

THE IMPACT OF REMITTANCES OF INTERNATIONAL MIGRANTS ON THE STANDARD OF LIVING OF THE LEFT-BEHIND FAMILIES IN TURKEY

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In this study, micro implications of the remittances are examined based on the data from the *1996 Turkish International Migration Survey (TIMS-96)*, a part of comprehensive study of Eurostat and the Netherlands Interdisciplinary Demographic Institute (NIDI). Results of the study imply that migrant saving – remittances are used for both consumption and investment in Turkey. Pattern of expenditures from remittances suggests that for 12 per cent of the households about 80 per cent used remittances to improve their standard of living. Considering the variation by regions, it is seen that households in less-developed regions spent more on daily expenses than those in developed regions. This suggests that daily expenses of households in less developed regions mostly depend on remittances received by households. Moreover, remittances have a positive impact on household welfare; households receiving remittance are found to be better off than those of non-remitting households. This suggests that migration and remittances have positive indirect effects on incomes in emigrant households. A considerable part of the relevant literature argues that remittances are mostly spent on consumption, housing and land and are not used for productive investment that would contribute to long-run development. However, market linkages transmit the impacts of remittances from the households receiving them to others in the local, regional or national economy. Although emigration is rarely a solution to the problems of national development, these direct and indirect income effects of remittances potentially have important influences on production, income inequality and poverty at least on local level.

I. INTRODUCTION

There is an ongoing debate on the role of migration in the development of the labour exporting countries, and often the question is put whether on balance the benefits from migration outweigh the costs. The best that seems to have come out of this discussion so far is that the issue is still “unsettled” (Papademetriou and Martin, 1996). Considering in particular the effects of migrant remittances on development, the best conclusion that has been reached is that “scholars remain divided in their judgement” (Appleyard, 1992).

Remittances, the money that migrants earn working abroad and then send back to their countries of origin, are one of the most visible impacts of the migration phenomenon for migrant-sending countries. The flows of remittances to migrants’ families and communities are not unique to Turkish migrants working in the Europe but rather occur throughout the world, with over \$71 billion estimated in remittances worldwide in 1990 and over \$4.5 billion in Turkey (Russel, 1992). Most estimates of remittances are based on the balance of payments statistics reported to the International Monetary Fund (IMF) by the central banks of the recipient countries.

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The numbers generally are considered an underestimate of actual remittances as they include only the officially recorded flows in balance-of-payment data reported by the remittance-receiving countries (Russel, 1986).

Much of the literature focuses on how remittances are spent by the recipients (generally spouses, children, parents, and siblings) and their implications (often in terms of costs and benefits) for the economies of those communities. An important question, however, is how the increase in income from remittances affects the family's expenditures. The literature shows a fairly strong consensus on the use of remittances, regardless of country (Russel, 1986; Russel, 1992; Taylor, et al., 1996; Taylor, 1996; Massey and Basem, 1992; Martin, 1996; Kelly and Tran, 1989). For the most part, remittances are used for daily expenses such as food, clothing, and health care -basic subsistence needs- and they make up a significant portion of the income of those households. Funds also are spent on building or improving housing, buying land or cattle, and buying consumer goods such as washing machines and televisions. Generally, only a small percentage of remittances are spent on savings and what is termed "productive investment" (e.g., income and employment-generating activities such as buying land or tools, starting a business, and other activities with multiplier effects). In Turkey, for instance, researchers have found that remittances were spent on basic household expenses, with the remainder used for improving the standard of living through better housing, education, additional consumption, and loan repayment (Martin, 1991; Abadan-Unat, 1976).

Researchers disagree, however, as to whether recipients of remittances are using these resources wastefully, or productively and rationally. Further, even if the remittances are being used rationally by the migrants and do have local multiplier effects, there is a question as to whether the community and country as a whole are better off from the receipt of remittances. Some criticise migrants' use of remittances for focusing only on short-term consumption needs (which increases the demand for imports) and not enough on savings or "productive investments." They believe that remittances should be channelled toward development, small businesses, and other projects that increase local production and income and reduce unemployment (Pastor and Rogers, 1985; Martin 1990; Diaz Briquets and Weintraub, 1990).

Others, however, believe that migrants use remittances very rationally. Remittances and local development depend a great deal on the local context; criticism of consumption patterns ignores the personal circumstances as well as structural

conditions (economic, social, and political) in which the decisions are made. These researchers also feel that these criticisms ignore the private nature of the transfers and the limited opportunities for small-scale investment in the community (regardless of the presence of remittances) and the social and financial capital needed for a new business. Given the circumstances in the various countries (eg., lack of access to credit, poor infrastructure, etc.), the migrants are making rational decisions about the use of their remittances when making stable investments like the purchase of cattle or home improvements or when buying consumer goods that have local multiplier effects, such as increased demand and decreased unemployment.

Within this context, this paper mainly deals with micro implications of the remittances and with questions concerning the use of remittance sent by international migrants to households in the country of origin. In analysing the use of remittances as a poverty reduction strategy in the origin, the characteristics of migrant households (recent and non-recent migrant households) will be compared with non-migrant households. In addition to this comparison, this paper also includes a comparison between households in different regions in terms of use of remittances received by households.

II. BACKGROUND

Emigration from Turkey to Europe in particular can be divided into two main phases: the first one was labour migration from the early 1960s to the mid-1970s, and the second one was the mid-1970s onwards. There were three distinct types of emigration in the second phase: a) family reunification, including marriage migration; b) politically motivated migration, c) labour migration of so-called illegal or undocumented labour (Eurostat, 2000).

There were several reasons behind the ongoing migration flows from Turkey. The main one was the persistence of the sharp differences between Turkey and the destination countries in terms of their degrees of socio-economic development. Labour migration has been accepted as a tool for the development strategies in Turkey since mid-1950s because of the balance of payments deficit and unemployment pressure on the economy.

Over the last two decades, Turkey has experienced a remarkably rapid economic, social, political and demographic transformation. This transformation in itself does not

only have some implications for the root causes of continuing migratory flows from Turkey, but also indicates the underlying dynamics behind the various forms of recent migrations from the country. Despite her considerable socio-economic development, the country has still high potential for emigration. Turkey's high population growth rate made the domestic labour market prone to a high unemployment problem, in turn, which leads to international migration.

The recent trends and patterns of Turkish emigration to Western Europe reaffirm the widely accepted paradigm that international migration arise mainly out of economic and demographic imbalances, and inter-dependencies between nations. But there are other equally important underlying causes and mechanisms which, bring about the continuity of emigration. Among them, the social networks are effectively responsible for the self-sustaining and cumulative character of emigration flows: the presence of millions of immigrants from Turkey in the Western European countries has provided an increasingly large base for chain migration. Similarly, the growth of an "emigration industry" based on social migration networks between Turkey and the receiving countries has largely contributed to the expansion of all types of migration since 1980s, including marriage, refugee, and clandestine migration. Due to the migration networks, which has been in operation through social links between migrants who are already residing in Europe and their relatives and friends in Turkey, there has been a persisting flow of migration to Western Europe despite the strict immigration policies adopted by most of the receiving countries. In addition to this established family-oriented (family reunion and marriage) migration, in the late 1980s and early 1990s, Turkish emigration accelerated mainly through the process in which a large number of people began to apply for asylum in Europe.

Personal networks in potential countries of destination are one of the main factors in shaping and sustaining migration. Presence of family members, friends or community members in countries of destination may encourage potential migrants to move to those countries legally or illegally. The decision to migrate may be facilitated by the presence of network, by mechanisms such as conveying information or organising living conditions prior to arrival of migrants. Recently, the role of such networks have become more important, as residence permits in many countries are almost exclusively based on family formation or reunion (Kurtulus, Koc and Ergocmen, 2000).

III. DATA AND KEY CONCEPTS

III.1. Data Source

In 1994, Eurostat, the statistical office of the European Union, commissioned the Netherlands Interdisciplinary Demographic Institute (NIDI) to conduct a comprehensive study on the causes of international migration. The overall objective of the study is to improve the understanding of the direct and the indirect causes and mechanisms of international migration to the European Union, from a comparative perspective.

Surveys have been set up in five predominantly immigrant-sending countries in the Southern and Eastern Mediterranean region (Turkey, Morocco and Egypt) and in Sub-Saharan Africa (Senegal and Ghana) and in two predominantly immigrant-receiving countries in the Mediterranean region (Italy and Spain). In addition, survey data from the Netherlands have been used for secondary data analysis.

The data used in this study is from the 1996 Turkish International Migration Survey (TIMS-96), a part of comprehensive study described above. The Hacettepe University Institute of Population Studies conducted TIMS-96. TIMS-96 was carried out in the selected 28 districts in 8 provinces of Turkey in 1996. The sample selection for the TIMS-96 was made using a weighted, stratified cluster sampling approach. TIMS-96 can be considered as a sub-national survey. The survey was designed to provide information on the causes, mechanisms, dynamics, and consequences of migration flows from Turkey, with a retrospective time perspective set at ten years (1986-1996). Interviews were carried out in 1564 households and with 4680 individuals. The sample design does not aim to arrive at representative results at the national level but rather at the level of (each separate) region. Within each region formed, a *multistage stratified cluster sampling* approach was used to select households of the TIMS-96. One-fourth of the households interviewed in TIMS-96 was identified as migrant households; 14 per cent were recent and 11 per cent were non-recent migrant households.

Sets of questionnaires cover households and, within each household, its individual members aged 18-65 years. In the sending countries, the targeted groups were recent current (emigrated from Turkey and actually live abroad at the time of interview) and recent return (emigrated from Turkey and returned back) migrant households, households with at least one person who emigrated 10 years ago or

less, non-migrant or non-recent migrant households and households with non-recent migrants and/or non-migrants only.

III.2. Key Concepts

For the purpose of the study, the usual concept of *household* was extended to include not only those persons who are living together and have communal arrangements concerning subsistence and other necessities of life, but also those who are presently residing elsewhere but whose principal commitments and obligations are to that household and who are expected to return to that household in the future or whose family will join them in the future. Therefore, both the household and the shadow household are captured within the definition, a necessary extension for migration studies.

