

Network Effects in Migrant Remittances

Evidence from Household, Sibling and Village Ties in Nang Rong, Thailand

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Why do migrants remit?

Altruism: to improve household welfare

Exchange: to buy services or secure inheritances

Insurance: to diversify risks to income

Investment: to repay past loans

Why do migrants remit?

Option: to retain membership in community,
to access new information on destination

Evidence: Internal migrants in Thailand remit less to households that are not well-connected.

Why do migrants remit?

This study: Migrants remit more (or less) if others in their social groups do.

Migrants remit if others do.

[Altruism]

less

in the household

SOCIAL GROUP**MECHANISM**

Household

Altruism

Other remitters

-

x Wealth

-

Migrants remit if others do.

[Altruism] less in the household

[Exchange] more in the household

SOCIAL GROUP	MECHANISM	
Household	Altruism	Exchange
Other remitters	-	+
x Wealth	-	
x Migrant potential heir		+

Migrants remit if others do.
[Altruism]	less	in the household
[Exchange]	more	in the household
[Relative deprivation]	more	among kin or villagers

SOCIAL GROUP	MECHANISM	
Household	Altruism	Exchange
Other remitters	-	+
x Wealth	-	
x Migrant potential heir		+
Kin or village members	Relative deprivation	
Other remitters	+	
x Wealth	-	

Migrants remit if others do.
[Altruism]	less	in the household
[Exchange]	more	in the household
[Relative deprivation]	more	among kin or villagers
[Option]	more	among kin or villagers

SOCIAL GROUP	MECHANISM	
Household	Altruism	Exchange
Other remitters	-	+
x Wealth	-	
x Migrant potential heir		+
Kin or village members	Relative deprivation	Option-seeking
Other remitters	+	+
x Wealth	-	
x Migrant's income		-

Migrants remit if others	do.
[Altruism]	less	in the household
[Exchange]	more	in the household
[Relative deprivation]	more	among kin or villagers
[Option]	more	among kin or villagers
[Shared norm]	more	among villagers of the same social category

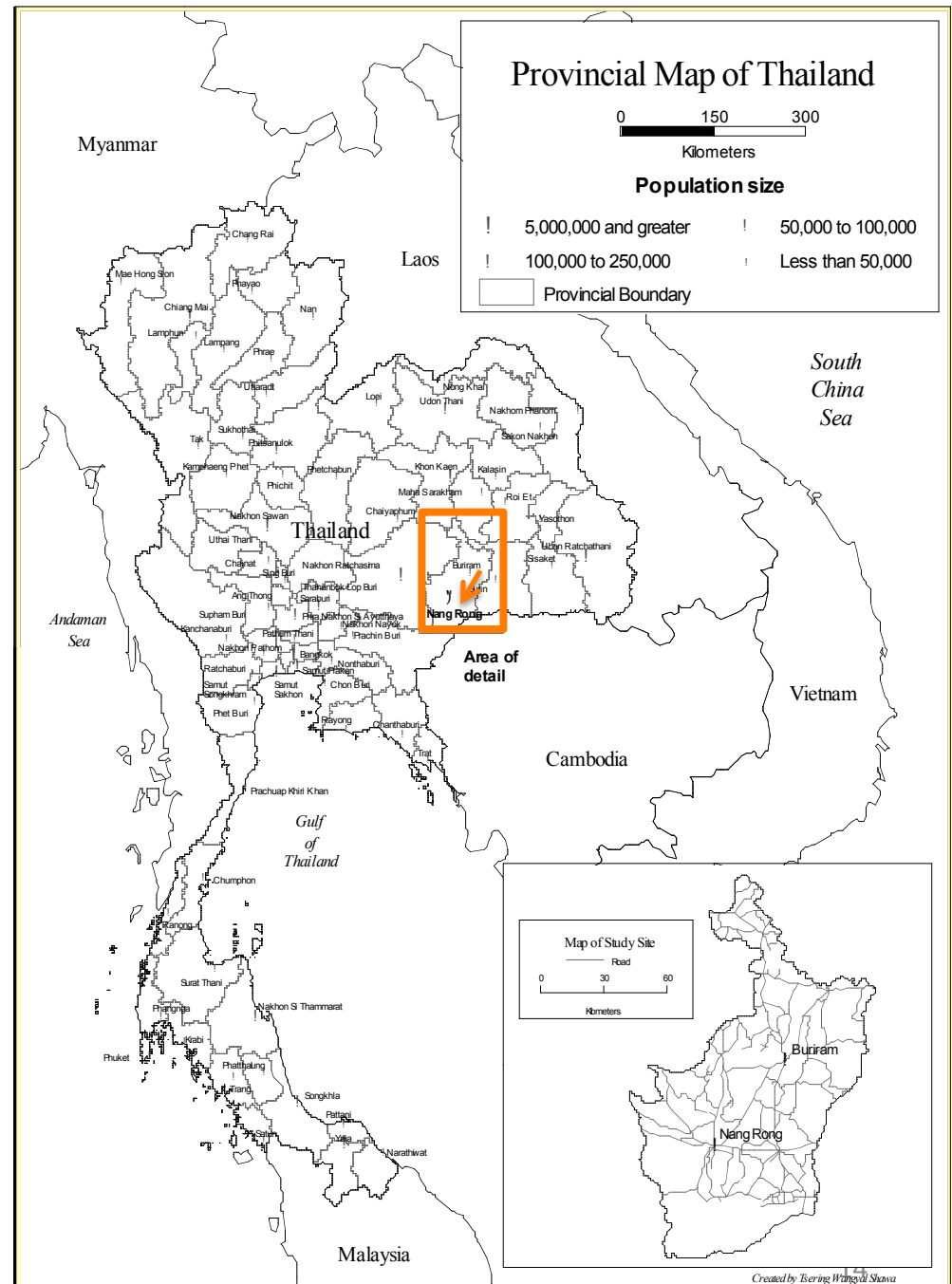
SOCIAL GROUP	MECHANISM		
Household	Altruism	Exchange	
Other remitters	-	+	
x Wealth	-		
x Migrant potential heir		+	
Kin or village members	Relative deprivation	Option-seeking	Shared norms
Other remitters	+	+	
x Wealth	-		
x Migrant's income		-	
<u>Other remitters in one's social category</u>			+

