International Migration and Remittances: A Review of Economic Impacts, Issues and Challenges from the Sending Country's Perspective

Tereso S. Tullao, Jr., Ph.D.
Angelo King Institute
De La Salle University
Manila, Philippines
tereso.tullao@dlsu.edu.ph

Christopher James R. Cabuay
Angelo King Institute
De La Salle University
Manila, Philippines
christopher.cabuay@dlsu.edu.ph

ABSTRACT

The paper reviews the motivations of people to migrate and remit as well as the impacts of migration and the effects of remittances. Reasons for migration are quite varied ranging from economic asymmetries (also known as push-pull factors), demographic asymmetries, investment in human capital, maximization of household income, the culture of migration, and the movement in natural persons. On the other hand, remittances are sent to the home country for altruistic, exchange, strategic and insurance motives as well as an arbitrage in interspatial differences in purchasing power. The impacts of migration and remittances are felt on both the household and national levels of the sending country including various dimensions of the macro-economy. International migration and its accompanying remittances are realities that have to be accepted given the positive contributions and the negative consequences attached to it. Thus, there is a need to mitigate its social costs while enhancing its positive contributions to the individuals, households, community and society. It has been observed that there are positive effects on the family as well as psychological cost. These dual effects are likewise felt by the community and the national economy. Accepting the costs and recognizing the benefits is crucial in managing the phenomenon of international migration as a relevant social reality.

Keywords: migration, Overseas Filipino Workers, pull factors, push factors, remittances

I. Introduction

With the advent of globalization, the world as we know it is increasingly being integrated culturally, financially, and economically. With barriers to trade constantly being lessened, countries have become more open and have reaped the benefits of trade. At the same time, with borders seemingly becoming thinner, cities becoming closer, people have found more avenues to facilitate international migration. Migration serves as an avenue for people to take advantage of economic opportunities, move away from undesirable national circumstances, improve their own human capital, maximize income across time, and take advantage of migration cultures.

Table 1. *Sending and Receiving Regions International Migrants 2010 (In Thousands)*

Sending region (across) -Destination region (down)	Africa	Americas	Asia	Europe	Oceania	**Total Receiving**
Africa	14,478	15	342	254	5	15,094
Americas	1,776	29,185	13,965	8,730	354	54,009
Asia	3,898	796	39,467	6,837	62	51,062
Europe	8,153	5,231	18,408	35,397	277	67,466
Oceania	384	300	2,228	2,813	913	6,637
Total Sending	28,689	35,526	74,411	54,032	1,611	

Source: Migration Policy Institute, 2011; Calculations of the World Bank Development Prospects Group's Bilateral Migration Matrix Data of 2010.

As seen in Table 1, the largest sending region as of 2010 is Asia with 74.411 million migrants, followed by Europe with 54.032 million, the Americas with 35.526 million, Africa with 28.689 million, and Oceania with 1.611 million. The largest receiving region is Europe with 67.466 million, the Americas with 54.009 million, Asia with 51.062 million, Africa with 15.094 million, and Oceania with 6.637 million. The largest migration flows are within regions (in Asia's case, from South-central Asia to South-eastern Asia), although interregional flows are large from Asia going to Europe (18.408 million), and Asia to the Americas (13.965 million).

Migration is more than often coupled with remittances - people sending back money or in kind to their families back in the home country. Migrants send remittances back home for various purposes: be it for sheer love and mutual understanding for their family, or perhaps for more selfish, personal reasons such as bequest, maintenance of and further investments at home, and even strategic motives such as "bribing" home workers not to migrate in order to prevent the decrease of wages in the migration destination. Whatever the reason maybe, remittances serve as an avenue for people to maximize their income over time, or at least for their families' consumption to smoothen.

Table 2. *Worker's remittances and income of non-resident workers by host country (current Billion USD)*

Country	1990	1995	2000	2005	2006	2007	2008	2009	2010
East Asia & Pacific	8.65	16.88	25.23	62.08	69.20	86.25	105.12	103.47	112.84
Europe & Central Asia	34.46	43.95	51.55	89.85	102.95	130.93	148.06	132.10	132.46

Latin America & Caribbean	5.74	13.42	20.35	50.06	59.11	63.30	64.65	56.84	57.53
Middle East & North Africa	10.48	12.81	11.94	26.09	27.58	33.40	37.75	35.18	36.43
North America	1.17	2.18	4.40	4.80	6.20	6.55	6.78	6.52	6.62
Sub-Saharan Africa	1.79	3.17	4.83	9.65	12.81	18.76	21.72	20.20	21.10

Source: World Bank, 2012.

As can be seen from Table 2, the levels of remittances across regions have grown sizably over time. The largest source of remittances comes from Europe, amounting to nearly USD 132.46 billion as of 2010. This is reflective of the fact that Europe is the most popular migrant destination as seen in Table 1. This is followed by the East Asian and Pacific region with USD 112.84 billion, which reflects the fact that there is large intra-regional migration within Asia.

This paper reviews the motivations of people to migrate and remit as well as the impacts of migration and the effects of remittances. Various studies on migration and remittances are reviewed to identify, analyze and assess the impacts, issues and challenges on the sending country when their human resources migrate and remit. Section 2 discusses the various motivations for migration, ranging from economic asymmetries (also known as push-pull factors of migration), demographic asymmetries (such as the demographic dividend), the development human capital and household income maximization, the culture of migration, and the trade in services as well as the movement in natural persons. Section 3 discusses the various motivations for remittances: altruistic, exchange and strategic motives, insurance, as well as interspatial differences in purchasing power. Section 4 identifies the impacts of migration on both household and national level of the sending country, identifying avenues for the development of human resources, the *brain drain* phenomenon, as well as the effects on the labor market, particularly the effects on domestic wages. Section 5 proportionately discusses the effects of remittances on the macro-economy.

II. Motivations for International Migration

2.1. Economic Asymmetries

The primary motivation for people to migrate is to respond to a set of incentives that lead them to favorable outcomes. From an economic perspective the presence of economic and demographic asymmetries between countries can serve as incentives for people to move across boundaries. For example, poor economic performance of a country as well as excess supply of labor may push individuals to migrate to economically prosperous countries which in turn are experiencing tight labor market. Negative or push factors combined with positive or pull factors determine the size and the direction of the flow of migration (Portes & Borocz, 1989), and it is assumed that the greater the disadvantage a place has, the more likely it will produce manpower outflows.

2.1.1. Push Factors

Push factors are generally considered as "negative" factors about an economy that "push" people to migrate to other destinations where better conditions prevail. These push factors may include elements such as economic, social, demographic and political hardships especially in developing countries. In Acupan & Agbola's (2007) study, an empirical assessment on the determinants of migration in the Philippines was performed with economic, demographic, political, and financial variables were included in the model. With regards to economic asymmetries, the study find that the effect of FDI is insignificant despite that in theory, better FDI should create more domestic economic opportunities through increased employment and national economic growth. But this result is justified by the massive capital outflow experienced in the Philippines during the Asian Financial Crisis in the late 1990s.

However, in the same study, income inequality, measured by the Gini coefficient, has positive and significant relationship with migration. In addition, the coefficient of the squared values of the measure of income inequality is negative and is also significant. This implies that the bottom portion of the income distribution as well as the top portion has less motivation to migrate. The poor are unlikely to migrate because of low levels of skills and the prohibitive cost of migration while the rich may find the net rewards of migration insignificant and marginal. Thus, the middle-income households are the more likely group to migrate, which affirms the hypothesis of the Roy Model (the authors suggest reading Borjas, 1987, 1991, for further discussion). Bilsborrow *et al* (1987) and Haas (2005) share the same finding in this inverted U-shaped trend of migration and income distribution.

Aside from economic factors, political climate is important as well, that includes the presence of war and persecution (Martin, 2009, Aldaba, 2007). In Acupan & Agbola's (2007) empirical study, they use the number of coup attempts to measure the degree of political stability as well as civil liberty, and the study showed that an increase in the restriction of travel (an increase in the number of instances of political instability) decreases the amount of emigration. This result is actually counterfactual in the Philippines since political instability is a great cause of emigration. Forms of persecution or war at home cause people to migrate to other countries, sometimes as refugees. The presence and consistency of economic crises affect the emigration of people as well (Asis, 2006). The Philippines had encountered several crises throughout the years: the 1970s oil crisis, the end of the Marcos regime in the 1980s including the structural adjustment programs and the various coups, and the Asian crisis in the 1990s. Therefore, political and economic development has not been conducive for investments, which are critical for generating employment (Asis, 2006).

A more apparent cause for emigration is the availability and remuneration of jobs and opportunities in a country (Lall, Selod & Shalizi, 2006). Given an increasing population, without adequate jobs and opportunities for accommodation, people will choose to look for jobs in other countries (Martin, 2009). This is confirmed in Acupan & Agbola's (2007) empirical study. The unemployment rate positively affects the flow of migration, emigration in particular in the Philippines. In their paper on Migration of Healthcare Workers, the Institute of Health Policy and Development Studies (IHPDS) (2005) gives similar statements with regards to unemployment's effect on migration. The incapacity of the country to absorb or accommodate labor is the greatest cause for emigration at the macro-level, coupled with relatively low wages and per capita GDP, generally large income and wage differentials, lack of security of tenure and employee benefits (housing and health benefits in particular), deteriorating economic conditions, and the scarcity of foreign exchange (for remittances) and institutional policies (IHPDS, 2005, Dela Cuesta, 2002). Lall, Selod & Shalizi (2006) report that the empirical models of migration today make use of Qualitative Response Models to determine the decision to migrate, where migration is a binary choice variable derived as a function of a set of regressors, and the latest structural improvement is that inclusion of a system of equations denoting differences in wage. Ball (1990) demonstrates that the initial decision to migrate is derived from the knowledge of the existence of opportunities abroad, backed up by encouragement from friends and family.

Motivations are not all monetary. There are push factors, both personal and social, that contribute to emigration such as a “sense of adventure” and the concerns of the family. Female migrants frequently migrate not because of financial problems, but due to problems with their parents, their marriage, and more positively, their quest for personal growth and development (IHPDS, 2005). In addition, a poor working environment may also drive individuals to seek employment abroad (IHPDS, 2005, Aldaba, 2007), particularly nurses and healthcare workers that are exposed to the dangers of the HIV/AIDS pandemic. Other factors include the enforcement of a system of land property rights, an absence of a rural credit market (Katz & Stark, 1986), as well as the concentration of a migrant pool in a certain destination (for example, the massive number of Filipino migrants to the US) (Mora & Taylor, 2005).

2.1.2. Pull Factors

Pull factors on the other hand, are “positive” features associated with the host country that attracts people to move towards it. A good example is the strong demand for nurses in the US, UK and Saudi Arabia has made the compensation package for nurses in these countries very attractive that in turn has encouraged not only migration of Filipino nurses but also stimulating a very high interest in nursing education investments (Tullao, Conchada, Rivera, 2010). Most pull factors for international migration are first and foremost the availability of jobs and opportunities as well as higher compensation and better benefits in other countries, distance to potential destinations, which deter emigration (Schwartz, 1973, Greenwood, Ladman & Siegel, 1981), better quality of life, additional knowledge and an opportunity for increased personal growth (IHPDS, 2005).

