

International Migration and Economic Assessments in the Philippines

OH Yoon Ah*

I. Introduction

With the rise of academic and policy interest in understanding the consequences of international migration for sending countries, a group of recent studies examine how international migration affects the political behavior of those left behind (e.g., Goodman and Hiskey 2008; Perez-Armendariz and Crow 2010; Pfutze 2012). This marks a significant departure from previous research, where investigations into the political dynamics of migration have primarily focused on the transnational engagement by migrants themselves (e.g., Guarnizo, Portes, and Haller 2003; Waldinger 2008) rather than on those relatives at the receiving end of remittances and other types of transactions. Recent attempts to understand the political behavior of those left behind suggest that those connected to international migration are different from the rest of the public in political participation (Goodman and Hiskey 2008; Perez-Armendariz and Crow 2010), vote choice (Pfutze 2012), and political values and

* Research Fellow, Korea Institute for International Economic Policy

beliefs (Levitt 1998; Perez-Armendariz and Crow 2010). One of the initial studies in this line of inquiry finds that high-migration communities in Mexico are likely to have lower voter turnout, and residents in these communities tend to believe that the political process is ineffective in satisfying the basic needs of the public (Goodman and Hiskey 2008). The remittance income and the emergence of a transnational migrant community, the authors argue, lead those left behind to disengage from the formal political life of their home society. Another study extends migration and remittances to vote choice by claiming that the inflow of foreign private income generated autonomously from the domestic clientelistic networks (remittances) provides ordinary citizens with meaningful political choice, thus increasing electoral competitiveness in elections (Pfütze, 2012). Other studies focus on the relationship between migration and political values. The “social remittances” literature argues that, in addition to financial remittances, migrants from developing countries adopt democratic beliefs and practices in democratic host countries and then spread them back to their home communities through phone calls, the internet, return visits, and other forms of communication (de la Garza and Yetim 2003; Levitt 1998; Perez-Armendariz and Crow 2010). As a result of migration-facilitated social learning, such individuals are likely to have higher levels of tolerance and more critical attitudes toward the government than fellow citizens with similar characteristics (Perez-Armendariz and Crow 2010).

Although these findings shed new insight into the political behavior outcomes of international migration and remittances, they fail to address one critical step in the migration-to-politics process: economic

assessments. In fact, the idea of economic assessments is embedded in the underlying logic of these works. When connecting migration and remittances to political outcomes, most of the studies implicitly argue that the availability of foreign private income transforms the incentive structure for political behavior. Yet, the change in incentive structure driven by remittances is assumed away and not empirically investigated. Analyzing economic assessments in association with migration provides a useful insight into this under-examined middle step.

This article investigates the extent to which migration is linked to assessments of economic conditions in the recipient country, using the case of the Philippines. The central idea of this study is that how citizens assess their individual economic situations and the state of the national economy may be affected by migration, especially through their access to remittance income. This is to say that if the public can be divided into two groups, where one group draws a significant share of their income from a domestic source and the other a foreign, their assessments of economic circumstances are likely to diverge. The theoretical mechanism linking migration to economic assessments is the financial insulation from the domestic economy, which is based on the foreign nature of remittances. Since remittances, for the most part, are not tied to the economic performance of the home country, recipient households may have dissimilar experiences of and outlooks for the economy than non-recipient households.

Economic performance is worth investigating because it is one of the primary criteria by which citizens judge the legitimacy and

success of the government. Although empirical evidence differs on the nature and strength of the relationship between the economy and political support, the centrality of economy to political support has been widely accepted (Duch and Stevenson 2008). In my analysis, economic assessments are examined in two separate areas. I divide my overall approach between retrospective (backward-looking) evaluations and prospective (forward-looking) evaluations. Then, within each consideration, I first examine whether public assessments of the household economy are different between migrant and non-migrant households. I hypothesize that a higher and more stable remittance income is likely to produce more positive views of the economic circumstances of one's household. Second, I investigate whether recipient households also differ from non-recipient households with respect to how they evaluate the country's economy. My hypothesis here is that, by the simple logic of relative evaluations, a substantial, stable inflow of remittances should lead to a negative view of the national economic conditions from which recipients are largely insulated.

In this paper, I examine the linkage between international migration and economic assessments using a nationally representative sample of Filipino households from the 2002, 2003, and 2007 Social Weather Stations Survey (SWS). The Philippines provides an appropriate setting for this study because it is a high migration country, and its economy relies heavily on migrant remittances. In 2010, migrant remittances to the Philippines reached \$21.4 billion, which is an equivalent of 10.7% of its annual GDP (World Bank 2011). Noting the important contribution of migrant remittances to the national

economy, the Philippine government frequently refers to Filipino overseas workers as “the modern heroes of the country” (ABS-CBN News 2010). I seek to assess whether, after controlling for socio-economic factors, there are significant differences in evaluations of their household financial situation and the national economy between non-migrant and migrant households. Understanding economic assessments associated with migration is critical to making sense of the process that links migration ultimately to political outcomes we as a society are particularly concerned about, such as vote choice and public attitudes toward government policy.

