Migration from Central America and Mexico to the United States: How Does the Movement of People Affect the Labor Market of the Sending Countries?

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Abstract

This article studies the dynamic effect of outmigration on the labor markets of the sending countries at two moments: when migrants leave their country of origin, and when they establish themselves in the new host country. Additionally, this research analyzes the effect on the labor market caused by low skilled and high skilled workers. This work is based on the New Economics of Labor Migration theory and uses Central America and Mexico as the sample. The data are analyzed through Feasible Generalized Least Squares and Panel Corrected Standard Errors. The results show that total migrant outflows and high skilled workers affects positively the employment in the sending countries. No statistically significant effect was found on wages. Finally, outmigration significantly affects national income, and a statistically significant positive effect was found when migrants arrive to the United States and begin to influence the sending countries as diasporas.

Keywords: labor market, migration, sending countries
Introduction

The current globalization process has brought enormous changes to the free mobility of ideas, technology, goods, services and capital. Even though the same cannot be said about labor, it certainly has the ability to move as well, albeit not so freely. For some countries, this movement of people in and out of the country is very low, relative to the total population. For other countries, this becomes a major every day phenomenon, having an important share of the population out of the country.

For those countries that lose thousands of migrants a year to outmigration, this constant movements mean major adjustments in their labor markets, as workers leave for better opportunities, leading to a process of international reallocation of labor. Due to the big differences in wages among countries, these flows alter the distribution of income in both, the sending and the receiving countries, and by allowing labor to move more freely would, by principle, narrow global income differences (Hanson, 2008:2). This paper aims to study the dynamic effect of outmigration on the labor markets of the sending countries at two moments: first, when migrants leave their country of origin, and second, when they establish themselves in the new host country. Additionally, this research intends to analyze the effect on the labor market of the sending countries caused by low skilled and high skilled workers. This paper is not concerned with why migrants choose to move. Instead, the concern here is to know what happens to the labor market of the sending countries when they actually move out of the labor market. That is, what happens to the employment, the supply and demand of labor, wages and national income?

Why should we study the impact of migration flows on the sending countries? Most of the studies regarding this issue have focused on the receiving country, which is the country where migrants go for work (Borjas, 2003a:933; Borjas et al., 1997:1; Card, 1997:2, 2005:F300; Huntington, 2004:3). However, only recently, the literature has begun to study the sending countries, but they tend to focus on individual migrants or households, and at most, on the migrant sending cities (Aparicio e Meseguer, 2012:206; Escribà-Folch, Meseguer e Wright, 2015:571; Hanson, 2008:3; Meseguer e Burgess, 2014:1). This study is concerned about how migrants themselves affect the labor markets of their countries back home, shifting from the common perspective of remittances to a human based perspective, and from the destination country perspective to the sending country perspective.

This work is based on the New Economics of Labor Migration theory, which holds that households are part of larger groups, like communities and countries. Because of this, households related to migrants transmit the impacts of migration to other members of those groups, and even households that are not related to migrants are affected by migration when they interact with
migrant related households. Therefore, it is very likely that the impacts of migration can be found even outside of the households that send migrants and receive the remittances directly, extending to the whole economy, and the labor market is very likely to suffer an immediate impact as it loses thousands of workers to outmigration.

For that, Central America and Mexico were chosen as the sample due to their regional importance in migration matters. Central American countries share a similar history. However, not all of them are equal. The region possesses the three most violent countries in the world: Guatemala, Honduras and El Salvador (Williams, 2016:1). These countries are at the same time the ones that more migrants send to the U.S. and consequently, the ones that receive more remittances in the region. On the one hand, the region includes countries with lower levels of violence, fewer migrants and less remittances, giving us the opportunity to observe some variance in the cases. On the other hand, because of its shared border with the U.S., the number of migrants it sends and the amount of remittances it receives, Mexico makes part of the sample as it shares with Central America their migrant sending profile. Additionally, Mexico also plays an important role as a transit country for all those Central Americans who must cross it in order to arrive to the U.S.

