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A Democratic Dividend From Emigration?

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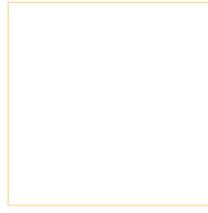
Abstract

The recent political economy literature suggests that migrants can affect the institutional evolution of their home countries through political remittances, that is, the transfer of political norms and attitudes (e.g., for democracy, corruption) via social networks from host to home countries. The main result from both cross-country comparisons and from country case-studies is that there is a democratic dividend from emigration, something that destination countries may want to (and occasionally do) take into account when setting their immigration policies.

Keywords: International migration, political development, diasporas, social remittances, immigration policy.

JEL codes: F22, D72, O1

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Introduction

Emigration can affect the political and institutional evolution of developing countries in many ways, from the self-selection of migrants' on political views (Hirshman's "exit" effect), to diasporas' involvement in domestic politics.² Another channel through which migrants can affect home country institutions is through "political remittances", that is, the transfer of political norms and attitudes (regarding, for example, democracy and corruption) from host to home countries. The term "political remittances" is the transposition to the political realm of the concept of social remittances (Levitt, 1998). The general idea borrowed from the literature on social remittances is that while abroad, migrants absorb new information and are exposed to new political institutions, attitudes and practices that can first transform their own political views (e.g., Barr and Serra, 2010; Cain et al., 1991; Luttmer and Singhal, 2011)³ and then spillover to their home communities through direct and indirect contacts with relatives, friends and other members of their home-based social networks (Levitt, 1998, Shain, 1999). The notion has inspired a large body of research in demography, political science and economics. There is a rich qualitative and descriptive socio-political literature documenting the phenomenon, however the quantitative evidence is both scarce and weak. Still, this socio-political literature has a few important insights that can guide empirical research. First, "destination matters": if migrants are to transfer the political attitudes and institutional norms of their host countries, then, depending on where they are, they will remit different norms and values. And second, "timing matters": it takes time for individual preferences to evolve, and even more time for these preferences to be transferred and digested by recipients in the home countries.

The recent economic literature includes both cross-country comparisons and a number of country case-studies. They converge in suggesting that emigration

entails a significant democratic dividend when emigration is directed toward democratic countries (destination matters); careful country-case studies moreover suggest that a good deal of the effect can be attributed to the transfer of political attitudes and preferences that, after some time (time matters), also translate into political outcomes (e.g., elections) at home.

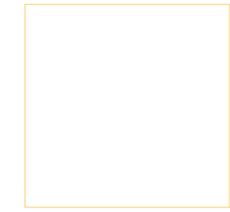
Emigration and democracy: cross-country comparisons

In an influential paper, Spilimbergo (2009) used cross-country comparisons in a panel setting to show that foreign-trained individuals promote democracy in their home countries, but only if foreign education was acquired in a democratic destination. While he does not identify the mechanisms at work, he suggests a number of possible channels (e.g., access to foreign media, acquisition of norms and values while abroad that diffuse at home upon return, willingness to preserve the quality of one's network abroad, etc.) that can be generalized to other migration experiences as well. This is precisely what Docquier et al. (2016) are doing: they estimate the effect of emigration on home-country institutions for all migrants, not just foreign students, and find that openness to migration, as measured by the total emigration rate, contributes to improved institutional quality.

Both papers investigate the *overall impact* of emigration on home-country institutions. This overall effect is composed of the direct (or exit) effect of emigration, that is, the fact that emigrants may be positively self-selected in terms of education and preferences for democracy (which should translate into a negative impact on democracy at home) and indirect effects such as political remittances or the role of diasporas. The two papers are similar in terms of methodology – they use dynamic panel regressions and similar dependent variables (i.e., indices of democracy such as the Polity IV index or indices of Civil Liberties and Political Rights published yearly by the Freedom House). They, then, try to confront the obvious endogeneity issue arising from the fact that bad political institutions can generate either

2. See Lodigiani (2016) for an overview of this literature.

3. Careja and Emmenegger (2012) and Doyle and Fidrmuc (2004) study migrant assimilation with regard to political attitudes in the context of Eastern Europe.



more (due to stronger push factors) or less (due to repressive policies) emigration, creating a spurious correlation between the size of emigration and the quality of institutions. Beyond their focus on different emigrant populations (foreign students v. all migrants), the two papers differ in many other respects.

