the two scenarios.

There is a well-established high quality literature on the role of networks, particularly ethnic networks, in international trade. Ethnic networks are a way of overcoming informal barriers (information costs, risk and uncertainty) to trade by building trust and substituting for the difficulty of enforcing contracts internationally. Networks form between migrants and natives in the host country and between migrants and their home country. Ethnic networks exist when assimilation is not complete. Epstein and Gang (2006) consider the struggle of migrants to assimilate and, at the same time, the struggle of the local population to prevent such assimilation. These activities affect trade possibilities. Moreover, they show that it may well be in the interest of migrants who specialize in trade to, at some point in time, turn from investing in assimilation activities and instead invest in anti-assimilation activities in order to preserve immigrants' preferences for home country goods. There is increasing evidence in empirical trade that the immigrant population provides the social and co-ethnic networks that facilitate trade with their home country by removing some informal trade barriers and lowering transactions cost to trade. Immigrants' carry home-country information that helps in matching buyers and sellers and enforcement of trading contacts (information effect) and immigrants affect imports by demanding goods from their home countries (demand effect). Usually, the size of immigrant stock – both older cohorts and new

entrants – captures network size. However, as immigrants stay longer in their host country their information and demand effects may weaken or strengthen. This varies across immigrant groups and type of goods. Trade flows between the host and the home country change in response. Mundra (2010) focuses on the role of immigrants' economic assimilation on the U.S. bilateral trade using a panel data for 63 trading partners as well as immigrant sending countries over the period 1990 - 2000. She examines whether the immigrants' assimilation effect on trade varies across the homogenous goods and differentiated products.

4. Family Issues and the Effects of Remittances

Migration is not generally a purely individual decision; most frequently it takes place in a family context. One or two members of the family migrate; the others stay in their home country. For example, for those from Central America and Mexico it is not uncommon for a mother or father (or both) to migrate to the United States and leave their children behind. After the parent(s) have achieved some degree of stability in the United States, the children follow. There are many important questions. Are children separated from parents during migration more likely to fall behind others their age in school? Are they are more likely to drop out of high school? Does the impact of separation for children differ when separated from their mothers or fathers? Migration may change family structure in the host country as they interact with the local economy and new culture. This may have strong and important effects on migrant identity and socialization and their willingness to assimilate (Gang and Zimmermann, 2000).

The growth perspectives of European Union member countries are seen to be crucially related to the challenge of mobilizing people to work. One issue is that non-economic migrants have more difficulties in economic performance and labor market integration, and are a larger potential burden to the social security systems than economic migrants. Recent work in Denmark and Germany (see Tranaes and Zimmermann, 2004, Schultz-Nielsen and Constant, 2004, Constant and Zimmermann, 2005 and Constant, Gataullina and Zimmermann, 2009) provides new evidence indicating that an ever-rising number of immigrants are unavailable to the labor force. Instead, migrants arrive as refugees, asylum seekers or for family reunification purposes. Differences in labor

market attachment might be due to differences in individual characteristics across ethnicities and within ethnicities.

The effect of migration and remittances on non-migrating family members has long attracted attention. Migration and remittances can increase investment in human and physical capital (Cox Edwards and Ureta, 2003, Hildebrand and McKenzie, 2003, Mesnard, 2004), reduce poverty and alter inequality in the home country (Adams, 1992; Taylor and Wyatt, 1996). It can also induce chain migration (Dimova and Wolff, 2009). Recent research links migration, transfers and child labor, showing in the aftermath of migration and the transfers sent by emigrating parents may enable the children and other family members to stop working (Epstein and Kahana, 2008).

In recent years, both the structure of families and household composition changed dramatically. For example, more and more young people leave the house of their parents before the establishment of their own family; more and more young couples live together without marriage, etc. Cohen Goldner (2010) explores immigrant family structure in Israel and follows the dynamics of immigrants' households as a function of time in the new country and labor market performance. Upon arrival a typical immigrant household consists of more than one family. This pattern reflected the economic constraints that immigrant faced upon arrival and the need to save additional costs, as well as a sociological need of immigrants to "stick together". However, as immigrants are integrated in the labor market and time passes, the share of households consisting of more than one family diminishes. To what extent do the socio-economic characteristics of circular/repeat migrants differ from migrants who return permanently to the home country after their first trip (i.e. return migrants)? What determines each of these distinctive temporary migration forms? Piracha and Vadean (2010) using Albanian household survey data and both a multinomial logit model and a maximum simulated likelihood (MSL) probit with two sequential selection equations find that education, gender, age, geographical location and the return reasons from the first migration trip significantly affect the choice of migration form. Compared to return migrants, circular migrants are more likely to be male, have primary education and originate from rural, less developed areas. Moreover, return migration seems to be determined by family reasons, a failed migration attempt but also the fulfillment of a savings target.

Remittances have long been viewed as a means to combat poverty, to improve consumption, to raise standard of living. Remittances, however, can also enable investment in human capital resources (especially education) of the next generation. Haberfeld, Semyonov and Xing (2010) examines the impact of remittances sent by labor migrants from India on the standard of living (as a proxy of consumption) and on the education of young children (as a proxy of investment in human capital) on non-migrating family members. The analysis is conducted on a randomly selected representative sample of households in Rajasthan. Three types of households are distinguished: 575 having labor migrants, 162 without current migrants, and 232 not having migrants at present but sent migrants in the past. Analysis of the data reveals meaningful differences among the types of households. Those having current labor migrants are characterized by the highest standard of living but at the same time by a low level of children's education. Further analyses suggest that remittances are likely to increase consumption and improve standard of living but have very little effect on children's education.