Thai Setting

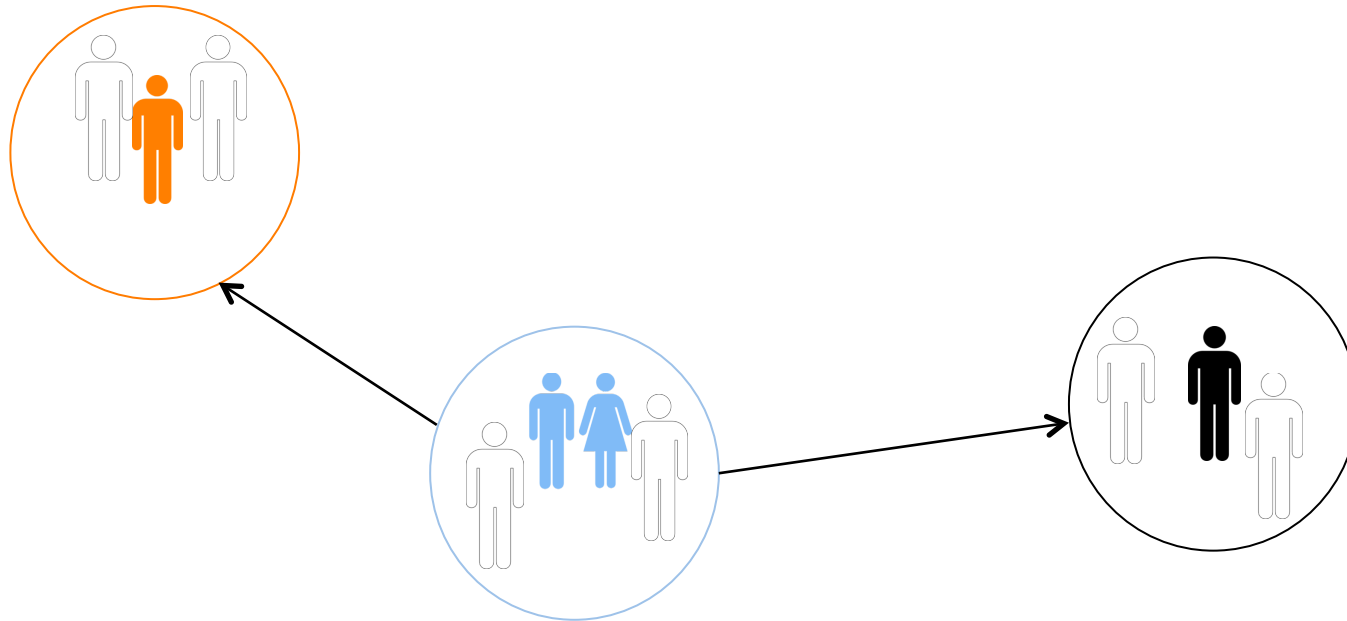
Internal migration
takes off in the 1980s
until the 1997 crisis

