

Andrew Stephenson --- Abstract of Dissertation

Topic: Responses to Remittances: The Effect of Outside Income Sources on Jamaican Households' Behavior.

Abstract: *The importance of remittances to families in developing countries has been increasing in the last decade. Jamaica currently ranks eleventh in the world in terms of remittances as a percentage of GDP¹. Much of the research on remittances centers on macroeconomic issues, comparing the aggregate magnitude of this capital flow to those of foreign direct investment and foreign aid. But remittances, unlike these other two streams, often go to specific individuals and households, rather than to government agencies or corporations. The effects of remittances on microeconomic behavior are likely to be quite distinct from the effects of these other capital flows. In this dissertation, I consider the effect of receiving remittances on individual and household behavior. Methodologies include average treatment effects, propensity score matching, IV procedures and systems GMM to ensure unbiased estimates. Classical microeconomic theory suggests that the sources of income do not matter, but as other studies have found, the hypothesis from classical theory may not hold. I also look at the effects of other income source, other than labor income, on consumption propensities and labor supply. Finally, if receipt of remittances affects expenditure patterns, I also expect that remittances affect outcomes such as education and health. Specifically, I estimate the effect of remittances on school attendance for children and health status of all family members. Based on these results, I hope to paint a thorough picture of the effect of remittances and other outside sources on micro-level behavior.*

¹ Migration Factbook 2008, World Bank.