Earlier research found that children separated from parents during migration are more likely to lag behind others their age in school and are more likely to drop out of high school. The negative impact of separation during migration on educational success is largest for children separated from their mothers (in contrast to fathers), for those whose parents have lived in the United States illegally, and for those who reunited with parents as teenagers (rather than at younger ages). Poggio and Gindling (2010) suggest public policies to help immigrant children separated from parents during migration to succeed in U.S. schools. The policies are based on focus group discussion with parents separated from their children during migration, interviews with psychologists and school administrators, and an on-line survey of elementary and high school teachers.

DeVoretz and Vadean (2010) analyze the effect of cultural differences amongst ethnic groups on the remittance behavior of native and immigrant households in Canada. In contrast to the literature that examines remittance motivation in the framework of extended family agreements, they embed remittances in a formal demand system, suggesting that they represent expenditures on social relations with relatives and/or friends and contribute to membership in social/religious organizations respectively. The

results indicate strong ethnic group cultural differences in the remittance behavior of recent Asian immigrant households and highlight the importance of differentiating with respect to cultural background when analyzing the determinants of remittances.

5. Selection, Attitudes and Public Policy

Cost, benefits, and the local population's reaction affect public policy. We see this in the different policies towards migration as reported by governments to the United Nations Department of Economic and Social Affairs between 1976 and 2007. Preliminary evidence shows that most governments have policies aimed at either maintaining the status quo or at lowering the level of migration. The UN dataset also allows us to document variation in migration policies over time and across countries of different regions and incomes.

Battisti and DeVoretz (2010) investigate the economic performance of immigrants from the Former Soviet Union (FSU) countries in Canada. The contribution of their paper lies in its use of a natural experiment to detect possible differential labor market performances of Soviet immigrants prior to and after the collapse of the Soviet Union. In short, the collapse of the former Soviet Union allows an exogenous supply change in the number and type of FSU immigrants potentially destined to enter Canada. For this purpose, Census micro-level data from the 1986, 1991, 1996 and 2001 Canadian Census are utilized to estimate earnings and employment outcomes for pre- and post-FSU immigrants.

The first goal of Facchini and Mayda (2010) is to measure the restrictiveness of policies towards migration as reported by governments to the United Nations Department of Economic and Social Affairs between 1976 and 2007. Preliminary evidence shows that most governments have policies aimed at either maintaining the status quo or at lowering the level of migration. The UN dataset also allows them to document variation in migration policies over time and across countries of different regions and income levels. Finally, it makes it possible to examine patterns in different aspects of destination countries' migration policies, such as policies towards family reunification, temporary vs. permanent migration and highly skilled migration. This analysis leads to an investigation of the political-economy determinants of destination countries' migration policy.

Facchini and Mayda (2010)'s goal is to develop a framework in which voters' attitudes represent a key component and to examine the link between these attitudes and governments' policy decisions. To that end, they merge the information contained in the UN migration-policy dataset with cross-country data on individual attitudes towards immigrants. They use data on public opinion from the International Social Survey Programme, National Identity Module, for the years 1995 and 2003. The merged datasets allow us to investigate whether – within a median voter framework (Benhabib 1996, Ortega 2005, Facchini and Testa 2008) – voters' migration attitudes are consistent with migration policy decisions as reported by governments.

The link between ethnic conflicts and international trafficking is an issue that has recently received a surge in international attention. The main argument is that internal conflicts encourage the internal displacement of individuals from networks of family and community, and their access to economic and social safety nets. These same individuals are particularly vulnerable to being trafficked, by the hopes of better economic prospects elsewhere. Akee, Baus, Chau and Khamis (2010) take this link between ethnic fragmentation and international trafficking to the data for the first time, making use of a novel dataset of international trafficking. They conduct a two-stage estimation, which highlights the ultimate impact of ethnic fragmentation and conflict on international trafficking, both directly, and indirectly through their impacts on the scale of internal displacements. From a different angle Gang, Rivera-Batiz and Yun (2010) explores the determinants of the attitudes of European citizens towards non-European Union foreigners using samples from the Eurobarometer Surveys. They carry out a probit analysis of some of the key factors influencing the attitudes of European Union citizens towards foreigners and their changes over time. They study the roles of labor market, concentration of immigrants in neighborhoods, racial prejudice and education on anti-foreigner sentiment. Implementing the Oaxaca-type decomposition analysis based on probit estimates show a generally rising trend towards greater racial prejudice, and the decline in the strength of educational attainment in reducing negative attitudes towards foreigners, contributes to the increased anti-foreigner attitudes. Along the same line, Katav-Herz (2010) examines how social norms affect a local population's attitudes toward immigration. A model is set out showing how a trade off can arise between the

contribution of immigration to the welfare of the local population and the concerns about changes in social norms. The paper addresses three questions. The first question concerns the determination of immigration policy through majority voting when a population differs in attitudes to changes in social norms. The second question concerns how social norms can impede the realization of the benefits of immigration as a solution for financing intergenerational transfers to retired people in an ageing population. The third question concerns the timing of immigration when immigration affects social norms.

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