However, despite these “positive’ features, several issues may occur however when migrants first arrive at the host country. Their first concern is the job and opportunity security which proves difficult due to information asymmetries on the type and quality of job opportunities available to them (Banerjee, 1984). They often resort to different channels and networks (friends and relatives) to secure employment opportunities (Banerjee & Bucci, 1995) and most often these networks are established with agents coming from the same countries of origin (Yamauchi & Tanabe, 2003). In addition, there is difficulty in their access to credit and local public goods as well as the dangers of racial and other forms of discrimination (Assaad, 1997, Meng & Zhang, 2001).

2.2. Responses to Demographic Asymmetries

Demographic asymmetries could provide huge opportunities for international migrations and allow a better allocation of the labor services across the world (Losch, 2008). Demographic asymmetries arise from differences in the fertility and mortality rates among countries. Some countries may experience exponential growth of population accompanied by increasing dependency ratios (dependent per member of the labor force). As a consequence the population becomes too young that the number of dependents (unproductive members of a household that depend on the members of the household that are part of the labor force for their necessities; i.e. children, elderly) increase, causing the resources of a country to be allocated for needs of these dependents and away from employment generating investments. With increasing labor force and limited domestic capacity to absorb labor lower wages will become the pervasive feature of the labor market. This dismal feature in turn encourages laborers to migrate internationally for better employment opportunities. On the other hand, countries with lower fertility rates may have reaped the demographic dividends and experience tightness in the labor market as characterized by increasing wages. The deficiency of labor in these countries can be addressed by allowing the entry of foreign workers.

The population of the Philippines has been increasing very fast, and has increased fourfold in the last 50 years from around 20 million in 1950 (Arenas, 2006) to nearly 89 million in 2007 (NSO, 2007). This increasing population holds true despite the relatively decreasing birth rates, but are still considered to be high relative to the rates in neighboring countries. These decreasing birth rates are attributed to the improvement in the level of income, higher educational attainment of women as well as the increasing labor force participation of women (Tullao, 2008). Furthermore, this young population of the country contributes to a high dependency as well. The data from the National Statistic Office (NSO), suggest that the population has a slow structural aging since almost 70% of the population belongs to the 1–34 year-old brackets, with the highest concentration under the age 5-9 bracket which is 12.7% of the population, implying that the dependency burden is quite high.

2.2.1. Impact of Demographic Dividends on the Labor Market

The transition in the age cohorts opens up a window of opportunities for countries, although at a limited extent. The demographic dividend caused by falling birth rates can provide room for accelerated growth for countries (Ross, 2004). Economic growth can be enhanced because fewer resources are needed to meet the needs of the youngest age groups and the available resources can be used to finance investments in economic development and family welfare. Mapa, Balisacan and Briones (2006) highlight that the demographic transition has three phases: the first phase is characterized by a decline in mortality accompanied by high fertility, causing the increase of the young-dependents group which may eat up resources for economic growth. The second phase is where the demographic dividend occurs as the young dependents enter the labor market, causing an acceleration of economic growth due to the reallocation of investments. However, the demographic dividend, or its window of opportunity, does not last forever since the age distribution changes once more (Ross, 2004). The last phase is when the proportion of the elderly swells up, although there is no significant depressing effect on the economy since the elderly are able to live using their accumulated savings (Mapa, Balisacan, & Briones, 2006).

The demographic dividend contributes to the acceleration of the country's economic growth, and this growth is rooted on the improvements of the labor inputs. This improvement is not only in terms of the quantity of the workers that are made available, but also to their respective levels of human capital. Ross (2004) identifies that the main effect of the demographic dividend is to enhance labor supply because the generations of children born during periods of high fertility now join the working population, and that women now have fewer children to take care of, as well as better health, so they are free to take jobs and become more productive in the labor force. However, this assumes that government policies have been in placed to accommodate the dividend, including increasing the number of job opportunities as well as improving human capital through better health care and education. In their empirical study, Mapa and Balisacan (2004) highlight that population growth interacts with the illiteracy rate (proxy for human capital) and that at a fixed level of illiteracy rate, a higher level of population growth constricts economic growth.

The dependency ratios of the Philippines have decreased since the 1960's and that the demographic dividend should have been realized by 2010, but Mapa, Balisacan and Briones (2006) have shown that the Philippines has failed to capitalize on the window of opportunity. They compared the age structures of Philippines and Thailand from 1970 to 2000, and have determined that the Philippines has been glued to the first phase of the transition for 30 years, and while Thailand's per capita GDP grew at an amazing 8.8% per year, the Philippines' grew at only 4.1% over the course of the same period. Even in the decade of 2010s, the Philippines is still stuck on the first phase of the transition (U.S. Census Bureau, n.d.). Aside from this, literacy rates are relatively low (but not absolutely) and unemployment rates have been decreasing but are still relatively high.

2.2.2. Rapid Population Growth and Surplus Labor

Despite the falling birth rates and death rates, the Philippine population is still growing rapidly. As a consequence, rapid population growth has put an increasing pressure on the government to continuously expand the resources for housing, schools, hospitals and other social services as well as for the creation of employment opportunities to an increasing labor force (Tullao, 2008). Although the labor force is growing over time with increased population and participation rates, the level of unemployment is likewise increasing (Tullao, 2008). Laborers that are not absorbed in the domestic labor market sought employment opportunities in the international labor market (Tullao, 2008). This shows as well that the Philippines has a labor surplus, because the market is unable to absorb the labor force. A strong example of the effects of unemployment and underemployment on migration is given by Tullao, Conchada and Rivera (2010). Several Filipino nurses are currently displaced, or misplaced since domestic hospitals have limited absorptive capacity as well as limited compensation, and that is why they opt to migrate and work abroad, not to mention the returns to migration that is available to them. If they choose to stay in the Philippines, they start their own businesses or seek employment in fields completely unrelated to their degrees causing underemployment and certain distortions on the labor market.

2.3. Investment in Human Resources

People are motivated to migrate because of their desire to improve their earning capacity. This is considered to be a type of investment in enhancing their level of human capital. In migration, they seek out new jobs, new opportunities not only in improving their income, but also in being exposed to a variety of learning experiences that develops their socio-cultural dimension (meeting people from different cultures, seeking a sense of adventure, broadening horizons, etc.). Migration is a form of investing in human resources since individuals and households are able to derive returns from their venture and eventually maximize their income.

2.3.1. Individual Decisions and the Rate of Return to Migration

What influences the individual to migrate from a microeconomic standpoint is the availability of employment in the country, their level of household income and expenditures, and the differences in wages across countries. The greatest influence on deciding to migrate is the knowledge of a higher level of return. For any particular individual, the returns to migration consist of a positive (or negative) increment to his earnings stream obtained by moving to another place (Sjaastad, 1962). This increment is brought by changes in prices, nominal changes in earnings, and changes in costs of employment. Another form of the return of migration is via the investment in education that improves productive capacity. This can actually be viewed in two general perspectives: educated workers or relatively skilled workers migrate abroad because of the higher rate of return (in line with the cross-country differences in wages), and people migrate to other countries to invest further in their human capital (getting education abroad and further improving learning opportunities that are not necessarily academic).

Sjaastad (1962) classify the returns to migration as non-monetary returns and monetary returns. Non-financial returns consist of locational advantages mainly in terms of individual preferences for factors such as the climate, congestion, and the environment. Monetary returns, on the other hand, consist primarily but not wholly of inter-spatial labor earnings differences. Occupational composition explains a significant portion of earnings differentials as well as age and sex. Human capital determines much of wages as well. Ramcharan (2002) finds that migration is greatly affected by the level and growth of educational attainment of the individual, and indicates that a certain “skill premium” increases the rate of return to migration. This implies that as people further invest in their productive capacities, the greater their relative wage and together with the wage-differentials across countries, they have a wider incentive to migrate. This occurrence is evident in Tullao, Conchada and Rivera’s (2010) study where the culture of migration of the nursing profession is quite extensive. The huge number of enrollees in nursing programs can be explained by the high return to migration due to the wide wage-differentials. If market forces reduce the relative wages of a particular occupation, practitioners of that occupation suffer a capital loss and are faced with the alternatives of accepting the lower earnings or making additional investment in themselves to increase earnings in a more favorable market (Sjaastad, 1962).

A huge amount of resources must be invested into the development of human capital since a high productivity is necessary to reap the full returns to migration. Young people typically invest less in training for experience in a specific occupation but they invest relatively more in formal education (Sjaastad, 1962). This is somehow evident in the on-the-job experience of many students in the Philippines today. Age-income relation within an occupation is at least partially due to accumulated experience and this actually explains a lot in being able to reap the benefits of migration. However, most often, complementary investments (may come in the form of higher educational attainment or greater experience in a certain occupation) are required to make migration feasible as well and may serve to be more important than the migration process itself. The marginal return to additional migration is not high, but that substantial differentials in earnings may persist (Sjaastad, 1962).

2.3.2. Household Decisions and Maximizing Income Across Time

Most theories of international labor migration imply that migration is not really an individual decision, but a decision made by the household in their objective to maximize household income. The Harris-Todaro model is instrumental in analyzing the micro-foundations of migration, and it is founded on the household's decision to maximize the prospect of higher wages (Solomon & Eden, n.d.). Economic agents are assumed to be rational in their behavior and are expected to migrate in order to maximize their income. Borjas (1989) highlights the neoclassical economic theory assuming that individuals maximize utility as they search for a country of residence that maximizes their well-being (their income) while being constrained by their financial resources, migration regulations and non-monetary restrictions that arise. So clearly, the motivation created by wage-differentials creates incentive for people to migrate since they naturally behave in an income-maximizing manner.

The New Economics of Labor Migration Theory (NELM) highlights migration as an alternative for households to increase their source of income as well as "diversify their portfolio". The NELM assumes that households use remittances from their migrants abroad to increase their liquidity and investment opportunities back in the home country (Wouterse & Taylor, 2008). In line with the hypothesis of the Harris-Todaro model and Borjas' conclusions, the Relative Deprivation Theory draws out the same condition but it gives households a primary reason to migrate, which is poverty alleviation (Garip, 2007, Acupan & Agbola, 2007).

Poirine (1997) presents a diagrammatic model in trying to explain the motivation of migration as well as remittances. In his model, adults, having no education, provide the youth with improvements in human capital (education, nutrition) so as to be able to emigrate. They engage in an implicit loan contract, that when enforced, pushes the youth to honor the contract (in the form of remittances) or else lose his right to his inheritance. This is known as *Voluntary Arrangement* or *Mutual Contractual Agreement* cooperative contractual arrangement may be seen in Stark and Lucas (1988). The migrant and his family enter into a voluntary contractual arrangement because both will be better off because relatively urban labor markets in other countries are much more developed, and so the returns of the will be higher than when the arrangement is not established. Furthermore, because the head of the family holds the migrant's bequest, the migrant will still be compelled to remit.

2.4. Culture of Migration

Through the length and extent of the history of migration, a certain degree of "culture" has developed, particularly in the Philippines. This "culture" makes up of trends, patterns, and behavior among people, their decision to migrate and where to migrate. Ernest Ravenstein

(1885) formulated the first seven laws of migration in 1885 and was later refined by Everett Lee (1964). First, the majority only migrates short distances and establishes migration currents towards larger centers. Second, the currents of migration develop with the transitions of populations in countries. Third, a certain “stream” of migration is met by a corresponding “counter stream”. Fourth, rural residents are more likely to migrate than urban residents. Fifth, females migrate short distances more frequently than males. Sixth, the rate of migration increases with the development of technology (locomotion and commerce) and more migrants towards innovative and commercial centers. The last one is the dominance of economic motives and the inherent “desire” of men to better their material aspects.