Migration is defined as a move from one place in order to go and live in another place for a continuous period of at least one-year. The line has been drawn at one year to allow for comparison with international recommendations, as well as to exclude seasonal migration across international borders. Therefore, the migration history module in the survey questionnaires asks only for those places where someone has lived for at least one year (a municipality in case of internal migration in the country of origin, and a country in case of international migration). There is one exception to this rule. If a migrant has left the country of origin (i.e., the respective sending country included in the project; more precisely defined as the country of birth) at least three months ago and is *currently living abroad* since at least three months he/she is also considered a migrant as it is still unknown whether he/she will stay there for at least a year.

Current migrants are those who have emigrated from the country of origin and actually live abroad at the time of the interview. They may be, however, in Turkey for a holiday. *Return migrants* have lived abroad for a continuous period of at least one-year, but have returned to Turkey, where they live at the time of the interview.

In the survey, in order to restrict the number of potential respondents for the long individual questionnaire only one recent migrant in any household was selected for the long interview. This selected person is the *main migration actor*, (MMA). Potential main migration actors are all recent migrants in the household aged 18-65 who were born in Turkey and who were 18 years or older at the time of their last migration from

Turkey. Among the potential MMAs, only the one who was first to have left the country within ten-year period was selected as the MMA.

The survey sample was stratified into four regions (Figure 1). These are artificially constructed regions on the basis of international migration experience (based on 1990 Census of Population) and on the socioeconomic development level of all districts in the country. *Region1* (Denizli and Usak provinces) is a relatively more developed region in Western part of Turkey with an established emigration history. *Region 2* (Aksaray and Yozgat) represents the area in Central Anatolia with a relatively less developed socio-economic profile and established migration history. *Region 3* (Gaziantep and Kahramanmaras) is in the Eastern part of the Turkey and represent a relatively more developed area with a recent emigration history. And lastly *Region 4* (Adiyaman and Urfa) is located in the southeastern part of the Turkey and it has a lesser development profile and recent migration history.

IV. MIGRATION AND REMITTANCES: THE CASE OF TURKEY

IV.1 International Migration as a Development Strategy

The post-1960 emigration from Turkey was determined primarily by economic factors. The emigration to Europe is initiated by individual workers as a response to high labour demand of the European countries and also by the freedom of travel provided by the 1961 constitution. By the time, emigration was considered by the Turkish governments as a tool for attaining economic development. As a cure to the problem of surplus labour, the Second (1968-1972) and the Third (1968-1975) 5-year Development Plans considered emigration of excess manpower. Both plans encouraged the migration of unskilled workers and those from the less developed regions. Migration was considered as a tool for economic development as well as social transformation. It was further expected that the process of emigration would be providing skilled labour and capital from the return migrants. The issue of international migration from Turkey's point of view lays stress on another discussion. As Turkey borrowed heavily from developed countries to finance its modernization process, the returns of international migration were expected to relieve the problems of excess labour supply, balance of payments and foreign debts.

The impact of international labour migration on sending countries is extensively analysed on the existing literature. Economic studies in this area of research focused

on the implications of labour migration on long-term economic development. The literature on economic consequences of emigration offers two basic approaches: the “balanced” and “asymmetric” growth models.

The balanced growth approach emphasises the positive impact on the balance of payments, an increase in domestic investment and the resulting economic growth. Through this process the balanced growth theory assumes that the inequalities between emigration and immigration countries will be disappearing. The export of excess labour helps the emigration area to catch up economically with immigration area. The underlying assumption of the model is that those who emigrate are unemployed and consequently the emigration process results in no decline in production (Icduygu, 1998).

The reduction in the unemployment/underemployment and an improved balance of payments are the most frequently cited benefits enjoyed by the sending countries. In terms of alleviating the problem of unemployment, the emigration made a significant contribution.³ However, it is not easy to present quantitatively the effects of emigration on domestic labour market (Icduygu, 1998). However, there exist several studies that make assessments on the issue: Like many other developing countries, Turkey had a labour surplus, which accounted for 16,7 percent of the labour force in 1986. It is argued that the percent of unemployment would have reached 23,2 in 1986 instead of 16,7 in the absence of labour emigration (Barisik et al.,1990). This figures became more remarkable, when emigration by unofficial channels and job requirements of the second generation residing outside Turkey is considered.

Michapoulas (1968) argues that as long as emigration reduces unemployment and increases per capita income, it is beneficial for the country. However, an extended analysis is required in order to measure the long term economic implications of emigration. Emigration is also considered to stimulate economic growth and finally to break out of the “low level income trap” (Liebstein, 1957). With the removal of unskilled labour from the economy, per capita productivity and income would accelerate even with a stable level of population. This is to say that the migration of unskilled and unemployed will have a positive impact on economy as capital labour

³ Castles and Kosack (1973), however, treats emigration as of little importance in terms of alleviating unemployment in highly populated countries like India, Algeria, Turkey where unemployment is substantially high.

ratios improved, unemployment problem relieved, savings increased (Friedlander, 1965).

As the flow of emigration increases, with the increasing output growth and declining population growth, the rate of growth of per capita income increases substantially. This view considers emigration as a tool for overpopulated and underdeveloped countries through their economic development process (Swanson, 1979).

The asymmetric model, in contrast, argues that the movement of labour widens the gap between the sending and receiving countries through the displacement of labour from underdeveloped to industrial countries. Martin (1991), argues that the transfer of human capital from agriculture to industry will re-determine domination relations between migrant-receiving core countries and sending peripheries. Thus, the asymmetric growth model asserts that emigration process slows development process in migrant sending countries.

It is appropriate to assume that with the existing 10 percent unemployment and an above 10 percent underemployment, emigration relieved unemployment pressures in Turkey. However, it should be stressed that most emigrants were not the unemployed and around one-third of these were skilled workers (Stalker, 2000). Along with its effect of eliminating excess labour, the labour emigration may also deprive sending countries of skilled labour they need and may even result in extended unemployment among unskilled labour. Paine (1974) points out the growth-slowng effects of Turkish emigration because of the emigration of the skilled labourers.

Labour emigration may prove to be detrimental for economic growth from another point of view. Stalker (2000), for example, puts forth the loss in education investment due to emigration of highly skilled labour from developing countries to United States in 1990, representing a net loss in tertiary education of 642 million dollars in total.

After briefly putting forward the opposing views on the economics of international migration, it seems the most appropriate thing to say that the economic outcome for Turkey was somewhere between the two scenarios just proposed. It is obvious that the incoming migrants' remittances had a significant impact on paying for imported goods and services in times of periodic foreign exchange bottlenecks and they contributed to the finance of development projects undertaken.

Considering emigration as a tool for economic growth via remittances, another argument asserts that remittances inhibit further emigration. There are different arguments related with remittances' impact on future emigration. Some argue that by improving domestic economic conditions, remittances are likely to inhibit further emigration in the long-run, while others stress that the improvements on the standard of living of remittance receivers will stimulate others to emigrate (Stalker, 2000).

There are different views with respect to the impact of emigration on productivity. One argument asserts that the relief of pressure on the labour market involved no loss of production as it were partially or entirely unemployed workers who left and there remained sufficient labour with the same qualifications for the vacated jobs. The opposing view argues that emigration meant a loss of labour supply in which substantial amounts of human capital have been invested or it meant the depopulation of rural areas (Icduygu, 1998).

To carry an analysis on relative costs and benefits of international migration, Paine (1974), correlates Turkish workers' remittances with Turkey's foreign debt. The study brought up that the flow of remittances were not able to compensate for foreign debt payments. Paine (1974), further opposes to the theories that favor labour emigration by arguing that the returning migrants will not be bringing additional skills as only around 10 percent of emigrant workers receive any kind of training when abroad. Those who received training would probably find their new skills inappropriate for the very different labour market in Turkey.

The impact of remittances on the overall economy is also related with their impact on the level of imports. If remittances increase demand for domestic goods and services rather than demand for imports, domestic production will increase and new job opportunities will be created. The initial flow of remittances, if channeled through productive uses, will generate increased output and income through multiplier effects. Remittances sent to rural workers, for example, will find their first reflection on the increased agricultural production through the investment in farm production such as buying tools, fertilizers. The remittances will also stimulate manufacturing and service activities and the rural consumption (Stalker, 2000). Consequently, the multiplier effects of remittances will be felt throughout the economy.

To examine the relative magnitude and importance of remittances, it is possible to compare the flow of remittances with merchandise exports or to determine their

share in GNP or trade deficit. It is observed that for some countries such as Dominican Republic and Egypt, total remittances were almost equal to merchandise exports for the year 1994. In Turkey, however, the comparable figure was only around 14.3 percent for the same year. In the coming parts, this analysis will be extended to investigate the remittances' relative prominence in Turkish economy for the period between 1964-2000.

IV.2. Historical Development of Migration and Remittances

IV.2.A. Migration Trends

The labour emigration in the early 1960s was primarily an economic phenomenon where the excess labour in developing countries flew to the industrial countries who are in serious need of manpower. In other words, movement of workers are driven by the push of Third world poverty and underdevelopment and pulled by the booming economies of the developed countries (Mandel, 1993).

The first group of Turkish workers were recruited in the Federal Republic of Germany in 1961 after the bilateral treaty between the Federal Republic of Germany and Turkey.⁴ In fact, Turkish people have no established history of large-scale movement until the signing of the bilateral treatment with West Germany. The treaty's design and aim was similar to other treaties drawn up in the same period between Germany and Italy, Yugoslavia, Greece, Spain and Portugal and they were drawn up with the intention that the coming workers would eradicate the excess labour demand occurred after the Cold war with freezing of East-West relations.⁵ The government of Turkey signed similar bilateral agreements specifying the conditions of recruitment, employment, wages with Austria, the Netherlands, Belgium in 1964, with France in 1965, and with Sweden and Australia in 1967 and the organized labour emigration flows were realized within these agreements (Erhard, 1994). However, in the later phases, as shall be explained in the coming parts, the migratory flows generated their own dynamics and mechanisms, which are quite independent of the scope of the bilateral labour agreements (Icduygu, 1998).