First, Spilimbergo (2009) uses data on the number of people with foreign training living either abroad or at home, making it impossible to know whether the effect uncovered is due to those staying abroad or to those who returned. In terms of analogy with monetary remittances, this is similar to trying to make a distinction between remittances per se (that is, money sent by migrants residing abroad) and repatriated savings upon return. Docquier et al. (2016), in contrast, use an emigration variable that consists of the lagged accumulated stock of individuals (aged 25+) born in the home country and living abroad, and which would seem to exclude return migration as the main channel for the effect.⁴ Second, Spilimbergo's (2009) main result is the identification of destination-specific effects, with a positive coefficient obtained only when foreign education comes from a democratic country. In Docquier et al. (2016), the panel specifications use immigration data to OECD destinations only, and given that these destination countries are very homogenous in terms of democratic performance this means that it is impossible to test for the effect of emigration to democratic v. non-democratic countries. However, in their cross-sectional specifications, they are able to use immigration data for the full sample of world countries and to confirm

4. The migration data are taken from Bruecker, Capuano, and Marfouk (2013). Focusing on twenty OECD destination countries, they computed emigration stocks and rates of the population aged 25 years and older by gender and educational attainment in five-year intervals from 1980 to 2010. The data are obtained by harmonizing national censuses and population registers statistics from the receiving countries. The twenty destination countries covered represent more than 90 percent of the OECD total immigration stock. A limitation of these data sets, however, is that they are silent about return migration. Return migrants are simply part of the domestic population.

that all of the positive effect of emigration on democracy is due to emigration to the democratic countries.

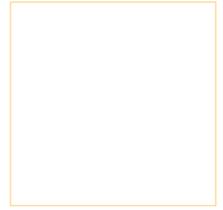
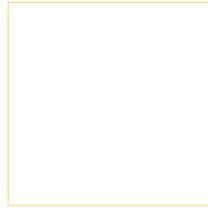
Finally and most importantly, the main robust result in Spilimbergo (2009) is the positive coefficient of the "democratic norm at destination" variable; this is a weighted average of democratic scores at destination, which captures whether emigration is directed toward more or less democratic countries. The interpretation is that what matters for democratization is whether students study in a democratic country, not how many of them do so. For this, one must interact this "democratic norm at destination" variable with the number of foreign students; however, in all of Spilimbergo's specifications but one, this interaction term is not significant. In contrast, Docquier et al.'s (2016) main results are for the volume of migration, suggesting that whether a country has a one or twenty percent emigration rate makes a difference, not just whether its emigration is directed toward destinations with high or low democracy scores.

In terms of estimation methods, Spilimbergo (2009) relies on SGMM estimation with internal instruments while Docquier et al. (2016) use a large set of different specifications: cross-sectional analysis (OLS and 2SLS), and panel analysis (OLS, OLS with fixed-effects, 2SLS, and SGMM) and for different indices of institutional quality. In all of these models, emigration consistently turns positive and very significant. The long-run effect of emigration estimated in 2SLS cross-sectional and panel regressions stands between 1.2 and 1.5, depending on the specification.⁵

These results are shown to be also robust across sub-samples (excluding oil countries, Sub-Saharan African countries, or former Communist countries). Interestingly, there is no apparent additional effect for skilled emigration.

Lodigiani and Salomone (2016) analyze another, more specific dimension of democracy: the role of women in politics as measured by the share of

5. This means that a 10 percentage-point change in the emigration rate increases the standardized democracy indices (which range between -1 and +1) by .12 to .15.



female members of the National Parliament. In the spirit of the political remittances literature above, they hypothesize that international migration to countries where the share of women in the parliament is higher is likely to increase female parliamentary share in the source country.

The authors' main variable of interest is the index of female parliamentary share, which is constructed as the difference in female parliamentary participation between host and home countries, weighted by the share of migrants to that host country on the overall population (as in Spilimbergo, 2009). They include country of origin and time fixed effects, control for important economic and socio-political covariates such as female education, the type of electoral system, or general wealth in the society, and address reverse causality using a gravity-based model to predict bilateral migration stocks (as in Ortega and Peri, 2014, Alesina et al., 2016 or Docquier et al., 2016). The paper uses information on the gender composition of national parliaments between 1960 and 2003 and bilateral migration data between 1960 and 2000, which they combine with other databases to construct a panel data set of 170 countries over five decades.