A culture of migration has been developed in the Philippines although the motivation brought by this culture is often overlooked as the push and pull factors of migration are given more emphasis. A very popular culture of migration is that of the nursing environment. Choy (2003) claims that most migration studies in the Philippines reinforce a popular notion that the Filipino nurse migrations are already part of spontaneous flows made by Filipino nurses who as rational individuals have already calculated that nursing salary is higher in the United States. And beyond this, Choy (2003) cites historical reasons for the tight relationship between the US and the Philippines. Others contend that this culture of migration started to build up in the 1970’s as a consequence of the Marcos regime’s labor export policies (Asis, 2006). An indicator of this culture is revealed in a nationwide survey in 2005 where 33% of Filipinos want to migrate permanently. In addition, around 47% of children between 10-12 desire to work abroad and 60% of these are children of migrants (ECMI/AOS-MANILA, SMC and OWWA, 2004). As the culture of migration is developed, a network is developed as well. This migration network now carries the different characteristics of a social network and creates motivations for people to migrate.

2.4.1. Migration Network

In the development of the culture of migration, migrant networks have already been formed between the Philippines and other countries and they are located places that are normally the targets of would-be migrants. How does the development of a migration network encourage future migrants? More than the monetary and human resources, “movers and stayers” (not migrants in general) are shaped within in a socio-relational context by social ties which are continuing series of transactions to which participants attach shared understandings, memories, forecasts and obligations. These social ties are needed for the accumulation of what is known as social capital in terms of the capacity or command of individuals on certain resources only if they are included in a social structure or a network. These resources comprise mainly of information on jobs in a destination country, transportation tips and loans. These resources are pooled in a migration network which is the basis for all collective action, and these networks can give financial, informative and even emotional resources and support to migrants. Most often these networks may be based on kinship or communal ties (households to communities), or may be organizational ties (based on ethnicity, professional or religious ties). Some initial hypotheses have been developed by Massey (1987), and have been reinforced by sociological studies, as well as Martin’s (2009) work on the Philippines.

From a sociological and network perspective, Massey (1987) and Martin (2009) hypothesize that the chances of migration increase if individuals are related to someone in the destination country, or one who has extensive experience in international travel. Massey (1987) further hypothesizes that once someone has migrated internationally, they are likely to do so again causing repeated movements over time. Furthermore, when an individual has stocked much of social ties and international migratory experience, migration patterns become less selective and spread from the middle to lower segments of the socioeconomic hierarchy (relatively poorer or less experienced members of the family). This is evident in migration systems and explains much of a group-style in migration or "mass migration". A lot of Filipino migrant networks have been formed throughout the world, and generally, there are a lot of prosperous Filipino communities in different countries that have started Filipino-culture-based commercial centers (buildings with all Filipino-based stores and owners). Tullao's (2008) research displays migration data from the Philippine Overseas Employment Administration and shows that the Middle East has absorbed more than 50% of OFW's over the years. The choice destinations of OFWS (regardless of occupations) are Saudi Arabia, United Arab Emirates, Hong Kong, Kuwait, Qatar, Chinese Taipei, Singapore, Italy, United Kingdom, and Korea (Tullao, 2008), and testimonials from many OFWS suggest that they are indeed engaged in a social migrant network where there is collective action and property of resources. Permanent migrants' favorite destinations are the US, Canada, Australia and Japan, and currently, there are around 3.5 million Filipino permanent migrants residing all over the world.

2.4.2. Cost of Migration

Migration, of course, does not come without cost. More specifically, migration costs are broken down into private and social costs of migration, both of which are viewed differently according to various perspectives and disciplines. Sjaastad (1962) breaks down the private cost of migration to monetary and non-monetary costs. There is no consistent record of the monetary costs of migration since it varies with the type of migrant and migrant destination. These costs increase with distances travelled, as well as the number of dependents if migration by families is considered. These costs consist of various expenditures on food, lodging, and transportation necessitated by migration, although these costs are relatively small to create differentials in earnings. Non-monetary costs can be broken down into forgone costs and what Sjaastad suggests as "psychic" costs. Foregone costs are simply opportunity costs due to travel, searching for and learning a new job. Part of this is rooted on the distance of the migration as well as the time spent in finding a new job which is presumably affected by unemployment rates. The psychic costs of migration are rooted primarily in the tastes and preferences of the migrant. People are often genuinely reluctant to leave familiar surroundings, family and friends for migration to strange ones (Sjaastad, 1962). These psychic costs involve no resource cost but they greatly affect the decisions in resource allocation of migrants.

King (1983) claims that the private returns of migration may be large for an individual, but it may be larger for the individual's family as well as his community in the home country. Migration means the loss of skilled manpower which are not included in the calculation of returns of the individual, but important to that of society. Opiniano (2007) further states that though migration comes with many returns, these returns are coupled with challenges in the short run, such as inequality, the loss of manpower (the brain drain phenomenon), greater risk of travel overseas, emotional and familial issues centered on the absence of a family member, and the thought of identifying migrants and workers as "putting the image of the country in a bad light".

2.5. Trade in Services and the Movement of Natural Persons

The expansion of trade in services, to a certain extent, has contributed to the migration flows through the supply mode of movement of natural resources (MNP). Movement of natural persons is the provision of services through the temporary movement of a service provider to the territory of the service consumer. However, the movement of human resources has gone beyond the expansion of trade in services and has been considered as a response to labor market asymmetries across countries. From a trade and negotiations perspective, MNP focuses on the facilitation measures of the supply mode of commercial presence through the intra-corporate transfers of professionals, managers, technical and support staff. From the labor market perspective, MNP is a legitimate response to labor market disparities between countries. For example, Japan's main demographic problem currently is its aging population and its need for health service providers as an answer to this demographic trend. The Philippines, on the other hand, with its labor surplus can attempt to provide health service providers (Tullao and Cortez, 2003). If Filipinos are going to maximize their income through migration, and at the same time, they are able to fill in the needs of countries like Japan greater facilitation measures are needed for the movement of natural persons.

III. Motivations to Send Remittances

The motivations to remit are numerous. Stark (2009) lists down several, specific reasons such as income portfolio diversification of the migrant, reduction of precautionary savings of the migrant's family, increase the migrant's bequest or inheritance, altruism, and to enhance the standard of living of the migrant's family. For the sake of discussion, this study will classify the motivations to remit under two general motivations – Altruism and Self-interest. Altruism includes two main motivations: altruistic motives, representing the migrant's sheer love and understanding for the migrant family (which may not reciprocate the feeling), and insurance motives which serves as an avenue for migrant families (mostly in agricultural/rural areas) to smooth their consumption over time as well as provide "insurance" for when changes in climate, weather, or natural disasters occur, leaving their agricultural ventures unprofitable. On the other hand, motives of self-interest include exchange motives – which explain that remittances are sent as payment for the maintenance of the migrant's assets in the home country or even loan repayment for the initial costs of migration, strategic motives – which explain that remittances are sent to strategically increase the inheritance of the migrant (because he becomes a "good child" and gives back to his parents) or to prevent unskilled workers to migrate and saturate the wages in the host country, and investment motives – which entail the re-investment of remittances in the home country and is more consistent with the maximization of income over time.

3.1. Altruistic Motives

Altruism is the principle or practice of unselfish concern for or devotion to the welfare of others. From this definition, the motivation of remittances sent by migrants is clear and that the basis of care and concern is a paramount driving force in sending remittances. Migrants send back remittances to their respective households according to the mutual care they experience (Alba & Orbeta, n.d.) because they derive a positive utility from the consumption of the family (Zanker & Siegel, 2007). This motivation is actually very anthropological in nature, as much as it is based on social conventions, morals and responsibility.

If indeed remittances are determined by altruism, then remittances should increase as the income of the migrant or overseas worker increases (Lucas & Stark, 1985, Chami, Fullenkamp & Jahjah, 2003, Rapoport & Docquier, 2006, Alba & Sugui, n.d.,), as well as increases in his earning potential, and his sense of closeness to the recipient household (or his degree of altruism toward the recipient household). Remittances increase even when the concern of the household for the migrant decreases. Alba & Sugui, (n.d.) classify this phenomenon as an act of unrequited love where the migrant considers the pain of the household when he remits and factors in the negative feed back effect. This is somehow similar to the concept of self-sacrifice. However, Alba & Sugui (n.d.) and Rapoport & Docquier, (2005) find that the amount of remittances decrease when the income of the recipient household increases. Stark (2009) cites Azam & Gubert (2005) who conclude that migrants consider the real effect of their remittances on the social prestige of their household.

Funkhouser (1995) hypothesizes further that under the motivation of pure altruism, remittances increase with proximity, the remaining household members, and migrant's intentions to return, and decrease when the number of emigrants in the household increase. Though remittances increase when the resources of the recipient household decrease, remittances for financial investments increase with the higher household resources (Burgess and Haksar, 2005) in the Philippines, implying that upper income Filipino households derive more income from abroad (Sugui, Alba, Abdon, & Garde, 2007). Under this motivation, remittances are counter cyclical (Reside, 2009), and therefore increase when the home country is hit with adverse income shocks. This motivation is actually very prominent in the Philippines, and surveys conducted reveal that it is for this reason that individuals initially decide to migrate.

3.1.1. Insurance Motives

These motives are prevalent in households living in rural areas or those engaged in agricultural businesses. This is an observation drawn mostly from less developed countries where significant portions of the labor force participate in agribusinesses and farming. Usually income of these households and countries are more volatile, migration and ultimately, remittances serve as a coping mechanism that gives them insurance and protection from risk given the absence of credit and insurance markets in rural areas (Rapoport & Docquier, 2005, Stark, 2009, Alba & Sugui, n.d.).

This framework is rooted on a perspective that household income as returns and labor resources as portfolio investments that are subject to risks. Households, assumed to be risk averse, will choose to lessen the degree of risk or variance in their annual income, and to do so, will choose to send at least one member of the household to an urban area (or to another country) so as to diversify their portfolio spatially. Doing such minimizes their exposure to income shocks in any one place, so even if an adverse shock hits the home country and income levels drop, households with at least one migrant will still have a steady inflow of income (through remittances), assuming that the migrant's host country is not hit by an adverse shock as well. Hoddinott (1994) shows that having a migrant means that the household has a form of insurance against agricultural shocks, while the migrant himself has an assurance of being supported by the household while he is establishing himself in the host country.

The greatest cause of risk in agricultural and rural areas is weather, which is coined to be a productive input that has a stochastic, exogenous nature (Rosenzweig, 1988). This "productive input" has a great capacity to determine the output of agricultural businesses; bad weather (typhoons, etc.) constitute to great losses in crops and sales, and further assuming that a rural household only engages in this activity, the bad weather can instantly wipe out their income for a year. The advantage of migration is that urban and foreign jobs have risks that are generally uncorrelated to agricultural risk (Rapoport & Docquier, 2005). Hence, remittances from migrants would insure households against sudden drops in rural income. This type of setup is prevalent in the Philippines since agriculture and farming constitute the main source of income of many rural families.