Initially, the contracts are designed so as to limit the working period of guest workers to a year or two. However, continual rotation of workers soon prove itself to be a cost-inefficient practice with burdening additional hiring and training cost of new

⁴ In Post World War II labour market the Turkish emigrants were late comers. By the early 1960s, there were already 7 million foreign workers in Europe.

workers each year and the process, as unexpected initially, turned out to be of a permanent nature (Mandel, 1993).

This scenario, however, is intervened several times by the changes in European labour market due economic recession in the late 1960s and the oil crisis of 1973, which indicated that the problem of labour shortage was no longer in effect. In 1966, the peak year of emigration from Turkey, 66 000 workers left Turkey and this was followed by a decline due to economic recession in 1967. In 1967, only 8947 people were sent by the Turkish Employment Service, while more than 900 000 people applied to leave the country. In the following years, the flow regained its momentum in 1970, however, since then it exhibited a shrinking pattern. Only 17 000 people managed to go abroad in 1974 (Icduygu, 1996). In the late 1974, the entry of workers were stopped due to economic recession and the year 1975 marked the end of large-scale Turkish labour migration to Europe.

From this period onward, emigration to Europe occurred mostly in the form of family union, where spouses and children joined to the resident migrants. And the initial labour emigration limited with one or two year contracts expanded into an extensive chain migration. The presence of millions of Turkish migrants in Western European countries has provided an increasingly large base for chain migration and this contributed to the expansion of emigration since 1980 in various forms. Eurostat (2000) presents that 85 percent of migrants had a network of some kind before departure.

The curtailment of recruitment by the end of 1960s due to the economic recession was followed by a period where only Turkish women were permitted work visas. The policy of granting visas only to women started a different phase of the emigration process and large-scale family reunion occurred. In 1976 two-thirds of Turkish men had their wives with them and 27 percent of all Turks in Germany were women (Mandel, 1993). This, in turn, meant that with more dependents Turkish emigrants in Germany became less likely to remit their earnings to the home country as they had to spend a greater portion of their wages on their families. Consequently, the flow of remitted earnings declined sharply and Turkey had been deprived of the hard currency it heavily needed.

⁵ With the erection of the Berlin wall, West German economy had been seriously deprived of the East German labour it depended (Mandel, 1993).

Despite the recruitment stop of 1973, with high birth rates among the Turks, the Turkish population in Germany increased from 172,400 to over one and a half million in the fifteen year period between 1967 and 1982 (Mandel, 1993). Until 1981 the grown children of migrants were permitted to bring spouses from Turkey.

As the unemployment problems of Germans came to the front in the middle 1970s, the resentment and xenophobia against foreign migrants arose sharply. Despite the fact that most unemployed Germans would not have considered the positions of Turkish workers, the press and the centre-to-right political wing presented the problem as foreigners taking residents' jobs. Along with severe restrictions on further family reunion and residence requirement, "go-home premiums" were introduced for the first time in 1983. Within the program, money incentives were offered to those who accepted to bring an end to their work and residence permit in the host country and return to Turkey⁶ (Mandel, 1993).

After 1973, as the demand for labour in the European countries stopped due to the changing world economic conditions as a result of oil shocks, the government kept its policy favoring emigration with the new destinations. The labour movement to new destinations such as Australia and to Arab countries was the outcome of the hard efforts of the Turkish government to open new markets for its excess labour in Turkey. In the period between 1975-1980 and in the 1980s, the flow of migration has exhibited a different route, this time towards oil-rich Arab countries (especially to Saudi Arabia, Iraq and Libya) which was accelerated by construction projects financed by now-stronger oil-rich economies. The typical migrant was a man, skilled or at least semi-skilled and engaged in construction work. One striking characteristic of labour emigration in these routes was the intensity of the project-tied moves, hired either by Turkish or foreign contracting firms (OECD, 1995). Figure 2 displays the trends in emigration from Turkey for the years 1961-1999. The changing route of labor emigration after the year 1975 is clearly observed.

Through the 1980s, high male emigration rate was realised to Arab countries. By the 1990s, however, the number of Turkish workers in Arab countries began to decline, largely because of the completion of large-scale infrastructure projects and partly because of the emergence of unfavourable conditions generated by the Gulf crisis. The sharp decline of the oil prices contributed to the process. The number of Turkish

⁶ The program was short-lived and a controversial one. With various deductions (early pensions, child allowance received) the premium was insufficient to start a productive business in the home country and it also meant the one's passports becoming invalid.

people residing in the above-mentioned Arab countries was 250 000 in late 1980s and the figure fell to 140 000 in the early 1990s and to 120 000 in the late 1990s.

After the collapse of the former USSR, some of the newly emerging states in the region started reconstruction programs (Gokdere, 1994). Labour emigration to these countries came into being in these circumstances in the form of job-specific and project-tied migration. In the downturn phase of migratory flows to Arab countries for reasons mentioned above, the migratory movement to CIS countries turned out to be the new route. The Turkish government is actively involved in a search for new employment possibilities for Turkish workers and the Turkish contractors are seeking contracts in the construction sectors of such countries as Chinese Taipei and Pakistan (OECD, 1995).

Bringing an end to the organised labour emigration of 1960s and early 1970s did not stop the emigration flow into the Western Europe. During the 1980s and 1990s, the migration flows to Europe continued at unexpected levels. In spite of the much more restrictive migration policies, emigration flows continued with the help of close family ties and in the form of family formation. In the late 1980s and early 1990s, it is estimated that nearly 300 thousand people emigrated annually from Turkey to Europe in various forms of post-labour migration (Icduygu, 1996). As a total, around 1.8 million people entered Western Europe in the 1980s and 1990s. Marriage migration as a new form of family reunification became more visible apart from the continuing family reunification flows.

In spite of the fact that family network migration constituted the most common way of the second phase of migration in an environment with much more restrictive migration policies, high levels of labour market skills and international asylum regulations also formed emigration flows in this period (Eurostat, 2000). In the second phase of emigration process, the 1980s and the 1990s, around 350 000 asylum seekers moved to Europe from Turkey. By the late 1990s, the number of asylum seekers from Turkey still constitutes a considerable number, annually 35 000 people. In this respect, it is possible to state that the increasing tension in the political environment in the 1980s and the revival of the Kurdish ethnic identity heavily contributed to the migratory flows from Turkey since mid-1980s (Icduygu, 1995, Ozmenek, 1998).

In addition to ongoing family reunification and asylum-seeking movement, the 1980s and 1990s also witnessed clandestine labour emigration where undocumented migrants- migrants who do not have valid passports- entered the European countries illegally, or entered legally with valid passports on visitor visas, but, then extended their stay illegally.

After all, in line with expectations, in the period between 1985-1995, the actual number of Turkish workers in Europe displayed a relatively small increase, while the number of their dependents increased considerably. Today, through various mechanisms, around 150 000 people are estimated to leave Turkey annually for Western European countries (Eurostat, 2000). By the early 1990s, a class of small entrepreneurs- around 50 000-70 000 Turkish owned small businesses- have emerged in countries with substantial Turkish minorities such as Germany, France, Belgium. Along with this, in the wake of the downturn of the 1990s Western European economies, high rates of unemployment was observed in the Turkish population living abroad. In 1993 figures, there exist around 280 000 unemployed Turkish citizens abroad (OECD, 1995).

To sum up, the following four decades after the bilateral agreement with Germany witnessed an attractive growth of Turkish people in Western Europe. By the mid-1990s, 3 million Turkish workers and their dependents in Europe⁷, 140.000 workers (no dependents allowed) in Arab countries, 50.000 workers in CIS (Commonwealth of Independent States) and 40.000 settlers reside in Australia. This accounted for around 6 percent of population abroad for those years (Day and Icduygu, 1997).

IV.2.B. Remittances -Definitions and Trends

Remittances are the part of the payment for labour exports of sending countries that accrue to the country of origin. In this respect, remittances point out the expected real net benefits of international labour migration. While remittances are generally flows of small individual transactions and where the medium of transfer is sometimes informal, unregulated and parallel, the total amount of remittances is substantial (Puri, Ritzema, 1994). There are different ways to estimate the flow of remittances, however, there is no universal agreement on any methods. In general terms, three categories are included and published annually by IMF in its Balance of Payments Statistics Yearbook as remittances. The first flow of money, workers' remittances, is

⁷ The Turkish population abroad constitutes around 5 percent of Turkey's resident population and the Turkish workers in Europe, is over 6 percent of Europe's resident labour force.

total of monetary transfers sent from workers who are abroad for more than one year. The second category, compensation of employees, are the gross earnings of foreigners residing abroad for less than a year. The third item, migrant transfers are the net worth of migrants who move from one country to another. These figures, however, as cited frequently, fail to include a substantial part of flows, that is, the flows through the informal channels.⁸ In this paper, unless stated otherwise, the word remittance is used interchangeably with workers' remittances as the focus of our study is the welfare effects of the transfers sent from workers abroad on the left behind families in Turkey.

Over the world, the flow of annual total remittances increased from below \$2 billion in 1970 to \$70 billion in 1995. After the mid-1970s, when large-scale emigration to oil exporting Arab countries came into being, remittances increased sharply.⁹ Total remittances stabilized around \$60 to \$70 billion in the 1990s. Between the years 1970 and 1995, workers remittances constituted the two-thirds of total remittances, and in the early 1980s, the share of workers remittances in total amount of remittances increased over 70 percent.

For the year 1995, the largest amount of workers remittances flew to Portugal, \$3.8 billion, followed by Mexico, \$3.7 billion and Turkey with \$3.3 billion. As a total, developing countries received \$35 billion in remittances in the same year, half of this amount sent to eight developing countries. (Mexico, Turkey, Egypt, Brazil, Morocco, Bangladesh, Yemen and El Salvador) From the other way around, the 80 percent of workers remittances were paid by five countries in 1995 (Saudi Arabia, USA, Germany, France and UK). Beside these countries, Kuwait and Oman list among the countries paying large remittance receipts.

When total remittances-sum of workers remittances plus compensation of employees plus migrant transfers- rather than workers remittances considered, it is observed that some industrialised countries rank high in terms of receiving remittances. France, for example, was the country receiving the highest level of remittances in 1994, largely due to \$3.7 billion of compensation of its employees. Germany is also among the developed countries receiving huge remittance bills.