**Research Questions**

This research is driven by the interest of investigating what happens to the labor markets of the sending countries after people leave and before remittances come in. This means that the product of migration, remittances, is not the focus here, instead, the focus is the migrants themselves and how they can affect their country of origin. That is, what happens when a country loses millions of workers to outmigration but before they arrive to their destination country? Could the movement of people out of the country affect the sending countries in a good way? If so, how? And if outmigration affects the sending countries in a negative way, where exactly are these negative effects found? How is the employment, demand and supply of labor, wages and national income affected by outmigration?

Furthermore, this research seeks to investigate if high skilled outmigration affects the sending countries in the same was as low skilled outmigration. If not, how do the sending countries react to these two different types of citizens leaving? Finally, this study aims to explore what happens in the sending countries once migrants have reached their destination country, that is the United States, and begin to make part of active diasporas.
Theoretical Review

In an attempt to explain as much as we can, this research is based on the new economics of labor migration theory, which argues that households must be taken into account in the decision to become a migrant. That is, the decision of becoming a migrant is not an individual decision, but rather a collective decision. It is usually a family negotiation. For example, when material assets are scarce, one exit is the reallocation of family resources, like labor. That is, some members of the family might be assigned local economic duties while other members of the household are assigned international duties, becoming migrants. Once established in their new country, they will send remittances and ease the situation (Taylor, 1999:4; Taylor and Dyer, 2009:966; Massey et al., 1993:436).

From this point of view, a wage differential can be a determinant of labor migration, but it is not the main reason, given the fact that in order to minimize risks, families will also diversify through migration. In this sense, migration and local production might work together as complementary activities, that is, migration returns are invested in local production and eventually leading to more migration as a means of resource diversity. This means that economic development might not stop migration. On the contrary, if we follow this line of thought, migration would impact positively the macroeconomic development in sending countries (Massey et al., 1993:436; Jennissen, 2007:411).

Furthermore, this theory points that households are part of larger groups, like communities or countries, which is why households related to migrants transmit the impacts of migration through market interactions even to households that are not related to migrants and do not receive remittances directly. And because migration is a self-perpetuating process (Massey, 2005:131) the sending countries many times specialize in migration and are owners of a huge labor force that they can export given the fact that for them, this would be the abundant factor of production. These huge migrant diasporas work not only in the host country but also in the sending country through different interactions (Taylor, 1999:4). This way, this research tries to analyze the process from the household until it becomes an international feature. It then analyzes the effects of this process at the national and regional level of the sending countries regarding their labor markets, wages and national income.

Impact of Migration on the Sending Countries: Theory and Hypotheses

This research intends to first study what happens in the sending countries after people leave and before remittances come in. That is, what happens when a country loses millions of workers to outmigration? Could the movement of people out of the country affect it?
Theoretically, the effects could vary. For example, migration is very likely to lead to a drive up of wages benefiting the workers who remain behind, as the competition for limited jobs would decrease and wages would tend to balance. On the other hand, migration can lead to a reallocation of the scarce/abundant labor, as graph 1 shows.

Let us suppose that D1 and S1 represent demand and supply of labor at a moment before migration, that is, before losing workers. The pre-migration equilibrium point in this case is Q1. Of course, this scenario responds to a “balanced” market, where supply and demand eventually find a point where they meet. We should have in mind that for the countries analyzed in this sample, the labor markets represent a surplus of labor and a very low demand relative to the working aged people.

Now let us suppose that S2 represents supply of labor after migration, that is, after the country loses workers. Keeping the demand equal, we would see the decrease in labor supply moving to Q2 and an increment on the wages at W2. In the case that the demand increases, as would be the case of any growing economy, we would also have a point Q3, which still represents a lower quantity of workers required than before migration, at an even higher wage W3. Theoretically, as we can see in this model, wages would increase with every movement described here. However, in reality wages are not very likely to suffer any major changes in the countries analyzed. If we keep thinking theoretically, a freer migration of labor between Central America, Mexico and the United States would, in the long run, tend to balance. That is, wages would rise in Central America and Mexico, while decreasing in the United States, meaning a redistribution of income and the decrease of inequality in the region. Previous research has already found evidence that immigration in the U.S. does affect negatively wages for the low skilled in the country (Borjas, 2003b:1), while this study studies this effect on the sending countries.