Osili (2007) and Reside (2009) postulate that migrants send remittances in an early period so as to serve as precautionary savings in case of bad economic conditions or simply to smooth consumption (or at least to maintain their level of standard of living) in the second period in the event of migration.

Alba & Orbeta (n.d.) give a good summary on how remittances are affected under this model: households initially pay a premium which consists of migration costs and remittances serve as returns to the investment, the likelihood of remittances increase when there are income shocks or relative increases in income volatility, remittances are not affected by distance or time away from the home country, and in contrast with the altruistic motivation, remittances do not decrease with the number of family members that engage in contracted services abroad. The predictions of this model include a possibility of moral hazard and dependency problems as well. These arise when the knowledge of insurance gives incentive for households to purely depend on the remittances sent back by the migrant (Alba & Orbeta, n.d.).

3.2.Exchange Motives

In contrast to the altruistic motive, the motive of exchange is partially different. The exchange motive does not bind the migrant by mutual ties but rather, by contractual agreement. This is the same as the *self-interest* motives which are not about the migrant's concern for his family in the recipient household but more as payments for the services rendered to those left behind (Alba & Sugui, n.d.). Simply put, migrants remit for their own interests and these remittances are tied towards the maintenance of the migrant's assets in the home country, like his land, business, portfolio investments, and his dependent relatives. The migrant may want to maximize his returns on his savings, an outcome which in turn could be brought by spreading his savings among his origin and destination (Stark, 2009). The main difference of this motivation to altruism is that the remittances are for the sole purpose of the maintenance of his assets in the home country, implying that the household or the relatives are tasked to tend to the assets as intermediaries or agents (Lucas & Stark, 1985, Osili, 2007), though given some labor market conditions, households can bargain with the migrants on the amount of remittances (Rapoport & Docquier, 2005).

Basically, the remittances increase as the migrant's income in the host country increases (although this usually changes according to the recipient household's bargaining power), and conjunctively, migrant income is derived from his contracted services in the host country. These contractual services are generally founded on mutual trust, commitment and are bound by enforcement mechanisms (services rendered by financial managers, personal lawyers and household caretakers). As the number, quality, diversity and intensity of Pareto-improving contracted services increase, so do the transfers of the migrant to the household (Rapoport & Docquier, 2005, Alba & Sugui, n.d.). In contrast to the altruistic model, remittances react ambiguously to exogenous increases in the household's pre-transfer income. If it is found that there is complementarity between the migrant's service and the household's income, then remittances decrease (Rapoport & Docquier, 2005), but if they are independent of each other, remittances increase due to what can be considered as the household's opportunity cost of tending to the migrant's assets (Alba & Sugui, n.d.). Other than this, the magnitude of remittances vary with variations in the performance of the home country's economy (Alba & Sugui, n.d.). If unemployment is great, or there is the presence of a recession, then the migrant is less likely to remit, or will decrease the magnitude of remittances.

In a different context, the exchange motive may be associated with loan repayment (Sugui, Alba, Abdon, & Garde, 2007). Remittances may also represent the migrant's repayment for the initial investment undertaken by the family to support his migration (Poirine, 1997). Parents then invest in the education of their children and all other investments they need prior to migration. Lucas and Stark's (1985) study shows that migrants with greater educational investment prior to migration remit larger amounts, and in conjunction, migrants with greater education investment are expected to give greater compensation to their families (Lucas and Stark, 1985).

3.3.Strategic Motives

Stark (1995) suggests that remittances is part of a sort of strategic interaction aimed at the positive selection of migrants. Quoting Rapoport & Docquier (2005) regarding the rationale for this motive: "…when migrants are heterogeneous in skills and individual productivity is not perfectly observable on the labor market of the host country (at least for a given period of time), employers apply statistical discrimination so that migrant workers are paid the average productivity of the minority group to which they belong." But, given this discrepancy in skills and the knowledge that skilled and unskilled workers will be paid equally according to the average productivity of their minority for a given time (until individual skills will be revealed), skilled workers can opt to act cohesively and "bribe" unskilled workers in the home country to stay there (Alba & Orbeta, n.d., Rapoport & Docquier, 2005). This bribe comes in the form of remittances which is intended to keep unskilled workers from migrating so as to prevent the "contamination" of the wages of skilled workers (Stark, 2009). The remittances in this context keep the relative wages in destination countries from falling (similar to the Lewis model of Rural-Urban migration). Rapoport & Docquier (2005) have developed a clear game-theoretic framework on this motivation of remittances according to Stark's (1995) framework of migration which states that remittances may be both the cause and consequence of migration. They present a single-turn game without transfers where two players are choosing whether or not to migrate. The Nash equilibrium is attained when both players migrate although there is incentive for the skilled workers to remit because efficiency may be achieved through remittances if and only if unskilled workers have no interest in emigration (Rapoport & Docquier, 2005). This implies that there is incentive for skilled migrant workers to enact collective action to bribe unskilled workers to stay at home. The nature of the motivation is clearly non-altruistic, and is dominantly based on self-interest.

In a different light of strategy, agents remit since remittances are expected to increase as there is an increase in the amount that agents can inherit from their parents. Studies in different countries (mostly in Africa) show that migrant remittances are larger when parents have greater capability of bequeathing land, cattle or other assets to their child (Stark & Lucas, 1988, Hoddinott, 1994, Sugui, Alba, Abdon, & Garde, 2007). This particular motivation is likewise consistent with the self-interest motive since the amount they remit contribute to the development of their assets in the home country; assets that they will eventually inherit. This case is very specific to the eldest children in families and occurs less likely to younger siblings. On the part of the parents, this is considered strategic behavior since they create incentives for their migrant children to honor their “contractual obligations” (in the case of investment and insurance motives) and exhibit their care and concern for the household.

3.4.Investment Motives

The investment motive and the concept of having purchasing power differentials across countries are actually two complementary concepts, where the latter enhances the effects and the objectives of the former. Apparently, the name suggests that families send migrants because they are motivated to increase their wealth (given that investments increase income in the long-run) (Alba & Sugui, n.d.). The motivation stems from the concept that families make use of interspatial differences in wages to increase their income potentials and it is necessarily in the form of an investment since initially, migration costs are very high (Rapoport & Docquier, 2005) and that costs prior to the migration itself constitute a lot of the investment. Of course the costs of migration are part of the investment; and related to the exchange motive, the object of the investment motive is simply to repay the loan that was given to finance the migration (transportation, initial lodging, and other intermediary costs).

The investments prior to the migration constitute a more significant portion of the migration costs since in most cases these prior investments serve more as requirements or prerequisites to migration. These prior investments may include resources that enhance educational attainment, experience in specific occupations, and credentials that in turn generally increase the employability of the individual (Alba & Sugui, n.d.).

The investment motive follows, in a more general sense, portfolio investment conventions such as spreading risk or diversifying the portfolio although it does not share the focal point of the insurance motive in reducing volatility. The investment motive primarily focuses on maximizing income (Rapoport & Docquier, 2005, Alba & Orbeta, n.d.). And like any investment portfolio, the main assets in this context would be the supply of labor or more specifically the amount and level of development of human capital. What is unique about this motive is that it views migration with a long-term goal that involves "a series of preparatory activities and related decisions, such as choice of school, years of schooling and educational attainment, occupation, career and work experience." (Alba & Sugui, n.d.). It makes use of the fact that the different levels of human capital influence the differentials in wages and that education (being viewed as a long-term investment) directly affects the amount of income attained by any individual in the long run.

IV. Economic Impacts of International Migration

4.1. Household Level

The impacts of migration have aroused speculation for many years, but the focus has always been on the impact of migration on the economy in general. Remittances are usually with migration because it is the main avenue through which the effects of migration are felt. At the household level, one cannot help but fully integrate the concept of migration and remittances in determining their impacts on recipient households.

As explored in the earlier portions of the paper, migrants almost always send remittances to their households in the home country, and it is apparent that this is the first and foremost (positive) impact of migration on households (although technically it is through remittances) (ADB, 2005, Opiniano, 2007) as the income of recipient households increase and is consistent with the different motives of remittances, especially the altruism and investment motives. These remittances are expected to alter the household's expenditure, and this implies that not only total consumption expenditure is altered, but also the pattern of distribution across different expenditure items as well (remittances may decrease the relative consumption on food, although absolutely increasing the consumption, and may increase relative consumption of other luxury goods) (Orbeta, 2008). In general, remittance income is spent mostly on consumption and not much on investment, and that a number of studies show that there is no impact on household's investment income or number of investment activities (Orbeta, 2008). Other studies say otherwise: Yang (2004) finds that riskier investments were made despite drops in the peso value and that migrants' children are sent to better schools accompanied by other education-related investments; Asis (2006) finds that typical uses of remittances include land purchases, renovation of houses, increases in educational investments, entrepreneurial activities, as well as consumer durables and savings.

Other positive impacts of migration include the acquisition of new skills, knowledge and experience brought back by migrants, which can cause spillover effects as these new methods are imparted to others which may in turn aid in improving local services (OECD, 2002). This type of benefit stem from the development of a network extending to people in other countries through migration (Baptise-Meyer, 2001). These networks can facilitate the exchange of expertise and information between migrants and their employers, as well as with professionals of other countries, and can potentially enhance economic growth and development.

Opiniano (2007) identifies a negative effect of migration through the sending of remittances: households tend to develop a dependency on these remittances, causing misuse of these remittances (Asis, 2006) as well as reduced productivity of non-migrant relatives translating into lower earnings from local labor markets (Rodriguez & Tiongson, 2001). Contrary to the findings of studies that migration increases investment expenditures, there are cases that migrant households have a hard time saving (Burgos & De Vera, 2005, Idang & Yap, 2002, Antonio & Perez, 2000).

Asis (2006) explains in a socio-cultural context that migration induces separation of family members which may in turn cause the erosion in the stability of the family unit, and perhaps raising concerns about marriages and parent-child relationships. The participation of women in the labor force, while good economically speaking, is more alarming in a socio-cultural perspective as their employment in domestic work and entertainment overseas brings risks to their safety and well-being. In addition, their employment abroad they are less able to tend to the remaining family members (particularly young children) which may further erode the values of the family and may cause children to dropout in all forms of human capital investment (studies show that fathers do not assume the care-giving role of mothers when mothers migrate) (Asis, 2006). There is presence of what is coined as “emotional cost” especially in children, although studies show that children of migrants go to private schools and attend extra-curricular activities, implying that remittances are being invested in education (ECMI/AOS–Manila, SMC and OWWA, 2004; Asis, 2001). This aspect, though a deviation from economic perspective, is important in Philippine society as Filipinos are known for being family-centered.

At the national level, there is now a greater discrepancy between the effects of migration and remittances, and a better position on tackling them separately is given, although it would be more effective to include the effects of remittances on some components. More specifically, at a national level, migration significantly affects three economic components: income distribution, human resource development, and the labor market (where the latter two exhibit greater significance relative to the former). The next segments will now focus on the impacts on human resource development and the labor market.

4.2. Human Resource Development and Investments in Human Capital

Investment in human capital is very important since it can address poverty alleviation especially in developing countries. Development in this aspect entails improvements in labor productivity, and in turn enhances individual income (Mankiw, Romer & Weil, 1992) as well as income growth (Benhabib & Spiegel, 1994).