⁸ This may be the outcome of various factors such as the inefficiency of the banking system of the recipient country or the unwillingness of emigrants to change money on often-overvalued official rates or simply the tendency to carry cash bags and importing expensive consumer goods, the most common practise being the parallel foreign exchange markets.

⁹ This was probably the outcome those countries' strict barriers to family union in the receiving country which results in larger amounts of earnings to be remitted.

The annual statistics of the Central Bank of Turkey displays the remittances transferred by official channels. These figures, however, do not include the currencies brought by the workers themselves or sent with others visiting the country. However, in the Turkish case too, such transfers constitute a significant part of total remittances. The flow of remittances and their relevant share in other economic magnitudes such as GNP, exports, imports and trade deficit for the period 1964-2000 is presented in Table 1 and graphically represented in Figure 3.

Since the beginning of recruitment of Turkish workers in Europe in the mid-1960s, remittances have been an important source of foreign exchange and served as a major compensation for Turkey's trade deficits (Barisik et al., 1990). For the years between 1965 and 1986, remittances helped to offset the trade deficits by more than 50 percent on average and for the years 1972 and 1973, the flow of remittances exceeded the trade deficits and they prove to be effective in delaying Balance of Payments crisis of 1973. This situation, however, worsened after 1975, when remittance flows decreased. For the period 1971-1974, around one half of Turkey's annual total import bills was financed by the remittance receipts. Table.1 makes it clear that the flow of remittances have been important sources of foreign exchange in the early 1970s. However, a counter argument brought up by Gitmez (1988) highlights that the flow of remittances delayed the efforts to combat against the underlying causes of the trade deficits and to restructure the Turkish economy.

In the 1980s and 1990s, remittances accounted for 45 percent of the trade deficit on average and they accounted for around 2 percent of GNP. However, it is important to note that the contribution of remittances varied significantly from year to year and in years of manageable trade deficits due to successful export performance such as those in 1988, 1989, their contribution became more apparent. Thus, remittances had great contributions to paying for imports although they had limited contribution to GNP.

Willingness of migrants to remit depends on economic policies and political environment in the host and home countries, exchange rate and risk factors and the availability and efficiency of transfer means. The enactment of new regulations in 1978 favoured the saving of remittances in Turkish banks. However, as the duration of stay increased and more family unification occurred, West European banks began to be preferred. This tendency is strengthened in years of economic crisis in Turkey.

Straubhaar (1986) argues that the incentives to attract remittances such as premium exchange rates and foreign exchange deposits with higher returns have not been very successful and comments that the flow of remittances toward Turkey depended more on political stability rather than economic returns. Table 2 and Figure 4 exhibit that the flow of remittances did not decline as migration flows from Turkey matured. These also evidence that there exists a drastic decline in the labour-force participation rate among Turkish community living abroad from 78 percent to 33 percent in the period of 1973-1999. This process mainly is mainly related with the family reunification abroad, the increasing share of females whose labour-force participation rate is lower than males, and owing to the increasing number of students attending higher education, as well as the increasing number of retired workers residing in host countries (Gokdere, 1994).

IV.3 The Use of Remittances- A Macro-Level Analysis

Remittances by not generally accruing to productive uses, do not contribute much to country's capital stock for development as they are invested in improvements of standard of living or some other marginally productive enterprise such as real estate or services. Therefore, remitted earnings may prove to be useful in balance of payments problems, but they generally contribute little to economic growth (Swanson, 1979).

One benefit expected from labor emigration was that the returning migrants would be bringing an impetus to investments, transfer of technology and machinery and new enterprises. However, the type of work the returned migrants operate such as buying a taxi or a delivery truck, operate a small business in service sector, has generally very few multiplier effects on employment (Icduygu, 1998). In spite of the efforts, the share of productive investment turned out to be low, mostly in the form of small entrepreneurship in industry and services sector. It is reported that around 20 percent of transfers were used for personal consumption, while share of housing investment was around 30 percent (Barisik et al., 1990).

Among the forms of productive investment, village development cooperatives and shareholding companies may be listed, which aimed to channel the workers' savings to rural development. However, such initiatives prove inefficient in terms of fueling economic development. Workers' joint stock companies which were organised to

create job opportunities upon return to home country lost their popularity as the duration of stay increased.

In order to overcome this problem, the government of Turkey established a bank, DESIYAB (State Industrial and Workers' Investment Bank) in the early 1970s which aimed to promote programs to aid worker-owned and managed cooperatives. By the establishment of State Industrial and Workers' Investment Bank -which advocated mixed enterprises organised by the state and private capital, including workers' remittances- workers' savings were aimed to be attracted. The government participation in these enterprises was socialistic in orientation and the model was the Yugoslavian self-management worker cooperatives.

To channel the funds to less developed areas; the governments supported the foundation of joint stock companies that would operate in these less-developed regions of Turkey. These cooperatives were to be financed by migrant workers who send a part of their incomes while working abroad and this people would be provided with job opportunities upon their return. With the social goal of industrialising the regions of origin, more than 600 workers' companies have been founded. However, most of these joint endeavours turned out to be total failures and there existed many factors behind this lack of success. First, many of the cooperatives were located in inappropriate areas for a specific industry, such as a cement factory in an area lacking sand or a sugar factory where no sugar beets were produced. Second, the enterprises suffered from poor financial and technical planning and management. And lastly, due to the unsteady environment of Turkish economy many workers chose not to invest on those enterprises and consequently the cooperatives lacked the necessary capital to stimulate the economic growth in expected scale. Although the cooperatives were not likely to survive much longer for the above-mentioned reasons, Turkey's facing a severe economic crisis in 1977-1980 accelerated the decline of the projects (Mandel, 1993). Another form of governmentally supported programs was the creation of village development cooperatives. However, these initiatives too could not realise productive investment in the rural areas.

Despite the improved standard of living enjoyed by the families of emigrants, return migrants along with their acquired skills bring together new attitudes toward consumption and work. Castles and Kosack (1973) argue that emigration will create a petty elite whose standard of living will adversely affect the already meager resource supply of the poorer segment of the population. Paine (1974) in line with

Castles and Kosack (1973) argues that saving acquired abroad and sent to home country as remittances are mostly spent on luxury items and expensive property and housing. That is, the investment patterns necessary for remitted earnings to play potential role for increased production have not been realised.

The returned migrants often chose to settle not on the area of origin but, rather on urban centres, and many in metropolitan areas (Eraydin, 1981; Gitmez, 1984) This, in a way, is considered to contribute to the existing imbalance between rural and urban areas and regional disparities. Funds transferred by the migrants are generally invested in urban areas that are already relatively more developed. To sum up, the remittances neither helped to reduce regional imbalances nor they made a considerable contribution to the process of industrial investment (Gokdere, 1978).

V. CHARACTERISTICS OF MIGRANTS AND LEFT-BEHIND FAMILIES

V.1. Migration Status of Households and Individuals

A quarter of the households interviewed in TIMS-96 in four different regions are defined as migrant households and in this quarter, 14 percent are identified as recent and 11 percent as non-recent households. The Table.3 displays that except for Region 1, the share of recent migrant households is greater than non-recent migrant households and the share of non-recent return migrant households is highest for Region 1. This implies that the migration movement in Region 1 has slowed down, whereas a dynamic migration behaviour is observed in the less-developed regions (Regions 2 and 4). In region 2, around 24 percent of interviewed households are identified to be recent households and this means that the region has witnessed a significant emigration in the ten-year period. The Region 4, which is located in the southeastern part of the country, also exhibits a large-scale recent migration. When the composition of the recent migrant households is considered, it is observed that current recent migrant households constitute the majority.

In the Region 1, more than half of the migration process has been realised before 1977 with the years between 1967-1976 accounting for 46.8 of all emigration from the region. The figures for the years between 1992-1996 exhibit that in Region 1 only 6.4 percent of total emigration occurred whereas the corresponding figures for Region 2, 3 and 4 are 15.6, 27.5 and 33.2 respectively. These figures confirm the existence of recent migration flows from the southeastern part of Turkey to Europe.

When individual migration status is considered rather than household status, for the four regions the questionnaires applied, 87.5 per cent of population are identified as non-migrants and the share of migrant population is highest for the Regions 1 and 2, with 16.3 and 16 percent of population respectively.

V.2. Demographic Characteristics of Left-Behind Families

TIMS-96 puts forth that the process of emigration resulted in joining together of several families under the same household. The share of households consisting of more than 3 families is significantly higher for current migrant households. Reflecting this fact, mean household size of current migrant households is 6.77, which is the largest size among all household categories.

Non-migrant households exhibit a rather different pattern in terms of household size and number of families in the household. TIMS-96 puts forth that with 1.12 families on average, non-migrant households are more likely to be composed of members of a single family implying that the nuclear families constitute the majority of non-migrant households.

In terms of dependency ratios, current migrant households have a higher young and especially elderly dependency burden compared to non-migrant households. This result suggests that shortage of working age males is compensated by the higher number of elderly males in the current migrant households. Consistent with this finding, current migrant households have a highly distorted age structure as a result of age-sex selective emigration process (Figures 5-8). Like many other welfare indicators, the return migrants are in a better-off position with lower ratios both for young and old age dependency (Table 4).

V.3. Status before Migration

For most of the migrants, economic motives were the primary reasons for their departure. TIMS-96 investigates the reason of the last migration of the migrant men and women: 41 percent of migrant men declared that they were unemployed before leaving, 35 per cent stated that they migrated to find jobs and earn income and 13 percent declared that their income before migration was insufficient to support themselves and their families. For women, the major motive is stated as accompanying their husbands and this was followed by the economic motives.

For all levels of education, the table reveals that the migrants are in a better-off position. Contrary to arguments that favour migration on the grounds that it eradicates excess unskilled labour, the Turkish case exhibits a quite different pattern: The share of people with secondary or higher education is much higher in the group who migrated. However, before making such a conclusion, it is appropriate to repeat this analysis with respect to the period of last migration. It is more probable for those who migrated in the latter phases of emigration process to be better educated as they were recruited in jobs or projects requiring specific qualifications (labour emigration to Arab countries and CIS).

