

Appendix

Beyond Altruism and Self-interest: The Growing Importance of External Factors in the Determination of Remittances Flowing to Latin America

Diego E. Vacaflares

Table A1: Determinants of Remittances as a % of GDP using alternative measures of foreign economic activity

	Foreign GDP w migration	Foreign Unemployment w migration	Foreign GDP w distance
L.Remittances %GDP	0.748*** (0.0798)	0.798*** (0.0468)	0.732*** (0.0584)
premgdpfc	0.124** (0.0485)		
premuncf		-0.111*** (0.0188)	
premgdpdist			0.170** (0.0678)
Growth Rate GDP	0.00859 (0.00886)	-0.0128 (0.0110)	-0.00222 (0.00659)
Migrant Stock	-0.0295 (0.0778)	-0.0293 (0.0605)	0.0674 (0.141)
inflation	0.00838 (0.00791)	-0.00282 (0.00216)	0.00796 (0.00485)
Real GDP per capita (ppp)	-0.137** (0.0577)	-0.000628 (0.0760)	-0.185** (0.0885)
Real interest rate (%)	0.00237 (0.00178)	-0.00919** (0.00418)	-0.00183 (0.00473)
Observations	270	254	270
Serial correlation	-1.335	-1.298	-1.417
Serial correlation (p-value)	0.182	0.194	0.156
Sargan	12.10	12.76	11.48
Sargan (p-value)	1	1	1

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. The first column presents the estimates of the average GDP of the top 5 destination countries weighted by the migration stock, the second column presents the estimates of the average unemployment rate of the top 5 destination countries weighted by the migration stock, and the third column presents the average GDP of the top5 destination countries weighted by the inverse of the distance between home and destination countries.*

Table A2: Determinants of logarithmic Remittances using alternative measures of foreign economic activity

	Foreign GDP w migration	Foreign Unemployment w migration	Foreign GDP w distance
L.Inrrem	0.660*** (0.0653)	0.750*** (0.0488)	0.655*** (0.0537)
premgdpfc	0.0661** (0.0279)		
premunfc		-0.0238*** (0.00236)	
premgdpdist			0.123*** (0.0184)
Growth Rate GDP	-0.00127 (0.00259)	0.00335 (0.00424)	0.00747** (0.00339)
Migrant Stock	0.0112 (0.0308)	0.0983* (0.0552)	0.0589** (0.0244)
inflation	-8.30e-05 (0.00232)	-0.00426** (0.00173)	-0.00334*** (0.00119)
Real GDP per capita (ppp)	-0.0616*** (0.0125)	-0.0569 (0.0460)	-0.139*** (0.0360)
Real interest rate (%)	-0.00342** (0.00161)	-0.00680*** (0.00104)	-0.00335*** (0.000870)
Observations	270	254	270
Serial correlation	0.449	0.589	0.556
Serial correlation (p-value)	0.653	0.556	0.578
Sargan	16.26	10.93	8.243
Sargan (p-value)	1	1	1

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. The first column presents the estimates of the average GDP of the top 5 destination countries weighted by the migration stock, the second column presents the estimates of the average unemployment rate of the top 5 destination countries weighted by the migration stock, and the third column presents the average GDP of the top5 destination countries weighted by the inverse of the distance between home and destination countries.*

Table A3: Determinants of Remittances as a % of GDP using alternative measures of relative economic performance of migrant destinations

	Foreign GDP w migration	Foreign Unemployment w migration	Foreign GDP w distance
L.Remittances %GDP	0.777*** (0.0761)	0.757*** (0.0400)	0.724*** (0.0487)
relpremgdpfc	-0.108*** (0.0371)		
relpremunfc		0.101*** (0.0178)	
relpremgdpdist			-0.172*** (0.0566)
Growth Rate GDP	0.00191 (0.00845)	8.40e-05 (0.00726)	-0.00221 (0.00595)
Migrant Stock	-0.0185 (0.109)	-0.0265 (0.0803)	0.0721 (0.137)
inflation	0.00810** (0.00378)	-0.00581 (0.00559)	0.00690 (0.00444)
Real GDP per capita (ppp)	-0.0557 (0.0705)	0.0172 (0.0748)	-0.0146 (0.0809)
Real Interest Rate Differential	0.00214 (0.00188)	-0.00681** (0.00312)	-0.00185 (0.00397)
Observations	271	255	271
Serial correlation	-1.252	-0.992	-1.403
Serial correlation (p-value)	0.210	0.321	0.161
Sargan	12.08	11.44	11.76
Sargan (p-value)	1	1	1