In general, expenditure shares on education and health are larger among households with migrants relative to households without migrants (Orbeta, 2008). Tullao, Cortez & See (2007) and Tabuga (2007) both find from Engle curve estimation that education-expenditure elasticities are greater in remittance-receiving households, and that they react positively to changes in income. Tabuga (2007) further finds that richer households spend more on education and health resulting to increased inequality in human capital expenditures, which may be attributed to remittances. Yang (2008) finds that remittances through favorable exchange rate shocks increase education expenditures as well as child schooling, and decrease child labor incidence (Yang, 2005).

From a different perspective, Cattaneo (2008) posits that emigration, more accurately, the departure of skilled laborers, can decrease the productivity of other productive inputs, given that these laborers cannot be replaced instantly. Furthermore, the amount of skills is directly derived from the level of human capital; so if human capital is low due to emigration, growth may be hindered as well. The investment climate may deteriorate as well given that educated workers take on critical roles in managing foreign-owned institutions.

Interesting points have been posted with regards to the effects of migration and remittances on human capital investment, but recall from the earlier sections of this paper: Sjaastad (1962) suggests that in the decision to migrate, investments in human capital determine whether or not to migrate and that higher levels of human capital can increase the likelihood of migration. Perhaps it is true that one needs a certain degree of human capital first before migrating, or it may be the other way around where migration increases the investment in human capital.

4.3. The Labor Market

The discussion on the effects of remittances on the labor market, particularly in the labor supply decision (labor force participation), is met with many contentions and yet it is an important issue in migration. The issue in question (however simply implied from the labor supply issue) is the case of "brain drain". In the analysis of Cattaneo's (2008) claims in the previous section, the departure of skills may actually pose a problem by decreasing the productivity of inputs that remained given that migrated skills cannot be replaced instantly. Had there been the presence of labor surplus, would the phenomenon of brain drain still occur?

4.4. The Brain Drain and the Participation in the Labor Force

An issue often cited in migration literature is that migration cultivates a culture of dependence among those left behind (Orbeta, 2008). The framework is rooted in the consumption of the normal good, leisure. Increased migration and remittances will not only increase the demand for the consumption of normal goods, but also the demand for leisure as well, and this response is considered rational. If this claim on dependency is justified, this will automatically be a distortion resulting to decreases in output and growth (just as how the brain drain phenomenon is viewed). Other than being the outward transfer of skill and knowledge, it is implied that brain drain may arise if the remaining family members of a household with a migrant increase their demand for leisure, or lose incentive for being fully employed.

In general, studies in this field make use of different econometric procedures as well as different methods of data treatment, and perhaps it is in these differences that the contentions have arisen. Orbeta (2008) gives a good review of the different Philippine literature on the issue and this segment of the paper will follow his discussion. Using simple comparative analysis, Tullao, Cortez, & See (2007) find that labor participation and employment rates are lower in remittance-receiving households relative to those who do not, however, problems appeared when there was no way of discerning individual and household level of employment and participation since the FIES dataset was used. Ducanes and Abella (2007a) came up with an improvement to Tullao, Cortez & See's (2007) study using labor participation and unemployment rates, and classifying households to those who have OFWs and those without (to represent households with migrants and not just remittances), and using the LFS dataset. They find that the participation is the same for both household classifications and they theorize that a back-bending supply curve occurs with higher income households with OFWs. Therefore, they are against the claim that migration decreases the labor supply of the remaining family members.

Rodriguez & Tiongson (2001) open the floor for multivariate analysis. In determining the impact of OFW presence and remittances to labor participation, they find that the presence of an OFW does decrease labor participation, and postulate that the rational response of increased demand for leisure is at work here. Increased remittances decreases full-time work hours as well. Cabegin (2006) on the other hand, studied the impact of the presence of migrants to the labor supply decision of the migrant's spouse. She finds that implications for men and women are different, and that responses are significant and larger when it comes to remittances and children, respectively. The presence of children has no significant effect on husbands, but the presence of school age children decrease wives' labor participation, the presence of working-age children decrease full-time labor participation but increase work hours for self-employment (coinciding with the entrepreneurial option with remittances), and the presence of pre-school children have no significant effect. She also finds that remittances decrease participation for both but the magnitude differs for males and females. Yang (2008) made use of the Asian Financial Crisis experience and the changes or shocks in exchange rates. He finds that remittances do not affect the number of work hours, but increase the number of hours in self-employment, which is then consistent with Cabegin's (2006) findings. Empirical studies in the literature are inconsistent due to the endogeneity of migration, so there is still no definite, reliable estimation. These are many reasons why the issue of brain drain is still very sensitive although there are already some facts taken from actual data (not studies).

Cross-country comparisons show that the Philippines has a net loss in growth of 0.025% of annual GDP per capita due to brain drain (Beine, Docquier & Rapoport, 2003), and decreases in a country's GNP triggers labor migration (Danila & Ortigas, 2000). Data show that when migration increases, labor force and unemployment figures also rise (Opiniano, 2007). Brain gain occurs however when despite the loss of human resources, the stay-behinds may be encouraged in pursuing education because of the prospect of going abroad.

4.5. The Participation Rate and the Impacts of Migration on Wages

Economic theory shows that the market's level of wage is one of the major factors affecting the labor participation rate. This view started from the Lewis (1954) analysis of migration from the rural sector with unlimited supplies to the urban sector. In order to expand, the urban sector sets a high fixed real wage that encourages migration that increases urban output without penalizing rural output. This perspective was later expanded by Ranis & Fei (1961) who assumed that the rural surplus labor shrinks with migration. Todaro (1969) highlighted imperfections in urban labor markets as reasons for continued migration because of differences in urban wages and rural wages. As long as the expected urban wage exceeds the rural wages laborers from the rural sector will continue. Wage rate in the rural sector eventually increase with rural-urban migration occurs due to improvements in marginal productivity.

Contemporary studies reassess the migration and wage-setting framework. For example, Brucker & Jahn (2010) make use of estimated parameter values to simulate the impact of migration on unemployment and wages from the perspective of the receiving country. They simulate the effects of a one percent increase in the labor force because of immigration with education and experience composition of the foreign workforce. This scenario provides an indication as to the marginal effects of immigration at the given structure of the foreign workforce.

Their simulation results indicate that when 1% of the labor force is externally sourced at average skill and experience of the foreign workforce, wages decrease by 0.18% and the average rate of unemployment increases by 0.31%. Interestingly, the foreign labor force (or the proportion of the labor force that did not migrate) bears a heavier brunt of the adjustment, wages decline by 1.11% and unemployment increases by nearly 2%. This implies that the sending country will have to face decreases in the reservation wage as well as the domestic wage when part of its labor force migrate to other countries (assuming that wages are indeed higher in destination countries).

Moreover, Brucker & Jahn (2010) postulate that the large differential in the labor market effects is due to the low elasticity of substitution between native and foreign workers, implying the limited spillovers of education and experience of foreign workers on local workers. The differential in the labor market adjustments can also be attributed to the wide disparity between the two labor markets, leaving unskilled workers to manage in the home country.

V. Economic Impacts of Remittances

With respect to the effects of remittances on the macro-economy, the most apparent would be on the real exchange rate. This is rooted in economic theory, particularly in the Keynesian school of thought that shows the inflow of remittances increases the supply of foreign currency, causing the real exchange rate to appreciate. Because of the appreciation of the exchange rate, exports are now more expensive since less income in terms of domestic currency is derived from it, and imports are now a lot cheaper because of the increase in purchasing power of the domestic currency. The level of exports will then decrease and imports will increase causing an overall decrease in net exports (ceteris paribus).

The other portion of the theory opens up to what is known as the *Dutch Disease*. The Dutch disease connotes negative consequences that are tied with large increases in a country's income brought about by the huge receipts from the export of a commodity or service. More than the increase in income the negative consequence of the Dutch disease is the reallocation of resources away from the erstwhile other export goods and services. In the case of migration, the sheer magnitude of remittances may be classified as the large inflows of income. The Dutch disease initially causes an increase in imports (because of the increase in purchasing power of the domestic currency), and a decrease in price competitiveness of exported goods as well as the amount of export (since the income from exports now give lesser domestic currency equivalents and the exported goods are now more expensive to other countries).

For the time being, there are currently very few Philippine studies on remittances and the Dutch disease. The Bangko Sentral ng Pilipinas (BSP) hosted an international conference investigating the link. Lartey, Mandelman & Acosta (2008) show that rising levels of remittances in developing economies have spending effects and resource movements that favor the non-tradable sector at the expense of the tradable sector. They reinforce the phenomenon of the appreciation of the real exchange rates and give evidence that the share of services in total output rises while the share of manufacturing declines, a characteristic of the Dutch Disease, which operates stronger in fixed exchange rate regimes. In their study of El Salvador, Acosta, Lartey & Mandelman (2007) suggest that the inability of the economy to absorb remittances leads to the realization of the Dutch disease phenomenon, because a rise in remittances ultimately gives rise in household incomes but consequently increases a biased demand for consumption of non-tradable goods, then causing the real exchange rate appreciation, and consequently the expansion of the non-tradable sector at the expense of the tradable sector.

There is still an on-going debate over the relationship between remittances and inflation. Moreover, more research needs to be done on the subject matter. In their empirical study of Mexico using impulse responses through vector auto-regression, Balderas & Nath (2005) find that there is little significant evidence on the effects of remittances on inflation and relative price variability. Basher (n.d.) claims that the line of causality between the two is not clear. A large body of research show that remittances respond very strongly to prices (reflecting the need to supply more remittances when prices increase), implying that remittances are used for consumption. But going back to the concept in the earlier portion about the exchange rate appreciation, it can be seen that the supply of non-tradable sector does not expand correspondingly to increases in consumption, which in turn push prices upward.

Such is the case in Indonesia where a significant portion of remittances is used for food consumption and the purchase of non-durable household items (International Organization for Migration [IOM], 2010). Indonesia had faced double digit inflation in the late 90s and although inflation has been reduced significantly in recent years, the usage of remittances still causes inflationary pressure. To deal with the inflationary impact of remittances, monetary authorities could constrain liquidity so as to increase interest rates. Other than this, the line of causality between the two is yet to be determined.

Once again, and unfortunately, there is little agreement and scant information concerning the economic impacts of migration and remittances on growth (Jongwanich, 2007). Barajas, Chami, Fullenkamp, Gapen & Montiel (2009) suggest that a two-way causality is expected of remittances and growth. First is that domestic economic performance can drive remittance inflows through the encouragement of emigration due to slow growth or through altruistic behavior of migrants. Second, growth and remittance flows may be influenced by other determinants such as poor domestic governance or high economic growth in a country that is a major trading partner of the migrant sending country.

On the other hand, Jongwanich (2007) identifies channels on how remittances can positively affect economic growth. First, remittances reduce credit constraints of household receipts, causing increases in entrepreneurial activity and private investment (Yang, 2004, Woodruff & Zenteno, 2004). Second, remittances could improve a country's credit worthiness, thereby enhancing access to capital markets. Third, remittances could improve growth through multiplier-effect mechanisms as well as through positive externalities that remittance-receiving households may spillover to non-receiving households. However, concerns arise with regards to the significant and positive impact of remittances. Stark & Levhari (1982), and Ahlburg (1991) point out that remittances are primarily used for consumption (house construction, debt repayment, and financing future migration), and that there is lack in the investment of productive activities. Secondly, going back to the previous sections of this paper, remittances are known to induce moral hazard problems through the reduction of the local labor participation of recipient-households, which definitely holds implications for growth. Lastly, remittances can cause the Dutch disease problem as earlier cited in this paper as well. Therefore, as of the time being, despite the expected positive correlates between remittances and growth, the significance of the impacts is still contestable.