Data: **Nang Rong**
censuses of 51 villages
in 1994 and 2000

$N \sim 30,000$ individuals

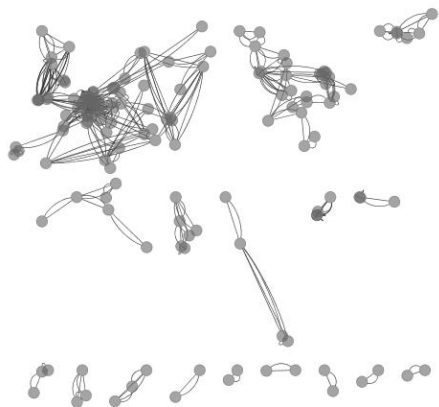


Complete social network data on sibling relations

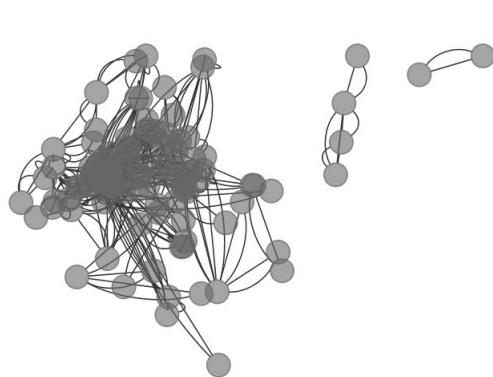


1994

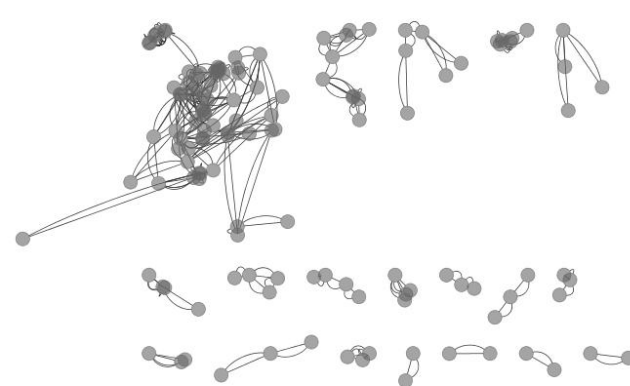
A



B

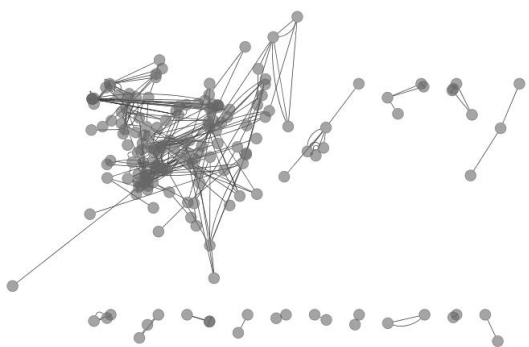


C

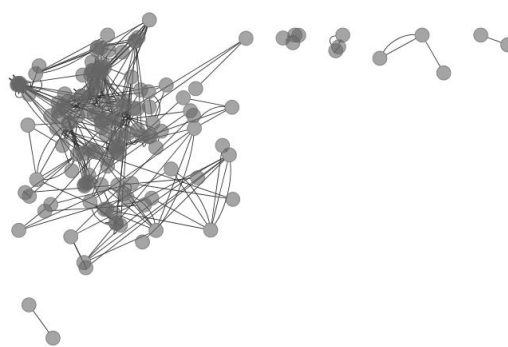


2000

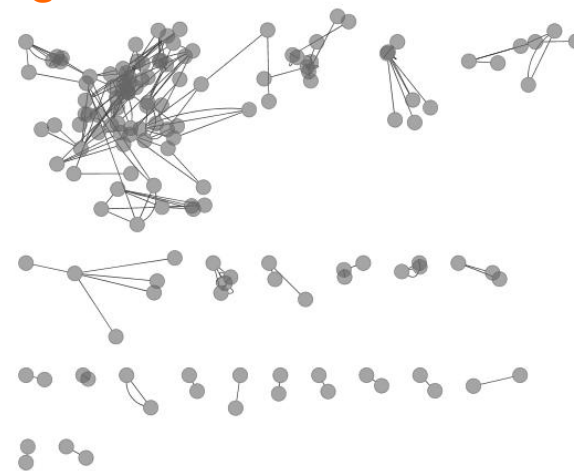
A



B



C



Results

Migrants remit more if others in the household remit, especially in wealthy households.

Results

SOCIAL GROUP	MECHANISM		
Household	Altruism	Exchange	
Other remitters	-	+	
x Wealth	-		
x Migrant potential heir		+	
Kin or village members	Relative deprivation	Option-seeking	Shared norms
Other remitters	+	+	
x Wealth	-		
x Migrant's income		-	
<u>Other remitters in one's social category</u>			+

Results

Migrants remit more if others in the household remit, especially in wealthy households.

Migrants remit more if others among villagers of the same social category remit.

Results

SOCIAL GROUP	MECHANISM		
Household	Altruism	Exchange	
Other remitters	-	+	
x Wealth	-		
x Migrant potential heir		+	
Kin or village members	Relative deprivation	Option-seeking	Shared norms
Other remitters	+	+	
x Wealth	-		
x Migrant's income		-	
Other remitters in one's social category			+

Take-away

There are network effects in remitting behavior.

The effects are especially strong in households that offer future bequests and among villagers who occupy similar social roles.

The effects can be endogenous or correlated.