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. The first column presents the estimates of the average GDP of the top 5 destination countries – weighted by the migration stock – relative to the home country, the second column presents the estimates of the average unemployment rate of the top 5 destination countries – weighted by the migration stock – relative to the home country, and the third column presents the average GDP of the top 5 destination countries – weighted by the inverse of the distance between home and destination countries – relative to the home country.*

Table A4: Determinants of logarithmic Remittances using alternative measures of relative economic performance of migrant destinations

	Foreign GDP w migration	Foreign Unemployment w migration	Foreign GDP w distance
L.lnrrem	0.570*** (0.0687)	0.828*** (0.0565)	0.702*** (0.0516)
relpremgdpfc	-0.0920*** (0.0233)		
relpremunfc		0.0247*** (0.00302)	
relpremgdpdist			-0.0910*** (0.0113)
Growth Rate GDP	0.00110 (0.00304)	0.00658 (0.00538)	0.00353 (0.00272)
Migrant Stock	0.00243 (0.0211)	0.149* (0.0791)	0.0291 (0.0376)
inflation	0.00109 (0.00201)	-0.00163 (0.00170)	-0.00240** (0.00118)
Real GDP per capita (ppp)	0.0482 (0.0295)	-0.0759 (0.0634)	0.00726 (0.0302)
Real Interest Rate Differential	-0.000360 (0.00147)	-0.00386*** (0.000896)	-0.00306*** (0.000859)
Observations	271	255	271
Serial correlation	0.506	0.492	0.492
Serial correlation (p-value)	0.613	0.622	0.623
Sargan	13.88	10.35	13.53
Sargan (p-value)	1	1	1

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. The first column presents the estimates of the average GDP of the top 5 destination countries – weighted by the migration stock – relative to the home country, the second column presents the estimates of the average unemployment rate of the top 5 destination countries – weighted by the migration stock – relative to the home country, and the third column presents the average GDP of the top 5 destination countries – weighted by the inverse of the distance between home and destination countries – relative to the home country.*

Table A5: Determinants of Remittances per capita, with additional explanatory variables

	<i>Baseline</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Lagged remittances	0.707*** (0.0391)	0.746*** (0.0199)	0.731*** (0.0205)	0.725*** (0.0321)	0.701*** (0.0359)	0.604*** (0.0810)
Foreign Econ. Activity	18.27*** (4.202)	12.41*** (0.968)	12.06*** (1.596)	12.19*** (1.341)	19.75*** (3.339)	26.72*** (8.343)
Migrant Stock	6.857** (2.669)	2.560 (3.496)	4.981 (3.132)	7.537*** (2.662)	5.687 (4.184)	-1.250 (5.617)
Growth Rate GDP	1.938*** (0.512)	1.470 (1.138)	2.306 (1.498)	1.732*** (0.601)	0.599 (1.627)	-0.740 (1.543)
r GDP per capita (ppp)	-16.00** (6.499)	-3.834 (10.46)	-7.807 (7.436)	-14.78** (6.434)	-13.63* (8.142)	-6.175 (21.50)
Inflation	1.050*** (0.128)	1.104*** (0.228)	1.006*** (0.235)	0.921*** (0.187)	0.944*** (0.128)	1.497*** (0.419)
Real interest rate (%)	0.588*** (0.195)	0.250 (0.262)	0.412 (0.251)	0.247 (0.174)	0.477** (0.229)	0.697* (0.388)
Exchange rate		0.0223*** (0.00400)				0.0136 (0.0186)
Trade Openness			-0.159 (0.240)			-0.206 (0.480)
Financial Development				0.438 (0.562)		-1.345 (1.443)
Labor Force P. Rate					-1.727 (2.861)	3.825 (6.958)
Observations	270	259	267	270	254	245
Serial correlation	0.0845	-0.166	0.0280	-0.154	0.286	0.192
Serial correlation (p-value)	0.933	0.868	0.978	0.878	0.775	0.848
Sargan	9.965	11.01	8.728	10.17	7.688	7.455
Sargan (p-value)	1	1	1	1	1	1

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. The dependent variables is real remittances per capita in PPP terms while the measure of Foreign Economic Activity is the average GDP of the top 5 destination countries weighted by the migration stock.*