On balance, Jongwanich (2007) ultimately finds that remittances yield a positive, however marginal impact on economic growth in Asia and the Pacific via the improvement of domestic investment and human capital. Barajas, Chami, Fullenkamp, Gapen & Montiel (2009) on the other hand, find that there is very little evidence with regards to the effects of remittances on economic growth. Their findings suggest that remittances have little contribution to economic growth, and may have retarded growth at some times (negative correlation).

There is an on-going debate on the effects of remittances on poverty and inequality, although most studies point toward the direction that remittances actually do reduce the incidence of poverty. In general, remittances reduce the level of poverty by increasing the income of recipients (Jongwanich, 2007) and many different studies (though employing different methodologies) agree with the poverty-dampening, consumption-smoothening effect of migration and remittances, as well as its role in raising the levels of living standards (Adams & Page, 2005, Yang & Martinez, 2005, Sawada & Estudillo, 2005, Ducanes & Abella, 2007b) particularly in the Philippines. In Indonesia, households that receive remittances prioritize the provision of food (around IDR 6.028 million per year) and other basic needs followed by the purchase of non-durable household items (IDR 4.238 million per year) (IOM, 2010). This may have poverty-reducing effects, although it may contribute positively to inflation.

On the side of income inequality, Cattaneo (2008) posits that at low levels, migration and hence, remittances actually add to the pre-existing inequality and do not really decrease the level of poverty due to the high risks and high costs of migration investments. Adams (1989) and Rodriguez (1998) support this as they find that bottom income quintile households receive smaller remittances compared to top income quintile households. However, a longer migration experience provides a wider social spectrum for migration and thereby creates and equalizing impact. Empirical literature suggests that the long run path of the relationship between migration and inequality exhibit an inverted-U (Stark, Taylor and Yitzhaki 1986, 1988; Jones 1998), implying that at greater levels of migration, households are now able to cope with the risks and costs of migration better due to larger compensation and increase in migrant productivity.

In sum, despite the poverty-reducing effects of migration and remittances, inequality increases greatly due to the very high costs of migration. Low income households cannot afford to migrate while high-income households have no incentive to migrate (given that they already have sufficient returns in their country). The middle-income households have the greatest incentive to migrate since they have enough income to pay for the costs of migration, as well as opportunities derived from interspatial wage differentials (Acupan & Agbola, 2007).

It is of great concern on how households use the remittances they receive. A number of studies on international migration concluded that remittances are primarily used for consumption spending and not investment. Going back to framework that remittances decrease the likelihood of labor participation due to greater demand for leisure, it may be possible that recipient households develop a greater propensity to consume rather than to save, and conjunctively to invest. Remittance-receiving households were found to have a hard time saving, although the reasons why this is so may vary according to the motivation upon which the remittance was sent (Opiniano, 2007, Burgos & De Vera, 2005, Idang & Yap, 2002, Antonio & Perez, 2000).

Thus, if one considers that there is an indirect relationship between consumption and investment, it may be the case that remittances have no significant impact on investments. But as identified by Cabegin (2006), remittances may not increase labor participation or the number of investment activities, but it increases the hours of self-employment and entrepreneurial activities, particularly capital intensive activities such as transportation, communication and manufacturing (Orbeta, 2008). Yang (2008) studied the impact of the exogenous exchange rate shock (presumed to be brought by remittances) on household investment and finds that there is no clear impact on entrepreneurial activity and income. For clarity, this impact is directed toward existing entrepreneurial activity. His findings are consistent with Cabegin's (2006) that the number of new entrepreneurial activities increases with remittances. In Indonesia's case, in IOM's (2010) survey of remittance beneficiary households, nearly 274 households have some form of savings although 49% uses these savings for precaution. There have been significant hints of investment, however. 27% of the surveyed sample saves for their children's future education cost, 8% use their savings for capital for family businesses, and 3% use these savings to buy a farm.

In light of the effects of remittances on financial development, Goldberg & Levi (2008) give a good, intuitive discussion on the subject. Assuming greater propensity to consume rather than to invest, Giuliano & Ruiz-Arranz (2005) argue that there is no basis for the view that the pertinence of the investment and insurance roles of remittances is deeply rooted in the lack of financial development. The relationship between financial development, remittances and growth may go in either direction: remittances can substitute for the lack of financial development vis-à-vis absence of credit and insurance markets in rural areas, and financial development can facilitate markets and augment the effects of remittances and growth. Remittances may even help circumvent the financial system constraints on investors. Broad impacts of remittances on capital investment are suggestive that "…the lack of financial market development had been an impediment that the remittances had helped overcome" (Goldberg & Levi, 2008).

With regards to the effects of remittances on human resource development, it has been implied in the previous parts of this paper regarding the effects of brain drain, as well as the effects of remittances on educational, health, and housing expenditure decisions.

Going back to Orbeta's (2008) review of Philippine-based remittance literature, Tullao, Cortez & See (2007) and Tabuga (2007) find that expenditures of remittance receiving households are greater than those that don't. Comparison of expenditure elasticities between remittance-receiving and remittance non-receiving households shows remittance receiving households are highly elastic when it comes to expenditures in housing, education, health care, durables, transportation and communications but lower elasticities for food regularly eaten outside the home (Orbeta, 2008). This implies that remittances increase the demand for better education, better healthcare and better housing opportunities.

The three components may be discussed in unison under the framework of human resource development, particularly in the investment of human capital. Orbeta (2008) emphasizes that remittances increase the demand for human resource development, but going back once again to the perspective that Sjaastad (1962) introduced, the relationship may be viewed the other way around as well. The investments on human capital prior to migration may very well determine the level or the decision to migrate since high educational attainment and good health conditions (facilitated by good healthcare and shelter provided by good housing) may serve as requirements to migrate (in general, employers abroad would choose candidates that have higher education and good health conditions and backgrounds).

Justifying the relationships stated above, a brain gain phenomenon may actually occur. Despite the fact that households with dependents abroad receive remittances, household members were seen to have increased labor productivity in the home country. This is because they want to train as hard as possible as a means for their prospective overseas migration (Ang, 2006).

Problems in the provision of education may arise with regards to the efficiency of higher education due to the lack of rational systems in establishing Higher Education Institutions (HEI), poor efficiencies in size, student flows, lack of articulation in budgets and performance as well as failing to meet international standards of the current educational system (Tullao & Rivera, 2009). In Indonesia, it may be seen in the 2010 IOM-ERCOF Survey (as seen in [IOM, 2010]) that among households with no other income than remittances, education comes as a third priority where they spend nearly and average IDR 2.094 million per year. This is also reflective of what has been said earlier: that 27% of households that save a portion of their remittances, use these savings to facilitate their children's future education.

The IHPDS (2005) as well as Tullao, Conchada & Rivera (2010) identify possible threats to the health care system of the Philippines as well. There has been a long history on the large emigration of Filipino nurses, this in turn causes distortions in the health system as well as the labor market since nurses simply use domestic hospitals for training when they go abroad. Further problems arise when they do not pass their licensure exams, they end up unemployed or underemployed. The Philippine health system deteriorates since it even loses other seasoned health professionals who take up nursing and work overseas as nurses. Remittances may increase the demand for better health care among recipient households, but if it is the members of the health-sector that are migrating, the quality of health services may suffer.

VI. Conclusion

The motivations of people to migrate can vary but they can be generally summarized in terms of push and pull factors. These pull and push factors can consists of a number of economic, demographic, political and social features of the sending and destination countries. Whether they respond to wage differentials, demographic and labor market asymmetries, migration culture and its network, liberalization and expansion of trade in services and a sort of other factors, people move across national boundaries for something that pushes them from the country of origin and that pulls them to places of destination.

Although push and pull factors can be a candidate for a general theory of migration, it may not be relevant to have an empirical investigation on this possible general theory since people move for various reasons albeit in response to push and pull factors. Possible studies can be undertaken in the area of the family decisions to migrate and the culture of migration. If indeed there is a culture and a migration network, to what extent is this explanation relevant compared with other economic factors in shaping the motivations of people to move spatially.

Although the push and pull framework can be a likely candidate for a general theory of migration, it is quite problematic to craft a general theory of remittances. As the reader may have observed, only a few solid references were used in the discussion on the motivations to remit. Stark (2009) comprehensively discusses several of these motivations for remittances and their corresponding intuitions, whereas Rapoport & Docquier (2005) give exquisite theoretical and mathematical analyses of the different motivations. Alba & Sugui (n.d.) perform their study adapting Rapoport & Docquier’s (2005) framework and drawing implications in the Philippine setup.

The primary observation and gap in the current literature (for the case of the Philippines as well as other countries), is that countries keep records of aggregate remittances, but it appears that there is no form of disaggregation of remittances according to the corresponding theoretical motivations. It is important to isolate the various motivations for sending remittances because knowing these will allow researchers as well as policy makers in understanding the impact of remittances on households and the macro-economy. Alba & Orbeta (n.d.) summarizes the motivations of sending remittances. Households initially pay a premium which consists of migration costs and remittances serve as returns to the investment, the likelihood of remittances increase when there are income shocks or relative increases in income volatility, remittances are not affected by distance or time away from the home country, and in contrast with the altruistic motivation, remittances do not decrease with the number of family members that engage in contracted services abroad.

The link between education, migration and remittances has been refined, and now the question remains as to how the investment motive is enhanced by differences in interspatial purchasing power. Investments in human capital generally increase wage-differentials among individuals, given that there are already wage-differentials across countries, the level of education creates a multiplier effect as to the amount that the migrant can remit. Factoring in differences in purchasing power, recipient families actually benefit a lot more from remittances since purchasing value of these remittances are higher than the market exchange value.

The inter-spatial differences in purchasing power of remittances can integrate the altruistic motive with the investment motive of sending remittances. From the consumption point of view, it can provide another reason for altruism since it gives those left behind with higher consumption levels. On the other hand, the differences of purchasing power between countries can negate the altruism motive. It can be argued that if the utility function of a migrant consists of his consumption host country and the consumption of his relatives left behind in the sending country, then sending remittances to reap the inter-spatial differences in purchasing power is based on self-interest and the maximization of his expanded utility function.

Because of the numerous macro-economic impacts of remittances, it should be included in crafting a macro-econometric model for the Philippines. There are several reasons for this including the sheer magnitude of remittance inflows into the country, its impact on the real exchange rate, inflation, and the labor market.

On the other hand, because of the conflicting conclusions of several studies on the macro-economic impact of remittances there is a need to verify for the Philippines the empirical relationship of remittances with the inflation, the Dutch disease, reservation wage, labor participation rate and economic growth. Empirical studies in the literature are inconsistent due to the endogeneity of migration, so there is still no definite, reliable estimation. Further empirical studies should be done in controversial issues like impact of remittances and migration on the labor force participation rate, the wage rate, economic growth, income distribution, human resource development, capital market development. What should be established is whether migration and remittances are the ones causing these economic variables or migration and remittances are induced by the economic variables. In addition, this empirical verification of the macro-economic impacts of remittances will hinge on an understanding of the motivations for remittances.

