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The Impact of the Global Crisis on Migrant Households and Migration Flows

A case study in Cochabamba, Bolivia

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Acronyms

ACOBE	Asociación de Cooperación Bolivia España; Bolivian-Spanish association of cooperation, offices in Madrid
AMIBE	Asociación de Migrantes Bolivia España; Bolivian-Spain migrant association, offices in La Paz, Cochabamba and Santa Cruz.
BCB	Banco Central de Bolivia; Nacional Bank of Bolivia
CEDLA	Centro de Estudios para el Desarrollo Laboral y Agrario; Center for the Study of Labor and Agrarian Development
CEML	Centro de Estudios Monetarios Latinoamericanos; Center for Latin American Monetary Studies
CEPLAG	Centro de Planificación y Gestión; Centre of Planning and Management, research institute
ILO	International Labor Organization
IMF	International Monetary Fund
INE	Instituto Nacional de Estadísticas; National Institute for Statistics, Bolivia
MERCOSUR	Mercado Común del Sur; Southern Common Market between Argentina, Brazil, Chile, Paraguay and Uruguay
IOM	International Organization for Migration
OECD	Organization for Economic Co-operation and Development
SELA	Sistema Económico Latinoamericano y del Caribe; Latin American and Caribbean Economic System
UN	United Nations
UN-INSTRAW	United Nations International Research and Training Institute for the Advancement of Women
UNDP	United Nations Development Programme

Executive Summary

International migration movements – population movements from one country to another which result into a change of country of residence- have been accelerated in the last years. It is estimated that nowadays almost 214 million people are living outside of their country of origin, representing 3.1% of the total population (UN, 2009b). Although the bulk of the international migration movements still occur within regions, developed countries have experienced the largest increase in the number of international migrants. Such increases in international migration movements have consequently increased remittance transfers from more developed to developing countries.

On December 1, 2008 the National Bureau of Economic Research declared the United States, the world's largest economy, in recession and this was the first step of a widespread and deep economic crisis worldwide which is expected to significantly effect international migration. The weakening economic activity has significantly reduced the demand for international migrant workers in developed countries while at the same time a great number of job losses took place in sectors dominated by migrant workers such as construction (Martin, 2009). From a gender perspective, the crisis has dramatically affected male migrants but the effects on female migrants cannot be safely predicted (Awad, 2009). Also, the phenomena of discrimination and xenophobia against immigrants have risen. In addition, the economic crisis has reduced remittance flows to developing countries and consequently migrant households in the countries of origin have experienced a reduction in their income. The first evidence shows these households have reduced non-food consumption and investments in construction (Quittre, 2010) and probably will turn to other strategies to increase their sources of income. With respect to international migration flows, although emigration flows from developing to developed countries have been decelerated, there is no definitive trend so far with respect to the impact on return migration flows. There is evidence that in some regions migrants have started to return home (Awad, 2009; Papademetriou and Terrazas, 2009) but at the same time there is also evidence that migrants remain at their destination countries (Ratha and Sirkeci, 2010). In general, return migration is correlated with mobility barriers, with the social welfare system in the countries of destination and with the economic, social and political developments in the country of origin.

Considering that the issue of the current economic crisis and its connection with international migration has not yet been investigated in depth, this research tries to identify the impact of the global crisis on migrant households as well as to understand to what extent the crisis has affected return migration and potential emigration flows in Bolivia and especially in two districts in the municipality of Cochabamba.

Bolivia is one of the poorest and least developed countries among Latin American countries with significant social and economic disparities. Long-term political instability and limited job opportunities forced many Bolivians to migrate to other countries. During the last years, many people left their home in the pursuit of a better life and nowadays Bolivia can be classified as a typical 'sending country'. Especially, the department of Cochabamba experiences high international migration out-flows with a great proportion of Cochabambinos having migrated mainly to Spain, but also in other countries such as Argentina and the United States (Hinojosa, 2009).

From the data obtained in this research it can be concluded that, within the participating migrant households, the economic crisis has an impact on migrant households and on migration flows, even though it is quite limited and concentrated in specific groups of cases.

Households in which one of the parents has migrated, households with young children and/or elderly members, households with male migrants and/or undocumented migrants, households with migrants in Europe and the United States as well as households who use the remittances for the construction of a house are the most affected by the economic crisis. In the case of migration flows, the crisis has an impact on return migration from European countries to Bolivia, even though massive return flows cannot be observed so far and it is probable that return migration flows will increase after 2010. In addition, migration is still a strategy for many people for improving their living conditions. However, the crisis has affected migration plans of the household members through the factor of the insufficient savings together with uncertainty of the conditions in the destination countries. Moreover, in the future the impact of the crisis may take the form of a shift from European countries and the United States to neighboring countries or to other countries with less stringent migration policies as destinations of the migrants.

The above results can confirm to some extent the theory about the impact of the global crisis on international migration. The crisis has affected the ability of some of the migrants to remit but to a lesser extent than is assumed in the literature as pauses in frequency of sending remittances lasted for a short-period and in a few cases the migrants increased the amount they send. Also, changes in the expenses of the households on food products and in investments in construction follow to a great extent the findings of the first studies on this particular issue. Similarly, return migration flows follow both evidence which suggests return of the migrants in some cases and remaining in others. Also, return migration in Cochabamba is correlated with mobility barriers and with economic, social and political developments in the country of origin, as in the theory. Moreover, emigration flows follow to some extent the evidence that suggests that emigration to developed countries will be reduced but will not be negative (Awad, 2009; Ratha and Sirkeci, 2010) as some of the participants have cancelled or postponed their migration plans but some others have already decided to move to another country.

Several socio-economic measures can be implemented in order to mitigate current and future negative effects of the economic crisis at micro-economic as well as at macro-economic level. Such policies could be concentrated onto the support of the affected groups, the promotion of national employment and productive investments, on the protection of the rights of the migrants, the facilitation of both return migration and potential emigration flows and the re-integration of the returnees.

Finally, further research is recommended in order to understand the overall impact of the crisis on international migration in the case of Cochabamba. Future research could be done with the participation of migrant households in rural areas, in different periods of time, on future return migration as well as on emigration flows.

1. Introduction

International migration has affected the life of millions of people worldwide. International migration movements have increased considerably in the recent years. It is estimated that nowadays almost 214 million people are living outside of their country of origin, representing 3.1% of the total population (UN, 2009b). For many of these people moving away from their home country is the best or even the only option to improve their life (UNDP, 2009). Apart from their lives, many of the migrants try to improve the living conditions of their family members by sending money back home. This amount of money –remittances- have also increased considerably in the recent years. In 2009, remittance flows to developing countries reached 316 US\$ billion while in 2000 it had reached 82 US\$ billion (World Bank Statistics).

On December 1, 2008 the National Bureau of Economic Research declared the United States, the world's largest economy, in recession. This was the first step of a widespread and deep economic crisis worldwide. There is still little consensus on the origin of the crisis but many economic researchers think that the roots began with large-scale deregulations and privatizations not only at national but also at international level (Schneider and Kirchgässner, 2009; Kotz, 2009). Undoubtedly, the current crisis is one of the most severe and deep economic crises in history causing an unfavorable global economic climate, unemployment and emerging immigration enforcement policies. Therefore, the question being raised is how the current and potential international migrants might respond to the current economic downturn.

The debate on the current crisis and migration has already begun but it is based to a large extent on anecdotal evidence. In Papademetriou and Terrazas's (2009) words: 'there has been no analog to the current situation during the professional lives of those who study migration or make immigration policy'. Considering that the issue of the current economic crisis and its connection with international migration has not yet been investigated in depth, this research aims to contribute to the existing academic research by gathering some empirical data.

The global crisis is expected to considerably reduce remittance flows to developing countries,, to increase return migration and to slow down emigration flows. This research aims to identify the impact of the global crisis on migrant households as well as to understand to what extent the crisis has affected return migration and potential emigration flows in Bolivia and especially in Cochabamba.

Although it is very wealthy in natural resources and gas and oil, Bolivia remains one of the poorest and least developed countries in South-American region. Extreme economic and social inequalities together with political instability pushed many Bolivian to migrate to other more prosperous countries. Especially during the last years, many people left their home in the pursuit of 'a better life' and nowadays Bolivia can be classified as a typical sending country.

Among other cities, Cochabamba is definitely a city with high international migration outflows. It is estimated that in average one or two members in every family in Cochabamba have settled in other countries (Ferrufino et al, 2007). The main destination countries for Cochabambinos are countries in the South-American region such as Argentina but also a great number of emigrants lives in the United States and in Europe, mainly in Spain and Italy, Most of these countries are now in recession and, as in other developed countries, the unemployment rate is expected to affect migrant workers.

Substantial levels of poverty, high out-migration and diversification of destinations make Cochabamba a suitable case study for this research. Firstly, migration is a long-term strategy of the families to escape poverty. In many cases, migration has to be seen as an 'investment' of the families who send one member abroad to generate income and to send money in order that the other members can cover the daily necessities (ACOBEM-AMIBE, 2009). This implies dependency on remittances and a reduction in these flows will probably affect migrant households in Cochabamba. Secondly, there are three destination regions for Cochabambinos: South-America, North-America and Europe. Since the global crisis unequally hits the geographical regions (see IMF, 2010), a number of diverse destination regions permits for an examination and a comparison between households with migrants in different regions.

In addition, in Bolivia, and more specific in Cochabamba, there are many studies on the issue of international migration but at the same time there is very limited attention on the impact of the global crisis on migration. For this reason, this research aims to identify the impact of the global crisis on migrant households and migration flows in the municipality of Cochabamba.

Structure of the thesis

The structure of this thesis will be as follows. In Chapter 2, the theoretical context of international migration and the impact of the crisis are discussed. In Chapter 3, the regional context and in particular international migration in Bolivia and in the department of Cochabamba is presented. Chapter 4 discusses the methodology of this study. Chapter 5 provides a brief presentation of the participating migrant households before continuing with Chapter 6 which analyzes the impact of the crisis. Finally, in Chapter 7 the conclusions of the study and a comparison with the theory are given as well as recommendations for policy making and for further research.

2. Theoretical context: International Migration and the Current Economic Crisis

Chapter two provides a theoretical context within which the main patterns of international migration and the impact of the current economic crisis on international migration will be discussed. The structure of the chapter is as follows: first a definition of migration (2.1) is given; then trends and impacts of international migration are discussed (2.2) as well as the impact of the current crisis on international migration (2.3).

2.1. Defining migration

Before continuing with the analysis of the main patterns of international migration, it is necessary to give more insight into some terms applicable to migration. In the Glossary on Migration (2004) by the International Organization for Migration (IOM), migration is defined as ‘a population movement, encompassing any kind of movement of people, whatever its length, composition and causes, either across an international border or within a State’. In that sense, international migration is when international frontiers are crossed and a person changes country of residence. In that case, the country that is the source of the migratory flows is called ‘country of origin’ while ‘country of destination’ (or host country) is the destination of these flows (IOM, 2004). On the other hand, internal migration refers to movements within the borders of a country, across regional or municipal boundaries (UNDP, 2009).

Therefore, a migrant is an individual who has freely¹ decided to change place of residence, either at national or international level. Apart from a spatial dimension, there is also the factor of time which divides migration into long-term (semi-permanent) or short-term (temporal). The 1998 UN recommendations on the statistics on migration (in Lemaitre, 2005) defines a long-term migrant as a person who changes his or her place of residence for at least one year and a short-term migrant for a period of at least three months but less than one year. However, movements in purpose of holidays, visits, business, medical treatment or religious pilgrimage cannot be perceived as migration movements (Ibid.). On the other hand, migration movements may occur for the purpose of employment (labor migrant), improving the quality of life (economic migrant), study or training (educational migrant), family reunification or to find refuge from persecution (refugee). In addition, the possession or not of the necessary authorization or documents required, no matter the duration and the purpose of migration, can categorize migrant workers into documented or undocumented. In that sense, a documented migrant worker is a person who is authorized to enter, to stay and to engage in a remunerated activity in the country of destination (IOM, 2004) contrary to undocumented migrant workers (also called clandestine, illegal or migrants in an irregular condition).

Finally, return migration refers to the movement of return to the country of origin (or habitual residence) after spending at least one year in another country. According to IOM

¹ According to International Organization for Migration (2004), there is no universally accepted definition of the term ‘migrant’. However, the term is ‘usually understood to cover all cases where the decision to migrate is taken freely by the individual concerned for reasons of ‘personal convenience’ and without intervention of an external compelling factor’. Thus, cases involving human trafficking and/or smuggling are not considered migration but they are seen as a different category.

(2004), there are sub-categories of return migration which can describe the way and nature of the return movement, e.g. voluntary, forced, assisted return or repatriation.

2.2. International migration: trends and impacts

This part discusses the current trends in international migration (2.2.1), the debate on international migration (2.2.2) and its impact on development (2.2.3).

2.2.1. Current trends in international migration

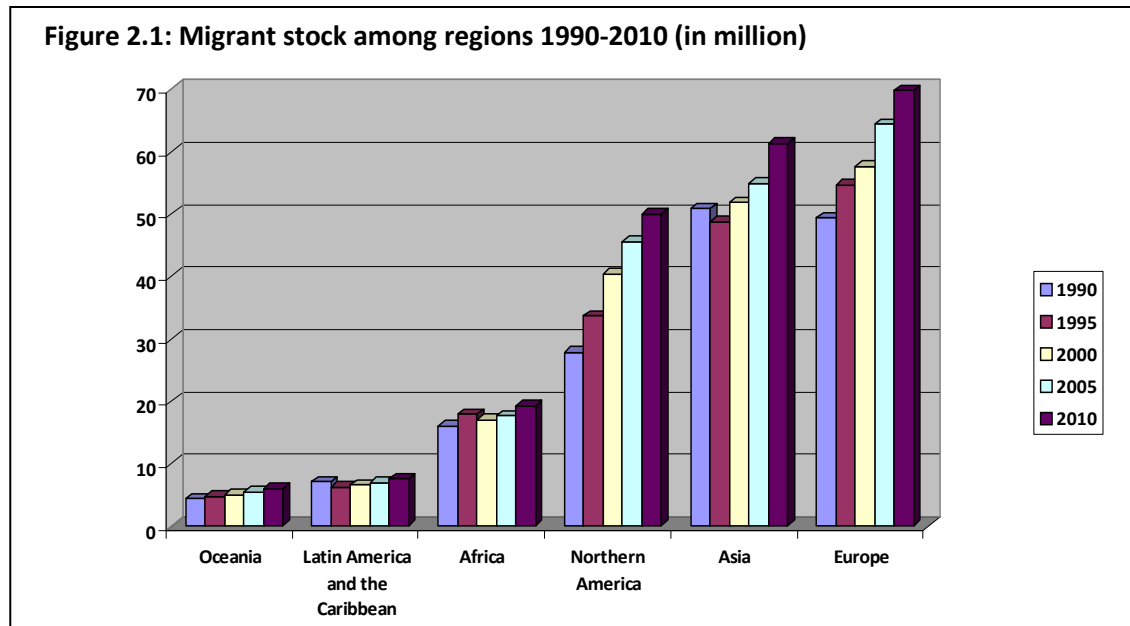
Increasing globalization of the world economy, income and social inequalities between countries and declines in transportation costs have increased migration movement in the recent years. It is estimated that nowadays almost 214 million people are living outside of their country of origin, representing 3.1% of the total population (UN, 2009). This number is by 57.5 million higher than in 1990 and by 35.5 million in relation to 2000 (see Figure 2.1).

The developed countries experienced the largest increase in the number of international migrants. Between 1990 and 2010, the number of international migrants in developed countries increased by 55% while in developing countries this number increased by 18% (UN, 2009). The major increases occurred in Northern American and European countries. In 2005, it is estimated that one in every four migrants lived in Northern America and one in every three migrants in Europe (UN, 2006).

On the other hand, the bulk of the international migration movements still occur within regions. The Human Development Report 2009 indicated that only 37% of the world migration is from developing to developed countries (the so-called South-North migration flows) while movements either between developing or between developed countries account for 60% and the remaining 3% are movements from developed to developing countries. Although migrants have the tendency to move to countries with a higher Human Development Index (HDI), the Report showed that almost half of the international migrants move within their region of origin and about 40% to a neighboring country. Higher transportation costs combined with entrance restrictions can explain to a large extent these movements. In addition, cultural characteristics of the destination countries can also play an important role: almost 6 in every 10 migrants move to a country with the same religion as at the country of origin and 4 out of 10 to a country where the dominant language is the same (UNDP, 2009).

From a geographical perspective, the highest rate of South-North migration worldwide occurs in the Americas with the United States to absorb the greatest number of migrants from Latin America and the Caribbean region (Ratha and Shaw, 2007). About 7.5 million migrants are within Latin America and the Caribbean region (UN, 2009) mainly in Argentina, Venezuela and Brazil. In 2005, western and central Europe hosted more than 44 million migrants, in majority of neighboring countries (IOM, 2008). Many countries like Germany and France are among the countries with higher numbers of international migrants (see UN, 2006). Migration flows from Latin America and the Caribbean, Africa and Asia to Europe have recently increased. The Russian Federation ranks as the leading country of destination in Eastern Europe with 12 million international migrants in 2005 (IOM, 2008). In Asia, international labor mobility, mainly intra-region, has become an increasingly important feature over the past three decades, even though much of the movements are undocumented and consequently not

included in the official statistics (Ibid.). Especially in the Middle-East and more specific in the Gulf States, temporarily migrant workers are the dominant feature. In Oceania, international migrants are about 6 million and represent one quarter of the population in countries such as Australia and New Zealand. Finally, Africa has experienced the lowest growth rate in the number of international migrants over the last decade and most of the movements are also within the region especially of migrants originating in the sub-Saharan region. In 2005, about 18% of the migrant population was refugees. Coastal migration and environmental migration are among the emerging features of migration in this region (IOM, 2008).



Source: www.esa.un.org/migration/p2k0data.asp

Among the regions, there are also differences with respect to the gender of the migrant. In 2010, it is estimated that female migrants represent 49% of the total number of international migrants (UN, 2009). Although this percentage is slightly reduced in relation to 2000, it is higher by 2% than in 1960 and much more than it was during the 19th century when the majority of the migrants were men (UNDP, 2009). Current migration movement's show that the number of female migrants is higher in Europe, in Northern America and in Latin America and the Caribbean while in Asia and Africa regions male migrants still outnumber female migrants by wide margins (UN, 2009).

It has to be pointed out that some but not all of the undocumented migrants in an irregular status are counted in the official statistics of international migration. In the United States, it is estimated that about 30% of the migrants have an irregular status while in European Union irregular migrants are accounted between 6% and 15% (UNDP, 2009). The most important channel, through which migrants become irregular, especially in developed countries, is overstaying. It is very common for migrants to enter a country legally but to stay longer than they are allowed to and work without permit, usually in low-skilled activities. In some countries, such as Australia and Japan, overstaying is practically the only channel for a migrant to enter to the labor force of the country while in many European countries overstaying count for about two thirds of the unauthorized migration (UNDP, 2009).

In general, migration flows in all the regions have increased since 2000. As the number of international migrants represents both past and present migration flows, this number still has the tendency to increase. Moreover, contemporary international migration has the tendency

to be less permanent in relation to migration in the past centuries. Migrant workers are perceived as 'income-generating units' in countries of origin as well as in countries of destination rather than settlers (Engle, 2004).

2.2.2. The debate on international migration

Increasing migration flows have attracted the attention of academics, policy-makers and institutions in the last years. The debate on international migration encases several aspects of migration patterns. Within this debate, a lot of interest has been put on the link between migration and development. The discussions also focus on issues like the feminization of migration flows, the phenomenon of brain drain, brain gain and brain circulation, the concept of 'transnationalism' and very recently on the impact of the global crisis on migration.

International migration flows undoubtedly influence the economic and social life in both, countries of origin as well as in countries of destination. However, the debate on international migration tends to be 'one-sided' (De Haas, 2005) focusing mainly on the possible implications of migration on the development of the countries of origin. Also, a lot of attention has been put on the positive relation between remittances, local development and poverty alleviation. The impact of international migration will be analyzed more detailed in the following part (part 2.2.3). On the other hand, in the last decade the impact of immigration has come to the fore, especially in North America and European countries. Increasing migration flows to developed countries and the perception that immigrants 'are taking our jobs' have contributed in raising the issue of immigration onto the policy agenda. However, a great part of the discussions is dedicated to the economic implications, such as the contribution to the economic growth and productivity, and less on the social implications of immigration in the countries of destination.

The changes in the international migration patterns of women have resulted in the raise of the 'feminization of migration' as a topic of great attention the last years. The phenomenon of feminization of the migration patterns should be interpreted in qualitative rather than in a quantitative sense (Engle, 2004). Although the number of female migrants has increased in the past decades and especially in some regions, the most important change in the migration patterns has to do with the fact that more women, some young and single but not all, are moving from one country to the other on their own rather than for family reunification as in 1960s (Yinger, 2006). International analysts have focused on these changes and their implications as well as on the causes of migration (Ibid.). Furthermore, the issue of feminized migration flows is closely examined in relation to the human trafficking as many of the victims are young women.

Also, migration of high-skilled and talented individuals from less to more developed countries is another important issue in the debate about international migration. The so-called 'brain drain' gained popularity as it has controversial effects: it may be a positive strategy for individuals and their families but at community and national level in the countries of origin it can be seen as a loss of resources (Willis, 2008). On the other hand, the terms of 'brain gain' and 'brain circulation' have relatively recently appeared in the literature to describe the reverse process of brain drain. The concepts of 'brain gain' and 'brain circulation' are connected to return migration flows in the countries of origin in the sense that they can benefit from the improved work-skills and the experience of the migrants who return.

Discussions on international migration have also given attention to the role of transnational migration in development of the countries of origin. Basch et al. (in Willis, 2008) define 'transnationalism' as 'the process by which migrants, through their daily activities, forge and sustain multi-stranded social, economic and political relations that link together their societies of origin and settlements'. The concept of 'transnationalism' has been examined in the literature regarding its implications in both countries of origin and countries of destination.

Lastly, with the outbreak of the global economic crisis, the debate has turned also to the impact of the crisis on international migration. In this context, researchers and policy-makers have been given attention to remittances to developing countries and on migration flows. The impact of the economic crisis on international migration will be discussed thoroughly in the next part (part 2.3).

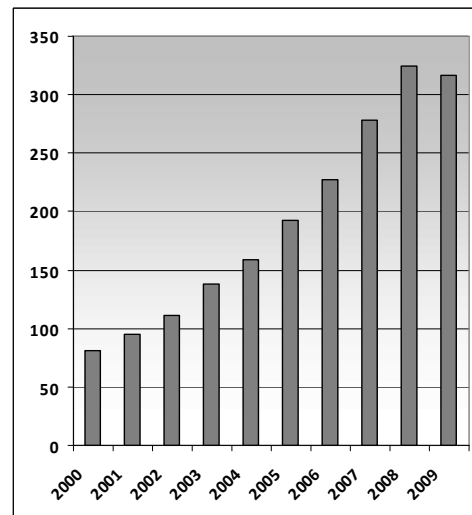
2.2.3. The impacts of international migration on development

International migration plays an important role in development of both countries of origin and countries of destination. The impacts of migration are numerous, varying from economic and social to cultural and political, both positive and negative, for the migrants themselves as well as for their families and their communities of origin. This part discusses the main effects of international migration on the countries of origin at micro and macro-economic level through three channels: remittances, brain drain and return migration.

Remittances

Remittances are financial transfers made by international migrant workers to their families in the countries of origin. In some countries such as the Philippines, Morocco and Mexico, remittances are one of the largest sources of foreign capital (Willis, 2008). In other countries such as Tajikistan, Tonga and Moldova remittance inflows represent more than 20% of their total GDP (according to World Bank statistics, in 2009 remittance inflows to Tajikistan are equal to 35.1% of GDP, to Tonga 27.7% and to Lebanon 23.1%). In most of the developing countries, remittance flows have increased considerably in the last decade (see Figure 2.2). In 2009, remittance flows to developing countries reached 316 US\$ billion while in 2000 it had reached 82 US\$ billion. On the other hand, it is possible that these numbers are underestimated, because money can be transferred through informal and unrecorded channels which cannot be captured. Flows through informal channels may add 50% or more to recorded flows according to the World Bank (2006).

Figure 2.2: International remittances 2000-2010



Source: www.econ.worldbank.org

However, remittances have significant effects on the economic growth and development of the recipient countries. The developmental impact of remittances can be analyzed at both household and community/national level.

At household level, remittances can increase the total income of individual households and improve their living conditions. Recipient households can increase their consumption and consequently they can enjoy better nutrition, health care and housing conditions. Remittances appear to increase households' investments in education, entrepreneurship and health (World Bank, 2006). Also, having this additional income, households can reduce the 'vulnerability' to undesirable events such as crop failure in the case of agrarian families or to health crisis in general (Ibid.). Moreover, remittances can provide an alternative way to the households to finance their investments, especially when the financial sector is not efficient or these families have no access to it (Giuliano and Ruiz-Arranz, 2009).