Methodologically, this study’s employment of public opinion analysis helps diversify approaches to migration from the perspectives of those left behind. Compared to policy, economic, and sociological analyses of migration and remittances, research on public attitudes of those left behind has been lagging behind in migration research. As a result, we know very little about how migration is related to how citizens perceive various public issues of the day. This research also enriches our understanding of economic assessments in the Philippines by introducing migration as a new variable to explain public opinion variations in the country.

The remainder of this article is organized as follows. Section II presents the theoretical framework for linking international migration to economic assessments. Section III describes data and models used in this study. Section IV presents the main results of the empirical analysis. The final section concludes.

II. Theoretical Framework

1. Migration and Remittances

Standing at about \$501 billion globally in 2011 (World Bank, 2012), remittances are increasingly recognized as an important type of international capital. Of \$501 billion, \$372 billion flows into developing countries, and remittances have already exceeded official development aid to developing countries as a group since 1996 (World Bank, 2012). In many migration-intensive countries, remittances also surpass foreign direct investment (FDI) and portfolio investment. Remittances in countries like the Philippines, one of the representative countries of emigration in Asia, reach about ten percent of the country's GDP (World Bank, 2011). As such, remittances are drawing increasing attention from international development institutions, recipient-country governments, and scholars (e.g., UNDP 2009; World Bank 2006; Yang 2011).

The massive inflow of remittances has provided the recipient countries with financial stability by strengthening their external accounts. Esteves and Khoudour-Casteras (2009) examined historical data from the pre-World War I period to show that remittances reduced the probability of balance-of-payment crises in high emigration countries. The magnitude of remittances is such that recipient governments devise a specific policy to utilize remittances for macroeconomic purposes. The government of India has been issuing diaspora bonds since 1991 to draw funds from the Indian diaspora for the purposes of preventing the balance-of-payment crisis

and supporting India's sovereign credit rating (Ketkar and Ratha 2011).

Remittances are also known to be less volatile than other types of international financial flows and more resilient in the face of an economic crisis (World Bank 2012). The modest drop in remittances (five percent) during the recent global recession marks a dramatic contrast to precipitous falls suffered (37 percent) by FDI (Yang 2011). Remittances also tend to be countercyclical to the business cycle of the recipient country, increasing when its economy is in recession and decreasing relatively when it is doing well (Frankel 2011). This makes remittances, at the macroeconomic level, a reliable source of much-needed foreign exchange for developing countries.

At the household level, remittances offer financial insulation for recipient households based on the fact that they are substantial and stable, an outcome with particular significance because remittances mostly flow into developing countries, where a substantial and stable income is much more appreciated due to the generally low wages and an underdeveloped labor market. Although there might be spillover effects through remittance-driven, local economic expansion and some direct transfer to non-recipient households in the form of gifts (Yang and Martinez 2005), the benefits of migration and remittances mostly accrue to recipient households. It follows then, as a result of international migration and remittance inflows, some citizens in the country of origin have acquired a relatively large and stable income that is generated outside the domestic economy. As such, the economic benefits of remittances are clearly distributional, creating a potential gap among households. This economic divide driven by

differing access to international migration and remittances is the starting point of this study. This divide potentially creates social, political, and economic consequences, and this article focuses on the intermediate step of economic assessments.

2. Economic Assessments and Financial Insulation

I draw economic assessment concepts from the economic voting literature, which has developed around the notion that one of the most important issues voters consider when they evaluate the incumbent government is the economy (Erikson 1989; Key 1966; Kramer 1971; Fiorina 1978; Kiewiet 1983). The basic idea is that voters electorally support the incumbent when the economic conditions are good, while they punish the incumbent at the polls when the economy is bad. Although electoral politics is not explicitly discussed in this paper, the central logic that connects economic conditions to political outcomes is as relevant to my theoretical framework.

In their approach to the relationship between economic conditions and election results, political scientists have differentiated economic assessments along a temporal dimension. The backward-looking assessments are commonly called “retrospective” evaluations, while forward-looking assessments of the future conditions are termed “prospective” assessments. A more substantive distinction has been established between “pocketbook judgments” and “sociotropic judgments.” Pocketbook assessments are based on a hypothesis that voters come to judge the government’s economic performance through personal/household economic experiences. In contrast,

sociotropic assessments relate to aggregate, economy-wide performance, emphasizing that citizens base their evaluations on the performance of the national economy (Kinder and Kiewiet 1981).

The combination of these considerations produces four types of economic assessments,¹⁾ and these have been employed to examine the connection between the economy and electoral outcomes in various forms such as voter turnout (Arceneaux 2003; Fiorina 1978), vote choice (Duch and Stevenson 2008; Erikson 1990), and policy preferences (Citron et al. 1997). The hypothesis has been extended to and tested with US national and state elections (Erikson 1989), US local elections (Lewis-Beck and Stegmaier 2000), and broader cross-national settings (Lewis-Beck and Stegmaier 2000; Duch and Stevenson 2008). Of the four types, empirical studies have found that sociotropic evaluations in retrospection are most frequently associated with electoral support for the incumbent (Duch and Stevenson 2008).