Table 5 confirms the well-known statement that “emigration from Turkey since the 1960s were primarily an economic phenomenon”. The share of unemployed is substantially higher among migrant individuals than those in non-migrants (19.7 and 4.4 respectively). Likewise, the share of people who stated that their past financial situation as insufficient is higher among those who migrated.

The data from TIMS-96 provides us with the opportunity to assess the welfare effects of migration through the use of migrant and non-migrant individuals’ self-evaluation on their past vis-à-vis their current financial situation. Almost half of the current migrants (49.5 percent) declare that their financial situation before emigration was insufficient, and the share of those current migrants who consider their past financial situation as sufficient or more than sufficient is only around 12 percent. When financial situation of non-migrants are examined for a corresponding period (5 years preceding the survey), it is observed that 26 percent have declared their situation as sufficient or more than sufficient. The share of individuals considering their material well-being as more than sufficient is highest in the non-migrants. These figures reveal that migrant households situated largely in poor sectors of their communities.

V.4. Motivations for Migration

It is a generally approved opinion that migration takes place whenever a person is motivated to move rather than to stay and whenever the expected benefits of the move outweigh the difficulties it incurs. In this context, economic and social motives are the primary causes behind migration (Eurostat, 2000). This part of the paper aims to analyse the motivations of emigration from Turkey with emphasis on both findings from TIMS-96 and the review of the existing literature.

Ongoing emigration flows from Turkey have been explained through various factors. Along with the existing sharp inequalities between migrant-sending Turkey and the receiving countries in terms of levels of socioeconomic development¹⁰, Turkey's own socioeconomic characteristics also pave the way for continuing emigration flows. With the highest annual population growth rate among all Western European countries, Turkey still is a country with a high potential for emigration. With high population growth rates, the labour market in Turkey is destined to the problem of unemployment. Between the period 1985 and 1995, unemployment was stated officially between 12 and 7 percent with a declining trend. But the large population employed in agriculture and the lack of an established social security system results in unreliable figures of unemployment. Despite these difficulties, for the last 15 years, the annual number of unemployed is estimated to be around 2.5 millions and together with those underemployed 3.5 millions (OECD, 1993). This situation is reflected in the tendency of individuals to emigrate as a solution for individuals and their families living in Turkey.

Post labour emigration of 1980s and 1990s can be viewed as the product of several socioeconomic factors such as increasing unemployment, rapid urbanisation, high inflation and widening income inequality. The acceleration of internal migration to the cities deteriorated the regional differences in development and income levels¹¹. Further, the process of rapid urbanisation coupled with high population growth contributed to the high levels of unemployment. In the early 1990s, rate of unemployment is reported as around 8 percent (OECD, 1995). Along with the problem of unemployment, the high inflation rates (over 80 percent) between the mid-1980s and 1990s worsened the distribution of income. New communication and transportation means facilitated the mobilisation of more people and made it possible for people previously isolated to get in touch with the modern world. This new culture with its strong links to desire more resulted in an ideology of consumerism. However, unemployment and low income created barriers against the realisation of these goals and for many people emigration appeared as the way out (Eurostat, 2000).

Results of the TIMS-96 regarding with reasons for migration show that for all individual migration status and for all periods of emigration, the economic motives,

¹⁰ GNP of Germany, for example, is as high as 13 times that of Turkey.(World Bank, 1997)

¹¹ GDP per capita in Marmara Region is almost twice as the national average, and in the Southeastern Region it is less than a half of the national average. Turkey should be viewed within a context of regional imbalances as well as urban-rural disparities in development.

such as job and income opportunities in the country of destination, were the major reasons to leave Turkey for most of the emigrants. For the period 1977-1986, 82 percent of emigrants and for the period 1987-1991, 79 percent of emigrants set economic reasons forth for their departure. In the recent migration periods, other reasons, such as education, accompanying spouse/parents and marriage, are also play an important role in the emigration process (Table 6).

VI. IMPACT OF REMITTANCES ON THE STANDARD OF LIVING

VI.1. Kind of Remittances

A great part of remittances has flown to maintain the dependents left behind in Turkey. With the worse-off position of migrant households vis-à-vis non-migrants in terms of material well-being, it is not surprising that migrants generally save and remit a significant part of their earnings to their dependents. The findings of TIMS-96 show that during the year prior to survey, 12 percent of all households received remittances of some kind. Among the remittance receiving households, 54 percent stated that they received it in the form of cash, 18 percent in the form of goods and the remaining part as a combination of cash and goods. Table 7 displays the shares of remittances flowing to each region. It is important to note that households located in less developed regions of Turkey are more likely to receive remittances (Region 2 and 4). In Region 3 -a developed region with recent migration history, located in the southeast of the country- only 5 percent of households receive remittances, whereas in Region 2 –a less developed region in Central Anatolia with established migration pattern- 18 percent of households had an access to some form of remittances.

The availability of remitted earnings depends largely on the migration status of the household. Only 6 percent of non-migrant households receive remittances, whereas the share of non-recent current migrant households receiving remittances is 74 percent . Among the households with at least one member who is defined as a recent current migrant, 47 percent acquire remitted earnings.

V1.2. Use of Remittances -A Micro-Level Analysis

The nature of the expenditure pattern of remittance receiving households generally exhibits a striking similarity for the labour exporting countries. Main characteristics of the pattern is that the remittances are used for daily expenses such as food, clothing and health care and they constitute a significant part of the household's income.

However, in spite of the fact that the remitted earnings constitute a significant part of the total income of the migrant households, it is not a straightforward task to determine whether they compensate for the financial as well as human costs of migration (Parnwell, 1993).

As explained in the previous section, a considerable part of remittances has flown to maintain the dependents left behind in Turkey. When the pattern of the use of remittances in Turkey is considered, in line with the existing literature, a great part of remittance receiving Turkish households (80 percent) are found to spend remitted earnings on daily expenses, 7 percent on medical bills, 4 percent for expenses related with marriage and 3 percent for land or house purchase (Table 8).

Remittances generally make up a higher proportion of total income for poorer households. Along with that, it is expected that the way the remittances are used vary with respect to the economic status of the migrants households. In this frame, richer households are expected to invest the remitted earnings on various forms of enterprises (either productive or unproductive), while poorer households are expected to give priority to satisfy their basic consumption needs (Parnwell, 1993).

Besides the widespread argument that remittances are unlikely to bring about economic growth as they are not used primarily for investment, this paper highlights the remittances' micro level implications. Many studies from different countries confirm that remittances are largely spent on necessary consumer items such as food, clothing and housing, health care and such expenditure may well be considered as a form of investment that will result in higher productivity (Stalker, 2000) Further, the use of remittances for immediate consumption implies the unsatisfied immediate needs of the migrant families.

VI.3. The Impact of Remittances

To make an assessment on the impact of remittances on the standard of living of the left behind families, it seems a convenient procedure to compare the standards of living of migrant households with the same status (current or return) with respect to their access to remittances. For households who have at least one member who is defined as a current migrant, the findings from TIMS-96 imply that the remittances is a very important source of income: Only 12.9 percent of remittance receiving households declared that their income is insufficient, whereas the same ratio for households not receiving remittances rose up to 43.3 percent.

In the TIMS-96, there is no direct question on household income or consumption expenditures, but it includes two sets of questions related to the welfare status of the household. First, all selected households are asked about their ownership of various assets, such as whether the household owns a television, an oven, a refrigerator, or a car. Second, they are asked about characteristics of their housing, namely the source of drinking water, the type of toilet facilities, how many sleeping rooms there are for sleeping, and type of materials are used in the construction of the dwelling. In order to use these variables to rank households by their economic status, they need to be aggregated into an index by using appropriate weights. The study will employ the statistical technique of principal components to derive weights. Principal component is a technique for summarising the information contained in a set of variables to a smaller number by creating a set of mutually orthogonal components of the data. The study assumes that the most common variation in the set of asset variables is a good proxy for the welfare status of the household. Using the “asset index¹²”, each household is assigned to the percentile based groups (poorest 20 percent, second 20 percent, middle 20 percent, fourth 20 percent, or richest 20 percent). In the context of this study, households are then assigned to 3 groups as “poor”, “middle” and the “rich”, using the cutoffs for the bottom 40 percent, the middle 40 percent and the 20 percent.

When categories are formed according to the above-explained procedure, it is observed that among the current-migrant households, only around 20 percent of remittance-receivers are grouped in the category “poor”, whereas for households who do not have an access to the flow of remittances, almost half were listed in the same category. The disparity becomes more striking when the status of non-recent current migrant households are considered: Among the remittance receiving households who have at least one member identified as non-recent current migrant, the share of “poor” households is only 5.6 percent, which is the lowest ratio observed among all household categories in Table 9. However, the share of “poor” households among non-recent current migrants who do not have remittance income is 66.7 percent. This is the highest value obtained among all household categories.

¹² For detailed information for the methodology of the “asset index, see Filmer and Pritchett (1998).

VII. CONCLUSIONS

Results of the study imply that migrant saving –remittances are used for both consumption and investment in Turkey. Pattern of expenditures from remittances suggests that for 12 per cent of the households about 80 per cent used remittances to improve their standard of living. Considering the variation by regions, it is seen that households in less-developed regions spent more on daily expenses than those in developed regions. This suggests that daily expenses of households in less developed regions mostly depend on remittances received by households. Moreover, remittances have a positive impact on household welfare; households receiving remittances are found to be better off than those of non-remitting households. This suggests that migration and remittances have positive indirect effects on incomes in emigrant households.

A considerable part of the relevant literature argues that remittances are mostly spent on consumption, housing and land and are not used for productive investment that would contribute to long–run development. This conclusion often rests on arbitrary definitions of "productive investments". For example, schooling often is absent from the of productive investment. This probably is because expenditure on educating family members usually does not create direct, immediate employment and income linkages within migrant sending economies. Housing expenditures also are off the list of productive investments in many studies, despite their potentially important effects on family health and their direct stimulus to the construction activities. However, "daily expenses" or expenditures on health and education have a multiplier impact on the household's demand for "normal goods", while decreasing their demand for "inferior goods". Market linkages transmit the impacts of remittances from the households receiving them to others in the local, regional or national economy. Although emigration is rarely a solution to the problems of national development, these direct and indirect income effects of remittances potentially have important influences on production, income inequality and poverty at least on local level.