Investments can generate additional income for the households. In that sense, remittances can also contribute to the poverty reduction. World Bank (2006) estimates that remittances have reduced the poverty ratio in several low-income countries. For instance, the poverty ratio in Uganda reduced by 11%, in Bangladesh by 6% and by 5% in Ghana thanks to remittances, even though World Bank does not give information about the time period in which these declines took place. In addition, Adams (2006) has showed that remittances have reduced 'the level, depth and severity of poverty in Guatemala', but points out that the size of this reduction depends greatly on how the poverty is measured.

The money that migrants send to their families can also have important direct and indirect effects for their communities and countries of origin. First of all, the recipients can invest in agriculture or in their own businesses, improving the methods and the technology of production which can finally lead to higher productivity and employment. De Haas (2005) supports that international migrants' households have a higher propensity to invest than non migrants' households, especially in agriculture and private enterprises rejecting the perception that remittances are spent in housing, cars and generally in consumption. Massey and Parrado (1998) in the case of Mexico found that the more remittances households receive, the higher the possibilities to invest them productively. But even with higher consumption, the aggregate demand for consumer and non-consumer goods rises, which lead to higher employment and to higher productivity.

Migration can also affect the employment in the origin country. The demand for the remaining workers, including poor workers, can be increased and therefore the wages and the working conditions (World Bank, 2006). Remittances can also improve the country's trade payment balance especially when the imports are higher than exports. Also, countries can borrow at lower interest and for longer period if they use remittances as collateral (Ratha, 2004).

On the other hand, remittances can have some negative effects. They can increase inequalities (De Haas, 2006), especially income inequalities, and conflicts between those who are recipients of remittances and those who are not. However, in some cases, spillover effects have benefited non-migrants' households. In the case of the Philippines, in some region the poverty rate declined even in households without migrants (Yang and Martinez, 2006). Another negative impact of remittances is that they increase the dependency of the households on them and this can leads to higher 'vulnerability' to external shocks in the case that the household has no alternative sources of income.

By definition, remittances are money send to individuals. Thus, individuals can decide about the proportion of money spend on consumption and savings/investments. Also, the economic circumstances play an important role because they can encourage or discourage investments. Consequently, the developmental impact of remittances depends extremely on their use as

well as on the economic circumstances in the recipient- country. World Bank (2006) suggests that the rate of investment of remittances could be higher when: a) households view remittances as transitory and not as permanent income, b) the migrants that sent the remittances define for what purposes they are going to be spent/ invested, c) the remittances sent to women are more likely to be invested rather than the remittances sent to men and d) the households manage their income sources with remittances setting aside for investment purposes.

In addition, experience shows that they are not the poorest families, neither the poorest countries, which receive remittances (Kapur and McHale, 2003). Usually, it is assumed that development can cause more migration as people have the adequate resources and the choice to migrate (Castles and Miller, 2009). Beath (2007) states that emigrants are usually more high skilled, have better health and are more economically productive. He adds also that 'the world's poorest residents are not- and are not ever likely to be- part of the international migration system'. From this point of view, remittances can reduce poverty rates but it is a matter of debate to what extent they can reduce poverty and income disparities.

However, the most direct impact on development comes from the 'collective remittances'. The example of the Mexican Home Town Association (HTAs) shows that migrants can contribute to the development of their home countries. Orozco and Lapointe's (2004) study shows that the money of migrants through these associations- collective remittances- can finance in a more effective way programs on health and education, on public infrastructure and on other sectors that can contribute to the development of the local community.

Brain drain

The migration of high-skilled and qualified manpower from less to more developed countries affects significantly the economy of their countries of origin. Countries such as India, the Philippines and the Caribbean countries suffer from the migration of high-skilled workers. A great proportion of their population with high level of education finally decides to migrate. The emigration rates of educated labor force in relation to the educated labor force which remains in the country of origin are higher in Central America and Caribbean as well as in Africa and the Pacific area (Docquier and Marfouk, 2006). In Suriname, for instance, 90% of the tertiary educated people, 86% in Guyana, 74% in Tonga and other counties are working abroad (World Bank statistics). Docquier and Marfouk (2006) also showed that the rate of migration of high-skilled workers is lower in large countries such as India, China and Brazil. But 20,300 Indian and 2,400 Chinese physicians are not working in their countries (World Bank statistics). World Bank (2006) suggests that high rates of high-skilled emigrants are found in countries with a low number of populations and in which the investment climate is very poor. As a result, these countries cannot offer productive employment for high-skilled and qualified workers. In addition, brain drain includes movements of people for educational purposes. Beath (2007) suggests that 'university study has emerged as a major avenue by which young people from developing countries can obtain the right to work and permanently reside in developed countries'.

About 50% of the well-skilled international migrants live in the United States and together with Canada and Australia the proportion rises to 70% (Docquier and Marfouk, 2006). However, this does not mean that all the qualified immigrants abroad have been successful, as many factors can affect their performance like the quality of their education or the use of foreign languages. Ozden (2006) found that in the United States, educated immigrants from

Latin America and Eastern Europe perform poorly in relation to immigrants from Asia and other developed countries.

Some researchers advocate that the 'brain gain' is higher than the 'brain drain' for developing countries and developing countries can have potential benefits in various ways (Kannappan, 1968). On the other hand, others advocate that developing countries lose from the international migration of well-educated persons.

In particular, high outflows of qualified workers can reduce the economic growth in the country of origin because it is possible the productivity can be reduced and the possibilities of the introduction of new technology and innovation in the production are limited. Hence, the productivity and the competitiveness of the economy can remain at a low level. Also, the opportunities for the economy to achieve economies of scale especially in skill-intensive activities can be reduced while the price of technical services may rise (World Bank, 2006). It can be said that the country losses also revenues for the long-time period, with the assumption that high-skilled employees could earn more money. In addition, losses in terms of production of human capital are also important for the economy and for the society. Countries have invested in education of those qualified persons who finally decided to migrate and the country loses the benefits of this investment (Kannappan, 1968). In this way, the country also loses other, more general, benefits from the well-educated population like the opportunity for those people to contribute to the education of other people. Thus, the positive externalities within the economy and the society are limited. The problem is more serious for medical personnel, especially for countries with very low proportion of doctors to the total population or that are plagued by epidemics, like many countries in Africa (Castles and Miller, 2009).

However, developing countries can also gain. These countries can increase their high-skilled labor force when people go to developed countries to work or to study for a short period of time. The countries gain also, in terms of no production of human capital. In that sense, the total public expenditure on education can be invested in a more productive way. A positive effect of the international migration of qualified workers could be that when a country starts to need, and has the capacity to utilize efficiently high-skilled workers, it can have a readily available work force (Kannappan, 1968).

Return migration

Return migration, as the 'concluding phase' of the migration cycle (Callea, 1985 in Ghosh, 2000) can have a potential impact on the development of the countries of origin. Although the reasons for return migration vary a lot, the general trends are that: a) Return is relative to distance and the period spending in a foreign country; short-distance and short-period migrants are more likely to return, b) the stronger ties with people in the country of origin and the lower mobility in the destination country, the higher the probability of return and c) in most causes, return takes place for personal and social reasons rather than for economic or political ones (King, 2000).

The benefits from the return migration can be for both the economy and the society. Migrants that decide to return are likely to have savings from the years of work abroad that they want to invest. In that way, the economy of the country of origin can be stimulated. New knowledge that can improve the existing production techniques can also possibly be diffused by returnees. This is especially important for the agriculture sector in developing countries. Also, there could be some positive social and political effects, for instance the improvement of the role of women in the society. However, the impact could be also negative. If job

opportunities in the home country are limited, return migration can lead to more unemployment. Also, social impacts could be significant. Castles and Miller (2009) mention that 'the children of Latin American immigrants sometimes become members of violent gangs and if they are deported, they bring back a culture of drugs, violence and lawlessness' to their home countries.

As King (2000) stressed, there is little agreement on whether return migration has a positive or negative impact on economic development. This is because the developmental impact of return migration depends heavily on several factors. First, the number of people returned, because if this number is small, the expecting impact should be limited while if the number is quite big in a short period it may cause conflicts among the population. Another factor is the place where returnees choose to live. It is possible that some of them decide not to return to the place of birth but to urban areas where the economic opportunities are higher. This can contribute to the economy of these regions but not to their place of origin. Also, if the period they have spent in a foreign country is short, the influence on the home countries is possibly limited (King, 2000). On the other hand, if they have spent their whole life abroad and they are old, there should be no impact (Cerese, 1974). In addition, their level of education as well as the training received abroad is also important. Well-educated and skilled persons are probable to bring very positive effects in the economy. And finally, an important role is played by the way they decide to spend and invest their savings. In general, in the literature return migration tends to have more positive effects than negative for the economy and for the society.

2.3. The impact of the current crisis on migration

The economic crisis has hit all the geographic regions including the most important economies like those of the United States, Japan, Germany and Britain. The weakening economic activity has reduced significantly the demand in labor markets and especially the demand for international migrant workers. International Labor Organization's Global Employment Trends 2010 estimates that the number of unemployed persons reached 212 million in 2009 which means an increase of almost 34 million of the number of unemployed in 2007. This part presents the main trends in the global economy and migration with respect to the crisis (2.3.1), the impact on the working sectors (2.3.2), a gender dimension of the impact (2.3.3), the effects on the discrimination and xenophobia (2.3.4), on migration flows (2.3.5), on remittance flows (2.3.6), on migrant households in the countries of origin (2.3.7), on development (2.3.8) and finally the policy responses (2.3.9).

2.3.1. Global economy and migration under the crisis

Since the last quarter of 2008 and for the largest part of 2009, global economy experienced an unprecedented decline in real GDP. In the total of the Developed Economies and the European Union, growth has turned negative by 0.09% in 2008 (IMF, 2009) and by 3.2% in 2009 (IMF, 2010). The unemployment rate in this group of countries jumped to 8.4% in 2009 (ILO, 2010). Growing unemployment in the United States and Spain accounts for a substantial part of the total increase in unemployment in the region. The great number of job losses in these countries was in sectors dominated by migrant workers.

Central and Eastern Europe (non-EU) experienced the strongest drop in terms of economic growth. Countries like Russia and Kazakhstan attract migrants from neighboring countries,

usually on an irregular base. The crisis had significant impact on the already high level of unemployment affecting all workers, including migrants.

East and South-East Asia also were hit by the global crisis. The Government of China indicated that about 20 million migrants lost their job in the first months of 2009 (ILO, 2010). In Japan more than 5,500 migrants were registered as jobseekers at the end of 2008. Malaysia government cancelled the visas of thousands of Bangladeshi. Many migrants in Eastern and South-Eastern countries (which are usually from other countries within this region- intra-regional migrants) are engaged in manufacturing and the decline in the demand of manufactured goods caused a great hit in this sector and consequently for migrant workers. On the other hand, South Asian countries experienced a relatively modest slowdown in economic activity. However, this group of countries is an important region of origin rather than one of destination for many workers.

Middle East and North African countries have been seriously affected by the economic crisis but maintain growth in positive rates. The unemployment in these regions did not rise substantially but remains one of the highest worldwide. For many migrant workers in these countries and especially in the Gulf States residential permits are highly connected to employment contracts. This means that if migrants are laid off, they have to return to their countries and drop out of the labor force of the country of destination, whereas migrants in Europe can remain in the country of destination. In addition, in many countries in the region there are laws which favor national workers and disadvantage migrant workers.

Economic growth in Sub-Saharan Africa has decelerated considerably during 2009. Labor migration is mainly intra-regional and a slowdown of the economic activity can have a direct impact on migrants. However, intra-regional migrants are not concentrated in specific sectors and therefore the impact of the economic crisis should not be significantly different from that on native workers.

Latin America and the Caribbean experienced a slowdown after years of great economic growth. The economic crisis has unequally hit these countries but there is a slight increase in the unemployment at regional level. This will very possible affect working migrants as the region has a sizeable intra-migration labor migration. Also outflows to North America and Europe are significant. Mexico is by far the most affected by the recession in the United States country in the region. Although the number of Mexicans returning home from the United States did not increased in 2008, emigration from Mexico to the United States has been reduced significantly.

2.3.2. Working sectors and international migrants

The impact of the current economic crisis on migrants is closely related to their sectoral distribution. Many job losses during 2008- 2009 took place in sectors dominated by migrant workers. Sectors such as construction, manufacturing, financial and travel-related sectors have been affected severely by the economic crisis. Box 2.1 in the next page shows the unemployment rates for the total labor force and for migrant workers in four major destination countries in selected periods of time.

The slowdown in the construction sector has affected a great number of migrant workers in developed countries. In the United States about two thirds of the Hispanic workers employed in the construction were foreign born and almost all of Hispanic workers who lost their job in 2007-2008 were foreign born (Martin, 2009). Also in European countries, like Greece, Ireland

and Spain, with high rates of construction activity, this sector is dominated by foreign workers. In Spain during 2008 485,300 jobs were lost in the construction where over one fifth of the migrant workers were employed one year before (Awad, 2009). The downturn in the construction has affected migrants not only in developed but also in many emerging economies. In countries like China and many Gulf countries high rates of economic growth and investments in infrastructure had attracted a great number of migrants during the last years. As the construction activity in these countries has slowed down, it is very likely these migrants will loose their job.

Box 2.1: Unemployment rates for total labor forces and for migrant workers (%)

Country	Unemployment rate total labor force	Unemployment rate for migrant workers	Unemployment rate total labor force	Unemployment rate for migrant workers
United States	Feb. 2008 4.8	Feb. 2008 4.6	Feb. 2009 8.1	Feb. 2009 6.7
United Kingdom	Third Q 2007 5.2	Third Q 2007 6.9	Third Q 2008 6.5	Third Q 2008 7.3
Ireland	Third Q 2008 6.4	Third Q 2008 -	Fourth Q 2008 7.4	Fourth Q 2008 9.5
Spain	Third Q 2007 8.3	Third Q 2007 11.3	Third Q 2008 13.4	Third Q 2008 17.0

Source: Award, 2009

The table above shows the unemployment rates for the total labor force and for migrant workers in four major destination countries in selected periods of time. In the United States the unemployment rate is lower for migrant workers than for national workers before and after the crisis. Although the unemployment rate in February 2009 is higher than one year before, it is considerably lower than the one for national workers. This can be explained by factors related to the distribution of migrant and national workers in the working sectors, the irregularity of migration and their informal employment (Awad, 2009). However, Papademetriou and Terrazas (2009) suggested that in the United States immigrants are more concentrated than natives in sectors that have suffered the most job losses over 2008. The relation changes for the unemployment rate for the whole year of 2009. Unemployment towards native workers was 9.3% while for migrant workers reached 11.3%. In the three European countries unemployment rates for both national and migrant workers have also increased after the crisis, even though in these countries the crisis had begun earlier. The unemployment rate for migrant workers is significantly higher especially in Spain with 17% unemployment among migrants and 13.4% among national workers. In that sense, the economic crisis increased the already high unemployment rate for migrant workers.

Migrant manufacturing workers are also affected by the economic crisis. Manufacturing employment is shrinking in many leading industrial countries like the United States, Germany and Japan. Contrary to developed economies, the impact of the crisis in emerging economies, and especially in South-East Asia, is more severe in manufacturing and not in construction. Manufacturing sectors in countries like India, Thailand and Malaysia employ a great number of low-skilled migrant workers. The lower price and the reduced demand in manufactured goods are very likely to affect firstly this group of workers.

Many migrants are also employed in financial services mainly in developed countries. Many financial institutions in the United States reduced the number of job positions for foreign workers. In an article of The Economist in January 2009 many Ugandan migrants employed in financial services reported that they are thinking seriously about returning home because of the difficulties in finding and maintaining jobs. Also, a great number of migrants are engaged in tourism-related services in their destination countries. As the employment in this sector is

dropping, many of the migrants are laid off or they work fewer hours than before (Martin, 2009).

Agricultural employment and employment in extractive industries such as gas and oil seem to be more resistant than other sectors. However, in the case of Spain anecdotal evidence suggests that due to the lack of job opportunities in other sectors, many nationals have started to return to agriculture to look for jobs replacing migrant workers (Awad, 2009). Also migrants engaged in healthcare and domestic services have been affected by the economic slowdown in many countries but to less extent in relation to migrants employed in other sectors. According to IOM (2009a), the demand for migrant workers in destination countries may remain stable in these sectors.

2.3.3. A gender dimension of the impact

It seems that the current economic crisis has a different impact on male and female migrant workers. A preliminary prediction was that women might be struck by the crisis more severely considering the fact that women are less protected in the labor market than men. However, UN-INSTRAW* based on discussions of a virtual community between experts supports that this was one of the ‘myths about the possible effects of the financial crisis on migration’ as ‘the crisis has affected contracted employees more than it has undocumented labourers, of whom women make up the majority’.

On the other hand, the International Organization for Migration in a Policy Brief (2009a) supports that the different impact on women and men can be detected in the sectoral distribution of them. Many sectors of the economy in destination countries are dominated by one gender like construction in which male migrants predominate and domestic services in which there is high percentage of female migrants. Based on the assumption that in many destination countries the demand for migrant workers in certain employment sectors like health care and domestic services remains relatively stable (IOM, 2009a), it can be assumed that the crisis has a modest impact on female migrants.

However, looking at the sectoral distribution of regular female migrants in OECD countries (in Awad, 2009), women are employed in sectors which have been hit seriously by the crisis like manufacturing, hotels and restaurants or real estate sector as well as in sectors which have been affected only to a low extent by the crisis like health, education and personal services. In that sense, the effects of the crisis on female migrant workers cannot be safely predicted.

2.3.4. Discrimination and xenophobia

Rising unemployment during recessions can very likely increase phenomena such as discrimination and xenophobia. The shrinking job opportunities can increase the competition between nationals and migrant workers and consequently expand the ground for conflicts. It is very possible that cases of discrimination and xenophobia will be increased in many destination countries as there is the perception that migrant workers take jobs of local workers mainly in low-skilled sectors of the labor market (IOM, 2009a). In the literature, migrants seem to be more flexible to labor market changes as they can accept jobs under difficult working conditions. This can enforce the above assumption. In addition, in many

* See: *The Financial Crisis and Migration Myths*, http://www.un-instraw.org/grvc/index.php?option=com_content&view=article&id=40%3Athe-financial-crisis-and-migration-myths&catid=1%3Ablog&Itemid=10&lang=en

destination countries, including some European countries like Spain and Greece, there is low level of integration of immigrants into the societies.

However, Awad (2009) supports that symptoms of discrimination against immigrants and xenophobia already existed in many countries before late 2008 giving a few examples. For instance, in May 2008 twenty-two Zimbabwean migrants were killed and thousands of them were left homeless in South Africa by local workers who thought that they were taking their jobs and they were committing crimes. In Russia hostile manifestations took place towards migrants from Central Asia and the Northern Caucasus. Also, Moscow Human Rights Bureau reported that 113 migrants had been murdered between January and October 2008, almost twice the rate of the year before, and some 340 migrants were wounded (The Economist, 2009). An opinion poll in November 2008 suggested that a majority of Americans and Europeans regard migration as a problem, not as an opportunity (Ibid.).

Anti-immigrant esteem increased after the ultimately recognition of the crisis. In 2009 Scottish energy workers demonstrated against employing foreign workers and trade unions in Poland called for restrictions on the entry of non-EU workers (Awad, 2009). In this light, it is very likely that the unfavorable economic climate in many destination countries will reproduce cases of discrimination and xenophobia.

2.3.5. Migration flows

The current economic crisis is believed to affect significantly the migration flows from and to developed countries. Questions about how current and prospective migrants will react to the economic crisis in destination countries arose at the beginning of the crisis. As there is no comparable crisis in recent history and because of the magnitude of international migration in a globalized economy, these questions are difficult to answer.

The slowdown in sectors in which many migrant workers are concentrated, higher unemployment rates and more strict migration policies will very likely make many migrants return to their countries of origin. Some evidence from the United States where the crisis begun earlier suggests that return migration has increased but there is no definitive trend (Papademetriou and Terrazas, 2009). It seems that return migration is closely connected to barriers in mobility. In Spain for instance, where the government introduced policies to encourage the return of non-EU migrants, the returnees were small in number as it was uncertain if they could re-enter into the country again later. On the other hand, evidence from Eastern Europe suggests that there many migrants returned home (Awad, 2009). IOM (2009a) also suggests that return migration from countries where migrants and their families enjoy secure residence and the safety of a strong social welfare system will not increase. According to Ratha and Sirkeci (2010), anecdotal evidence suggests that migrants stayed in their destination country and moved to from the construction sector into retail trade and agriculture.

Even if the migrant stock in the destination countries will be reduced, this does not automatically mean that the migrants will return home. Instead, it is possible to move to another country where the demand for migrant labor has not been affected so much by the crisis. Taking into account that often migrants have sold their land or their assets in order to migrate, the alternative of going back home is less attractive. Also, return migration appears to correlate with economic, social and political developments in the country of origin (Papademetriou and Terrazas, 2009).

The economic crisis is also expected to decrease emigration flows from developing to developed countries. The introduction of more strict migration policies and entry barriers for migrant workers together with shrinking economic activity and increased unemployment are expected to be a discouraging factor for many people wanting to migrate. However, this does not mean that these flows will be negative. In the United States the growth of the migrant stock has slowed (Papademetriou and Terrazas, 2009). Emigration from Mexico to the United States has been sharply reduced (Awad, 2009). In general, it is estimated that new migration flows declined by 40% to 60% in 2009 compared to 2008 (Ratha and Sirkeci, 2010).

Finally, it is possible that irregular migration flows will increase. This can be the result of strict migration policies. According to IOM (2009a), less opportunities for regular labor migration can increase irregular migrants and trafficking in 'human beings'.

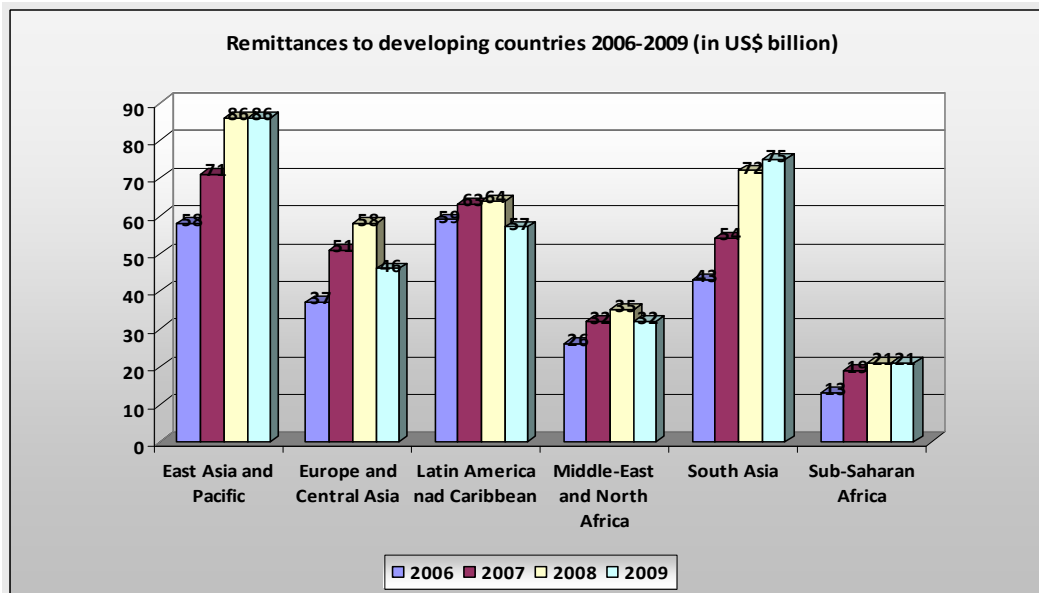
2.3.6. Remittance flows

The slowdown of economic activity and the high unemployment rate can affect the income of the migrants and consequently their ability to remit funds to their relatives in their country of origin. How remittance flows will respond to the current crisis has been an issue of much interest for researchers and policy making institutes. Since the onset of the economic crisis the literature has focused a lot on remittance flows, probably because they are of the most visible and tangible measurements of the impact of the crisis on migration. The economic crisis in developed countries and the higher rates of unemployment for migrant workers was expected to decrease remittance flows to developing countries for the first time after many years of continuously positive growth rates.