In this article, I bring economic assessments to the context of international migration by proposing that the receipt of remittances is likely to affect how the recipient evaluates economic conditions. In the economic voting literature, economic assessments are independent variables employed to account for certain political outcomes. In contrast, economic assessments are dependent variables in my investigation to be explained by the receipt of remittances. Following the convention in the economic voting literature, I first divide my analysis between retrospective and prospective assessments, each of which is then judged using pocketbook and

1) The four types are as follows: pocketbook-retrospective, sociotropic-retrospective, pocketbook-prospective and sociotropic-prospective assessments.

sociotropic considerations.

The financial insulation created by migration leads to certain expectations about economic assessments. First, with respect to the household economy, the relationship between remittances and economic assessments is likely to be positive. Since they have access to substantial and stable remittance income, migrant households are likely to enjoy economic well-being. Therefore, migrant households may have more positive assessments of their household economy compared to households that receive no remittances. On the other hand, sociotropic evaluations are predicted to have a negative relationship with remittances. Since remittance-driven wealth makes migration households feel they are better off than the rest of society, they may form negative assessments of the national economy as a result of relative evaluations. I also maintain that these overall relationships are not dissimilar between retrospective and prospective judgments. Table 1 summarizes these four hypotheses of economic assessments influenced by remittances.

Table 1: Predictions of Economic Assessments Of migrant households, compared to non-migrant households

	Retrospective	Prospective
Pocketbook assessments	positive	positive
Sociotropic assessments	negative	negative

III. Data and Models

The data analyzed in this study consist of three rounds of Social

Weather Stations Survey (SWS) collected from 2002, 2003, and 2007, and they are cross-sectional in nature (N=3,600). The nationally-representative data contain responses from voting-age Filipinos and includes questions about the migrant status of household members. On average, 12% of survey respondents had family members abroad.

I estimate an ordered probit regression to assess the relationship between remittances and economic evaluations. The dependent variable is a three-point-scale economic assessment ranging from “worse” to “same” to “better” and includes four specifications corresponding to Hypotheses 1 through 4. For retrospective assessments, respondents were asked to evaluate their household well-being compared to a year ago, while the consideration is for the coming year for prospective evaluations. For all four types of dependent variables, the modal responses are “same as a year ago” and “same as now.”

The independent variable of interest is a dummy variable indicating whether respondents belong to a household that has a family member currently working abroad. Due to the absence of information on the levels or frequencies of remittances in the SWS, migration household status is treated interchangeably with the receipt of remittances. This is based on the assumption that since the primary goal of contemporary migration is to secure overseas employment and send remittances back, most migrant households receive remittances. Information on the levels of remittances would certainly improve the inferential quality of this study, providing quantitative predictions about the relationships between remittance levels and the extent of

economic assessment gaps. Future work will certainly need to take up such a challenge with better data.

Control variables include household- and individual-level controls that may be correlated with a household member's overseas migration and the respondent's economic evaluations. Household characteristics include economic class and household location in the urban area. A four-point scale for economic class that measures the condition of residence is a rough proxy for household income. Individual-level control variables to address the individual factors that may influence the respondent's economic assessment are age, gender, education, and employment status.

I also include a variable indicating the respondent's intention to work abroad. The SWS asks the question, "Do you want to work abroad?" in its 2002 and 2003 survey rounds. Adding migration intention to the model will help control for migration selection to an extent, although it will not sufficiently address actual migration success (which will lead to remittances) or unobserved individual abilities. In addition, this variable is not available in the 2007 round, which contains the retrospective, sociotropic assessment question.²⁾

IV. Estimation Results

The characteristics of the sample are described as a total and by the status of migrant household in Table 2. Table 2 shows descriptive

2) Therefore, the retrospective, sociotropic model cannot use migration intention in its specification.

statistics of interest that point to the broader picture of labor emigration in the Philippines. Of 3,600 respondents, 14 percent (442 respondents) has a migrant family member. In the interest of brevity, I only discuss the characteristics broken down by the household group. First, for the dependent variables, it appears that migrant households tend to be more positive in pocketbook assessments while they have more negative evaluations when it comes to the national economy. For household characteristics, the data suggest that Filipino migrant households are, on average, wealthier than non-migrant households, consistent with the general theory of migration that migration is a costly endeavor and requires initial investment. Migrant households are also more likely to be found in urban areas, possibly

Table 2. Sample Characteristics, by Migration

	Non-Migrant Households	Migrant Households	Sample
Pocketbook, Retro*	17.76	21.04	18.16
Socitropic, Retro*	17.07	10.91	16.22
Pocketbook, Prosp*	27.66	34.84	28.54
Sociotropic, Prosp*	18.43	17.69	18.34
Age	41.1 (0.27)	44.9 (0.76)	41.55 (15.08)
Female	0.50 (0.01)	0.49 (0.02)	0.50 (0.50)
Education	4.4 (0.03)	5.1 (0.08)	4.45 (1.71)
Employed	0.6 (0.01)	0.5 (0.02)	0.57 (0.5)
Wealth	1.8 (0.01)	2.2 (0.03)	1.85 (0.67)
Urban	0.5 (0.01)	0.7 (0.02)	0.54 (0.5)
Migration Intention	0.23 (0.00)	0.37 (0.03)	0.25 (0.43)
N	3156	442	

Note: * Indicates the percentage of respondents who answer “better off” to the question. For all subcategories of economic assessments, the modal responses are “the same as before/now.” Standard errors in parenthesis.

because urban households have more resources, such as non-asset wealth and information networks that facilitate migration, which are not sufficiently captured by the economic class variable based on housing conditions.