As argued elsewhere (Taylor, 1998; Glytsos, 1996; Uner 1988), the view of "productive investments" seems to ignore that apart from the direct investment by migrants or recipients, the "productive use" of remittances may be served in a variety of other ways. Management of remittances; extension of investment credit allowed by the increase in liquidity of banks from remittance deposits; liberalisation of other resources from consumption; investment in human capital in the form of spending on

certain consumption items (e.g. education and health); purchase of more investment goods from abroad, made possible by remittances; growth of investment as a result of the multiplier effects of spending on consumption. Considering only some of these potentials are to underestimate as the literature often does the extent of the productive use of remittances.

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Figure 1. Sample of provinces in TIMS-96



Source: Eurostat, 2000.

Table 1. Remittances, GNP, imports, exports, trade deficit, and share of remittances in trade deficit, exports and GNP (1964-2000)

Year	Remittances	GNP	Imports	Exports	Trade deficit	As a percentage of trade deficit	As a percentage of exports	As a percentage of GNP
1964	9	-	537	411	-126	7,1	2,2	-
1965	70	-	572	464	-108	64,8	15,1	-
1966	115	-	718	490	-228	50,4	23,5	-
1967	93	-	685	523	-162	57,4	17,8	-
1968	107	18050	764	496	-268	39,9	21,6	0,59
1969	141	20193	801	537	-264	53,4	26,3	0,70
1970	273	19031	948	588	-360	75,8	46,4	1,43
1971	471	17244	1171	677	-494	95,3	69,6	2,73
1972	740	21968	1563	885	-678	109,1	83,6	3,37
1973	1183	27947	2086	1317	-769	153,8	89,8	4,23
1974	1426	38242	3777	1532	-2245	63,5	93,1	3,73
1975	1313	47452	4739	1401	-3338	39,3	93,7	2,77
1976	983	53684	5128	1960	-3168	31,0	50,2	1,83
1977	982	61264	5796	1753	-4043	24,3	56,0	1,60
1978	983	66828	4599	2288	-2311	42,5	43,0	1,47
1979	1694	81696	5069	2261	-2808	60,3	74,9	2,07
1980	2071	63391	7909	2910	-4999	41,4	71,2	3,27
1981	2490	71504	8933	4703	-4230	58,9	52,9	3,48
1982	2140	64209	8518	5890	-2628	81,4	36,3	3,33
1983	1513	60492	8895	5905	-2990	50,6	25,6	2,50
1984	1807	59098	10331	7389	-2942	61,4	24,5	3,06
1985	1714	66891	11230	8255	-2975	57,6	20,8	2,56
1986	1634	75173	10664	7583	-3081	53,0	21,5	2,17
1987	2021	85979	13551	10322	-3229	62,6	19,6	2,35
1988	1776	90460	13706	11929	-1777	99,9	14,9	1,96
1989	3040	107545	15999	11780	-4219	72,1	25,8	2,83
1990	3243	150758	22581	13626	-8955	36,2	23,8	2,15
1991	2819	150168	20998	13672	-7326	38,5	20,6	1,88
1992	3008	158122	23082	14891	-8191	36,7	20,2	1,90
1993	2919	178715	29772	15610	-14162	20,6	18,7	1,63
1994	2627	132302	22606	18390	-4216	62,3	14,3	1,99
1995	3327	170081	35187	21975	-13212	25,2	15,1	1,96
1996	3542	183601	43028	32446	-10582	33,5	10,9	1,93
1997	4197	192383	48005	32647	-15358	27,3	12,9	2,18
1998	5356	206552	45440	31220	-14220	37,7	17,2	2,59
1999	4529	185171	39768	29325	-10443	43,4	15,4	2,45
2000	4560	-	53712	31375	-22337	20,4	14,5	-

Sources: State Institute of Statistics (SIS), 2000; Gokdere, 1994; Central Bank of Turkey, 2000.

Table 2. Flow of the remittances, and flow and stock of Turkish emigrants (1973-2000)

Year	Flow of Remittances	Flow of migrants	Stock of migrants	Stock of migrants at labour- force
1973	1183	135820	948531	735363
1974	1426	20211	1101398	757210
1975	1313	4419	1254265	779057
1976	983	10558	1407132	800904
1977	982	19084	1559999	822751
1978	983	18852	1712866	844598
1979	1694	23630	1762882	866445
1980	2071	28503	2023102	888290
1981	2490	58753	2075210	914408
1982	2140	49388	2127318	940526
1983	1513	52470	2404031	1015544
1984	1807	45815	2274567	1083223
1985	1714	47353	2282743	1071313
1986	1634	35608	2329608	1088653
1987	2021	40807	2347807	1058014
1988	1776	53021	2377438	1060450
1989	3040	49928	2540530	1109965
1990	3243	47707	2539677	1149466
1991	2819	53020	2857696	1250964
1992	3008	60121	3076434	1323017
1993	2919	63244	3080274	1320093
1994	2627	61145	3304204	1331019
1995	3327	59483	3368675	1323486
1996	3542	40697	3443898	1268502
1997	4197	33321	3455402	978578
1998	5356	25907	3457489	991832
1999	4529	17475	3571771	1180420

Sources: Uner, 1988; Gokdere, 1994; Ministry of Labour, 1982 and 1999.

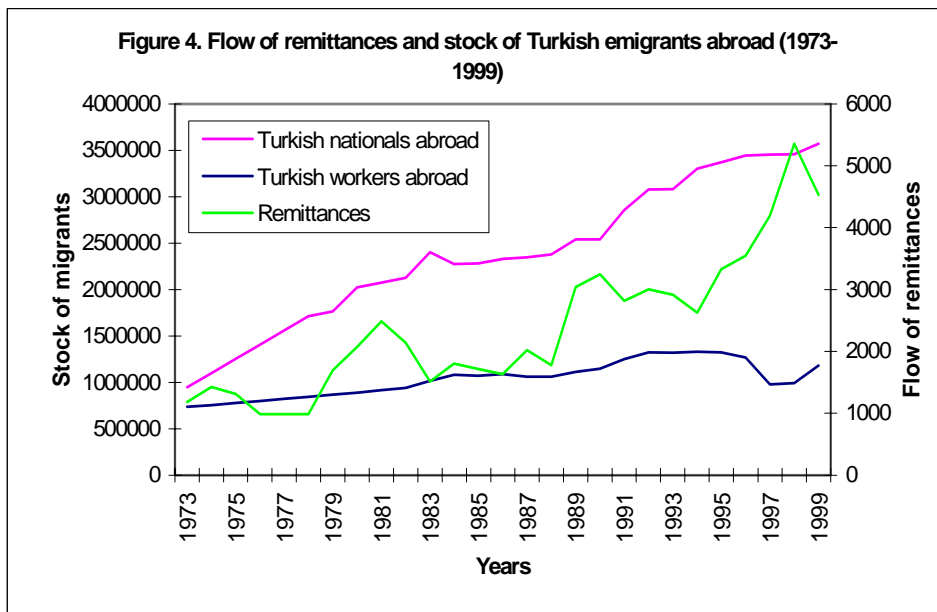
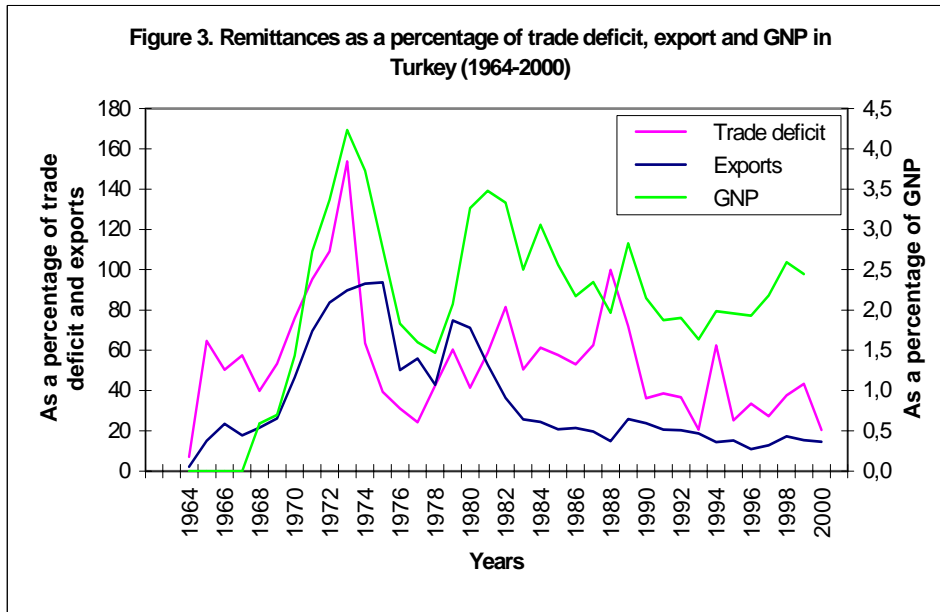
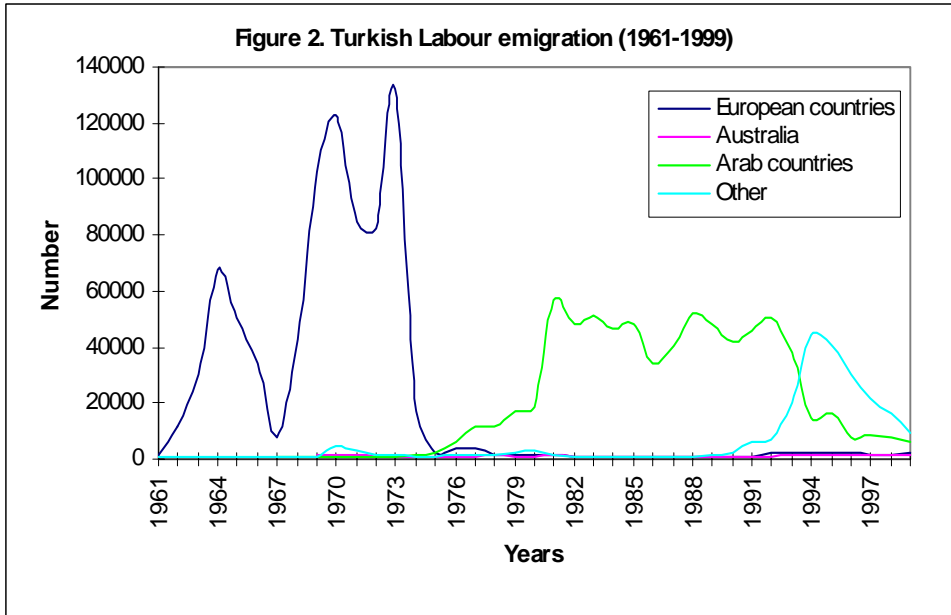


