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Voice, Exit, and Liberty: The Effect of Emigration on Origin Country Institutions

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Nations with freer economies, the rule of law, and other strong institutions are more prosperous than others.¹ Some economists, such as George Borjas of Harvard University, fear that immigrants could bring their bad institutions with them and overwhelm those of the first world, slowing down economic growth in the future.² Fortunately, there is scant evidence that those who immigrate to the developed world endanger economic freedom there.³ There is even more evidence that emigrants from the developing world do affect the economic, political, and social institutions in their home countries.

Voice and Exit

Individuals in nations with poor institutions have two main ways of changing them. The first is through voting or protest, what economist Albert O. Hirschman calls “voice.” The second is to emigrate, the option that Hirschman calls “exit.”⁴ These options were mutually exclusive prior to the telecommunications technology of the modern era. Now it is possible for emigrants to voice dissent in their home countries directly or to fund and cooperate with domestic opposition groups from the safety of developed nations. In some cases, emigrants even have voting rights in their home country. Here we examine the evidence on how emigrants who exit and use their voice from abroad can influence the quality of political, economic, and social institutions in their origin countries.

Exit

There are two primary channels through which emigration affects home country institutions. The first channel is

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by altering public opinion, which is a double-edged sword. If those who favor free-markets and democratic reform emigrate, then that can strengthen the current regime and stall those reforms.⁵ For instance, in many poor countries the emigration of skilled workers is a significant political issue that can be countered with either reform or repression.⁶ Fortunately, they mostly choose reform.

Greater exitability can accelerate the convergence of institutions in less developed countries with those of developed nations. There may be a point where the magnitude of mass emigration determines whether it is beneficial or harmful to source country institutions, but the literature does not discuss where this threshold lies. Many countries, such as Mexico and Cape Verde, have experienced emigration rates ranging from 10 to 30 percent of their respective populations with largely positive policy results.⁷

Mass European emigration during the 1800s spurred institutional reform in Sweden and Ireland. Roughly a quarter of Swedes emigrated—including many would-be reformers. To stem the flow of emigrants, those who stayed behind built reform-minded political parties that took power and reformed the country along classically liberal lines.⁸ The strongest support for reformist political parties came from areas with the highest rates of emigration.

Mass emigration from Ireland likewise spurred institutional reform.⁹ Ireland has seen several waves of mass emigration to England, the United States, and other Anglo nations over the centuries.¹⁰ The rate of emigration was sufficiently high so as to raise concern about the future of Ireland as a nation. Political elites responded by attempting to improve social conditions that prompted so much of the

emigration, mainly by upholding human rights and staying out of World War II.¹¹

The threat of exit can even work on local governments. It can encourage municipal governments to provide higher-quality public goods at lower costs to avoid losing tax payers to neighboring municipalities within United States.¹² A similar institutional competition sometimes occurs across nations for skilled laborers.

The second channel through which emigration can improve institutions is by increasing the political bargaining power of those who remain. Emigration can create a safety valve that decreases the cost of dissent because the dissenter can conceivably leave. This may encourage some autocratic countries, such as the Eastern Bloc during the Cold War, to restrict emigration to increase the cost of dissent.¹³ East Germany in particular implemented severe emigration restrictions due to the otherwise relative ease of dissidents emigrating to West Germany.¹⁴ Immigration restrictions in the developed world can slow the emigration of skilled workers, raising the cost of political dissent in autocratic regimes, and potentially delaying the reform of wealth-producing institutions in the poor nations of the world. Fidel and Raúl Castro's Cuba is another example of that phenomenon. However, it has occasionally liberalized emigration policies to alleviate domestic political pressures and secure the regime's stability—most notably during the 1980 Mariel boatlift. That has provided a safety valve that has arguably strengthened the Cuban regime.

Voice after Exit

Emigrants can directly affect the political institutions in their home country without returning home. For instance, Mexican emigrants to the United States aided in the fall of the Institutional Revolutionary Party (PRI) that controlled Mexican politics for nearly a century.¹⁵ Monetary remittances from emigrants decreased the electorate's reliance on the PRI's political machine for basic public goods such as roads and schools. This diminished reliance slashed the cost of voting against the PRI. Emigrants also transmitted back values on government transparency, accountability, and other cultural norms.¹⁶ This contributed to the historic 2000 election of Vicente Fox, the first non-PRI president in nearly a century.