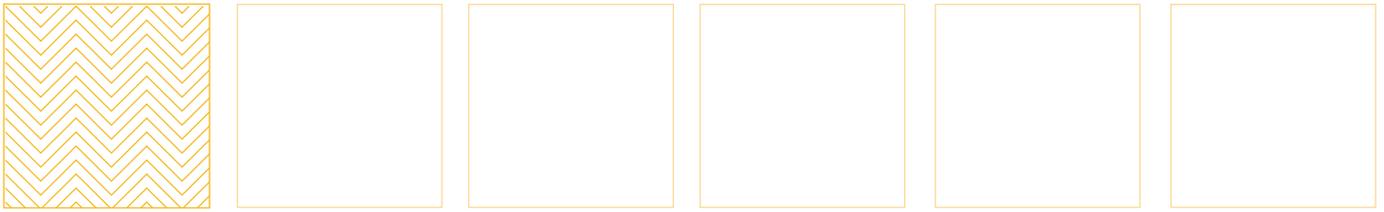
Their results suggest that international migration to countries with higher female parliamentary participation have a positive and significant effect on the female parliamentary share at origin (by about 1.7 percentage points for a 10-percentage point increase in migration). This holds under all specifications and is robust to excluding certain subsamples (such as post-communist, Muslim, and Sub-Saharan African countries).

Overall, this cross-country literature demonstrates a total positive impact of emigration on home-country institutions. While the generality of the results is important in its own right, the main limitation of these studies is that they cannot disentangle the relative contributions of the potentially many channels involved. In particular, they cannot isolate the diffusion of democratic norms (namely, political remittances) from other candidate explanations. For this, a more detailed analysis is required, at a more disaggregated level.

Country case studies

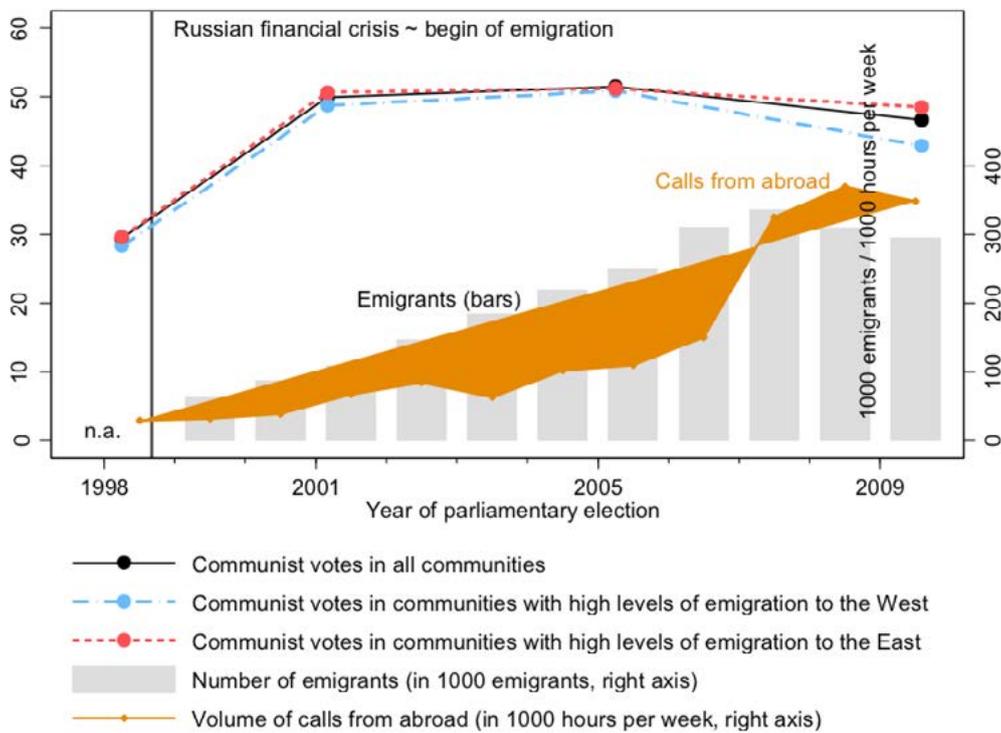
Country case-studies generally use administrative or individual data (or both). The fact that they focus on smaller entities for which richer information is available allows for a deeper exploration of alternative channels. The micro literature includes a number of country case-studies. For example, Batista and Vincente (2011) document that households in Cape Verde with a migrant abroad, particularly those with a migrant to the US, have a higher demand for political accountability. Pérez-Armendáriz and Crow (2010) find that individuals in Mexico in households with a migrant in the US or Canada are more likely to vote. Chauvet and Mercier (2014) also focus on voter turnout and report a similar result for Mali. Pfütze (2012) studies Mexico's local elections of 2000 and shows that municipalities with many migrants in the US are more likely to vote for opposition parties. These papers are all interesting and carefully executed, however they all suffer from one or both of the two following issues: they study a country with a single foreign destination (as is the case for Mexico), making it impossible to analyze destination-specific effects; or they concern countries with very long migration traditions, making it impossible to control for pre-migration political preferences and outcomes.