Moving to individual characteristics, the sample has an almost equal number of male and female respondents in both migration and non-migration households.³⁾ The average ages of respondents are slightly higher for migrant households than non-migrant households. The comparison of the education levels suggests that respondents from migrant households have higher educational attainment and are likely to have lower labor participation than those from non-migrant households.

1. Retrospective Assessments

Having discussed the sample, I now turn to the full statistical analysis of the relationship between membership to a migrant household and retrospective economic assessments. I first show the estimation results of the association between migration and “pocketbook” assessment (a respondent’s assessment of her household economy) in Table 3. Model 1 is a baseline model, where the pocketbook assessment is analyzed with a standard battery of variables. The migration dummy variable is introduced in Model 2 to investigate whether migration accounts for additional variation in

3) For all descriptive statistics discussed here, beginning with age, I performed chi-square tests against the null hypothesis that the statistics between migrant and non-migrant households are equal. All the discussions are supported by test results.

outcomes. Model 3 is a full model and includes migration intention to control for ex ante migration selection. Pocketbook, sociotropic assessment models follow a similar design in Models 4 through 6.

Table 3. Retrospective Assessments

	Pocketbook			Sociotropic	
	Model 1	Model 2	Model 3	Model 4	Model 5
Age	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)
Female	0.07 (0.06)	0.07 (0.06)	0.09 (0.07)	-0.03 (0.09)	-0.04 (0.09)
Education	0.02 (0.01)	0.02 (0.01)	0.02 (0.01)	-0.03* (0.02)	-0.03 (0.02)
Employed	0.03 (0.05)	0.04 (0.05)	0.02 (0.06)	0.01 (0.05)	0 (0.06)
Wealth	0.14*** (0.04)	0.13*** (0.04)	0.17*** (0.05)	0.08*** (0.03)	0.08*** (0.03)
Urban	0.02 (0.04)	-0.03 (0.04)	-0.09 (0.06)	0.08 (0.14)	0.08 (0.14)
Migrant Household		0.16 (0.1)	0.16 (0.12)		-0.12* (0.06)
Migration Intention			-0.05 0.06		
Year 2002			-0.12** (0.05)		
Year 2003	0.12** (0.06)	0.12** (0.06)			
Year 2007	0.39*** (0.08)	0.39*** (0.07)			
Goodness-of-fit statistics					
ePCP	48.09	38.66	40.22	38.95	38.97
ePRE	4.55	2.28	1.6	0.23	0.27
N	3595	3595	2398	1196	1196

Note: Results are from ordered probit regressions; ePCP: Expected % Correctly Predicted; ePRE: Expected Proportional Reduction in Error; Standard errors in parenthesis.

The results of the retrospective model (Model 2) are rather counter-intuitive. The coefficient of the migration is insignificant, suggesting that households receiving remittances do not evaluate their past financial situations differently than non-recipient households. The findings are at odds with the fact that remittances increase household income. Why the households receiving remittances do not consider their economic situations to have improved in the past year warrants further investigation.

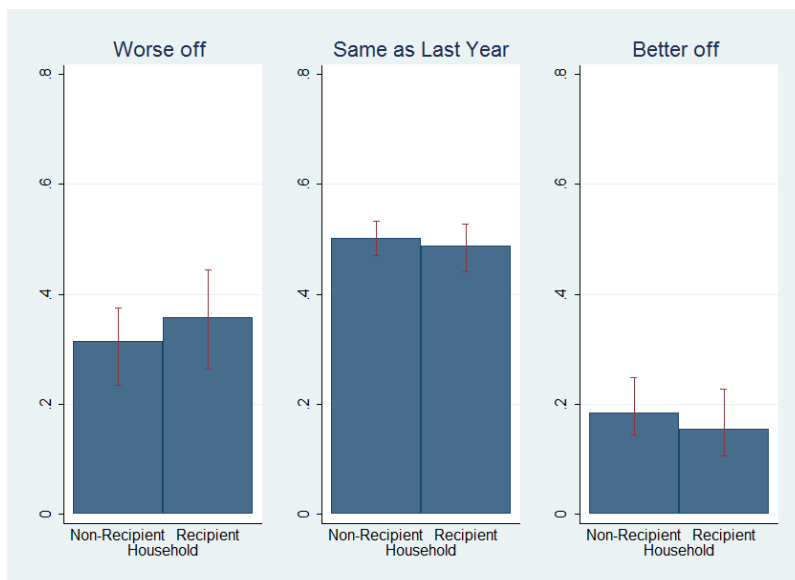
On the other hand, the results from the sociotropic retrospection (Model 6) indicate that migrant households indeed tend to judge economic conditions in the Philippines in the past year more negatively than respondents from a non-migrant household. A number of control variables show interesting relationships with migration and therefore warrant brief discussion. Age appears to be negatively associated with retrospective evaluations, whereas wealthier respondents tend to judge their household economy in the past year more favorably. In Model 5, it should also be mentioned that adding migration does not weaken the already significant age and year dummy variables. This suggests that migration is a significant variable that can explain variation in the assessment of the national economy.

