I Z A Institute
of Labor Economics
Initiated by Deutsche Post Foundation

DISCUSSION PAPER SERIES

IZA DP No. 14068

Reexamining the Influence of Conditional Cash Transfers on Migration from a Gendered Lens: Comment

Oded Stark

JANUARY 2021

I Z A Institute
of Labor Economics

Initiated by Deutsche Post Foundation

DISCUSSION PAPER SERIES

IZA DP No. 14068

Reexamining the Influence of Conditional Cash Transfers on Migration from a Gendered Lens: Comment

Oded Stark
University of Bonn, University of Warsaw, and IZA

JANUARY 2021

ISSN: 2365-9793

IZA – Institute of Labor Economics

Schaumburg-Lippe-Straße 5–9
53113 Bonn, Germany

Phone: +49-228-3894-0
Email: publications@iza.org

www.iza.org

ABSTRACT

Reexamining the Influence of Conditional Cash Transfers on Migration from a Gendered Lens: Comment

In a recent article, "Reexamining the influence of conditional cash transfers on migration from a gendered lens," Hughes (2019) claimed that conditional cash transfers, CCT, limit the likelihood of migration by women, compensating them for giving up an attractive migration option. I question the analysis that lies behind this claim. I argue that in seeking to understand the likelihood of women migrating if they participate in a CCT program, issues of selectivity, endogeneity, and optimization cannot be set aside. In particular, it is not that receiving CCT curtails a migration option; it is that not contemplating migration encourages women to accept CCT. And if a household perspective is brought to bear, then a household's free choices weaken the appeal of migration to women. This reduction in appeal does not arise from an exogenously imposed curb but rather from endogenously determined preferences.

JEL Classification: B54, D13, G51, J16, J61, O15, R23

Keywords: women's migration, conditional cash transfers, selectivity and endogeneity, revision of the comparative advantage of household members, household's optimization

Corresponding author:
Oded Stark
ZEF, University of Bonn
Genscherallee 3
D-53113 Bonn
Germany
E-mail: ostark@uni-bonn.de

In a recent article, "Reexamining the influence of conditional cash transfers on migration from a gendered lens," Hughes (2019) claimed that conditional cash transfers, CCT, limit the likelihood of migration by women: CCT impose a curb on an engagement that in the absence of the CCT would have been rewarding for women. In accepting CCT, women pay a price. Putting it differently, Hughes views CCT as a form of compensation to women for sacrificing an attractive migration option. In Hughes' words: "By compensating women for remaining in the private sphere to ensure program success, CCT likely shift the calculus of migration decision-making to discourage women's migration out of home" (p. 1577). In this comment, I take issue with the analysis that lies behind this claim.

Households and, for that matter, women are not compelled to receive CCT; the CCT are offered, not imposed. It is reasonable to assume that women are aware of the strings attached, which effectively require them to spend the CCT at their place of residence. Women who plan to migrate and who highly value the migration option will therefore refuse CCT. But then, it is not because women receive CCT that they are constrained to migrate; it is because women who do not seek to migrate willingly accept CCT. This is a classical issue of selectivity that in this case works in the opposite direction from that of the aforementioned claim.

Imagine that ten women in a village are asked whether they plan to migrate. Imagine that three women answer yes, and that seven women answer no. Thereafter, CCT are offered to all ten. Seven women accept, and three reject. And the seven women who accept are precisely the ones who were not interested in migrating. We would not want then to infer that the CCT influence women's migration intentions.

The issue of selectivity is compounded by the issue of endogeneity. As is widely acknowledged, endogeneity often arises in discrete-choice models, precluding a consistent estimation of the models' parameters. Here, because both the decision whether to migrate and the decision whether to participate in a CCT program can be driven by unobserved preferences for migration, the CCT participation covariate is likely to be endogenous.[1] If Hughes' variable "thought about moving" were to be considered as a

[1] For a comparison of different methods to account for endogeneity in discrete-choice models, consult Guevara (2015).

proxy for migration preferences, then what we just noted could explain why the statistical significance of variables related to the CCT participation is considerably lower in models that include this variable than in models that do not.

In essence, the perspective that I have sought to flesh out thus far is that CCT are accepted by those women who do not contemplate migration. Consequently, the impact of CCT on women's likelihood of migration merely reflects an underlying preference for migration rather than constituting evidence of influence on the likelihood of migration. In accepting CCT, a woman signals that she did not contemplate migrating in the first place or that she considers the migration option to be of relatively little value.

The availability of CCT brings about endogenous dynamics: an intentional welfare-improving move along the production possibilities frontier that accompanies an outward push of the frontier.

According to the "New Economics of Labor Migration" (Stark, 1993; Stark and Bloom, 1985), the decision whether a household member should migrate is a household decision. When a household that seeks to participate in migration is offered CCT, the household assesses the implications of receiving CCT for its options, opportunities, and well-being. Suppose that prior to the possible receipt of the CCT, the household planned to have a woman member, say the wife, migrating and have the husband stay put to tend the farm. When CCT are made available, the calculus of who should migrate (if anyone), and who will not is revised: there is an income effect, and there is an assignment effect. The income effect implies that migration is less attractive, if the canonical economic model of migration that relates the incidence of migration to three variables were to be followed: expected wage (income) at destination, which enters the model positively; wage (income) at origin, which enters the model negatively; and the cost of moving from origin to destination, which enters the model negatively. (Early examples of this model include articles by Sjaastad, 1962, and Todaro, 1969.) The assignment effect implies that if the wife is better than the husband in making productive use of the CCT, then the possibility of her migrating will be less attractive. If the household still favors migration (the income effect weakens but does not negate the desire to partake in migration), then the balance of selecting the household's migrant-designate shifts in favor of the husband. This shift does not occur because the wife faces a newly imposed constraint; rather, it

occurs because of an endogenous revision of the comparative advantage of household members.

In sum, in seeking to understand the likelihood that women will migrate given participation in a CCT program, issues of selectivity, endogeneity, and optimization cannot be set aside. In particular, it is not that the receipt of CCT severs a migration option; it is that not contemplating migration favors accepting CCT. And if a household perspective is brought to bear, then a household's free choices weaken the appeal of migration by women, assuming that such migration was contemplated in the first place. This reduction does not arise from an exogenously imposed curb but rather from endogenously formed preferences.

References

Guevara, C. A. (2015). “Critical assessment of five methods to correct for endogeneity in discrete-choice models.” *Transportation Research Part A: Policy and Practice* 82: 240-254.

Hughes, C. (2019). “Reexamining the influence of conditional cash transfers on migration from a gendered lens.” *Demography* 56: 1573-1605.

Sjaastad, L. A. (1962). “The costs and returns of human migration.” *Journal of Political Economy* 70: 80-93.

Stark, O. (1993). *The Migration of Labor*. Oxford and Cambridge, MA: Blackwell.

Stark, O. and Bloom, D. E. (1985). “The new economics of labor migration.” *American Economic Review* 75: 173-178.

Todaro, M. P. (1969). “A model of labor migration and urban unemployment in less developed countries.” *American Economic Review* 59: 138-148.