These issues are addressed in Barsbai et al. (2016) for Moldova. The authors take advantage of the natural experiment constituted by the Russian crisis of 1998, which sparked emigration out of Moldova, a country with previously no ties to the West and very little emigration even to other former Soviet Union Republics, as it was highly specialized in agriculture and dependent on agricultural exports to Russia. This lack of export diversification is precisely why Moldova was harder hit by the crisis (much more than Russia). In the few years after the crisis more than 20 percent of the workforce emigrated: two thirds went to Russia ("East") and one third to the European Union (West). Interestingly, while certain Moldovan communities had predominantly westward emigration during that period others had predominantly eastward emigration: but these communities behave in similar ways politically, that

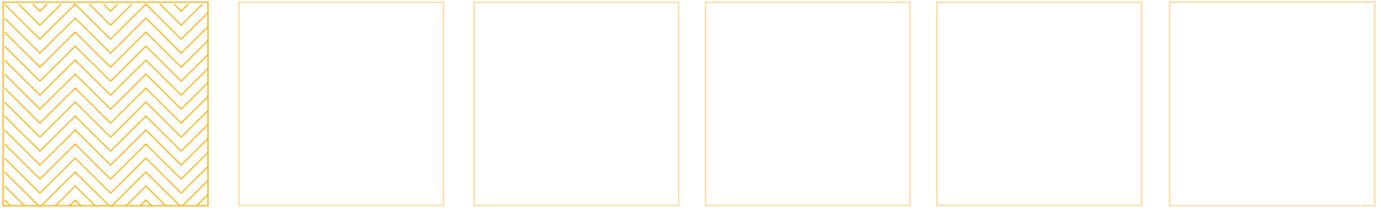


is, they had similar electoral behavior. In particular, the share of votes for the Communist Party, which was in power between 2001 and 2009, were very close in the elections of 1998, 2001 and 2005, and it is only in the 2009 and 2010 elections that the two types of communities (from an emigration viewpoint) started to diverge politically, as shown of Figure 1.

Barsbai et al. (2016) explore the reasons behind this divergence and show that it can be “causally” explained by the differential effects of Eastward v. Westward emigration. They show that emigration to Western Europe in the late 1990s and the early 2000s substantially affected electoral outcomes in the Moldovan national elections of 2009 and 2010, increasing the share of votes for democratic parties



The black line shows the unweighted average share of Communist votes across all communities. The blue and red lines show how communities with high levels of emigration to the West and communities with high levels of emigration to the East deviate from the overall trend. We plot residual shares of Communist votes controlling for the same set of pre-migration community-level variables as our baseline specification (see column 3 of Table A5) apart from the 1998 election results. Communities with high levels emigration to the West (East) are defined as having an above median prevalence of westward (eastward) migration and above 50 percent share of westward (eastward) migrants among all migrants. Bars show the overall number of emigrants in stocks (in 1000). Data come from yearly waves of the Moldovan Labor Force Survey. Pre-2006 numbers of emigrants are adjusted to account for a change in the sampling method of the Moldovan Labor Force Survey. Data on emigration from Moldova before 1999 are not available. The first wave of the Moldovan Labor Force Survey was conducted in 1999, just after the unexpected Russian financial crisis hit Moldova in late 1998 and triggered the first big wave of emigration. Information on destination countries is not available in pre-2006 waves. The same trend in the number of migrants is observable using data on Moldova immigrants from major destination countries. In 1998, for example, only 15 Moldovan immigrants were registered in Italy. This number increased to 40,000 by 2004. A similar development occurred in other destination countries such as Greece, Portugal and Spain (see footnote 10 for sources and more details). The orange line shows the volume of international calls to Moldova (in 1000 hours per week). Data come the International Traffic Database compiled by Telegeography.



and reducing that of the then ruling Communist Party (and conversely for emigration to Russia and other Eastern European destinations), strongly enough to overturn the election results (which were just won by a coalition of democratic, pro-European parties). They also provide suggestive evidence that the observed effects likely work through the diffusion of information and of norms from abroad. Note that the above results cannot be explained by the self-selection of liberal individuals into emigration to the West; such bias would work the other way round, that is, should increase, not decrease the share of votes for the communists where there is more westward emigration (as liberal-minded voters would have voted against the communists had they stayed instead of emigrating). However, at the community level this bias may still exist, meaning