In March 2009 World Bank expected a decline of 5% to 8.2% in remittances to developing countries for 2009 (World Bank, 2009a). Four months later, in July 2009 it revised its predictions to 7.3% to 10.1% (World Bank, 2009b). Box 2.2 discusses the predictions and the finally recorded remittance flows in 2009 according to geographical regions. The decline in remittances in 2009 was expected to affect all the regions. More specific, remittance flows to Europe and Central Asia were expected to suffer more than other regions as the Russian ruble had depreciated by 35% against US \$ since August 2008. Also, a sharp slow down was expected in South Asia. Remittances to Latin America and the Caribbean had begun to decline in early 2008 because of the recession in the United States and a further reduction was expected. Remittances from Gulf Countries were expected to show a modest reduction as in many of these countries a slow down in infrastructure investments and massive lay-offs of migrant workers were not expected. However, in all the cases the remittance flows were expected to remain resilient in relation to other categories of resource flows like foreign direct investments (FDI) and trade.

The possible ways through which the crisis is expected to affect remittance flows are lower incomes for the migrants, the migration flows and the instability of the banking system. First of all, less job opportunities for migrant workers and a possible reduction in their wage can lower their income and therefore the ability to send remittances at the same rate as before. Secondly, increased numbers of return migrants and less new migrants will probably reduce the total amount of remittances from the countries of destination. To this add the possibility that migrants who wish to return to their countries of origin are very likely to start saving money and take it back without any bank transfer. Finally, migrants may be more reluctant to send money through formal channels due to the lack of confidence in the stability of banking system (IOM, 2009b) and this will lead to a reduction in the remittance records.

Box 2.2: Remittances flows to developing countries in 2009



Source: Based on data of World Bank (2010)

The officially recorded remittance flows to developing countries reached 316 US\$ billion in 2009 compared to 336 US\$ billion in 2008. The decline of 6% in the total remittance flows was lower than the latest predictions of the World Bank in July 2009 according to which it was expected to decline between 7.3% and 10.1%.

In East Asia and the Pacific remittances reduced only by 0.4% (latest predictions were between 5.7% and 8.8%) and they remained the first recipient regions among the others.

Remittances to Eastern Europe and Central Asia experienced the sharper decline, by 20.7% (latest predictions from 14.9% to 17.2%), mainly because of the depreciation of the ruble and high return flows to Romania and Poland (World Bank, 2010).

Also in Latin America and the Caribbean remittance flows fell more than was expected (12.3% in comparison to 6.9%-9.4%) even though there were great fluctuations between different countries.

In Middle-East and North Africa the remittance flows declined by 8.1% when the latest predictions were 6.2%-9.8%.

South Asia was the only region where remittances increased by 4.6% in absolute numbers (latest predictions expected a decline by 3.6%-6.4%), at a remarkably slower rate than the previous years.

Finally, in Sub-Saharan Africa remittances experienced a relatively modest reduction, by 2.7% when the predictions were about 8.3%-11.6%.

From the first available data for 2009 (World Bank, 2010), the officially recorded remittance flows to developing countries reduced only by 6% reaching 316 US\$ billion. In some regions, Europe and Central Asia, Latin America and the Caribbean and Middle-East and North Africa, the reduction was sharper than the latest predictions. In some others, East Asia and the Pacific and Sub-Saharan Africa the reduction was milder than was expected. Only in South Asia region the flows increased, even though at a significantly slower rate than previous years. In addition, remittance flows indeed remained resilient in relation to private capital flows which declined sharply during the crisis.

According to the World Bank (2010), from the available data of 2009 and the first months of 2010 there are three major trends in the fluctuations of remittances:

- a) *The more diversified the migration destinations, the more resilient are the remittances.* For instance, the increase in remittances to South Asian countries since most of the migrants are in the United States, in Europe and in the Gulf countries while countries in Latin America and the Caribbean suffered from a decline in remittances as the majority of the migrants are in the United States.
- b) *The lower the barriers to labor mobility, the stronger the link between remittances and economic cycles in that corridor.* This can explain the dramatic reduction in remittances to Eastern Europe as the migrants within the European Union can freely return and re-enter again into the country of destination.
- c) *Exchange rates movements produce valuation effects, but they also influence the consumption-investment motive for remittances.* Remittance flows to some Central Asian countries declined partly because of the depreciation of the Russian ruble against the US dollar. The same goes for flows to Poland where part of the decline can be explained by the weakening of the British pound. The influence on the consumption-investment motive can be illustrated in the example of the India rupee: when the India rupee depreciated about 25% against US dollar, there was an increase in remittances for investments in cheap assets in India.

Estimations for the following years predict an increase in remittances to developing countries by 6.2% in 2010 and by 7.1% in 2011 (see Figure 2.3). However, the uncertain economic recovery and the high rates of unemployment do not allow for expectations for a rapid growth of remittance flows in relation to the pre-crisis period.

Figure 2.3: Expected Remittance Flows for 2010-2011

	2010	2011
East Asia and Pacific	9.8	9.2
Europe and Central Asia	5.4	7.6
Latin America and Caribbean	5.7	7.9
Middle-East and North Africa	3.6	4.0
South Asia	4.7	5.2
Sub-Saharan Africa	4.4	5.8
Developing Countries	6.2	7.1

Source: World Bank, 2010

2.3.7. Migrant households in the countries of origin

It is likely that the economic crisis will also have an impact on the families of the migrants in the countries of origin by halting national economic activity and by reducing their remittance inflows. However, there is scarce empirical evidence on this particular aspect. General, it is assumed that migrant households in the countries of origin will suffer from a reduction in remittances but there is no definitive trend so far on how migrant households will response to a reduction in remittances.

Considering that a possible reduction in remittances will lead to a reduction of the total income of the households, it would be interesting to have a look at how households response to such a reduction. A study by the World Bank in Europe and Central Asia (Tiongson et al., 2010) showed that the households in the region have employed a variety of coping strategies to maintain consumption during previous crisis periods. These strategies can offset the negative impact of an external shock and ensure the household welfare.

In particular, according to the above study, households can respond to a crisis by increasing their sources of income. This includes increases in the involvement in the labor market like working more hours, finding a second job and increases participation in labor market by

other members of the household or migration of some members to areas where job opportunities are better. Another strategy is subsistence farming, usually small-scale farming meant to augment the household consumption or to be sold at the local market. Also, the strategy of dissaving and asset liquidation can be applied. This strategy means that people start spending any money they might have saved and the selling of any assets they may own. Sometimes borrowing money is also used as a coping strategy.

In the Latin American and the Caribbean context, a study by SELA (Sistema Económico Latinoamericano y del Caribe, 2009) indicated that about one million households in the region who previously received remittances will not receive money in 2009 and another four million will receive 10% less. Another study by Quitte (2010) in the state of Michoacán in Mexico puts more attention on migrant households. The findings of Quitte showed the total consumption of these households has been affected in a negative way by a reduction in remittances from migrant workers in the United States. However, the household expenditure on basic needs and especially on food has not been reduced to a large extent in contrast with investments in construction which have been reduced dramatically. As a result, multiplier effects in the real estate market and in the local economic activity in general have followed. In addition, the same study suggests that, since the possibility of migration has become less attractive as a strategy for diversification of income, there is a possibly shift of the households to other (already existing) alternatives such as the illegal drug trade and political clientelism.

2.3.8. Migration, crisis and development

The economic crisis could also affect the links between migration and development. There are two main ways in which this happens: by changing the incentive to emigrate and by reducing remittances (OECD, 2009). The crisis in the destination countries may reduce emigration flows and therefore probably many people will have fewer opportunities to improve their living conditions. As remittances contribute to poverty alleviation, a reduction could probably have a harmful effect. Also, spending on education and healthcare could be affected as well as productive investments done by the households.

On the other hand, the crisis could have a positive effect on the development of the countries of origin under special circumstances. Return migrants can bring back with them things like funds, knowledge and new technologies. It can also reverse brain drain and enforce the local government to improve job opportunities within the country.

2.3.9 Policy responses

Policies in the countries of destination

The attitude towards labor migration has changed in many destination countries. The reduced demand in labor market resulted in the introduction of policies with respect to migrant workers. These policies consisted of measures in order to control labor migration, especially irregular migration, and of measures to encourage return migration.

In the United States, several states, most notably Arizona, Colorado, Mississippi, Oklahoma and South Carolina, introduced laws to reduce irregular migration by means of mandatory verification of documents, increasing the punishment for transportation of irregular migrants and restricting access to public services for undocumented migrants. According to

Papademetriou and Terrazas (2009), there is evidence that suggests that some migrants both documented and undocumented) left states that have imposed strict immigration regulations.

In September 2008, Spain introduced a law to encourage return of non-EU migrant workers. The law provides that unemployed migrants will be paid in advance the total unemployment benefits to which are entitled if they return to their countries of origin for at least three years and surrendering their Spanish work and residence cards. Also, their contributions to the social security system in Spain would be accumulated with those in the country of origin in order to be calculated in their future pensions (Awad, 2009). Most migrant advocacy groups advised migrants not to accept the offer as they could be refused to re-entry the country in the future (Martin, 2009). A relatively low number of migrants, mainly from Latin America, applied for this return bonus offer. A voluntary return program was also implemented in Czech Republic where the government offered free transportation and a bonus for those who want to return to their home countries. Also, migration policies were introduced in other European countries. United Kingdom applied a more selective entry policy for non-EU migrants and Italy restricted the admission of new migrant workers.

Moreover, many other countries applied measures to limit or to reduce migrants. Russia and Korea reduced the quotas of migrant workers in order to enforce the national employment. In Kazakhstan the quotas were reduced at 0.35% (of the economically active population) for managers and highly-skilled workers and at 0.05% for low-skilled workers (Awad, 2009). Malaysia increasing the punishment for transportation of migrants and Thailand announced not to approve or to renew job permits for foreigners. Finally Japan applied voluntarily return programs to Latin American countries.

Only in the case of Gulf countries indirect policies benefited migrant workers. These countries, especially Saudi Arabia and United Arab Emirates, introduced fiscal policies to support the demand and to prevent a significant drop in non-oil GDP and this benefited migrants who constitute the bulk of labor supply.

Policies in the countries of origin

Some countries of origin have implemented several migration policies in response to the crisis. These policies consisted of measures to facilitate return migration, to protect the rights of their migrants and they have explored new labor markets.

The Philippines have introduced a large-scale program for the re-insertion of the returnees to the labor market. A special Fund provided loans to migrants who have returned to start a business while training and entrepreneurship programs for return migrants were initiated. Investments in rural infrastructure helped these migrants to return to rural areas. Also, Filipino government helped their migrants in other countries and carried out missions to explore new destination countries for Filipinos.

Other countries like Sri Lanka, Bangladesh and Uzbekistan have also taken measures to explore new destinations for their migrants. Some others like Kyrgyzstan and Tajikistan tried to enforce domestic employment through national investments in infrastructure. Morocco tried to promote investment in the country by migrants and reduced remittance transfer costs. Finally, agreements to protect migrants' rights at the destination countries have been signed between social partners like trade unions. This is the example of the agreements signed by Sri Lanka trade unions with trade unions in Bahrain, Jordan and Kuwait supported by ILO (Awad, 2009).

Box 2.3: A quick look at the migration impact of earlier crises

During the 20th century, five economic crises had significant implications for international migration. Although the current economic crisis takes place in a more globalized economy affecting almost all regions, it is very likely that the past experience can reveal useful trends applicable to the current crisis.

The **Great Depression in 1930** after the collapse in the stock market caused an economic downturn worldwide. International trade, construction and many primary sector industries were hit hard and the unemployment rates increased significantly. Massive repatriations and introduction of restrictive immigration policies was the impact of the crisis on migration. In the United States, the Mexican-origin population halved, tens of thousands of Puerto Ricans returned to the island and xenophobia rose considerably. In Canada, the number of immigrants was reduced from 166,783 in 1928 to 14,382 in 1933. Large-scale sacking and deportations of migrant workers took place in the early 1930s in France. In general, the Great Depression accelerated a decline in international labor migration that began in 1918.

The **Oil Crisis in 1973** led to massive accumulation of wealth by oil exporting countries and huge inflation in oil importing countries. 'Guest worker migration' ended in Europe but massive returns did not occur. Restrictions on labor migration favored the rise of the 'business' of migrant smuggling and human trafficking. Also, this crisis contributed to the development of a 'new international division of labor' relocating production to cheaper locations, mainly in developing countries of Asia and Latin America. These new industrial centers increased migration flows within those regions. Finally, during the Oil Crisis many oil exporting countries invested the money from the oil revenue in infrastructure and housing and a new era of guest migrant workers in Middle East begun. Undoubtedly, this crisis was a major turning point in international migration.

The collapse of Thai baht was the start for the **Asian financial crisis in 1997** which spread to most of the South-East Asian countries including Japan. Although many immigrants were deported from Malaysia and Thailand, there were no remarkable changes in the migration patterns in the region. However, the crisis increased the exploitation by 'sellers' or agents who took advantage of the increased number of people who wanted to migrate elsewhere for work. The migration impact of the Asian financial crisis was modest as the crisis was relatively short-lived.

The reduction in oil revenue resulted to the **Russian financial crisis in 1998** (also known as 'Ruble Crisis') and to high inflation with a dramatic increase in living cost and food prices. After the break up of the Soviet Union more people arrived than left in Russia. In the first months of the crisis the number of people who left Russia increased by 18%. Many people migrated to Kazakhstan and many more to Israel. Also, many Russians in the former Soviet states were reported of having postponed their migration to Russia. Thus, this crisis had an immediate effect on migration patterns.

The **financial crisis in Argentina between 1998 and 2002** (the Latin American financial crisis) slashed real wages, increased unemployment and meant growing poverty. Migration from Argentina increased enormously. About 60,000 Argentines went to Spain and some 110,000 Argentines remained to Spain as irregular migrants rather than return to Argentina during the crisis. Also, a great number of Jews migrated to other Latin American countries and to the United States. Many of these Jews were professionals and they formed part of a 'brain drain' from Argentina as a result of the financial crisis.

Based on IOM, 2009c, 'The Impact of Financial Crises on International Migration: Lessons Learned'

2.4. Summary and conclusions

International migration movements – population movements from one country to another which result into a change of country of residence- have been accelerated in the last years. Although the bulk of the international migration movements still occur within regions, developed countries experienced the largest increase in the number of international migrants. Such increases in international migration movements have consequently increased remittance transfers from more developed to developing countries. Remittances can increase the total income of individual households contributing to poverty alleviation and reducing the vulnerability of the recipient households but at the same time can also increase the dependency of these households. Remittances can also have possible multiplier effects promoting development at local as well as at national level but this depends on the use of remittances and the local economic circumstances. Similarly, migration of high-skilled and qualified manpower can imply benefits and losses for local development and the results could be different between different countries and different professions. Return migration on the other hand, seems to have more positive effects for the local economy and society. However, the developmental impact depends on several factors like the place they decide to live and the way the return migrants spent their savings. The onset of a severe global economic crisis has already affected international migration and it is possible that the effects will continue in the future. The weakening economic activity has significantly reduced the demand for international migrant workers in developed countries while at the same time a great number of job losses took place in sectors dominated by migrant workers such as construction and manufacturing. From a gender perspective, the crisis has dramatically affected male migrants but the effects on female migrants cannot be safely predicted. Also, phenomena of discrimination and xenophobia against immigrants have risen. Consequently, international migration flows are expected to be affected significantly. However, although emigration flows from developing to developed countries have been decelerated, there is no definitive trend so far with respect to the impact on return migration flows. It seems that return migration is correlated with mobility barriers, with the social welfare system in the countries of destination and with economic, social and political developments in the country of origin. In addition, the economic crisis has reduced remittance flows to developing countries but these flows remained resilient in relation to other capital flows. The diversification in the destination of the migrants, the mobility barriers and the valuation effects are the major factors which determine the trends in fluctuations of remittances. A reduction in remittance flows has affected the families of the migrants in the countries of origin by reducing their income. The first evidence shows that migrant households in the countries of origin have reduced non-food consumption and investments in construction and probably will turn to other strategies to increase their sources of income. Finally, policies have been introduced in both countries of destination and countries of origin with respect to current migrants, return migration and future emigration.

3. Regional context: International Migration in Bolivia and in Cochabamba

The previous chapter described the theoretical context of the research while this chapter describes the regional context of the research. In the following parts, first the national context of Bolivia is presented (3.1) followed by the local context of Cochabamba (3.2). At the end of the chapter, a summary and the conclusions are given (3.3).

3.1. National context

This part presents the national context of Bolivia including the geography (3.1.1), the historic, political and cultural background (3.1.2), the social and economic situation of the country (3.1.3), the impact of the global crisis (3.1.4), migration processes (3.1.5) and the impact of remittances in Bolivia (3.1.6).

3.1.1. Bolivian geography

Bolivian geography is very varied, ranging from rainforest and savanna to cold and mountains with eternal snow. One of the most famous features is the Lake Titicaca, the highest commercially sailed lake in the world.

Bolivia can be divided into three regions. The west is dominated by the Andes-mountains and a cool semi arid climate. It has many still active volcanoes and is rich in minerals. In the middle is the Altiplano, a large plateau in the Andes and the second largest only after Tibet. Although most of it is uninhabited and has a cool climate there are few cities in particular La Paz, the country's capital. Towards the east are the Yungas or 'warm valley'. It is characterized by large valleys and extensive vegetation. Although it very fertile, local inaccessibility means it is largely undeveloped and very few people live there. The lowlands in the east make up about two thirds of the country. This can also be divided into three areas. The north, the Cochabamba region is mainly rainforest, the centre, the Santa Cruz region, is hilly and drier than the north. It has large deposits of natural gas and petroleum and recently has seen large development. The south, although it also has gas and petroleum deposits, due to its remoteness and dry climate, nine months dry and three months of extensive rain, is still unpopulated. Lake Titicaca in the north of Bolivia is shared with Peru and is the largest lake in South America. With an average height of 3812 meter above sea level it is one of the highest lakes in the world and is the largest high lake that has commercial shipping. Due to the sheer volume of water it maintains a stable temperature throughout the year and moderates the climate in its proximity allowing for more varied agriculture then otherwise would be possible at that height.

Figure 3.1: Map of Bolivia



Bolivia is very rich in minerals, especially in the western mountainous part. These include tin, zinc, silver, iron, gold and others. It also has a large potential for hydropower and timber production. In the lowlands there are large deposits of gas and petroleum.

3.1.2. Historic, political and cultural background

Bolivia is one of the poorest nations in South-America. It gained its independence in 1825 but during several wars lost most of its territory. Especially, in the War of Pacific (1879-1882) it lost the access to the Pacific Ocean and nowadays remains a landlocked country. Due to its geography, many regions have a local-based identity and only a limited sense of nationhood (Springer, 2005). Since May 2009 the official name of the country is 'Plurinational State of Bolivia' as the Bolivian population consists of many ethnic groups including Amerindians (mainly Quechua and Aymará), Mestizos (people of mixed European and Amerindian origin), Asians and Africans. More than half of the about 10 million inhabitants are of indigenous origin mainly Quechua and Aymará but there are over 30 culturally differentiated groups. Aside from Spanish which is the widely spoken language, there are about 33 different mother tongues.

For centuries the economic and political power was dominated by a predominantly white, Spanish speaking elite with the vast majority of the population remaining poor, illiterate and powerless. This system went into decline after 1900 and collapsed in the 1952 revolution which brought the Movimiento Nacionalista Revolucionario (MNR), a broadly based party, to power. Nationalizations of the major mining industries and an ambitious program of agrarian reform were introduced for the first time. Although the implemented policies were meant to improve the general economic and social position of the population, many of them failed.

Because of the ongoing social unrest the army grew more important in keeping social order and seized power in 1964. This led to a long period of military rule with countless coups and counter coups and increased corruption. In 1982 massive civilian unrest forced the military out of power and democratic elections were held the same year and the country seemed to enter a period of more stability. However, democracy did not bring stability or prosperity. Hyperinflation in the early 1980s forced the government to implement a large-scale program of structural adjustment in 1985 under the name of New Economic Policy. The main principle was the liberalization of the economy including privatization of many core industries. Although these policies halted inflation, they pushed the economy into recession for years which led to more social unrest. After the 1997 election a new policy to stamp out the coca trade met with enormous social opposition. This combined with corruption and failing government policies led to a political crisis and finally the resignation of the president in 2003.

At the end of 2005 Evo Morales, the first indigenous president was elected (and re-elected in 2009) and the country seems to have entered a more stable political situation. Morales introduced left-winged policies and from the first months after his election started the implementation of a drastic re-nationalization program of the many combustibles companies. In January 2009, a new political constitution was approved which focuses on a better distribution of wealth, reorganized the legislative, judicial and electoral powers and gave more autonomy to the regions.

3.1.3. Social and economic situation

Bolivia is one of the poorest and least developed countries among Latin American countries with significant social and economic disparities. In the latest National Census of 2001, 65% of the population was living in poverty and, of that, nearly 40% live in conditions of extreme poverty (World Bank, 2005). Indigenous and rural inhabitants are most affected by poverty and exclusion. Despite the recent progress, the poor have limited opportunities for education, including quality education and access to higher education. Many of them leave school early in order to work. However, they are engaged in low-skilled and low-payment jobs which regenerate poverty. During the 1990s growth was concentrated in natural resource-based exports, a sector which has a relatively low demand for labor (World Bank, 2005). This, together with low productivity (Ibid.), especially in the informal sector and agriculture, and the lack of infrastructure until nowadays, did not allow the population to improve their living conditions and to escape from poverty.

On Human Development Index (HDI) of the United Nations, which is measured based on social and economic indicators such as life expectancy, education and per capita income (per capita GDP), Bolivia is ranked 95 out of 169 countries in 2010*. The country's HDI value is 0.643 which classifies Bolivia in the group of countries with 'medium human development' but among the least developed in the region (UNDP, 2010). Also, the Gini-coefficient Index is of the highest among Latin American countries. Although this index has slightly fallen in relation to previous years, it remains high at 57.2 (UNDP, 2010) which implies a highly inequality in income distribution.

For decades Bolivia was considered one of the highly indebted countries and was the only country in South America which joined the World Bank's Highly Indebted Poor Countries (HIPC) initiative (McNeish, 2006). Moreover, Bolivia was highly dependent on international development financing and loans. Motivated by this situation, many foreign NGOs started to play an active role and contribute to the development of the country. However, in the recent years the foreign aid has decreased considerably, which does not mean that it has stopped.

During the last years a lot of progress has been made in the development of the country. Bolivia, under the Morales' administration, has prioritized investments in social facilities. Many hospitals have been built; several health and education programs have been implemented as well as policies for promoting the social and economic integration of the indigenous population. In just two years, 2005 and 2006, the social spending increased by 34% (ECLAC, 2007).

Economic growth in the country (see Table 3.1) in the last six years is higher than at any time in the last 20 years (or maybe more) with 5.9% growth rate in 2008 (IMF, 2009). From 2004, like other developing countries, Bolivia enjoyed an extremely favorable external environment. The international prices of most of the commodities exported by the country have significantly increased. At the same time, a great inflow of remittances was being sent to the

Year	Growth Rate
1991-2000 (Average)	3.8
2001	1.7
2002	2.5
2003	2.7
2004	4.2
2005	4.4
2006	4.8
2007	4.6
2008	5.9
Source: IMF (2009), IMF (2010)	

* In the 2010 Report of United Nations an Inequality-Adjusted HDI is introduced in which inequalities in health, education and income have a greater share in the calculations in relation to previous years. For this reason the rank of the country has dropped.

country from abroad. The increased external revenues permitted the country to reverse chronic fiscal and external deficits and accumulate large amounts of foreign exchange reserves (Jemio and Nina, 2010).

3.1.4. Bolivia in the global crisis

Bolivia has already experienced the negative effects of the global economic crisis. However, the relatively good economic performance in the previous years made it possible for the economy to maintain positive growth rates during 2009. The Bolivian economy grew by 3.3% in 2009 (IMF, 2010), a slower rate in relation to previous years but still higher from the first expectations of 2.2% (IMF, 2009).

The economy of the country is heavily dependent on primary commodity exports and consequently it is vulnerable to fluctuations in the prices and the demand of these products. A great share of Bolivia's exports is represented by exports of natural gas and minerals and the prices of these commodities fell significantly during the last quarter of 2008. Also, the total exported quantities went down 3.6% in the first three quarters of 2009 (Jemio and Nina, 2010). However, looking at the monthly exports* the total export value dropped in the second half of 2008 and since March 2009 started to return to the pre-crisis levels. This was the result of increases firstly in the commodity prices in the world markets and secondly, in the share of other commodities in the structure of the total exports. Apart from increases in the quantities of some minerals like silver and tin, the export quantities of coffee, sugar, wood products, beverages and others increased considerably.

In addition, remittances are an important source of foreign exchange for Bolivia. In the last quarter of 2008 and in the first months of 2009 remittance flows experienced a sharp drop. However, since September 2009 these flows started to recover (BCB, 2010). Although remittances declined by 6.8% in 2009, the total amount remains higher than the pre-crisis levels (see Box 3.1).

In general, the global crisis had a mild effect in the Bolivian economy so far. Even though the export revenues fell, they are still at historically high levels (Jemio and Nina, 2010). The relatively good position in the recent years has permitted the country to deal with the negative effects of the crisis.