In economic theory it is well known that, in the simplest way, countries will export the goods that make intensive use of the relatively abundant factors and import the relatively scarce ones (Heckscher-Ohlin theorem). In an economic theory of migration, sending countries would export labor because that is the abundant factor, and conversely, it would import another factor of production that is scarce, e.g. capital, which is very likely to come in the form of remittances, thus reaching an equilibrium. The main assumption is that migrating is beneficial for who migrates, and that doing so depends on their wealth and the migration policies that will encourage or discourage them (Borjas, 1989:457). In the case that a country loses too many workers with respect to the total labor force, the economy might eventually learn to restructure itself around labor scarcity changing to a less labor-intensive, and consequently a more capital-intensive economy balance (Taylor and Dyer, 2009:970).
If the sending country has surplus of labor, production is not very likely to be affected by those who leave, but it would be affected when there are labor shortages as many workers would stop producing goods and services and production would decrease substantially. Additionally, migration can have positive effects by reducing competition for limited jobs when there are high levels of unemployment (Koser, 2007:51). This leads us to our first hypothesis.

**H1. Outmigration flows equilibrate employment and wages through a process of national reallocation of labor in Central America and Mexico due to the fact that there is a surplus of labor relative to a low demand.**

The outmigration of high skilled workers is particularly worrisome for the sending countries as the most educated people decide to work out of the country instead of staying and produce in the nation. Pull and push factors work as well for the high skilled workers. While there is an increasing demand for high skilled workers in the advanced economies that represent better economic opportunities, the labor market at home is not able to absorb all the educated ones. As a result, in developing countries the more skilled have the higher probability of migrating (Docquier, *et. al.*, 2006:151). Research still is contradictory as it predicts that high skilled out migration could stimulate economic growth (Taylor and Adelman, 1996:2), but it might also significantly damage productivity and creates a problem of brain drain. In this sense, production might be one of the most badly affected areas of the sending countries, as it is very likely to face difficulties when migrants take with them human or financial capital (Taylor, 1999:5; Lowell and Findlay, 2001:25).

High skilled migrants are more likely to earn higher wages than low skilled migrants and therefore, they are expected to remit more. Another positive effect is the transfer of the knowledge
they get abroad and use it to their advantage in their home country, which increases productivity and economic development. However, when skilled outmigration reaches high levels, economic growth slows down and poverty increases as a consequence in the sending countries (Haque and Kim, 1995:577). This means that low levels of high skilled outmigration are associated with good effects, while reaching a high level represents negative effects for the sending countries (Mountford, 1997:287).

High skilled outmigration can also work as an incentive for better paid jobs abroad. As citizens aim for a better economic future, they are encouraged to get better education in order to be eligible for a job abroad, boosting both education and economic development in the long run. Competition for scarce jobs reduces and the high skilled left back home might experience an upward in wages. The notion of “brain exchanges” that characterizes globalizing economies act as an incentive for sending countries to insert themselves in the global labor market and boost education of their people and eventually, an overall national well-being. Another aspect of the high skilled migrants is that they are more likely to invest in the sending countries, which boosts the probability of remitting, investment and production in the sending country (Lowell and Findlay, 2001:27). On the other hand, given the fact that high skilled workers leave the sending countries also means that these countries are deprived of the taxes they would pay, and this could in turn affect government investment in public policies such as education and health (Hanson, 2008:26).

On the other hand, low skilled migrants are not expected to affect production badly in the case that the sending country experiences surplus of labor, especially in the lower ranks of the production chain. Additionally, when they migrate, the family is temporarily left without financial support from one of the main providers, if savings do not make part of the family plan, or when the settlement in the host country takes longer than expected. However, low skilled outmigration might also help reach an equilibrium in the employment and wages of the fellow workers behind. That is, with less population, even low skilled jobs would see an increase in their wages as labor becomes scarcer (Rosenzweig, 2005:8). In this sense, Graph 1 presented above would also serve to describe the effect of high skilled and low skilled outmigration on the employment in the sending countries. Based on the above, the following two hypotheses are formulated:

H2. Low skilled outmigration equilibrates employment and wages through a process of national reallocation of resources in Central America and Mexico due to the fact that there is a surplus of labor relative to a low demand.