However, monetary remittances do not have an entirely positive effect. They can increase bribery in the short run, further diminishing the quality of institutions.¹⁷ Families and friends who receive monetary remittances have larger disposable incomes that can be captured by corrupt officials. Monetary remittances also decrease the likelihood that recipients will participate in electoral politics, since they now have a revenue source independent of state largesse.¹⁸

In the long run, however, monetary remittances tend to have an indirect positive effect on institutions through their interaction with voice. Recipients are less dependent on state-provided public goods such as medicine and schools, allowing them to speak out with less fear of political reprisal.¹⁹ Migrants also send money to Hometown Associations (HTA) that provide for local public goods. This simultaneously decreases dependency on state largesse while building civil society and increasing the number of

potential political dissidents. Decreased dependency on state resources increases the likelihood that a party-based authoritarian regime will transition toward a democratic regime.²⁰ Emigrant monetary remittances can also fund political opposition groups.²¹

The positive effects of voice after exit usually depend on emigrants going to nations with high-quality institutions. There is no evidence that emigrants who migrate between authoritarian states promote free-markets or democratic government when they return home. For instance, many Moldovans emigrated to Russia and Western Europe (mainly Italy) after a financial crisis in the late 1990s. Regions of Moldova that saw Moldovans go to Western Europe experienced the greatest drop in political support for the Communist Party in the following decade, while regions that saw Moldovans go to Russia saw support for the Communists build.²² In the Moldovan case, Italy was a better transmitter of liberal values than Russia.

How emigrants voice their dissent can also affect political results. Salvadoran emigrants have generally favored aiding their compatriots back home through HTAs that fund public works and promote economic development.²³ Emigrants from the Dominican Republic support voting rights for emigres.²⁴ Because of the way the emigrants behaved, the Salvadorian and Dominican governments viewed them as valued members of trans-border nations. This has allowed the latter groups more freedom in their actions. Voice after exit can improve institutions in origin countries but how the migrants choose to influence their home nations and where they migrate likely affects the end results.²⁵

Voice after Return

Another way that emigrants affect their home country institutions is by raising their voice after they return from living abroad.²⁶ Return migrants often return home with new ideas, called social remittances, that take the form of higher demand for high-quality political institutions, liberal ideas, and modern norms on everything from fertility to use of technology and how political systems should be run.²⁷ Social remittances can occur from a distance but they are most effective when the migrant returns.

Return migrants to Cape Verde, many of whom worked in the United States and Portugal, demand more liberal political reforms and government transparency than those who never emigrated.²⁸ As a result, today the island nation enjoys strong institutions that have made it an attractive destination for migrants from mainland Africa. Between 2010 and 2013, the only years from which scores are available, Cape Verde moved up 33 places in the *Economic Freedom of the World* index.²⁹ Cape Verde is also regularly at the top of Freedom House's rankings for sub-Saharan nations³⁰ and has a history of peaceful political transitions after elections.³¹

Polish migrant workers who returned from the United Kingdom promoted European Union (EU) integration as a means of reforming political institutions.³² That effect was not uniform, however, as other return migrants from within the EU typically do not seek to reform domestic institutions—they favor increased EU integration and the continuation of the free movement zone also known as the Schengen Area.³³

Mexican households with return migrants have a higher demand for improved economic and political institutions such as less official religious involvement in civic affairs.³⁴ They are also more likely to support the rights of the LGBT community.³⁵ Same-sex marriage is currently legal in several western and northern Mexican states, which are also the regions where most Mexican emigrants to the United States originate from.³⁶ Moroccan return migrants from Europe likewise have higher demand for more inclusive political institutions and gender equality, while those who return from other Arab countries are not more classically liberal.³⁷

Emigration abroad does not always lead to different political views upon return. Filipino seasonal workers in Saudi Arabia do not have political views significantly different from similar workers who remained behind.³⁸ For unclear reasons, Filipino return migrants who have resided in Hong Kong and Japan, both regions with strong institutions and high economic freedom, are also not influenced by their work abroad.³⁹ A survey of Mali return migrants found that political voting habits were changed by migration to Europe, but education earned abroad had little effect on political views.⁴⁰ Foreign students educated in democratic countries tend to promote democracy in their home countries, but this effect disappears if they were educated in nondemocratic countries.⁴¹ The introduction to Western views on political institutions is more important than the educational characteristics of return migrants.⁴²

Conclusion

Improved institutions can help jump-start economic growth in poor countries. Emigration can improve the quality of political institutions in origin countries through several channels. The first is by encouraging domestic elites to liberalize institutions in order to retain skilled workers. The second is by easing the international flow of ideas through social remittances and direct engagement by return migrants. Westernized migrants can transmit back Western institutions, social norms, and sometimes themselves, frequently improving the quality of their home institutions. Institutional convergence is hastened by emigration.

Notes

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