



# Do internal and international remittances matter to health, education and labor of children and adolescents? The case of Vietnam



Cuong Viet Nguyen, Hoa Quynh Nguyen

National Economics University, Tran Dai Nghia street, Hanoi, Vietnam

## ARTICLE INFO

### Article history:

Received 8 January 2015

Received in revised form 27 August 2015

Accepted 1 September 2015

Available online 5 September 2015

### JEL classification:

O15

R23

I32

### Keywords:

Remittances

Children

Education

Child labor

Healthcare

Vietnam

## ABSTRACT

Using data from Vietnam Household and Living Standard Surveys in 2006 and 2008, this study estimates the effect of the receipt of international remittances and internal remittances on education, labor and healthcare utilization of children and adolescents in Vietnam. It shows that there are no statistically significant effects of receipt of remittances on school enrolment as well as child labor of children and adolescents. However, receiving international remittances helps children increase the number of completed grades by around 2% of the average completed grade for children. Both international and internal remittances are positively associated with the number of outpatient health care visits.

© 2015 Elsevier Ltd. All rights reserved.

## 1. Introduction

Migration has been occurring in all the countries. Through mobility, households expect to increase income and reduce the risks of income fluctuation (Stark & Taylor, 1991; Stark, 1991; Adams & Page, 2005). The most direct impact of migration on the home households is to increase income mainly through remittances (McKenzie & Sasin, 2007). Remittances help households relax liquidity constraints, stabilize consumption and invest in production (Taylor, 1992). In addition, migration can have positive effects on human capital through transfers of information and advanced knowledge about production skills and technology (McKenzie & Sasin, 2007; Taylor et al., 1996). However, migration might not lead to higher income and consumption of migrant-sending households, since migration can prevent these households from high-return with labor intensive activities (Taylor & Lopez-Feldman, 2007). In some special cases, remittances can create a moral hazard problem, since recipients can lead to work disincentives (Farrington & Slater, 2006; Sahn & Alderman, 1996).

Remittances can have positive effects on children welfare. Through increasing income and consumption, remittances can improve health as well as education of children. Migration can transfer knowledge

and raise awareness of the important role of education as well as child care. Child labor is associated with poverty and income shocks (Guarcello, Mealli, & Rosati, 2003; Dehejia & Gatti, 2005). Remittances can reduce the child labor, since higher and stabilized income can release children from working (Ranjan, 2001; and Shelburne, 2001).

However, migration can lead to negative effects on children. For example, fewer adults at home may have a negative impact on the next generation. With less care from adults, children might have poorer educational attainment and health, and might have to take more housework (Kandel & Kao, 2001; McKenzie & Rapoport, 2006; Bansak & Chezum, 2009). Households with remittances can promote household business which can involve children's labor (Alcaraz, Chiquiar, & Salcedo, 2012). In addition, as mentioned, if remittances and migration does not lead to an increase in income, the positive effect of remittances and migration on children through the income channel will be negligible (Azam & Flore, 2006).

Empirical findings on the sign as well as the magnitude of the impact of migration on household welfare are not consistent. Positive impacts of remittances, especially international remittances, on household welfare and child education were also found in some studies such as Adams (2004, 2006), Taylor, Mora, Adams, and Lopez-Feldman (2005), and Acosta, Calderon, Fajnzylber, and Lopez (2007). There are several studies which find positive effects or at least positive association between international remittances and education increase and child

E-mail addresses: [cuongwur@gmail.com](mailto:cuongwur@gmail.com), <http://ideas.repec.org/e/png36.html> (C.V. Nguyen).

labor reduction. Edwards and Ureta (2003) and Acosta (2006) found remittances increase school attendance for children in El Salvador. Yang (2008) find remittances can increase education investment for children and reduce children labor in Philippine. Epstein and Kahama (2008) find that the remittances sent by emigrating parents may reduce child labors. Alcaraz et al. (2012) find that a reduction in remittances from the U.S. to Mexican households can cause an increase in child labor and a decrease in school attendance of children. Evidence on that remittances help increase schooling and reduce child labors can also be found in Mansuri (2006), Gonzales-Koning and Wodon (2007), Hanson and Woodruff (2003), Bayot (2007), Benedictis, Calfat, and Jara (2010). However, several studies find negligible effects of remittances on education such as Borraz (2005) and Nguyen and Purnamasari (2011). Negative effects of remittances on education are found in McKenzie and Rapoport (2006), Anderson and Kroeger (2011).

In Vietnam, both internal migration and international migration have been increasing rapidly. According to the 2009 Population and Housing Census, around 6.5% of the population over 5 years old changed their residence during 2004–2009. The urban population share increased from around 24% in 2001 to 30% in 2009 (Nguyen, 2012). Vietnam is a country with a large number of people living abroad. Around 3.2 million Vietnamese live permanently in other countries. The number of annual exported laborers increased by 136% from 36 to 85 thousand during 2001–2007 (Nguyen & Mont, 2010). International remittances have been increasing remarkably over time. During the period 1999–2012 the amount of international remittances increased from 1.2 to 9.6 billion USD.