3.1.5. Migration in Bolivia

Bolivia has always been 'a society of mobility' (Mazurek, 2007). Political instability and high levels of poverty especially in rural areas forced many people to leave their home in pursuit of a better life. Molina (2009) points out that approximately 53% of heads of households are lifetime migrants. It seems that a gradual migration process took place in Bolivia. People from rural areas move to provincial capitals, then to departmental capitals and finally to exterior (Roncken and Forsberg, 2007).

In this light, first internal migration (3.1.5.a) and then international migration in Bolivia (3.1.5.b) will be discussed.

* Online data provided by INE, <http://www.ine.gob.bo:8082/comex/Main>

**Box 3.1: Remittances to Bolivia from workers abroad according to the country of origin
(In million US\$)**

<i>country</i>	2007	%	2008	%	2009	%	Variation %
Spain	471,0	46.2	529,9	48,3	429,7	42,0	-18,9
United States	221,6	21.7	209,3	19,1	158,6	15,5	-24,2
Argentina	134,4	13.2	159,8	14,6	214,8	21,0	34,4
Italy	49,9	4.9	42,7	3,9	46,0	4,5	7,7
Brazil	6,5	0,6	20,8	1,9	35,8	3,5	72,1
Chile	16,4	1,6	16,8	1,5	20,5	2,0	22,0
France	4,8	0,5	10,4	0,9	10,2	1,0	-1,6
Peru	8,0	0,8	8,3	0,8	12,3	1,2	48,8
Paraguay	9,6	0,9	7,6	0,7	7,2	0,7	-5,5
Switzerland	7,0	0,7	7,0	0,6	7,2	0,7	2,8
Germany	5,0	0,5	5,4	0,5	5,1	0,5	-4,8
Netherlands	0,7	0,1	0,8	0,1	0,9	0,1	14,5
Other	85,4	8,4	78,5	7,2	74,7	7,3	-4,9
Total	1.020,5		1.097,2		1.023,0		-6,8

Source: National Bank of Bolivia (BCB)

The Table above shows the total amount of remittances to Bolivia from workers abroad according to the country of origin. In the last year the amount of remittances sent by many European countries and the United States has been reduced while the amount sent from other South-American countries has increased significantly. More specific, remittances from Spain and the United States were reduced by 18.9% and by 24.2% respectively while remittances from Argentina have increased by 34.4% and now Argentina is the second largest sending country after Spain. The increase in remittances is even higher considering countries like Brazil with an increase by 72.1% or Peru by 48.8% at the same year. In total, remittances from European countries and the United States reduced by 18.4% in 2009 but because remittances from neighboring countries increased by 36.2% the total amount of remittances reduced only by 6.8%. In other words, the reduction in remittances flows from European countries and the United States was compensated to a large extent by a great increase in remittances from neighboring countries. In comparison with other major recipient countries in the region, this reduction can be characterized as relatively modest. For instance, Mexico recorded a reduction of 15.7% in remittances for the same period, Colombia of 14.4% and El Salvador of 8.5% (BCB, 2010). In that sense, the economic crisis has a relatively modest impact on the remittance rates in Bolivia. In addition, this reduction has a relatively modest impact on the total amount of remittances considering that remittances have increased by 7.5% in 2008 and they are 2.5 million US\$ higher in 2009 in relation to 2007.

3.1.5.a. Internal migration in Bolivia

Although internal migration in Bolivia already existed in colonial times, after the early 1980s the internal migration in Bolivia started to grow rapidly. This was brought on by two major shocks. Firstly, in 1982 and 1983 Bolivia was hit by a serious drought which forced many people to move to the cities. There is no data about this period from the affected areas but data about city growth in this period shows a huge increase in city population (Molina, 2009). Secondly, a serious economic crisis in 1985 and 1986 brought on a decline of tin prices and hyperinflation. This collapse especially hit the mining areas in the Altiplano forcing many people without work to move to the cities. Also, the seasonal nature of agricultural employment and the difficulties in obtaining subsistence levels in rural agriculture functioned as a push factor. As a result, the agricultural sector became less important in Bolivia's GDP. Furthermore, the lack of development policies, the lack of most basic facilities together with the high expectations from life in the city, stimulated migration towards the city. Based on the census in those years, Molina (2009) indicates that the percentage of people living in cities increased from 38 % in 1976 to 62 % in 2001. The migrants who left their birth places and moved to urban areas have contributed significantly to the economic development of their destination areas due to the tremendous efforts they made in order to improve their living conditions (ACOBÉ-AMIBE, 2009). People who were not able to find sufficient job opportunities migrated to other countries in pursuit of better job perspectives.

3.1.5.b. International migration

Migration flows to the exterior started already before the 20th century but the first massive flows were observed in 1980s and 1990s. Since 2000 international migration flows have been considerably accelerated. Cortes (in Roncken and Forsberg, 2007) estimates that about 35% of the Bolivian population is living abroad in comparison to 6% in 1992. Nowadays it is estimated that 2.3 to 3.3 million of Bolivian are living abroad (ACOBÉ-AMIBE, 2009).

There is a variety of pull and push factors in the literature and it seems that a combination of these factors can force migration movements. Roncken and Forsberg (2007) support that high unemployment rates and low wages are the main reasons for emigration. Limited job opportunities, especially in rural areas, and low wages can lead to insufficient income which can be classified as the main push factor for Bolivians to leave their country. In many cases, the greatest 'investment' for the families is sending one member to an exterior and so, he/she can earn and send money to enable the other members of the family to cover daily necessities (ACOBÉ-AMIBE, 2009). Ferrufino (2007) also adds the fact that many people feel the absence of the state and its inability to bring solutions. In that case, migration is the response to a continuous socio-political crisis which did not allow for improvements in the economic situation of the poor. On the other hand, increased demand for low-skilled workers in developed countries is the most important pull factor according to Hinojosa (2006). Also, higher earnings in these countries, in contrast with the insufficient income in Bolivia, is another important factor which can generate international migration movements.

The most important destination countries for Bolivians are Argentina, the United States, Brazil and European countries, mainly Spain and Italy. About 1.5 million of them are living in Argentina, 600.000 in Brazil and 250.000 in Spain. However, these numbers are probably higher as a great number of Bolivian migrants are undocumented. Migration flows from Bolivia are concentrated mainly in three regions: South-America, North-America, in particular in the United States, and Europe (see figure 3.2).

Migration flows to South-American region

The most important migration flows from Bolivia to the South-American region are to Argentina and to Brazil.

The origin of migration towards Argentina can be traced back to colonial times. The exploitation of silver and the cultivation of sugar attracted many migrants, mainly towards the north of Argentina. After the 1920s with the onset of industrialisation, migration started to switch towards urban areas. This was increased by continuous political and economic instability in Bolivia. During the 1990s immigration stabilized and many illegal immigrants were given legal status in Argentina. After 2000 under the pressure of a severe crisis, many Bolivians left Argentina and currently migration flows are under control. Most Bolivians in Argentina are employed in the cities and engage in trade, unskilled labor related to construction, manufacturing, domestics and the informal sector.

Little research has been done on migration towards Brazil from Bolivia but the data available shows that the city of Sao Paulo has seen Bolivian migrants for decades. Also most migrants tend to move to urban cities and as in Argentina migration flows are relatively stable.

Migration flows to the United States

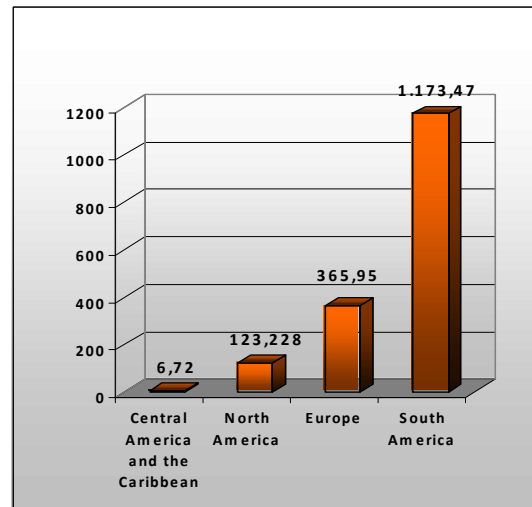
Since the 1970s many Bolivians migrated to the United States. The promise of the 'American dream' attracted many searching for a better life. Although Bolivians have a favourable reputation, many work low paid, unattractive jobs. Most Bolivians are concentrated in the Washington DC area. All over the USA Bolivians started Home Town Associations (HTAs), creating strong social connections. After the events of 9/11, the importance of the USA as a destination country has dropped since it has become very difficult to cross the border into the country and migrant control has increased substantially.

Migration flows to Europe

Bolivians in Europe are concentrated mainly in Spain and, after Argentina, this country has the largest community of Bolivians. However unlike Argentina, most of them arrived in the last decade, with a growing percentage of them female. This is partly due to the higher percentage of Spanish women starting to work outside the house and also because of the higher life expectancy of the Spanish population, creating a bigger need for domestic workers such as care takers of children or elderly people. The rise in migration also sparked an increase in research done on the subject of migration of Bolivians to and from Spain.

The reasons for the high increase of migrants after 2000 are the fact that South Americans could enter Spain relatively easy in the beginning of the 21st century, the economic crisis in Argentina at the time, the growing restrictions on migration in the United States after the

Figure 3.2: Bolivian in exterior in 2008 according regions of destination



Source: CEML, 2008

events of 9/11 (Roncken, 2008) and the former colonial ties between Spain and South America (Nijenhuis, 2008). In addition the economic growth in Spain in the late 1990s and the favouring of South Americans over migrants from other regions led to this big increase in the migration flow.

After 2005 the number of legal migrants from Bolivia jumped dramatically after the large scale legalizing of many illegal migrants (Hinojosa, 2006). Still it is estimated that only 20% of Bolivians in Spain have a legal status and that most do not have the necessary documentation (Nijenhuis, 2008).

In 2007 Spain joined the Schengen group and decided to introduce visa requirements for some South-American countries, including Bolivia, after which the number of migrants stabilized. More recently the European Union has started to stimulate return migration (Roncken, 2008).

The majority of Bolivians in Spain work, apart from the domestic sector which are mainly women, in construction, trade and cleaning and are concentrated in the large cities like Barcelona or Madrid. In recent years because of the crisis many Bolivians have moved away from the cities in Spain towards the rural areas.

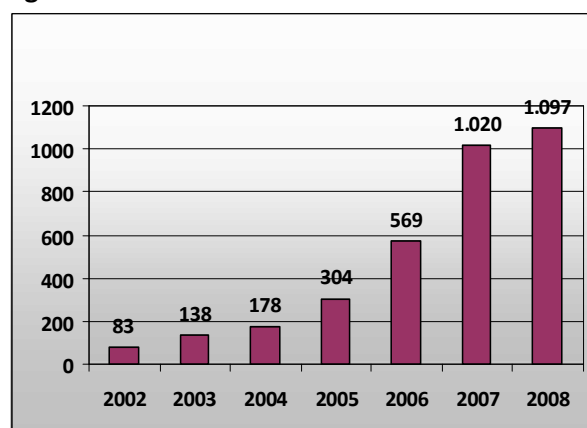
3.1.6. International remittances in Bolivia

Remittance flows to Bolivia have considerably increased during the last decade and account for 5%-8% of the country's GDP. In 2008 remittances reached 1,097.2 million US\$ while in 2002 they were about 83 million US\$ (see Figure 3.3). The greatest amount of remittances is sent from Spain, then from the United States and the smallest amount from Argentina. Increased migration flows to Spain since 2000 can explain the increase in the remittance flows in the recent years. ACOBE (2007) indicated that Bolivian workers in Spain save about 35% of their income and they remit the greatest part of these savings to their families in Bolivia.

The income from remittances has contributed to the improvement of the living conditions of the receiving families. Roncken and Forsberg (2007) estimated that 11% of the Bolivian population receives remittances and also that the poorest as well as the richest families are the main recipients. The greatest part of this additional income, about 45%, is used for consumption and another 45% is invested in properties, education and enterprises (Hinojosa, 2006; Roncken and Forsberg, 2007). As

the consumption aims mainly to cover of basic needs and the investments can improve the livelihoods of the family, remittances have a highly positive impact on the recipient families. Also non-migrant families can benefit from the multiplier effects of remittances. In addition, Jones and De la Torre (2008) support that international remittances to Bolivia have contributed to the improvement of the country's trade balance and to the reduction of the

Figure 3.3: Remittance flows to Bolivia 2002-2009



Source: Based on online data provided by BCB, [Retrieved November 2010]

income inequalities as they are sent directly to the families in their place of origin and improve the living conditions of the poor.

On the other hand, there are authors who point out that it is a very optimistic perception that remittances in Bolivia can be a 'motor' for development, even though they agree that in the short-term they can have positive effects for the recipient families. Ferrufino et al. (2007) argue that in many cases remittances are 'a statistical illusion' because the additional income that a family receives can be between 50 and 300 US\$, which for a Latin American country is an income that does not permit the families to escape from poverty.

3.2. Local context: Cochabamba

This part gives more insight into the local context of the department of Cochabamba. Firstly, the geography and characteristics of Cochabamba (3.2.1) is presented followed by an analysis of migration flows (3.2.2) and the relation between international migration and development in Cochabamba (3.2.3).

3.2.1. Geography and characteristics of Cochabamba

Cochabamba is one of the nine departments of Bolivia. It is situated in central Bolivia, has an area of 55.631 square km and its capital is also named Cochabamba. Its 1.455.000 inhabitants (according to the last available census in 2001) are divided over 16 provinces. The population is mainly natives and mestizos and speaks Spanish, Quechua and Aymará.

The department of Cochabamba is among the least poor departments in Bolivia, little under a quarter of the population is poor. This is due to urban development programs which have resulted in broad-income opportunities (World Bank, 2005). Outside the cities however the population is largely poor and knows examples of extreme poverty like elsewhere in the country. At the same time, Cochabamba is the most unequal department of the country which is reflected in the high levels of inequality in income distribution: 20% of the poorest population obtains a maximum of 5% of the total income while 20% of the richest people obtain almost 60% of the total income (Ledo, 2005).

The city of Cochabamba, the 'city of eternal spring' which refers to its moderate climate, is located in a valley surrounded by mountains. It is the third most important city of the country in terms of economic activity as it is an important centre of commercial services and agricultural production. Apart from important economic activities, in



addition, several political and cultural activities of different nature take place reflecting the social heterogeneity of the city. In that sense, Cochabamba can be characterized as a 'composition of Bolivia' as it is a multi-cultural society (Ledo, 2009).

Box 3.2: *La familia cochabambina*

The family in Bolivia and especially in urban areas of Cochabamba mainly constitutes of what is known as an 'extended family'. This type of family includes the parent(s) and the children who are living 'under the same roof' but in many cases it includes also other relatives like grandparents, brothers and sisters of the parents or other distant relatives. In addition, many families are supported economically by other relatives and/or they are receiving other kind of material or symbolic support like participating in raising the children. This type of family conformation is a very typical cultural trait within the society in Bolivia and in Cochabamba (Ferrufino et al, 2007). There are also many cases of single mothers who became the head of the household after a divorce or because of the absence of the father. In many cases, the decision of a person to migrate is usually taken by or in agreement with almost all the members. As a result, the member who migrates support financially- by sending remittances- the family. Migration of one or more members implies also the physical separation of the family which can lead to the development of a new family structure. For instance, when a parent of a nuclear family migrates other members of the family such as grandparents, uncles and aunts or godparents can support the members who left or take care of the children.

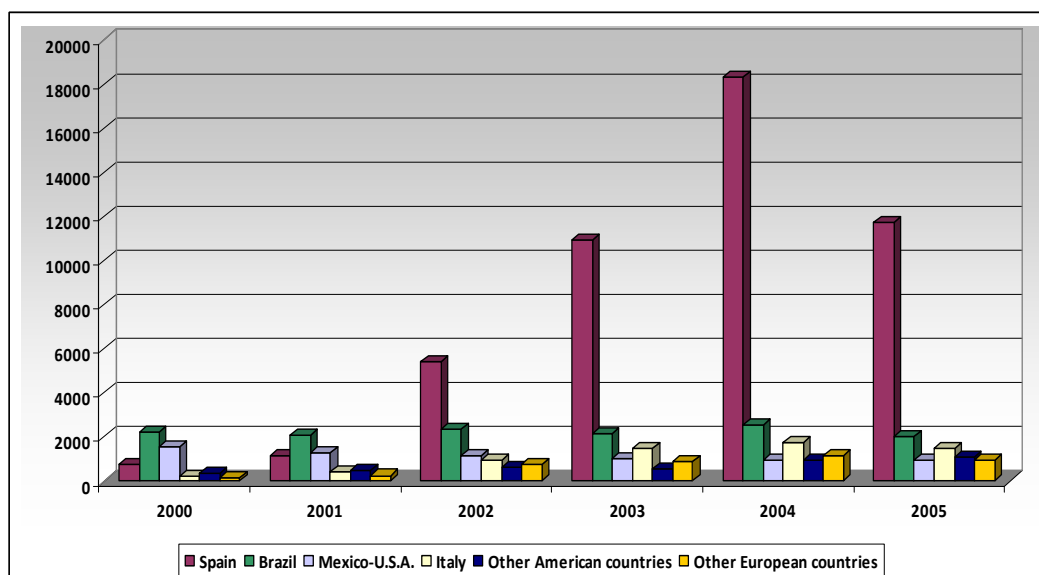
3.2.2. Migration in Cochabamba

Cochabamba has experienced great migration movements. The total migration balance is positive due to internal migration. The quite temperate climate and the relatively higher employment opportunities have attracted a great number of people from other departments, mainly from the highlands and the Valley zone. At the same time, the city loses population towards the lowlands. Mazurek (2007) states that Cochabamba was always a city of 'transition' which behaves as a mediator between El Alto (a neighboring to La Paz city) and Santa Cruz. International migration out-flows are also significant: Cochabamba is the second department, after La Paz, with high absolute number of international migrants (Roncken and Forsberg, 2007). Hinojosa (2009) indicates that about 10% of the population, mainly young of age, lives abroad.

The great exodus to the exterior begun after 2000-2001 when thousands of Cochabambinos started to migrate to other countries, especially to Spain. It is rather difficult to estimate the exact number of those migrants. However, according to Ferrufino et al (2007), several investigations have showed that, on average, one or two members in every family in Cochabamba have settled in other countries. In Figure 3.5, Hinojosa (2009) is trying to show the magnitude of the international migration in Cochabamba for the years 2000-2005. He based it on data from the records of yellow fever vaccination. However, countries like Argentina, Peru, Chile and some others are underrepresented because of the fact that yellow fever vaccination is not required to travel to those countries.

The incentives to migrate can vary a lot among different people. However, Hinojosa (2009) supports that, in the case of Cochabamba, migration is closely related to the labor market.

Figure 3.5: Destination countries of international migrants from Cochabamba, 2000-2005



Source: Hinojosa (2009)

This means that people migrate in order to find a better job. Even if they have a job, they do not earn enough money and the income of the family remains insufficient. In that sense, migration can be seen as a solution in order to improve the family income and to improve their living conditions in general.

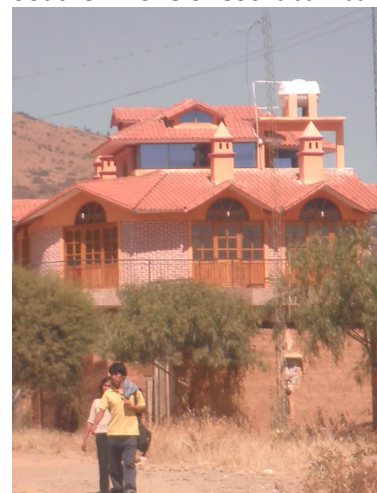
When a family member migrates, usually he/she sends money to the other members who stayed behind. Those remittances usually are spent in order to satisfy basic subsistence needs of the family such as food and accommodation. The construction of a house is also a very common destination for remittances in Cochabamba. Although there is a long debate on whether or not the remittances can contribute to development, for a Bolivian family an amount of money between 50 and 200 US \$ per month can mean a significant improvement in their general economic position.

3.2.3. Migration and development in Cochabamba

How international migration can create opportunities for local development can be best explained at a national level. The most important factor in this process is the remittances.

In the department of Cochabamba Jones and de la Torre (2008) show that in cities like San Benito, Punata and Tarata, remittances can be up to 58% of the household income and, for these families, remittances can make a significant difference. Also, de la Torre and Alfaro (2007) show in their study of the cities of Arbieto and Toko that most remittances are spend on building (new) houses and in this way are creating job opportunities in construction and are helping to develop the local area.

Figure 3.6: An 'euro-casa' (house built using remittances by a migrant in Spain) in the Southern zone of Cochabamba



De la Torre (2006) found that in the city of Arbieta – with a great number of migrants in the United States- the flow of remittances also had a positive effect on agriculture. Remittances were used to improve the local irrigation systems making it possible to cultivate a bigger range of products and to produce a higher yield. The World Bank even awarded this process of irrigation improvement. Also, remittances were used to improve the local infrastructure through the construction of streets, main roads and squares. In the case of Arbieta this process of development was facilitated by the local government (De la Torre, 2006) which maintained close communications links with migrant abroad, especially the USA, and with their investments. Also local programs set up to improve social capital and close cooperation with organisations set up to improve relationships between the local community and Bolivians abroad are maximizing the positive effect of international migration on local development.

3.3. Summary and conclusions

Although it is very wealthy in natural resources, Bolivia is one of the poorest and least developed countries among Latin American countries with significant social and economic disparities. The political system has always been unstable which frustrated development in the country and a great proportion of the population, especially indigenous and rural inhabitants, is living in poverty. With the election of president Morales the country seems to have entered in a more stable political period. The stability together with a favorable external environment has resulted into a return of the economic growth in the country which is reflected in a mild effect of the global crisis on the Bolivian economy. However, the long political instability and limited job opportunities forced many Bolivians to migrate to other countries. Especially during the last years, many people left their home in the pursuit of a better life and nowadays Bolivia can be classified as a typical 'sending country'. The most important destination countries for Bolivians are Argentina, the United States and, more recently, Spain. As a result, remittance flows to Bolivia have considerably increased during the last decade and have contributed to a large extent to the reduction of the income inequalities and to the improvement of the living conditions of the poor. Especially, the department of Cochabamba experiences high international migration out-flows with the great proportion of Cochabambinos having migrated to Spain. The remittances that these migrants send to their families in Cochabamba have contributed not only to the improvement of the household income but also to the local development through investments in construction, in agriculture as well as in infrastructure.

4. Methodology

The previous chapters have set out the theoretical and regional context of the research. This chapter presents the methodological issues of the research: Research objectives (4.1), research main question and sub-questions (4.2), conceptual model (4.3), explanation of the terms and operationalization (4.4), host organization (4.5), selection of research areas (4.6), methods used (4.7) and risks/limitations and expectations of the research (4.8).

4.1. Research Objectives

The aim of this research is to give insight into

- what extent migrant households have been affected by the economic crisis, and
- what extent migration flows have been affected by the economic crisis.

4.2. Research Main Question and sub-questions

The research is trying to answer the following question:

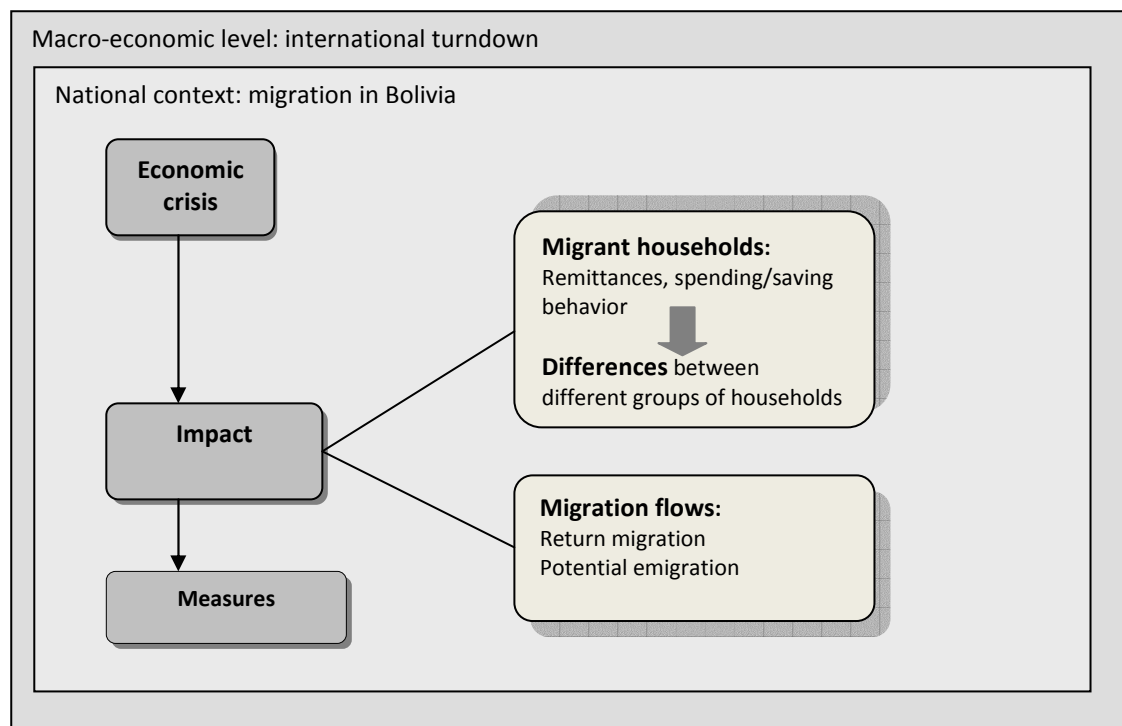
To what extent migrants' households have been affected by the economic crisis, and if so, what social and economic changes has the crisis brought about and how can these changes be explained?