H3. High skilled outmigration equilibrates employment and wages through a process of national reallocation of resources in Central America and Mexico due to the fact that there is a surplus of labor relative to a low demand.

Migrant diasporas, on the other hand, are of tremendous importance for the sending countries, as they are decisive not only economically, but also culturally and socially. Diasporas
might influence prospective migrants to decide whether to migrate or not, providing important information about what are the best places to go and economic and political advantages or disadvantages of their prospective new home. And if these people eventually decide to migrate, migrant networks are of great help in finding a new job, settlement issues and re-bonding with their nationals. The bigger the diaspora, the bigger the positive effect on the economies, national income and the well-being of the sending countries. This leads us to our fourth hypothesis.

**H4. Diasporas enhance employment, wages and national income in Central America and Mexico due to the influence they have on the sending countries.**

**Data and Operationalization of Variables**

For the first independent variable measuring migration, data from the Yearbook of Immigration Statistics of the Department of Homeland Security of the United States are used. The data used here is the total of regular immigrants who have entered the United States in a given year. This variable accounts for the ratio of migrants relative to the total population, who leave their home country in Central America and Mexico and go specifically to the United States at time $t$. The variable takes on a mean value of 22,250; it is named “migrant flows”, and it is logged. It is expected that this variable equilibrates employment and wages, in the sending countries. It is also expected to have an important effect on national income.

For the second independent variable of the analysis, migrant flows who leave to the United States have been classified into low skilled and high skilled workers. The most common method to define a high or low skilled worker is by their education level. However, this research failed to find this kind of data for all the countries and all the years included in the analysis. Therefore, this work uses the second criterion: occupation (Parsons et al., 2015:9). These data were taken from the Yearbook of Immigration Statistics of the Department of Homeland Security\(^1\) that reports the profession/occupation of each migrant at the time of arriving to the country. Both variables represent the ratio of migrants relative to the total population. The high skilled workers variable takes on a mean value of 1,171 and it is expected to affect positively the employment and wages of the sending countries. On the other hand, low skilled workers take a mean value of 19,479 and is also expected to equilibrate employment and wages in the sending countries. Both variables are logged. Both variables are expected to have an important effect on national income.

Additionally, for the fourth independent variable, friends and family networks formed in the United States, once they have entered the country, are taken into consideration in the diaspora.

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variable. For this, this study used the work on labor migration from Leblang, Fitzgerald e Teets (2014:406). This variable is the ratio of migrants already in the United States relative to the total population of their home country, and it is expected to affect positively the employment, wages and national income back home through their influence by remittances and transference of knowledge. It takes on a mean value of 1,006,805 and it is logged. For a full summary of statistics of the main independent and dependent variables see Table 1.

Table 1. Summary Statistics, Independent and Dependent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrant Flow</td>
<td>245</td>
<td>21,250.31</td>
<td>48,263.88</td>
<td>43</td>
<td>405,172</td>
</tr>
<tr>
<td>High Skilled Migrants</td>
<td>245</td>
<td>1,771.45</td>
<td>4,867.52</td>
<td>19</td>
<td>65,059</td>
</tr>
<tr>
<td>Low Skilled Migrants</td>
<td>245</td>
<td>19,478.86</td>
<td>44,492.47</td>
<td>24</td>
<td>340,113</td>
</tr>
<tr>
<td>Diaspora</td>
<td>245</td>
<td>1,006,805</td>
<td>2,634,864</td>
<td>10,941.14</td>
<td>1.37e+07</td>
</tr>
<tr>
<td>Employment</td>
<td>245</td>
<td>5.25</td>
<td>10.59</td>
<td>0.04</td>
<td>44.20</td>
</tr>
</tbody>
</table>

Source: Author, based on the dataset used for the analysis.