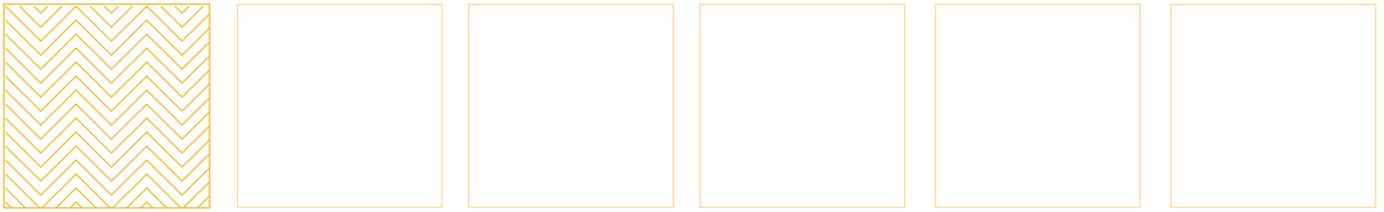
that individuals living in more liberal communities tend to emigrate more to the West. In order to tackle this problem the authors control for pre-emigration electoral outcomes and thus measure the change in electoral outcomes driven by emigration. They also control for a rich set of geographic and demographic (including ethnic composition) community characteristics, the intensity of the economic shock following the Russian crisis, and a district fixed-effect.

Table 1 summarizes the main results from their analysis. The first three columns investigate the relationship between migration patterns and Communist votes in the parliamentary election of July 2009. The columns gradually expand the set of control variables and check the robustness of the results against potentially important confounders.

Table 1: Est/West Migration and General Election Results in Moldova, July 2009

	Share of votes for the Communist Party (%)			Share of votes for opposition parties (%)			
	Basic controls	Plus pre-migration election results	Plus night-time light (full model)	Liberal Democratic Party	Liberal Party	Democratic Party	Party Alliance Our Moldova
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Prevalence of emigration to the West (%)	-0.70***	-0.63***	-0.63***	0.40***	0.24**	0.08	-0.16
	(0.20)	(0.18)	(0.18)	(0.13)	(0.11)	(0.12)	(0.15)
Prevalence of emigration to the East (%)	0.44**	0.39**	0.39**	-0.07	-0.17**	-0.07	-0.01
	(0.17)	(0.16)	(0.16)	(0.09)	(0.07)	(0.08)	(0.11)
Basic controls	yes	yes	yes	yes	yes	yes	yes
Pre-migration election results	-	yes	yes	yes	yes	yes	yes
Night-time light	-	-	yes	yes	yes	yes	yes
District fixed effects	yes	yes	yes	yes	yes	yes	yes
Number of observations	848	848	848	848	848	848	848
R2	0.78	0.82	0.82	0.56	0.66	0.42	0.37

The table reports OLS estimates for 848 Moldovan communities. The dependent variables are the vote shares of different parties in the July 2009 parliamentary election at the community level (in percent). Table A3 in the appendix shows the full regression results. Standard errors clustered at the district level in parentheses. *** denotes statistical significance at the 1 percent level, ** at the 5 percent level, and * at the 10 percent level.



The interpretation of the coefficients is straightforward as both migration prevalence and share of votes are measured in percentages: a one percentage point increase in the community prevalence of westward migration reduces the Communist vote share by about 0.6 percentage points. The stepwise inclusion of district fixed effects using smaller (grid-generated) geographical units slightly lowers the magnitudes but does not affect the significance of the coefficients of interest. Additionally, the authors find that electoral divergence across communities only sets in with a time-lag, supporting their hypothesis about the diffusion of values channel. This is further supported by the fact that the effect on electoral outcomes is strongest for communities with a larger share of low-educated residents and with a higher share of people who grew up under the Soviet regime), because these are communities where the transmission of values, presumably, has the largest informational value.

Conclusion

The main conclusion to draw from the reviewed literature on political remittances is that there is a democratic dividend from emigration. This has strong policy implications for sending and receiving countries. For sending countries' governments, this democratic dividend may or may not be welcome. Autocratic government may be inspired to prevent communication between emigrants with their relatives, discourage return, or prevent emigration in the first place. And indeed, countries such as China (mostly until the 1990s), the Soviet Union, Cuba, North Korea, Iran or, today, Venezuela have seen various combinations of such restrictive policies. From the perspective of receiving countries, the main implication is that immigration policy also has a diplomatic dimension. This has not yet been recognized by most governments but has long been recognized by some. For example, the US Government created a number of visiting and exchange programs such as the Fulbright Program

or the Exchange Visitors Program (the J-1 visa) with the explicit objective of using these programs as part of the US public diplomacy efforts, bringing people (even temporarily) to the United States, exposing them to US institutions and then counting on this transformative experience to disseminate American values and democracy throughout the world. According to the above reviewed literature, this would seem a good use of US taxpayer's money.



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