To answer the main research question, seven sub-questions have been designed:

1. Which are the socio-economic characteristics of the migrants' households?
2. Is there any significant change in remittance flows in 2009 and in the spending/saving behaviour of the households, and if so, how can this change be explained?
3. Which are the coping mechanisms that migrant households have developed to cope with the economic crisis?
4. What are the differences between different groups of households with respect to the destination, gender and migration status of the migrant, the family type and the use of remittances?
5. To what extent has the crisis affected return migration?
6. In which way has the current economic crisis affected the decisions of the household members with respect to migration?
7. What measures could be taken in order to mitigate current or future effects of the economic crisis at household level?

4.3. Conceptual Model

The conceptual model below provides a schematic representation of the research including the main variables and the relations that the research tries to examine. The economic crisis is expected to have an impact on international migration. The impact of the crisis will be on detected migrant households as well as on migration flows. After the identification of the main socio-economic characteristics of the migrant households, the impact at household level (migrant households) will be investigated using three variables: the changes in remittance flows to these households, the changes in their spending and saving behavior and the possible developed coping mechanisms. Then, according to these characteristics, the migrants' households will be divided into categories and differences between them are going to be examined. In this part the unit of analysis is the household. The impact on migration flows consisted of changes in return migration and potential migration and the unit of analysis is the individual members. Finally, some possible measures at policy level will be discussed.



4.4. Explanation of the terms and operationalization

To understand better the basic concepts of the research, this part provides a brief explanation of the terms and the operationalization of the research questions.

Migrant household

In international migration surveys, a household is considered as a 'migrant household if at least one member had migrated abroad in a certain period of time in the past' (Ünalán, 2005). In this research the sample of the households consisted of households in which one of the members, who used to live under the same roof with the other members of the households, is currently living abroad and sends a certain amount of money to the other members of the household on a regular base. Also, the member who has migrated has family ties with at least

one of the members of the household. In some cases, the participating households consisted of nuclear families, i.e. a man and a woman and their children. There are also single-parent families in which one of the parents raises the children and extended families which consist of parents, children and other relatives. Finally, there are some cases of fragmented households which are consisted of elderly people or children of the migrant(s).

Characteristics of the households and the migrants

The characteristics of the households will be detected in relation to the characteristics of the migrants. Attention will be put on the use of remittances and the family structure after the departure of the migrants as well as on the destination country of the migrants, their gender, the sector in which they are work (sectoral distribution) and the amount of remittances they send.

Affecting mechanisms

The affecting mechanisms refer to the ways in which the global crisis can affect migrant households and migration flows. In the case of the households,, the main affecting mechanism is the fluctuations of remittances while in the case of the migration flows it refers to the ways that the crisis can influence the decision of the people to migrate or the decision of the migrants to return.

Change in remittance flows

The changes in remittance flows will be examined at household level and, in particular, with respect to the total amount of remittances the household receives per month, the frequency and the possible period of months in which the participating households did not received remittances from the beginnings of the last year.

Change in spending/saving behaviour

The spending/saving behaviour of the households refers to the amount of money and the way they divide their total income into different categories of products/services (consumption) and savings. The changes in the spending/saving behaviour will be examined with respect to changes in the way they divide their income into these categories, to increases or reductions in the total expenditure and consumption of the households and to changes in their saving rate.

Coping mechanisms

The coping mechanisms consist of strategies that the households have developed in order to cope with the current or prospective fluctuations in remittances.

Differences

The differences among different groups of households have to do with the different effects of the crisis. More specific, the households will be divided into groups based on their characteristics, including the characteristics of the migrants. Then, differences will be examined with respect to the effects of the crisis and consequently their suffering level.

Impact on return migration flows

The impact of the crisis on return migration flows will be examined with respect to what extent the crisis has affected the decision of the migrants who have returned since the beginning of the last year and the decision of the current migrants to return in the near future. The extraction of absolute numbers of returnees was within the context of this research, not feasible and outside of the objectives. Instead, the purpose is to examine to

what extent the crisis has affected the decision of return. Also, the unit of analysis is the individual members.

Impact on potential emigration flows

Potential emigration flows refers to members of the participating households who are planning to migrate in the near future. Members who have cancelled or postponed their migration plans are also included. The impact of the crisis is examined in the decision of these members to migrate or to cancel their migration plans, to the date of departure and their destination country. Again the unit of analysis is the individual members.

Policies

As this research is policy-oriented, possible policy measures at local and national level will be discussed in the last part. These measures focus on the negative current and prospective impact of the global crisis on migrant households and the individual members.

4.5 Host organization

The host organization is the Centro de Planificación y Gestión (Centre of Planning and Management, CEPLAG) which is located in the city of Cochabamba. It is a research institute in the faculty of Economics in the University Mayor of Sain Simón and it is operated by the professor Carmen Carcia Ledo. The Centre established in 1999 with the purpose to promote research in the University and the whole region. Various studies are carried out in a systematic way with respect to the Bolivian and local context and with the aim that the findings will promote social and economic development, especially to more disadvantaged groups of within the society. The activities of the Centre are focused more on spatial, economic, social and environmental issues.

4.6. Selection of research areas

The collection of the data for this research was decided to be done in two different areas in order to include households with different socio-economic background. The first idea was the selection of an urban and a rural area. As the host organization had no contacts in rural areas and the available databases from previous researches covered only the municipality of Cochabamba, the idea was rejected. Instead, two districts were selected: district 4 and 9. The selection was based on the data of the last-year's survey of CEPLAG, on books and studies carried out in the city of Cochabamba as well as on interviews with local researchers. District 4 is in the Center-West side of the municipality of Cochabamba and it is a relatively wealthy area. District 9 is located in the Southern Zone and it is one of the poorest districts with a lot of rural characteristics. Both districts have high flows of outmigration.

4.7. Methods used

To answer the research question and sub-questions both qualitative and quantitative data were collected. This data consist of interviews with migrant households and return migrants and also of interviews with local stakeholders. In the following parts, the ways of conducting the survey (4.7.1) and the interviews (4.7.2) for the research are described more in details.

4.7.1. Interviews with migrant households and return migrants

For the purposes of this research interviews with migrant households and return migrants were carried out during the period from March to May 2010.

First of all, the host organization has conducted a large-scale research in the first months of 2009 on 'National and International Migration Processes' on more than 2,000 migrant and non-migrant households in the municipality of Cochabamba. The data from this research contributed not only to a deeper understanding of the characteristics of the migrant households but also to the formulation of a proper questionnaire used during the interviews.

The main data of the research was collected by interviews with migrant households and return migrants. The first approach was that the new research will collect data from some households included in the research of the host organization and will compare this data with the results of the previous year. About 100 households had been selected in order to comprise the sample for the new research. The selection was made in order for households with different socio-economic background and households with migrants in several countries will be included. However, very early, even from the pilot interviews, this seemed very ambitious. With the collaboration of the research team some maps were prepared and the housing blocks of the selected households were marked out on the map. This information was not always accurate since it turned out that some households had moved or, in many cases, even though all households in a particular housing block were asked, none matched the provided information. For this reason, other households which met the requirement for the study i.e. they have at least one family member abroad who sends remittances on a regular basis or there are migrants who have returned during the last year, were asked to participate. Data from migrant households with at least one adult member of the household which is in contact with the migrant was collected through interviews. Data about the return migrants collected through interviews with the return migrants themselves.

The interviews with the households and the return migrants were based on a semi-structured questionnaire, the structure of which was completed during the fieldwork and tested in two-day pilot interviews. From the first contacts with the host organization, it has been agreed that the interviews with migrant households and migrants will be done with the collaboration of the assistant researchers of the organization due to cultural and practical factors. First, the director of the organization, Carmen Ledo, suggested that it would be 'dangerous' for a foreign person to visit some neighborhoods alone due to increased criminality. It would also be possible to get lost, especially in the southern zone of the town which is a very large area. Secondly, many people, especially in poor areas are more familiar with speaking in an indigenous language rather than in Spanish. Also, it would be easier for them to give personal information to a native person than to a foreign one. Since the interviews have been done with the collaboration of the researchers of the host organization, after their suggestions the questions were formulated as 'closed' as possible as they are more familiar with that kind of questions. However, the questionnaire was used as a 'guide' for the interviews and further questions were asked as a result of what the interviewee said. Before the conduct of the interviews a workshop took place in order to make the questionnaire, the way of conducting the interview and the main objectives more understandable to the assistant researchers. After the accomplishment of each interview, a discussion took place in order to confirm the data and to obtain feedback from the assistant researcher.

Due to the time limit and the suggestions of the host organization, the number of the participant households reached the 51 cases and the interviewed return migrants to 15. The

interviews carried out during the weekend as, from the experience of CEPLAG, people have more free time and are more willing to participate during this time. Also, the organization suggested the sample to be relatively small. The reason was that because of the nature of the obtained data, the codification process would be extensive.

Finally, focus group discussions with migrant households were planned to take place during the interviews. For this reason local leaders were contacted. Their opinion was that the data obtained from such a discussion could be 'risky' as many members would not feel comfortable to give information, about for instance their economic situation or their suffering level by a possible reduction in remittances, while other people were present.

4.7.2 Interviews with key informants

Apart from interviews with migrant households, data for this research was collected also through interviews with local stakeholders, experts and local NGOs who work on the issue of migration. These interviews took place before and after the collection of data on migrant households and migrants. In the first phase, the purpose was to obtain broader information about migration in Cochabamba. In other words, to have a better picture of migration and the local context in which it takes place. Also, local experts were asked to explain their opinion, based on their experience, about the possible ways that migrant households will response to the economic crisis. This data helped with the preparation of the questions and the interviews with the households and the migrants. After the collection and the first analysis of the data, the results were discussed with local experts and NGOs. The purpose was not only a brief presentation of the results but also to obtain feedback on these results from them.

The local stakeholders were found in two ways. First, a list of local NGOs and experts with whom the host organization is in contact was provided by the organization. Secondly, some stakeholders were found after the suggestions of the interviewees. For each of them a separate questionnaire was prepared before the interviews which included more open and less closed questions in order to give more space for these people to present a more in-depth analysis of the situation.

4.8. Risks/limitations and expectations of the research

The research has different types of limitations related to the collection of the data and the research itself. First of all, the collected sample consists of 51 migrant households and 15 return migrants. Also, the research was carried out in only two districts of Cochabamba and not in the whole municipality. This means that rural families are not represented at all. Such a limited number of cases and limited area cannot allow generalizations of the results. Instead, it can give only a general picture of the impact of the global crisis on a few migrant households and return migrants.

Secondly, such a small sample makes the analysis with statistical programs problematic. Although there are many trends between the variables, the level of significance is very low. Thus, it is difficult to exact 'clear' relations between the variables. Also, it is possible that the codification of a great number of qualitative data could have contributed to this.

Another limitation for the research is the fact that data about the migrants have been collected through interviews with their relatives. Although migrants have regular contact with their relatives, it is very possible that sometimes they do not give a lot of details about possible economic problems that they are confronting abroad in order not to upset their family. As a result, some data could not correspond to the reality of the migrants.

Moreover, the research itself is very limited. For a more overall view of the situation and more specific conclusions, a more extended research would be suitable. This would entail the connection with research on the current situation of migrants or migrant communities in the countries of destination.

Finally, to better understand this topic and to make the findings more valid, further researches in different periods are needed. The situation in the destination countries of the migrants as well as in Bolivia can rapidly change due to the crisis and migrant households may be hit by multiple shocks. As a result, many of the parameters can change as well.

Consequently, the research and the following analysis can give only a general picture of the impact of the global crisis on some cases of migrant households and migrants in a given space and in a given period of time.

5. Migrant households: a brief presentation

This chapter presents the main characteristics of the migrant households which have participated in this research. After an introduction of the research areas (5.1), the participating migrant households are described (5.2). Finally, the last part (5.3) provides a summary and the conclusions of the chapter.

5.1. Research Areas

The municipality of Cochabamba is divided into 14 districts. Social and economic disparities can allow for a general division of the municipality into the developed North and the less-developed South.

District 4 is located on the Central-Northern zone of the town. It has medium HDI (0.777) among other districts and a low incidence of poverty (Ledo, 2009). It is also the most developed district among medium-developed urban zones of Cochabamba and it has many characteristics similar to the wealthiest areas of the city. In the recent years a lot of investments in infrastructure, like streets, parks and main roads have been done. As a result, the value of the land has gone up and many people from the medium and upper classes came from other areas of the city to live in this district (Ledo, interview).

Figure 5.1: A street view in District 4



Figure 5.2: A street view in District 9



On the other hand, district 9, the largest district in the South zone of the town, is one of the poorest districts in the city of Cochabamba. The value of the HDI is the lowest (0.526) and it has a high incidence of chronic poverty (Ledo, 2009). It was traditionally an agricultural region but the influx of people from rural areas and other departments converted it into a peri-urban area. The lack of basic services is a major problem in the districts. When people were asked what measures the state could implement to improve their living conditions, participants in district 4

usually indicated economic measures while in district 9 people indicated investments in infrastructure like roads, health centers, water and sanitation services.

5.2. Characteristics of the migrant households

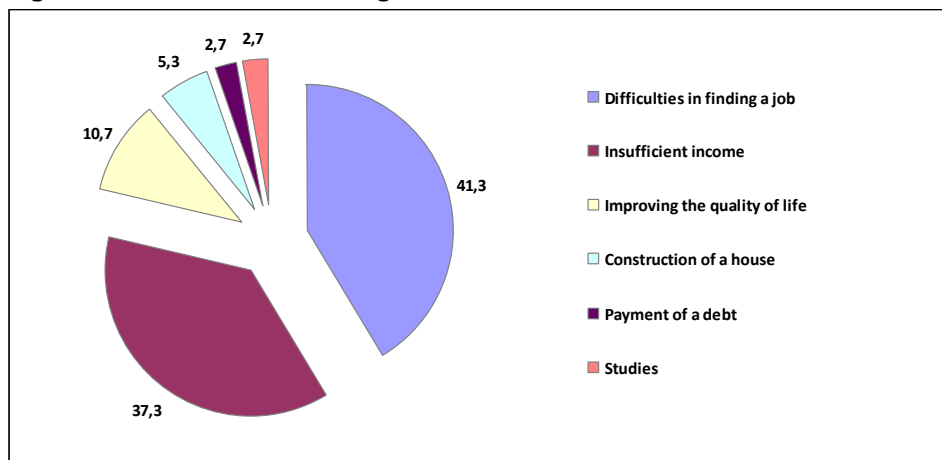
The purpose of this part is to give more insight into the sample which has been collected for this research and has been used to analyze the impact of the crisis as it is presented in the following chapter. The sample consists of 51 households in which 75 members have migrated. Firstly the characteristics of the migrants (5.2.1) and then the characteristics of the households (5.2.2) are presented.

5.2.1. Characteristics of the migrants

Within the participating households the number of members who have migrated varies from one to three. In most of the households (68.6%) one member has migrated while in less two or three members have migrated (21.6% and 11.8% respectively).

In total, there are 75 migrants of which 52% are women and 48% are men. The majority of them (78.9%) are between 20 and 39-years-old. Thus, the migrants are quite young and in a productive age. Also, the majority of them (53.3%) have migrated between the years 2000-2007, 28% have migrated between the years 2008-2010 and only 18.7% of the migrants have migrated before 2000.

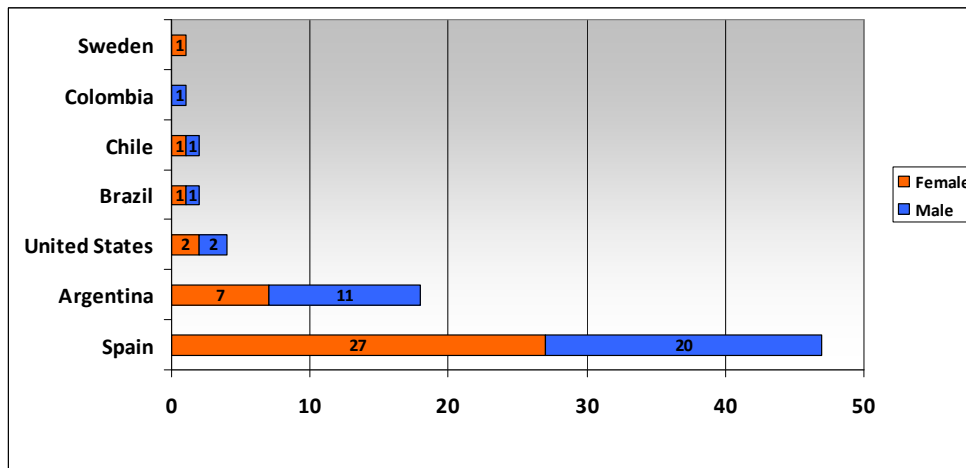
Figure 5.3: Main reason for migration



N=74, Missing data=1

Figure 5.3 shows the main reason to migrate. The main reasons for most of the migrants are the difficulties in finding a job (41.3%), the insufficient income (37.3%) and improvement of the quality of life (10.7%). However, in many of these cases when their relatives were asked if the migrant had a job before he/she migrated, many answered that they indeed had a job but that they were not satisfied with the income they earned. Some of the migrants were earning an insufficient salary or, in the case when they were self-employed, the business was not going very well. Also, in some cases the difficulties in finding a job was also the result of a problem related to the job market: some of the migrants could find a job but that job did not correspond with the educational level and their qualifications. Consequently their earnings were limited. In the sample, about 28% of the migrants have a bachelor degree. However, only a few of them (19%) have a job in their destination countries that corresponds with their qualifications and most of them are taking care of children or offer cleaning services but they are earning more money than they earned in Bolivia. Thus, the reasons of insufficient income and the difficulties in finding a job are connected to each other. Other reasons to migrate are the aim of saving money in order to construct a house (5.3%), the payment of a debt (2.7%) and studies (2.7%).

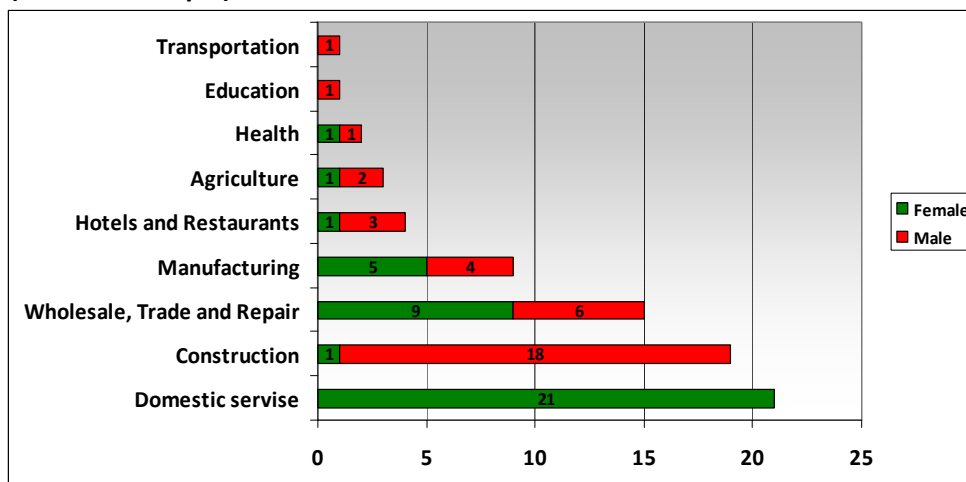
Figure 5.4: Destination countries of the migrants (collected sample)



N=75

Figure 5.4 shows the destination countries of the migrants. The main destination countries are Spain and Argentina. In total, 64% of the migrants live in a European country, 30.7% in a South-American country and 5.3% in the United States. In the United States and European countries, female migrants dominate, with more than 57% women in these countries. On the other hand, almost 60% of the migrants in South-American countries are men. Looking at the migrants who have migrated in the years 2008-2010, most of them (57.1%) have gone to a neighboring country but the rest have migrated to Spain. Thus, it can be assumed that migration flows to Spain, even after the entrance barriers in 2007, remain relatively significant. The destination country is also related to the migration status of the migrants. In South-American countries, there are no entry barriers and Bolivians can easily obtain work permission². From the four migrants in the United States, two of them have the appropriate documents and the other two are already engaged in procedures to obtain documentation. From the forty-eight migrants in Europe, twelve are undocumented, twenty are documented and for the rest their relatives do not know or they did not want to specify.

Figure 5.5: Sectoral distribution of the migrants (collected sample)



N=75

² Bolivia has signed the Mercosur Free Movement and Residence agreement which is similar to the EU model of open borders.

In the destination countries, the migrants are engaged in various activities. Figure 5.5 shows the sectoral distribution of the migrants. Most of them are engaged in domestic services, in construction or in related to the construction sector and in wholesale, trade and repair sector. The working activity is related to the destination country and the gender of the migrant. Almost 64% of the male migrants in the United States and the European countries are employed in the construction sector and 75% of the female migrants in these countries are engaged in domestic services. In South-American countries, the sectoral distribution of the migrants is broader but 54% of both male and female migrants are engaged in manufacturing (textile industry) and in the wholesale, trade and repair sector. Finally, 28% of the migrants in both regions are employed in the same activity as they did in Cochabamba, usually in construction and in the wholesale sector.

5.2.2. Characteristics of the households

The majority of the 51 migrant households (72.5%), consists of two to four members (excluding the members who have migrated). The total number of the household members is 186 with 30.6% of them under 20-years-olds, 46.8% between 20 and 50-years-old and 22.6% more than 51-years old.

Most of the participating households are nuclear families i.e. a married couple with children. In 35.3% of the households, the migrants are relatives of the family, mainly a brother or a sister of one of the parents or one of the grandparents. Also, in an additional 29.4% of the households the children of the families have migrated. In these cases, one or both parents are living with the other children and, in a few cases, the parents live alone. Another common type of family within the participating households is that of one parent with children. These families are not single-parent families but one of the parents has migrated and the other raises the children. In 15.7% of the households the father is the migrant while in 9.8% is the mother. In the latter cases, grandparents participate in the raising of the children. In another 9.8% of the households both parents of young children, or the single-parent, have migrated and the children are raised with the grandfathers.

The remittances that these households receive vary from 50-1000 US\$ per month. However, 80.4% of them receive 50-300 US\$ while 13.7% receive more than 500 US\$. The amount of money depends on the destination country of the migrant probably because of differences in the earnings of the migrants. All the households which receive more than 500 US\$ have at least one migrant in Spain. Also, families with young children or families which use the remittances to build a house usually receive more money. From the families with young children 41.2% receive between 200 and 500 US\$. Finally, households with migrants in both European and South-American countries also receive a higher amount of money, usually between 300 and 600 US\$.

With respect to the use of remittances that these households receive, almost all of them use the remittances on food. However, food is not the only destination of remittances. In 43% of the households this amount of money is also used to cover other basic needs: clothing and housing. In 23.5% it is also used on education and health. Remittances are used on payment of a debt or on the construction of a house in 13.7% and in 9.8% of the households respectively. Only a few households use this money for savings (6%) or for investments in equipment for their businesses (4%).

In most of the participating households the amount of remittances they receive maintained stable in relation to previous years. However, about 44% of the households with migrants in Europe or in the United States indicated a change with most of them receiving less money. On the other hand, 73% of the households with migrants in South-American countries indicated a change in the amount of money they receive but most of them experienced an increase in remittances. Generally speaking, people do not have the opinion that the crisis will have a significant impact on their households. Box 5.1 presents the perceptions of the interviewed households with respect to the impact of the crisis on migrants and consequently to their households.

Table 5.1 shows the main differences between households according to the destination region of the migrants. There are households with migrant(s) in a South-American country, households with migrants either in the United States or in Europe and households with migrants in both South-America and European region.