Our dependent variable is the employment and it was taken from the Penn World Table\(^2\) dataset. It measures the employment ratio relative to the working age population of the sending country \(i\) at time \(t\), and this is in order to estimate the impact of the dynamics of migration on the labor market of the sending countries. That is, this research tries to measure four effects: the effect on the economy caused when people move out of the country, the effect of both low and high skilled outmigration, and the effect once they reached the host country through migrant diasporas. This variable was chosen instead of the more commonly used measure of unemployment, due to the lack of the complete data for all the countries and all the years in the sample.

The second dependent variable is the average wage of the sending country \(i\) at time \(t\). The data are derived from the ILO October Inquiry database WDR 2013 Occupational Wages Around the World. The normalized wages refer to average monthly wage rates for adult workers. This study used the average of the monthly wages in US dollars from all the 49 industries and the 162 occupations of a country \(i\) at time \(t\). finally, the third dependent variable is the Gross National Income (GNI) for country \(i\) at time \(t\). The data are from the World Development Indicators database of the World Bank and it measures the sum of the country’s Gross Domestic Product plus the net income received from abroad, such as employee compensations or property income. In the case of the countries in the sample studied here, the GNI is a useful tool since there is a large scale repatriation of profits from transnational companies based in these countries that does

not remain in the nation, as the companies take all that money away to their own countries. This lets us know the production of nationals in the country and abroad. As Hanson (2008:4) points out, the literature is very concerned with the effects of immigration on wages, ignoring the impacts of outmigration on non-labor income, arguing that the first is not enough in order to know the effects on national income. This is why this study includes this variable in the research.

The Model

This study used a strongly balanced panel data set that contains 248 observations regarding eight countries during a period of 31 years, from 1980 to 2010 in order to test the hypotheses stated above. All the variables used in the models were logged and analyzed for unit roots using the Augmented Dicky Fuller test, finding that most of them had to be differenced once in order to make the time series stationary. The panel errors reported constant variance, that is, they are homoscedastic.

The main linear regression models used takes the form:

\[
\Delta DV_t = \Delta DV_{t-1} + \Delta \delta_1 Migration + \Delta \delta_2 Fdi_{t-1} + \Delta \delta_4 Trade_{t-1} + \Delta \delta_1 Dem_{t-1} + \Delta \delta_2 GDPgrowth_{t-1} \\
+ \Delta \delta_3 Pop_{t-1} + \Delta \delta_4 Hom_{t-1} + FE_{year_{t-1}} + \varepsilon_{t-1}.
\]

Where DV are the dependent variables examined in this study: employment, wages and national income. The first term of the model is a lagged value of the dependent variable in order to control for its dynamics, followed by the variables of interest represented by Migration, which includes migrant flows, high skilled labor, low skilled labor, and diaspora. This is followed by lagged control variables, for the result of the previous year is very likely to influence the present result rather than the current one (Beck and Katz, 2011:331; Wilkins). The model includes a set of time dummies in order to control for yearly shocks and the error term is to include other unobservable shocks to the dependent variables. Country dummies are not included in the model as the variables have been differenced once, which would take the effect of those unobserved unit level effects. However, two dummies were created for Central America and Mexico in order to estimate if the effect is different among them. The analysis was made for Central America and Mexico separately given that due to its massive numbers, compared to Central America, Mexico would push the statistics giving back spurious effects. Central American countries, on the other hand, are very similar.

This research controls for FDI, trade, GDP growth, population, homicide and level of democracy from the previous year. The models for wages and national income also control for inflation. Due to the nature of the data, they were analyzed through Cross-sectional time-series

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Feasible Generalized Least Squares to obtain the estimates of the models to test the impact of migration flows, migrant diaspora, high skilled, and low skilled migrants on the labor market of sending countries. This methodology was chosen as it allows for an auto regressive term of nature AR(1) in the model, as well as correlation among the independent variables and panels and heteroscedasticity. When having a dynamic model, methods such as Arellano-Bond GMM and LSDVC (corrected least squared dummy variables) are widely used. However, the Arellano-Bond GMM estimation method was developed for small-T large-N panels, and this study comprises the opposite. On the other hand, the LSDVC estimation method was designed for strictly exogenous variables, and this study might include at least some degree of endogeneity (Bruno, 2005:3).