Because of the magnitude of remittances that the country receives, what is needed is to make sure that the remittances are well managed. Beyond altruism and the investments motive, the exploitation of the interspatial differences in purchasing power can further enhance the investment motives. There is a need to channel this enormous amount in expanding the supply of services and the non-tradable sector to arrest inflation, the overvaluation of the curry and can contribute in enhancing the human capital of the country.

Since decision to migrate is a family decision, the analysis of impacts and consequences and forces to migrate and remit should be analyzed at the household level. Aside from the FIES, we need to explore other data bases on household information.

In the end, the basis of the study is to understand this phenomenon. It is a reality that has to be accepted given its positive contributions and its negative consequences. Thus, there is a need to mitigate its social costs while enhancing its positive contributions to the individual, household, community and society. It has been observed that there are positive effects on the family but as well as the psychological cost. The same is true with the national economy and the community. What is relevant is to mitigate the cost and enhance the positive impacts of migration since given the demographic and labor market asymmetries, the liberalization of immigration policies of other countries, the expansion of trade in services, and the integration of the world to more foreign workers, there is a need to manage movement of people across national boundaries. Accepting the cost and recognizing the benefits are crucial and managing it will make it relevant.

VII. References

Acosta, P.A., Lartey, E.K., & Mandelman, F.S., (2007). ***Remittances and the Dutch Disease.*** Working Paper Series2007-8, Federal Reserve Bank of Atlanta.

Acupan, A.B., & Agbola, F.W., (2007). ***On the determinants of International Labor Migration in the Philippines***. A paper presented at the Singapore Economics Review Conference, Meritus Mandarin Singapore, 2-4 August 2007.

Adams, R.H., (1989). ***Workers Remittances and Inequality in Rural Egypt.*** Economic Development and Cultural Change 38(1): 45-71.

Adams, R., & Page, J., (2005). ***Do International Migration and Remittances Reduce Poverty in Developing Countries?*** World Development, Vol. 33 (10): 1645-69.

Ahlburg, D., (1991). ***Remittances and Their Impact: A study of Tonga and Western Samoa***, Pacific Policy Paper No.7, The Australian National University, Canberra.

Alba, M., & Orbeta, A., (n.d.). A Presentation on: ***The Determinants of Overseas Filipinos' Remittances: Some Preliminary Findings.*** Economics Department, De La Salle University – Manila, Philippines.

Alba, M.M., & Sugui, J.C., (n.d.). ***Exploring the Correlates of the Remittance Motives of Overseas Filipino Workers and their Recipient Households.*** Working Paper.

Aldaba, F., (August, 2007). ***Key Social, Political, and Economic Issues in the Philippines: For Consideration by Migrant Donors***. Paper presented at the forum Pursuing Efficiency and meaning by 'Changemakers:' The Second National Conference on Filipino Migrant Philanthropy, Manila, Philippines (organized by the Institute for Migration and Development Issues).

Ang, A.P. (2006). ***Workers' Remittances and Economic Growth in the Philippines.*** Paper presented at 2nd Development Conference of the GRES (Theme: "Which Financing for which Development?"), University of Bordeaux, France.

Antonio, M., & Perez, L., (2000). ***Significance of OFW remittances on personal savings (1982-1996).*** Undergraduate thesis, AB Economics, University of the Philippines-Diliman.

Arenas, M.L, (2006). ***Population Growth and Philippine Development.*** Retrieved December 26, 2007 from http://www.ey.com/GLOBAL/content.nsf/Philippines/ Population_growth_and_Philippine_development, 2006.

Asian Development Bank (ADB), (2005). ***Enhancing the Efficiency of Overseas Filipino Workers' Remittances.*** Manila, Philippines: Asian Development Bank.

Asis, M.M.B., (2006). ***How International Migration can Support Development: A Challenge for the Philippines.*** Scalabrini Migration Center – Philippines.

Asis, M.M.B., (2001). ***The Return Migration of Filipino Women Migrants: Home But Not for Good?***, in Female Labour Migration in South–East Asia, edited by Christina Wille and Basia Passl. Bangkok, Asian Research Centre for Migration, Chulalongkorn University.

Assaad, R., (1997). ***Kinship ties, social networks, and segmented labor markets: evidence from the construction sector in Egypt.*** Journal of Development Economics, 52, 1, 1-30.

Azam, J.-P. & Gubert, F., (2005). ***Those in Kayes: the impact of remittances on their recipients in Africa***. Revue Economique, 56, pp. 1331–1358.

Balderas, J.U., & Nath, H.K., (2005). ***Remittances, Relative Price Variability and Inflation in Mexico.*** Preliminary working version presented at the 75th Annual Meeting of Southern Economics Association, Washington, D.C., November 18-25, 2005.

Ball, R., (1990). ***The process of international contract labour from the Philippines: The case of Filipino nurses***. Sydney, Australia, unpublished.

Banerjee, B., (1984). ***Information flow, expectations and job search: rural-to-urban migration process in India.*** Journal of Development Economics, 15, 239-57.

Banerjee B. & Bucci, G., (1995). ***On-the-job search in a developing country: An analysis based on Indian data on migrants.*** Economic Development and Cultural Change, 43, 3, 565-583.

Baptise-Meyer, J., (2001). ***The brain drain: new aspects of the South/North exodus,*** in The Courier ACP-EU.

Barajas, A., Chami, R., Fullenkamp, C., Gapen, M., & Montiel, P., (2009). ***Do Workers' Remittances Promote Economic Growth?*** IMF Working Paper, Middle Eastern and Central Asia Deparment.

Basher, S.A., (n.d.). ***On Inflation and Macroeconomic Activity.*** Department of Economics, York University, Canada.

Beine, M., Docquier, F., & Rappoport, H., (2003). ***Brain Drain and LDCs' Growth: Winners and Losers***. Discussion paper 819, Institute for the Study of Labour, Bonn, Germany.

Benhabib, J., & Spiegel, M., (1994). ***The Role of Human Capital in Economic Development: Evidence from Aggregate Cross-Country Data***. Journal of Monetary Economic 34(2): 143-174.

Bilsborrow, R., McDevitt, T. Kossoudji, S. and R. Fuller., (1987). ***The Impact of Origin Community Characteristics on Rural-Urban Out-Migration in a Developing Country***. Demography, 24(4): 497-210.

Borjas, G.J., (1989). ***Economic Theory and International Migration***. International Migration Review, 23(3): 457-485.

Borjas, G.J., 1991. ***Immigration and Self-Selection.*** In Abowd, J. and Freeman, R. (eds.), Immigration, Trade and the Labour market, University of Chicago Press, Chicago.

Brucker, H., & Jahn, E., (2010). ***Migration and Wage-Setting: Reassessing the Labor Market Effects of Migration.*** Transnationality of Migrants (TOM) Marie Curie Research Training Network "International Migration: Transnational Links, Effects and Policies". Center for Economic Policy Research (CEPR).

Burgess, R., & Haksar, V., (2005). ***Migration and Foreign Remittances in the Philippines.*** IMF Working Paper 05/11. International Monetary Fund.

Burgos, V.F., & De Vera, C.R., (2005). ***The Saving Behavior and Consumption Pattern of Remittance-Receiving Households in the Philippines.*** Undergraduate thesis, AB Economics, University of the Philippines-Diliman.

Cabegin, E., (2006). ***The effect of Filipino Overseas Migration on the Non-Migrant Spouse's Market Participation and Labor Supply Behavior.*** IZA DP No. 2240. Available from: http://www.iza.org.

Cattaneo, C., (2008). ***International Migration, the Brain Drain and Poverty: A Cross Country Analysis***. Centro di Ricerca sui Processi di Innovazione e Internazionalizzazione WP 212. Università Commerciale "Luigi Bocconi".

Chami, R., Fullenkamp, C., & Jahjah, S., (2003), ***Are Immigrant Remittance Flows a Source of Capital for Development?***, IMF Working Papers 03/189, Washington.

Choy, C.C., (2003) ***Empire of Care: Nursing and Migration in Filipino American History***. Durham, NC: Duke University Press.

Danila, M.C., & Ortigas, K.S., (2000). ***Labor Emigration as it Affects the Demand for Higher Education, Productivity, Employment and income in the Philippines.*** Undergraduate thesis, AB Economics, University of the Philippines.

Dela Cuesta, R., (2002). ***Filipino nurses in the United Kingdom: Analysis of their work experience.*** MAN Thesis, College of Nursing, University of the Philippines, Manila.

Ducanes, G. & Abella, M., (2007a). ***OFWs and their Impact on Household Employment Decisions.*** ILO Draft

Ducanes, G., & Abella, M., (2007b). ***OFWs and their Impact on Household Poverty.*** ILO Draft.

Episcopal Commission on Migrants and Itinerant People/Apostleship of the Sea–Manila, Scalabrini Migration Center and Overseas Workers Welfare Administration (ECMI/AOS–Manila, SMC and OWWA) (2004). ***Hearts Apart: Migration in the Eyes of Filipino Children.*** Retrieved from the World Wide Web www.smc.org/ph/heartsapart.html. last January 18, 2011.

Funkhouser, E., (1995). ***Remittances from international migration: a comparison of El Salvador and Nicaragua.*** Review of Economics and Statistics, 77, 1: 137-46.

Giuliano, P., & Ruiz-Arranz, M., (2005). ***Remittances, Financial Development and Growth.*** International Monetary Fund, Washington DC, Working Paper WP/05/234.

Goldberg, M.A., & Levi, M.D., (2008). ***The Impact of Remittances on Economic Growth.*** Knowledge Leadership, Master Card Worldwide Insights.

Greenwood M., Ladman, J., & Siegel, B., (1981). ***Long-term trends in migratory behavior in a developing country: the case of Mexico.*** Demography, 18 , 369-89.

Haas, H.D. (2005). ***International Migration, Remittances and Development: Myths and Facts.*** Radboud University, The Netherlands.

Hoddinott, J., (1994). ***A Model of Migration and Remittances Applied to Western Kenya.*** Oxford Economic Papers, New Series, 46(3): 459-476.

Idang, R., & Yap,C., (2002). ***Determinants of the Saving Behavior of Filipino Households***. Undergraduate thesis, AB Economics, University of the Philippines-Diliman

Institute of Health Policy and Development Studies, (2005). ***Migration of health workers: Country case study Philippines.*** International Labor Organization. National Institutes of Health, University of the Philippines, Manila, 623 Pedro Gil St., 3/F NIH Building, 1000 Ermita, Manila.

International Organization for Migration [IOM], 2010. ***International Migration and Migrant Workers' Remittances in Indonesia***. International Organization for Migration, Makati City, Philippines.

Jongwanich, J., (2007). ***Workers' Remittances, Economic Growth and Poverty in Developing Asia and the Pacific Countries.*** United Nations Economic and Social Commission for Asia and the Pacific Working Paper.

Katz, E., & Stark, O., (1986). ***Labor migration and risk aversion in less developed countries.*** Journal of Labor Economics, 4, 134-49.

King, A., (1983). ***Social and Economic Benefits and Costs.*** Philippine Labor Review, 7, 1.