There are a large number of studies on remittances and migration in Vietnam. Several studies focus on the pattern and determinants of migration (e.g., Dang, Goldstein, & McNally, 1997; Dang, 2001; Dang, Tackle, & Hoang, 2003). Other examines the effect of migration and remittances on household welfare and poverty and found positive effect of migration and remittance, for example, Brauw and Harigaya (2007), Nguyen (2008), Nguyen (2009), Pfau and Giang (2009), Nguyen, Van den Berg, and Lensink (2011). However, other studies do not find the positive effect of remittances on household consumption and poverty (e.g., Nguyen and Mont, 2012; Nguyen, Van den Berg, & Lensink, 2012).

The main objective of the paper is to measure the effect of both international and internal remittances on children and adolescents aged from 6 to 18 in Vietnam, and comparing their effects on different welfare outcomes including education, labor and health care utilization. This study is expected to make several empirical contributions. Firstly, children's health and education have receive a great deal of attention from researchers as well as policy makers, since there is a growing consensus that high investment in early childhood results in large payoffs in adults (e.g., Campbell et al., 2014; Heckman, 2012). An important question is whether remittances can help children improve their education and health care utilization. Secondly, there have been no studies in Vietnam on the impact of internal as well as international remittances on children welfare indicators including education, healthcare and labor. In addition, most studies in other countries focus on international remittances. There are no studies comparing the effect of international and internal remittances on child welfare.

The paper is structured into six sections. After this introduction, Section 2 describes the data set used in this study. Section 3 presents descriptive analysis of remittances and children in Vietnam. Sections 4 and 5 present estimation methods and empirical results, respectively. Finally, the Section 6 concludes.

## 2. Data set

In this study, we measure the effect of internal and international remittances on education, health and labor for children aged from 6 to 14. We use data from two surveys, Vietnam Household Living Standard Surveys (VHLSS) in 2006 and 2008. The VHLSSs were conducted by the General Statistics Office of Vietnam (GSO) with technical support from

the World Bank (WB). Each survey covered around 45,945 households. The samples are representative for the national, rural and urban, and regional levels.

The two surveys set up two-period panel sub-samples of 20,685 households. The number of individuals in the panel data is 78,371. In this study, we limit the analysis to the sample of children and adolescents age from 6 to 18. The number of children and adolescents in the panel are 21,232. The attrition rate in the panel data of the 2006 and 2008 VHLSSs is around 8% mainly because of migration problem. However, according to Baulch and Vu (2010), households in the panel data are representative at the national level.

The surveys collected information through household and community level questionnaires. Information on households includes basic demography, employment and labor force participation, education, health, income, expenditure, housing, fixed assets and durable goods, participation of households in poverty alleviation programs, and especially information on internal and international remittances that households had received during the 12 months before the interview. The surveys also contain data on children's education, health and labor during the past 12 months. The large data sets allow us to focus on children as well as those having health care visits.

It should be noted that the remittance data collected in VHLSSs include all moneys and kinds that households receive from anyone. There are no data on remittances sent to households by household members, relatives or friend. Thus, international and internal remittances are defined broadly in this paper, and might be considered as international or internal private transfers to households.

## 3. Descriptive analysis

Table 1 presents the receipt of international remittances in 2006 and 2008. Around 6.2% of households received international remittances in 2008. International remittances are an important income source for receiving households, accounting for around 30% of household income. Urban households are more likely to receive international remittances than rural households. In 2008, the proportion of households receiving remittances was 9.3% and 5.0% in the urban and rural areas, respectively. The average size of international remittances inflows was also larger in urban areas, around 28 and 24 million VND for receiving households in urban and rural areas, respectively.

Table 1 also presents the receipt of international remittances over income quintile in 2006 and 2008. It shows that current international remittances are not pro-poor. A possible reason for that received remittances shifted households from the low to the high income quintile. In 2006 and 2008, the percentages of the lowest quintile households receiving remittances were 1.9 and 2.0%, respectively. The richest received substantially higher remittances in terms of both percentage as well as the remittance size. The share of international remittances in total income is also higher for the rich than the poor.

While the proportion of households received international remittances is not large, most households received domestic remittances (or private domestic transfers): around 86 and 84% in 2006 and 2008, respectively (Table 2). The amount of internal remittances is smaller than that of international remittances, around 4.2 million VND per receiving household in 2008, account for 10% of the total household income. Urban households tend to receive higher amount of internal remittances than rural households. It should be noted that migration mainly takes place from rural to urban areas, and we expected internal remittances per se would be received more likely by rural households. Thus, the internal remittances in this study should be interpreted as private transfers than remittances sent by people to their home households. Table 2 shows that the percentage of households receiving internal remittances does not vary across quintiles. However, the remittance amount is larger for the high income quintiles than the low income quintiles.

Download English Version:

<https://daneshyari.com/en/article/345915>

Download Persian Version:

<https://daneshyari.com/article/345915>

[Daneshyari.com](https://daneshyari.com)