As robustness check, Panel Corrected Standard Errors were also performed, in addition to the feasible generalized least squares, as there might be correlation within the panels. As the results in Table 3 show, the results vary very little, and the variables are equally and correctly signed, finding that the results obtained are robust to the two methods used.

**Results and Discussion**

It is worth to note that the results presented in Table 3 are from different models. That is, for the effect on employment, four different models were designed, one for each of our main independent variables as they are highly correlated with each other (see Table 2), and because of this, the models presented problems of multicollinearity. So it was decided to examine the effect of each main migration related independent variable separately in four models in order to assess their impact independently from the other predictors. In this sense, the results presented in Table 3 account for the coefficients of each of these independent variables that in turn form part of an independent model which controls for FDI, trade, population, GDP growth, productivity, homicide and level of democracy, as well as a whole set of year dummies.

**Table 2. Correlation coefficients amongst main predictors**

<table>
<thead>
<tr>
<th></th>
<th>Migrant Flow</th>
<th>High Skilled Migrants</th>
<th>Low Skilled Migrants</th>
<th>Diaspora</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Migrant Flows</strong></td>
<td>1</td>
<td></td>
<td></td>
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<tr>
<td><strong>High Skilled</strong></td>
<td>0.61</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Low Skilled</strong></td>
<td>0.83</td>
<td>0.76</td>
<td>1</td>
<td></td>
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<tr>
<td><strong>Diaspora</strong></td>
<td>0.83</td>
<td>0.79</td>
<td>0.99</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Author, based on the dataset used for the analysis.

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Table 3. The effect of migrants on the labor market of the sending countries (Central America and Mexico)

<table>
<thead>
<tr>
<th></th>
<th>Migrant Flows</th>
<th>High Skilled</th>
<th>Low Skilled</th>
<th>Diaspora</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FGLS</td>
<td>PCSE</td>
<td>FGLS</td>
<td>PCSE</td>
</tr>
<tr>
<td>CA</td>
<td>0.0145*</td>
<td>0.0145*</td>
<td>0.0145**</td>
<td>0.0124+</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(2.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td></td>
<td>0.0123</td>
<td>0.0123</td>
<td>0.0123</td>
<td>0.011</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(1.34)</td>
<td>(0.01)</td>
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Effect of migration on employment

<table>
<thead>
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<th>Diaspora</th>
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<td>FGLS</td>
<td>PCSE</td>
<td>FGLS</td>
<td>PCSE</td>
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<tr>
<td>CA</td>
<td>0.106</td>
<td>0.0679</td>
<td>0.117</td>
<td>0.0416</td>
</tr>
<tr>
<td></td>
<td>(0.10)</td>
<td>(0.11)</td>
<td>(0.10)</td>
<td>(0.12)</td>
</tr>
<tr>
<td></td>
<td>0.164</td>
<td>0.125</td>
<td>0.178+</td>
<td>0.103</td>
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<tr>
<td></td>
<td>(0.11)</td>
<td>(0.15)</td>
<td>(0.11)</td>
<td>(0.16)</td>
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Effect of migration on wages

<table>
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<th>Low Skilled</th>
<th>Diaspora</th>
</tr>
</thead>
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<td>PCSE</td>
<td>FGLS</td>
<td>PCSE</td>
</tr>
<tr>
<td>CA</td>
<td>0.0771***</td>
<td>0.0771***</td>
<td>0.0733***</td>
<td>0.0733***</td>
</tr>
<tr>
<td></td>
<td>(4.77)</td>
<td>(5.66)</td>
<td>(4.56)</td>
<td>(6.15)</td>
</tr>
<tr>
<td></td>
<td>0.103***</td>
<td>0.103***</td>
<td>0.102***</td>
<td>0.104***</td>
</tr>
<tr>
<td></td>
<td>(5.09)</td>
<td>(4.38)</td>
<td>(5.01)</td>
<td>(4.54)</td>
</tr>
</tbody>
</table>