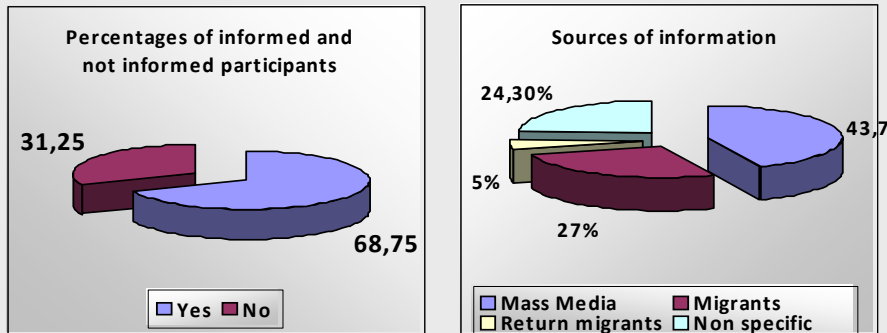
Table 5.1: Migrant households according to the destination region of the migrant

Destination region (number of cases)	South-America (15)	Europe or United States (32)	South-America and Europe (4)
Number of migrants	Mainly 1 migrant	Mainly 1 or 2 migrants	All 3 migrants
Who is the migrant in the family	Mainly grandparents of the family or brothers and sisters of the parents	Mainly parents or children of the family	Mainly the children of the family
Remittances they receive per month	Most households from 50 to 300 US\$	Most households from 200 to 650 US\$	From 400 to 600 US\$
Use of remittances	Basic needs, education, health	Basic needs, education, health, construction of a house, savings	Basic needs
Changes or not in remittances in the last year	Stable (26%) Reduced (27%) Increased (47%)	Stable (56.4%) Reduced (28%) Increased (15.6%)	Stable (100%)

N=51

Box 5.1: The crisis through the eyes of Cochabambinos

More than two thirds (68.8%) of the interviewed people have indicated that they are informed about the economic crisis in the United States and Europe. When asked what do they know, the majority of the participants stated that the unemployment has risen dramatically. Others stated that the competition for a job position between immigrants from Latin America is higher now (especially in Spain) and the cost of living has increased, as well as the discrimination against immigrants. However, in most of the cases the participants are informed only about the situation in the country (or countries) where they have relatives.



As for the ways through which people are being informed, mass media like newspapers, television, and in some cases internet, is the first source of information followed by the migrants. Only in a few cases, the respondents are informed about the economic situation in other countries by other people who have recently returned.

However, both level and kind of information they have can be characterized as limited. Although they indicated that they were well informed, this usually was not the case. Firstly, the majority of the informed people know only about the conditions in the country in which they have relatives. Secondly, the information itself is usually limited to only certain aspects of the economy in these countries. For instance, they do know that the unemployment has risen but they stated that it was only in the construction sector or that this was the result of the higher competition between migrants from South America. Also, it has to be pointed out that in many cases in which the participants are informed by a relative abroad, the latter do not give a lot of details about the economic problems that they are confronted with abroad in order not to upset their family and especially elderly people.

Generally speaking, people do not have the opinion that the crisis will have a significant impact on their households. Although in some cases people think that it is very possible the remittances they receive will be reduced in the future, they do not think that this reduction will last for long. On the other hand, many people think that the economic crisis could hit their households but not through the reduction of the remittances but through the national economy. This means that they are afraid that the crisis will affect the economy of their country and as a result the unemployment will be increased, wages will be diminished and the living cost will rise dramatically.

5.3 Summary and conclusions

Among the migrants, women dominate but the great majority of both female and male migrants are quite young and of a productive age. Most of them migrated because of difficulties in finding a job or the family income was insufficient, however, to a large extent these reasons are connected to each other. The destinations of the migrants are countries in three regions, South-America, North America and Europe but most of them are concentrated in two countries, namely Spain and Argentina. In the destination countries, the migrants are engaged in various activities but their sectoral distribution is closely related to the gender as well as to the destination of the migrant. The destination of the migrants is also related to some main characteristics of the migrant households. Households with migrants in South-America region mainly have one migrant who usually is a close relative of a typical nuclear family. Although the amount of remittances that most of these households receive has changed in the given period, most of them receive less money in relation to other groups of households. On the other hand, in households with migrants in Europe or in the United States the migrants usually are one or both parents or the children of the family who send the highest amount of remittances in relation to the other groups. The destination of this money is relatively broader as it is used not only to cover basic needs but also for activities such as the construction of a house or for savings. Finally, households with migrants in all the regions are all nuclear families in which some of the children have migrated and who send a medium amount of remittances. This amount did not change during the given period and it is used to cover mainly basic needs. In conclusion, the destination of the migrant can determine differences between different groups of migrant households.

6. The Impact of the Crisis

Having presented the main characteristics of the migrant households in the previous chapter, this chapter presents how and to what extent migrant households and migration flows have been affected by the economic crisis. The number of the cases reached 51 households, with a total number of 184 members and 67 migrants. Also, interviews with 15 return migrants were carried out with respect to the impact of the crisis on return migration flows.

The structure of this chapter is as follows. First, the impact of the crisis at household level (6.1) is analyzed, dividing it into changes in remittances (6.1.1), and changes in spending and saving behavior (6.1.2). Then, the coping strategies (6.2) that developed by the households and the differences between different groups of households (6.3) are discussed. Next, the impact of the crisis on migration flows (6.4), in particular on return migration (6.4.1.), potential return migration (6.4.2) and potential migration (6.4.3) is analyzed. At the end, a summary and conclusions (6.5) of the chapter are given.

6.1. The impact of the crisis at household level

This part presents the impact of the crisis at household level and for this reason the unity of analysis is the interviewed households. The impact is analyzed based on the assumption that the economic crisis can affect migrant households through the fluctuation of remittances *ceteris paribus*.

6.1.1. Changes in remittances

Almost 50% of the interviewed households indicated that the amount of money received has been stable in relation to the previous years. A 26.2% indicated that it has declined and 23.8% that it has increased.

From the households which indicated a reduction in remittances, seven out of thirteen said they have migrants in Europe. In one household, the husband which is in Spain decreased the amount of money he remitted because he can find a job only for a few hours per week due to the fact that he has not got the appropriate documents. Also, three households indicated that the migrants cannot send the same amount of money because, even though they have no problem with the work, the cost of living has increased dramatically due to the economic crisis and they can hardly save some money. In the other three cases, the migrants decreased the remittances they send for personal reasons. For instance, a migrant in Sweden has recently started a family and therefore her expenses went up. Also, three of the households which indicated decreased remittances have migrants in Argentina. The reduction in these cases is due to personal reasons of the migrants. For instance, in one case the two children of the family try to save some money for future studies and decided to remit less. Other two households which experienced a reduction in remittances have migrants in the United States. In one case, the two migrants of the family are engaged in activities related to construction and they have fewer earnings during the winter months. In the other case, the migrant reduced the amount of money for personal reasons. Finally, a migrant in Chile decreased the amount of money he sends because of his insufficient income and of the fact that he wanted

to save some money for a possibly uncertain future related to an earthquake in Chile*. Table 6.1 concludes the above cases.

Table 6.1: Number of households with a reduction in remittances according the destination region of the migrant and the reason of the reduction

Reason \ Destination	Europe	United States	South America
Difficulties in finding a job	1	1	-
Higher living cost	3	-	-
Personal/ family reasons	3	1	4

N=15

Although the reduction on remittances varies between 40-250US\$, half of the families were receiving 50 US\$ less per month. Only in two extreme cases the remittances decreased from 1,000 US\$ to 300 US\$ per month. These migrants, a man and a woman, are both in Spain and send remittances to their families to build a house. As their income has decreased, they decided to send less. For 42% of the households the reduction started in the last trimester of 2008 (October-December 2008) and for a 25% of them it started in the first trimester of 2009 (January-March 2009) while a 17% of the household started to receive less remittances since December 2009.

Among the households that received more money, all indicated that this increase took place from January to March 2010. The additional amount of money for these households was between 50 and 200 US\$. In all of these households, there was no reduction in remittances the previous months. In almost half of the cases the migrants found a higher-paid job but for the rest of the cases there is no particular reason. More specific, five households have members in Spain and seven in Argentina or Brazil. In three of the five households with migrants in Spain indicated that the migrant found a higher-paid job and increased the amount of remittances. This is the reason also for four of the seven households with migrants in neighboring countries. For the rest of the households there is no particular reason.

Finally, the frequency of remittances did not change significantly. However, during 2009 about one third (31.4%) of the households did not receive money, mostly for a period of three to six months. The reasons for not sending remittances to their relatives for any period of time vary a lot among different groups of migrants. Some of them decided to save more money, others had personal reasons or had returned for a few months; but in 44% of the cases the reasons were related to their work.

In conclusion, most of the households which experienced a reduction in remittances have migrants in Europe and in the United States. In more than half of these cases the reason is related to the economic crisis. On the other hand, the reduction in remittances from migrants in neighboring countries is related to personal or other reasons and not to the economic crisis. Also, the economic crisis did not affect some of the migrants who did find a higher-paid job. This is the case of the three migrants in Spain who increased the amount of money they remit to their families.

* In the end of February 2010 a massive earthquake struck Chile which cost massive devastation and hundreds of deaths. The President declared a 'state of emergency' and the economy activity took months to recover.

6.1.2. Spending and saving behavior

Having observed the fluctuations in remittances, this part analyzes the connection between these fluctuations and the spending/saving behavior of the households. Households can spend their available income on different categories of goods, for instance on food or on education, and on savings.

A 49% of the households indicated that they did not significantly change the way they spend their income. A 21.6% of the households indicated that it tries to save more money and 29.4% that it spends more money on education and health. This is the case with families with young children or elderly people.

Eight households with young children indicated that their spending on education increased by between 100 and 300 Bs in the last year. They said that as the children are getting older, their needs also increase and they have to spend more money for educational purposes like tuition fees, school supplies and cloths. Among these households, three of them experienced a reduction and four of them experienced an increase in remittances. In the cases of a reduction, the households spend less money on other categories, mainly on transportation and entertainment, in order to save money for the needs of the children. In the cases of an increase, part or the whole additional amount of remittances is spent on education.

Six households indicated higher expenses in health because of high cost of the medicine for their elderly members. Among these households, two of them experienced a reduction in remittances while for the rest the amount of remittances maintained stable. These households said that they try to spend less money on other categories like housing, clothing and entertainment but that they do not always accomplish it.

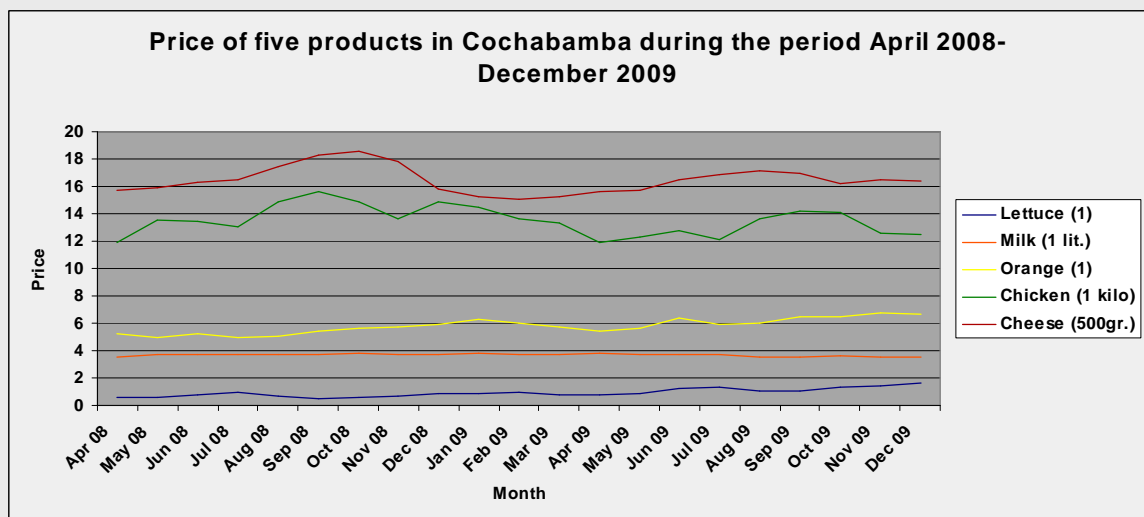
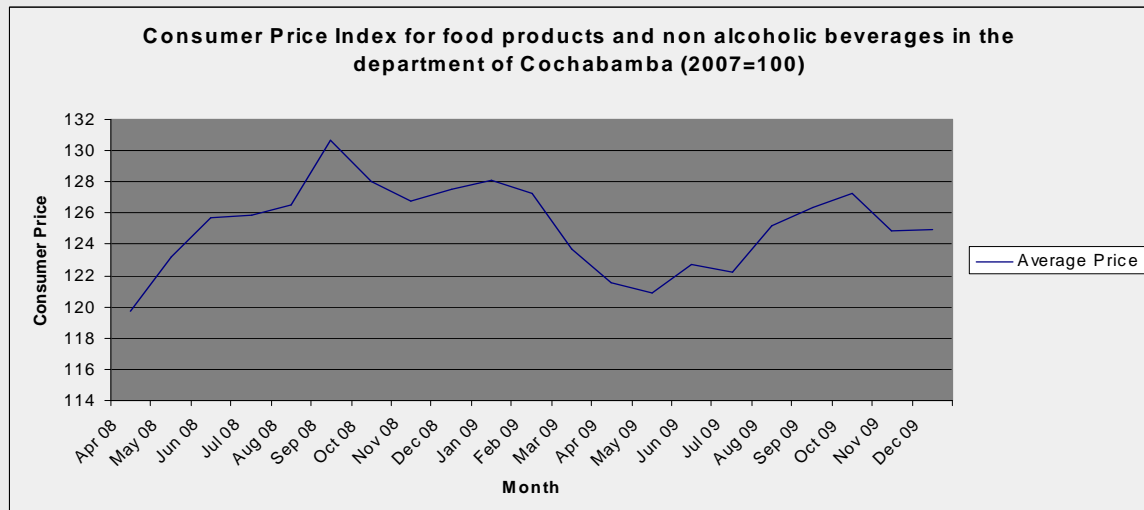
The thirteen households which indicated a reduction in remittances indicated also that they are suffering from a significant rise in the prices of goods: the prices of food products, for electricity and water have risen dramatically in the last two years. These households, as well as twenty-nine households which did not indicated a reduction in remittances, said that they try to reduce their total expenditure not because the remittance that they receive reduced but because the prices of the products have increased. Box 6.1 explains the changes in selective food products showing that the price of these products have experienced significant fluctuations over this period. Expenses for food have the greatest share in the household expenditure and, together with the expenses for electricity and water, are basic for all the households. Expenses in order to cover basic needs of the family members can hardly be reduced, if not impossible. For this reason, the households with a reduction in remittances did not change their consumption significantly but their total expenditure increased.

Looking at the saving rate of the households, less than half of the households continued to save money at the same rate, 21% increased their savings and 11% decreased them while 24% indicated that they do not save. However, there is no significant relation between fluctuations in remittances and saving rate. Four households with higher amount of remittances did not save more money. Also, two households with less remittance increased their savings and this happened because during 2009 ended the payment of a debt.

It can be conclude that the reduction in remittances had a limited impact on the spending/saving behavior of the households as their spending/saving behavior did not change because of the fluctuations in remittances. The rise in the prices of products or the

increased needs of some members of the family cause any changes in the spending/saving behavior of the households.

Box 6.1: Consumer Price Index and Price of five selected products in Cochabamba during the period April 2008- December 2009



Source: National Institute of Statistics, Bolivia, (INE)

The graph above shows the fluctuations of the Consumer price index for food products and non alcoholic beverages while the graph below shows the fluctuations in prices of five selected food products in the department of Cochabamba over a period of 21 months. The Consumer price index (CPI) measures average changes in consumer products and services purchased by households. The fluctuations of the Index are significant during the given period. In December 2009 the CPI declined by about 2% in relation to one year before but it is higher by 4.4% in relation to the beginning of the given period. This means that the price of the products have been fluctuating a lot. Looking at the next graph, the price of the four products has been fluctuating significantly during the given period with an exception of one product. More specific, the price of milk has been stable with little changes from one month to another. The prices of cheese and chicken have been increased by 4.1% and 5.2% respectively with relatively sharper fluctuations during the given period. The price of oranges has increased by 26.5% and the price of lettuce by 179%, both with relatively less sharp fluctuations. In that sense, households are suffering from a rise in many of the most frequently bought or consumed on a daily basis products.

6.2. Coping strategies

This part discusses the extent to which possible coping strategies have been implemented by the participating households. These strategies are: increase of working hours, migration, subsistence farming and dissaving and asset liquidation.

Increase of working hours

In two cases –two households in which the husband has migrated- increased working hours were related to the reduction of the remittances. In one household, the migrant decreased the amount of remittance he sends and his wife has recently started to work for a few hours per week as the needs of the children have increased. In the other case, a wife also of a migrant increased the working hours when her husband stopped to send remittances. Even when her husband started to remit again with the same frequency after three months, she decided to continue working because she feels insecure about the future and she thinks that it is very possible that her husband will return in the near future.

Shifts to informal sector

The informal sector in urban areas of Bolivia was estimated at 64.7% of the employed population in 2002 (INE, 2004). The most common informal activities are transportation, domestic services, the sale of food and family makeshift grocery stores. Also, in an illegal component, it is linked to the coca industry. Within this research no available data can confirm a shift of the interviewed population to informal sector and it cannot be concluded that it is a coping strategy for the interviewed population. However, Oscar Zegada (interview), professor of economics at the University Mayor de San Simón in Cochabamba, assumes that there is a possible relation between coping strategies and the informal sector, in particular with coca industry³. According to him, engagement in this activity could also explain partly the limited impact of the reduction in remittances on households considering that this activity gives great ‘injections’ of liquidity in the economy of Bolivia. In his words, ‘[in my opinion], the Bolivian economy nowadays depends more on the coca industry than on international remittances and the profits of this industry can reduce the possible negative effects and the importance of lower remittances than one might suppose if this illegal economy did not exist’.

Migration

Migration is already a long-term strategy for the households in order to improve their income and the living conditions of their members. Among the interviewed households, eighteen members indicated that they wanted to migrate in the near future. Five of them are members in three households which indicated a reduction in remittances. Apart from one case in which a son of a migrant wants to migrate, the other four are brothers and sisters of the migrant (children of nuclear families). The reduction in remittances did not influence their decision to migrate. These members wish to migrate in order to improve their living conditions and not because the amount of remittances that their families receive has been

³ During several interviews with local stakeholders, the discussion went to the coca industry. Some of the interviewed supported that undoubtedly coca industry has increased dramatically nowadays and the Bolivian economy is more dependent on that activity than on international remittances. However, this issue is very sensitive and during an interview with a household member it was impossible to ask if they are engaged in this kind of activities.

reduced. In other words, migration of other members of the household is an applied strategy but not as a response to the reduction of remittances.

Subsistence farming

The subsistence farming could be an effective strategy for households to cope not only with the reduction of remittances but also to cope with the rise of prices of food products. However, five households that use this strategy have done so since before the crisis and it is usually small-scale farming in the garden. Ten of the households which have experienced a reduction in remittances indicated that the available land they own is too limited to start even small-scale farming and therefore could not apply this strategy.

Dissaving and asset liquidation

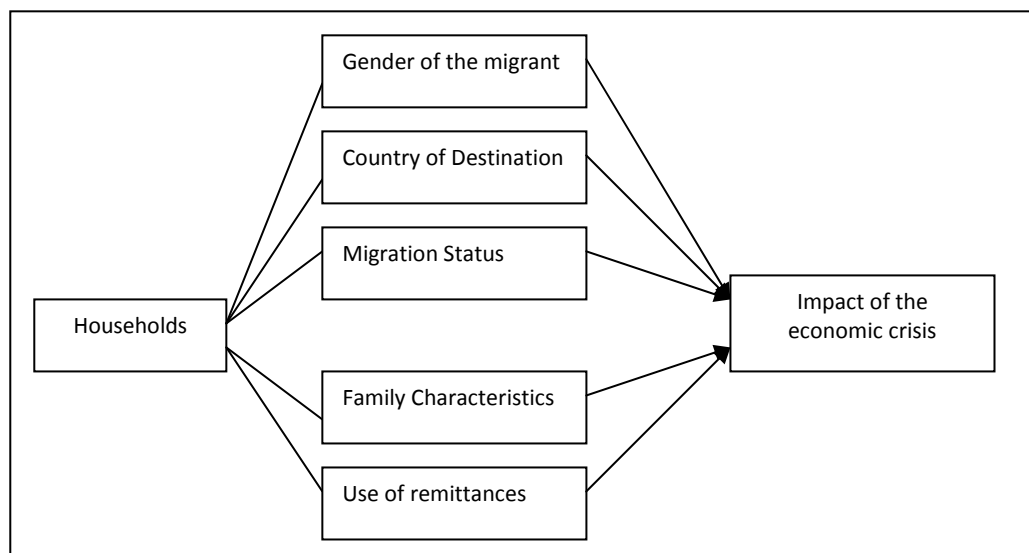
The households with a reduction in remittances indicated they have little savings or assets to liquidate. Ten of them indicated that acquisition of assets, like houses, lots, cars etc., is part of the long-term survival strategy of the family. In that sense, dissaving and liquidation are not used to cope with any reduction in remittances. Thus, it can be assumed that migrant households are not suffering from a reduction in remittances to the point that they have to liquidate any of their savings or assets.

In sum, the implementation of a coping strategy by the households as a response to reduction in remittances is very limited. In particular, it is concentrated on the entrance to the labor force and on increased working hours by two households in which the husband has migrated.

6.3. Differences between different groups of households

To understand the impact of the economic crisis on migrant households better, more insight into the individual households is required. This part examines the most influential variables which can determine the impact of the crisis on different groups of households. Figure 6.1 gives the schematic representation of the analysis. The division of the households is made by selected characteristics of the migrants (6.3.3.a.) and of the households (6.3.3.b.).

Figure 6.1: Impact of the crisis on different groups of households: analyzed variables



6.3.a. Division of the households with respect to the characteristics of the migrant(s)

There are three variables related to the migrants that can determine the impact of the economic crisis on their households back to Bolivia: the gender of the migrant, the country of destination and the documentation.

Gender of the migrant

Among the sixteen households in which one male member has migrated, six indicated a reduction in remittances and/or a pause in the sending frequency. Among four households in which the majority of the migrants are men (two out of three migrants are men), three have indicated a reduction in remittances. In five of the twenty-five households with the female migrants, five indicated a reduction or a pause in remittances. Also, in one of the six households with one male and one female migrant, the remittances reduced. Thus, more households with male migrants experienced a reduction in remittances than households with female migrants.

This can be explained to some extent by the sectoral distribution of the migrants. Eight of the twelve migrants in households which indicated less remittances work in construction or sectors related to construction. These migrants, according to their relatives, are facing problems with their work (usually they can find a job only for a few hours or days per week) and/or their wages have been significantly decreased. On the other hand, the reasons for a female migrant not to remit are more related to personal reasons than to work. Also, only five of the twenty-seven women are facing problems with finding a job. Therefore, it can be assumed that female migrants are more resistant to the current economic situation than male migrants.

Country of destination

The destination country of the migrants also plays an important role in measuring the impact of the crisis on migrant households. Nine of the seventeen households that indicated a reduction in remittances and/or in the frequency of them have migrants in Europe and in the United States. Among these migrants the reasons for sending less money are mainly related to their lower income. According to their relatives, they have to deal with a difficult economic situation and with an evolving anti-immigrant atmosphere. For them, it is more complicated to maintain the income they were earning before and the amount of money they were sending back home.

On the other hand, households with migrants to countries like Argentina, Chile or Brazil affirmed that the crisis has a small impact on the migrants as they are not confronted by any problems in finding or maintaining a job position and they can send money on a regular base. Only in the case of Chile some problems related to the work were indicated but this had to do with the earthquake in Chile.

Thus, the crisis has affected migrant workers in Europe and the United States and not in South-American countries.

Migration status

The possession or not of the necessary documents has a significant impact upon the migrant's income considering migrants in different countries. In other South-American

countries, there are no entry barriers for Bolivian migrants and they can easily obtain a work permission, compared to the United States and European countries.

Looking at the households with migrants in the United States and European countries which indicated a reduction in remittances or a pause in the sending frequency while at the same time the migrant faces problems related to the work, all were undocumented migrants. For these five migrants, as of last year it is very difficult to find a job as most of the employers ask for documents in order to offer them a job contract and the authorities have also increased their checking controls.

On the other hand, four households with an undocumented migrant in Spain or in the United States who are facing economic difficulties indicated that the amount of remittances maintained at the same levels during the given period. In the case of Spain, this is explained by Lourdes Maldonado from AMIBE (interview) as the result of the movement of migrants to smaller towns and villages. The economic crisis caused many of the migrants from Cochabamba, who were concentrated in the major cities of Spain, to move to smaller cities where there are greater opportunities to find a job and where the authorities are not that stringent.