Since the non-linear nature of these coefficients makes interpretation of the results difficult, I present predicted probabilities to ease the interpretation (King, Tomz, and Wittenberg 2000). Figure 1 provides graphical representations of the predicted probabilities by which typical respondents report their retrospective assessments of their household's and country's economy.⁴⁾ I only employ the

4) A typical respondent is a 42-year-old female who is employed, resides in an urban

significant results of the sociotropic models for this exercise. Figure 1 shows that remittance-recipient households are consistently more negative in all three responses to their evaluations of the country's economy.

Figure 1. Sociotropic Retrospective Assessments



In sum, the results of the retrospective assessments indicate that having a family member working abroad does not necessitate that household members feel they are better off than before. On the other hand, migrant households are likely to find that the national economy has gotten worse. These patterns are consistent when using different subsets of the survey and sample restrictions.

area, and has some college education along with a middle-class background.

2. Prospective Assessments

I now shift attention to prospective assessments, where future economic conditions are under consideration. The model setups are identical to those of retrospective assessments, where the first model is the baseline without remittances, and remittances and migration intention variables are added subsequently. The statistical results from the pocketbook models and sociotropic models are presented in Table 4. In Model 2, the coefficient of the remittances variable is positive and significant, indicating migrant households are more optimistic about their future than non-migrant households. The results of positive, forward-looking assessments of the household economy are consistent with my hypothesis. It may be that substantial and stable remittance income not only increases the level of household income but also reduces its volatility, leading to a more optimistic view of the future. Including migration intention does not affect the size and significance of the remittances variable in Model 3. In contrast, migration is not significantly associated with a respondent's sociotropic assessment of the future. The preceding section showed that the receipt of remittances leads to negative assessments of the past performance of the national economy, yet the same process of receiving remittances fail to the produce similar views of the future.

In a similar fashion as before, I offer visual illustration of predicted probabilities of prospective assessments (Figure 2). It shows that respondents from recipient households are likely to report a more positive outlook for their household economy in all three responses.

Table 4. Prospective Assessments

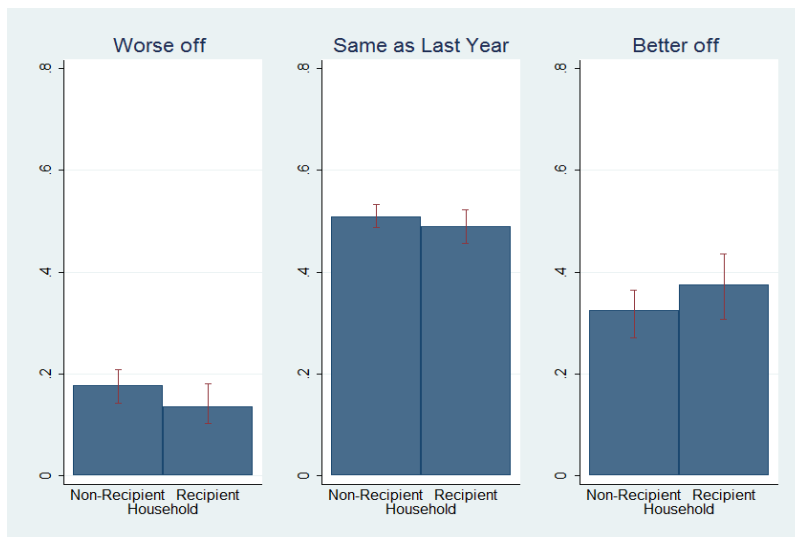
	Pocketbook			Sociotropic		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Age	-0.01***	-0.01***	-0.01***	-0.01***	-0.01***	-0.01***
	0	0	0	0	0	0
Female	0.04 (0.06)	0.04 (0.06)	0.05 (0.05)	-0.03 (0.06)	-0.03 (0.06)	-0.06 (0.06)
Education	0.04*** (0.01)	0.04*** (0.01)	0.03** (0.01)	-0.02*** (0.01)	-0.02*** (0.01)	-0.01** (0.01)
Employed	-0.01 (0.06)	-0.01 (0.06)	-0.05 (0.06)	-0.07** (0.03)	-0.07** (0.03)	-0.1** (0.05)
Wealth	0.08 (0.07)	0.07 (0.07)	0.08 (0.07)	0.06 (0.05)	0.06 (0.05)	0.05 (0.07)
Urban	0.11 (0.08)	0.11 (0.08)	0.11 (0.11)	0.05 (0.05)	0.05 (0.05)	0.09 (0.07)
Migrant Household		0.15*** (0.05)	0.14** (0.06)		-0.01 (0.06)	0.06 (0.11)
Migration Intention			0.03* (0.02)			-0.08* (0.05)
Year 2002	-0.24*** (0.08)	-0.23*** (0.07)	-0.03 (0.06)	-0.01 (-0.02)	-0.01 (-0.02)	0.01 (0.02)
Year 2003	-0.2* (0.12)	-0.2* (0.11)		0.34*** (0.12)	0.34*** (0.12)	
Goodness-of-fit statistics						
ePCP	53.1	40.59	39.18	38.43	38.43	37.63
ePRE	0.53	1.74	1.39	1.39	1.39	0.36
N	3595	3595	2399	3594	3594	2398

