

Migration as a Safety Net and Effects of Remittances on Household Consumption: The Case of Colombia

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AUTHOR OR EDITOR Lina Cardona Carlos Medina

We assess whether international remittances affect Colombian household's expenditure composition and demand of education. We exploit the migratory wave that took place on late 90s due to one of the deepest crises in Colombian history, along with institutional barriers to migration, to identify the effect of remittances on expenditure composition. The empirical exercises find a positive effect over education, beneficiary households expending about 10% of total expenditure more in education than non beneficiaries. In addition although no effect was found on enrollment rates, we found an important effect on the probability of attending a private, rather than a public, educational institution. Such effect is on average 24% for individuals 5-30 years old, 50% for those attending secondary education, and 40% for those attending higher education. On the other hand, effects over consumption, investment and health expenditure, are nil. Finally, we find important effects of remittances on living standards of beneficiary households.

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