In sum, although there is no direct relation which can lead to the conclusion that undocumented migrants sent less money, the reduction in remittances is related to a large extent with the migration condition of the migrants.

6.3.b. Division of the households with respect to their characteristics

Other variables which can determine the impact of the crisis on different groups of migrant households are firstly the type of family and secondly the use of the remittances.

Family characteristics

The type of the family is closely related not only to the gender of the migrant(s) but also to the age of the household members, considering the expenditure and the contribution of the individual members to the total income of the household. Female migrants, as is explained above, seem to be more resistant to the economic crisis. On the other hand, the age of the family members can affect the income and the expenditure of the household and consequently the dependency on remittances and the vulnerability of the household to the fluctuations in remittances.

Eight of the fifteen families with young children indicated higher expenditure with respect to the education like school supplies and tuition fees. Also, six households with elderly people indicated higher expenditure with respect to their health. In all these cases, these people cannot contribute to the total income of the household. In addition, in the case of single-parent families with young children the mother could not work many hours a day as she has to take care of the children and, with her husband absent, she feels more responsible for the children. This is the case for three families which are amongst the most dependent on remittances and vulnerable to the economic crisis. In the opposite case, the father of a single-parent family works and other members of the household take care of the children. There are six cases of households which the mother has migrated and the father takes care of the children. This kind of family seems less dependent than the previous in which the migrant is the father but the higher expenditure can classify them as the more vulnerable ones.

According to Soledad Villaroél⁴ (interview) a factor which can increase the vulnerability of these families is the fact that men manage the money less effectively than women as they have the tendency to spend more money in relation to the needs of the family. A specific type of single-parents family in which the parent has migrated and the children live with the grand-parent(s) also seems to be among the most dependent and vulnerable families. In the collected sample, there are two cases of this kind of family and both indicated that they decreased their consumption because of a reduction in remittances.

On the other hand, nuclear or extended families in which the son or the daughter has migrated, even if the remittances have been stable or have been reduced, did not indicate any significant change in the household economy apart from higher expenditure because of the increase of prices. These twenty-two families are of the less dependent on remittances and thus, the economic crisis has a limited impact on them. Also families in which both parents have migrated and the children live with their grand-parents or other distant relatives, seem to be less vulnerable even though they are highly dependent on remittances. Two of the three families of this type indicated that the parents feel responsible of sending remittances for their children and even if one month they send a low amount of money, the next month they will increase it.

Use of remittances

The use of remittances is another determinant variable for the impact of the crisis on migrant households. However, it has limited validity as there are no significant differences among different groups of households with respect to the use of remittances. All households spend the greatest amount of remittances in order to satisfy basic needs and a low amount for other purposes. However, a difference can be detected among households which use the remittances in order to construct a house. Of the seven families that use the remittance for the construction of or expansion of a house, four indicated a reduction in remittances because the migrants experienced a reduction in their income and they did not remit for a few months. In these cases, households stopped the construction for a few months and, thus, the impact of the crisis can take the form of a postponement of the construction process. Finally, in the case that households use the remittances in order to pay of a debt, no reduction in remittances rate was indicated even though in one of the two cases the migrant has experienced a reduction in the working hours.

6.4. The impact of the crisis on migration flows

This part presents the impact of the crisis on migration flows and more specific on return migration, on prospective return migration and on prospective emigration. Thus, the unity of analysis is not the household any more but the individual members of the households. The first part measures the impact on return migration (6.4.1.); the second part on potential return migration (6.4.2.) and the third part on potential emigration (6.4.3.).

⁴ Soledad Villaroel is a psychologist and she has carried out many researches on the impact of international migration on children.

6.4.1. Return migration

The collected sample of return migrants consists of fifteen migrants, 8 men and 7 women, which all have returned voluntarily without the help of any organization. Almost all were between 26 to 40 years old, with one exception, a 70-years old man, and mostly they left Bolivia in the years 2004-2005. Also, they had returned in different months between January 2009 and February 2010 while 7 of them had returned in December 2009. Table 6.4 shows the number of return migrant according to the main reason and the country from where they have returned.

Table 6.4: Return migrants according to the main reason and the country from where they have returned

Return migrants									
Country	Argentina (6)			Spain (6)			Brazil (2)		Italy (1)
Main reason for return	Family (4)	Health (1)	Retirement (1)	No possession of documents (3)	Difficulties in finding a job (2)	Family (1)	Health (1)	Family (1)	Difficulties in finding a job (1)

N= 15

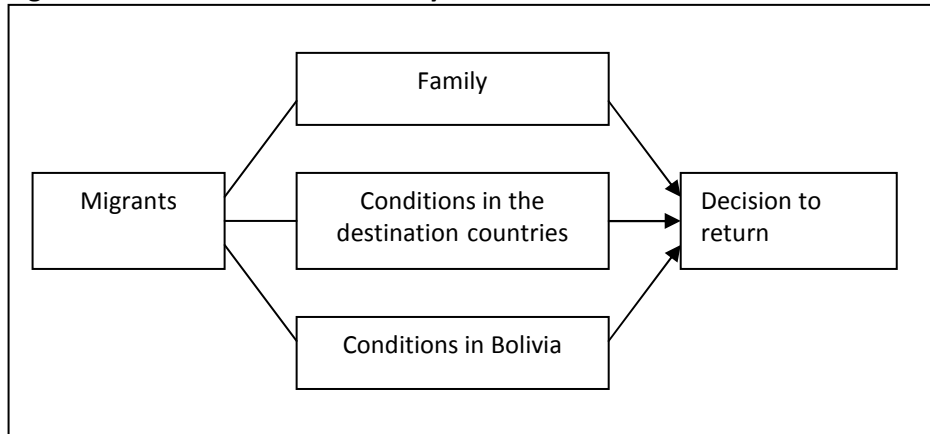
The countries from where these migrants had returned are Argentina (6), Spain (6), Brazil (2) and Italy (1). In these countries migrants were engaged in the textile industry (in the case of Argentina), in construction and the tourism sector (in the case of Spain and Brazil) or, especially women, they were taking care of children or elderly people usually as in-door workers (in the case of Spain and Italy).

In addition, four migrants had returned temporarily for a few months. The reasons for a temporary return vary among these migrants. Some of them indicated that they came back in order to see their relatives and spend their holidays with them. Especially, one migrant had come back for two months because he had recently obtained his documents in Spain and he wanted to go to see his family after four years abroad. Also, in Northern countries construction and agricultural activities were reduced during the winter and some of the migrants could not find a job. As the living cost in Bolivia is lower than in those countries, they decided to return temporarily during the winter months. These migrants have documents and have no problem with entering those countries again.

Dividing the return migrants into categories considering the country from which they have returned, there is a significant relation between the country and the reason for returning. Migrants in countries like Argentina and Brazil returned mainly for family or personal reasons while migrants in Spain and Italy returned for reasons related to the appropriate documents and/or their work. Consequently, it can be concluded that the crisis has an impact on the return migration flow from European countries to Bolivia.

To understand to what extent the crisis has affected return migration, more insight into the factors that influenced the decision of the migrants to return is necessary. In most of the cases, there was not just one factor but more. Figure 6.2 shows the variables which have affected the decision of the migrants to return.

Figure 6.2: Decision to return: analyzed variables



Factors which affect the decision to return

Firstly, a factor which has a significant impact on the decision of the migrants to return is the existence of a family back home. The family ties are quite strong among families in Cochabamba. Children, parents and husbands or wives are important factors that have influenced the decision of the migrants to return. In particular, family was the main reason for five of the eight migrants who returned from neighboring countries. These migrants, whether they were earning more and were economically in a better situation in those countries or not, think that they enjoy a better quality of life back home as they are with their family and other relatives.

Moreover, family also played an important role for migrants who returned from Europe. Even though it was not the main reason for six of the seven return migrants from Europe; family influenced their decision a lot. When these return migrants were asked if they would have returned if they had no family, especially children, they all indicated that they would probably have migrated to another country or they would have stayed there for a few more months. Also, in two cases, if their family could come to them, they would not have returned this early.

For instance, in the cases of two migrants who returned because of health problems, they did so, because they feel more secure close to their relatives and they think that their family can help them. Finally, nostalgia was also an important reason among those who have returned temporarily.

Although family has affected the decisions of the return migrants to a large extent, it is not related to the economic crisis and the impact of the latter has to be detected in other factors.

Secondly, the conditions in the destination countries of the migrants have affected their decision to return. The conditions in the destination country depend mainly on the work situation and the possession or not of the appropriate documents. This factor is closely related to the economic crisis and has affected the decisions of the migrants in European countries.

The seven migrants who have returned from Spain and Italy reported that the situation in European countries, in particular in Spain, has deteriorated in roughly the last two years: the competition between migrants has increased, the migrants are facing mounting difficulties with finding work and the police are clamping down more on undocumented migrants. The

migrants who returned from these countries stated that the lack of documents made it very difficult to find steady work and/or reasonable wages. This situation along with the increased living cost made them decide to return home. On the contrary, the eight migrants who returned from Argentina and Brazil did not indicate any particular change in their condition in these countries and their decision to return was based on other factors.

Consequently, the conditions in the destination country of the migrants is an important factor which affects return migration flows but this can be detected among migrants in European and not in neighboring countries. In that sense, the crisis had an important impact on return migration flows from European countries while the same flows from South-American countries have not been affected by the crisis.

Thirdly, return migration is also related to the conditions in the country of origin. This factor has to be seen in two perspectives: in relation to the previous conditions in the country i.e. the conditions which existed before these people decided to migrate and in relation to the conditions in the destination country.

Although Bolivia has shown a promising economic performance in the last years, political, economic and social problems still exist. According to eleven of the fifteen migrants who have returned, a few improvements have been made in every-day life and the main reasons for which they migrated, like unemployment and poverty, have improved slightly (see Box 6.2). In that sense, the conditions within the country have not changed in general and this factor had no impact on their decision to return. In contrast, according to these return migrants the conditions which they have to face back home could be a 'discouraging' return factor for many Bolivians who live abroad.

Moreover, comparing the conditions in Bolivia and in the destination countries cannot be a stimulating factor for return. Five of the return migrants think that the conditions in Bolivia are better only because of their family. Even return migrants from European countries which have been hit more by the economic crisis think that the conditions in these countries with respect to the work did not deteriorate much in comparison to the situation in Bolivia.

Box 6.2: Unemployment and minimum salary in Bolivia

In 2009, the unemployment rate in Bolivia was 7.8% according to National Institute for Statistics (INE). However, a private research institute, CEDLA (Centro de Estudios para el Desarrollo Laboral y Agrario), estimates that unemployment in the country for the same year reached 11% with more than 200.000 people unemployed (CEDLA, 2010). The same institute states that many Bolivians do not agree with the official number about unemployment since they believe this number do not reflect the decline in export quantities and in the prices of exported primaries products in 2009 as the result of the global crisis. In addition, although the government in 2009 increased the minimum monthly salary to 647 Bs (91 US\$), this salary is still lower than in many of the South-American countries. For instance, the minimum salary in Bolivia is five times lower than in Argentina, about four times than in Chile, about three times than in Brazil (CEDLA, 2009) and many more times in relation to salaries in European countries. As a result, migrants in other South-American and European countries can earn more money than they earned in Bolivia.

Thus, the conditions in Bolivia cannot be a stimulating factor for return except in the case of temporarily return migration.

In conclusion, the crisis has a limited impact on return migration flows to Bolivia. This impact can be detected only with the flows from European countries and not from other South-American countries.

6.4.2. Potential return migration

Although it is very difficult to predict future migration flows, this will try to detect possible trends in the future based on the collected data from interviews with the relatives of the migrants, the return migrants and local key informants.

According to their relatives, 59% migrants are thinking of returning, 30.8% are not and 10.2 % have already taken the decision to return before the end of 2010. Of course, this does not mean that all of them will return in the near future but it could be a first signal that the number of return migrants will be increased in the next years in relation to 2009.

Looking at the current situation of the migrants, 44.1% of them are facing some problems in their destination countries, 38.2% have no problems and with 17.7% of them their relatives have no sufficient information. Problems related to work together with less income are the main problems for the migrants. Also, at least twelve of them do not have the appropriate documents and this makes it more difficult to find a job. Another problem for ten migrants is that the discrimination against them has increased.

Although the influence of the current situation in the destination countries on the thinking of the migrants to return or not, is not substantial, the relation is getting stronger among migrants in Spain. 63% of the migrants who think of returning are in Spain. The influence of the current situation in Spain has to do with the possession or not of the appropriate documents and with the difficulties in finding a job. Six migrants who do not have documents have decided to wait for a few more months, usually until the end of 2010, to see if they can still obtain the documents they need. If they do not get the documents after this period, it is very likely many will return to Bolivia. To this, Lourdes Maldonado (interview) adds that many migrants, documented or not, will wait until the end of the year to decide whether they will return or not, as they think that the current situation will improve. Thus, it is probable that return migration flows from Spain will be increased after 2010 if the situation in the country deteriorates. Furthermore, it does not mean that the migrants who will decide to leave the country will in the end decide to return to Bolivia as they may migrate to another country.

In addition, the impact of the crisis on future return migration flows has to be seen in relation to the long-term strategy of diversification of the household income. This strategy consists more of a spatial diversification and less of a diversification in the activities of the household members. More specific, when the spouses of two migrants in Spain and a brother of a migrant also in Spain were asked if the migrants are thinking of returning, the answer was negative. In the cases in which one of the spouses has migrated, the migrants are waiting until the end of the year to obtain their documents. If they accomplished this, their spouses with the children will also migrate in order to obtain residential permit as well.

According to some local key informants, many households in Cochabamba prefer to have one member in another country or, better, more members in different countries. This allows the households firstly to diversify their sources of income as these members send money back home and secondly to keep a 'door open'. This means that these families feel more secure

when one or more members are abroad because when the political or the economic situation within the country deteriorates, they can have an additional source of income and there is always the possibility for the whole family to migrate (Oscar Zegada and Patricia Villaroél, interviews). In that sense, the idea of the 'open door' refers to the alternatives that a family has in order to cope with difficult situations in the future. In other words, having the appropriate documents means that the migrants feel secure and when they want to return to Bolivia, there will always be an 'open' possibility to go back again.

6.4.3 Potential emigration

Based on the findings, it can be concluded that migration is still a strategy for many people for improving their income and their overall living conditions. It seems that the economic crisis has an impact on the decision of the people to migrate as well as to which country.

In 30% of the interviewed households there were members that indicated that they wanted to move to another country during this year or in the first months of 2011. In general, 11.8% of the total number of the household members wanted to migrate and there was an additional 7.6% who had already cancelled, at least for the near future, their migration plans.

When the members of the households were asked to indicate to which country they would like to migrate, their first choice was a European country, then a neighboring country and finally United States and other countries. Table 6.5 and Table 6.6 show the destination countries of people who are planning to migrate and the destination countries of people who have cancelled or postponed their migration plans. Among the people who were planning to migrate 56.5% indicated as a destination Spain, Sweden or United Kingdom; 34.8% indicated Argentina, Chile or Brazil and 8.7% wanted to move to United States. From the people who wanted to migrate but had cancelled it, most of them indicated a European country as their destination; 26.7% a neighboring country and 7% other counties, China in particular.

Table 6.5: Region of destination of those who are planning to migrate

Destination	European countries	South American countries	United States
Percentage	56.5%	34.8%	8.7%

N=22

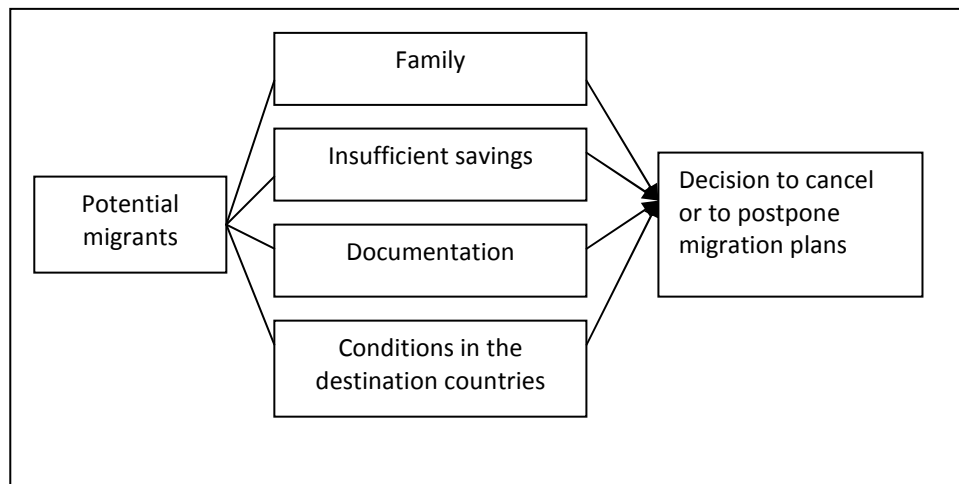
Table 6.6: Region of destination of those who cancelled or postponed their migration plans

Destination	European countries	South American countries	Other (China)
Percentage	66.3%	26.7%	7%

N=14

However, to understand to what extent the economic crisis has affected emigration flows, a look at the factors that influence the decision of some people to cancel or to postpone their migration plans in the near future is necessary. Figure 6.3 shows the variables which affect the decision of people to cancel or to postpone their migration plans.

Figure 6.3: Canceling or postponing migration plans: analyzed variables



Firstly, family is an important factor for canceling or postponing migration plans. As it was observed above, family ties are very strong among families in Cochabamba. The decision of one person to migrate is usually taken with consideration to the opinion of the other members of the family. Children and elderly people are the main reasons for five of the fourteen members, especially for women, not to migrate. However, although this was not the main factor, it has also influenced the decision of other six members. Thus, this factor plays an important role in the decision of the people to cancel migration; however it is not connected with the economic crisis.

Another factor for postponing migration plans is the insufficient savings which are related to the increased cost of moving to another country. These costs refer not only to the travel costs but also to the expenses during the first period abroad until the migrant finds a permanent job. Four people indicated that they do not have the necessary amount of money to move to another country and they do not want to borrow it. Instead, they prefer to save some money and then to start migration procedures. Also, a person who wishes to migrate to China in order to open a restaurant cancelled his plans because of the high travel cost and insufficient savings for his investment. In general, this factor has no direct relation with the economic crisis but for the eight of the nine people who want to migrate to Europe think that it will be difficult to find a job and for this reason it is necessary to have sufficient money for the first months.

Thirdly, the difficulties with the obtainment of the appropriate documents play an important role in canceling migration plans. Three people who were planning to migrate to European countries cancelled it because of the obstacles they faced in the procedures for obtaining the appropriate documents. These people are aware of the fact that they can hardly enter to these countries without documents. They are also informed by relatives or friends who have migrated to these countries, especially to Spain, that the last years the work opportunities for undocumented migrants have decreased while the control by the authorities has increased.

Finally, the economic condition in the destination country is also a factor for postponing migration plans to Europe. Two people postponed their departure because of the difficulties in finding a job and the increased living cost in these countries. For these reasons, they decided to wait for a few years until the situation has improved and then start migration procedures. Although this factor is directly connected with the economic crisis, it has

relatively less influence, in relation to other reasons, on the decision of people to postpone their migration plans. However, it can be definitely said that the economic crisis to some extent has an impact on migration flows to Europe.

Looking at the destination countries of people who are planning to migrate and who have cancelled or postponed it, another affecting mechanism of the crisis can be detected. Although the first choice of these people is a European country, Spain does not seem to be the popular destination it was in previous years. Many of the people who cancelled or postponed their departure were planning to migrate to Spain. On the other hand, neighboring countries like Argentina and Brazil are the first choice among those who have already decided to migrate. Thus, it can be assumed that there is a shift with regard to the destination countries from Europe and the United States to neighboring countries. Thus, it is possible that, in the case of Cochabamba, the South to South migration will further increase.

In addition, it is also possible that new destinations will be more favored in the future. According to Andrés Useda Vasquéz (sociologist, interview), Brazil could be a popular destination for Cochabambinos in the future as it is close to Bolivia, people do not have great problems with the language and it has shown great improvements in the economy during the last years. Also, for Patricia Villaroél (researcher, interview) countries like China, Australia and Canada could be possible destinations as these countries do not protect their borders as stringently as the United States and European Union do. However, in the case of Australia and Canada, it is more possible that mainly high qualified persons will decide to migrate.

In conclusion, migration flows have been affected and it is very possible that they also will be affected in the future by the economic crisis. In general, the crisis has a greater impact on emigration flows than on return migration flows so far.

6.5 Summary and conclusions

Within the participating households, about one quarter indicated a reduction in remittances from 50 to 100 US \$ in most of the cases and about one third indicated a pause in sending frequency. In households with migrants in Europe and in the United States the reduction was mainly due to difficulties of the migrants in finding a job and/or the living cost while in households with migrants in South-American region the reduction was related to personal or other reasons. On the other hand, an additional quarter of the households experienced an increase in the remittances they receive because of the fact that the migrants found a higher-paid job. Dividing the migrant households into groups, households in which one of the parents has migrated, households with young children and/or elderly members, households with male migrants and/or undocumented migrants, households with migrants in Europe and the United States as well as households who use the remittances for the construction of a house are the most affected by the economic crisis. Consequently, households with young children and/or elderly members increased their expense on education and health while households who use the remittances for the construction of a house, the impact of the crisis has taken the form of a postponement in the construction process. At the same time, the saving rate did not changed considerably in the majority of the households.

In the case of migration flows, although massive return flows cannot be observed so far, the crisis has an impact on the return migration from European countries to Bolivia. This is

observed in most of the cases with returnees from Spain and Italy who returned for reasons related to the crisis while migrants in Argentina and Brazil returned mainly for family or personal reasons. The existence of a family is the main reason which affects the decision of the migrants to return. The conditions in Europe also affected the decisions of the migrants to a large extent as well as the conditions in Bolivia. Although it is very difficult to predict future migration flows, it is probable that return migration flows from Spain will be increased after 2010 if the situation in the country deteriorates. Finally, the number of household members who want to migrate is higher than the number of members who have cancelled or postponed their migration plans. Family is also the main reason for canceling or postponing migration plans while other reasons are the obtainment of the appropriate documents, the insufficient savings and the conditions in the destination countries. The impact of the crisis can be observed in the last two reasons but also in a possible change in the future destinations of the emigration flows.

7. Conclusions and Discussion

Having discussed the impact of the economic crisis, the final chapter concludes the results of the research in the first part (7.1), then presents the similarities and differences between the results and the theory (7.2) and ends with some recommendations (7.3).

7.1. Conclusions

From the data obtained in this research it can be concluded that, within the participating migrant households, the economic crisis has an impact on migrant households and on migration flows. However, the analysis in the previous chapter reveals that this impact was quite limited and it was concentrated in specific groups of cases.

In the case of migrant households, a reduction in remittances took place in an about one quarter of the cases. This reduction was between 50 US\$ and 100 US\$ for the majority of the households. Most of the households which experienced a reduction in remittances have migrants in Europe and in the United States. In more than half of these cases the reason is related to the economic crisis as migrants have difficulties in finding a job and/or the living cost in European and in the United States has increased considerably for them. On the other hand, the reduction in remittances from migrants in neighboring countries was related to personal or other reasons. Thus, the impact of the crisis is mostly felt in households with migrants in Europe and in the United States.

From the data gathered, it can be concluded that the economic crisis had a limited impact on the spending/saving behavior of the households as their behavior did not change because of the fluctuations in remittances. The rise in prices of products or the increased needs of some members of the family caused any changes in the spending/saving behavior of the households which indicated a reduction in remittances because of the economic crisis. Consequently, other factors have a greater influence in the way that households divide their income than the reduction in remittances. In addition, in a few cases the wives of the migrants entered to the labor force or increased the working hours to compensate the reduction in remittances.

There are three variables related to the migrants that can determine the impact of the economic crisis on their households back to Bolivia: the gender of the migrant, the country of destination and the documentation. Our findings show that relatively more households with male migrants experienced a reduction in remittances than households with female migrants mainly because women work in less affected sectors. Also, it can be observed that the crisis mainly affected migrant workers in Europe and the United States and not in South-American countries where the economic crisis was less severe. And although there is no direct relation which can lead to the conclusion that undocumented migrants sent less money, the reduction in remittances can be related to a large extent with the migration status of the migrants.

Other variables which can determine the impact of the crisis on different groups of migrant households are firstly the characteristics of the family and secondly the use of the remittances. The characteristics of the family refer mainly to the age of the household members as the age of the family members can affect the income and the expenditure of the household and consequently the dependency on remittances and the vulnerability of the household to the fluctuations in remittances. In general families with young children and/or

elderly people were more vulnerable because of this. The use of remittances has limited validity as there are no significant differences among different groups of households with respect to the use of remittances. All households spend the greatest amount of remittances in order to satisfy basic needs and a small amount on other purposes. The main difference was with families that were constructing a house; they often halted the building process.