Note: Results are from ordered probit regressions; ePCP: Expected % Correctly Predicted; ePRE: Expected Proportional Reduction in Error; Standard errors in parenthesis.

For the control variables, age continues to be negatively associated with the assessment outcomes. Unlike in the retrospective models, wealth is not a significant predictor. What is interesting is education: respondents with a higher level of education are more likely to expect improvement in their household economy, but they are pessimistic

about the country's economic outlook. This may reflect the negative assessments of the structural conditions of the national economy by educated Filipino citizens. Finally, employment also shows a negative relationship with sociotropic evaluations, which is puzzling since this means that those employed have greater anxiety about the broader economy. These results are also robust to different model specifications.

Figure 2. Pocketbook Prospective Assessments



The core findings suggest that migrant household members have more critical views of past national economic performance, while they are more optimistic about the prospects of how their individual household will fare in the future. In contrast, migrant households do not differ from non-migrant households as to how they judge their recent household economic situation and how they expect the national

economy to perform in the near future. These results support the claim that remittances produce economic opinion gaps in migrant-sending countries.

As robustness checks, endogeneity issues prevalent in migration research need to be mentioned. Reverse causality may be a concern since it is possible that migrant households are of a more critical view of the national economy since negative assessments of the country's economy may lead to the decision to send a family member abroad to secure foreign income. Selection bias may be also present in that migrant households may register more positive assessments of the household economic conditions not because they receive remittances from abroad but because they have other reasons to have a more optimistic outlook in the first place. Households that decide to send members abroad for work may be more likely to possess unobservable skills that make them more successful in other arenas of economic life, and this may lead them to register a more optimistic view of their own economic conditions. In this case, observed economic assessments would only reflect underlying household characteristics that separate migrant-households from non-migrant households to begin with. To address these concerns, I estimate a two-stage least squares (2SLS) procedure using the household head's age and education as instruments. For the egocentric, prospective assessment, the coefficient of the migration variable is still positive, but only significant at the 18 percent level. The 2SLS estimation cannot be applied to sociotropic, retrospective assessment because the most viable instruments of the household head's age and education were not available in the 2007 round. Finally, since the dependent variable

is an ordered, discrete variable with only three categories, using 2SLS logic may be problematic. In fact, there is no clear solution for endogenous regressors within nonlinear models (Angrist and Pischke 2008).

V. Conclusion

This study sought to examine whether remittance recipients indeed have economic interests dissimilar from non-recipients. To this end, I tested a series of hypotheses about the linkages between remittances and various types of economic assessments, demonstrating that recipient households are likely to differ from non-recipient households on how they view economic conditions. I find that an association between remittances and opinion gaps is observed in certain subtypes of economic assessments but not in others. The findings suggest that opinion gaps are likely to be found in retrospective evaluations of the country's economy and prospective assessments of the household economy. Recipient households hold more negative views of the country's economy, while they are more optimistic about their own future. Of the null findings, the results that recipient households do not think that their economic conditions have improved are particularly puzzling and need further investigation.

Remittances have the potential to change political relationships for recipients because they are income that is foreign and private and also significant and stable. Previous studies on the political behavior outcomes of international migration and remittances have developed

a mechanism to theorize this political economy linkage. Although the political effects of remittances vary and appear to not be monolithically linked to political outcomes, the literature agrees that the key mechanism that links remittances to politics is financial insulation. The logic is that citizens who access and come to depend upon remittances become insulated from domestic economic conditions and, as a result, develop incentives and considerations different from non-recipient citizens.

Although remittances have significant political economy implications that can affect the political process, the linkages to various political outcomes have been underexplored. The scarcity of the public opinion dimension in the study of emigration stands in sharp contrast to the extensive literature on public attitudes toward immigration in migrant-receiving countries. A vast body of literature exists that investigates how the public favors or opposes immigration (Fetzer 2000; Hainmueller and Hiscox 2007; Hainmueller and Hiscox 2010). How such public attitudes are translated into vote choice, party politics, and public policy is a well-researched topic (Kitschelt and McGann 1995; Fetzer and Ocepek 2010). In contrast, little is known about how emigration and remittances are linked to public attitude outcomes of those left behind.