Table 3. Percentage distribution of households and individuals by migration status and period of last year of emigration according to regions

Migration Status	Developed- Established Migration Region (1)	Less Developed- Established Migration Region (2)	Developed- Recent Migration Region (3)	Less Developed- Recent Migration Region (4)	Total
HH migration status					
Recent migrant hh	5,0	21,2	5,4	10,5	11,4
Current	3,2	15,3	4,8	7,9	8,5
With non-recent	1,8	9,4	0,9	2,0	4,0
Without non-recent	1,4	5,9	3,9	5,9	4,5
Return	1,8	5,9	0,6	2,6	2,9
With non-recent	0,4	2,0	0,0	0,0	0,7
Without non-recent	1,4	3,9	0,6	2,6	2,2
Other recent migrant hh	2,1	3,4	2,4	4,9	3,2
Non-recent migrant hh	23,9	9,8	6,0	7,9	10,9
Current	1,1	2,6	0,4	1,0	1,3
Return	22,8	7,3	5,6	6,9	9,5
Current and return	0,0	0,2	0,0	0,0	0,1
Non-migrant hh	69,1	65,4	86,2	76,3	74,4
N	393	374	393	404	1564
Individual migration status					
Recent migrants	3,6	9,1	3,6	6,8	6,3
Current	1,9	6,5	2,5	4,2	4,3
Return	1,7	2,6	1,1	2,6	2,0
Non-recent migrants	12,7	6,9	2,7	3,8	6,0
Current	1,6	2,1	0,4	0,9	0,9
Return	11,1	4,8	2,3	2,9	5,1
Non-migrants	83,7	84,0	93,8	89,3	87,7
In recent migrant hh	3,9	19,1	5,7	13,8	12,4
In non-recent migrant hh	14,0	6,9	2,9	5,8	6,6
In non-migrant hh	65,8	58,0	85,2	69,7	68,7
N	1084	1322	1219	1346	4971
Period of emigration					
<1967	7,4	2,9	7,2	1,3	4,3
1967-76	46,8	24,4	23,2	14,7	27,3
1977-86	25,5	13,7	15,9	21,3	18,0
1987-91	13,8	43,4	26,1	29,4	32,1
1992-96	6,4	15,6	27,5	33,2	18,5
N	281	376	183	274	1114

Table 4. Demographic characteristics of migrant and non-migrant households

Variables	Migrant	Current migrant	Return migrant	Non-migrant
Dependency ratios				
Young	51,0	59,6	44,9	53,7
Elderly	10,0	13,1	7,7	9,7
Total	61,0	72,6	52,6	63,4
Household composition				
Reference person	17,4	15,5	18,9	19,1
Spouse	14,2	10,0	17,6	15,1
Son/daughter	41,7	38,1	44,7	48,4
Father/mother	5,7	6,5	5,0	7,1
Brother/sister	4,2	6,3	2,5	6,3
Grandchildren	9,4	11,7	7,6	1,5
Other relatives	7,4	11,9	3,7	2,5
Number of family in hh				
1	68,4	56,5	78,1	89,7
2	22,3	28,3	17,3	8,8
3+	9,3	15,2	4,6	1,4
Mean number of family	1,44	1,65	1,27	1,12
Number of migrants in hh				
0	-	-	-	100,0
1	64,6	46,2	79,5	-
2	24,2	36,5	14,2	-
3	8,8	13,6	4,9	-
4+	2,4	3,7	1,3	-
Mean number of migrants	1,50	1,77	1,28	0,0
Mean household size	6,23	6,77	5,29	4,97

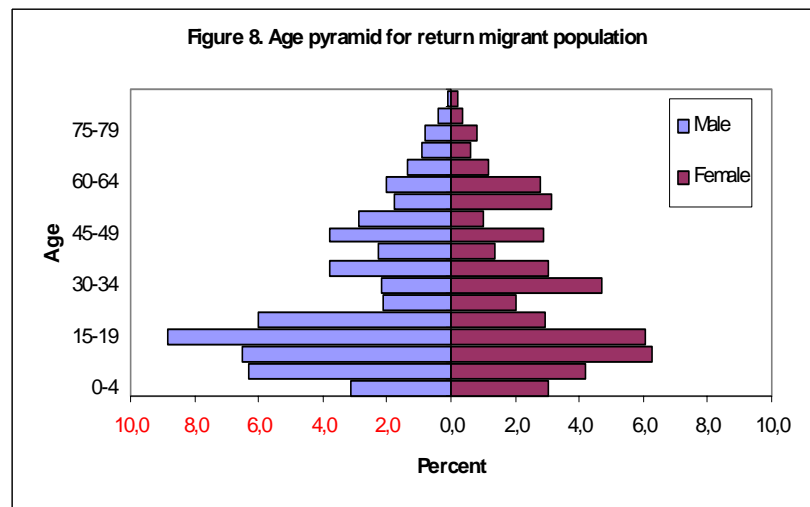
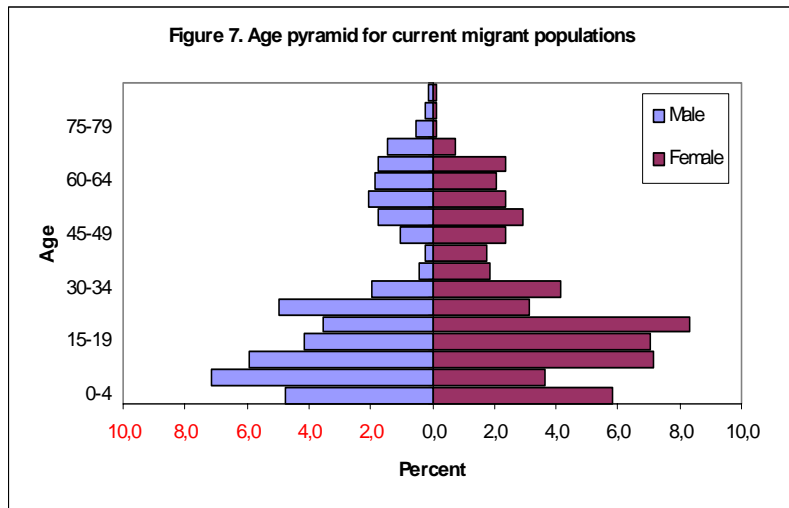
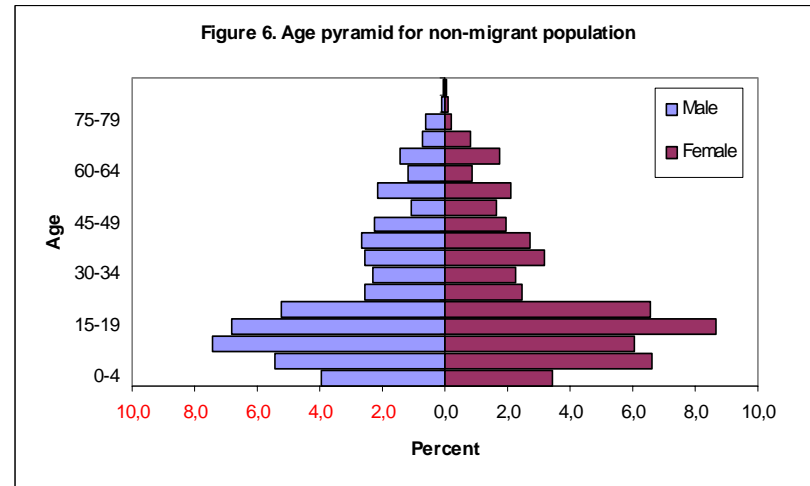
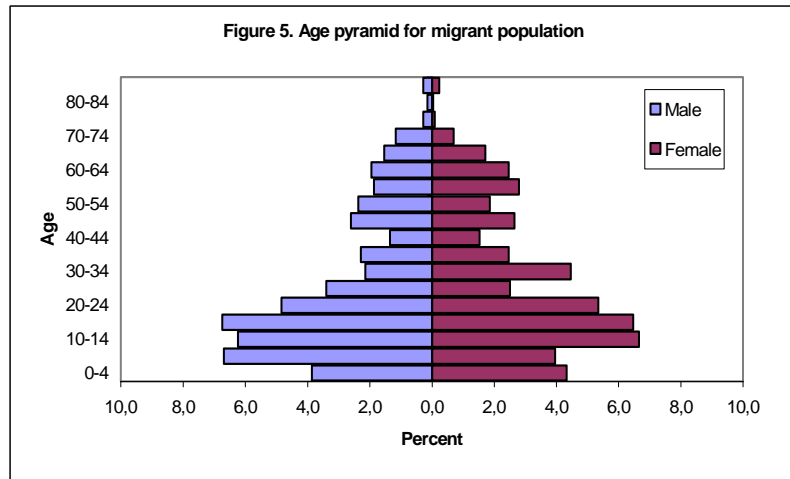


Table 5. Characteristics of migrants (before the last emigration) and non-migrant (five years preceding the survey) by individual migration status