Lartey, E.K., Mandelman, F.S., & Acosta, P.A., (2008). ***Remittances, Exchange Rate Regimes and the Dutch Disease: A Panel Data Analysis.*** BSP International Research Conference on REmittaces: "The Macroeconomic Consequences of Remittances: Implications for Monetary and Financial Policies in Asia", 30-31 March, 2009, Mandaluyong City, Philippines.

Lall, S.V., Selod, H., & Shalizi, Z., (2006). ***Rural-Urban Migration in Developing Countries: A Survey of Theoretical Predictions and Empirical Findings.*** Development Research Group, World Bank Policy Research Working Paper 2915.

Lee, E.S., (1966). ***A Theory of Migration.*** Demography, vol. 3, No. 1, pp. 47-57.

Lewis, A.W., (1954). ***Economic Development with Unlimited Supplies of Labor***. Manchester School of Economic and Social Studies Vol 22. pp139-191.

Losch, B., (2008). ***Migrations and the challenge of demographic and economic transitions in the new globalization era.*** Social Science Research Council, Panel 4: Migration and EconomicGlobalization, New York.

Lucas, R., & Stark, O., (1985). ***Motivations to Remit: Evidence from Botswana***. Journal of Political Economy, Vol.93, No.5:901-918.

Mankiw, G., Romer, D., & Weil, D., (1992). ***A Contribution to the Empirics of Economic Growth.*** The Quarterly Journal of Economics 107 (2): 407-437.

Mapa, D.S., Balisacan, A.M., & Briones, K.J., (2006). ***Robust Determinants of Income Growth in the Philippines.*** Philippine Journal of Development, Number 61, Volume XXXII, Numbers 1 & 2. Philippine Institute for Development Studies.

Mapa, D. and Balisacan, A., (2004). ***Quantifying the impact of population on economic growth and poverty: the Philippines in an East Asian context***. In Population and development in the Philippines: the ties that bind, edited by L.A. Sevilla. Makati City: AIM Policy Center.

Martin, P., (2009). ***Migration in the Asia-Pacific Region: Trends, factors, impacts.*** Department of Agricultural and Resource Economics, University of California. United Nations Development Programme, Human Development Reports. Munich Personal RePEc Archive Paper No. 19215, December 2009.

Massey, D., (n.d.). ***International Migration and Economic Development.*** Population Research Center, University of Chicago, 1155 E. 60th Street, Chicago, IL 60637.

Massey, D., Alarcon, R., Durand, J., & Gonzales, H., (1987). ***Return to Aztlan: The Social Process of international Migration from Western Mexico.*** Berkeley and Los Angeles: University of California Press.

Meng X., & Zhang, J., (2001). ***The two-tier labor market in urban China. Occupational segregation and wage differentials between urban residents and rural migrants in Shanghai.*** Journal of Comparative Economics, 29, 485-504.

Mora, J. & Taylor, J., (2005). ***Determinants of migration, destination, and sector choice: Disentangling individual, household, and community effects, in International Migration, Remittances and the Brain Drain.*** Ozden and Schiff eds., the World Bank and Palgrave Macmillan, 21-51.

National Statistics Office, (2007). ***Population and Annual Growth Rates for Region, Provinces and Highly Urbanized Cities Based on Censuses 1995, 2000 and 2007***. Retrieved from the World Wide Web www.census.gov.ph, January 12, 2011.

OECD, (2002). ***International mobility of the highly skilled.*** Paris, 2002.

Opiniano, J.M., (2007). ***The Panorama and Drama of International Migration and Development in the Philippines.*** Institute for Migration and Development. Submission to the book project of the Czech Republic-based Institute for Migration and Development Research (IMDR), European Polytechnic Institute.

Orbeta, A., (2008). ***Economic Impact of International Migration and Remittances on Philippine Households: What We Thought We Knew, What We Need to Know***. Philippine Institute for Development Studies, Discussion Paper Series No. 2008-32.

Osili, U.O., (2007). ***Remittances and savings from international migration: Theory and evidence using a matched sample.*** Journal of Development Economics 83 (2): 446-465.

Poirine, B., (1997). ***A Theory of Remittances as an Implicit Family Loan Arrangement.*** World Development, 25, 5:589-611.

Portes, A. and J. Böröcz (1989), ***Contemporary immigration: theoretical perspectives on its determinants and modes of incorporation***. In: International Migration Review, vol. 23 no. 3

Ramcharan, R., (2002). ***Migration and Human Capital Formation: Theory and Evidence from U.S. high School Movement.*** International Monetary Fund Working Papers

Ranis, G., & Fei, J., (1961). ***A Theory of Economic Development***. The American Economic Review Vol 51. pp533-65.

Rapoport, H., & Docquier, F., (2005). ***The Economics of Migrants' Remittances***. Institute for the Study of Labor, Discussion Paper No. 1531, March 2005.

Rapoport, H., & Docquier, F., (2006). ***The Economics of Migrants' Remittances*** in Handbook on the Economics of Giving, Reciprocity and Altruism. Applications Volume 2, S. Kolm and J. Ythier (eds) Amsterdam, Elsevier: 1136-1195.

Ravenstein, E.G., (1885). ***Laws of Migration.***

Reside, R.E., (2009). ***Determinants of Overseas Filipino Worker (OFW) Remittances***. Draft. University of the Philippines, School of Economics. Discussion Paper No. 2009-11.

Rodriguez, E.R., (1998). ***International Migration and Income Distribution in the Philippines.*** Economic Development and Cultural Change 46(2): 329-350.

Rodriguez, E., & Tiongson, E., (2001). ***Temporary Migration Overseas and Household Labor Supply: Evidence from Urban Philippines.*** International Migration Review, 35, 3.

Rosenzweig, M.R., (1988). ***Risk, implicit contracts and the family in rural areas of low income countries.*** Economic Journal, 393: 1148-70.

Ross, J., (2004). ***Understanding the Demographic Dividend***. POLICY Project, Futures Group, One Thomas Circle, NW, Suite 200, Washington DC.

Sawada, Y., & Estudillo, J., (2005). ***Trade Migration and Poverty Reduction in the Globalizing Economy.*** UNU-WIDER Research Paper No. 2006/58.

Schwartz A., (1973). ***Interpreting the effect of distance on migration***. Journal of Political Economy, 81, 1153-69.

Sjaastad, L.A., (1962). ***The Costs and Returns of Human Migration.*** *The Journal of Political Economy*, Vol. 70, No. 5, Part 2: Investment in Human Beings. (Oct., 1962), pp. 80-93.

Solomon, M.S., & Eden, A., (n.d.). ***Beyond 'Push and Pull': Rethinking Medical Migration from the Philippines.***
University of South Florida, Interdisciplinary Initiative on Sustainable Communities.

Stark, O., (1995). ***Altruism and Beyond.*** Oxford and Cambridge: Basil Blackwell.

Stark, O., (2009). ***Reasons for Remitting.*** World Economics Vol. 10, No.3. Inaugural Lecture at the Warsaw School of Economics.

Stark, O., & Levhari, D., (1982). ***On Migration and Risk in LDCs.*** Economic Development and Cultural Change, Vol. 31 (1): 191-96.

Stark, O., & Lucas, R., (1988). ***Migration, Remittances, and the Family***. Economic Development and Cultural Change, Vol. 36, No. 3 (Apr., 1988), pp. 465-481, University of Chicago Press.

Stark, O., Taylor, E., & Yitzhaki, S., (1986). ***Remittances and Inequality***. The Economic Journal 96: 722-740.

Sugui, J.S., Alba, M.M., Abdon, A.M., & Garde, M.M., (2007). ***Overseas Workers, Remittances, and Household Welfare in the Philippines.*** 6th Poverty and Economic Policy Research Network General Meeting, Lima, Peru, 14-16, 2007.

Tabuga, A., (2007). ***International Remittances and Household Expenditures.*** PIDS Discussion Paper Series 2007-18.

Todaro, M.P., (1969). ***A Model of Migration and Urban Unemployment in Less-developed Countries.*** The American Economic Review Vol 59. pp138-48

Tullao, T.S., (2008). ***Demographic Changes and International Labor Mobility in the Philippines: Implications for Business and Cooperation.*** De La Salle University, Manila, Philippines. Paper prepared for the Philippine Pacific Economic Cooperation Committee.

Tullao, T.S., Conchada, M.P., & Rivera, J.P., (2010). ***Distortions in the International Migration of Filipino Nurses.*** Angelo King Institute, School of Economics, De La Salle University, Manila, Philippines.

Tullao, T., Cortez, M., & See, E., (2007). ***The economic impacts of international migration: A case study on the Philippines.*** Report to EADN.

Tullao, T.S., & Cortez, M.A., (2006). ***Enhancing the movement of natural persons in the ASEAN region: Opportunities and constraints.*** Asia-Pacific Research and Training Network on Trade Working Paper Series, No. 23.

Tullao, T.S., & Corez, M.A., (2003). ***Movement of Natural Persons Between Philippines and Japan: Issues and Prospects.*** Center for Business and Economics Research and Development, De La Salle University-Manila. Philippine APEC Study Center Network. Prepared for the Japan-Philippines Economic Partnership Research Project.

Tullao, T.S., & Rivera, J.R., (2009). ***The Impact of Temporary Labor Migration on the Demand for Higher Education and its Implications on the Human Resource Development in the Philippines.*** De La Salle University, Angelo King Institute.

US Census Bureau, (n.d.). Philippine Population Pyramids. Retrieved from the world wide web www.nationmaster.com/country/rp-philippines/Age-_distribution, taken last January 22, 2011.

Woodruff, C. & Zenteno, R., (2004). ***Remittances and Micro Enterprises in Mexico.*** Graduate School of International Relations and Pacific Studies (unpublished; San Diego, California: University of California, San Diego, and ITESM).

Wouterse, F., & Taylor, J., (2008). ***Migration and Income Diversification: Evidence from Burkina Faso.*** World Development 2008.

Yamauchi, F., & Tanabe, S., (2003). ***Nonmarket networks among migrants: Evidence from Bangkok, Thailand.*** International Food Policy Research Institute, FCND Discussion Paper No.169.

Yang, D., (2008). ***International Migration, Remittances, and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks.*** Economic Journal 118 (528).

Yang, D., (2005). ***International Migration, Human Capital, and Entrepreneurship: Evidence from Philippine Migrants' Exchange Rate Shocks.*** World Bank Policy Research Working Paper 3578, April 2005.

Yang, D., (2004). ***International Migration, Human Capital and Entrepreneurship: Evidence from Philippine Migrants' Exchange Rate Shocks.*** Gerald R. Ford School of Public Policy and Department of Economics, University of Michigan.

Yang, D., & Martinez, C., (2005). ***Remittances and Poverty in Migrants' Home Areas: Evidence from the Philippines*** in Caglar Ozden and Maurice Schiff (eds.) International Migration, Remittances, and the Brain Drain. World Bank.

Zanker, J.H., & Siegel, M., (2007). ***The determinants of remittances: A review of the literature***. Maastricht Graduate School of Governance, Working Paper, MGSoG/2007/WP003.

Dataset Sources

Migration Policy Institute, 2011. Calculations of the World Bank Development Prospects Group's Bilateral Migration Matrix Data of 2010. Retrieved from: http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,ContentMDK:21352016~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html

World Bank, 2012.