This exploratory study opens up many opportunities for future research. One prospect is exploring how these assessments are translated into political behavior and policy preferences. A constituency with strong, personal, forward-looking optimism but critical backward-looking evaluations is likely to behave quite differently in various arenas of political life. One specific future

research agenda could be on how the negative sociotropic evaluations in retrospection lead to other political outcomes. It is suggested in the literature, as discussed above, that sociotropic, retrospective assessments are considered the strongest predictor of political support of the four assessment types (Duch and Stevenson 2008). In a context where an increasing number of countries grant more political power to migrant workers and their families through absentee voting and use political campaigns to appeal to them as a group, understanding the political incentive and preferences of the migrant-sending and remittance-receiving households can reveal new insight into domestic political implications.

Given the urgent needs of political reform in the Philippines, it is curious to see how these attitudes translate into policy preferences or political mobilization. Questions also remain as to how migrant households might use remittance wealth for political activities, a question not directly addressed in this study. Previous studies argue that out-migration of the Filipino middle class has undermined effective pro-reform mobilization (Anderson 1998). Recent accounts suggest that hometown associations formed by overseas Filipinos may have assumed an important role in local development (Scalabrini Migration Center 2011). Yet migrants or their families are not yet a coherent, viable political force at this time. Once we better understand the connection between remittances and political attitudes, we may draw a better hypothesis about political outcomes in the Philippines and beyond.

Key words: International migration, remittances, financial insulation, economic assessments, the Philippines

⟨References⟩

- ABS-CBN News. 2010. "Malacanang Honors Modern Day Heroes."
- Anderson, Benedict. 1998. "Cacique Democracy in the Philippines"
In *The Spectre of Comparisons: Nationalism, Southeast Asia
and the World*. London, New York: Verso. Pp. 192 - 226.
- Angrist, Josh and Jörn-Steffen Pischke. 2008. *Mostly Harmless
Econometrics: An Empiricist's Companion*. Princeton
University Press.
- Arceneaux, Kevin. 2003. "The Conditional Impact of Blame
Attribution on the Relationship Between Economic Adversity
and Turnout." *Political Research Quarterly* 56 (1): 67-75.
- de la Garza, Rodolfo O. and Muserref Yetim. 2003. "The Impact of
Ethnicity and Socialization on Definitions of Democracy: The
Case of Mexican Americans and Mexicans." *Mexican Studies*
19(1):81-104.
- Duch, Raymond M. and Randolph T. Stevenson. 2008. *The Economic
Vote: How Political and Economic Institutions Condition
Election Results*. Cambridge University Press.
- Erikson, Robert S. 1989. "Economic Conditions and the
Congressional Vote: A Review of the Macrolevel Evidence."
American Journal of Political Science 34:373-399.
- Esteves, Rui and David Khoudour-Casteras. 2009. "A Fantastic Rain
of Gold: European Migrants' Remittances and Balance of
Payments Adjustment During the Gold Standard Period." *The
Journal of Economic History* 69(4):951-985.
- Fetzer, Joel. 2000. *Public Attitudes toward Immigration in the United*

- States, France, and Germany*. New York and Cambridge: Cambridge University Press.
- Fetzer, Joel. and Melissa G. Ocepek. 2010. "The Causes of Pro-Immigration Voting in the United States Supreme Court." *International Migration Review* 44(3):659-696.
- Fiorina, Morris. 1978. "Economic Retrospective Voting in American National Elections: A Micro-Analysis." *American Journal of Political Science* 22:426-443.
- Frankel, Jeffrey. 2011. "Are Bilateral Remittances Countercyclical?," *Open Economies Review* 22(1): 1-16.
- Guarnizo, Luis, Portes, Alejandro Portes and William Haller. 2003. "Assimilation and Transnationalism: Determinants of Transnational Political Action among Contemporary Migrants." *American Journal of Sociology* 108(6):1211-1218.
- Goodman, Gary L. and Jonathan T. Hiskey. 2008. "Exit without Leaving: Political Disengagement in High Migration Municipalities in Mexico." *Comparative Politics* 40(2):169-188.
- Hainmueller, Jens. and Michael J. Hiscox. 2007. "Educated Preferences: Explaining Individual Attitudes Toward Immigration in Europe" *International Organization* 61(02):399-442.
- _____. 2010. "Attitudes Towards Highly Skilled and Low Skilled Immigration: Evidence from a Survey Experiment." *American Political Science Review* 101(4): 61-84.
- Ketkar, Suhas L. and Dilip Ratha. 2010. "Diaspora Bonds: Tapping the Diaspora during Difficult Times" *Journal of International Commerce, Economics and Policy* 1(2): 251-263.