Variables	Migrant	Current migrant	Return migrant	Non-migrant
Education				
No education	19,8	19,4	20,9	45,1
Primary	54,8	53,1	59,2	49,4
Secondary+	25,4	27,5	19,9	6,5
Working status				
Employer	5,1	2,9	11,9	4,3
Causal labourer	16,3	11,8	31,0	15,3
Employee	2,8	2,9	2,4	8,5
Other work	48,3	51,5	38,1	39,2
Unemployed	19,7	20,6	14,3	4,4
Other	7,8	10,3	2,4	28,3
Relative financial situation				
Better off	12,7	8,7	23,0	14,7
The same	56,5	55,3	57,9	62,2
Worse off	24,5	35,9	18,1	23,0
Past financial situation				
More than sufficient	1,7	1,9	2,1	4,4
Sufficient	17,0	10,3	14,4	21,7
Barely sufficient	39,3	38,3	41,5	43,4
Insufficient	41,0	49,5	42,0	30,5

Table 6. First reason for last emigration by period of last emigration and individual migration status

Period/Reason for emigration	Migrant	Current migrant	Return migrant
Migration period: 1977-86			
Could not find job	51,7	53,8	50,0
Income too low	17,2	15,4	17,8
To seek job/income	13,0	7,7	19,9
To save money	14,6	15,4	12,3
Just to get married	3,5	7,7	0,0
Accompany or follow spouse/parents	0,0	0,0	0,0
To get education	0,0	0,0	0,0
Other	0,0	0,0	0,0
Migration period: 1987-91			
Could not find job	25,2	30,6	12,5
Income too low	10,3	9,3	12,5
To seek job/income	43,0	40,0	50,0
To save money	1,9	1,3	3,1
Just to get married	0,0	0,0	0,0
Accompany or follow spouse/parents	13,1	17,3	3,1
To get education	6,5	1,5	18,8
Other	0,0	0,0	0,0
Migration period: 1982-96			
Could not find job	57,5	52,3	77,3
Income too low	5,6	4,9	11,1
To seek job/income	14,8	15,6	11,5
To save money	1,9	2,2	0,0
Just to get married	2,1	2,3	0,0
Accompany or follow spouse/parents	1,7	2,7	0,0
To get education	9,3	11,1	0,0
Other	5,6	8,9	0,0
Migration period: 1987-96			
Could not find job	36,6	40,0	26,7
Income too low	11,4	10,0	15,6
To seek job/income	30,3	27,7	37,8
To save money	1,7	1,5	2,2
Just to get married	1,1	1,6	0,0
Accompany or follow spouse/parents	9,1	10,8	4,4
To get education	2,9	3,8	0,0
Other	6,9	4,6	13,3

Table 7. Remittances received by the households by regions and households migration status

Migration status/remittances	Developed- Established Migration Region (1)	Less Developed- Established Migration Region (2)	Developed- Recent Migration Region (3)	Less Developed- Recent Migration Region (4)	Total
<u>Current migrant hh</u>					
Only money	35,7	28,7	42,9	38,2	33,2
Only goods	7,1	12,0	0,0	5,9	8,7
Money and goods	7,1	8,3	7,1	11,8	8,7
No remittances	50,0	50,9	50,0	44,1	49,5
<u>Recent current migrant hh</u>					
Only money	40,0	22,6	42,0	38,7	30,0
Only goods	10,0	14,0	0,0	6,5	10,0
Money and goods	0,0	7,5	7,7	6,5	6,9
No remittances	50,0	55,9	50,0	48,4	53,1
<u>Non-recent current migrant hh</u>					
Only money	33,3	66,7	50,0	33,3	56,5
Only goods	0,0	0,0	0,0	0,0	0,0
Money and goods	0,0	13,3	0,0	66,7	17,4
No remittances	66,7	20,0	50,0	0,0	26,1
<u>Return migrant hh</u>					
Only money	5,1	4,0	7,9	17,1	7,3
Only goods	6,3	1,3	0,0	0,0	2,6
Money and goods	0,0	14,7	0,0	2,4	5,2
No remittances	88,6	80,0	92,1	80,5	85,0
<u>Recent return migrant hh</u>					
Only money	25,0	2,7	27,3	10,0	11,3
Only goods	8,3	2,7	0,0	0,0	2,5
Money and goods	0,0	24,3	0,0	5,0	12,5
No remittances	6,7	70,3	72,7	85,0	73,8
<u>Non-recent return migrant hh</u>					
Only money	1,5	5,3	-	22,7	5,2
Only goods	6,0	0,0	-	0,0	2,6
Money and goods	0,0	5,3	-	0,0	1,3
No remittances	92,5	89,5	-	77,3	90,9
<u>Non-migrant hh</u>					
Only money	3,9	1,7	1,4	2,1	2,1
Only goods	1,0	2,6	0,0	1,7	1,2
Money and goods	2,9	3,5	0,2	2,9	2,2
No remittances	92,2	92,2	98,3	93,4	94,5
<u>Total</u>					
Only money	5,7	7,8	4,3	7,9	6,4
Only goods	2,7	4,2	0,0	1,9	2,2
Money and goods	2,4	6,1	0,6	3,8	3,3
No remittances	89,2	82,0	95,0	86,4	88,1

Table 8. The ways of spending remittances by region and household migration status

Migration status/remittances	Developed- Established Migration Region (1)	Less Developed- Established Migration Region (2)	Developed- Recent Migration Region (3)	Less Developed- Recent Migration Region (4)	Total
<u>Current migrant hh</u>					
Daily expenses	80,0	82,5	64,3	64,7	75,0
Land/house	0,0	2,5	0,0	5,9	2,6
Medical expenses	0,0	2,5	28,6	11,8	9,2
Marriage expenses	0,0	7,5	0,0	0,0	3,9
Other items	20,0	5,0	7,1	17,6	9,2
<u>Recent current migrant hh</u>					
Daily expenses	75,0	75,0	66,7	71,4	72,4
Land/house	0,0	3,6	0,0	7,1	3,4
Medical expenses	0,0	3,6	25,0	14,3	10,3
Marriage expenses	0,0	10,7	0,0	0,0	5,2
Other items	25,0	7,1	8,3	7,1	8,6
<u>Non-recent current migrant hh</u>					
Daily expenses	50,0	100,0	0,0	33,3	76,5
Land/house	0,0	0,0	100,0	0,0	0,0
Medical expenses	0,0	0,0	0,0	0,0	5,9
Marriage expenses	0,0	0,0	0,0	0,0	0,0
Other items	50,0	0,0	0,0	66,7	17,6
<u>Return migrant hh</u>					
Daily expenses	75,0	80,0	0,0	100,0	76,7
Land/house	25,0	0,0	0,0	0,0	3,3
Medical expenses	0,0	0,0	33,3	0,0	3,3
Marriage expenses	0,0	13,3	0,0	0,0	6,7
Other items	0,0	6,7	66,7	0,0	10,0
<u>Recent return migrant hh</u>					
Daily expenses	66,7	90,0	0,0	100,0	73,7
Land/house	33,0	0,0	0,0	0,0	5,3
Medical expenses	0,0	0,0	33,3	0,0	5,3
Marriage expenses	0,0	0,0	0,0	0,0	0,0
Other items	0,0	10,0	66,7	0,0	15,8
<u>Non-recent return migrant hh</u>					
Daily expenses	100,0	50,0	-	100,0	80,0
Land/house	0,0	0,0	-	0,0	0,0
Medical expenses	0,0	0,0	-	0,0	0,0
Marriage expenses	0,0	50,0	-	0,0	20,0
Other items	0,0	0,0	-	0,0	0,0
<u>Non-migrant hh</u>					
Daily expenses	86,7	94,7	57,1	83,3	84,9
Land/house	0,0	0,0	0,0	16,7	3,8
Medical expenses	0,0	5,3	42,9	0,0	7,5
Marriage expenses	6,7	0,0	0,0	0,0	1,9
Other items	6,7	0,0	0,0	0,0	1,9
<u>Total</u>					
Daily expenses	83,3	86,1	59,1	78,4	80,0
Land/house	4,2	1,4	0,0	8,1	3,2
Medical expenses	0,0	2,8	31,8	5,4	7,1
Marriage expenses	4,2	6,9	0,0	0,0	3,9
Other items	8,3	2,8	9,1	8,1	5,8

Table 9. Current financial situation of households (current financial situation and welfare index) by remittances and household migration status

	Current	Recent current	Non-recent current	Return	Recent return	Non-recent return	Non-migrant	Total
Receive remittances								
More than sufficient	1,1	1,3	0,0	8,6	15,0	0,0	0,0	2,1
Sufficient	34,4	27,3	68,8	31,4	55,0	0,0	22,7	29,9
Barely sufficient	51,6	55,8	31,3	45,7	20,0	80,0	43,9	47,9
Insufficient	12,9	15,6	0,0	14,3	10,0	20,0	33,3	20,1
No remittances								
More than sufficient	1,1	0,0	0,0	2,5	0,0	3,6	7,3	6,2
Sufficient	22,2	19,0	80,0	24,2	15,5	27,9	15,7	17,3
Barely sufficient	33,3	34,5	20,0	37,9	36,2	38,6	44,2	42,7
Insufficient	43,3	46,4	0,0	35,4	48,3	30,0	32,8	33,8
All households								
More than sufficient	0,5	0,6	0,0	3,8	3,8	3,2	6,9	5,7
Sufficient	29,0	23,1	69,6	25,2	25,6	25,2	16,0	18,8
Barely sufficient	42,6	45,0	26,1	38,9	32,1	42,6	44,2	43,3
Insufficient	27,9	31,3	4,3	32,1	38,5	29,0	32,8	32,2
Receive remittances								
Poor	21,7	25,0	5,6	31,4	10,0	60,0	13,6	20,5
Middle	56,5	60,5	38,9	42,9	65,0	13,3	56,1	53,8
Rich	21,7	14,5	55,6	25,7	25,0	26,7	30,3	25,6
No remittances								
Poor	48,4	47,6	66,7	24,7	35,6	20,0	46,4	43,5
Middle	38,5	39,3	16,7	53,5	45,8	56,4	34,0	36,9
Rich	13,2	13,1	16,7	21,7	18,6	23,6	19,6	19,6
All households								
Poor	35,0	36,9	21,7	25,8	28,2	24,5	44,6	40,0
Middle	47,5	49,4	34,8	51,9	51,3	52,3	35,2	30,0
Rich	17,5	13,8	43,5	22,3	20,5	23,2	20,2	20,0