In the case of migration flows, the economic crisis had a great impact on them in relation to the impact on migrant households, even though it was also limited. Migrants in countries like Argentina and Brazil returned mainly for family or personal reasons while migrants in Spain and Italy returned for reasons related to the crisis. It can be said therefore that the crisis has an impact on the return migration flow from European countries to Bolivia. The conditions in Europe affected the decisions of the migrants to a large extent. The conditions in Bolivia also affected the decisions of the migrants but this factor is not linked with the crisis.

In general, massive return flows from industrialized countries cannot be observed so far. Although it is very difficult to predict future migration flows, some potential trends can be detected from the collected data. This is most clear for migrants in Spain. It is probable that return migration flows from Spain will increase after 2010 if the situation in the country deteriorates. However, this does not mean that the migrants who will decide to leave the country will in the end decide to permanently return to Bolivia, they can also decide to migrate to another country.

Also, it can be concluded that migration is still a strategy for many people for improving their income and their overall living conditions. Although the first choice of many people is a European country, many have postponed or cancelled their migration plans to these countries. The impact of the crisis has affected migration plans of some household members since these members do not have sufficient savings and at the same time they are uncertain of the conditions they will face in countries which have been hit by the crisis. Moreover, the impact of the crisis may take in the future the form of a shift from European countries and the United States to neighboring countries or to other countries with less stringent migration policies as destinations of the migrants.

In sum, the impact of the economic crisis on migrant households and on migration flows in Bolivia can be characterized as modest so far. However, if the situation in Bolivia and/or in the destination countries of the migrants deteriorates, it is possible that there will be different implications of the impact of the crisis.

7.2. Similarities and differences with the theory

The results of this research can confirm to some extent the theory about the impact of the global crisis as it has been presented in Chapter 2. However, there are also quite some differences between the results and the theory.

First of all, the slowdown of economic activity and the high unemployment rate is expected to affect the income of the migrants and consequently their ability to remit funds to their relatives in their countries of origin. Indeed, the high unemployment together with higher living cost in the United States and mainly in European countries reduced the income of some of the migrants who consequently reduced the remitted amount. However, not all the migrants who are suffering from a reduction in their income and facing difficulties in finding a

job reduced the amount of money they send to their families. Most migrants in the United and in Europe maintain the amount of money they remit on a monthly basis. On the other hand, the high unemployment rates among immigrant workers in developed countries (see Awad, 2009; Papademetriou and Terrazas, 2009) did not obstruct some migrants in Spain to find a better job which allowed them to remit more money to their families. Thus, the economic crisis has affected remittance flows to the participating households but to lesser extent than is assumed in the literature.

In addition, the fluctuations in remittances within the sample follow two of the three trends in remittances worldwide identified by the World Bank (2010). The first trend is that *'the more diversified the migration destinations, the more resilient are the remittances'* which is confirmed among households with migrants in both European and South-American region. These households did not indicate any change in the remittances they receive. Moreover, this is also the case with remittance flows at national level as the reduction in remittances from developed countries to Bolivia has been compensated to large extent by an increase in remittances from South-American countries. The second trend, *'the lower the barriers to labor mobility, the stronger the link between remittances and economic cycles in that corridor'*, means that if the migrants can freely return to their countries of origin and re-enter again into the country of destination, they stop sending remittances for the period they stay at their country of origin. The entrance barriers in the case of Spain discouraged some migrants to return and they decided to stay longer in order to obtain the appropriate documents. Some of these migrants continue to send remittances with the same rate while others reduced the amount they send and, in the cases which they stopped remitting, this happened only for a short-period of time. Also, a few migrants returned for a short period to visit their families and they indeed stop sending remittances through formal channels for this period but this is the case for migrants who can freely re-enter to their destination countries, including Spain. The last trend in fluctuation of remittances supports that *'exchange rates movements produce valuation effects, but they also influence the consumption-investment motive for remittances'*. This is not true in the case of Bolivia, as the exchange rates of the national currency, Boliviano, with both Dollar and Euro according to the National Bank has been stable in the last years. As a result, the amount of money that households receive has the same value in Boliviano as before the crisis and this probably did not permit increases in remittances for investments like in other developing countries such as India.

A main difference between the results and the theory is related to the suffering level of migrant households. Although the available literature on this particular aspect is very limited, it is generally assumed that migrant households in the countries of origin will suffer from a reduction in remittances. Within the participating households, about a quarter of them experienced a reduction in remittances and even less for reasons related to the economic crisis. Moreover, although there was a pause in receiving remittances, this lasted for a short-period contrary to the predictions that a great number of migrant households would not receive remittances in 2009 (SELA, 2009). On the other hand, a comparison between migrant households in Michoacán, Mexico (Quittre, 2010) and the participating households in Cochabamba implies some similarities. In both cases, the expenditure of the households on basic needs and mainly on food has not been greatly reduced in contrast to investments in construction which have been reduced dramatically.

There are also differences as well as similarities with respect to the migration flows. In general, it is expected that the slowdown in sectors in which many migrant workers are concentrated, higher unemployment rates and more strict migration policies will very likely make many migrants return to their countries of origin (Papademetriou and Terrazas, 2009;

Awad, 2009; IOM,2009a). However, there is little consensus in the literature on the impact of the crisis on return migration. In the beginning of the debate some evidence supported that return migration from developed countries has been increased (see Papademetriou and Terrazas, 2009; Awad, 2009) but more recent (anecdotal) evidence suggests that migrants stay in their destination country (Ratha and Sirkeci, 2010). Within the sample massive return migration flows cannot be detected so far even though it is possible they will increase in the future. Many migrants in the United States and European countries, even when they are facing difficulties, decided not to return while others have already taken the decision to return. On the other hand, among the migrants who have returned from these countries, unemployment had a quite important impact on their decision. Thus, return migration flows in the sample follow both views. Also, Ratha and Sirkeci (2010) suggest that migrants move from the construction sector into retail trade and agriculture which cannot be confirmed by the results. In addition, the literature supports that return migration is closely connected to barriers in mobility (Awad, 2009). This can be confirmed to some extent by the cases of migrants who decided to stay in Spain in order to obtain the appropriate documents as they know that if they return it will be difficult to re- enter into the country. Another similarity with the theory is that return migration appears to correlate with economic, social and political developments in the country of origin (Papademetriou and Terrazas, 2009). According to some relatives of the migrants and return migrants the conditions which they have to face back home could be a 'discouraging' return factor for many Bolivians who live abroad. With respect to emigration flows, the results follow the evidence that emigration to developed countries has reduced but will not be negative (Awad, 2009; Ratha and Sirkeci, 2010) as some of the participants have cancelled or postponed their migration plans but some others have already decided to move to another country.

Moreover, there are quite some similarities and differences with the theory based on the sectoral distribution of the migrants. According to Awad (2009), Martin (2009) and IOM (2009a), migrant workers in construction, manufacturing, financial services and tourism related services are dramatically affected by the economic crisis while migrant workers in agriculture and domestic services are less affected. Within the migrants in the sample who are employed in construction sector in destination countries, most of them have difficulties in finding a job and also a few of those migrants who are employed in tourism-related services (Hotels and Restaurants) experience the same. On the other hand, migrant workers in manufacturing do not face significant problems. Also, some of the migrants engaged in agricultural activities face difficulties but this is due to seasonal fluctuations in the demand of this sector. Migrant workers in domestic services are indeed of the less affected within the sample, even though some of them have difficulties in destination countries related to the crisis. As female migrants dominate in domestic services in the sample, the results follow the approach in the literature that the crisis has a modest impact on female migrants (IOM, 2009a).

Finally, some similarities can be detected with the assumption that discrimination and xenophobia will be increased in many destination countries (IOM, 2009a). According to their relatives, some of the migrants, in the case of Spain, think that discrimination against them has increased the last years. Some of them do not only feel discriminated within the society but also by some members in the houses where they are employed.

In conclusion, the main similarities are detected in the effects of the crisis on remittance flows, on migration flows, on the working activity of the migrants and on the assumption of rising discrimination and xenophobia. On the other hand, the main differences are detected

on the impact of the crisis on migrant households and return migration. Consequently, there are more similarities than differences between the results and the theory.

7.3. Recommendations

In this part, some recommendations with respect to the research are given. First, policy recommendations (7.3.1) based on the results but also on the possible future effects of the crisis on international migration in Bolivia and recommendations for further research (7.3.2) are presented.

7.3.1. Policy recommendations

Several socio-economic measures with respect to migration can be implemented in order to mitigate current and future negative effects of the economic crisis at micro-economic as well as at macro-economic level. The possible policy measures could be as follows:

- *Long-term policies to support the affected groups of households*

First of all, since the negative impact of the crisis is concentrated in particular groups of migrant households in Bolivia, long-term policies to support these groups should be introduced. In Bolivia the most affected as well as most vulnerable families are the ones with young children and/or elderly persons. These families may need extra support. Single-parent families need not only economic support but also social and material support, for instance making it more possible for the parent to work while the child(ren) is (are) at school. In this way the (potential) income of the household can increase while at the same time the vulnerability will decrease.

- *Training programs to support productive investments by the households*

The Bolivian government could introduce setting up workshops and training programs to help households with spending the available remittance money in more productive ways, like in enterprises. The implementation of that kind of policies would be more effective with the collaboration of NGOs who work on the issue of migration. This will broaden their potential for income and so enable them to better cope with any future fluctuation in the flow of remittances.

- *Policies that protect the rights of the migrant*

Policies that protect the rights of the migrant in the country of destination. This includes protection against discrimination and rising xenophobia. Also rights concerning unemployment and against exploitation should be protected, especially for migrants without proper documentation. In corporation with local NGOs and Bolivian embassies in the country of destination, efforts should be made to ensure migrants are aware of and necessary educated about their rights on the labour market. Migrants also require further protection of their rights during financial crises because previous crises have shown that during these, migrants not only suffer more from potential unemployment but also deteriorating working conditions and increased exploitation in the workplace.

- *Explore new labor market for migrants*

Policies to help explore new labor market for migrants. This can be achieved through bilateral agreements between the Bolivian government and potential new destination countries. The Bolivian government can help the migration process by giving language courses to people who wish to migrate to a particular country and by facilitating people with the acquirement of the right documentation. These agreements should be done with countries which have a need for (a specific kind of) labor in sectors in which Bolivia has a surplus. This will benefit both countries.

- *Long term policies to support national employment*

Long term policies to support employment by creating new jobs opportunities in the country of origin. This will enable the country to fully use its potential of the national labor force and ensure more people can contribute to the development of the Bolivian economy. Also any potential 'brain drain' will be reduced. These policies are more needed now because with the current crisis the possibility of improving the living conditions through migration has been reduced. Within the country opportunities for starting new businesses can be increased by starting training programs for the improvement of working skills and by stimulating local companies to employ more people through tax benefits and helpful regulations.

- *Policies to facilitate the return of the migrants*

The government of Bolivia as well as of the countries of destination should introduce policies to facilitate the return of the migrants. This can happen through bilateral agreements and through cooperation with NGOs. Also supporting and helping returnees with the investment of their savings is important since this can generate employment for other members of the household. This can be achieved by setting up programs for future entrepreneurs and through the easing of tax laws. The latter will make investment cheaper and enable more people to improve their living conditions by setting up their own business.

- *Policies for the re-integration of the return migrants*

Policies should be introduced to help return migrants to re-integrate back into the society of their country of origin. People who have been abroad for many years may have trouble readjusting back into society. So far no massive return migration has accrued but if this would happen in the future, it could destabilize society and the economy due to the influx of people who have not been in their country often for many years.

7.3.3. Recommendations for further research

As is mentioned in the introduction, the impact of the current economic crisis has not yet been investigated in depth and this research is aimed to contribute to the ongoing debate by gathering some empirical data. In Bolivia, and more specific in Cochabamba, there are quite many studies on the issue of international migration but at the same time there is very limited attention on the impact of the global crisis on migration. In that sense, further research is needed in order to understand the impact of the crisis on international migration in the case of Cochabamba.

This research gave a general picture of the impact of the global crisis on some cases of migrant households and migrants in a given space and in a given period of time. For this

reason, more broad research is recommended to be done on a larger scale and in a different period of time.

First of all, the research was carried out in only two districts in the municipality of Cochabamba and thus, rural families are not represented at all. A new research in rural areas can show how rural households experience a possible reduction in remittances and how they can response to it. It can also reveal differences between urban and rural households not only in spending and saving behaviour of the households but also on the perception of migration as a strategy for improving their living conditions.

In addition, further research in different periods is needed in order to better understand the topic and to make the findings more valid. Although there is evidence for recovery in the global economy, the unemployment rates in developed countries remain high (ILO, 2009; World Bank, 2010). As a result, the situation in the destination countries of the migrants but also in Bolivia can rapidly change and many of the parameters can change as well. Consequently, further research in the future can show to what extent the current crisis has permanent or temporal effects on migrant households.

Also, further research focusing on return migration is recommended. As it is explained in the previous chapter (Chapter 6), it is very possible that return migration flows will increase in the future. New studies can confirm to what extent these flows will increase as well as put more attention on the possible socio-economic impact of return migration. In this light, the reasons for return, the place of settlement, further emigration plans, activities in which the return migrants will be engaged in as well as the level of re-integration and acceptance by the local community can be examined.

Finally, another recommendation for research is a deeper study of future emigration flows. This research can give more insight on how the global crisis will affect the decision of people to migrate or, in other words, the affecting mechanisms of the crisis on emigration flows. In addition, in this kind of research both migrants and non-migrant households could be included in order to detect possible differences between the two categories of households.

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Appendix I: List of interviews with key informants

Name	Characteristics
Ledo Carmen	Director of CEPLAG (Host organization)
Oscar Zegada	Professor in Economics, UMSS ¹
Andrés Useda Vasqu�ez	Sociologist, Director of CISO ¹
Theo Roncken	Researcher, Acci�n Andina
Lourdes Maldonado	Director of AMIBE ¹
Leonardo de la Torre �vil	Researcher and Professor
Patricia Villaro�el	Researcher, Professor in Architecture, UMSS
Maria-Anto�eta de Maman R.	Sociologist
Mirko Marzado	Researcher, University of Venice
Soledad Villaro�el	Psychologist and Researcher
Jorge Saiti	Secretary of ACOBAN ¹
Heber Rico Urquieta	Branch Manager of Banco Mercantil

Appendix II: Questionnaire for the interviews with migrant households and return migrants.

Boleta N°

ENCUESTA SOBRE EL IMPACTO DE LA CRISIS EN LOS HOGARES DE MIGRANTES

Presentación:

El Centro de Planificación y Gestión de la Universidad de San Simón está expidiendo su encuesta sobre los procesos migratorios internacionales con el objetivo de conocer las condiciones de vida de los hogares de migrantes en el último año. La información es estrictamente confidencial. No será utilizada de manera individual

Nombre de
Encuestador

Dirección de la vivienda

Distrito	Zona	Manzano	Calle	Numero	Lote

P1.¿Cuántas personas viven aquí?

P3.¿Cuándo ha regresado la última vez? Mes Año

P2.¿Cuántas personas de este hogar han regresado en el último año?

* (Si es menos de un (1) año y si esta persona esta presente va a la parte I, si no va a la parte II)

I. PERSONAS QUE HAN REGRESADO DEL EXTERIOR EN EL ÚLTIMO AÑO (MARZO DE 2009)
(Solamente si estas personas son presentes)

A. CARACTERÍSTICAS GENERALES

No	Nombre	P4.¿Es hombre o mujer?	P5.¿Cuántos años tiene?	P6.¿Cuál fue el último curso regular que ha probado?
1		1. Hombre 2. Mujer		
2		1. Hombre 2. Mujer		
3		1. Hombre 2. Mujer		
4		1. Hombre 2. Mujer		
5		1. Hombre 2. Mujer		

B. ANTES DE IRSE

No	P7.¿Qué año se fue la primera vez?	P8.¿Qué año se fue la última vez?	P9.¿Cuántas veces se ha ido?	P10.¿Cuál era su ocupación principal antes de irse?
1				
2				
3				
4				
5				

C. EL ÚLTIMO AÑO EN EL EXTERIOR

No	P11.¿En qué país ha vivido?	P12.¿Cuál era su ocupación principal?	P13.¿Antes de su retorno, cuánto tiempo aproximadamente estaba pensando en retornar?
1			
2			
3			
4			
5			

D. CARACTERÍSTICAS DEL RETORNO

No	P14.¿Cuáles eran los motivos para retornar? 1. ha cumplido sus estudios 2. falta de trabajo 3. ha logrado el objetivo de migrar 4. feneció su visa-pasaporte 5. falta de documentos 5. por razones familiares 6. otro (especifique)	P15.¿Su retorno era voluntario u obligatorio? (como deportación) 1. voluntario 2. obligatorio	P16.¿Has recibido apoyo del Estado o algunos ONGs en el exterior o aca en el momento de su retorno? 1. Sí 2. No → P18	P17.¿Qué tipo de apoyo?
1				
2				
3				
4				
5				

E. EL PRIMER AÑO DEL ÚLTIMO RETORNO

No	P18.¿Cuáles son (eran) los problemas que ha encontrado aquí? (en la casa, en la sociedad y en general)	P19.¿Tienes trabajo aquí? 1. Sí →P21 2. No →P20	P20.¿Hizo algo para encontrar trabajo? 1. Sí →P23 2. No →P23	P21.¿Qué tipo de trabajo tienes?	P22.¿En su ocupación usted trabaja como: 1. empleado 2. obrero 3. trabajador cuenta propia 4. familiar sin remuneración 5. otro (especifique)	P23.¿Quiere emigrar otra vez? 1. Sí →P24 2. No→P25	P24.¿Al mismo país? 1. Sí 2. No	P25.¿Qué piensa sobre sus condiciones de vida? ¿Son mejores aquí o eran mejores en el exterior?
1								
2								
3								
4								
5								

M1.¿Cuántos miembros de este hogar se han ido a vivir al exterior?

II. EMIGRANTES INTERNACIONALES EN ESTE MOMENTO

A. CARACTERÍSTICAS GENERALES

No	Nombre	M2¿Es hombre o mujer?	M3¿Cuántos años tiene?	M4¿Cuál fue el último curso regular que ha probado?	M5¿Qué relación de parentesco tiene con el emigrante? El emigrante es su: 1. Espos(a) 2. Padre/ Madre 3. Hijos(a) 4. Hermano(a) 5. Nieto(a) 6. Otro (especifique)
1		1. Hombre 2. Mujer			
2		1. Hombre 2. Mujer			
3		1. Hombre 2. Mujer			
4		1. Hombre 2. Mujer			
5		1. Hombre 2. Mujer			

B. ANTES DE IRSE

No	M6¿Qué año se fue la última vez?	M7¿Cuál era su trabajo principal antes de irse?	M8¿Cuáles eran los motivos para emigrar a este país? 1. para estudiar 2. ingreso familiar insuficiente 3. falta de trabajo 4. pagar una deuda 5. comprar una casa 6. mejorar la calidad de vida de la familia 7. otro (especifique)
1			
2			
3			
4			
5			

C. EN EL EXTERIOR

No	M9¿En qué país vive ahora?	M10¿Cuál es su trabajo principal en este momento?	M11¿Este trabajo es permanente o temporal? 1. permanente 2. temporal	M12¿Tiene otros trabajos? 1. Sí 2. No →M14	M13¿Qué tipos de trabajo?	M14¿Piensa regresar aquí? 1. Sí 2. No	M15¿Hay algunos problemas que confronta en este tiempo en el exterior? ¿Qué tipo de problemas? ¿Tiene papeles?
1							
2							
3							
4							
5							

III. PARA TODOS LOS MIEMBROS DEL HOGAR (Nota: último año = 2009)

A. INGRESO TOTAL

<p>Q1 ¿En el último año, el <u>ingreso</u> del trabajo de todos los miembros del hogar</p> <p>ha aumentado <input type="checkbox"/></p> <p>está lo mismo <input type="checkbox"/></p> <p>→ M</p> <p>ha disminuido <input type="checkbox"/></p>	<p>Q2 ¿Desde cuándo?</p> <p>Mes</p> <input type="text"/> <p>Año</p> <input type="text"/>	<p>Q3 ¿Por qué cree?</p>
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B. INGRESO SOLO DE REMESAS

<p>Q4 ¿En el último año, <u>las remesas</u></p> <p>han aumentado <input type="checkbox"/></p> <p>están lo mismo <input type="checkbox"/></p> <p>→ Q6</p> <p>han disminuido <input type="checkbox"/></p>	<p>Q5 ¿Desde cuándo?</p> <p>Mes</p> <input type="text"/> <p>Año</p> <input type="text"/>	<p>Q6 ¿Cuál es la frecuencia de las remesas ahora?</p> <p>a. mes <input type="text"/></p> <p>b. año <input type="text"/></p> <p>Antes <input type="text"/></p>	<p>Q7 ¿Cuál es el monto de las remesas cada vez?</p> <p>a. \$ <input type="text"/></p> <p>a. € <input type="text"/></p> <p>c. Bs. <input type="text"/></p>	<p>Q8 ¿Cuál es el destino de este dinero?</p> <ol style="list-style-type: none"> 1. Alimentación 2. Vestimenta 3. Vivienda y servicios básicos 4. Construcción de viviendas 5. Educación, Salud 6. Pago de deudas 7. Ahorros 8. Inversión productiva <p>Otros (especifique)</p>
<p>Q9 ¿Durante el último año, había algún periodo que el migrante no pudo enviar remesas? ¿<u>Por cuánto tiempo</u>?</p>				

C. GASTOS DEL HOGAR

<p>Q10 ¿En el último año, <u>los gastos</u> del hogar (para alimentación, vestimenta, vivienda, servicios básicos, educación, salud, inversiones)</p> <p>han aumentado <input type="checkbox"/></p> <p>están lo mismo <input type="checkbox"/></p> <p>→ Q12</p> <p>han disminuido <input type="checkbox"/></p>	<p>Q11 ¿Por qué cree? ¿Qué ha cambiado?</p>
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<p>Q15. En general, ¿hay algunos problemas por la reducción de las remesas? ¿Qué hacen? ¿Producen algunas venturas o frutas? ¿</p>
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D. INVERSIONES DEL HOGAR (DE TODOS LOS MIEMBROS)

<p>Q12 ¿En el último año, la cantidad de dinero <u>para ahorrar</u></p> <p>ha aumentado <input type="checkbox"/></p> <p>está lo mismo <input type="checkbox"/></p> <p>ha disminuido <input type="checkbox"/></p>	<p>Q13 ¿En el último año, ha invertido dinero para</p> <p>comprar una casa <input type="checkbox"/></p> <p>construir una casa <input type="checkbox"/></p> <p>mejorar/ expandir la casa <input type="checkbox"/></p> <p>empezar un negocio <input type="checkbox"/></p> <p>expandir una tienda <input type="checkbox"/></p> <p>otro (especifique)</p>	<p>Q14. ¿Piensa de vender</p> <p>la casa <input type="checkbox"/></p> <p>un lote <input type="checkbox"/></p> <p>una tienda <input type="checkbox"/></p> <p>otro (especifique)</p>
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IV. PARA TODOS LOS MIEMBROS DEL HOGAR QUE NO HAN RETORNADO DEL EXTERIOR EN EL ÚLTIMO AÑO (I) Y NO VIVEN EN EL EXTERIOR EN ESTE MOMENTO (II)

B1.¿Hay otros miembros de la familia que quieren emigrar?

N o	B2.¿Cuántos años tiene?	B3.¿Adónde quiere emigrar?	B4.¿Cuál es la razón que quiere (n) migrar? 1. Desestructuración de la familia 2. Para estudiar 3. Falta de trabajo 4. Pagar una deuda 5. Construir una casa 6. Otro (especifique)	B5.¿Cuándo piensa emigrar?
1				
2				
3				
4				

B6¿Hay algún miembro de la familia que en el último año decidió emigrar pero lo ha cancelado o lo ha postergado?

N o	B7.¿Cuántos años tiene?	B8.¿Adónde quería emigrar? (especifique)	B9.¿Cuál era la razón que lo ha postergado? (especifique)	B10.¿Piensa emigrar en el futuro?
1				
2				
3				
4				

V. PARA TODOS LOS MIEMBROS DEL HOGAR

Z1. ¿Han recibido cualquier tipo de apoyo de algunos ONGs u otras organizaciones? ¿Qué tipo de apoyo?

Z2. ¿Quiere algún apoyo del estado? ¿Qué tipo de apoyo?

Z3. En muchos países de Europa y en Estados Unidos ahora hay una crisis económica. ¿Ha escuchado sobre esto? ¿Cómo?

Z4. ¿Qué piensa usted sobre la crisis económica? ¿Va a afectar las condiciones de la vida de su familia? ¿Los emigrantes van a tener problemas en el exterior con esta crisis?