- Key, V.O. 1966. *The Responsible Electorate*. Vintage Books, New York.
- Kiewiet, D. Roderick. 1983. *Macroeconomics and Micropolitics: The Electoral Effects of Economic Issues*. University of Chicago Press, Chicago.
- Kinder, Donald. R. and D. Roderick Kiewiet. 1981. "Sociotropic Politics: the American Case." *British Journal of Political Science* 1:129-161.
- King, G., M. Tomz, and J. Wittenberg. 2000. "Making the Most of Statistical Analyses: Improving Interpretation and Presentation." *American Journal of Political Science* 44(2): 347-61.
- Kitschelt, Herber and Anthony J. McGann. 1995. *The Radical Right in Western Europe: A Comparative Analysis*. Ann Arbor: University of Michigan Press
- Kramer. Gary. H. 1971. "Short-Term Fluctuations in U.S. Voting Behavior, 1896-1964." *American Political Science Review* 71 (March): 131-143.
- Levitt, Peggy. 1998. "Social Remittances: Migration Driven Local-Level Forms of Cultural Diffusion." *International Migration Review* 32(4):926-948.
- Lewis-Beck, Michael S. and Mary Stegmaier. 2000. "Economic Determinants of Electoral Outcomes." *Annual Review of Political Science* 3:183-219.
- Perez-Armendariz, Clarisa and David Crow. 2010. "Do Migrants Remit Democracy? International Migration and Political Beliefs and Behavior in Mexico." *Comparative Political Studies* 43(1):119-148.

- Pfütze, Tobias. 2012. "Does migration promote democratization? Evidence from the Mexican Transition." *Journal of Comparative Economics*, 40(2):159-175.
- Scalabrini Migration Center. 2011. *Minding the Gaps: Migration, Development and Governance in the Philippines*. Quezon City, Philippines: Scalabrini Migration Center.
- United Nations Development Programme (UNDP). 2009. *Human Development Report 2009: Overcoming Barriers: Human Mobility and Development*.
- Waldinger, Roger. 2008. "Between "Here" and "There": Immigrant Cross-Border Activities and Loyalties." *International Migration Review* 42(1):3-29.
- World Bank. 2006. *Global Economic Prospects 2006: Economic Implications of Remittances and Migration*. Washington, D.C: The World Bank Group.
- _____. 2011. *Migration and Remittances Factbook 2011*. Washington, D.C: The World Bank Group.
- _____. 2012. *Migration and Development Brief 18*. (April 23) Washington, D.C: The World Bank Group.
- Yang, Dean. 2011.. "Migrant Remittances." *Journal of Economic Perspectives* 25(3): 129 - 152.
- Yang, Dean and C. A. Martinez. 2005. "Remittances and Poverty in Migrants' Home Areas: Evidence from the Philippines." In *International Migration, Remittances, and the Brain Drain*." Eds. Ozden, C. and M. Schiff. Washington, D.C: The World Bank Group.
- (2014.08.20투고, 2014.11.19심사, 2014.11.27게재확정)

<Abstract>

International Migration and Economic Assessments in the Philippines

OH Yoon Ah

(Research Fellow, Korea Institute for International Economic Policy)

How does the inflow of remittances affect public opinion in the recipient country? Previous literature posits a political economy logic of financial insulation. This article expands and empirically tests this logic by examining gaps in economic assessments associated with the receipt of remittances. Using individual-level data from the Philippines, four hypotheses regarding different types of economic assessments are examined. Findings show that migrant households have more negative evaluations of the country's past economic performance while indicating a more optimistic outlook for their household economy. The results suggest that political effects of remittances may be uneven and more complex than commonly understood.

< 국문초록 >

필리핀의 이주자 가족구성원의 경제인식에 대한 연구

오 윤 아

(대외경제정책연구원)

이 연구는 필리핀의 사례를 이용하여 이주와 시민 개개인의 정치행태를 연결하는 중요한 매개변수인 경제인식(economic assessments)이 가족구성원의 해외노동 여부에 따라 어떻게 달라지는지를 분석한다. 국제이주자의 본국가족들은 가족구성원의 이주의 결과 해외송금이라는 경제적 자원을 획득하게 되는데, 해외송금의 규모와 안정성으로 인해 이주가구는 국내경제환경으로 비이주가구에 비해 상대적으로 절연되게 된다. 이로 인해 이주자 가족들은 자신들의 경제상황과 국내 경제상황에 대해 비이주자가족과 다른 평가를 내릴 수 있다. 실증분석에서는 경제투표 문헌에 따라 개인경제, 국가경제, 회고적 인식, 전망적 인식의 요인들을 결합한 네 가지 유형의 가설을 살펴본다. 분석결과에 따르면 이주자가족의 경우 국가경제에 대한 회고적 경제인식은 비이주자가족 보다 부정적으로, 개인경제에 대한 전망적 경제인식은 보다 긍정적으로 평가하고 있는 것으로 나타난다. 이 결과는 이주자 가족들의 정치적 행태를 이해하기 위한 사전 단계로서 경제인식을 분석했다는 점에서 의미가 있으며, 이주가 필리핀 사회에 미치는 영향이 기존의 경제적, 사회적 측면보다 보다 광범위할 수 있음을 시사한다.

주제어: 국제이주, 송금, 경제인식, 금융적 절연, 필리핀