Effect of migration on national income

+p<0.10  * p<0.05, **p<0.01, ***p<0.001 Standard error in parentheses. Cross-sectional time-series FGLS regressions were performed and year fixed effects were used to capture time shocks. Panel Corrected Standard Errors were also performed as robustness checks. These are the individual results of each model. Control variables and year fixed effects were not reported on the table due to space. Source: Author

The first hypothesis was confirmed as the results on Table 3 show. Migrant outflows showed a positive effect on employment as there is labor surplus in the countries in the sample, and outflows of people from the model mean a balance. And even though many citizens migrate when they are not formally working, it makes sense that national statistics show an increase in employment as there is less people who are in working age and unemployed in the country. The results hold for Central America, but they do not reach statistical significance in the case of Mexico. On the other hand, it can be seen from the results that the effect of outmigration on wages is not statistically significant, meaning that even though many workers are getting out of the labor market, wages are not balancing meaningfully in these countries. A statistically significant effect can be seen only from the high skilled ones and the diaspora, and only on the Feasible Generalized Least Squares Models, as they allow for a bigger standard error.

With respect to the second hypothesis, it was also confirmed. The effect of high skilled outmigration on employment is positive, as predicted. Conversely, when high skilled people leave the place for other fellows, statistics show less people who are high skilled and unemployed, balancing the labor market in the sending countries. The same can be said about low skilled labor.
The results hold for Central America, but again, they do not reach statistical significance in the case of Mexico.

Diaspora, on the other hand, showed a positive relationship with employment in the two models. This contradicts previous research that shows that the influence exercised by diasporas through remittances goes mostly for consumption instead of direct investment on new companies or new businesses the economies of the sending countries. If these investments attract more remittances, creation of new employments could derive from them.

Finally, it can be seen that the effect of the outmigration on national income is statistically significant in all the models and all the dependent variables, meaning that the national income does suffer immediate shocks after people leave the labor market. Furthermore, as soon as migrants arrive to their destination country, they begin to produce, send remittances back home and influencing their countries of origin in different ways. This can be seen in the results, which show that the effect of diasporas on national income is important, positive and statistically significant. This also helps us understand the importance of diasporas, who even being far away are able to lower the existent barriers to important issues, such as investment, trade, technology and ideas, and reducing inequality by redistributing international income.

Conclusion

This study is concerned about how migrants themselves affect the labor markets of their countries back home, shifting from the common perspective of remittances to a human based perspective, and from the destination country perspective to the sending country perspective. Additionally, it investigates whether high-skilled migration hurts or benefit the sending countries in the same way as low-skilled migration does. Also, this work seeks to study the effects of migrants on the sending countries once migrants reached their destination country and organize as an active diaspora. In order to do this, choosing Central America and Mexico as the sample countries due to their migration history to the United States. Migrants are of great help to their countries of origin as they not only send financial remittances, but they also transfer social and political remittances, which are seen through values, ideas and knowledge that they acquire in their destination country. All these remittances are used for various purposes back home, from the opportunity to better education, alleviation of poverty and development, to influence elections and politics (Meseguer and Burgess, 2014:1), showing the importance and the influence of diasporas on the sending countries. However, drawing from the results obtained, it seems that the effect of diasporas on the labor market is mostly positive, but not statistically significant.

Amongst the preliminary findings of this research, it was found statistical evidence that suggests that total migrant flows, low and high skilled outmigration affect positively the labor
markets back home. On the other hand, no statistically significant effect was found on wages. Finally, the effect of the outmigration on national income is also statistically significant, meaning that the national income does suffer immediate shocks after people leave the labor market. However, as soon as migrants arrive to their destination country, they begin to produce, send remittances back home and influencing their countries of origin in different ways, reducing inequality by redistributing international income.

From this study, it can be seen that although migration has some negative effects, it might not be so negative after all. There are also great benefits for the sending countries. As migration is not an issue that can be fully controlled, it is worth to recognize and maximize its benefits as much as possible. This is true for the sample selected in this research and the field is open for further research in wider areas of the world that also have long history of migration. Theoretically, the results would be similar. However, the social, political, economic and cultural features of other regions of the world could also affect the results.
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5 All online sources were last accessed in April 2016.


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